



2023 INTERIM 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 INTERIM REPORT IS TRUE, ACCURATE, COMPLETE AND WITHOUT ANY FALSE REPRESENTATION, MISLEADING STATEMENT OR MATERIAL OMISSION, AND ASSUME SEVERAL AND JOINT LIABILITIES.

II. WARNING OF SIGNIFICANT RISKS

For the description of relevant risks, please refer to section III “Management Discussion and Analysis” of this report.

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

IV. THE INTERIM REPORT WAS UNAUDITED.

V. 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 THIS INTERIM REPORT.

VI. 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

Nil

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

Applicable Not applicable

VIII. DISCLAIMER OF FORWARD-LOOKING STATEMENTS

Applicable Not applicable

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.

IX. WHETHER THE CONTROLLING SHAREHOLDER OR OTHER RELATED PARTIES HAVE MISAPPROPRIATED THE COMPANY’S FUNDS FOR NON-OPERATION PURPOSES

No

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

No

XI. WHETHER MORE THAN HALF OF THE DIRECTORS CANNOT GUARANTEE THE TRUTHFULNESS, ACCURACY AND COMPLETENESS OF THE INTERIM REPORT DISCLOSED BY THE COMPANY

No

XII. OTHERS

Applicable Not applicable

XIII. UNLESS OTHERWISE INDICATED, RENMINBI IS THE REPORTING CURRENCY IN THIS REPORT.

CONTENTS

Section I	Definitions	3
Section II	Corporate Profile and Key Financial Indicators	5
Section III	Management Discussion and Analysis	10
Section IV	Corporate Governance	53
Section V	Environmental and Social Responsibilities	60
Section VI	Significant Events	65
Section VII	Changes in Shares and Particulars of Shareholders	103
Section VIII	Preference Shares	117
Section IX	Corporate Bonds	118
Section X	Financial Report	119

Notes:

1. Financial information in this interim report has been presented based on the PRC Accounting Standards.
2. This interim report is prepared in both Chinese and English. In case of any inconsistencies, the Chinese shall prevail.
3. Figures contained in this interim report are generally rounded down to two decimal places, and the difference in the last decimal place between the total and the sum of addends, if any, is a result of rounding.





Section 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 STAR Market of the SSE and subscribed for and traded in Renminbi
“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) (北京懋垣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
“CNR”	former China CNR Corporation Limited (中國北車股份有限公司)
“Company”, “Times Electric” or “CRRC Times Electric”	Zhuzhou CRRC Times Electric Co., Ltd. (株洲中車時代電氣股份有限公司)
“CRRC”	CRRC Corporation Limited (中國中車股份有限公司)
“CRRC Group”	CRRC Group Co., Ltd. (中國中車集團有限公司)
“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. (株洲中車時代半導體有限公司)
“CRRC ZELRI”	CRRC Zhuzhou Institute Co., Ltd. (中車株洲電力機車研究所有限公司)
“CRRC Zhuzhou”	CRRC Zhuzhou Locomotive Co., Ltd. (中車株洲電力機車有限公司)
“CSR”	former CSR Corporation Limited (中國南車股份有限公司)
“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

“PRC Accounting Standards”	Accounting Standards for Business Enterprises and relevant regulations issued by the Ministry of Finance of the PRC
“SASAC”	State-owned Assets Supervision and Administration Commission of the State Council (國務院國有資產監督管理委員會)
“SEHK Listing Rules” or “Hong Kong Listing Rules”	Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited
“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 Stocks on the Science and Technology Innovation Board of the SSE
“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
“the reporting period”	six months ended 30 June 2023

Section II Corporate Profile and Key Financial Indicators

I. CORPORATE INFORMATION

Chinese name of the Company	株洲中車時代電氣股份有限公司
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 address of the Company	Times Road, Shifeng District, Zhuzhou
Previous change of registered address 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
Query index of changes during the reporting period	Not applicable

II. CONTACT PERSONS AND CONTACT METHODS

	Secretary to the Board (Domestic representative for information disclosure)	Representative of securities affairs
Name	Long Furong	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. CHANGE IN INFORMATION DISCLOSURE AND PLACE OF INSPECTION

Newspapers designated by the Company for information disclosure	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 interim report of the Company	www.sse.com.cn
Website designated by the stock exchange for disclosure of H Share interim report of the Company	www.hkexnews.hk
Place where interim report of the Company is available for inspection	Board Office of Zhuzhou CRRC Times Electric Co., Ltd. at Times Road, Shifeng District, Zhuzhou
Query index of changes during the reporting period	Not applicable

Section II 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	STAR Market of the SSE	Times Electric	688187	Not applicable
H Shares	Main Board of the Stock Exchange	Times Electric	3898	CRRC Times Elec

(II) Basic Information of Depository Receipts of the Company

Applicable Not applicable

V. OTHER RELEVANT INFORMATION

Applicable Not applicable

Section II Corporate Profile and Key Financial Indicators

VI. KEY ACCOUNTING DATA AND FINANCIAL INDICATORS

(I) Key Accounting Data

Unit: Yuan Currency: RMB

Key accounting data	Current reporting period (January to June)	Corresponding period of last year	Increase/decrease from the corresponding period of last year (%)
Revenue	8,570,210,633	6,526,910,740	31.31
Net profit attributable to shareholders of the listed company	1,154,168,154	870,961,499	32.52
Net profit attributable to shareholders of the listed company after deduction of non-recurring profit or loss	928,692,585	617,782,749	50.33
Net cash flow from operating activities	-468,059,212	-442,798,854	N/A

	As at the end of the current reporting period	As at the end of last year	Increase/decrease from the end of last year (%)
Net assets attributable to shareholders of the listed company	34,968,786,765	34,530,700,003	1.27
Total assets	50,389,952,338	48,509,554,784	3.88

(II) Key Financial Indicators

Key financial indicators	Current reporting period (January to June)	Corresponding period of last year	Increase/decrease from the corresponding period of last year (%)
Basic earnings per share (RMB/share)	0.81	0.61	32.79
Diluted earnings per share (RMB/share)	0.81	0.61	32.79
Basic earnings per share after deduction of non-recurring profit or loss (RMB/share)	0.66	0.44	50.00
Weighted average rate of return on net assets (%)	3.28	2.63	Increased by 0.65 percentage points
Weighted average rate of return on net assets after deduction of non-recurring profit or loss (%)	2.64	1.87	Increased by 0.77 percentage points
R&D investment as a percentage of revenue (%)	9.97	11.15	Decreased by 1.18 percentage points

Explanation of key accounting data and financial indicators of the Company

✓ Applicable Not applicable

Section II Corporate Profile and Key Financial Indicators

Revenue: revenue of the Company recorded a year-on-year increase of 31.31%, primarily attributable to increase in revenue from the emerging equipment business;

Net profit attributable to shareholders of the listed company: net profit attributable to shareholders of the listed company of the Company recorded a year-on-year increase of 32.52%, primarily attributable to an increase in profit in line with the increase in revenue;

Net profit attributable to shareholders of the listed company after deduction of non-recurring profit or loss: net profit attributable to shareholders of the listed company after deduction of non-recurring profit or loss of the Company recorded a year-on-year increase of 50.33%, primarily attributable to an increase in profit in line with the increase in revenue;

Basic and diluted earnings per share: basic and diluted earnings per share of the Company recorded a year-on-year increase of 32.79%, primarily attributable to an increase in net profit attributable to shareholders of the listed company;

Basic earnings per share after deduction of non-recurring profit or loss: basic earnings per share after deduction of non-recurring profit or loss of the Company recorded a year-on-year increase of 50%, primarily attributable to an increase in net profit attributable to shareholders of the listed company after deduction of non-recurring profit or loss.

Weighted average rate of return on net assets after deduction of non-recurring profit or loss: primarily attributable to an increase in recurring profit and loss with the increase in gross profit of Company.

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

Applicable Not applicable

Section II Corporate Profile and Key Financial Indicators

VIII. NON-RECURRING PROFIT OR LOSS ITEMS AND AMOUNTS

Applicable Not applicable

Unit: Yuan Currency: RMB

Non-recurring profit or loss items	Amount	Note (where applicable)
Profit and loss on disposal of non-current assets	187,326	/
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)	172,427,109	/
Gain or loss on changes in fair value from held-for-trading financial assets, derivative financial assets, held-for-trading financial liabilities and derivative financial liabilities, and investment income from disposal of held-for-trading financial assets, 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	78,270,775	/
Reversal of the impairment provision for receivables and contract assets which are tested individually for impairment	1,844,000	/
Other non-operating income and expenses apart from the aforesaid items	14,359,080	/
Less: Effect of income tax	36,983,478	/
Effect of non-controlling interests (after tax)	4,629,243	/
Total	225,475,569	/

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

Applicable Not applicable

IX. EXPLANATION OF PERFORMANCE INDICATORS OF NON-ENTERPRISE ACCOUNTING STANDARDS

Applicable Not applicable

Section III Management Discussion and Analysis

I. INDUSTRY LANDSCAPE AND THE PRINCIPAL BUSINESS OF THE COMPANY DURING THE REPORTING PERIOD

(I) Principal Business

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 (mainly including wind, solar and hydrogen storage equipment and photovoltaic engineering converters, mining truck electric drive, air-conditioning converters, metallurgical converters and ship converters), electric drive systems for new energy vehicles, sensor devices, marine equipment, etc. After years of R&D efforts and technology accumulation, the Company has developed a completely 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) Industry Landscape

Amid the accelerating once-in-a-century global evolution in 2023, the conclusion of the 20th CPC National Congress ushered in a new journey of Chinese-style modernisation towards the historic goal of national rejuvenation. Under an ambitious new energy blueprint defined in the report of the "20th CPC National Congress", ongoing implementation of the "Outline for the Construction of Nation with Strong Transportation System", the "carbon peak and neutrality" strategy and other national initiatives will bring new opportunities to the Company in developing rail transit and new energy equipment business.

Section III – Management Discussion and Analysis

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 expedites major national strategies such as "new infrastructure", accelerating the construction 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. 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. Furthermore, the "Outline for the Construction of Nation with Strong Transportation System" explicitly proposes to promote intelligent and digital transportation equipment, vigorously develop intelligent transportation, and advocate low-carbon and eco-friendly development. As a key focus of rail transit equipment, China aims to develop a new generation of green, intelligent, high-speed and heavy-duty rail transit equipment system, and provide users with integrated solutions across the life cycle of the system. Meanwhile, in the context of the "carbon peak and neutrality" strategy, the state vigorously improves railway transport capacity under the "highway to railway" initiative, and hence heavy-duty freight locomotives still have great growth potential.

Urban rail transit construction is slowing down. In order to guard against the hidden debt risks of local governments, the government strictly controls urban rail transit construction. Cities with subway 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, China Association of Metros issued the "Action Plan for Green Urban Rail Transit Construction of China" in August 2022, which clearly put forward the requirements on building a green urban rail transit system. Accordingly, intelligent and low-carbon integrated urban rail transit solutions will be increasingly favoured by users in the future. Market opportunities will abound in the urban rail industry, driven by smart technologies and integrated innovation.

China's "carbon peak and neutrality" strategy is a major decision made based on the international and domestic environment, and of great significance for building an ecological civilisation in China, leading global climate governance and realising the Two Centenary Goals. 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. Against this backdrop, emerging industries such as wind, solar, energy storage and hydrogen equipment and photovoltaic engineering, electric drive system for new energy vehicles, semiconductors and sensors, which are highly aligned with China's "carbon peak and neutrality" strategy, are on a fast track and also provide a broad market space for industry players.

Section III Management Discussion and Analysis

II. 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 scientific and 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, new energy vehicle electric drive system technology, and sensor technology. As at 30 June 2023, the Company had 3,746 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.

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 optimisation 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 optimisation design of traction converter systems with optimal performance in cost, energy consumption, power density and reliability and key components, thus comprehensively improving traction converter system products in terms of technology, performance, quality and cost

Section III Management Discussion and Analysis

No.	Core technologies		Overview, advancedness and characteristics of technology
3	Converter and control technology	Overall converter technology	The Company has developed core 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 optimisation technology, human factor engineering, EMC and environmental-friendly technology, and formed a serialised 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
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, realised 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

Section III Management Discussion and Analysis

No.	Core technologies		Overview, advancedness and characteristics of technology
7	Industrial converter technology		Focusing on industries including mining, metallurgy, HVAC, vessels and new energy, the Company has developed such key technologies as multi-device, multi-power-module and multi-converter-unit parallel integration technology, on-board converter technology, high-power multi-level converter technology, 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, multi-refrigerant self-optimising temperature control, multi-machine resonance suppression technology, weak current network applicability technology and intelligent IV diagnosis technology. On this basis, the Company has built an industrial 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
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 serialised 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, virtualisation, 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 optimisation and intellectualisation 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

Section III Management Discussion and Analysis

No.	Core technologies		Overview, advancedness and characteristics of technology
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 realised 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
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 realised the coordinated integration of spatial innovation and structural modeling, the unified assembly of vehicle body, floor and driver's desk, and the integration and standardisation 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, metro dual-power grinding vehicles, heavy railway vehicles, tractors, catenary vehicles and other rail engineering machinery

Section III Management Discussion and Analysis

No.	Core technologies		Overview, advancedness and characteristics of technology
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
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 characterised by U-shaped groove and soft punch-through 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

Section III – Management Discussion and Analysis

No.	Core technologies		Overview, advancedness and characteristics of technology
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
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 characterisation 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

Section III Management Discussion and Analysis

No.	Core technologies		Overview, advancedness and characteristics of technology
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
22	Data and intelligent application technology	Data processing technology	For the intelligent application of data in the rail transit and industrial converter industries, the Company can collect, store, process, classify, merge, sort, convert, analyse 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 50 sets of big data platform products in the urban rail and railway fields
23	Data and intelligent application technology	On-board PHM technology	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
24	Data and intelligent application technology	Autonomous driving technology	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 1.85 million kilometers

Section III – Management Discussion and Analysis

No.	Core technologies		Overview, advancedness and characteristics of technology
25	Data and intelligent application technology	Intelligent sensing technology	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
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, realised 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 widely 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 modularisation and miniaturisation, adaptability to all environments, high frequency and high efficiency, and resistance to lightening strikes and short-circuit currents, realised power supply and scheduling and power quality control and improvement for AC/DC traction power supply system, and built a technical system for power electronisation 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 optimisation, and system monitoring and coordinated protection, and realised such functions as distributed dynamic reactive power compensation, imbalance suppression, low-order harmonic compensation, regenerative energy storage, transfer and utilisation, full-automatic phase separation, in-phase power supply, etc.

Section III Management Discussion and Analysis

No.	Core technologies		Overview, advancedness and characteristics of technology
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.
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, and the on-site EMC test platform 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, realises 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 identification, 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 standardised 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

Section III – Management Discussion and Analysis

No.	Core technologies	Overview, advancedness and characteristics of technology
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, i.e. 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
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 in various models in the electric/hybrid power passenger car fields
35	Sensor technology	With the technical characteristics of “intelligence, miniaturisation 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 realised 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 commercialisation and industrialisation 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, wind power, photovoltaic power, electric drive systems for new energy vehicles, sensor devices, marine equipment, etc. The development of the Company’s core businesses, including product design, integration, manufacturing and delivery, fully depends on the Company’s core technologies.

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

Section III Management Discussion and Analysis

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, Popularisation and Application of Ultra-high Power Electronic Device Technology	Second Prize
National Science and Technology Progress Award	2014	Research, Development and Application of Serialised 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 specialised and new “Little Giant” enterprises and manufacturing “Individual Champions”

✓ Applicable Not Applicable

Accredited to	Accredited Title	Year of Accreditation	Product Name
Ningbo CRRC Times Transducer Technology Co., Ltd.	National Specialised and New “Little Giant” Enterprise	2021	Not applicable
Zhuzhou National Engineering Research Centre of Converters Co., Ltd.	National Specialised and New “Little Giant” Enterprise	2021	Not applicable
Hunan CRRC Signal Co., Ltd.	Individual Champions Product	2021	LKJ device
Zhuzhou Times Electronics Technology Co., Ltd.	National Specialised and New “Little Giant” Enterprise	2023	Not applicable

Section III – Management Discussion and Analysis

2. R&D achievements during the reporting period

During the reporting period, the Company completed the high-speed performance test for the CR450 project, and our PCU-based upgrading converter played a key role in setting three new speed records at vehicle level, demonstrating our technological leadership in the next-generation high-speed EMUs. Our locomotive autonomous driving system successfully passed safety assessment by an internationally recognised independent third party, and obtained the first SIL2 certification in China. Our photovoltaic products obtained the industry's first high-power L4 DC arcing detection certification by China General Certification Center in recognition of their industry-leading DC-side triple protections including terminal temperature detection, arcing detection and intelligent breaking, which are designed to enhance safety of power stations and contribute to intelligent and digital transformation. Our TACS signal system passed the field test review. We completed "catenary + battery" dual-power source schematic design for grinding vehicles, flaw detection vehicles and comprehensive inspection vehicles, extending the dual-power source technology to urban rail transit vehicles. Our hydrogen production power supply units assisted China's first 10,000-ton new energy-based hydrogen plant to generate hydrogen successfully. We completed product development of next-generation full-voltage IGBT chips. Our independently developed medium-voltage main drive system for rolling mills assisted domestic first fully-localised wide sheet and strip production line to commence production smoothly. We successfully rolled out the deep-sea trenching and laying equipment, filling the domestic technical gap in deep submarine cable processing. The Company was granted 158 new patents for its core technologies and main products, bringing the total number of valid patents granted to the Company to 3,746, of which over 50% are invention patents. We obtained one Chinese National Patent Excellence Award and one Hunan Provincial Patent First Prize. Staying focused on technological innovation, we undertook 28 research projects supported by national, provincial and ministerial government agencies, took the lead or participated in the development of 3 published national and industry standards in transportation and energy sectors, and completed 5 draft national standards for approval. Moreover, we won a first prize and a third prize for our projects in Chinese Standard Innovation Contribution Award.

List of intellectual property rights obtained during the reporting period

	Increase in the period		Cumulative number	
	Number of applications	Number of approvals	Number of applications	Number of approvals
Invention patent	133	122	4,545	2,170
Utility model patent	27	31	1,823	1,402
Appearance design patent	3	5	254	174
Software copyright	5	5	378	378
Others	–	–	–	–
Total	<u>168</u>	<u>163</u>	<u>7,000</u>	<u>4,124</u>

Section III Management Discussion and Analysis

3. R&D investment

Unit: Yuan

	Current period	Corresponding period of last year	Change (%)
Expensed R&D expenditure	809,725,754	696,057,533	16.33
Capitalised R&D expenditure	44,852,017	31,473,561	42.51
Total R&D expenditure	854,577,771	727,531,094	17.46
Percentage of total R&D expenditure in revenue (%)	9.97	11.15	-1.18
Percentage of capitalised R&D expenditure (%)	5.25	4.33	0.92

Reason for significant changes in total R&D investment over the previous year

Applicable Not applicable

Reasons for significant changes in the proportion of capitalised R&D expenditure and explanation of rationality

Applicable Not applicable

Section III Management Discussion and Analysis

4. Projects under development

✓ Applicable Not Applicable

Unit: RMBO'000

No.	Item	Estimated Total Investment	Investment in the Current Period	Cumulative Investment	Progress or Phased Results	Goal to be Achieved	Technical Level	Application Prospect
1	Development of Electrical System for CR450 EMU	1,813	675	675	<p>Completed key technology verification of CR450 high-efficiency lightweight traction converter, completed prototype trial production of traction converter, and completed research tests using the prototype.</p> <p>Completed the upgrading test for CR450 traction converter at an inspection vehicle which reached a maximum speed of 453km/h, further verifying performance and reliability of the new converter technology.</p> <p>Completed key technology verification of the next-generation intelligent network control system, and completed relevant prototype development and research test.</p>	<p>To complete development of traction converter and network control system of CR450 EMU, and complete development of high-efficiency lightweight traction converter and intelligent safety network control system, for meeting the demand of CR450 for higher speed and better safety, eco-friendly, energy saving, intelligence, autonomy, sustainability and system performance.</p>	<p>Building the next-generation high-speed EMU traction converter and network control system platform, and making key technology breakthroughs in traction system including new power devices, elimination of secondary resonance, and high-power permanent magnet traction motors, with product technical indicators reaching the international leading level.</p>	<p>Rail transit electrical equipment</p>

Section III Management Discussion and Analysis

No.	Item	Estimated Total Investment	Investment in the Current Period	Cumulative Investment	Progress or Phased Results	Goal to be Achieved	Technical Level	Application Prospect
2	Technical Research and Product Development of Traction Electric Drive System for Fuxing Locomotive	1,836	296	296	Completed design review of the traction system scheme; completed design review of the traction converter scheme; completed design review of the network control system scheme; and completed development of the PCU prototype.	To complete application research and platform planning of new power components in locomotives; complete development of integrated auxiliary traction converter and new network control system, as well as ground test verification.	Focusing on the technical development direction towards "miniaturised, lightweight, efficient and intelligent" of Fuxing locomotive and its application scenarios to carry out research on new power devices based auxiliary traction converter system and new network control system, and develop the completely independent auxiliary traction system and network control system products for next-generation heavy-haul electric locomotives with leading technical indicators.	Rail transit electrical equipment
3	Development of Centralised 1+X Modular Inverter	600	102	509	Completed 1+X prototype trial production and system assembly, and started the commissioning step.	To develop a centralised 1+X modular inverter which meets the requirements on Class A inverter in NB/T32004-2018 Technical Specifications for Grid-connected Inverters in Photovoltaic Power Generation and GB/T37408-2019 Technical Requirements for Grid-connected Inverters in Photovoltaic Power Generation, which is composed of 1+X independent 1,100 kW modular inverters meeting the standard requirements and connected in parallel at the low voltage side of the back-end step-up transformer of the inverter to satisfy the requirements of mass production and commercial operation.	Through direct parallel connection of 1+X modular inverters, it can meet the requirements of 1.1 MW – 4.4 MW solar array, 1.15 times output overload and the highest conversion efficiency of not less than 99% in photovoltaic power stations, reaching the advanced level in the industry.	Industrial converter products for photovoltaics

Section III – Management Discussion and Analysis

No.	Item	Estimated Total Investment	Investment in the Current Period	Cumulative Investment	Progress or Phased Results	Goal to be Achieved	Technical Level	Application Prospect
4	Product Development of High Power Density 3,300V IGBT Module	697	63	611	Completed final product model and small-scale production, and passed RAMS relevant performance evaluation and anti-moisture reliability test.	To develop a new generation of 3,300V high power density module to replace the original voltage grade module, reduce the on-state voltage drop and improve the power density.	The module has reached the advanced level in the industry, providing support for power density improvement and lightweight development of rail transit converter.	Power semiconductor devices
5	Development of Key Technologies and Platform of Photovoltaic Power Oriented U-Series IGBT	2,732	1,437	2,571	Completed final product model and achieved bulk product delivery.	To develop U-series IGBT module for photovoltaics with reliability verified by relevant special standard tests.	Enriching the product spectrum of the Company, and supporting new energy development including photovoltaics to reach the international advanced level.	Power semiconductor devices
6	Development of Electric Traction System for the Bogota Metro Project	691	141	141	Completed line simulation calculation, system scheme design and component technical specifications for the Bogota Metro Project. Completed schematic design and design instructions for each component. Completed noise reduction design and noise sounding test.	To complete development of electric traction system and components and ensure delivery on time. To conduct purpose-designed noise reduction research on traction inverter, auxiliary converter, braking resistor, traction motor and relevant equipment and devices for meeting requirements of the project's acoustic control specifications. To newly develop three-level auxiliary converter products at power frequency for enriching our product spectrum.	Achieving product integration and lightweight design, developing and implementing various noise reduction measures, with product performance indicators reaching the international advanced level.	Rail transit electrical equipment
7	Key Technologies and Product Development of String Photovoltaic Inverters	1,046	195	195	Completed development, certification, and on-site trial operation of 320kW string inverters.	To make key breakthroughs in high-power string technology, develop 320kW string inverters, and commercialise product applications.	Establishing our 1,500V string inverter technology platform under a string inverter technology system. Securing industry leadership of our developed photovoltaic products in term of performance and power density.	Industrial converter products for photovoltaics

Section III Management Discussion and Analysis

No.	Item	Estimated Total Investment	Investment in the Current Period	Cumulative Investment	Progress or Phased Results	Goal to be Achieved	Technical Level	Application Prospect
8	Development of IGBT Power Supply Unit for High-power Green Electricity-based Hydrogen Production	1,627	412	412	Completed the planning of IGBT power supply platform for green electricity-based hydrogen production and the design of high-voltage small-current hydrogen production power supply units.	To develop a plan for IGBT hydrogen production power supply units below 1,000 standard cubic metres combining various requirements on safety, reliability, efficiency and economics of hydrogen production power supply products, which are suitable for new energy-based flexible hydrogen production systems using alkaline water, PEM and other types of electrolytic cells.	Improving the IGBT hydrogen production power supply platform spectrum, and building up a complete standard system covering technology, testing, construction and supervision, integration, acceptance inspection and operation of hydrogen production power supply units, with product performance indicators reaching the international leading level.	Industrial converter products for hydrogen production

Section III – Management Discussion and Analysis

No.	Item	Estimated Total Investment	Investment in the Current Period	Cumulative Investment	Progress or Phased Results	Goal to be Achieved	Technical Level	Application Prospect
9	Development of Train Autonomous Operation Control System Based on Vehicle-to-Vehicle Communication and Autonomous Perception	4,310	590	590	Completed top-level planning, system scheme design and functional allocation; completed trial production of system prototype (including ATC/integrated control/perception/communication, etc.); completed the development of the first edition software for macro operation simulation system.	To complete the development of innovative train operation control system with integrated perception, network, communication and signal functions in accordance with the requirements on CMTCS3/4 level in the "Train Operation Control System in Urban Rail Transit – General Principles" issued by China Association of Metros, as well as the requirements on "safer, more convenient, more efficient, greener and more economical" train operation control system set forth in CRRC's "System+" strategy.	The train autonomous operation control system based on vehicle-to-vehicle communication and autonomous perception can meet GoA4 automation requirements and is backward compatible with GoA0-3 requirements. It supports all operation scenarios of fully automated operation system, covers traditional FAO/CBTC functions, and supports interconnection. The system can enhance train's perception of operating environment, improve the integration of multiple systems, reinforce the backup mode, and achieves significant improvements in key indicators such as efficiency, economics and safety. It can significantly improve availability of the system's main mode, enhance operational efficiency in degraded mode, and support flexible operational organization.	Communication signal systems

Section III Management Discussion and Analysis

No.	Item	Estimated Total Investment	Investment in the Current Period	Cumulative Investment	Progress or Phased Results	Goal to be Achieved	Technical Level	Application Prospect
10	Research and Application of Key Technologies in Fully Automatic Operation Signal System	927	198	198	Completed design liaison meetings and thematic discussions; completed design drawings of in-vehicle cabinet and started equipment production for the first train.	To develop a fully automatic operation signal system (FAO) suitable for urban rail transit according to project requirements and relevant industry technical standards, and achieve engineering demonstration application of the fully automatic operation signal system.	1. Deepening technology research on fully automatic operation signal system for urban rail transit; 2. Upgrading intelligent level of urban rail transit, and achieving the first application of our fully electronic interlocking system in the fully automatic operation system of urban rail transit; 3. Achieving the first application of active obstacle monitoring system in urban rail transit, to improve system availability and safety; 4. Improving the system's fault self-healing ability and fault recovery ability, to further enhance system availability and minimise the impact of system faults.	Communication signal systems
11	Development of Urban Rail Signal System	428	192	192	1. Completed scheme design and design review of signal subsystems such as CBTC, FAO and ATC; 2. Completed prototype development and trial production for each subsystem.	To achieve the goal of miniaturisation, lightweight, low cost and low power consumption of urban rail signal system products.	Achieving CBTC and FAO upgrades based on the next-generation safety platform, improving system performance and maintenance efficiency to the intelligent maintenance level, and achieving the transformation to intelligent urban rail signal system.	Communication signal systems

Section III – Management Discussion and Analysis

No.	Item	Estimated Total Investment	Investment in the Current Period	Cumulative Investment	Progress or Phased Results	Goal to be Achieved	Technical Level	Application Prospect
12	Development of Dual-Power Source Electric Drive Engineering Vehicles for Xi'an Metro	1,306	298	298	Completed preparation and review of scheme design documents. Started technical design, prepared technical design documents, and conducted technical design review.	To complete the development of domestic first electric drive rail grinding vehicle, rail flaw detection vehicle and comprehensive inspection vehicle using "catenary + battery" dual-power sources based on the bid-winning project for Xi'an Metro, promote the application of clean energy and electric drive in urban rail engineering vehicles, and leverage the strengths in vehicle models and technologies to secure market leadership.	The urban rail grinding vehicle, rail flaw detection vehicle and comprehensive inspection vehicle employ "catenary + battery" power sources, characterised by clean energy, zero emissions, no pollution and low noise. The indoor noise level is less than 76dB(A). 1. The rail grinding vehicle can increase grinding efficiency while reducing operation and maintenance costs, and is an innovative product with industry-leading technical performance. 2. The urban rail flaw detection vehicle and the comprehensive inspection vehicle are designed based on the same platform, characterised by reconnection function, high operational efficiency and low operation and maintenance costs, and are innovative products with industry-leading technical performance.	Railway engineering machinery
13	Key Technology Upgrades and Application of Medium-voltage IGCT Converter Platform	995	564	564	Completed module scheme and technical design of converter with a capacity of 14MVA or above. Conducted EMC technology research, theoretical simulation analysis, and experimental verification at three different sites.	The main goal is to achieve the application and development of ultra-high power modules in multiple application scenarios and working conditions, to enhance core competitiveness of products and support large-scale and rapid development of the industry.	Mastering application technologies for key materials including IGCT, developing converter modules with a capacity of 14MVA or above, ensuring mass application of products and meeting the demand for higher power.	Industrial converter products

Section III Management Discussion and Analysis

No.	Item	Estimated Total Investment	Investment in the Current Period	Cumulative Investment	Progress or Phased Results	Goal to be Achieved	Technical Level	Application Prospect
14	Research on SiC Permanent Magnet Integrated Electric Drive System Technology of Urban Rail	525	52	344	Based on the first design of high-speed electric motor in rail transit, achieved an integrated device that can meet the existing motor installation space and reduce device weight by over 30%. The innovative pump-free cooling technology featuring loop heat pipe and running air cooling solves the problem of device heat dissipation without the original coaxial fan for motor, reducing noise by over 10dB(A).	To develop a new SiC permanent magnet integrated electric drive system comprising converter, control device and motor with light weight and low noise to meet the performance requirements of A/B car of metro 1,500V system.	The exploration and upgrading of the new design scheme of SiC + permanent magnet mechatronics can provide engineering application support for mass production of standard modular rail transit products.	Rail transit electrical equipment

Section III Management Discussion and Analysis

No.	Item	Estimated Total Investment	Investment in the Current Period	Cumulative Investment	Progress or Phased Results	Goal to be Achieved	Technical Level	Application Prospect
15	Design and Research of High Speed Maglev Traction Power Supply System and Development of Hybrid Maglev System	519	62	342	Completed design of high-speed maglev traction power supply system, traction control system, high-speed maglev suspension electromagnet with high floating weight ratio; completed design and verification of maglev ground positioning and speed measurement system; completed test line verification of core technologies including double-end power supply, and completed construction of traction control system platform and functional verification including single-end power supply and zone handover.	To complete the design of high-speed maglev traction power supply system, traction control system, high-speed maglev suspension electromagnet with high floating weight ratio, and maglev ground positioning and speed measurement system, and realise the construction and functional verification of traction control system platform.	Establishing traction power supply system platform and traction control system platform, simulating train running according to the schedule in the fully automatic driving operation scenario, and verifying control logic and performance of the control unit.	Rail transit electrical equipment

Section III Management Discussion and Analysis

No.	Item	Estimated Total Investment	Investment in the Current Period	Cumulative Investment	Progress or Phased Results	Goal to be Achieved	Technical Level	Application Prospect
16	Development of Automobile-grade Sensitive Chip and Sensor	1,208	355	917	Completed chip performance test and module BCI performance test. Introduced programming lock to chips and completed chip revamp design; currently in process of tape-out. Completed B-sample design for temperature, wheel speed and tire pressure.	To complete the automobile-grade programmable linear Hall ASIC chip which can meet the technical requirements specified by the system, develop speed, temperature and pressure sensor modules and promote automobile-grade chip to reach the application state.	Solving the "bottleneck" of automobile-grade Hall chips, catching up with the international advanced level for performance indicators, passing the reliability verification and reaching the state of wide application. Benchmarking the wheel speed, tire pressure and temperature sensors against mainstream brands, developing competitive products, and laying the foundation for the subsequent market breakthrough of various kinds of automobile sensors.	Automobile sensing devices
17	Research on Engineering Application of Intelligent Driving Technology of Shenhua AC Drive Locomotive	660	120	554	1. Carried out ongoing application assessments on Shenhua 8-axle locomotives and completed new software line tests. 2. Completed the installation on ten Shenhua 12-axle locomotives.	To ensure continuous, reliable, safe and automatic operation of heavy-haul trains based on the application experience of intelligent driving technology. To further optimise the intelligent driving technology of heavy-haul trains through the extended test of intelligent driving of heavy-haul freight electric locomotive, providing a good foundation and demonstration for the popularisation and application of intelligent driving system of heavy-haul trains in the field of heavy-haul railways.	Deepening the research of locomotive intelligent driving technology, solving the problems in wide engineering application of existing locomotive intelligent driving technology, and meanwhile carrying out wide application of locomotive automatic driving products and shunting safety protection products for the first time, laying a foundation for subsequent standardisation and mass promotion of locomotive automatic driving products.	Rail transit electrical equipment

Section III – Management Discussion and Analysis

No.	Item	Estimated Total Investment	Investment in the Current Period	Cumulative Investment	Progress or Phased Results	Goal to be Achieved	Technical Level	Application Prospect
18	Development of TAH3-SiC High Frequency Auxiliary Transformer Product Platform	366	67	216	1. Completed the development of SiC semiconductor power device based auxiliary converter prototype (180kVA); 2. Completed preliminary type test on SiC auxiliary transformer, with performance indicators reaching the international leading level.	To develop miniaturised and lightweight auxiliary converter suitable for rail transit vehicles, master a complete set of technologies for design, manufacturing and testing of "SiC devices, modules and converters", and complete the development of auxiliary converter based on SiC semiconductor power devices.	Developing a pedigree of auxiliary converters with a capacity of 75kVA – 250kVA; conducting research on the platform of SiC auxiliary transformer products with low cost and high indicators (high integration, small size, light weight and high efficiency), and promoting performance indicators to reach the international leading level.	Rail transit electrical equipment
19	High-pressure and High-power Silicon Carbide Oil-cooled Electric Drive Assembly	854	151	699	Completed functional and performance test verification of the electric drive system according to the project's goal, which has been satisfied.	To develop the prototype of 250kW motor-controller-gearbox integrated electric drive system, and complete the type inspection. To develop overall technology of the electric drive system assembly that reaches the international advanced level. To master the key technologies such as integration of motor-controller-gearbox integrated electric drive system through the development of the drive motor system assembly.	Mastering the complete scheme of product design, development and verification of high-pressure oil-cooled electric drive assembly, and realising the independent design of high-pressure oil-cooled electric drive assembly.	New energy vehicle electric drive systems
Total	/	23,140	5,970	10,324	/	/	/	/

Section III Management Discussion and Analysis

5. R&D personnel

Unit: RMB0'000 Currency: RMB

	Basic information	
	Amount for the current period	Amount for the corresponding period of previous year
Number of R&D personnel of the Company (persons)	2,775	2,688
Percentage of R&D personnel in the workforce of the Company (%)	35.26	35.21
Total remuneration of R&D personnel	39,506.5	31,995
Average remuneration of R&D personnel	14.2	11.9

Education level	Educational backgrounds	
	Number (persons)	Proportion (%)
Doctorate degree	104	3.75
Master degree	1,050	37.84
Bachelor degree	1,564	56.36
Junior college degree and below	57	2.05
Total	2,775	100.00

Age group	Age structure	
	Number (persons)	Proportion (%)
Aged below 30 (exclusive of 30)	698	25.15
Aged 30-40 (inclusive of 30 and exclusive of 40)	1,504	54.20
Aged 40-50 (inclusive of 40 and exclusive of 50)	469	16.90
Aged 50-60 (inclusive of 50 and exclusive of 60)	104	3.75
Aged 60 and above	0	0.00
Total	2,775	100.00

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.

6. Other explanations

Applicable Not applicable

Section III – Management Discussion and Analysis

III. ANALYSIS OF CORE COMPETITIVENESS DURING THE REPORTING PERIOD

(I) Analysis of Core Competitiveness

Applicable Not Applicable

1. *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, breaks the international monopoly, realises domestic substitution of the core train system, and takes the lead in domestic market. As of the first half of 2023, its high-speed railway and locomotive traction converter system products maintained the leading position in the domestic market. In the field of urban rail transit, based on public information such as the tendering and bidding activities for urban rail traction converter system, the Company sustained its top market share in the domestic market for 11 consecutive years from 2012 to 2022. 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 State Railway Group. With about 77 administrative licenses, it can produce more than 50 kinds of products, and continuously expands to the passenger line and urban rail markets.

Furthermore, the Company rode on the opportunities in emerging equipment to make breakthroughs, ranking ahead in a range of sectors and further consolidating its footing. On power modules for passenger cars, the Company ranked among the top three in terms of installations with a market share of 12.4% (source: NE Times) during the first half of 2023. On photovoltaic inverters, the Company won bids of 8.8GW during the first half of 2023, ranking among the top three in the domestic industry and rose to No. 1 among domestic peers in terms of centralised inverter (source: Solarbe.com). On electric drive system for new energy vehicles, the Company maintained a leading position among peers in the domestic market. On sensor devices for rail transit, the Company consistently ranked No. 1 in terms of domestic market share, while staying in the forefront across new energy vehicle, wind power and photovoltaic sectors.

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. 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. With strong capabilities in scientific research experiment, testing and detection, the Company has established a detection and testing system consisting of more than 20 laboratories including electrical system laboratory, motor laboratory, large vibration laboratory, reliability laboratory and TSN network consistency laboratory, covering research tests, type tests and ex-factory tests in various business areas.

Section III Management Discussion and Analysis

The Company has 6 national technological innovation platforms, 7 provincial technological innovation platforms, and 1 postdoctoral workstation. The Company has been granted a total of 3,746 valid patents at home and abroad, including 2,170 invention patents; and led or participated in the formulation of 48 international standards and 152 domestic standards (including national standards, industry standards and group standards). In aggregate, the Company has obtained approvals for 45 national programs since the 13th five-year plan, and received a number of important awards including National, Provincial and Ministerial Science and Technology Awards, 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 demonstrates its industry-leading strength in comprehensive scientific and technological innovation. In 2022, the Company passed the review and acceptance by the Ministry of Science and Technology on its National Key Laboratory for Power Semiconductor and Integrated Technology, and was successfully granted the qualifications for the Engineering Research Center for Energy Conservation Control and Evaluation of Railway Industry, and the Engineering Technology Research Center for Autonomous Train Operation Control System of Hunan Province.

3. Highly reliable quality and service advantages

The Company always regards product quality as the foundation of survival. 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 ISO9001, EN15085 CL1, ISO/TS22163, 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 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 after-sale service, the Company established the “Greenshade Service” brand in 2004 and registered the only “Greenshade (綠蔭)” service trademark for after-sale service in the domestic rail transit industry. Upholding the tenet of “fast, effective and satisfactory services”, the Company provides customers with around-the-clock, one-stop quality onsite service and continues to create value for customers. In addition, in line with strategic maintenance planning of State Railway Group and in an ongoing effort to expand and optimise its maintenance coverage, the Company has established maintenance branches in Qingdao and Luoyang, as well as a number of local maintenance bases across the country.

Section III – Management Discussion and Analysis

4. Synergy across the whole industry chain

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, 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 complete industry chain structure and the growing emerging equipment business 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 2,775 domestic R&D professionals, accounting for 35.26% of the total domestic 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.

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 38 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 28 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, won the first prize of National SOE Management Innovation Achievements in 2017, and was granted the title of “National Outstanding Entrepreneur 2017-2018” in 2018. Mr. Liu Ke’an, entitled to the special grant of the State Council, 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 and the title of “National Outstanding Entrepreneur for 2021-2022” in 2022. Mr. Shang Jing, an executive Director and general manager of the Company, is a national youth and middle age science and technology innovation leader, and entitled to the special grant of the State Council. He obtained the “Mao Yisheng Railway Engineer Award” from China Railway Society in 2016, and was honored the “Qiu Shi Outstanding Youth Achievement Commercialisation Prize” by China Association for Science and Technology in 2018. 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

Section III Management Discussion and Analysis

IV. DISCUSSION AND ANALYSIS OF OPERATIONS

The first half of 2023 witnessed the normalizing economic and social progress in China, though mixed with headwinds to its economy and an increasingly complicated and grim external environment. In light of its development concept of “high-quality, high-efficiency operation” and the strategy of “concentric diversification”, the Company stayed rooted in the rail transit industry to innovatively develop emerging businesses in pursuit of sound growth.

In the rail transit segment, the Company maintained stable market share especially after State Railway Group published the vehicle procurement tender announcement in June 2023, which is the largest one since 2020, as driven by steadily growing freight demand and gradually recovering passenger transport demand. Our OEM plants also proactively explored overseas markets, bearing fruits in Asian, American and other overseas markets. Besides, the Company maintained sound development momentum in the urban rail transit market. Focusing on four core competitive strengths in “technology, market, brand and service”, our new orders of urban rail traction system continued to rank at the forefront of the industry. In the rail transit machinery equipment segment, the Company expedited market development and made new breakthroughs in new products such as grinding vehicles, flaw detection vehicles and ballast cleaning vehicles. The Company maintained stable market share in trunk railway signal products, and secured new orders of urban rail signal system, including the first FAO (Fully Automatic Operation) order for Ningbo Metro Line 8.

In emerging equipment business, our power semiconductor, electric drive for new energy passenger vehicles, sensor, wind, solar, hydrogen and energy storage operations, which are closely aligned with China’s “carbon peak and neutrality” strategy in faster paces, continued to grow rapidly.

Power semiconductor segment: Phase II of chip production line reached the designed capacity and Yixing phase III project commenced construction, with continuous production capacity ramp-up of low-and-medium-voltage devices. High-voltage devices for power grid and rail transit were constantly delivered, and the high-power IGBT hydrogen production power supply units for Narisong 400,000 kW photovoltaics-based hydrogen production project of Three Gorges Group achieved bulk delivery. We achieved substantial growth in low-and-medium-voltage devices for new energy vehicles and new energy power generation, the first bulk delivery of new energy vehicle devices for export to Valeo, bulk delivery of photovoltaic devices to a number of customers, and the first bulk delivery of energy storage devices. New energy vehicle SiC products were in the continuous verification stage, and the SiC production line upgrade project was in normal progress, coupled with the accelerating SiC product development and new orders secured in the industrial segment. We made new breakthroughs in the next-generation IGBT chip products. An array of new module products including 1,300V module for new energy vehicles were under development or in the post-development promotion stage, and we continued to support downstream applications with research-led products in power grid, rail transit, new energy and other fields.

New energy passenger vehicle electric drive segment: The production capacity was steadily increasing, hitting monthly new highs, together with the first export with HOZON to Thailand, opening up the overseas market. We stepped up research efforts to accelerate the development of high-pressure oil-cooled, all-in-one and other products. Project design and development cycle was significantly shortened, and a string of projects with major automakers were completed.

Sensor segment: With increased investment in research and development, our proprietary automobile-grade Hall ASIC chips will soon get ready for mass production. We launched two types of chips in the first half of the year: main type engineering gauge chip realised iteration, and the board-level current detection chip were successfully rolled out and ready for wide promotion. We have been obtaining orders from leading new energy vehicle companies, witnessed a multiplied growth in product delivery, and made constant progress in production line construction. It is estimated that more than 25 new production lines will be built throughout the year.

Section III Management Discussion and Analysis

Industrial converter segment: The Company's industrial converter products secured new orders in new energy power generation, metallurgy, mining, shipbuilding and air conditioner fields, with the existing product models in continuous bulk delivery. In new energy power generation field, delivery of photovoltaic inverter and wind power converter products picked up pace. As the only central enterprise in the photovoltaic inverter market, the Company gave full play to its synergistic strengths across technologies, products and the whole industry chain to achieve a year-on-year increase of over two times in revenue during the first half of the year and were admitted to the majority of the collective bidding/framework bidding invitations of central power enterprises. According to in-en.com/Photovoltaic Headlines, among the league table of domestic bid-winning photovoltaic inverter manufactures for the first half of 2023, the Company won bids with a total capacity of 8.8GW, ranking third only after Sungrow Power Supply Co., Ltd. and Huawei Technologies Co. Ltd..

Marine equipment segment: Our marine equipment segment won a number of new orders at home and abroad and made a breakthrough by securing the first domestic offshore wind power trenching and cable laying order, and our EROV (electric remotely operated vehicle) with new product development in smooth progress attracted the attention of numerous potential customers.

Significant changes in the operating condition of the Company during the reporting period, and events that occurred in the reporting period with a material impact or expected to have a material impact on the operation condition of the Company

Applicable Not applicable

V. RISK FACTORS

Applicable Not Applicable

(I) 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.

Countermeasures: The Company will keep abreast of industry technological dynamics both at home and abroad, gain insight into market trends, reinforce the interconnection between technological R&D and market operation, strengthen market research, improve innovation capability, expedite the independent research and development of core technologies and enhance product quality.

Section III Management Discussion and Analysis

(II) Operating Risk

✓ Applicable Not Applicable

The Company's overseas operations are exposed to risks in the increasingly complicated world economic environment, driven by various factors such as international political emergencies and changes in international relations. The lingering headwinds such as shortage of overseas human resources, tight component supply overseas and the rising project costs might have a negative impact on the existing overseas business operation of the Company. In addition, the Company's overseas projects featuring long execution cycle and strict technical requirements typically follow international standards and local requirements and involve multiple stakeholders including general contractors, project owners and suppliers, thus posing higher requirements on project execution, progress of works and project management.

Countermeasures: The Company will strengthen the identification of risk areas of its overseas projects in execution, implement rational qualitative and quantitative risk analysis, and develop an overall risk response plan; continue to improve its overseas marketing model and explore to diversify overseas market participation models; and establish a long-term tracking mechanism for market and project information, and maintain customer relationships effectively.

(III) Financial Risk

✓ Applicable Not Applicable

With the progress of our globalization strategy, the Company continues to enhance efforts in market development, export of products and overseas mergers and acquisitions, which results in various risks arising from fluctuations in interest rates. For instance, international economic turbulence and unpredictable fluctuation of the foreign exchange market will lead to risks such as the increase in loss from assets and liabilities denominated in foreign currencies held by the Company, sales and procurement transactions settled in foreign currencies, as well as 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.

Countermeasures: The Company will strengthen the risk prevention awareness of relevant personnel and pay constant attention to the trend of foreign exchange rate movements; establish a whole-process exchange rate risk management mechanism, formulate and implement appropriate foreign exchange risk management plans; and adopt foreign exchange risk management scheme to lock in foreign exchange risks in the early stage of foreign currency business.

(IV) Industry Risk

✓ Applicable Not Applicable

Amid the evolving national new energy subsidy policies and the intensifying price competition in parts of new energy vehicles, domestic and foreign giants as well as relevant companies might leverage their scale advantages and low-cost strategies to seize market share, compete for the existing and potential customers, and gain market share from others. Moreover, the accelerating evolution of new energy vehicle market, together with more and more new entrants to market competition and the increasingly shorter technology upgrade cycle, will pose higher requirements on technology iteration speed and R&D capabilities for the next-generation products.

Countermeasures: The Company will proactively collect information on national policies and industry dynamics, strengthen research on market trends and operation strategies, establish a market risk early warning mechanism, and improve its market operation strategy; and strengthen technological innovation to enhance product competitiveness continuously.

Section III – Management Discussion and Analysis

(V) Macro Environment Risk

✓ Applicable Not Applicable

Amid the heightened international trade protectionism, the intensifying international competition in the industry leads to more uncertainties and uncontrollable factors across international markets. Domestic entities of the Company need to purchase certain raw materials from overseas and sell to overseas markets, and the Company has also set up a number of operating entities overseas for local business operation and development. The Company's overseas operations are influenced by international trade policies and the political and economic environment of local countries, which might lead to higher product costs and more difficulties in securing orders.

Countermeasures: The Company will keep abreast of local political, economic and industry information and dynamics of the countries and regions where it operates overseas business, strengthen risk assessment over overseas projects, and effectively preclude risks while conducting business in the overseas market.

(VI) Other Material Risks

✓ Applicable Not Applicable

Based on its two-winged strategy on rail transit and new energy, the Company has expanded its operations to the new energy industry. For expansion into fully competitive industries, due to uncertainties in industry competition, customer acceptance, product technology, quality reliability and cost control, etc., the Company is exposed to risks in the inability to meet product and technical requirements of project owners and slower-than-expected development, launch and delivery of new products, which may make it difficult to realise intended development goals in the new industries. In addition, as the new industries evolve rapidly, the increasingly complicated business portfolio of the Company would put forward higher requirements on its management ability for diversified operations.

Countermeasures: The Company will keep informed of industry dynamics, continue its efforts in benchmarking against industry leaders, and conduct research into and learn from them. Besides, the Company will deploy adequate resources to scientifically venture into new industries, stringently control risks relating to project quality, safety, progress and cost, attach importance to process management and control, and sharpen the focus on risk events. Furthermore, the Company will strengthen its management ability for diversified operations, step up the reforms, accelerate the digital transformation, deepen and utilise proven management practices, further stimulate vitality of the organisation, and improve its operation and management efficiency.

VI. PRINCIPAL OPERATIONS DURING THE REPORTING PERIOD

During the first half of 2023, the Company achieved revenue of RMB8.570 billion, representing a year-on-year increase of 31.31%, of which rail transit equipment business achieved revenue of RMB4.691 billion, representing a year-on-year increase of 1.97%, emerging equipment business achieved revenue of RMB3.749 billion, representing a year-on-year increase of 105.13%, and other business achieved revenue of RMB130 million, representing a year-on-year increase of 31.79%. The Company achieved net profit attributable to the parent company of RMB1.154 billion, representing a year-on-year increase of 32.52%, and basic earnings per share of RMB0.81, representing a year-on-year increase of 32.79%.

As of 30 June 2023, total assets of the Company amounted to RMB50.390 billion, representing an increase of 3.88% from the beginning of the year, and net assets attributable to shareholders of the listed company amounted to RMB34.969 billion, representing a year-on-year increase of 1.27%.

Section III Management Discussion and Analysis

(I) Principal Business Analysis

1 Analysis of changes in relevant items in the financial statements

Unit: Yuan Currency: RMB

Account item	Amount for the current period	Amount for the corresponding period of last year	Change (%)
Revenue	8,570,210,633	6,526,910,740	31.31
Cost of sales	5,906,592,405	4,294,630,650	37.53
Selling expenses	521,759,413	403,720,033	29.24
Administrative expenses	385,954,580	341,998,639	12.85
Financial expenses	-126,682,975	-93,063,204	N/A
R&D expenses	809,725,754	696,057,533	16.33
Net cash flow from operating activities	-468,059,212	-442,798,854	N/A
Net cash flow from investing activities	69,930,686	-3,492,130,657	N/A
Net cash flow from financing activities	37,816,024	-64,993,694	N/A

Reasons for changes in revenue: please refer to the table below for details:

Unit: 100 million Yuan Currency: RMB

Business segment	Amount for the current period	Amount for the corresponding period of last year	Change (%)
Rail transit business	46.91	46.00	1.97
Where: Rail transit electric equipment business	38.85	36.33	6.93
Rail engineering machinery business	4.82	5.35	-9.84
Communication signal business	1.80	1.86	-3.63
Other rail transit equipment business	1.44	2.46	-41.44
Emerging equipment business	37.49	18.28	105.13
Where: Power semiconductor devices business	13.80	7.72	78.75
Sensor devices business	2.57	1.25	106.49
New energy vehicle electric drive system business	8.33	4.36	91.27
Industrial converter business	9.37	3.26	187.26
Marine equipment business	3.42	1.69	101.94
Others	1.30	0.99	31.79
Total	85.70	65.27	31.31

Section III – Management Discussion and Analysis

Reasons for changes in cost of sales: mainly due to a year-on-year increase in revenue.

Reasons for changes in selling expenses: mainly due to an expected year-on-year increase in product quality warranty.

Reasons for changes in administrative expenses: mainly due to a year-on-year increase in labor cost.

Reasons for changes in financial expenses: mainly due to a year-on-year increase in interest income on certificates of deposit.

Reasons for changes in R&D expenses: mainly due to a year-on-year increase in labor cost of R&D personnel.

Reasons for changes in net cash flow from operating activities: remained relatively stable from the corresponding period last year.

Reasons for changes in net cash flow from investing activities: mainly due to changes in cash invested in structured deposits during the period.

Reasons for changes in net cash flow from financing activities: mainly due to a year-on-year increase in borrowings.

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

Applicable Not applicable

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

Applicable Not applicable

Section III Management Discussion and Analysis

(III) Analysis of Assets and Liabilities

✓ Applicable □ Not Applicable

1. Assets and liabilities

Unit: Yuan

Item	Closing balance of the current period	Percentage of closing balance of the current period in total assets (%)	Closing balance of the previous year	Percentage of closing balance of the previous year in total assets (%)	Change in closing balance of the current period over the previous year (%)	Note
Cash and bank balances	7,449,097,496	14.78	7,500,378,674	15.46	-0.68	1)
Held-for-trading financial assets	4,842,100,909	9.61	6,700,827,160	13.81	-27.74	2)
Bills receivable	2,422,929,663	4.81	3,404,536,888	7.02	-28.83	3)
Accounts receivable	9,956,405,657	19.76	8,100,217,003	16.70	22.92	4)
Prepayments	1,152,332,517	2.29	715,524,335	1.48	61.05	5)
Inventories	6,461,589,533	12.82	5,821,582,845	12.00	10.99	6)
Contract assets	577,640,433	1.15	431,453,713	0.89	33.88	7)
Non-current assets due within one year	746,124,210	1.48	340,751,629	0.70	118.96	8)
Other current assets	438,842,850	0.87	322,397,826	0.66	36.12	9)
Construction in progress	737,247,296	1.46	453,599,990	0.94	62.53	10)
Right-of-use assets	294,726,494	0.58	207,002,345	0.43	42.38	11)
Intangible assets	979,827,505	1.94	632,504,419	1.30	54.91	12)
Development expenditure	215,530,397	0.43	429,162,131	0.88	-49.78	13)
Employee benefits payable	342,697,646	0.68	173,247,266	0.36	97.81	14)
Taxes payable	147,985,644	0.29	301,155,951	0.62	-50.86	15)
Other payables	1,728,394,103	3.43	983,217,920	2.03	75.79	16)
Lease liabilities	220,490,606	0.44	135,377,795	0.28	62.87	17)

Section III – Management Discussion and Analysis

Other explanations

- 1) Cash and bank balances: closing balance remained relatively stable with opening balance;
- 2) Held-for-trading financial assets: mainly due to a decrease in the amount of structured deposits as at the end of the period;
- 3) Bills receivable: mainly due to maturity of certain bills receivable as at the beginning of the period;
- 4) Accounts receivable: mainly due to an increase in accounts receivable arising from recognition of revenue during the period;
- 5) Prepayments: mainly due to an increase in prepaid material costs;
- 6) Inventories: mainly due to an increase in work in progress and finished goods;
- 7) Contract assets: mainly due to an increase in quality warranty receivable on products with a warranty period within one year;
- 8) Non-current assets due within one year: mainly due to an increase in certificates of deposit with maturity within one year;
- 9) Other current assets: mainly due to an increase in value-added tax credit;
- 10) Construction in progress: mainly due to an increase in equipment purchased which is yet to be transferred to fixed assets;
- 11) Right-of-use assets: mainly due to an increase in rent of buildings, machinery and equipment;
- 12) Intangible assets: mainly due to transfer of R&D projects completed during the period from development expenditure to intangible assets;
- 13) Development expenditure: mainly due to transfer of R&D projects completed during the period from development expenditure to intangible assets;
- 14) Employee benefits payable: mainly due to the quarterly estimated provision of annual performance bonus released at year end in one lump sum;
- 15) Taxes payable: mainly due to payment of taxes during the period;
- 16) Other payables: mainly due to declared cash dividends yet to be paid during the period;
- 17) Lease liabilities: mainly due to an increase in rent of buildings, machinery and equipment.

Section III Management Discussion and Analysis

2. Overseas assets

Applicable Not Applicable

(1) Asset size

Where: Overseas assets amounted to RMB1,630,711,407, accounting for 3.24% 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

Please refer to “Section X Financial Report – VII. Notes to Key Items of the Consolidated Financial Statements – 61. Assets with Restrictions on Ownership or Use Right”.

4. Other explanations

Applicable Not applicable

(IV) Investment Analysis

Overall analysis of external equity investment

Applicable Not Applicable

Unit: Yuan Currency: RMB

Investment during the reporting period (RMB)	Investment in the same period last year (RMB)	Change
131,694,115	5,000,000	2,534%

During the reporting period, the Group made external equity investments in an amount of RMB131,694,115, which represented capital increase of RMB73,500,000 in Guangzhou Qinglan Semiconductor Co., Ltd. included in long-term equity investments and capital increase of RMB58,194,115 in Xicheng CRRC (Wuxi) Urban Transit Transport Engineering Co., Ltd. included in other equity instrument investments. During the corresponding period last year, the Group made external equity investment in an amount of RMB5,000,000, which represented investment in Jinhua CRRC Rail Vehicles Co., Ltd. and was included in other equity instrument investments.

As of the end of the reporting period, balance of the Group’s external equity investments reached RMB739,792,759, representing an increase of 20.05% from RMB616,224,407 at the beginning of the year. In particular, balance of long-term equity investments in associates and joint ventures reached RMB528,925,119, representing an increase of 14.10% from RMB463,550,882 at the beginning of the year. For details, please refer to “VII. Notes to Key Items of the Consolidated Financial Statements-12. Long-term Equity Investments” in the financial report as set out in Section X.

Section III – Management Discussion and Analysis

1. **Material equity investment**

Applicable Not applicable

2. **Material non-equity investment**

Applicable Not Applicable

At the 27th meeting of the sixth session of the Board of Directors on 30 March 2023, the Proposal on “the Manufacturing Base Project for New Energy Passenger Vehicle Electric Drive System and Key Components” was considered and adopted to approve the manufacturing base project for new energy passenger vehicle electric drive system and key components with project investment of RMB1,107.99 million. For details, please refer to the “Announcement of Zhuzhou CRRC Times Electric Co., Ltd. on Voluntary Disclosure of the Manufacturing Base Project for New Energy Passenger Vehicle Electric Drive System and Key Components” (announcement No. 2023-015) and the “Announcement of Zhuzhou CRRC Times Electric Co., Ltd. on Voluntary Disclosure of Progress of the Manufacturing Base Project for New Energy Passenger Vehicle Electric Drive System and Key Components” (announcement No. 2023-019) published by the Company on the website of the SSE respectively on 31 March 2023 and 12 May 2023. As of now, the project is in progress.

At the 23rd meeting of the sixth session of the Board of Directors and the 2022 first extraordinary general meeting respectively held on 22 September 2022 and 21 October 2022, the Proposal on “the Low-and-medium-voltage Power Device Industrialisation Construction Project of CRRC Times Semiconductor” was considered and adopted to approve the low-and-medium-voltage power device industrialisation construction project with a total investment of approximately RMB11,118.69 million. Among it, the low-and-medium-voltage power device industrialisation (Yixing) phase I construction project will be undertaken by Yixing CRRC Times Semiconductor Co., Ltd., a wholly-owned subsidiary of Zhuzhou CRRC Times Semiconductor Co., Ltd., with an investment of approximately RMB5,825.83 million; and the low-and-medium-voltage power device industrialisation (Zhuzhou) construction project will be undertaken by CRRC Times Semiconductor, with an investment of approximately RMB5,292.86 million. For details of the above, please refer to the “Announcement on Investment of a Controlled Subsidiary in the Low-and-medium-voltage Power Device Industrialisation Construction Project” (announcement No.: 2022-035) and the “Announcement on Progress of the Low-and-medium-voltage Power Device Industrialisation Construction Project Invested by a Controlled Subsidiary of Zhuzhou CRRC Times Electric Co., Ltd.” (announcement No.: 2022-039, 2022-040, 2022-044, 2023-003 and 2023-020) published by the Company on the website of the SSE respectively on 23 September 2022, 1 October 2022, 11 October 2022, 25 October 2022, 14 March 2023 and 12 May 2023 and the announcement published by the Company on the website of the Stock Exchange on 22 September 2022. As of now, the project is in progress.

Section III Management Discussion and Analysis

3. Financial assets measured at fair value

Applicable Not Applicable

Unit: Yuan Currency: RMB

Asset type	Opening amount	Profit or loss from fair value changes in the current period	Accumulated fair value changes included in equity	Impairment provision in the current period	Purchase amount during the current period	Disposal/redemption amount during the current period	Other changes	Closing balance
Held-for-trading financial assets	6,700,827,160	1,273,749	-	-	-	1,860,000,000	-	4,842,100,909
Bills receivable at fair value	1,117,071,219	-	11,688,267	-	-	-	-376,295,895	752,463,591
Accounts receivable at fair value	1,801,617,618	-	4,734,970	-	-	-	470,515,268	2,276,867,856
Other equity instrument investment	152,673,525	-	-	-	58,194,115	-	-	210,867,640
Total	9,772,189,522	1,273,749	16,423,237	-	58,194,115	1,860,000,000	94,219,373	8,082,299,996

Securities investment

Applicable Not applicable

Private fund investment

Applicable Not applicable

Derivatives investment

Applicable Not applicable

(V) Sale of Major Assets and Equity Interests

Applicable Not applicable

(VI) Analysis of Major Subsidiaries and Associates

Applicable Not Applicable

Please refer to "IX Interests in Other Entities" in "Section X – Financial Report" for details.

(VII) Structured Entities Controlled by the Company

Applicable Not applicable

VII. OTHER DISCLOSURES

Applicable Not applicable

Section III – Management Discussion and Analysis

(I) Borrowings

The table below sets out the borrowings of the Group as at the dates indicated:

Unit: Yuan Currency: RMB

Item	Closing balance	Opening balance
Short-term borrowings	445,101,537	454,374,494
Long-term borrowings (including long-term borrowings due within one year)	<u>228,770,974</u>	<u>77,713,637</u>
Total	<u><u>673,872,511</u></u>	<u><u>532,088,131</u></u>

The maturities of borrowings are analysed below:

Unit: Yuan Currency: RMB

Item	Closing balance	Opening balance
Due within 1 year	450,182,328	459,400,131
Due within 1 to 2 years	157,158,083	5,000,000
Due within 2 to 5 years	35,344,100	30,500,000
Due over 5 years	<u>31,188,000</u>	<u>37,188,000</u>
Total	<u><u>673,872,511</u></u>	<u><u>532,088,131</u></u>

As of the end of the reporting period, the above borrowings carried an annual interest rate ranging from 1.08% to 7.19% (0.86% to 3.47% as at the beginning of the period).

(II) Liquidity

The Board considered that the Group had sufficient liquidity to satisfy its present need for liquid funds.

(III) Commitments

For details of the commitments of the Group as at the end of the reporting period, please refer to “XIV. Commitments and Contingencies” as set out in Section X Financial Report.

(IV) 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 maximise 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. The Group’s objectives, policies or processes for managing capital during the reporting period remained unchanged from the corresponding period last year.



Section III Management Discussion and Analysis

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 financial liabilities at fair value through profit or loss, all borrowings, bills payable, accounts payable, employee benefits payable, other taxes payable excluding 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. As of the end of the reporting period, the gearing ratio of the Group was 13.69%.

Section IV Corporate Governance

I. 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
2022 annual general meeting, 2023 first class meeting of holders of A Shares and 2023 first class meeting of holders of H Shares	27 June 2023	www.sse.com.cn www.hkexnews.hk	28 June 2023	For details, please refer to “the Announcement on Resolutions passed at the 2022 Annual General Meeting, 2023 First Class Meeting of Holders of A Shares and 2023 First Class Meeting of Holders of H Shares of Zhuzhou CRRC Times Electric Co., Ltd.” published on the website of the SSE (Ann No. 2023-029), and “Poll Results of the Annual General Meeting for Year 2022 and the First Class Meeting of Holders of H Shares of 2023 Held on 27 June 2023 of Zhuzhou CRRC Times Electric Co., Ltd.” published on the website of the Hong Kong Stock Exchange

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

All the resolutions proposed at the above general meetings have been considered and approved, and no resolution was vetoed. The convening and holding procedures of the general meetings, qualifications of the convenor and attendees and the voting procedures complied with the requirements of the Company Law and the Articles of Association, and the resolutions passed at the general meetings were legal and valid.

Section IV Corporate Governance

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

Applicable Not Applicable

Name	Position(s) held	Change
Mei Wenqing	Deputy general manager and chief engineer	Resigned
Yan Wu	Executive Director, deputy general manager, secretary to the Board and general legal counsel	Resigned
Hu Yunqing	Deputy general manager and chief engineer	Appointed
Yao Zhonghong	Deputy general manager	Appointed
Long Furong	Secretary to the Board and general legal counsel	Appointed
He Wen	Core technician	Resigned
Gan Weiwei	Core technician	Appointed
Chan Kam Wing, Clement	Independent non-executive Director	Resigned
Pao Ping Wing	Independent non-executive Director	Resigned
Liu Chunru	Independent non-executive Director	Resigned
Chen Xiaoming	Independent non-executive Director	Resigned
Pang Yiming	Employee representative supervisor	Resigned
Zhou Guifa	Employee representative supervisor	Resigned
Zhong Ninghua	Independent non-executive Director	Election
Lam Siu Fung	Independent non-executive Director	Election
Shen Zhulin	Employee representative supervisor	Election
Liu Shaojie	Employee representative supervisor	Election

Explanations on Changes in the Company's Directors, Supervisors, Senior Management and Core Technical Personnel

Applicable Not Applicable

On 20 March 2023, Mr. Mei Wenqing resigned as a deputy general manager and the chief engineer of the Company due to work rearrangement.



Section IV Corporate Governance

On 28 April 2023, Mr. Yan Wu tendered his resignation to resign as a deputy general manager, secretary to the Board and general legal counsel of the Company due to work rearrangement. On the same date, the Company convened the 28th meeting of the sixth session of the Board, at which Mr. Hu Yunqing was appointed as a deputy general manager and chief engineer of the Company, Mr. Yao Zhonghong was appointed as a deputy general manager of the Company, and Ms. Long Furong was appointed as the secretary to the Board and the general legal counsel of the Company. Mr. He Wen ceased to be recognised as a core technician of the Company due to post adjustment, and Mr. Gan Weiwei was recognised as a core technician of the Company.

On 26 June 2023, upon democratic election by the employees of the Company, Mr. Shen Zhulin and Mr. Liu Shaojie were elected as employee representative supervisors of the seventh session of the Supervisory Committee, who, together with the two shareholder representative supervisors elected at the 2022 annual general meeting of the Company, comprise the seventh session of the Supervisory Committee.

The sixth session of the Board and the supervisory committee of the Company expired on 27 June 2023, upon which, Mr. Yan Wu ceased to serve as an executive Director; Mr. Chan Kam Wing, Clement, Mr. Pao Ping Wing, Ms. Liu Chunru and Mr. Chen Xiaoming ceased to serve as the independent non-executive Directors; and Mr. Pang Yiming and Mr. Zhou Guifa ceased to serve as the employee representative supervisors. On the same date, the Company convened the annual general meeting for year 2022, at which:

Mr. Li Donglin, Mr. Liu Ke'an and Mr. Shang Jing were elected as the executive Directors of the seventh session of the Board, Mr. Zhang Xinning was elected as the non-executive Director of the seventh session of the Board and Mr. Gao Feng, Mr. Li Kaiguo, Mr. Zhong Ninghua and Mr. Lam Siu Fung were elected as the independent non-executive Directors of the seventh session of the Board; and

Mr. Li Lüe and Mr. Geng Jianxin were elected as the shareholder representative supervisors, who, together with Mr. Shen Zhulin and Mr. Liu Shaojie, the employee representative supervisors, comprise the seventh session of the supervisory committee of the Company.

On 27 June 2023, the Company convened the first meeting of the seventh session of the Board, at which:

Mr. Li Donglin was elected as the chairman of the seventh session of the Board, and Mr. Liu Ke'an was elected as the vice-chairman of the seventh session of the Board;

Mr. Li Donglin, Mr. Liu Ke'an, Mr. Shang Jing, Mr. Zhang Xinning, Mr. Li Kaiguo and Mr. Zhong Ninghua were appointed as members of the strategy committee of the Company, among whom, Mr. Li Donglin is the chairman of the strategy committee;

Mr. Lam Siu Fung, Mr. Gao Feng, Mr. Li Kaiguo and Mr. Zhong Ninghua were appointed as members of the audit committee of the Company, among whom, Mr. Lam Siu Fung is the chairman of the audit committee;

Mr. Liu Ke'an, Mr. Zhong Ninghua and Mr. Lam Siu Fung were appointed as members of the risk control committee of the Company, among whom, Mr. Liu Ke'an is the chairman of the risk control committee;

Mr. Gao Feng, Mr. Li Kaiguo and Mr. Lam Siu Fung were appointed as members of the remuneration committee of the Company, among whom, Mr. Gao Feng is the chairman of the remuneration committee;

Mr. Li Kaiguo, Mr. Li Donglin and Mr. Gao Feng were appointed as members of the nomination committee of the Company, among whom, Mr. Li Kaiguo is the chairman of the nomination committee; and

Section IV Corporate Governance

Mr. Shang Jing was appointed as the general manager of the Company, Mr. Niu Jie was appointed as a deputy general manager of the Company, Mr. Tan Yongneng was appointed as the chief executive of the Company, Mr. Yan Changqi was appointed as a deputy general manager of the Company, Mr. Gong Tong was appointed as a deputy general manager of the Company, Mr. Yu Kang was appointed as a deputy general manager of the Company, Mr. Liu Zehua was appointed as a deputy general manager and financial controller of the Company, Mr. Yi Weihua was appointed as a deputy general manager of the Company, Mr. Cao Weichen was appointed as a deputy general manager of the Company, Mr. Li Peng was appointed as a deputy general manager of the Company, Mr. Hu Yunqing was appointed as a deputy general manager and chief engineer of the Company, Mr. Yao Zhonghong was appointed as a deputy general manager of the Company, and Ms. Long Furong was appointed as the secretary to the Board and the general legal counsel of the Company.

On 27 June 2023, the Company convened the first meeting of the seventh session of the supervisory committee of the Company, at which Mr. Li Lüe was elected as the chairman of the seventh session of the supervisory committee of the Company.

The term of office of the above personnel shall terminate upon the expiry of the seventh session of the Board and the supervisory committee of the Company.

Explanation on Certification of Core Technicians of the Company

Applicable Not Applicable

III. PLAN FOR DISTRIBUTION OF PROFITS OR TRANSFER OF CAPITAL RESERVE FUND INTO SHARE CAPITAL

Plan for Distribution of Profits or Transfer of Capital Reserve Fund into Share Capital Determined for the Interim Period

Whether to distribute profit or transfer capital reserve fund into share capital	No
Bonus shares for every 10 shares (share)	–
Profit declared for every 10 shares (RMB) (tax inclusive)	–
Transfer of capital reserve fund into share capital for every 10 shares (share)	–
Explanations on plan for distribution of profits or transfer of capital reserve fund into share capital	Not applicable

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

(I) Relevant Incentive Events Disclosed in the Temporary Announcements and with no Progress or Change in Subsequent Implementation

Applicable Not Applicable



Section IV Corporate Governance

(II) Incentives which were not Disclosed in the Temporary Announcements or with Subsequent Progress

Information on share incentive

Applicable Not Applicable

Other explanations

Applicable Not Applicable

Employee stock ownership plan

Applicable Not Applicable

Other incentive measures

Applicable Not Applicable

V. INFORMATION ABOUT EMPLOYEES OF THE COMPANY AND THEIR REMUNERATIONS AND TRAININGS

During the reporting period, there was no significant change in the Company's total workforce, employee composition and their remunerations and trainings as compared with those disclosed in the 2022 annual report.

VI. INFORMATION ABOUT CORPORATE GOVERNANCE

(I) Corporate Governance Practice

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.

To ensure that the Company earnestly fulfills its duties and responsibilities under the SEHK Listing Rules, the Company has formulated effective corporate supervision structure and reviews and improves its internal control and corporate governance mechanism from time to time.

The Company also effectively carries out information disclosure and investor relations management and services in strict accordance with the Articles of Association, rules of procedures of special committees under the Board, the Company Law and relevant laws, regulations and regulatory documents, as well as requirements of the Hong Kong Stock Exchange.

During the reporting period, the Company has complied with the code provisions in Corporate Governance Code set out in part 2 of Appendix 14 to the SEHK Listing Rules except for the following deviation.

Pursuant to Code Provision C.1.6 of the Corporate Governance Code, generally, independent non-executive directors and other non-executive directors are required to attend shareholders' general meetings to have a comprehensive and fair understanding of the views of the shareholders. Mr. Zhang Xinning, the non-executive Director, did not attend the annual general meeting of the Company held on 27 June 2023 due to other important business engagements. However, there were sufficient number of Directors attending the annual general meeting (including the executive and independent non-executive Directors) to ensure that the Board had a comprehensive and fair understanding of the views of the shareholders of the Company.

Section IV Corporate Governance

(II) 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 30 June 2023, 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/she/it is taken or deemed to have under such provisions of the SFO) or which will be required, pursuant to Section 352 of the SFO, to be entered in the register referred to therein, or will be required, pursuant to the Model Code for Securities Transactions by Directors of Listed Issuers as contained in Appendix 10 to the SEHK Listing Rules (the "Model Code"), to be notified to the Company and the Hong Kong Stock Exchange.

(III) 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"). Having made specific enquiry to all the Directors and supervisors, all of them have confirmed that they have complied with the standards as stipulated by the code of conduct for the six months period ended 30 June 2023.

(IV) 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.

(V) Review of the Interim Report by the Audit Committee

The audit committee of the Company currently comprises four independent non-executive Directors, being Mr. Lam Siu Fung, Mr. Gao Feng, Mr. Li Kaiguo and Mr. Zhong Ninghua. Mr. Lam Siu Fung serves as the chairman of the audit committee.

The audit committee of the Company has reviewed the Group's unaudited interim condensed consolidated financial statements and the interim report for the six months ended 30 June 2023 prepared under the PRC Accounting Standards, and was satisfied that the unaudited interim condensed consolidated financial statements and the interim report complied with applicable accounting standards, relevant regulatory and legal requirements, and sufficient disclosure has been made.



Section IV Corporate Governance

(VI) Board of Directors

The Board currently comprises eight Directors, of whom Mr. Li Donglin is the chairman and an executive Director; Mr. Liu Ke'an is the vice chairman and an executive Director, Mr. Shang Jing is an executive Director, Mr. Zhang Xinning is the non-executive Director, and Mr. Gao Feng, Mr. Li Kaiguo, Mr. Zhong Ninghua and Mr. Lam Siu Fung are independent non-executive Directors.

(VII) Subsequent Events

No other significant subsequent events occurred subsequent to 30 June 2023 and up to the date of this report.

Section V Environmental and Social Responsibilities

I. ENVIRONMENTAL INFORMATION

Whether an environmental protection mechanism has been established Yes
 Investment in environmental protection during the reporting period (unit: RMB0'000) 360.38

(I) Explanation on Environmental Protection of Companies and their Major Subsidiaries Classified as the Key Pollutant Discharging Units Announced by the Environmental Protection Department

Applicable Not Applicable

The Company always upholds the EHS philosophy of “people-oriented, continuous improvement, green and environmental, health and safety”. In 2023, Zhuzhou CRRC Times Semiconductor Co., Ltd., a major subsidiary of the Company, has been identified as a key pollutant discharging unit as announced by the environmental protection department, and is required to publicise environmental protection information on the National Sewage Permit Management Information Platform on a monthly basis. Its waste water, waste gas and noise are discharged up to standard according to the corresponding discharge standards, and hazardous wastes are disposed of in accordance with laws and regulations. Its pollution prevention and control facilities are under normal operation.

1. Sewage discharge information

Applicable Not Applicable

Zhuzhou CRRC Times Semiconductor Co., Ltd. entrusted third-party institutions with testing qualifications to conduct periodic testing of environmental pollution factors in each of the six months in the first half of 2023, and according to the testing results, all of its sewage was discharged up to standard and it satisfied 100% of the discharge standards. Besides, it disposed of hazardous wastes according to laws and regulations, and made declaration on Hunan Solid Waste Management Information Platform and generated the corresponding list. Zhuzhou CRRC Times Semiconductor Co., Ltd. paid the environmental tax in full in the first and second quarters of 2023.

Holder of sewage discharge permit	Issuer of sewage discharge permit	Sewage discharge permit management category	Total sewage generated from January to June 2023 (0'000 tons)	Reclaimed water reused from January to June 2023 (0'000 tons)	Sewage disposed of from January to June 2023 (0'000 tons)	Sewage discharged from January to June 2023 (0'000 tons)	Hazardous waste disposed of from January to June 2023 (ton)
Zhuzhou CRRC Times Semiconductor Co., Ltd.	Zhuzhou Ecological Environment Bureau	Management focus	49.99	9.19	49.99	49.99	670.9

2. Construction and operation of pollution prevention and control facilities

Applicable Not Applicable

During the first half of 2023, no new pollution prevention facilities of Zhuzhou CRRC Times Semiconductor Co., Ltd. were put into operation, and its existing pollution prevention facilities were under normal operation.

Section V Environmental and Social Responsibilities

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

Applicable Not Applicable

Zhuzhou CRRC Times Semiconductor Co., Ltd. adheres to the “three simultaneous steps” for new, renovation and expansion projects, 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 strictly 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 responsibilities and obligations and implemented the principles and policies of national energy saving and emission reduction.

4. *Contingency plans for unexpected environment-related issues*

Applicable Not Applicable

The Company further strengthened environmental education and training through various forms such as programs outside and within its premise, and organised a diversity of education and training activities to improve safety response ability of employees to unexpected environment-related issues. The Company and its major branches and subsidiaries involving environmental protection have established the Contingency Plan for Unexpected Environment-related Issues and completed the registration with local environmental authorities according to law.

5. *Self-monitoring environmental program*

Applicable Not Applicable

The Company ensures that all types of pollutants discharged from its processes, products and activities meet the relevant requirements, and engages third-party professional institutions to detect pollutants and issue reports to ensure the pollutants after treated by environmental protection facilities are discharged up to standard. The Company actively advocates employees to save energy and strives to minimise the impact of its operations on environment. From January to June 2023, its waste water, waste gas and noise were discharged 100% up to standard, and hazardous wastes were disposed of 100% in accordance with laws and regulations.

6. *Administrative penalties due to environmental issues during the reporting period*

Applicable Not Applicable

From January to June 2023, the Company was not imposed on any penalties by relevant authorities due to violation of environmental regulations.

7. *Other discloseable environmental information*

Applicable Not Applicable

Pursuant to the requirements of local environmental authorities, subsidiaries of the Company disclose relevant environmental information through websites of local environmental authorities or corporate websites, and release periodic corporate social responsibility reports pursuant to the Environmental, Social and Governance Reporting Guide, in which environmental information is disclosed.

Section V Environmental and Social Responsibilities

(II) Explanation on the Company's Environmental Protection Other Than Key Pollutant Discharging Unit

Applicable Not Applicable

1. Administrative penalties due to environmental issues

Applicable Not Applicable

From January to June 2023, the Company was not imposed on any penalties by relevant authorities due to violation of environmental regulations.

2. Disclosure of other environmental information with reference to key pollutant discharge units

Applicable Not Applicable

The Company and its subsidiaries subject to sewage discharge permits have regularly publicised environmental protection information in accordance with State requirements on sewage discharge, discharged waste water, waste gas and noise in line with corresponding standards, and disposed of hazardous waste in compliance with laws and regulations. Besides, the pollutant prevention facilities were under normal operation. The Company and its subsidiaries paid the environmental tax in full in the first and second quarters of 2023. Set out below is the information regarding disposal of major pollutants of units subject to sewage permit simplified management:

Holder of sewage discharge permit	Issuer of sewage discharge permit	Sewage discharge permit management category	Total sewage generated from January to June 2023 (0'000 tons)	Sewage disposed of from January to June 2023 (0'000 tons)	Sewage discharged from January to June 2023 (0'000 tons)
Zhuzhou CRRC Times Electric Co., Ltd.	Zhuzhou Ecological Environment Bureau	Simplified management	7.95	7.95	7.95
Baoji CRRC Times Engineering Machinery Co., Ltd.	Baoji Ecological Environment Bureau Jintai Branch Bureau	Simplified management	0.98	0.98	0.98

3. Reasons for non-disclosure of other environmental information

Applicable Not Applicable

(III) Explanation on Subsequent Progress or Change of Environmental Information Disclosed During the Reporting Period

Applicable Not Applicable

Section V Environmental and Social Responsibilities

(IV) Relevant Information Conducive to Protecting Ecology, Preventing Pollution and Fulfilling Environmental Responsibilities

✓ Applicable Not Applicable

On 5 June 2023, the World Environment Day, the Company and local environmental protection departments jointly held an outdoor environmental protection publicity event themed “Building the Modern Harmonious Coexistence Between Human and Nature”. A consultation desk was set up, where illustrators with professional environmental knowledge publicized ecological and environmental protection knowledge as well as environmental laws and regulations to the public audience.

(V) Measures Taken to Reduce Carbon Emissions During the Reporting Period and Effects

Whether carbon reduction measures are adopted	Yes
Carbon dioxide emission reduction equivalent (unit: ton)	–
Types of carbon reduction measures (such as using clean energy for power generation, applying carbon reduction technologies in production process, developing and producing new products conducive to carbon reduction, etc.)	Developing and producing new products, using clean energy, improving technologies in relation to energy conservation, and strengthening carbon management

Description

✓ Applicable Not Applicable

- (1) R&D and production of new products. The Company proactively responded to the “carbon peak and neutrality” strategy introduced by the State, and aspired to serve the global transportation and energy industries with an unswerving commitment to developing and manufacturing “intelligent, safe, green and comfortable” high-end equipment, so as to provide sufficient resource support for the R&D of new products and technologies. The Company launched technological enhancement initiatives in the fields of high-efficiency converters, new power devices, energy management, wind power generation and photovoltaic power generation, thereby contributing to energy conservation and carbon reduction. Wenzhou S2 permanent magnet traction system in operation is China’s first urban permanent magnet traction system project from bulk production, with online-measured energy saving rate exceeding 15% to support energy saving of urban EMUs. We completed the development and application of 320kW high-power string inverter, to comprehensively boost system efficiency, compatibility, grid-friendly performance and safety. Featuring higher single-unit power and higher energy density, it can reduce investment costs and subsequent operation and maintenance costs as a key contributor to cost efficiency of ground power plants. Our independently developed medium-voltage main drive system for rolling mills commenced operation at the 1,580mm hot continuous rolling project of Lianyuan Iron and Steel, which is China’s first fully-localized wide sheet and strip production line. Employing the ground-breaking PWM four-quadrant rectifier control technology and high-performance vector control mode, the system can ensure production capacity and quality of strip steel while significantly reducing energy consumption cost per ton of steel in production line, fully demonstrating our strengths in green, low-carbon, safe, reliable and environment-friendly converter control technology. Our hydrogen production power supply units were deployed in China’s first 10,000-ton new energy-based hydrogen plant, enabling it to generate its first cubic metre of hydrogen successfully.

Section V Environmental and Social Responsibilities

- (2) Using clean energy. Based on its energy consumption mix, the Company proactively popularised the use of clean energy, focused on the construction of integrated energy system within the industrial park, and established the integrated photovoltaic power storage system in Tianxin Industrial Park to reduce carbon emissions from power generation.
- (3) Improving technologies in relation to energy conservation. The Company eliminated equipment with high energy consumption and innovated on energy conservation technologies to reduce energy consumption and carbon emissions of equipment. The Company also earnestly expedited the use of recycled resources, waste materials and reclaimed water to minimise carbon emissions from wastes.
- (4) Strengthening carbon management. The Company carried out carbon emission verification, carbon neutrality planning consultation and carbon emission management system construction with a focus on research into carbon footprints of main products and carbon reduction initiatives of major production lines, targeting to facilitate the implementation of carbon peak and neutrality initiatives and contribute to the achievement of carbon peak and neutrality goal.

II. DETAILS ON CONSOLIDATION AND EXPANSION OF ACHIEVEMENTS OF POVERTY ALLEVIATION AND INFORMATION ABOUT RURAL REVITALISATION

Applicable Not Applicable

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

Note: 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 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 VI 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 & 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 VI 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	CRRZ ZELRI, CRRZ Zhuzhou, CRRZ Investment & Leasing	CRRZ ZELRI, CRRZ Zhuzhou, CRRZ Investment & Leasing	<p>CRRZ ZELRI, CRRZ Zhuzhou and CRRZ Investment & 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>	Time of undertakings: 28 December 2020 Term: long-term effective	Yes	Yes	-	-

Section VI 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>I. Conditions for Activation and Cessation of the Share Price Stabilisation Measures</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	-	-



Section VI 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
----------------------------	--------------------------	------------------------------	--------------------------	-------------------------------	---------------------------------	--	--	---

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 VI 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
----------------------------	--------------------------	------------------------------	--------------------------	-------------------------------	---------------------------------	--	--	---

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.

Section VI 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
----------------------------	--------------------------	------------------------------	--------------------------	-------------------------------	---------------------------------	--	--	---

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.

Section VI 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
----------------------------	--------------------------	------------------------------	--------------------------	-------------------------------	---------------------------------	--	--	---

- (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.

Section VI 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
----------------------------	--------------------------	------------------------------	--------------------------	-------------------------------	---------------------------------	--	--	---

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.

Section VI 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>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>					
			<p>The Company's Measures and Undertakings in respect of Share Repurchase and Share Buy-back</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"> 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. 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. 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: 	<p>Time of undertakings: 28 December 2020</p> <p>Term: long-term effective</p>	Yes	Yes		
Others		The Company						

Section VI 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
----------------------------	--------------------------	------------------------------	--------------------------	-------------------------------	---------------------------------	--	--	---

- (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.

Section VI 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	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"> 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. 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. 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. <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	-	-

Section VI 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		CRC Group	<p>CRC Group has given the following undertakings in respect of share repurchase and share buy-back:</p> <ol style="list-style-type: none"> 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. 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. 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. 	Time of undertakings: 28 December 2020 Term: long-term effective	Yes	Yes	-	-
--------	--	-----------	---	--	-----	-----	---	---

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.

Section VI 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	The Company	The Company has given the following undertakings in respect of no-fraud in the issuance and listing. <ol style="list-style-type: none"> The Company guarantees that there is no fraud in the issuance. 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. 	Time of undertakings: 28 December 2020 Term: long-term effective	Yes	Yes	-	-
Others	CRRCC ZELRI	CRRCC ZELRI	CRRCC ZELRI has given the following undertakings in respect of no-fraud in the issuance and listing. <ol style="list-style-type: none"> The company guarantees that there is no fraud in the issuance of Times Electric. 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. 	Time of undertakings: 28 December 2020 Term: long-term effective	Yes	Yes	-	-
Others	CRRCC Group	CRRCC Group	CRRCC Group has given the following undertakings in respect of no-fraud in the issuance and listing. <ol style="list-style-type: none"> The group guarantees that there is no fraud in the issuance of Times Electric. 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. 	Time of undertakings: 28 December 2020 Term: long-term effective	Yes	Yes	-	-

Section VI

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	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 (《關於首次發行及再融資、重大資產重組籌備期間回報事項的指導意見》) 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 VI 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 on the remedial measures for dilution of immediate returns in respect of the Issue and Listing:</p> <ol style="list-style-type: none"> 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. 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. 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. 	<p>Time of undertakings: 28 December 2020 Term: long-term effective</p>	Yes	Yes	-	-

Section VI 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"> 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; undertake to restrict the post consumption behaviour of directors and senior management; undertake not to appropriate the Company's assets to engage in investment and consumption activities unrelated to the performance of their duties; 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; 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); 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; 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. 	<p>Time of undertakings: 28 December 2020 Term: long-term effective</p>	Yes	Yes	-	-

Section VI 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"> 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. 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. 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. 	<p>Time of undertakings: 28 December 2020 Term: long-term effective</p>	Yes	Yes	-	-



Section VI 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	CRRCL ZELRI	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"> 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. 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. 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. 	<p>Time of undertakings: 28 December 2020 Term: long-term effective</p>	Yes	Yes	-	-
--------	-------------	-------------	---	---	-----	-----	---	---

Section VI 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 in respect of compensation under the law or compensation liabilities:</p> <ol style="list-style-type: none"> 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. 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. 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. 	<p>Time of undertakings: 28 December 2020</p> <p>Term: long-term effective</p>	Yes	Yes	-	-

Section VI 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	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"> 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. 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. 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. 	<p>Time of undertakings: 28 December 2020</p> <p>Term: long-term effective</p>	Yes	Yes	-	-

Section VI 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	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"> 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. 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"> 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; The Company shall assume corresponding responsibilities in accordance with the provisions of relevant laws and regulations and the requirements of regulatory authorities; 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; 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; Other measures available for adoption according to the then prevailing regulations. 	<p>Time of undertakings: 28 December 2020</p> <p>Term: long-term effective</p>	Yes	Yes	-	-

Section VI 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 ZELRI	<p>CRRC 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"> 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. 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"> 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; The company shall assume corresponding responsibilities in accordance with the provisions of relevant laws and regulations and the requirements of regulatory authorities; 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; Other measures available for adoption according to the then prevailing regulations. 	<p>Time of undertakings: 28 December 2020</p> <p>Term: long-term effective</p>	Yes	Yes	-	-

Section VI 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	CRRIC Group	CRRIC Group	<p>CRRIC 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"> 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. 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"> 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; The group shall assume corresponding responsibilities in accordance with the provisions of relevant laws and regulations and the requirements of regulatory authorities; 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; Other measures available for adoption according to the then prevailing regulations. 	<p>Time of undertakings: 28 December 2020</p> <p>Term: long-term effective</p>	Yes	Yes	-	-

Section VI 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		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"> 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. 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"> 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; I shall assume corresponding responsibilities in accordance with the provisions of relevant laws and regulations and the requirements of regulatory authorities; 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; 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; Other measures available for adoption according to the then prevailing regulations. 	<p>Time of undertakings: 28 December 2020</p> <p>Term: long-term effective</p>	Yes	Yes	-	-
--------	--	---	---	--	-----	-----	---	---

Section VI 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"> 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. 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. 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. 	<p>Time of undertakings: 28 December 2020</p> <p>Term: long-term effective</p>	Yes	Yes	-	-

Section VI 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 in respect of avoiding appropriation of funds:</p> <ol style="list-style-type: none"> 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. 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. 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. 	<p>Time of undertakings: 28 December 2020</p> <p>Term: long-term effective</p>	Yes	Yes	-	-
--------	--	------------	---	--	-----	-----	---	---

Section VI 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 ZEELRI	<p>CRRCC ZEELRI has given the undertakings in respect of regulating related party transactions, details of which are as follows:</p> <ol style="list-style-type: none"> 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. 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. 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. 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. 	<p>Time of undertakings: 28 December 2020</p> <p>Term: long-term effective</p>	Yes	Yes	-	-

Section VI 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 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"> 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. 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. 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. 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. 	Time of undertakings: 28 December 2020 Term: long-term effective	Yes	Yes	-	-
----------------------------	-------------	-------------	---	--	-----	-----	---	---

Section VI 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 & 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 & 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: 20 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 VI 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>	Time of undertakings: 20 December 2020 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.	Yes	Yes	-	-

Section VI 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 VI Significant Events

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

Applicable Not applicable

III. ILLEGAL GUARANTEES

Applicable Not applicable

IV. AUDIT OF THE INTERIM REPORT

Applicable Not applicable

V. CHANGES AND TREATMENT OF MATTERS SUBJECT TO NON-STANDARD AUDIT OPINIONS IN LAST YEAR'S ANNUAL REPORT

Applicable Not applicable

VI. MATTERS RELEVANT TO WINDING UP AND SCHEME OF ARRANGEMENT

Applicable Not applicable

VII. MATERIAL LITIGATION AND ARBITRATION MATTERS

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

VIII. INFORMATION ON BREACH OF LAWS 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

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

Applicable Not applicable

Section VI Significant Events

X. MAJOR CONTRACTS AND THEIR PERFORMANCE

(I) Entrustment, contracting and leasing matters

Applicable Not applicable

(II) Major guarantees performed and outstanding during the reporting period

Applicable Not applicable

Unit: Yuan Currency: RMB

External guarantees provided by the Company (excluding guarantees provided for its subsidiaries)															
Guarantor	Relationship between the guarantor and the listed company	Guaranteed party	Amount guaranteed	Date of guarantee (date of agreement)	Commencement			Principal debt	Guaranty (if any)	Whether the guarantee has been performed		Amount overdue	Counter guarantee	Whether a related-party guarantee	Related relationship
					date of guarantee	Expiry date of guarantee	Type of guarantee			Overdue or not					

Total guarantee incurred during the reporting period (excluding those provided for subsidiaries) 0

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

Guarantees provided by the Company and its subsidiaries for subsidiaries													
Guarantor	Relationship between the guarantor and the listed company	Guaranteed party	Relationship between the guaranteed party and the listed company	Amount guaranteed	Date of guarantee (date of agreement)	Commencement date of guarantee	Expiry date of guarantee	Type of guarantee	Whether the guarantee has been performed		Amount overdue	Whether there is counter guarantee	
									Overdue or not				

Zhuzhou CRRC Times Electric Co., Ltd.	The Company	Dynex Semiconductor Ltd.	Wholly-owned subsidiary	137,148,000.00	2022/10/12	2022/10/12	2023/10/11	Joint liability guarantee	No	No	0	No
	The Company	Specialist Machine Developments (SMD) Limited	Wholly-owned subsidiary	274,296,000.00	2022/10/12	2022/10/12	2023/10/11	Joint liability guarantee	No	No	0	No
	The Company	Specialist Machine Developments (Shanghai) Co., Ltd.	Wholly-owned subsidiary	10,286,792.20	2021/12/6	2021/12/6	2023/12/31	Joint liability guarantee	No	No	0	No
	The Company	Specialist Machine Developments (Shanghai) Co., Ltd.	Wholly-owned subsidiary	65,513,092.60	2021/12/6	2021/12/6	2023/9/30	Joint liability guarantee	No	No	0	No
	The Company	Specialist Machine Developments (Shanghai) Co., Ltd.	Wholly-owned subsidiary	15,137,118.39	2022/7/4	2022/7/4	2023/12/31	Joint liability guarantee	No	No	0	No

Total guarantee to subsidiaries incurred during the reporting period 0.00

Total balance of guarantee to subsidiaries as at the end of the reporting period (B) 502,381,003.19

Section VI Significant Events

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

Aggregate guarantee (A+B)	502,381,003.19
Percentage of aggregate guarantee to net assets of the Company (%)	1.44
Representing:	
Amount of guarantee provided for shareholders, actual controller and related parties (C)	Not applicable
Amount of debt guarantee directly or indirectly provided to guaranteed parties with gearing ratio over 70% (D)	502,381,003.19
Excess amount of aggregate guarantee over 50% of net assets (E)	Not applicable
Aggregate amount of the above three categories (C+D+E)	502,381,003.19
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 27th meeting of the sixth session of the Board on 30 March 2023.

(III) Others material contracts

Applicable Not applicable

XI. EXPLANATION ON PROGRESS IN USE OF PROCEEDS

Applicable Not applicable

(I) Overall utilisation of proceeds

Applicable Not applicable

Unit: Yuan Currency: RMB

Source of proceeds	Date of receiving the proceeds	Net proceeds after deducting issue expenses		Total promised investment amounts of proceeds	Total promised investment amounts of proceeds after adjustments (1)	Total amount of proceeds as of the end of the reporting period (2)	Total accumulated investment amount of proceeds as of the end of the reporting period (3) = (2)/(1)	Progress of investment as of the end of the reporting period (%) (3) = (2)/(1)	Investment amount for the period (4)	Percentage of investment amount for the period (%) (5) = (4)/(1)
		Total proceeds	deducting issue expenses							
Initial public issue on the STAR Market	1 September 2021	7,555,057,430	7,443,212,046	7,443,212,046	7,443,212,046	4,235,660,408	56.91	633,165,350	8.51	

Section VI Significant Events

(II) Particulars of investment projects to be financed with raised proceeds

✓ Applicable Not applicable

Unit: Yuan Currency: RMB

Name of project	Project nature	Change of the project or not	Source of proceeds	Date of receiving the proceeds	Whether over-raised proceeds were utilised	Total promised investment amounts of proceeds for project	Total promised investment amounts of proceeds after adjustments (1)	Total accumulated investment amount 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 investment is in line with the planned schedule or not	Specific reason for failure to reach the planned schedule of investment	Whether economic benefits have been achieved during the reporting period	Economic benefits or research results achieved for the project	Whether feasibility of projects changes significantly, if yes, please state specific reason	Expected timetable for using the unutilised proceeds	
Application project of rail transit traction and network technology and system	R&D	Not applicable	Initial public issue on the STAR Market	1 September 2021	No	2,095,500,000	2,095,500,000	1,268,588,013	60.54	Not ready yet	No	Yes	Not applicable	Not applicable	Not applicable	No	Not applicable	2026
The application project on key technologies and system R&D of smart railway bureau and smart urban rail transit	R&D	Not applicable	Initial public issue on the STAR Market	1 September 2021	No	1,070,830,000	1,070,830,000	256,015,554	27.64	Not ready yet	No	Yes	Not applicable	Not applicable	Not applicable	No	Not applicable	2026
Advanced technology R&D application project of new industry	R&D	Not applicable	Initial public issue on the STAR Market	1 September 2021	No	869,270,000	869,270,000	477,967,533	54.88	Not ready yet	No	Yes	Not applicable	Not applicable	Not applicable	No	Not applicable	2024
R&D and manufacturing platform construction project of new-type rail engineering machinery	R&D	Not applicable	Initial public issue on the STAR Market	1 September 2021	No	800,000,000	800,000,000	317,452,802	39.68	Not ready yet	No	Yes	Not applicable	Not applicable	Not applicable	No	Not applicable	2025
Innovative experimental platform construction project	Production and construction	Not applicable	Initial public issue on the STAR Market	1 September 2021	No	931,000,000	931,000,000	195,175,920	20.96	Not ready yet	No	Yes	Not applicable	Not applicable	Not applicable	No	Not applicable	2025
Replenishment of working capital and repayment of debt	Replenishment of working capital and repayment of debt	Not applicable	Initial public issue on the STAR Market	1 September 2021	No	2,000,000,000	1,616,612,046	1,681,350,586	100.28	Not applicable	Yes	Yes	Not applicable	Not applicable	Not applicable	No	Not applicable	Not applicable
Total						7,766,600,000	7,443,212,046	4,235,660,408	56.91									

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

Applicable Not applicable

Section VI Significant Events

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

1. Initial investment and replacement with funds raised

Applicable Not applicable

2. Temporarily supplement liquidity with idle proceeds

Applicable Not applicable

3. Cash management against idle proceeds to invest in relevant products

Applicable Not applicable

At the 22nd meeting of the sixth session of the Board and the 20th meeting of the sixth session of the supervisory committee held on 26 August 2022, 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 of up to RMB4,400 million (inclusive) 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 30 June 2023, the cash management products yet falling due 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	23 October 2023	367 days	400,000,000
China Construction Bank Zhuzhou Tianxin Branch	Structured deposit	13 August 2023	181 days	220,000,000
Bank of Changsha Zhuzhou Tianxin Branch	Structured deposit	30 August 2023	180 days	44,900,000
Bank of Changsha Zhuzhou Tianxin Branch	Structured deposit	30 August 2023	180 days	45,100,000
Bank of Changsha Zhuzhou Tianxin Branch	Structured deposit	29 December 2023	270 days	49,900,000
Bank of Changsha Zhuzhou Tianxin Branch	Structured deposit	29 December 2023	270 days	50,100,000
China Merchants Bank Zhuzhou Branch	Structured deposit	3 July 2023	91 days	100,000,000
China Merchants Bank Zhuzhou Branch	Structured deposit	3 July 2023	91 days	80,000,000
Industrial and Commercial Bank of China Zhuzhou Tianxin Branch	Structured deposit	1 November 2023	188 days	120,000,000
Bank of Changsha Zhuzhou Tianxin Branch	Structured deposit	23 August 2023	90 days	124,500,000
Bank of Changsha Zhuzhou Tianxin Branch	Structured deposit	23 August 2023	90 days	125,500,000
Industrial and Commercial Bank of China Zhuzhou Tianxin Branch	Structured deposit	11 September 2023	97 days	140,000,000
China Merchants Bank Zhuzhou Branch	Structured deposit	15 September 2023	92 days	200,000,000
China CITIC Bank Zhuzhou Tiantailu Branch	Structured deposit	24 September 2023	90 days	100,000,000
China CITIC Bank Zhuzhou Tiantailu Branch	Structured deposit	29 December 2023	186 days	180,000,000
China CITIC Bank Zhuzhou Tiantailu Branch	Structured deposit	29 December 2023	186 days	100,000,000
Bank of Changsha Zhuzhou Tianxin Branch	Structured deposit	26 September 2023	90 days	5,100,000
Bank of Changsha Zhuzhou Tianxin Branch	Structured deposit	26 September 2023	90 days	4,900,000
Bank of Changsha Zhuzhou Tianxin Branch	Structured deposit	26 September 2023	90 days	7,400,000

Section VI Significant Events

Bank for deposit	Product type	Maturity date	Term of deposit	Balance (RMB)
Bank of Changsha Zhuzhou Tianxin Branch	Structured deposit	26 September 2023	90 days	4,600,000
Bank of Changsha Zhuzhou Tianxin Branch	Structured deposit	26 December 2023	181 days	7,400,000
Bank of Changsha Zhuzhou Tianxin Branch	Structured deposit	26 December 2023	181 days	7,600,000
Bank of Changsha Zhuzhou Tianxin Branch	Structured deposit	26 September 2023	90 days	105,100,000
Bank of Changsha Zhuzhou Tianxin Branch	Structured deposit	26 September 2023	90 days	104,900,000
Bank of Changsha Zhuzhou Tianxin Branch	Structured deposit	28 July 2023	30 days	7,900,000
Bank of Changsha Zhuzhou Tianxin Branch	Structured deposit	28 July 2023	30 days	8,100,000
Bank of Changsha Zhuzhou Tianxin Branch	Structured deposit	20 July 2023	30 days	7,400,000
Bank of Changsha Zhuzhou Tianxin Branch	Structured deposit	20 July 2023	30 days	7,600,000
Bank of Changsha Zhuzhou Tianxin Branch	Structured deposit	20 July 2023	30 days	2,100,000
Bank of Changsha Zhuzhou Tianxin Branch	Structured deposit	20 July 2023	30 days	1,900,000
Bank of Changsha Zhuzhou Tianxin Branch	Structured deposit	18 September 2023	90 days	2,100,000
Bank of Changsha Zhuzhou Tianxin Branch	Structured deposit	18 September 2023	90 days	1,900,000
China Construction Bank Zhuzhou Tianxin Branch	Term deposit	14 September 2023	184 days	30,000,000
China Construction Bank Zhuzhou Tianxin Branch	Term deposit	24 August 2023	91 days	56,000,000
China Construction Bank Zhuzhou Tianxin Branch	Term deposit	29 September 2023	92 days	40,000,000
Agricultural Bank of China Zhuzhou High-tech Development Zone Branch	Certificate of deposit	On demand	698 days	10,000,000
China CITIC Bank Zhuzhou Tiantailu Branch	Certificate of deposit	On demand	365 days	50,000,000
China CITIC Bank Zhuzhou Tiantailu Branch	Certificate of deposit	On demand	365 days	50,000,000
China CITIC Bank Zhuzhou Tiantailu Branch	Certificate of deposit	On demand	365 days	50,000,000
China CITIC Bank Zhuzhou Tiantailu Branch	Certificate of deposit	On demand	365 days	50,000,000
China CITIC Bank Zhuzhou Tiantailu Branch	Certificate of deposit	On demand	365 days	50,000,000
China CITIC Bank Zhuzhou Tiantailu Branch	Certificate of deposit	On demand	365 days	50,000,000
China CITIC Bank Zhuzhou Tiantailu Branch	Certificate of deposit	On demand	365 days	50,000,000
China CITIC Bank Zhuzhou Tiantailu Branch	Certificate of deposit	On demand	365 days	10,000,000
Total				2,912,000,000

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

Applicable Not applicable

5. *Others*

Applicable Not applicable

XII. EXPLANATION OF OTHER SIGNIFICANT EVENTS

Applicable Not applicable

Section VII 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 (%)
I. Shares subject to trading moratorium	657,666,419	46.44	-	-	-	31,900	31,900	657,698,319	46.44
1. State-owned shares	-	-	-	-	-	-	-	-	-
2. State-owned legal person shares	634,912,705	44.83	-	-	-	31,900	31,900	634,944,605	44.83
3. Other domestic shareholding	22,753,714	1.61	-	-	-	-	-	22,753,714	1.61
Of which: Domestic non-state-owned legal person shares	22,753,714	1.61	-	-	-	-	-	22,753,714	1.61
Domestic natural person shares	-	-	-	-	-	-	-	-	-
4. Foreign shareholding	-	-	-	-	-	-	-	-	-
Of which: Overseas legal person shares	-	-	-	-	-	-	-	-	-
Overseas natural person shares	-	-	-	-	-	-	-	-	-
II. Circulating shares not subject to trading moratorium	758,570,493	53.56	-	-	-	-31,900	-31,900	758,538,593	53.56
1. RMB ordinary shares	211,241,093	14.91	-	-	-	-31,900	-31,900	211,209,193	14.91
2. Domestically listed foreign shares	-	-	-	-	-	-	-	-	-
3. Overseas listed foreign shares	547,329,400	38.65	-	-	-	-	-	547,329,400	38.65
4. Others	-	-	-	-	-	-	-	-	-
III. Total number of shares	1,416,236,912	100.00	-	-	-	-	-	1,416,236,912	100.00

2. Explanation on changes in shares

✓ Applicable Not applicable

Changes in shares subject to trading moratorium were due to lending of shares by Zhuzhou State-owned Assets Investment Holding Group Co., Ltd. and China CICC Wealth Management Securities Company Limited in accordance with the Implementation Rules on Refinancing through Securities Lending Transactions of the Shanghai Stock Exchange (Trial) and relating requirements, which was in compliance with relevant laws and regulations.

Section VII Changes in Shares and Particulars of Shareholders

3. *The impact of changes in shares subsequent to the end of the reporting period and up to the date of this interim report (if any) on financial indicators such as earnings per share and net assets per share*

Applicable Not applicable

4. *Other disclosure 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 reporting period	Number of shares released from trading moratorium for the reporting period	Number of new shares subject to trading moratorium for the reporting period	Number of shares subject to trading moratorium at the end of the reporting period	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	-	-	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	-	-	10,000,000	Trading moratorium on initial public issue	7 September 2024
CRRC Investment & Leasing Co., Ltd. (中車投資租賃有限公司)	9,380,769	-	-	9,380,769	Trading moratorium on initial public issue	7 September 2024
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(有限合伙))	3,958,888	-	-	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	-	-	3,958,888	Strategic placement on initial public issue	7 September 2023
CITIC Corporation Limited (中信投資控股有限公司)	3,958,888	-	-	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	-	-	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	-	-	1,969,547	Strategic placement on initial public issue	7 September 2023

Section VII Changes in Shares and Particulars of Shareholders

Name of shareholders	Number of shares subject to trading moratorium at the beginning of the reporting period	Number of shares released from trading moratorium for the reporting period	Number of new shares subject to trading moratorium for the reporting period	Number of shares subject to trading moratorium at the end of the reporting period	Reason for the trading moratorium	Date of release from trading moratorium
Yingda Securities Co., Ltd. (英大證券有限責任公司)	2,375,333	-	-	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	-	-	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	-	-	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	-	-	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	-	-	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	-	-	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	-	-	3,958,888	Strategic placement on initial public issue	7 September 2023
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)	8,285,532	-	-	8,285,532	Strategic placement on initial public issue	7 September 2023
China CICC Wealth Management Securities Company Limited (中國中金財富證券有限公司)	4,815,205	-	-	4,815,205	Strategic placement on initial public issue	7 September 2023
Total	659,063,019	-	-	659,063,019	/	/

Note: Difference between the aggregation of the number 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. and China CICC Wealth Management Securities Company Limited in accordance with the Implementation Rules on Refinancing through Securities Lending Transactions of the Shanghai Stock Exchange (Trial) and relating requirements, which was in compliance with relevant laws and regulations.

Section VII Changes in Shares and Particulars of Shareholders

II. SHAREHOLDERS

(I) Total Number of Shareholders:

Total number of ordinary shareholders as at the end of the reporting period (account)	20,088
Total number of shareholders of preference shares with restored voting rights as at the end of the reporting period (account)	–
Total number of shareholders holding shares with special voting rights as at the end of the reporting period (account)	–

Note: As at the end of the reporting period, the Company had 19,011 A shareholders and 1,077 registered H shareholders.

Number of depositary receipt holders

Applicable Not applicable

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

Particulars of shareholdings of the top ten shareholders through ordinary securities accounts and client credit trading guarantee securities accounts of the securities companies

Applicable Not applicable

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	Status of shares	Shares pledged, marked or frozen	Nature of shareholders
CRRC Zhuzhou Institute Co., Ltd. (中車株洲電力機車研究有限公司)	–	589,585,699	41.63	589,585,699	589,585,699	None	–	State-owned legal person
HKSCC NOMINEES LIMITED ^{Note 1}	24,000	545,971,166	38.55	–	–	Unknown	–	Overseas legal person
Hong Kong Securities Clearing Company Limited	8,495,859	32,405,252	2.29	–	–	Unknown	–	Overseas legal person
China Merchants Bank Co., Ltd. – China AMC SSE STAR 50 Exchange Traded Fund (招商銀行股份有限公司—華夏上證科創板50成份交易型開放式指數證券投資基金)	3,242,738	17,938,222	1.27	–	–	Unknown	–	Unknown

Section VII Changes in Shares and Particulars of Shareholders

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	Status of shares	Shares pledged, marked or frozen	Number of shares	Nature of shareholders
CRRCL Zhuzhou Locomotive Co., Ltd. (中車株洲電力機車有限公司)	0	10,000,000	0.71	10,000,000	10,000,000	None	–	–	State-owned legal person
CRRCL High-Tech Equipment Corporation Limited (中國鐵建高新裝備股份有限公司)	0	9,800,000	0.69	–	–	None	–	–	State-owned legal person
CRRCL Investment & Leasing Co., Ltd. (中車投資租賃有限公司)	0	9,380,769	0.66	9,380,769	9,380,769	None	–	–	State-owned legal person
CRRCL 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))	0	8,259,786	0.58	–	–	None	–	–	Others
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)	97,100	8,043,432	0.57	8,043,432	8,285,532	Unknown	–	–	State-owned legal person
Industrial and Commercial Bank of China Limited – efunds SSE STAR 50 Exchange Traded Fund (中國工商銀行股份有限公司–易方達上證科創板50成份交易型開放式指數證券投資基金)	1,198,252	5,975,062	0.42	–	–	Unknown	–	–	Unknown

Section VII 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 ^{Note 1}	545,971,166	Overseas listed foreign shares	545,971,166
Hong Kong Securities Clearing Company Limited	32,405,252	RMB ordinary shares	32,405,252
China Merchants Bank Co., Ltd. – China AMC SSE STAR 50 Exchange Traded Fund (招商銀行股份有限公司—華夏上證科創板50成份交易型開放式指數證券投資基金)	17,938,222	RMB ordinary shares	17,938,222
CRCC High-Tech Equipment Corporation Limited (中國鐵建高新裝備股份有限公司)	9,800,000	RMB ordinary shares	9,800,000
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—北京懋嶺軌道交通產業投資管理合夥企業(有限合夥))	8,259,786	RMB ordinary shares	8,259,786
Industrial and Commercial Bank of China Limited – eFunds SSE STAR 50 Exchange Traded Fund (中國工商銀行股份有限公司—易方達上證科創板50成份交易型開放式指數證券投資基金)	5,975,062	RMB ordinary shares	5,975,062
Invesco Great Wall Fund – China Life Insurance Company Limited – Participating Insurance – Invesco Great Wall Fund China Life Growth Stock Portfolio Single Asset Management Plan (available for sale) (景順長城基金—中國人壽保險股份有限公司—分紅險—景順長城基金國壽股份成長股票型組合單一資產管理計劃(可供出售))	4,741,802	RMB ordinary shares	4,741,802
Guoxin Investment Co., Ltd. (國新投資有限公司)	2,826,815	RMB ordinary shares	2,826,815
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)	2,780,751	RMB ordinary shares	2,780,751
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)	2,000,000	RMB ordinary shares	2,000,000

Section VII 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
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 & Leasing Co., Ltd. and CRRC Hong Kong Capital Management Co., Ltd., indirectly held a total of 608,966,468 RMB ordinary shares of the Company through CRRC Zhuzhou Institute Co., Ltd., CRRC Zhuzhou Locomotive Co., Ltd. and CRRC Investment & Leasing Co., Ltd., and indirectly held 41,520,000 overseas listed foreign shares of the Company through CRRC Hong Kong Capital Management Co., Ltd. CRRC Corporation Limited indirectly held a total of 45.93% 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 rights restored and their shareholdings	Not applicable		

Note 1: HKSCC NOMINEES LIMITED holds the H Shares on behalf of several customers.

Section VII Changes in Shares and Particulars of Shareholders

Number of shares held by 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 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
4	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)	8,043,432	7 September 2023	–	24 months from the date on which the Company's shares are listed on the SSE
5	China CICC Wealth Management Securities Company Limited (中國中金財富證券有限公司)	4,027,731	7 September 2023	–	24 months from the date on which the Company's shares are listed on the SSE
6	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
7	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

Section VII Changes in Shares and Particulars of Shareholders

No.	Name of shareholders subject to trading moratorium	Number of shares held subject to trading moratorium	Time available for listing and trading	Shares subject to trading moratorium available for listing and trading	
				Number of additional shares available for listing and trading	Conditions of trading moratorium
8	Shenzhen Jingshui Investment Co., Ltd. (深圳市靜水投資有限公司)	3,958,888	7 September 2023	-	24 months from the date on which the Company's shares are listed on the SSE
9	Hunan Rail Transit Holding Group Co., Ltd. (湖南軌道交通控股集團有限公司)	3,958,888	7 September 2023	-	24 months from the date on which the Company's shares are listed on the SSE
10	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	7 September 2023	-	24 months from the date on which the Company's shares are listed on the SSE
11	Hunan Dice Runtong Private Equity Fund Management Co., Ltd. – Hunan Hualing Dice Honggang Investment Partnership Corporation (Limited Partnership) (湖南迪策潤通私募基金管理有限公司—湖南華菱迪策鴻鋼投資合夥企業(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. and China CICC Wealth Management Securities Company Limited were 8,285,532 shares and 4,815,205 shares, 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 through Securities Lending Transactions of the Shanghai Stock Exchange (Trial) and relating requirements.

Section VII 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	–
Explanation on the agreed term of shareholding of strategic investors or general legal persons participating in the placing of the new shares	None	

Section VII Changes in Shares and Particulars of Shareholders

III. INTERESTS AND SHORT POSITIONS OF SUBSTANTIAL SHAREHOLDERS IN SHARES AND UNDERLYING SHARES OF THE COMPANY

As at 30 June 2023, 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
CRRC ZELRI	A Shares	589,585,699 (Long position)	Beneficial owner	67.85%	–	41.63%
CRRC ^(Note 1)	A Shares	608,966,468 (Long position)	Interest in controlled entity	70.08%	–	43.00%
	H Shares	41,520,000 (Long position)	Interest in controlled entity	–	7.59%	2.93%
CRRC Group ^(Note 2)	A Shares	608,966,468 (Long position)	Interest in controlled entity	70.08%	–	43.00%
	H Shares	41,520,000 (Long position)	Interest in controlled entity	–	7.59%	2.93%
CRRC Hong Kong Capital Management Co., Limited	H Shares	41,520,000 (Long position)	Beneficial owner	–	7.59%	2.93%
JPMorgan Chase & Co.	H Shares	3,747,120 (Long position)	Interest in controlled entity	–	0.68%	0.26%
		2,172,000 (Short position)	Interest in controlled entity	–	0.40%	0.15%
		52,504,500 (Long position)	Investment manager	–	9.59%	3.71%
		278,141 (Long position)	Secured equity holder	–	0.05%	0.02%
		8,622,672 (Long position)	Approved lending agent	–	1.58%	0.61%

Section VII 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
Citigroup Inc	H Shares	10,457,109 (Long position)	Interest in controlled entity	–	1.91%	0.74%
		515,666 (Short position)	Interest in controlled entity	–	0.09%	0.04%
		33,645,725 (Lending pool shares – Long position)	Approved lending agent	–	6.15%	2.38%
Vontobel Asset Management AG	H Shares	33,112,400 (Long position)	Investment manager	–	6.05%	2.34%

Notes: As at 30 June 2023, 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. CRRC is interested in 100% of the registered capital of CRRC ZELRI, CRRC Zhuzhou and CRRC Investment & Leasing Co., Ltd.. Accordingly, CRRC is deemed under the SFO to be interested in the shares held by each of CRRC ZELRI, CRRC Zhuzhou and CRRC Investment & Leasing Co., Ltd.. CRRC is interested in 41,520,000 H Shares through CRRC Hong Kong Capital Management Co., Limited, a wholly-owned subsidiary of CRRC.
2. CRRC Group is directly and indirectly interested in 51.35% of the shares of CRRC. Accordingly, CRRC Group is deemed under the SFO to be interested in the shares held by CRRC.

Save as disclosed above, as at 30 June 2023, 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 VII Changes in Shares and Particulars of Shareholders

IV. INFORMATION OF DIRECTORS, SUPERVISORS, SENIOR MANAGEMENT AND CORE TECHNICIANS

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

Applicable Not applicable

Unit: Share

Name	Position	Number of shares held as at the beginning of the period	Number of shares held as at the end of the period	Change of shares during the reporting period	Reason for change
Wang Yeliu	Core technician	0	1,000	1,000	Acquisition of 1,000 A Shares in the secondary market
Gan Weiwei	Core technician	0	0	0	Acquisition and sale of 8,604 A Shares in the secondary market during the reporting period

Other explanations

Applicable Not applicable

Section VII Changes in Shares and Particulars of Shareholders

(II) The Equity Incentives Granted to the Directors, Supervisors, 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) Other Explanations

Applicable Not applicable

V. CHANGES IN THE CONTROLLING SHAREHOLDER OR ACTUAL CONTROLLER

Applicable Not applicable

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

Applicable Not applicable

VII. SHARES WITH SPECIAL VOTING RIGHTS

Applicable Not applicable



Section VIII Preference Shares

Applicable Not applicable



Section IX 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

Section X Financial Report

I. AUDITOR'S REPORT

Applicable Not applicable

II. FINANCIAL STATEMENTS

Consolidated balance sheet

30 June 2023

Prepared by: Zhuzhou CRRC Times Electric Co., Ltd.

Unit: Yuan Currency: RMB

Item	Note	30 June 2023	31 December 2022
Current assets			
Cash and bank balances	VII.1	7,449,097,496	7,500,378,674
Held-for-trading financial assets	VII.2	4,842,100,909	6,700,827,160
Bills receivable	VII.3	2,422,929,663	3,404,536,888
Accounts receivable	VII.4	9,956,405,657	8,100,217,003
Trade receivables financing	VII.5	3,029,331,448	2,918,688,837
Prepayments	VII.6	1,152,332,517	715,524,335
Other receivables	VII.7	194,338,780	186,845,646
Including: Interest receivable		–	–
Dividends receivable		–	–
Inventories	VII.8	6,461,589,533	5,821,582,845
Contract assets	VII.9	577,640,433	431,453,713
Non-current assets due within one year	VII.10	746,124,210	340,751,629
Other current assets	VII.11	438,842,850	322,397,826
Total current assets		37,270,733,496	36,443,204,556

Section X Financial Report

Item	Note	30 June 2023	31 December 2022
Non-current assets:			
Long-term receivables		6,480,171	1,716,722
Long-term equity investments	VII.12	528,925,119	463,550,882
Other equity instrument investments	VII.13	210,867,640	152,673,525
Fixed assets	VII.14	4,768,522,195	4,802,515,644
Construction in progress	VII.15	737,247,296	453,599,990
Right-of-use assets	VII.16	294,726,494	207,002,345
Intangible assets	VII.17	979,827,505	632,504,419
Development expenditure	VII.18	215,530,397	429,162,131
Goodwill	VII.19	201,204,699	185,853,237
Long-term prepaid expenses	VII.20	32,198,169	33,086,341
Deferred tax assets	VII.21	679,866,203	559,543,555
Other non-current assets	VII.22	4,463,822,954	4,145,141,437
Total non-current assets		13,119,218,842	12,066,350,228
Total assets		50,389,952,338	48,509,554,784
Current liabilities:			
Short-term loans	VII.23	445,101,537	454,374,494
Bills payable	VII.24	2,850,943,996	2,618,840,644
Accounts payable	VII.25	6,323,129,378	6,086,488,039
Contract liabilities	VII.26	673,992,807	639,885,805
Employee benefits payable	VII.27	342,697,646	173,247,266
Taxes payable	VII.28	147,985,644	301,155,951
Other payables	VII.29	1,728,394,103	983,217,920
Including: Interest payable		–	–
Dividends payable		778,930,302	1,715,000
Non-current liabilities due within one year	VII.30	341,481,883	375,909,378
Other current liabilities	VII.31	74,751,099	68,792,364
Total current liabilities		12,928,478,093	11,701,911,861

Section X Financial Report

Item	Note	30 June 2023	31 December 2022
Non-current liabilities:			
Long-term loans	VII.32	223,690,183	72,688,000
Lease liabilities	VII.33	220,490,606	135,377,795
Long-term payables	VII.34	135,313	–
Provisions	VII.35	341,052,265	421,859,682
Deferred income	VII.36	885,882,841	857,082,488
Deferred tax liabilities	VII.21	12,487,674	16,917,974
Other non-current liabilities		9,331,267	7,985,802
Total non-current liabilities		1,693,070,149	1,511,911,741
Total liabilities		14,621,548,242	13,213,823,602
Owners' (Shareholders') equity			
Paid-in capital (or share capital)	VII.37	1,416,236,912	1,416,236,912
Capital reserve	VII.38	10,511,448,364	10,511,448,364
Other comprehensive income	VII.39	-176,687,281	-217,184,032
Special reserve	VII.40	61,443,918	39,091,759
Surplus reserve	VII.41	2,921,038,979	2,921,038,979
Retained earnings	VII.42	20,235,305,873	19,860,068,021
Total equity attributable to owners (shareholders) of the parent company		34,968,786,765	34,530,700,003
Non-controlling interests		799,617,331	765,031,179
Total owners' (shareholders') equity		35,768,404,096	35,295,731,182
Total liabilities and owners' (shareholders') equity		50,389,952,338	48,509,554,784

Legal representative:
Li Donglin

Chief Financial Officer:
Liu Zehua

Head of Accounting Department:
Sun Shan

Section X Financial Report

The Company's balance sheet

30 June 2023

Prepared by: Zhuzhou CRRC Times Electric Co., Ltd.

Unit: Yuan Currency: RMB

Item	Note	30 June 2023	31 December 2022
Current assets:			
Cash and bank balances		4,113,407,399	3,939,270,089
Held-for-trading financial assets		4,410,594,462	6,209,321,228
Bills receivable		2,268,094,761	3,103,502,967
Accounts receivable	XVII.1	9,552,948,485	6,523,670,642
Trade receivables financing		1,927,631,456	2,256,797,045
Prepayments		455,222,762	363,384,121
Other receivables	XVII.2	807,389,878	631,927,051
Including: Interest receivable		—	—
Dividends receivable		335,253,481	266,056,100
Inventories		4,573,951,911	3,938,642,262
Contract assets		243,066,247	253,600,250
Non-current assets due within one year		753,791,977	347,351,629
Other current assets		136,237,463	57,185,232
Total current assets		29,242,336,801	27,624,652,516
Non-current assets:			
Long-term receivables		1,824,072,197	1,779,387,316
Long-term equity investments	XVII.3	8,990,637,998	8,871,388,057
Other equity instrument investments		210,867,640	152,673,525
Fixed assets		1,043,729,230	1,062,432,627
Construction in progress		440,476,438	224,180,279
Right-of-use assets		106,845,751	109,547,550
Intangible assets		436,908,262	205,034,074
Development expenditures		94,230,502	332,993,502
Long-term prepaid expenses		10,273,975	9,950,840
Deferred tax assets		183,567,602	172,410,574
Other non-current assets		3,822,526,729	3,661,227,108
Total non-current assets		17,164,136,324	16,581,225,452
Total assets:		46,406,473,125	44,205,877,968

Section X Financial Report

Item	Note	30 June 2023	31 December 2022
Current liabilities:			
Bills payable		2,000,664,359	1,844,271,052
Trade payables		6,516,300,166	5,521,125,412
Contract liabilities		390,552,077	411,327,742
Employee benefits payable		140,424,238	64,138,637
Taxes payable		43,392,263	86,581,981
Other payables		2,059,538,749	806,432,422
Including: Interest payable		–	–
Dividends payable		778,930,302	–
Non-current liabilities due within one year		186,744,823	235,582,101
Other current liabilities		50,043,693	52,722,792
Total current liabilities		11,387,660,368	9,022,182,139
Non-current liabilities:			
Long-term loans		73,588,100	72,688,000
Lease liabilities		85,921,346	87,271,861
Long-term payables		135,313	–
Provisions		218,341,109	304,908,203
Deferred income		247,745,513	263,109,197
Deferred tax liabilities		–	–
Other non-current liabilities		9,331,267	7,985,802
Total non-current liabilities:		635,062,648	735,963,063
Total liabilities		12,022,723,016	9,758,145,202

Section X Financial Report

Item	Note	30 June 2023	31 December 2022
Owners' (Shareholders') equity:			
Paid-in capital (or share capital)		1,416,236,912	1,416,236,912
Capital reserve		10,579,503,575	10,579,503,575
Other comprehensive income		-37,014,913	-56,892,606
Special reserve		12,319,951	5,174,513
Surplus reserve		2,921,038,979	2,921,038,979
Retained earnings		19,491,665,605	19,582,671,393
Total owners' (shareholders') equity		<u>34,383,750,109</u>	<u>34,447,732,766</u>
Total liabilities and owners' (shareholders') equity		<u>46,406,473,125</u>	<u>44,205,877,968</u>

Legal representative:
Li Donglin

Chief Financial Officer:
Liu Zehua

Head of Accounting Department:
Sun Shan

Section X Financial Report

Consolidated income statement

From January to June 2023

Prepared by: Zhuzhou CRRC Times Electric Co., Ltd.

Unit: Yuan Currency: RMB

Item	Note	From January to June 2023	From January to June 2022
I. Total operating income		8,570,210,633	6,526,910,740
Including: Operating income	VII.43	8,570,210,633	6,526,910,740
II. Total operating costs		7,538,541,737	5,693,068,614
Including: Operating costs	VII.43	5,906,592,405	4,294,630,650
Taxes and surcharges	VII.44	41,192,560	49,724,963
Selling expenses	VII.45	521,759,413	403,720,033
Administrative expenses	VII.46	385,954,580	341,998,639
Research and development expenses	VII.47	809,725,754	696,057,533
Financial expenses	VII.48	-126,682,975	-93,063,204
Including: Interest expenses		19,484,997	6,976,594
Interest income		124,838,988	94,099,231
Add: Other income	VII.49	224,726,822	228,514,220
Investment income ("-" for losses)	VII.50	25,120,031	-17,357,451
Including: Gains from investments in associates and joint ventures ("-" for losses)		-8,125,763	-41,562,948
Gains from derecognition of financial assets measured at amortised cost ("-" for losses)		-	-247,965
Gains from changes in fair value ("-" for losses)	VII.51	41,474,645	106,304,101
Credit losses ("-" for losses)	VII.52	-75,591,625	-41,408,019
Impairment losses ("-" for losses)	VII.53	-36,305,209	-114,781,378
Gains from asset disposals ("-" for losses)	VII.54	187,326	314,198
III. Operating profit ("-" for loss)		1,211,280,886	995,427,797
Add: Non-operating income	VII.55	14,387,703	3,243,622
Less: Non-operating expenses	VII.56	28,623	188,346
IV. Profit before income tax ("-" for losses)		1,225,639,966	998,483,073
Less: Income tax expenses	VII.57	37,323,104	119,395,811

Section X Financial Report

Item	Note	From January to June 2023	From January to June 2022
V. Net profit for the year ("-" for losses)		1,188,316,862	879,087,262
(I) Net profit classified by continuity of operations ("-" for net loss):			
1. Net profit from continuing operations ("-" for net loss)		1,188,316,862	879,087,262
2. Net profit from operations ("-" for net loss)		<u>—</u>	<u>—</u>
(II) Net profit classified by ownership:			
1. Net profit attributable to shareholders of the Company ("-" for net losses)		1,154,168,154	870,961,499
2. Net profit attributable to non-controlling interests ("-" for net losses)		34,148,708	8,125,763
VI. Other comprehensive income, net of tax	VII.39	40,619,577	39,071,809
(I) Other comprehensive income attributable to shareholders of the Company, net of income tax		40,496,751	39,200,888
1. Items that will not reclassified to profit or loss		<u>—</u>	<u>—</u>
2. Items that may be reclassified profit or loss		40,496,751	39,200,888
(1) Changes in fair value of other debt investments		13,815,118	36,453,516
(2) Translation differences arising from translation of foreign currency financial statements		26,681,633	2,747,372
(II) Other comprehensive income (net of tax) attributable to non-controlling interests		122,826	-129,079
VII. Total comprehensive income		1,228,936,439	918,159,071
(I) Total comprehensive income attributable to shareholders of the Company		1,194,664,905	910,162,387
(II) Total comprehensive income attributable to non-controlling interests		34,271,534	7,996,684
VIII. Earnings per share:			
(I) Basic earnings per share (RMB/share)		0.81	0.61
(II) Diluted earnings per share (RMB/share)		0.81	0.61

For a business combination involving entities under common control which occurred in the current period, the net profit of the investee before being consolidated was Nil. The net profit in previous period was Nil.

Legal representative:
Li Donglin

Chief Financial Officer:
Liu Zehua

Head of Accounting Department:
Sun Shan

Section X Financial Report

The Company's income statement

From January to June 2023

Prepared by: Zhuzhou CRRC Times Electric Co., Ltd.

Unit: Yuan Currency: RMB

Item	Note	From January to June 2023	From January to June 2022
I. Operating income	XVII.4	6,121,068,261	5,028,545,836
Less: Operating costs	XVII.4	4,819,686,842	4,084,533,932
Taxes and surcharges		11,620,914	21,720,648
Selling expenses		349,505,397	256,613,608
Administrative expenses		189,282,154	158,152,789
Research and development expenses		373,758,214	300,442,568
Financial expenses		-140,294,560	-114,068,725
Including: Interest expenses		5,384,518	4,681,599
Interest income		108,780,108	87,577,812
Add: Other income		36,882,317	23,404,619
Investment income ("-" for losses)	XVII.5	228,960,815	1,056,529,538
Including: Gains from investments in associates and joint ventures ("-" for losses)		1,649,941	-862,361
Gains from derecognition of financial assets measured at amortised cost ("-" for losses)		-	-
Gains from changes in fair value ("-" for losses)		39,293,530	98,823,024
Credit losses ("-" for losses)		-70,181,600	-40,246,925
Impairment losses ("-" for losses)		-37,665,134	-76,523,722
Gains from disposal of assets ("-" for losses)		-406,199	-235,031
II. Operating profit ("-" for loss)		714,393,029	1,382,902,519
Add: Non-operating income		10,446,059	1,228,117
Less: Non-operating expenses		1,234	7,601
III. Profit before income tax ("-" for loss)		724,837,854	1,384,123,035
Less: Income tax expenses		36,913,340	42,295,334
IV. Net profit for the year ("-" for net loss)		687,924,514	1,341,827,701
(I) Net profit from continuing operations ("-" for net loss)		687,924,514	1,341,827,701
(II) Net profit from operations ("-" for net loss)		-	-

Section X Financial Report

Item	Note	From January to June 2023	From January to June 2022
V. Other comprehensive income, net of tax		19,877,693	35,424,257
(I) Items that will not be reclassified to profit or loss		<u>—</u>	<u>—</u>
(II) Items that may be reclassified to profit or loss		19,877,693	35,424,257
1. Changes in fair value of other debt investments		18,132,647	36,124,158
2. Translation differences arising from translation of foreign currency financial statements		<u>1,745,046</u>	<u>-699,901</u>
VI. Total comprehensive income for the year		<u>707,802,207</u>	<u>1,377,251,958</u>

Legal representative:

Li Donglin

Chief Financial Officer:

Liu Zehua

Head of Accounting Department:

Sun Shan

Section X Financial Report

Consolidated cash flow statement

From January to June 2023

Prepared by: Zhuzhou CRRC Times Electric Co., Ltd.

Unit: Yuan Currency: RMB

Item	Note	From January to June 2023	From January to June 2022
I. Cash flows from operating activities:			
Cash receipts from the sale of goods and the rendering of services		7,400,350,349	4,840,588,137
Receipts of tax refunds		297,525,732	836,192,955
Other cash receipts relating to operating activities	VII.58	275,021,013	131,054,390
Sub-total of cash inflows from operating activities		7,972,897,094	5,807,835,482
Cash payments for goods purchased and services received		5,839,052,361	4,037,454,410
Cash payments to and on behalf of employees		1,082,406,449	982,562,613
Payment of various taxes		843,653,398	677,790,309
Payment for other operating activities	VII.58	675,844,098	552,827,004
Sub-total of cash outflows from operating activities		8,440,956,306	6,250,634,336
Net cash inflow from operating activities	VII.59	-468,059,212	-442,798,854
II. Cash flows from investing activities:			
Cash receipts from recovery of investments		9,907,000,000	8,476,000,000
Cash receipts from investment income		121,878,867	99,857,723
Net cash receipts from disposals of fixed assets, intangible assets and other long-term assets		996,169	809,071
Sub-total of cash inflows from investing activities		10,029,875,036	8,576,666,794
Cash payments to acquire or construct fixed assets, intangible assets and other long-term assets		911,250,235	298,697,451
Cash payments to acquire investments		9,048,694,115	11,770,100,000
Sub-total of cash outflows from investing activities		9,959,944,350	12,068,797,451
Net cash outflow from investing activities		69,930,686	-3,492,130,657

Section X Financial Report

Item	Note	From January to June 2023	From January to June 2022
III. Cash flows from financing activities:			
Cash receipts from capital contributions		–	20,000,000
Including: Cash receipts from capital contributions from minority shareholders of subsidiaries		–	20,000,000
Cash receipts from borrowings		273,396,466	32,979,471
Sub-total of cash inflows from financing activities		273,396,466	52,979,471
Cash repayments of borrowings		164,398,089	77,262,340
Cash payments for distribution of dividends or profits or settlement of interest expenses		16,820,755	3,541,408
Including: Payments for distribution of dividends or profits to non-controlling shareholders of subsidiaries		3,915,000	–
Other cash payments relating to financing activities		54,361,598	37,169,417
Sub-total of cash outflows from financing activities		235,580,442	117,973,165
Net cash outflow from financing activities		37,816,024	-64,993,694
IV. Effect of foreign exchange rate changes on cash and cash equivalents	VII.59	4,946,393	-1,060,024
V. Net increase in cash and cash equivalents		-355,366,109	-4,000,983,229
Add: Opening balance of cash and cash equivalents		7,074,871,530	7,883,060,105
VI. Closing balance of cash and cash equivalents	VII.59	6,719,505,421	3,882,076,876

Legal representative:
Li Donglin

Chief Financial Officer:
Liu Zehua

Head of Accounting Department:
Sun Shan

Section X Financial Report

The Company's cash flow statement

From January to June 2023

Prepared by: Zhuzhou CRRC Times Electric Co., Ltd.

Unit: Yuan Currency: RMB

Item	Note	From January to June 2023	From January to June 2022
I. Cash flows from operating activities:			
Cash receipts from the sale of goods and the rendering of services		4,151,808,752	2,941,243,598
Receipts of tax refunds		152,854,660	764,325,679
Other cash receipts relating to operating activities		90,339,034	144,952,035
Sub-total of cash inflows from operating activities		4,395,002,446	3,850,521,312
Cash payments for goods purchased and services received		4,281,014,677	4,192,090,460
Cash payments to and on behalf of employees		520,553,095	427,321,943
Payment of various taxes		249,747,488	291,011,317
Payment for other operating activities		311,449,941	156,882,370
Sub-total of cash outflows from operating activities		5,362,765,201	5,067,306,090
Net cash outflow from operating activities		-967,762,755	-1,216,784,778
II. Cash flows from investing activities:			
Cash receipts from recovery of investments		8,777,000,000	7,478,000,000
Cash receipts from investment income		241,665,742	1,116,922,109
Net cash receipts from disposals of fixed assets, intangible assets and other long-term assets		1,140,960	75,808
Sub-total of cash inflows from investing activities		9,019,806,702	8,594,997,917
Cash payments to acquire or construct fixed assets, intangible assets and other long-term assets		462,528,555	212,166,777
Cash payments to acquire investments		7,978,194,115	10,840,000,000
Sub-total of cash outflows from investing activities		8,440,722,670	11,052,166,777
Net cash outflow from investing activities		579,084,032	-2,457,168,860

Section X Financial Report

Item	Note	From January to June 2023	From January to June 2022
III. Cash flows from financing activities:			
Cash receipts from capital contributions		–	–
Cash receipts from borrowings		313,456,100	30,980,928
Sub-total of cash inflows from financing activities		313,456,100	30,980,928
Cash repayments of borrowings		32,500,000	2,500,000
Cash payments for distribution of dividends or profits or settlement of interest expenses		–	3,714,521
Other cash payments relating to financing activities		24,368,922	14,246,689
Sub-total of cash outflows from financing activities		56,868,922	20,461,210
Net cash outflow from financing activities		256,587,178	10,519,718
IV. Effect of foreign exchange rate changes on cash and cash equivalents		2,143,924	-915,478
V. Net increase in cash and cash equivalents		-129,947,621	-3,664,349,398
Add: Opening balance of cash and cash equivalents		3,513,762,945	5,204,158,056
VI. Closing balance of cash and cash equivalents		3,383,815,324	1,539,808,658

Legal representative:
Li Donglin

Chief Financial Officer:
Liu Zehua

Head of Accounting Department:
Sun Shan

Section X Financial Report

Consolidated statement of changes in owners' equity

From January to June 2023

Prepared by: Zhuzhou CRRC Times Electric Co., Ltd.

Unit: Yuan Currency: RMB

Item	From January to June 2023									
	Equity attributable to owners of the Company								Non-controlling interests	Total
	Paid-in capital (or share capital)	Capital reserve	Other comprehensive income	Special reserve	Surplus reserve	Retained earnings	Sub-total			
I. Balance at the end of the previous year	1,416,236,912	10,511,448,364	-217,184,032	39,091,759	2,921,038,979	19,860,068,021	34,530,700,003	765,031,179	35,295,731,182	
II. Opening balance of the current year	1,416,236,912	10,511,448,364	-217,184,032	39,091,759	2,921,038,979	19,860,068,021	34,530,700,003	765,031,179	35,295,731,182	
III. Changes in equity during the period ("-" for decreases)	-	-	40,496,751	22,352,159	-	375,237,852	438,086,762	34,586,152	472,672,914	
(I) Total comprehensive income	-	-	40,496,751	-	-	1,154,168,154	1,194,664,905	34,271,534	1,228,936,439	
(II) Owners' contributions and reduction in capital	-	-	-	-	-	-	-	-	-	
1. Capital contribution from owners	-	-	-	-	-	-	-	-	-	
(III) Appropriation of profits	-	-	-	-	-	-778,930,302	-778,930,302	-2,200,000	-781,130,302	
1. Appropriation for surplus reserve	-	-	-	-	-	-	-	-	-	
2. Distributions to owners (or shareholders)	-	-	-	-	-	-778,930,302	-778,930,302	-2,200,000	-781,130,302	
(IV) Special reserve	-	-	-	22,352,159	-	-	22,352,159	2,514,618	24,866,777	
1. Transfer to special reserve in the period	-	-	-	36,329,772	-	-	36,329,772	2,864,096	39,193,868	
2. Amount utilised in the period	-	-	-	-13,977,613	-	-	-13,977,613	-349,478	-14,327,091	
IV. Closing balance of the current period	1,416,236,912	10,511,448,364	-176,687,281	61,443,918	2,921,038,979	20,235,305,873	34,968,786,765	799,617,331	35,768,404,096	

Section X Financial Report

Consolidated statement of changes in owners' equity

From January to December 2022

Item	From January to June 2022									
	Equity attributable to owners of the Company								Non-controlling interests	Total
	Paid-in capital (or share capital)	Capital reserve	Other comprehensive income	Special reserve	Surplus reserve	Retained earnings	Sub-total			
I. Balance at the end of the previous year	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	
II. Opening balance of the current year	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	
III. Changes in equity during the period ("-" for decreases)	-	-	39,200,888	5,639,109	-	233,654,889	278,494,886	28,904,462	307,399,348	
(I) Total comprehensive income	-	-	39,200,888	-	-	870,961,499	910,162,387	7,996,684	918,159,071	
(II) Owners' contributions and reduction in capital	-	-	-	-	-	-	-	20,000,000	20,000,000	
1. Capital contribution from owners	-	-	-	-	-	-	-	20,000,000	20,000,000	
(III) Appropriation of profits	-	-	-	-	-	-637,306,610	-637,306,610	-	-637,306,610	
1. Appropriation for surplus reserve	-	-	-	-	-	-	-	-	-	
2. Distributions to owners (or shareholders)	-	-	-	-	-	-637,306,610	-637,306,610	-	-637,306,610	
(IV) Special reserve	-	-	-	5,639,109	-	-	5,639,109	907,778	6,546,887	
1. Transfer to special reserve in the period	-	-	-	38,929,023	-	-	38,929,023	1,313,287	40,242,310	
2. Amount utilised in the period	-	-	-	-33,289,914	-	-	-33,289,914	-405,509	-33,695,423	
IV. Closing balance of the current period	<u>1,416,236,912</u>	<u>10,519,465,513</u>	<u>-168,883,741</u>	<u>36,424,843</u>	<u>2,545,778,284</u>	<u>18,550,466,840</u>	<u>32,899,488,651</u>	<u>700,555,135</u>	<u>33,600,043,786</u>	

Legal representative:
Li Donglin

Chief Financial Officer:
Liu Zehua

Head of Accounting Department:
Sun Shan

Section X Financial Report

The Company's statement of changes in owners' equity

From January to June 2023

Prepared by: Zhuzhou CRRC Times Electric Co., Ltd.

Unit: Yuan Currency: RMB

Item	From January to June 2023						
	Paid-in capital (or share capital)	Capital reserve	Other comprehensive income	Special reserve	Surplus reserve	Retained earnings	Total
I. Balance at the end of the previous year	1,416,236,912	10,579,503,575	-56,892,606	5,174,513	2,921,038,979	19,582,671,393	34,447,732,766
II. Opening balance of the current year	1,416,236,912	10,579,503,575	-56,892,606	5,174,513	2,921,038,979	19,582,671,393	34,447,732,766
III. Changes in equity during the period ("-" for decreases)	-	-	19,877,693	7,145,438	-	-91,005,788	-63,982,657
(I) Total comprehensive income	-	-	19,877,693	-	-	687,924,514	707,802,207
(II) Owners' contributions and reduction in capital	-	-	-	-	-	-	-
(III) Appropriation of profits	-	-	-	-	-	-778,930,302	-778,930,302
1. Appropriation for surplus reserve	-	-	-	-	-	-	-
2. Distributions to owners (or shareholders)	-	-	-	-	-	-778,930,302	-778,930,302
(IV) Special reserve	-	-	-	7,145,438	-	-	7,145,438
1. Transfer to special reserve in the period	-	-	-	14,118,792	-	-	14,118,792
2. Amount utilised in the period	-	-	-	-6,973,354	-	-	-6,973,354
IV. Closing balance of the current period	1,416,236,912	10,579,503,575	-37,014,913	12,319,951	2,921,038,979	19,491,665,605	34,383,750,109

Section X Financial Report

The Company's statement of changes in owners' equity

From January to June 2022

Item	From January to June 2022						Total
	Paid-in capital (or share capital)	Capital reserve	Other comprehensive income	Special reserve	Surplus reserve	Retained earnings	
I. Balance at the end of the previous year	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
II. Opening balance of the current year	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
III. Changes in equity during the period ("-" for decreases)	-	-	35,424,257	-	-	704,521,091	739,945,348
(I) Total comprehensive income	-	-	35,424,257	-	-	1,341,827,701	1,377,251,958
(II) Owners' contributions and reduction in capital	-	-	-	-	-	-	-
1. Capital contribution from owners	-	-	-	-	-	-	-
(III) Appropriation of profits	-	-	-	-	-	-637,306,610	-637,306,610
1. Appropriation for surplus reserve	-	-	-	-	-	-	-
2. Distributions to owners (or shareholders)	-	-	-	-	-	-637,306,610	-637,306,610
(IV) Special reserve	-	-	-	-	-	-	-
1. Transfer to special reserve in the period	-	-	-	9,987,343	-	-	9,987,343
2. Amount utilised in the period	-	-	-	-9,987,343	-	-	-9,987,343
IV. Closing balance of the current period	1,416,236,912	10,579,503,575	-17,222,756	4,621,477	2,545,778,284	17,547,152,837	32,076,070,329

Legal representative:
Li Donglin

Chief Financial Officer:
Liu Zehua

Head of Accounting Department:
Sun Shan

Section X Financial Report

III. BASIC INFORMATION ABOUT THE COMPANY

1. General information

Applicable Not applicable

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 A 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 consolidated financial statements

Applicable Not applicable

The consolidated and Company’s financial statements have been approved by the Company’s board of directors on 22 August 2023.

Details of the scope of consolidated financial statements for the current period are set out in Note IX “Interests in Other Entities”. Details of the changes in the scope of consolidated financial statements for the current period are set out in Note VIII “Changes in scope of consolidation”.

Section X Financial Report

IV. BASIS OF PREPARATION OF FINANCIAL STATEMENTS

1. Basis of preparation

The financial statements have been prepared on the going concern basis.

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.

2. Going concern

Applicable Not applicable

The Group evaluated its ability to continue as a going concern for the 12 months from 30 June 2023 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.

3. Basis of accounting and principle of measurement

Applicable Not applicable

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. When assets are impaired, impairment provisions for assets are recognised in accordance with relevant requirements.

The historical cost of an asset when it is acquired or created is the value of the costs incurred in acquiring or creating the asset, comprising the fair value of consideration paid to acquire or create the asset. The historical cost of a liability when it is incurred or taken on is the value of the consideration received to incur or take on the liability, or the contractual amount for taken current obligations, or the amount of cash and cash equivalents expected to be paid to settle the liabilities in 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 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.

Section X Financial Report

IV. BASIS OF PREPARATION OF FINANCIAL STATEMENTS (continued)

3. Basis of accounting and principle of measurement (continued)

Fair value measurements are categorized into Level 1, 2 or 3 based on the 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:

- Level 1 inputs: unadjusted quoted prices in active markets that are observable at the measurement date for identical assets or liabilities;
- Level 2 inputs: inputs other than Level 1 inputs that are either directly or indirectly observable for underlying assets or liabilities;
- Level 3 inputs: inputs that are unobservable for underlying assets or liabilities.

V. SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES

1. Statement of compliance with the 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 at 30 June 2023, and the consolidated and Company's operating results, the consolidated and the Company's changes in shareholders' equity and cash flows for the period from 1 January to 30 June 2023.

2. Accounting period

The accounting period of the Group is from 1 January to 31 December of each calendar year.

3. Business cycle

Applicable Not applicable

Business cycle refers to the period since purchasing assets for production till the realisation of cash or cash equivalents. The Group's business cycle is 12 months in general.

4. Reporting 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.

Section X Financial Report

V. 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

✓ Applicable Not applicable

A transaction or event constitutes a business combination when the Group obtains control of one or more entities (or a group of assets or net assets) which meet the definition of a business. Business combinations are classified as either business combinations involving enterprises under common control or business combinations not involving enterprises under common control.

For a transaction not involving enterprises under common control, the acquirer determines whether an acquired set of assets constitutes a business. The Group may elect to apply the simplified assessment method, the concentration test, to determine whether an acquired set of assets is a business. If the concentration test is met, the set of assets is determined not to be a business, no further assessment is needed. If the concentration test is not met, the Group should perform the assessment according to the guidance on the determination of a business.

When the set of assets the Group acquired does not constitute a business, acquisition costs should be allocated to each identifiable asset and liability on the basis of their relative fair values at the date of acquisition. The accounting treatments for business combinations described below are not applied.

(1) Business combinations involving entities under common control

A business combination involving entities under common control is a business combination in which all of the combining entities are ultimately controlled by the same party or parties both before and after the business combination, and that control is not transitory. For a business combination involving entities under common control, on the combination date, the party that obtains control of another entity in the combination is the acquirer, while the other entity is the acquiree. The combination date is the date on which the acquirer obtains control of the acquiree.

Assets and liabilities obtained shall be measured at their respective carrying amounts as recorded by the combined 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 earnings.

Costs that are directly attributable to the combination are charged to profit or loss in the period in which they are incurred.

Section X Financial Report

V. 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 (continued)

(2) Business combinations not involving enterprises under common control and goodwill

A business combination involving entities not under common control is a business combination in which all of the combining entities are not ultimately controlled by the same party or parties both before and after the business combination.

The cost of combination is the aggregate of fair values of the assets given, liabilities incurred or assumed, and equity instruments 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 recognised 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 recognised 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 recognises the remaining difference immediately in profit or loss for the current year.

The goodwill arising on a business combination should be separately disclosed in the consolidated financial statement and measured by the amount of costs deducted by the accumulative provision for impairment.

6. Basis for preparation of consolidated financial statements

✓ Applicable Not applicable

The scope of consolidation in the consolidated financial statements is determined on the basis of control. Control is achieved when the Company has power over the investee; is exposed or has rights to variable returns from its involvement with the investee, and has the ability to use its power to affect its returns. The investor shall make a judgment on whether to control the investee on the basis of comprehensive consideration of all relevant facts and circumstances. 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.



Section X Financial Report

V. SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES (continued)

6. Basis for preparation of consolidated financial statements (continued)

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. All significant intra-group balances and 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 non-controlling 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 non-controlling interests are adjusted to reflect the changes in their relative interests in the subsidiary. The difference between the amount by which the non-controlling interests are adjusted and the fair value of the consideration paid or received is adjusted to capital reserve under shareholders' equity. If the capital reserve is not sufficient to absorb the difference, the excess is adjusted against retained earnings.

When the Group loses control over a subsidiary due to disposal of certain equity interest or other reasons, any retained interest is re-measured at its fair value at the date when control is lost. The difference between (i) the aggregate of the consideration received on disposal and the fair value of any retained interest and (ii) the share of the former subsidiary's net assets cumulatively calculated from the acquisition date according to the original proportion of ownership interest is recognised as investment income in the period in which control is lost, and offset goodwill simultaneously. Other comprehensive income associated with investment in the former subsidiary is reclassified to investment income in the period in which control is lost.

Section X Financial Report

V. SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES (continued)

7. Classification of joint arrangements and accounting methods for joint management

✓ Applicable Not applicable

The joint arrangement includes joint operations and joint ventures. The classification is determined by considering the structure, legal form and contract terms of the arrangement according to the rights and obligations of the joint party in the joint arrangement. Joint operation refers to 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 venture arrangement whereby the parties that have joint control of the arrangement have rights to the net assets of the joint arrangement.

All joint arrangements of the Group are joint ventures using the equity method. Refer to Note VII 12. Long-term equity investments for details.

8. Recognition criteria of cash and cash equivalent

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

✓ Applicable Not applicable

(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 recognised 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 capitalisation are capitalised as part of the cost of the qualifying asset during the capitalisation period; (II) exchange differences arising from changes in the carrying amounts (other than the amortised cost) of monetary items that classified as measured at FVOCI are recognised as other comprehensive income.

When the consolidated financial statements include foreign operations, if there is foreign currency monetary item constituting a net investment in a foreign operation, exchange difference arising from changes in exchange rates are recognised 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 recognised in profit and loss or as other comprehensive income.

Section X Financial Report

V. SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES (continued)

9. Translation of transactions and financial statements denominated in foreign currencies (continued)

(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: all the assets and liability items in the balance sheet are translated using the spot exchange rates at the balance sheet date, shareholders' equity items except of "retained earnings" are translated at the spot exchange rates at the date on which such items arose; income and expense items in the income statement are translated at the average exchange rates during the period in which the transaction occurs. Translation differences of financial statements denominated in foreign currencies arising hereby are recognised as other comprehensive income. When a foreign operation is disposed of, other comprehensive income associated with such foreign operation is transferred to profit or loss for the period in which it is disposed of. In case of a disposal or other reason that leads to the reduction of the proportion of foreign operation interests held but does not result in the Group losing control of a foreign operation, the proportionate share of accumulated exchange differences arising on translation of financial statements are re-attributed to non-controlling interests and are not recognised in profit and loss. For partial disposals of equity interests in foreign operations which are associates or joint ventures, the proportionate share of the accumulated exchange differences arising on translation of financial statements of foreign operations is reclassified to profit or loss.

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".

10. Financial instruments

✓ Applicable Not applicable

Financial assets and financial liabilities are recognised 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 recognises assets acquired and liabilities assumed on a trade date basis, or derecognises the assets sold on a trade date basis, confirms the disposal profits or losses and the receivables collected from the buyer.

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 recognised in profit or loss. For other financial assets and financial liabilities, transaction costs are included in their initial recognised amounts. For accounts receivable excluding significant financing components or regardless of financing components of contracts less than one year recognised based on the Accounting Standards for Business Enterprises No. 14 – Revenue (the "Revenue Standards"), accounts receivable initially recognised 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 amortised cost of a financial asset or a financial liability and of allocating the interest income or interest expense over each accounting period.

Section X Financial Report

V. SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES (continued)

10. Financial instruments (continued)

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, or where appropriate, a shorter period to the net carrying amount of the financial asset or 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 (i.e. pre-repayment, extension, call option or other similar options, etc.) without considering future impairment losses under expected credit loss model.

The amortised cost of a financial asset or a financial liability is an accumulatively amortised amount arising from the initially recognised amount of the financial asset or the financial liability deducting repaid principals plus or less amortisation of balances between the initially recognised amount on initial recognition and the amount on maturity date using the effective interest method, and then deducting accumulated provisions for losses (only applicable to financial assets).

(1) Classification, recognition and measurement of financial assets

Subsequent to initial recognition, the Group's various financial assets are subsequently measured at amortised cost, fair value through other comprehensive income and fair value through profit or loss.

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 amortised cost. Such types of financial assets mainly comprise cash and bank balances, bills 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 bills 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 recognised in the business combination not under the same control as financial assets at FVTOCI based on individual financial assets. Such types of financial assets are presented as other equity instrument investments.

Section X Financial Report

V. SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES (continued)

10. Financial instruments (continued)

(1) Classification, recognition and measurement of financial assets (continued)

Financial assets meeting one of the following requirements indicate that the financial assets held by the Group are for trading:

- The purpose of obtaining relevant financial assets is mainly for sale or buy-back in the near future.
- Relevant financial assets are part of the identifiable financial instrument combination under centralised management upon initial recognition and there is objective evidence indicating that exists recently a short-term profit model.
- Relevant financial assets are derivatives, except for derivatives meet the definition of financial guaranteed contracts as well as derivatives designated as effective hedging instruments.

Financial assets at fair value through profit and loss ("FVTPL") include financial assets classified at fair value through profit and loss and those designated as at fair value through profit or loss.

- Financial assets that do not meet the criteria for being measured at amortised cost or FVTOCI are recognised into FVTPL.
- Upon initial recognition, to eliminate or significantly reduce accounting mismatches, the Group may irrevocably designate financial assets as measured at FVTPL.

Financial assets at fair value through profit and loss are presented under held-for-trading financial assets. Financial assets due over one year since the balance sheet date or without a fixed expiring date are presented under other noncurrent financial assets.

Section X Financial Report

V. SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES (continued)

10. Financial instruments (continued)

(1) Classification, recognition and measurement of financial assets (continued)

(a) Financial assets measured at amortised cost

Financial assets at amortised cost are measured subsequently at amortised 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 recognises interest income for financial assets measured at amortised 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 originated credit-impaired financial assets, the Group recognises their interest income based on amortised cost and credit-adjusted effective interest rate of such financial assets since initial recognition.
- For purchased or originated financial assets without credit impairment but subsequently becoming credit impaired, the Group subsequently recognises their interest income based on amortised 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 recognises interest income based on applying effective interest rate to carrying amount of the financial assets.

(b) 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 recognised 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 amortised cost through profit or loss over each period. Upon derecognition of the financial assets, cumulative gains or losses previously recognised 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 recognised in other comprehensive income. Upon derecognition of the financial asset, cumulative gains or losses previously recognised 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 recognised and included in profit or loss for the period when the Group's right to collect dividend has been established; it is probable that economic benefits associated with dividend will flow to the Group; and the amount of dividend can be reliably measured.

(c) Financial assets classified as at FVTPL

Financial assets at FVTPL are 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.



Section X Financial Report

V. SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES (continued)

10. Financial instruments (continued)

(2) Impairment of financial instruments

The Group recognises impairment losses for expected credit losses on financial instruments measured at amortised cost, categorised into FVTOCI, lease receivables, contract assets, loan commitments and financial guarantee contracts.

The Group measures loss allowance for contract assets and receivables arising from transactions regulated by Revenue Standard, and lease receivables arising from transactions regulated by the Accounting Standards for Business Enterprises No. 21 – Leases based on the amount of lifetime ECL.

For other financial instruments, except for the purchased or originated to be impaired, the Group re-evaluate changes in credit risk of relevant financial instruments since initial recognition at each balance sheet date. 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 does not increase significantly since initial recognition, the Group recognises loss allowance based on 12-month expected credit loss of the financial instrument. Increase or reversal of credit loss allowance is included in profit or loss as loss/gain on impairment. Except for the financial assets classified as FVTOCI, financial guarantee contract and loan commitment, credit loss allowance offsets the carrying amount of financial assets. For the financial assets classified as FVTOCI, the Group recognises credit loss allowance in other comprehensive income, which does not decrease the carrying amount of such financial assets 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.

Section X Financial Report

V. SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES (continued)

10. Financial instruments (continued)

(2) Impairment of financial instruments (continued)

(a) Significant increases in credit risk

The Group will make use of reasonable and supportable forward-looking information that is available to determine whether credit risk has increased significantly since initial recognition through comparing the risk of a default occurring on the financial instruments as at the reporting date with the risk of a default occurring on the financial instruments as at the date of initial recognition. For financial guaranteed contracts, when applying the provision of impairment of financial instruments, the Group shall take the date when it becomes the party making an irrevocable undertaking as the initial recognition date.

The Group will take the following factors into consideration when assessing whether credit risk has increased significantly:

- Significant changes in internal price indicators as a result of a change in credit risk;
- Other changes in the rates or terms of an existing financial instrument that would be significantly different if the instrument was newly originated or issued at the balance sheet date (such as more stringent covenants, increased amounts of collateral or guarantees, or higher income coverage);
- Significant changes in external market indicators of credit risk for a particular financial instrument or similar financial instruments with the same expected life;
- An actual or expected significant change in the financial instrument's external credit rating;
- Existing or forecast adverse changes in business, financial or economic conditions that are expected to cause a significant change in the debtor's ability to meet its debt obligations;
- An actual or expected significant change in the operating results of the debtor;
- Significant increases in credit risk on other financial instruments of the same debtor;
- An actual or expected significant adverse change in the regulatory, economic, or technological environment of the debtor;
- Significant changes in the value of the collateral supporting the obligation or in the quality of third-party guarantees or credit enhancements;
- Significant changes in the expected performance and behaviour of the debtor;
- Changes in the Group's credit management approach related to the financial instrument.

At the balance sheet date, if the Group judges that the financial instruments solely are exposed to lower credit risk, the Group will assume that the credit risk of the financial instruments has not been significantly increased since initial recognition. If the risk of default on financial instruments is low, the borrower's ability to meet its contractual cash flow obligations in the short-term is strong, and even if the economic situation and operating environment are adversely changed over a long period of time, it may not necessarily reduce the borrower's ability to fulfil its contractual cash flow obligations, the financial instrument is considered to have a lower credit risk.

Section X Financial Report

V. SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES (continued)

10. Financial instruments (continued)

(2) Impairment of financial instruments (continued)

(b) 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 the financial asset have occurred. Evidence that a financial asset is credit-impaired includes the following observable data:

- Significant financial difficulties of the issuer or debtor;
- A breach of contract, such as a default or delinquency in interest or principal payments;
- The creditor, for economic or legal reasons relating to the debtor's financial difficulty, granting a concession to the debtor;
- It is probable that the debtor will enter bankruptcy or other financial reorganisation; or
- The disappearance of an active market for the financial asset because of financial difficulties of the issuer or debtor.

(c) Recognition of expected credit losses

Except that the Group recognises credit loss for account receivables, contract assets, other receivables, bills receivables, lease receivables, loan commitment and financial guarantee contracts that are individually significant or credit impaired on an individual asset/contract basis, the Group recognises credit loss of relevant financial instruments on a collectively basis using a provision matrix. The Group classifies financial instruments into different groups based on common 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 ageing 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.

Section X Financial Report

V. SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES (continued)

10. Financial instruments (continued)

(2) Impairment of financial instruments (continued)

(c) Recognition of expected credit losses (continued)

ECL of relevant financial instruments is recognised based on the following methods:

- For a financial asset, credit loss is the present value of difference between the contractual cash flows that are due to the Group under the contract and the cash flows that the Group expects to receive.
- For a lease receivable, credit loss is the present value of difference between the contractual cash flows that are due to the Group under the contract and the cash flows that the Group expects to receive.
- For undrawn loan commitments, the credit loss is the present value of the difference between the contract cash flow to be received by the Group and the expected cash flow, under the condition that the loan commitment holder withdraws the corresponding loans. The Group's estimate of the expected credit loss on the loan commitment is consistent with the expected withdrawal of the loan commitment.
- For a financial guarantee contract, credit loss is the present value of difference between the expected payments to reimburse the holder for a credit loss that it incurs less any amounts that the Group expects to receive from the holder, the debtor or any other party.
- For credit-impaired financial assets other than the purchased or originated credit-impaired financial assets at the balance sheet 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 recognised 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.

(d) 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.

Section X Financial Report

V. SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES (continued)

10. Financial instruments (continued)

(3) Transfer of financial assets

The Group derecognises 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, the Group will recognise the financial asset to the extent of its continuing involvement in the transferred financial asset and recognises an associated liability. Relevant liabilities are measured using the following methods:

- For transferred financial assets carried at amortised cost, the carrying amount of relevant liabilities is the carrying amount of financial assets transferred with continuing involvement less amortised cost of the Group's retained rights (if the Group retains relevant rights upon transfer of financial assets) with addition of amortised 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, for financial asset categorised into those measured at amortised cost and FVTOCI, the difference between the carrying amount of the financial asset transferred and the sum of the consideration received from the transfer and any cumulative gain or loss that has been recognised in other comprehensive income, is recognised in profit or loss. For non-trading equity instruments designated as financial assets at FVTOCI, cumulative gains or losses previously recognised in other comprehensive income should be removed from other comprehensive income and be recognised in retained earnings.

For a part of transfer of a financial asset that satisfies the derecognition criteria, the carrying amount of the transferred financial asset is allocated between the part that is derecognised and the part that is continuously involved, based on the respective fair values of those parts on transfer date. The difference between (1) the sum of the consideration received for the part derecognised and any cumulative gain or loss allocated to the part derecognised which has been previously recognised in other comprehensive income; and (2) the carrying amount allocated to the part derecognised on derecognition date; is recognised in profit or loss.

For a transfer of a financial asset in its entirety that does not satisfy the derecognition criteria, the Group continues to recognise the transferred financial asset in its entirety. The consideration received should be recognised as a liability.

Section X Financial Report

V. SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES (continued)

10. Financial instruments (continued)

(4) Classification of financial liabilities and equity instruments

Financial instruments issued by the Group are classified into financial liabilities or equity instruments on the basis of the substance of the contractual arrangements and the economic nature not only its legal form, together with the definition of financial liability and equity instruments on initial recognition.

(a) 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.

(l) Financial liabilities at FVTPL

Financial liabilities at FVTPL consist of financial liabilities held for trading (including derivative instruments classified as financial liabilities) and those designated as at FVTPL. Financial liabilities at FVTPL are presented as held-for-trading financial liabilities/other non-current liabilities based on its liquidity.

It is indicated that the Group's purpose of undertaking the financial liabilities is for trading if the financial liabilities meet one of the following conditions:

- The purpose for undertaking relevant financial liabilities is mainly for recent repurchase;
- The relevant financial liabilities are part of the centrally managed identifiable financial instrument portfolio at initial recognition, and there is objective evidence that there is a short-term profits presence in the near future;
- Related financial liabilities are derivatives, except for derivatives that meet the definition of a financial guarantee contract and that are designated as effective hedging instruments.

Financial liabilities at FVTPL are subsequently measured at fair value. Any gains or losses arising from changes in the fair value or any dividend or interest expenses paid related to the financial liabilities are recognised in profit or loss.

Section X Financial Report

V. SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES (continued)

10. Financial instruments (continued)

(4) Classification of financial liabilities and equity instruments (continued)

(a) Classification, recognition and measurement of financial liabilities (continued)

(II) Other financial liabilities

Other financial liabilities, except for financial liabilities due to the transfer of financial assets do not qualify for derecognition or with continuing involvement, guarantee contracts, are classified as financial liabilities measured at amortised cost, which is subsequently measured at amortised cost, any gains or losses arising from derecognition or amortisation are recognised in profit or loss for the year.

If the Group amends or renegotiates a contract with the counterparty which does not result in derecognition of financial liabilities subsequently measured at amortised cost but results in changes in the contractual cash flow, the Group shall recalculate the carrying amount of the financial liabilities and account for the relevant profit or loss as current profit or loss. The Group determines the recalculated carrying amount of the financial liabilities based on the present value of the contractual cash flow to be renegotiated or modified according to the discounted original effective interest rate of financial liabilities. For all the costs or expenses arising from an amended or renegotiated contract, the Group shall adjust the book value of the financial liabilities and amortise them for the remaining life of the financial liabilities.

(b) Derecognition of financial liabilities

The Group derecognises a financial liability (or part of it) only when the underlying present obligation (or part of it) is discharged. An agreement between the Group (an existing debtor) and an existing 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 derecognises a financial liability or a part of it, it recognises the difference between the carrying amount of the financial liability (or part of the financial liability) derecognised and the consideration paid (including any non-cash assets transferred or new financial liabilities assumed) in profit or loss.

(c) Equity instruments

An equity instrument is a contract that evidences a residual interest in the assets of the Group after deducting all of its liabilities. The Group's issuance (including refinancing), repurchase, sales or cancellation of an equity instrument shall be accounted for as a change to equity. The Group does not recognise changes in the fair value of an equity instrument. Transaction costs of an equity transaction are accounted for as a deduction from equity.

The Group recognises the distribution to holders of the equity instruments as distribution of profits, and dividends paid do not affect total amount of shareholders' equity.

Section X Financial Report

V. SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES (continued)

10. Financial instruments (continued)

(5) Derivatives

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.

(6) Offsetting financial assets and financial liabilities

Where the Group has a legal right that is currently enforceable to set off the recognised financial assets and financial liabilities, and intends either to settle on a net basis, or to realise 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. Inventories

✓ Applicable Not applicable

(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.

(2) Valuation method of inventories upon delivery

The actual cost of inventories upon delivery is calculated using the weighted average method.

(3) Basis for determining net realisable value of inventories

At the balance sheet date, inventories are measured at the lower of cost and net realisable value. If the net realisable value is below the cost of inventories, a provision for decline in value of inventories is made.

Net realisable value is the estimated selling price in the ordinary course of business less the estimated costs of completion and the estimated costs necessary to make the sale and relevant taxes. Net realisable value is determined on the basis of clear evidence obtained, and takes into consideration the purposes of holding inventories and effect of post balance sheet events. The provision for decline in values of inventories 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 realisable 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.

Section X Financial Report

V. SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES (continued)

11. Inventories (continued)

(4) Inventory count system

The perpetual inventory system is maintained for stock system.

(5) Amortisation method for low cost and short-lived consumable items and packaging materials

Turnover materials include low value consumables and packing materials, which are amortised by using the immediate write-off method.

12. Assets classified as held-for-sale

Applicable Not applicable

Non-current assets and disposal groups are classified as held for sale category when the Group recovers the carrying amount 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 both of 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 non-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 recognised in impairment loss of assets and included in profit or loss for the period. Meanwhile, provision for impairment of held-for-sale assets is 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 recognised after the classification of held-for-sale category, and the reverse amount is included in profit or loss for the period.

Non-current assets classified as held-for-sale or disposal groups are not depreciated or amortised, interest and other costs of liabilities of disposal group classified as held for sale continue to be recognised.

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.

Section X Financial Report

V. SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES (continued)

13. Long-term equity investments

✓ Applicable Not applicable

(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.

(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 recognised 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 carrying amount 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 in respect of auditing, legal services, valuation and consultancy services and other associated administrative expenses attributable to the business combination are recognised 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.

Section X Financial Report

V. SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES (continued)

13. Long-term equity investments (continued)

(3) Subsequent measurement and recognition of profit or loss

(a) 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. Except for cash dividends or profits already declared but not yet paid that are included in the price or consideration actually paid upon acquisition of the long-term equity investment, investment income is recognised in the period in accordance with the attributable share of cash dividends or profit distributions declared by the investee.

(b) 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 a joint arrangement in which the Group has rights only to the net assets of the arrangement.

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 recognised 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 recognises 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 and profit distribution are correspondingly adjusted to the carrying amount of the long-term equity investment, and recognised in the capital reserve. The Group recognises 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 recognises investment income and other comprehensive income after making appropriate adjustments to conform to the Company's accounting policies and accounting period. However, unrealised 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 recognised. However, unrealised losses are not eliminated if they result from the Group's transactions with its investees which represent impairment losses on the transferred assets.

The Group discontinues recognising its share of net losses of the investee after the carrying amount of the long-term equity investment together with any long-term interests that in substance form part of its net investment in the investee is reduced to zero. If the Group has incurred obligations to assume additional losses of the investee, a provision is recognised 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 recognising its share of those profits only after its share of the profits exceeds the share of losses previously not recognised.

Section X Financial Report

V. SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES (continued)

13. Long-term equity investments (continued)

(3) Subsequent measurement and recognition of profit or loss (continued)

(c) 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 recognised in profit or loss for the period.

(d) Methods of impairment assessment and provision for impairment are set out in Note V.18.

14. Fixed assets

(1) Recognition criteria

✓ Applicable Not applicable

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.

The initial cost of purchased fixed assets includes purchase cost, relevant taxes and expenses attributable to the asset incurred before it reaches ready-to-use condition. The initial cost of self-constructed fixed assets is recognised in accordance with Note V.15. The components of fixed assets, which have various useful life or contribute economic benefits to the Group in different ways, or at different depreciation rate or via different depreciation methods, will be recognised as individual fixed assets by the Group. The subsequent expenditure of fixed assets (including amount paid for replacing certain component of fixed assets), is recognised into cost of fixed assets if it qualifies recognition criteria. Meanwhile, the carrying amount of replaced component is deducted. The expense relating to routine maintenance of fixed assets is included in profit or loss when it is incurred. Fixed assets are presented on the balance sheet at cost less accumulated depreciation and impairment losses.

Section X Financial Report

V. SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES (continued)

14. Fixed assets (continued)

(2) Depreciation method

Applicable Not applicable

Category	Depreciation method	Depreciation period (years)	Estimated net residual value rate	Annual depreciation rate
Plant and buildings	Straight-line method	20-45	5%	2.11%-4.75%
Machinery and equipment	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.

(3) Recognition basis, valuation method and depreciation method of fixed assets acquired through financing lease

Applicable Not applicable

(4) Other information

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 derecognised. 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 recognised 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.

Methods of impairment assessment and provision for impairment are set out in Note V.18.

Section X Financial Report

V. SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES (continued)

15. Construction in progress

✓ Applicable Not applicable

Construction in progress is measured at its actual costs. The actual costs include various construction expenditures during the construction period, borrowing costs capitalised 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.

Methods of impairment assessment and provision for impairment are set out in Note V.18.

For sale of products or by-products generated before a fixed asset reaches ready-to-use condition, the relevant income and cost shall be accounted for separately and included in the current profit and loss in accordance with the requirements of the Accounting Standards for Business Enterprises No. 14 – Revenue and the Accounting Standards for Business Enterprises No.1 – Inventories.

16. Borrowing costs

✓ Applicable Not applicable

Borrowing costs are interests and other costs incurred by the Group in connection with the borrowing of funds. Borrowing costs include interests, amortisation of discounts or premiums related to borrowings, ancillary costs incurred in connection with the arrangement of borrowings, and exchange differences arising from foreign currency borrowings. Borrowing costs directly attributable to the acquisition, construction or production of qualifying asset are capitalised 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. Capitalisation of borrowing costs ceases when the qualifying asset being acquired, constructed or produced becomes ready for its intended use or sale. Capitalisation 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. Capitalisation is suspended until the acquisition, construction or production of the asset is resumed. Other borrowing costs are recognised as an expense in the period in which they are incurred. Qualifying assets are assets that necessarily take a substantial period of time for construction or production to get ready for their intended use or sale.

Where funds are borrowed under a specific-purpose borrowing, the amount of interest to be capitalised 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 capitalised on such borrowings by applying a capitalisation rate to the weighted average of the excess of cumulative expenditures on the asset over the amounts of specific-purpose borrowings. The capitalisation rate is the weighted average of the interest rates applicable to the general-purpose borrowings.

Section X Financial Report

V. SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES (continued)

17. Intangible assets

(1) Valuation method, useful life and impairment testing of intangible assets

✓ Applicable Not applicable

An intangible asset is measured initially at cost. The useful life of an intangible asset is determined according to the period over which it is expected to generate economic benefits for the Group. An intangible asset is regarded as having an indefinite useful life when there is no foreseeable limit period over which the asset is expected to generate economic benefits for the Group. 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 amortised over its estimated useful life. An intangible asset with an indefinite useful life is not amortised. The amortisation methods, useful lives, and estimated net residual value rates of each class of intangible assets are as follows:

Category	Amortisation method	Useful life (Years)	Residual value rate (%)
Land use rights	Straight-line method	40-50	–
Software licenses	Straight-line method	3-10	–
Industrial properties 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	–

For an intangible asset with a finite useful life, the Group reviews the useful life and amortisation method at the end of the period, and makes adjustments when necessary. For the impairment testing of intangible assets, please refer to Note V.18.

(2) Accounting policies for internal Research and development expenditure

✓ Applicable Not applicable

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 recognised as an expense in the period in which it is incurred.

Section X Financial Report

V. SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES (continued)

17. Intangible assets (continued)

(2) Research and development expenditure (continued)

Expenditure during the development phase that meets all of the following conditions at the same time is recognised as intangible asset. Expenditure during development phase that does not meet the following conditions is recognised in profit or loss for the period.

- it is technically feasible to complete the intangible asset so that it will be available for use or sale;
- the Group has the intention to complete the intangible asset and use or sell it;
- 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;
- the availability of adequate technical, financial and other resources to complete the development and the ability to use or sell the intangible asset;
- 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 recognises all of them in profit or loss for the period.

For sale of products or by-products generated during the research and development process, the relevant income and cost shall be accounted for separately and included in the current profit and loss in accordance with the requirements of the Accounting Standards for Business Enterprises No. 14 – Revenue and the Accounting Standards for Business Enterprises No.1 – Inventories.

Section X Financial Report

V. SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES (continued)

18. Impairment of long-term assets

✓ Applicable Not applicable

The Group assesses at each balance sheet date whether there is any indication that long-term equity investment, fixed assets and construction in progress, development expenditure, long-term deferred expenses and some other non-current assets, right-of-use assets and intangible assets with a finite useful life may be impaired. 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 the recoverable amount of an asset or an asset group is less than its carrying amount, the deficit is accounted for as an impairment loss and is recognised 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 recognised in accordance with other relevant ASBEs and related to the contract; then, for assets related to contract costs, the Group shall recognise 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 asset group(s) expected to benefit from the synergies of the combination. An impairment loss is recognised 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 recognised 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, recognised in profit or loss a reversal of some or all of an impairment loss previously recognised 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 recognised previously.

Section X Financial Report

V. SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES (continued)

19. Long-term prepaid expenses

✓ Applicable Not applicable

Long-term prepaid expenses represent expenses incurred that should be borne and amortised over the current and subsequent periods (together of more than one year), including leasehold improvement. Long-term prepaid expenses are amortised using the straight-line method over the shorter of the expected useful life of the asset and the lease term.

20. 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. The benefits the Group provided to employees' spouse, children, dependent, and families of deceased employees and other beneficiaries also belong to employee benefits.

(1) Accounting treatment of short-term benefits

✓ Applicable Not applicable

Actually occurred short-term employee benefits are recognised 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 recognised 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 recognised 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.

(2) Accounting treatment of post-employment benefits

✓ Applicable Not applicable

The Group's benefits after demission are all defined contribution plans, including pension insurance, work injury insurance and enterprise annuity 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 recognised as liabilities, and recognised in profit or loss or related costs of assets.

Section X Financial Report

V. SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES (continued)

20. Employee benefits (continued)

(3) Accounting treatment of termination benefits

Applicable Not applicable

When the Group terminates the employment relationship with employees before the end of the employment contracts or provides compensation as an offer to encourage employees to accept voluntary redundancy, a provision shall be recognised for the compensation arising from termination of employment relationship with employees, with a corresponding charge to the profit or loss for the current year, at the earlier of when the Group cannot unilaterally withdraw from the termination plan or the redundancy offer and when the Group recognises any related restructuring costs or expenses.

21. Provisions

Applicable Not applicable

Except for contingent consideration arising and contingent liabilities undertaken in business combinations, the Group recognises an obligation related to a contingency as a provision when all of the following conditions are satisfied: (i) the obligation is a present obligation of the Group; (ii) it is probable that an outflow of economic benefits will be required to settle the obligation; and (iii) the amount of the obligation can be measured reliably. A provision is initially measured at the best estimate of the expenditure required to settle the related present obligation, with comprehensive consideration of factors such as the risks, uncertainty and time value of money relating to a contingency. The carrying amount of a provision is reviewed at each balance sheet date. If there is clear evidence that the carrying amount does not reflect the current best estimate, the carrying amount is adjusted to the best estimate.

Provisions are recognised when the Group has a present obligation related to a contingency such as warranty provisions/onerous contract/outstanding litigations, 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 recognised 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.

Section X Financial Report

V. SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES (continued)

22. Revenue

(1) Accounting policy for revenue recognition and measurement

Applicable Not applicable

The revenue of the Group is mainly generated from business types as follows:

- (I) Revenue from sales of goods and materials;
- (II) Revenue from rendering of maintenance service;
- (III) Revenue from construction contracts.

The Group recognises 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 utilisation, and the Group is entitled to collect amounts of cumulative performance part which have been done up to now. Otherwise, the Group will recognise revenue at the point in time when the customer obtains control over relative goods or services.

For a performance obligation satisfied over time, the Group recognises revenue over time by measuring the progress towards complete satisfaction of that performance obligation. When the performance progress cannot be identified reasonably, and where the cost having occurred is expected to be compensated, the Group recognises revenue in accordance with the cost having occurred until the performance progress can be identified reasonably.

Section X Financial Report

V. SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES *(continued)*

22. Revenue *(continued)*

(1) Accounting policy for revenue recognition and measurement *(continued)*

For a performance obligation satisfied at a point in time, the Group recognises revenue at the point in time at which the customer obtains control of relevant goods or services. To determine whether a customer has obtained control of goods or services, the Group considers the following indicators: (i) the Group has a present right to payment for the goods or services; (ii) the Group has transferred physical possession of the goods to the customer; (iii) the Group has transferred the legal title of the goods or the significant risks and rewards of ownership of the goods to the customer; and (iv) the customer has accepted the goods or services.

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 recognised based on the total consideration received or receivable; otherwise, the Group is an agent, and the revenue shall be recognised based on the amount of commission or handling fee that is expected to be charged, and such amount is determined based on the net amount of the total consideration received or receivable after deducting the prices payable to other related parties.

When the Group collects amounts of sold goods or services in advance from the customer, the Group will firstly recognise 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 recognised 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.

Contract asset refers 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). Accounting policies relating to the impairment of contract asset are specified in Note V.10. 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. 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.

Section X Financial Report

V. SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES (continued)

22. Revenue (continued)

(2) Specific revenue recognition criteria for the Group

✓ Applicable Not applicable

(a) Revenue from sales of goods and materials

The Group mainly sells rail transit equipment products, and revenue is usually recognised when the products are received and accepted by customers.

(b) Revenue from rendering of maintenance service

The Group mainly provide maintenance service of rail transit equipment products, and revenue is recognised when the services are completed and accepted by customers.

(c) Revenue from construction contracts

The Group mainly produces offshore products such as deep-sea robots and engages in PV power station EPC projects, and recognises revenue according to the progress of performance.

23. Contract costs

✓ Applicable Not applicable

Contract costs are either the incremental costs of obtaining a contract with a customer or the costs to fulfil a contract with a customer.

(1) 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 recognises it as an asset. The asset mentioned above shall be amortised on a basis that is consistent with the transfer to the customer of the goods or services to which the asset relates and recognised in profit or loss for the period. If the amortisation period of the asset does not exceed one year, it is recognised in profit or loss for the period in which it occurs. Other expenses incurred by the Group for obtaining the contract are recognised in profit or loss for the period in which it occurs, except costs that are explicitly chargeable to the customer.

(2) 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 recognised an asset from the costs incurred to fulfil a contract only if those costs meet all of the following criteria: (i) the costs relate directly to a contract or to an anticipated contract that the Group can specifically identify; (ii) the costs generate or enhance resources of the Group that will be used in satisfying performance obligations in the future; and (iii) the costs are expected to be recovered.

Assets recognised for the incremental costs of obtaining a contract and assets recognised for the costs to fulfil a contract (the "assets related to contract costs") are amortised on a systematic basis that is consistent with the transfer to the customer of the goods or services to which the assets relate and recognised in profit or loss for the current period.

The Group recognises an impairment loss in profit or loss to the extent that the carrying amount of an asset related to contract costs exceeds: (i) remaining amount of consideration that the Group expects to receive in exchange for the goods or services to which the asset relates; less (ii) the costs that relate directly to providing those goods or services that have not yet been recognised as expenses.

Section X Financial Report

V. SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES (continued)

24. Government grants

✓ Applicable Not applicable

Government grants are transfer of monetary assets and non-monetary assets from the government to the Group at no consideration. A government grant is recognised 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.

(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 recognised 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.

(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 recognised 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 recognised as deferred income and recognised in profit or loss over the periods in which the related costs or losses are recognised; if the grant is a compensation for related expenses or losses already incurred, the grant is recognised immediately in profit or loss.

Discount interest on preferential loans obtained by the Group is allocated to the lending bank, which will provide loans to the Group at the policy concessionary interest rate. The Group uses the actual amount of borrowings received as the recording value of the borrowings and calculates the relevant borrowing costs based on the principal amount of the borrowings and the policy concessionary interest rate.

A government grant related to the Group's daily activities is recognised in other income based on the nature of economic activities; a government grant not related to the Group's daily activities is recognised in non-operating income.

For the return of a government grant already recognised, if there is any related deferred income, the repayment is offset against the carrying amount of the deferred income, with any excess recognised in profit or loss for the period.

Section X Financial Report

V. SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES (continued)

25. Deferred tax assets and deferred tax liabilities

✓ Applicable Not applicable

Income tax expenses comprise current and deferred tax. Current and deferred tax expenses or income are recognised in profit or loss for the period, except when they arise from transactions or events that are directly recognised in other comprehensive income or in shareholders' equity, in which case they are recognised 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.

(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.

(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 recognised as assets or liabilities and their tax base that can be determined according to tax laws, deferred tax assets and liabilities are recognised using the balance sheet liability method.

Deferred tax is generally recognised for all temporary differences. Deferred tax assets for deductible temporary differences are recognised to the extent that it is probable that taxable profits will be available against which the deductible temporary differences can be utilised. However, for temporary differences associated with the initial recognition of goodwill and the initial recognition of an asset or liability arising from a single transaction (not a business combination) that affects neither the accounting profit nor taxable profits (or deductible losses) at the time of transaction and does not result in taxable temporary differences of equal amount and deductible temporary differences, no deferred tax asset or liability is recognised.

For deductible losses and tax credits that can be carried forward, deferred tax assets are recognised to the extent that it is probable that future taxable profits will be available against which the deductible losses and tax credits can be utilised.

Deferred tax liabilities are recognised 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 recognised to the extent that it is probable that there will be taxable profits against which to utilise the benefits of the temporary differences and they are expected to reverse in the foreseeable future.

Section X Financial Report

V. SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES (continued)

25. Deferred tax assets and deferred tax liabilities (continued)

(2) Deferred tax assets and deferred tax liabilities (continued)

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 realised 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.

(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 realise 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 realise 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.

26. 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.

(1) Recognition and accounting of leases under new lease standard

✓ Applicable Not applicable

(1) The Group as a lessee

(a) 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.

Section X Financial Report

V. SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES (continued)

26. Leases (continued)

(1) The Group as a lessee (continued)

(b) 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 recognises 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:

- the amount of the initial measurement of the lease liabilities;
- any lease payments made at or before the commencement date, if there is a lease incentive, less any lease incentives;
- any initial direct costs incurred by the Group;
- 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.

For the method of testing the impairment of the right-of-use asset and the method of determining impairment provision, please refer to Note V.18 for details.

(c) 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.

Section X Financial Report

V. SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES (continued)

26. Leases (continued)

(1) The Group as a lessee (continued)

(c) Lease liabilities (continued)

The lease payments comprise the following payments by the Group for the right to use the underlying asset during the lease term, including:

- fixed payments (including in-substance fixed payments), if there is a lease incentive, less any lease incentives;
- variable lease payments that depend on an index or a rate;
- the exercise price of a purchase option reasonably certain to be exercised by the Group;
- payments of penalties for terminating a lease, if the lease term reflects the Group exercising the option to terminate the lease;
- amounts expected to be paid under residual value guarantees provided by the Group.

The variable lease payments, depending on the index or ratio, are determined at the initial measurement based on the index or proportion at the beginning of the lease term. The variable lease payments that are not included in the measurement of the lease liability are recognised in profit or loss or related asset costs when incurred.

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 recognised 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 recognises the difference in profit or loss for the current period.

- 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;
- 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.

Section X Financial Report

V. SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES (continued)

26. Leases (continued)

(1) The Group as a lessee (continued)

(d) Short-term leases and leases for which the underlying asset is of low value

The Group elects not to recognise 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 plant and buildings, machinery and equipment, 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 recognises the lease payments associated with those leases as an expense or cost of relevant asset on a straight-line basis over the lease term.

(e) Lease modifications

The Group accounts for a lease modification as a separate lease if:

- the modification increases the scope of the lease by adding the right to use one or more underlying assets;
- 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 recognise 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.

(2) The Group as a lessor

(a) Separating components of a lease

Where the contract includes both the lease and non-lease components, the Group apportions the contract consideration according to the provisions of Note V.22 on the transaction price sharing. The basis of the apportionment is the individual selling price of the leased part and the non-lease part.

Section X Financial Report

V. SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES (continued)

26. Leases (continued)

(2) The Group as a lessor (continued)

(b) 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.

(c) The Group as a lessor under operating leases

Receipts of lease under operating leases are recognised 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 capitalised when incurred, and are recognised 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 recognised in profit or loss for the period when they are incurred.

(d) 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.

(e) 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.

27. Other significant accounting policies and accounting estimates

✓ Applicable Not applicable

(1) Profit distribution

The proposed dividend distribution after balance sheet date will not be included in liabilities on balance sheet date, and will be disclosed individually in notes.

(2) Production safety expenses

Production safety expenses accrued based on the relevant regulations shall be recorded in the costs of related products or expenses in profit or loss for the current period, and provided as a fund in the special reserve. When the expenditures are utilised as expenses, they should be recognised in the statement of profit or loss and offset against the special reserve; when the expenditures incurred relate to fixed assets, they shall be recognised in the cost of fixed assets, which will be recognised when it is ready for use. The same amount as the expenditure will be offset against the special reserve and recorded as accumulated depreciation equivalent at the same time.

Section X Financial Report

V. SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES (continued)

27. Other significant accounting policies and accounting estimates (continued)

(3) Related parties

If a party has the power to control, jointly control or exercise significant influence over another party, or vice versa, or where two or more parties are subject to common control or joint control from another party, they are considered to be related parties. Related parties may be individuals or enterprises. Enterprises with which the Company is under common control only from the state and that have no other related party relationships are not regarded as related parties.

In addition to the related parties stated above, the Company determines related parties based on the disclosure requirements of Administrative Procedures on the Information Disclosures of Listed Companies issued by the CSRC.

28. 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 judgements, estimates and assumptions upon reporting items that cannot be accurately calculated in applying the above accounting policies set out in Note V. These judgements, 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 judgements, 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 recognised in the current period and the future period.

Section X Financial Report

V. SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES (continued)

28. Critical judgement in applying accounting policies and key assumptions and uncertainties in accounting estimates (continued)

As at the balance sheet date, 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:

(a) Expected credit loss allowance for receivables and contract assets

Except for that the Group recognises credit loss for receivables and contract assets that are individually significant or have credit impaired on an individually basis, the Group determines the expected credit loss of receivables and contract assets on a collectively basis using a provision matrix. For receivables and contract assets whose credit loss are determined individually, the Group determines the credit loss by estimating the expected cash flows based on reasonable and evidenced information available on the balance sheet date with forward-looking information taken into consideration. For receivables and contract assets other than the above, the Group, based on the historical collection condition, determines the proportion of corresponding loss provision for each type of receivables and contract assets with similar credit risk characteristics on a portfolio basis. The provision matrix is based on the Group's historical credit loss experience and is based on reasonable and evidence-based forward-looking information that is available without undue cost or effort. As at 30 June 2023, the Group has reassessed the historical actual credit loss rate and considered changes in forward-looking information.

(b) Provision for decline in value of inventories

The Group determines the write-down for obsolescence and slow movement of inventories. These estimates are made with reference to aged inventory analyses, projections of expected future salability of goods and management experience and judgement. Based on this review, write-down of inventories will be made when the carrying amounts of inventories decline below their estimated net realisable values. Due to changes in market conditions, actual salability of goods may be different from estimation and profit or loss could be affected by differences in this estimation.

(c) Impairment of goodwill

For goodwill arising from business combination, the Group tests it for impairment at the year end. Impairment test requires an estimate of the recoverable amount of the relevant asset group containing goodwill, that 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. In determining the present value of the future cash flows of the relevant asset group or the fair value of such asset group under equity method, the Group needs to properly determine the expected growth rate of future cash flow prediction of related asset group, the gross profit margin, the investment income proportion of long-term assets, average growth rate and reasonable discount rate, etc. When the market conditions change, the recoverable amount of the relevant asset group may differ from the existing estimates, which will affect the profit and loss for the period. Relevant details of impairment of goodwill are set out in Note VII.19.

(d) 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.

Section X Financial Report

V. SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES (continued)

28. Critical judgement in applying accounting policies and key assumptions and uncertainties in accounting estimates (continued)

(e) Deferred tax assets

Deferred tax assets are recognised for all unused tax losses to the extent that it is probable that taxable profit will be available against which the losses can be utilised. Significant management judgement is required to determine the amount of deferred tax assets that can be recognised, 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.

(f) Warranties for product quality

Based on the recent experience in product maintenance, the Group will estimate the provisions for after-sales quality maintenance commitment provided to customers for the sale, maintenance and transformation of locomotives, vehicles and spare parts. As the recent maintenance experience may not reflect the maintenance situation of the sold products in the future, the management's judgements are required to estimate the provisions. Any increase or decrease in the provision would affect profit or loss in future years.

29. Changes in significant accounting policies and accounting estimates

(1) Changes in significant accounting policies

Applicable Not applicable

Other descriptions:

In 2023, the Group has adopted the revised accounting requirements and guidance under CAS newly issued by the Ministry of Finance ("MOF") as follows:

(a) CAS No.25 – Insurance Contracts (Caikuai [2020] No.20) ("the new insurance standard") and implementation guidance

The new insurance standard replaces the CAS No.25 – Original Insurance Contracts issued in 2006, the CAS No.26 – Reinsurance Contracts issued in 2009 and the Provisions on the Accounting Treatment Related to Insurance Contracts (Caikuai [2009] No.15) issued in 2009.

The Group had no transactions related to insurance business. The adoption of CAS No.25 does not have a significant effect on the financial position and financial performance of the Group and the Company.

Section X Financial Report

V. SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES (continued)

29. Changes in significant accounting policies and accounting estimates (continued)

(1) Changes in significant accounting policies (continued)

(b) "Accounting treatment that the exemption of initial recognition shall not apply to the deferred income tax relating to assets and liabilities arising from a single transaction" in CAS Bulletin No.16 (Caikui [2022] No.31)

According to the CAS Bulletin No.16, the provisions of the CAS No.18 – Income Taxes on the exemption from the initial recognition of deferred income tax liabilities and deferred income tax assets shall not apply to a single transaction (i.e. lease transactions, retirement obligation, etc.) that is not a business combination, that affects neither accounting profit nor taxable profit (or deductible loss) upon the occurrence of a transaction, and the initially recognised assets and liabilities result in an equal amount of taxable temporary differences and deductible temporary differences. As for the taxable temporary differences arising from the initial recognition of assets and liabilities in a transaction, the Group shall, in accordance with the CAS No. 18 – Income Taxes and other relevant provisions, respectively recognise the corresponding deferred income tax liabilities upon the occurrence of the transaction.

In addition, the Group recognized deferred income tax assets equal to the amount of deferred income tax liabilities as the Group has sufficient and unrecognized deductible temporary differences of deferred income tax assets upon the reversal of the above additional taxable temporary differences in future periods. Such additional recognized deferred income tax assets and deferred income tax liabilities meet the conditions for the net presentation of the balance sheet, and the adoption of the provision after the net presentation does not have a significant effect on the financial position and financial performance of the Group.

The adoption of Bulletin No.16 does not have a significant effect on the financial position and financial performance of the Group and the Company.

(2) Changes in significant accounting estimates

Applicable Not applicable

(3) Financial statements for which adjustments were made to the opening balances in the initial year of application of new accounting standards or interpretation since 2023

Applicable Not applicable

Section X Financial Report

VI. TAXATION

1. Major categories of taxes and respective tax rates

Major categories of taxes and respective tax rates

Applicable Not applicable

Tax category	Tax basis	Tax rate
Value-added tax ("VAT")	The output VAT calculate based on taxable income. VAT payable is the net difference between output VAT and deductible input VAT	6-13%
City maintenance and construction tax	VAT actually paid	5%, 7%
Enterprise income tax	Taxable income	25%
Education surcharges	VAT actually paid	3%
Local education surcharges	VAT actually paid	2%

Tax payers with different income tax rates, the disclosure description

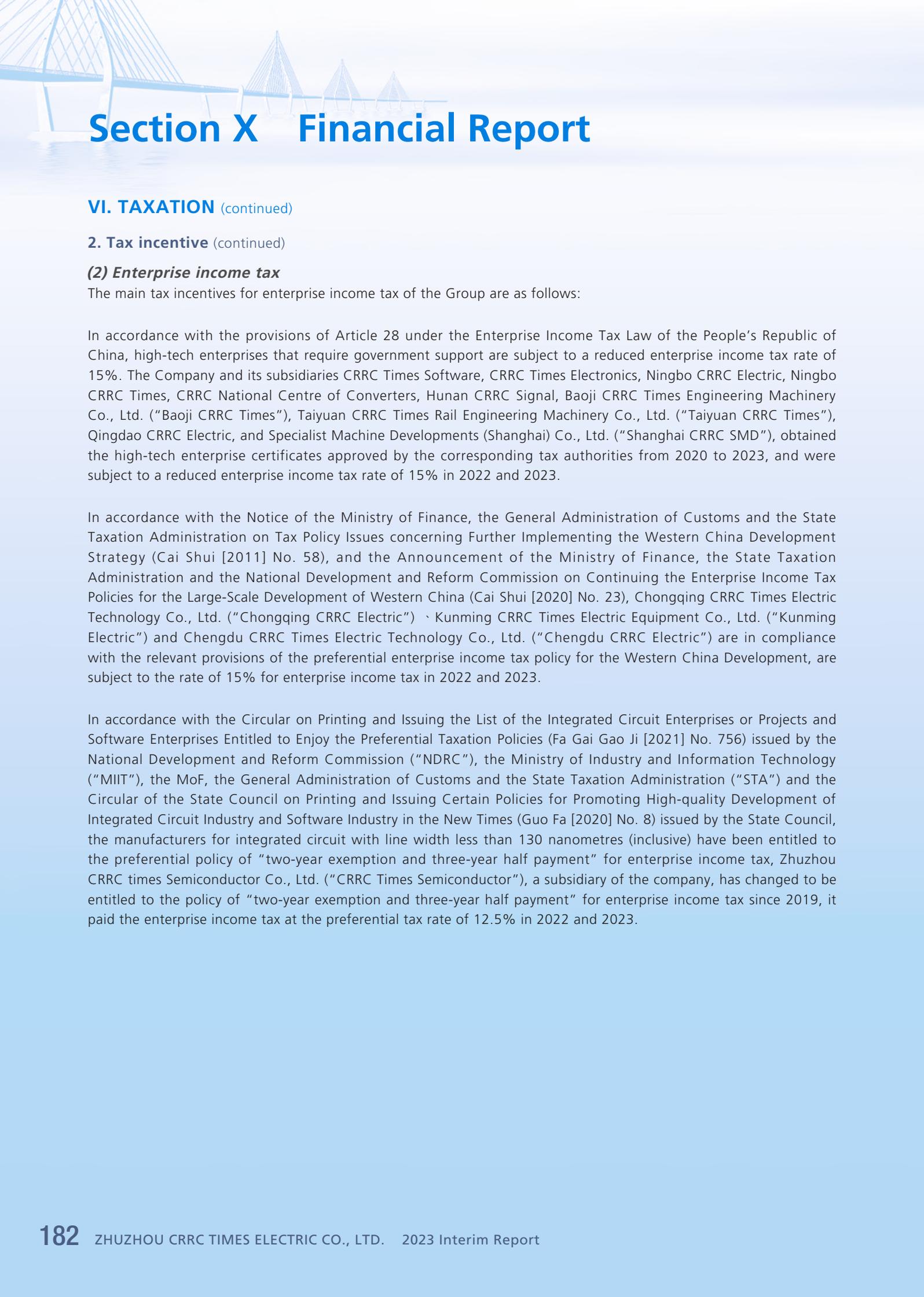
Applicable Not applicable

2. Tax incentive

Applicable Not applicable

(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"), 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%.



Section X Financial Report

VI. TAXATION (continued)

2. Tax incentive (continued)

(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"), 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 2020 to 2023, and were subject to a reduced enterprise income tax rate of 15% in 2022 and 2023.

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"), Kunming CRRC Times Electric Equipment Co., Ltd. ("Kunming Electric") and Chengdu CRRC Times Electric Technology Co., Ltd. ("Chengdu CRRC Electric") are in compliance with the relevant provisions of the preferential enterprise income tax policy for the Western China Development, are subject to the rate of 15% for enterprise income tax in 2022 and 2023.

In accordance with 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, Zhuzhou CRRC times Semiconductor Co., Ltd. ("CRRC Times Semiconductor"), a subsidiary of the company, 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% in 2022 and 2023.

Section X Financial Report

VI. TAXATION (continued)

2. Tax incentive (continued)

(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 Announcement on Further Improvements to Policies for Weighted Pre-tax Deduction of R&D Expenses (Announcement [2023] No. 7 of the Ministry of Finance and the State Taxation Administration) and the Announcement of the Ministry of Finance, the State Taxation Administration and the Ministry of Science and Technology on Increasing Efforts for Pre-tax Deduction to Support Scientific and Technological Innovation (Announcement [2022] No.28 of the Ministry of Finance, the State Taxation Administration and the Ministry of Science and Technology), for the Company and its subsidiaries CRRC Times Electronics, Baoji CRRC Times, Ningbo CRRC Times, Ningbo CRRC Electric, Qingdao CRRC Electric, Hunan CRRC Signal, CRRC National Centre of Converters, Shanghai CRRC SMD, CRRC Times Semiconductor, Chongqing CRRC Electric and Taiyuan CRRC Times 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 100% of the amount of R&D actually incurred in 2022 and 2023 is deductible before tax payment, in addition to the deduction of actual expenses as prescribed. 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 200% of the costs of the intangible assets before tax payment in 2022 and 2023; Shenyang CRRC Times Transportation Technology Co., Ltd. ("Shenyang CRRC Times") is 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 100% of the amount of R&D actually incurred in 2022 is deductible before tax payment, in addition to the deduction of actual expenses as prescribed. 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 200% of the costs of the intangible assets before tax payment in 2022, starting from 2023, the above-mentioned tax incentives will no longer be enjoyed. CRRC Times Software is qualified for an extra 75% of the amount of R&D actually incurred in first three quarters of 2022 is deductible before tax payment, in addition to the deduction of actual expenses as prescribed, 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 the first three quarters of 2022. For the R&D expenses incurred during the period from 1 October 2022 to 31 December 2022 and during 2023, the weighted pre-tax deduction ratio was raised from 75% to 100%.

Pursuant to the Announcement of the Ministry of Finance, the State Taxation Administration and the Ministry of Science and Technology on Increasing Efforts for Pre-tax Deduction to Support Scientific and Technological Innovation (Announcement [2022] No.28), the Company and its subsidiaries CRRC Times Electronics, CRRC Times Software, Hunan CRRC Signal, Ningbo CRRC Times and CRRC Times Semiconductor were allowed to deduct the full amount of equipment and appliances newly purchased during the period from 1 October 2022 to 31 December 2022 from the taxable income amount on a one-off basis and allowed to conduct 100% weighted deduction before tax.

Section X Financial Report

VII. NOTES TO KEY ITEMS OF THE CONSOLIDATED FINANCIAL STATEMENTS

1. Cash and bank balances

✓ Applicable Not applicable

Unit: Yuan Currency: RMB

Item	Closing balance	Opening balance
Cash on hand	32,758	31,466
Bank deposits	7,449,064,738	7,500,347,208
Other monetary funds	—	—
Total	7,449,097,496	7,500,378,674
Including: Total funds deposited overseas	184,834,739	254,853,751
Cash deposited in the finance company	292,540,253	291,611,416

The Group's time deposits at the bank with more than three months that are not pledged are as follows:

Unit: Yuan Currency: RMB

Item	Closing balance	Opening balance
Time deposits with more than three months	729,592,075	425,507,144

Other information:

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.

Section X Financial Report

VII. NOTES TO KEY ITEMS OF THE CONSOLIDATED FINANCIAL STATEMENTS

(continued)

2. Held-for-trading financial assets

Applicable Not applicable

Unit: Yuan Currency: RMB

Item	Closing balance	Opening balance
Financial assets at FVTPL	4,842,100,909	6,700,827,160
Including:		
Structured deposits	4,842,100,909	6,700,827,160
Total	4,842,100,909	6,700,827,160

Other information:

Applicable Not applicable

The Group's financial assets at fair value through profit or loss are mainly structured deposits held by the Group. As at 30 June 2023, the yield rate per annum of structured deposits held by the Group ranges from 1.05% to 5.88%.

3. Bills receivable

(1) Category of bills receivable

Applicable Not applicable

Unit: Yuan Currency: RMB

Item	Closing balance	Opening balance
Bank acceptances	273,214,898	238,121,922
Commercial acceptances	2,153,458,341	3,171,786,124
Less: Provision for credit loss	3,743,576	5,371,158
Total	2,422,929,663	3,404,536,888

Section X Financial Report

VII. NOTES TO KEY ITEMS OF THE CONSOLIDATED FINANCIAL STATEMENTS

(continued)

3. Bills receivable (continued)

(2) Pledged bills receivable at the end of the period

Applicable Not applicable

(3) Bills receivable endorsed or discounted by the Group at the end of the period and not yet due on the balance sheet date

Applicable Not applicable

Unit: Yuan Currency: RMB

Item	Amount not derecognised at the end of the period
Bank acceptances	41,055,827
Commercial acceptances	6,915,500
Total	47,971,327

(4) Bills receivable of the Group that transferred to accounts receivable at the end of the period due to the default of the drawer

Applicable Not applicable

Unit: Yuan Currency: RMB

Item	Amount transferred to accounts receivable at the end of the period
Commercial acceptances	600,000
Total	600,000

(5) Notes receivable for which provision for credit loss is assessed on a portfolio basis

Applicable Not applicable

Bank acceptances

As at 30 June 2023, 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.

Section X Financial Report

VII. NOTES TO KEY ITEMS OF THE CONSOLIDATED FINANCIAL STATEMENTS

(continued)

3. Bills receivable (continued)

(5) Notes receivable for which provision for credit loss is assessed on a portfolio basis (continued)

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.

Bills receivable for which provision for credit loss is assessed individually:

Applicable Not applicable

Analysis of bills receivable for which provision for credit loss is assessed on a portfolio basis of four categories of customers is as follows:

Applicable Not applicable

Portfolio accrual items:

Unit: Yuan Currency: RMB

Item	Gross carrying amount	Closing balance Provision for credit loss	Expected average loss rate (%)
Receivables from central state-owned enterprise except State Railway Group	393,419,734	393,420	0.10
Receivables from local government or local state-owned enterprise	15,788,960	157,889	1.00
Receivables from State Railway Group (Note)	1,699,617,164	1,699,617	0.10
Receivables from other customers	44,632,483	1,492,650	3.34
Total	2,153,458,341	3,743,576	

Note: State Railway Group represents China State Railway Group Co., Ltd., and its affiliates.

Unit: Yuan Currency: RMB

Item	Gross carrying amount	Opening balance Provision for credit loss	Expected average loss rate (%)
Receivables from central state-owned enterprise except State Railway Group	998,842,531	998,843	0.10
Receivables from local government or local state-owned enterprise	39,920,000	399,200	1.00
Receivables from State Railway Group	2,070,106,128	2,070,106	0.10
Receivables from other customers	62,917,465	1,903,009	3.02
Total	3,171,786,124	5,371,158	

Section X Financial Report

VII. NOTES TO KEY ITEMS OF THE CONSOLIDATED FINANCIAL STATEMENTS

(continued)

3. Bills receivable (continued)

(5) Notes receivable for which provision for credit loss is assessed on a portfolio basis (continued)

Analysis of bills receivable for which provision for credit loss is assessed on a portfolio basis of four categories of customers is as follows: (continued)

Recognition criteria and description of accrual provision for credit loss

Applicable Not applicable

If the provision for credit loss is accrued according to the general model, please refer to the Note of Other Receivable.

Applicable Not applicable

(6) Provision for credit loss of bills receivable:

Applicable Not applicable

Unit: Yuan Currency: RMB

Item	Opening balance	Change amount in the current period			Closing balance
		Provision	Recoveries or reversals	Transfers out or written-off	
Expected credit loss in the next 12 months (Not credit impaired)	5,371,158	365,127	-1,992,709	-	3,743,576

Significant recoveries or reversals during the period:

Applicable Not applicable

Other information:

None

Section X Financial Report

VII. NOTES TO KEY ITEMS OF THE CONSOLIDATED FINANCIAL STATEMENTS

(continued)

3. Bills receivable (continued)

(7) Bills receivable actually written off in the current period

Applicable Not applicable

Other information:

Applicable Not applicable

As at 30 June 2023, bills receivable due from related parties of the Group are set out in Note XII.6.

4. Accounts receivable

(1) Disclosed by ageing

Applicable Not applicable

Unit: Yuan Currency: RMB

Ageing	Closing balance	Opening balance
Within 1 year		
Among them: Sub-items within 1 year		
Within 6 months	6,457,148,333	6,395,696,592
6 months to 1 year	2,561,055,744	859,941,127
Subtotal within 1 year	9,018,204,077	7,255,637,719
1 to 2 years	946,530,963	818,797,612
2 to 3 years	267,743,228	254,268,940
Over 3 years	64,382,853	35,076,182
Total	10,296,861,121	8,363,780,453
Less: Provision for credit loss	340,455,464	263,563,450
Book Value	9,956,405,657	8,100,217,003

The accounts payable aging of the group is divided based on invoice date.

Section X Financial Report

VII. NOTES TO KEY ITEMS OF THE CONSOLIDATED FINANCIAL STATEMENTS

(continued)

4. Accounts receivable (continued)

(2) Disclosed by method of credit loss

✓ Applicable Not applicable

Unit: Yuan Currency: RMB

Category	Gross carrying amount		Closing balance			Gross carrying amount		Opening balance		
	Amount	Percentage (%)	Amount	Proportion of provision (%)	Book value	Amount	Percentage (%)	Amount	Proportion of provision (%)	Book value
Provision on individual basis	11,837,028	0.11	11,837,028	100.00	-	13,681,028	0.16	13,681,028	100.00	-
Provision on portfolio basis	10,285,024,093	99.89	328,618,436	3.20	9,956,405,657	8,350,099,425	99.84	249,882,422	2.99	8,100,217,003
Including:										
Receivables from central state-owned enterprise except State Railway Group	5,117,602,875	49.71	142,093,342	2.78	4,975,509,533	3,369,158,073	40.28	84,715,061	2.51	3,284,443,012
Receivables from local government or local state-owned enterprise	2,786,135,820	27.06	124,078,317	4.45	2,662,057,503	1,671,692,946	19.99	87,356,832	5.23	1,584,336,114
Receivables from State Railway Group	944,710,733	9.17	2,768,654	0.29	941,942,079	1,380,003,206	16.50	4,339,739	0.31	1,375,663,467
Receivables from other customers	1,436,574,665	13.95	59,678,123	4.15	1,376,896,542	1,929,245,200	23.07	73,470,790	3.81	1,855,774,410
Total	10,296,861,121	100.00	340,455,464	/	9,956,405,657	8,363,780,453	100.00	263,563,450	/	8,100,217,003

Section X Financial Report

VII. NOTES TO KEY ITEMS OF THE CONSOLIDATED FINANCIAL STATEMENTS

(continued)

4. Accounts receivable (continued)

(2) Disclosed by method of credit loss (continued)

Accounts receivable for which provision for credit loss is assessed individually:

✓ Applicable Not applicable

Unit: Yuan Currency: RMB

Entity	Gross carrying amount	Closing balance		Reason for provision
		Provision for credit loss	Proportion of provision (%)	
Qingdao New Energy Solutions Inc.	6,635,973	6,635,973	100	Low probability of recovery
China Railway Bridge Engineering Group Electrification Engineering Co., Ltd.	2,481,367	2,481,367	100	Low probability of recovery
Shengnuo Chuangke (Beijing) Electric Co., Ltd.	1,400,000	1,400,000	100	Low probability of recovery
Others	1,319,688	1,319,688	100	Low probability of recovery
Total	11,837,028	11,837,028	100	/

Unit: Yuan Currency: RMB

Entity	Gross carrying amount	Opening balance		Reason for provision
		Provision for credit loss	Proportion of provision (%)	
Qingdao New Energy Solutions Inc.	6,635,973	6,635,973	100	Low probability of recovery
China Railway Bridge Engineering Group Electrification Engineering Co., Ltd.	2,481,367	2,481,367	100	Low probability of recovery
Shengnuo Chuangke (Beijing) Electric Co., Ltd.	1,400,000	1,400,000	100	Low probability of recovery
China Railway Materials Shanghai Co., Ltd.	1,038,000	1,038,000	100	Low probability of recovery
Others	2,125,688	2,125,688	100	Low probability of recovery
Total	13,681,028	13,681,028	100	/

Section X Financial Report

VII. NOTES TO KEY ITEMS OF THE CONSOLIDATED FINANCIAL STATEMENTS

(continued)

4. Accounts receivable (continued)

(2) Disclosed by method of credit loss (continued)

Description of accounts receivable for which credit loss allowance is provided on an individual basis:

Applicable Not applicable

Analysis of accounts receivable for which credit loss allowance is provided on a portfolio basis:

Applicable Not applicable

Items for which the credit loss is assessed collectively: Receivables from central state-owned enterprise except State Railway Group

Unit: Yuan Currency: RMB

Item	Closing balance		Proportion of provision (%)
	Accounts receivable	Provision for credit loss	
Within 6 months	3,418,358,691	61,482,575	1.80
6 months to 1 year	1,335,080,860	40,768,208	3.05
1 to 2 years	297,574,121	20,945,344	7.04
2 to 3 years	38,801,426	6,874,012	17.72
Over 3 years	27,787,777	12,023,203	43.27
Total	<u>5,117,602,875</u>	<u>142,093,342</u>	

Unit: Yuan Currency: RMB

Item	Opening balance		Proportion of provision (%)
	Accounts receivable	Provision for credit loss	
Within 6 months	2,809,704,379	51,607,295	1.84
6 months to 1 year	306,221,707	6,243,969	2.04
1 to 2 years	194,659,544	11,544,925	5.93
2 to 3 years	44,043,845	10,754,202	24.42
Over 3 years	14,528,598	4,564,670	31.42
Total	<u>3,369,158,073</u>	<u>84,715,061</u>	

Section X Financial Report

VII. NOTES TO KEY ITEMS OF THE CONSOLIDATED FINANCIAL STATEMENTS

(continued)

4. Accounts receivable (continued)

(2) Disclosed by method of credit loss (continued)

Recognition criteria and description of accrual provision for credit loss:

Applicable Not applicable

Items for which the credit loss is assessed collectively: Receivables from local government or local state-owned enterprise

Unit: Yuan Currency: RMB

Item	Closing balance		Proportion of provision (%)
	Accounts receivable	Provision for credit loss	
Within 6 months	1,462,182,698	44,037,121	3.01
6 months to 1 year	614,938,871	17,296,026	2.81
1 to 2 years	497,167,247	31,624,454	6.36
2 to 3 years	193,389,612	24,660,629	12.75
Over 3 years	18,457,392	6,460,087	35.00
Total	<u>2,786,135,820</u>	<u>124,078,317</u>	

Unit: Yuan Currency: RMB

Item	Opening balance		Proportion of provision (%)
	Accounts receivable	Provision for credit loss	
Within 6 months	844,245,825	27,490,490	3.26
6 months to 1 year	199,689,951	7,422,451	3.72
1 to 2 years	436,053,545	28,526,197	6.54
2 to 3 years	191,456,413	23,840,801	12.45
Over 3 years	247,212	76,893	31.10
Total	<u>1,671,692,946</u>	<u>87,356,832</u>	

Recognition criteria and description of accrual provision for credit loss:

Applicable Not applicable

Section X Financial Report

VII. NOTES TO KEY ITEMS OF THE CONSOLIDATED FINANCIAL STATEMENTS

(continued)

4. Accounts receivable (continued)

(2) Disclosed by method of credit loss (continued)

Items for which the credit loss is assessed collectively: Receivables from State Railway Group

Unit: Yuan Currency: RMB

Item	Accounts receivable	Closing balance Provision for credit loss	Proportion of provision (%)
Within 6 months	543,419,595	885,597	0.16
6 months to 1 year	360,123,820	862,997	0.24
1 to 2 years	38,944,756	274,017	0.70
2 to 3 years	1,296,800	213,730	16.48
Over 3 years	925,762	532,313	57.50
Total	<u>944,710,733</u>	<u>2,768,654</u>	

Unit: Yuan Currency: RMB

Item	Accounts receivable	Opening balance Provision for credit loss	Proportion of provision (%)
Within 6 months	1,196,909,785	2,774,631	0.23
6 months to 1 year	126,079,766	385,865	0.31
1 to 2 years	52,343,187	573,865	1.10
2 to 3 years	4,256,043	367,084	8.63
Over 3 years	414,425	238,294	57.50
Total	<u>1,380,003,206</u>	<u>4,339,739</u>	

Section X Financial Report

VII. NOTES TO KEY ITEMS OF THE CONSOLIDATED FINANCIAL STATEMENTS

(continued)

4. Accounts receivable (continued)

(2) Disclosed by method of credit loss (continued)

Recognition criteria and description of accrual provision for credit loss:

Applicable Not applicable

Items for which the credit loss is assessed collectively: Receivables from other customers

Unit: Yuan Currency: RMB

Item	Accounts receivable	Closing balance Provision for credit loss	Proportion of provision (%)
Within 6 months	1,033,187,347	31,014,311	3.00
6 months to 1 year	250,912,194	10,359,039	4.13
1 to 2 years	112,801,239	9,453,026	8.38
2 to 3 years	34,066,590	5,087,168	14.93
Over 3 years	5,607,295	3,764,579	67.14
Total	<u>1,436,574,665</u>	<u>59,678,123</u>	

Unit: Yuan Currency: RMB

Item	Accounts receivable	Opening balance Provision for credit loss	Proportion of provision (%)
Within 6 months	1,544,836,603	46,229,264	2.99
6 months to 1 year	227,949,703	8,031,697	3.52
1 to 2 years	135,552,536	12,705,690	9.37
2 to 3 years	14,512,640	2,499,588	17.22
Over 3 years	6,393,718	4,004,551	62.63
Total	<u>1,929,245,200</u>	<u>73,470,790</u>	

Section X Financial Report

VII. NOTES TO KEY ITEMS OF THE CONSOLIDATED FINANCIAL STATEMENTS

(continued)

4. Accounts receivable (continued)

(2) Disclosed by method of credit loss (continued)

Recognition criteria and description of accrual provision for credit loss:

Applicable Not applicable

If the provision for credit loss is accrued according to the general model, please refer to the Note of Other Receivable.

Applicable Not applicable

(3) Provision for credit loss of accounts receivable

Applicable Not applicable

Unit: Yuan Currency: RMB

Item	Opening balance	Change amount in the current period				Differences resulting from the translation of foreign currency financial statements	Closing balance
		Transferred to credit-impaired losses	Provision	Recoveries or reversals	Transfers out or written-off		
Lifetime ECL (Not credit – impaired)	150,185,663	-23,487,037	80,033,707	-	-	-26,458	206,705,875
Lifetime ECL (Credit – impaired)	113,377,787	23,487,037	-	-3,471,253	356,018	-	133,749,589
Total	263,563,450	-	80,033,707	-3,471,253	356,018	-26,458	340,455,464

Significant recoveries or reversals during the current period:

Applicable Not applicable

(4) Accounts receivable that are actually written-off are as follows

Applicable Not applicable

Section X Financial Report

VII. NOTES TO KEY ITEMS OF THE CONSOLIDATED FINANCIAL STATEMENTS

(continued)

4. Accounts receivable (continued)

(5) Top five accounts receivable categorised by debtors

Applicable Not applicable

Unit: Yuan Currency: RMB

Name of the entity	Closing gross carrying amount	Proportion to total accounts receivable (%)	Closing provision for credit loss
Customer 6	1,142,522,630	11.10	29,993,123
Customer 20	462,884,122	4.50	10,670,829
Customer 7	416,542,361	4.05	17,178,387
Customer 21	277,318,519	2.69	9,971,323
Customer 22	222,678,060	2.16	2,865,877
Total	<u>2,521,945,692</u>	<u>24.50</u>	<u>70,679,539</u>

(6) Accounts receivable derecognised due to transfer of financial assets:

Applicable Not applicable

(7) Amount of assets and liabilities formed by transferring accounts receivable but continuing involvement

Applicable Not applicable

Other information:

Applicable Not applicable

As at 30 June 2023, amounts due from related parties of the Group are set out in Note XII ∨ 6.

Section X Financial Report

VII. NOTES TO KEY ITEMS OF THE CONSOLIDATED FINANCIAL STATEMENTS

(continued)

5. Trade receivables financing

Applicable Not applicable

Unit: Yuan Currency: RMB

Item	Closing balance	Opening balance
Bills receivable measured at fair value	752,463,591	1,117,071,219
Trade receivable measured at fair value	<u>2,276,867,857</u>	<u>1,801,617,618</u>
Total	<u><u>3,029,331,448</u></u>	<u><u>2,918,688,837</u></u>

Increase/decrease changes and fair value changes of trade receivables financing in the current period:

Applicable Not applicable

Unit: Yuan Currency: RMB

Item	Closing balance	Opening balance
Cost	3,090,150,669	2,995,931,294
Carrying amount	<u>3,029,331,448</u>	<u>2,918,688,837</u>
Accumulated changes in fair value	<u><u>-60,819,221</u></u>	<u><u>-77,242,457</u></u>

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.

Section X Financial Report

VII. NOTES TO KEY ITEMS OF THE CONSOLIDATED FINANCIAL STATEMENTS

(continued)

5. Trade receivables financing (continued)

(1) Bills receivable pledged at the end of the period:

Unit: Yuan Currency: RMB

Item	Pledged amount at 30 June 2023
Bank acceptances	—
Total	—

(2) Notes receivable endorsed or discounted by the Group at the end of the period and not yet due on the balance sheet date:

Unit: Yuan Currency: RMB

Item	Amount derecognised at the end of the period
Bank acceptances	676,894,730
Total	676,894,730

If the provision for credit loss is accrued according to the general model, please refer to the Note of Other Receivable:

Applicable Not applicable

Other information

Applicable Not applicable

As at 30 June 2023, amounts due from related parties of the Group are set out in Note XII \ 6.

Section X Financial Report

VII. NOTES TO KEY ITEMS OF THE CONSOLIDATED FINANCIAL STATEMENTS

(continued)

6. Prepayments

(1) Ageing analysis of prepayments is as follows:

Applicable Not applicable

Unit: Yuan Currency: RMB

Ageing	Closing balance		Opening balance	
	Carrying amount	Proportion (%)	Carrying amount	Proportion (%)
Within 1 year	1,057,895,601	91.81	676,779,463	94.59
1 to 2 years	82,097,541	7.12	32,947,159	4.60
2 to 3 years	9,600,295	0.83	3,305,416	0.46
Over 3 years	2,739,080	0.24	2,492,297	0.35
Total	1,152,332,517	100.00	715,524,335	100.00

At the balance sheet date, significant prepayments aged over one year are as follows:

Unit: Yuan Currency: RMB

Name of the entity	Gross carrying amount	Ageing
Supplier 31	25,470,806	1 to 2 years
Supplier 6	8,100,300	2 to 3 years
Supplier 32	4,763,178	1 to 2 years
Supplier 33	4,500,000	1 to 2 years
Supplier 34	4,382,777	1 to 2 years
Total	47,217,061	

Description of the reasons why the prepayments with an ageing of more than 1 year and significant amount are not settled in time:

Significant prepayments aged over 1 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.

Section X Financial Report

VII. NOTES TO KEY ITEMS OF THE CONSOLIDATED FINANCIAL STATEMENTS

(continued)

6. Prepayments (continued)

(2) Top five balances of prepayments categorised by receivers

Applicable Not applicable

Unit: Yuan Currency: RMB

Name of the entity	Closing balance	Proportion to total closing balance of prepayments (%)
Supplier 14	257,734,091	22.37
Supplier 2	80,981,952	7.03
Supplier 16	45,184,638	3.92
Supplier 35	39,121,542	3.39
Supplier 36	36,093,185	3.13
Total	<u>459,115,408</u>	<u>39.84</u>

Other information

Applicable Not applicable

As at 30 June 2023, prepayments made to related parties of the Group are set out in Note XII.6.

Section X Financial Report

VII. NOTES TO KEY ITEMS OF THE CONSOLIDATED FINANCIAL STATEMENTS

(continued)

7. Other receivables

Details of items

Applicable Not applicable

Unit: Yuan Currency: RMB

Item	Closing balance	Opening balance
Interest receivable	–	–
Dividends receivable	–	–
Other receivables	<u>194,338,780</u>	<u>186,845,646</u>
Total	<u>194,338,780</u>	<u>186,845,646</u>

Other information:

Applicable Not applicable

As at 30 June 2023, other receivables due from related parties of the Group are set out in Note XII.6.

Interest receivable

(1) Classification of interest receivable

Applicable Not applicable

(2) Significant overdue interest

Applicable Not applicable

(3) Provision for bad debts

Applicable Not applicable

Other information:

Applicable Not applicable

Section X Financial Report

VII. NOTES TO KEY ITEMS OF THE CONSOLIDATED FINANCIAL STATEMENTS

(continued)

7. Other receivables (continued)

Dividends receivable

(1) Dividends receivable

Applicable Not applicable

(2) Significant dividends receivable with ageing over 1 year

Applicable Not applicable

(3) Provision for bad debts

Applicable Not applicable

Other information:

Applicable Not applicable

Other receivables

(1) Other receivables disclosed by aging

Applicable Not applicable

Unit: Yuan Currency: RMB

Ageing	Closing balance	Opening balance
Within 1 year	135,974,159	126,162,814
1 to 2 years	17,048,609	16,939,261
2 to 3 years	9,406,958	11,552,407
Over 3 years	36,358,198	35,983,555
Total	198,787,924	190,638,037
Less: Credit loss allowance for other receivables	4,449,144	3,792,391
Book Value	194,338,780	186,845,646

Section X Financial Report

VII. NOTES TO KEY ITEMS OF THE CONSOLIDATED FINANCIAL STATEMENTS

(continued)

7. Other receivables (continued)

Other receivables (continued)

(2) Other receivables categorized by nature

✓ Applicable Not applicable

Unit: Yuan Currency: RMB

Item	Closing balance	Opening balance
Deposits and guarantees	107,466,642	122,423,364
Tax refunds receivable	30,167,333	27,267,847
Others	61,153,949	40,946,826
Total	198,787,924	190,638,037

(3) Details of provision for credit loss allowance

✓ Applicable Not applicable

Unit: Yuan Currency: RMB

Credit loss allowance	Phase 1	Phase 2	Phase 3	Total
	12-month ECL	Lifetime ECL – Not credit impaired	Lifetime ECL – Credit impaired	
Balance at 1 January 2023	3,792,391	–	–	3,792,391
– Transfer to Phase 2	–	–	–	–
– Transfer to Phase 3	–	–	–	–
– Transfer back to Phase 2	–	–	–	–
– Transfer back to Phase 1	–	–	–	–
Provision	2,048,853	–	–	2,048,853
Reversal	-1,392,100	–	–	-1,392,100
Transfer out	–	–	–	–
Written-off	–	–	–	–
Other changes	–	–	–	–
Balance at 30 June 2023	4,449,144	–	–	4,449,144

Section X Financial Report

VII. NOTES TO KEY ITEMS OF THE CONSOLIDATED FINANCIAL STATEMENTS

(continued)

7. Other receivables (continued)

Other receivables (continued)

(3) Details of provision for credit loss allowance (continued)

Please disclose significant changes in the balance of other receivables of which the loss allowance has changed in the current period:

Applicable Not applicable

Please disclose the basis of the provision of credit loss and the assessment regarding whether there is a significant increase in the credit risk of financial instruments:

Applicable Not applicable

(4) Provision for bad debts

Applicable Not applicable

Including the amount of bad debt reversed or recovered in significant in current period:

Applicable Not applicable

(5) Other receivables actually written off in the current period

Applicable Not applicable

(6) Top five other receivables categorised by debtors

Applicable Not applicable

Unit: Yuan Currency: RMB

Name of the entity	Nature	Closing gross carrying value	Ageing	Proportion to total closing balance of other receivables (%)	Closing balance of provision for credit loss
Customer 7	Deposits and guarantees	33,894,620	4 to 5 years and over 5 years	17.05	1,026,340
Customer 15	Tax refunds receivable	30,161,061	Within 1 year and 1 to 2 years	15.17	-
Customer 16	Deposits and guarantees	15,000,000	3 to 4 years	7.55	1,156,752
Customer 19	Deposits and guarantees	4,080,000	Within 1 year	2.05	314,637
Customer 18	Deposits and guarantees	3,845,000	1 to 2 years	1.93	33,565
Total	/	86,980,681	/	43.75	2,531,294

Section X Financial Report

VII. NOTES TO KEY ITEMS OF THE CONSOLIDATED FINANCIAL STATEMENTS

(continued)

7. Other receivables (continued)

Other receivables (continued)

(7) Receivables involving government grants

Applicable Not applicable

Unit: Yuan Currency: RMB

Name of the entity	Name of government grants project	Closing gross carrying value	Ageing	Expected time and amount of receipt and its basis
Customer 15	Grants for R&D expenditure	30,161,061	Within 1 year and 1 to 2 years	According to the R&D expense credit policy, it is expected to receive a tax refund of GBP3,298,742 (equivalent to RMB30,161,061) in June 2023.

Other information

None

(8) Other receivables derecognized due to transfer of financial assets

Applicable Not applicable

(9) Amount of assets and liabilities formed by transferring other receivable but continuing involvement

Applicable Not applicable

Other information:

Applicable Not applicable

Section X Financial Report

VII. NOTES TO KEY ITEMS OF THE CONSOLIDATED FINANCIAL STATEMENTS

(continued)

8. Inventories

(1) Category of inventories

✓ Applicable Not applicable

Unit: Yuan Currency: RMB

Item	Gross carrying amount	Closing balance		Gross carrying amount	Opening balance	
		Provision for decline in value	Book Value		Provision for decline in value	Book Value
Raw materials	863,494,308	165,682,290	697,812,018	801,707,979	126,571,570	675,136,409
Work in progress	1,856,889,447	43,808,135	1,813,081,312	1,622,888,217	54,352,682	1,568,535,535
Finished goods	3,911,172,026	17,379,587	3,893,792,439	3,545,760,340	9,905,360	3,535,854,980
Turnover materials	67,368,660	10,464,896	56,903,764	51,939,975	9,884,054	42,055,921
Total	<u>6,698,924,441</u>	<u>237,334,908</u>	<u>6,461,589,533</u>	<u>6,022,296,511</u>	<u>200,713,666</u>	<u>5,821,582,845</u>

(2) Provision for decline in value of inventories and impairment of costs to fulfil a contract with a customer:

✓ Applicable Not applicable

Unit: Yuan Currency: RMB

Item	Opening balance	Increase in current period	Decrease in current period		Closing balance
			Recovery or transfer-out	Translation differences of financial statements denominated in foreign currencies	
Raw materials	126,571,570	40,661,200	579,467	971,013	165,682,290
Work in progress	54,352,682	3,037,146	14,855,932	-1,274,239	43,808,135
Finished goods	9,905,360	8,155,299	972,109	-291,037	17,379,587
Turnover materials	9,884,054	582,820	1,978	-	10,464,896
Total	<u>200,713,666</u>	<u>52,436,465</u>	<u>16,409,486</u>	<u>-594,263</u>	<u>237,334,908</u>

Section X Financial Report

VII. NOTES TO KEY ITEMS OF THE CONSOLIDATED FINANCIAL STATEMENTS

(continued)

8. Inventories (continued)

(3) Description of ending balance of inventory including capitalisation of borrowing costs

Applicable Not applicable

(4) Description of amortisation amount of contract performance cost in the current period

Applicable Not applicable

9. Contract assets

(1) Details of contract assets:

Applicable Not applicable

Unit: Yuan Currency: RMB

Item	Closing balance			Opening balance		
	Gross carrying amount	Provision for asset loss	Book value	Gross carrying amount	Provision for asset loss	Book value
Quality guarantee funds receivable	831,399,632	18,310,760	813,088,872	857,436,570	19,016,732	838,419,838
Construction service contract assets	165,076,469	-	165,076,469	32,319,152	-	32,319,152
Less: Contract assets included in other non-current assets (Note VII. 22)	408,973,924	8,449,016	400,524,908	448,932,589	9,647,312	439,285,277
Total	587,502,177	9,861,744	577,640,433	440,823,133	9,369,420	431,453,713

The quality guarantee funds receivable mentioned above mainly include quality guarantee funds 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 recognised based on the performance progress. Any difference between the revenue recognised based on the performance progress and the contract consideration collected after the customer completes the acceptance check and work settlement shall be recognised as contract assets, because the contractual terms and conditions for receiving the consideration are not yet satisfied. When the Group is unconditionally entitled to consideration upon provision of corresponding services to the customer, the contract assets would be recognised as accounts receivable.

(2) Amount and reasons for significant changes in book value during the reporting period

Applicable Not applicable

Section X Financial Report

VII. NOTES TO KEY ITEMS OF THE CONSOLIDATED FINANCIAL STATEMENTS

(continued)

9. Contract assets (continued)

(3) Provision for asset loss of contract assets is as follows

Applicable Not applicable

Unit: Yuan Currency: RMB

Items	Provision during the period	Reversals during the period	Transfer out/ written-off	Reason
Lifetime ECL – Not credit impaired	1,965,433	-1,473,109	–	
Lifetime ECL – Credit impaired	–	–	–	
Total	<u>1,965,433</u>	<u>-1,473,109</u>	<u>–</u>	/

If the provision for credit loss is accrued according to the general model, please refer to the Note of Other Receivable.

Applicable Not applicable

Other information:

Applicable Not applicable

As at 30 June 2023, book value of contract assets of related parties of the Group are set out in Note XII. 6.

Section X Financial Report

VII. NOTES TO KEY ITEMS OF THE CONSOLIDATED FINANCIAL STATEMENTS

(continued)

10. Non-current assets due within one year

Applicable Not applicable

Unit: Yuan Currency: RMB

Item	Closing balance	Opening balance
Certificate of deposits due within one year	745,040,800	338,600,452
Long-term receivables due within one year	1,083,410	2,151,177
Total	746,124,210	340,751,629

Significant debt investment and other debt investment at the end of the period:

Applicable Not applicable

Other information:

None

11. Other current assets

Applicable Not applicable

Unit: Yuan Currency: RMB

Item	Closing balance	Opening balance
VAT retained for deduction	375,256,052	218,392,719
Other taxes prepaid	13,410,992	53,847,913
Certificate of deposits ("CDs")	50,175,806	50,157,194
Total	438,842,850	322,397,826

Other information:

None

Section X Financial Report

VII. NOTES TO KEY ITEMS OF THE CONSOLIDATED FINANCIAL STATEMENTS

(continued)

12. Long-term equity investments

✓ Applicable □ Not applicable

Unit: Yuan Currency: RMB

Name of investees	Balance at 1 January 2023	Changes for the period			Balance at 30 June 2023	Impairment provision at 30 June 2023
		Increasing investment	Investment income or loss recognised under equity method	Profits declared to be distributed		
I. Joint ventures						
ZhuzhouShiling Transportation Equipment Co.,Ltd. ("Shiling")	106,377,120	-	1,583,204	-	107,960,324	-
ZhejiangTimesLANP New Energy Co.,Ltd. ("Zhejiang LANP")	13,782,339	-	-2,687,295	-	11,095,044	-
ShanghaiShentong CRRC Rail Transit Operation Safety Engineering Technology Research Co., Ltd. ("Shanghai shenzhong")	9,014,247	-	-462,904	-	8,551,343	-
ZhengzhouTimes Transportation Electrical Equipment Co., Ltd. ("Zhengzhou Times")	8,782,600	-	1,868,707	-	10,651,307	-
Guangzhou Qinglan Semiconductor Co., Ltd. ("Qinglan Semiconductor")	72,370,574	73,500,000	-2,380,260	-	143,490,314	-
Sub-total	210,326,880	73,500,000	-2,078,548	-	281,748,332	-
II. Associates						
Wuxi CRRC Hofer Powertrain Co., Ltd. ("CRRC Hofer")	-	-	-	-	-	-
Siemens Traction Equipment Ltd., Zhuzhou ("Zhuzhou Siemens")	46,719,865	-	192,879	-	46,912,744	-
Hunan Guoxin Semiconductor Technology Co., Ltd. ("CRRC Guoxin Technology")	50,165,681	-	83,497	-	50,249,178	-
Hunan Times Wabtec Transit Transport & Equipment Co., Ltd. ("Times Wabtec")	15,820,180	-	-688,332	-	15,131,848	-
Zhixin Semiconductor Co., Ltd. ("Zhixin Semiconductor")	93,133,092	-	-7,015,444	-	86,117,648	-
CRRC India Private Limited ("CRRC India")	15,264,370	-	101,511	-	15,365,881	-
Wuxi Times Smart Transportation Institute Co., Ltd. ("Wuxi Times")	21,855,251	-	-130,688	-	21,724,563	-
Foshan Zhongshi Zhihui Transportation Technology Co., Ltd. ("Foshan Zhongshi")	6,775,029	-	1,789,362	-	8,564,391	-
Guangzhou High-speed Rail Technology Co., Ltd. ("Guangzhou High-speed")	3,490,534	-	-380,000	-	3,110,534	-
Sub-total	253,224,002	-	-6,047,215	-	247,176,787	-
Total	463,550,882	73,500,000	-8,125,763	-	528,925,119	-

Section X Financial Report

VII. NOTES TO KEY ITEMS OF THE CONSOLIDATED FINANCIAL STATEMENTS

(continued)

12. Long-term equity investments (continued)

Other information:

During the six-month period ended 30 June 2023, CRRC Hofer continued suffering losses. As the Group did not have an obligation to assume additional losses for CRRC Hofer, the carrying amount of the long-term equity investment was reduced to zero when the Group's share of net losses incurred was recognised. As at 30 June 2023, the accumulated unrecognised investment losses amounted to RMB24,417,117.

13. Other equity instrument investments

(1) Other equity instrument investments

Applicable Not applicable

Unit: Yuan Currency: RMB

Item	Closing balance	Opening balance
Xicheng CRRC (Wuxi) Urban Transit Transport Engineering Co., Ltd. (Note 1)	167,867,640	109,673,525
CRRC Environmental & Technology Co., Ltd.	30,000,000	30,000,000
Guochuang Energy Internet Innovation Center (Guangdong) Co., Ltd.	8,000,000	8,000,000
Jinhua CRRC Rail Vehicle Co., Ltd.	5,000,000	5,000,000
Total	210,867,640	152,673,525

Note 1: In 2023, the Group contributed RMB58,194,115 to Xicheng CRRC (Wuxi) Urban Transit Transport Engineering Co., Ltd.

Details of fair value measurement of the above other equity instrument investments are set out in Note XI.

Section X Financial Report

VII. NOTES TO KEY ITEMS OF THE CONSOLIDATED FINANCIAL STATEMENTS

(continued)

13. Other equity instrument investments (continued)

(2) Details of non-tradable equity instrument investments

✓ Applicable Not applicable

Unit: Yuan Currency: RMB

Item	Dividend income recognized in the current period	Accumulative gains	Accumulative losses	Amount of other comprehensive income transferred to retained earnings	Reason for being designated at FVTOCI	Reason of other comprehensive income transferred to retained earnings
Xicheng CRRC (Wuxi) Urban Transit Transport Engineering Co., Ltd.	-	-	-	-	Note 1	/
CRRC Environmental & Technology Co., Ltd.	-	-	-	-	Note 1	/
Guochuang Energy Internet Innovation Center (Guangdong) Co., Ltd.	-	-	-	-	Note 1	/
Jinhua CRRC Rail Vehicle Co., Ltd.	-	-	-	-	Note 1	/
Total	-	-	-	-	/	/

Other information:

✓ Applicable Not applicable

Note 1: The unlisted equity instrument investments of the Group are investments planned to be held for the long term for the strategic purpose of the Group, but do not intended to sell in the near term for short-term gain. Therefore, the above investments are designated as financial assets at FVTOCI by the Group.

Section X Financial Report

VII. NOTES TO KEY ITEMS OF THE CONSOLIDATED FINANCIAL STATEMENTS

(continued)

14. Fixed assets

Presented by item

Applicable Not applicable

Unit: Yuan Currency: RMB

Item	Closing balance	Opening balance
Fixed assets	4,768,522,195	4,802,515,644
Disposal of fixed assets	—	—
Total	<u>4,768,522,195</u>	<u>4,802,515,644</u>

Other information:

None

Section X Financial Report

VII. NOTES TO KEY ITEMS OF THE CONSOLIDATED FINANCIAL STATEMENTS

(continued)

14. Fixed assets (continued)

Fixed assets

(1) Details of fixed assets

✓ Applicable □ Not applicable

Unit: Yuan Currency: RMB

Item	Plants and buildings	Machinery and equipment	Motor vehicles	Office equipment and others	Total
I. Cost:					
1. Opening balance	2,073,230,235	5,518,289,549	43,329,506	658,087,347	8,292,936,637
2. Increases	20,894,165	280,411,603	707,597	17,126,772	319,140,137
(1) Additions	17,112,584	87,793,559	707,597	15,733,687	121,347,427
(2) Transfer from construction in progress	1,839,852	161,408,129	–	1,356,490	164,604,471
(3) Translation differences arising from translation of foreign currency financial statements	1,941,729	31,209,915	–	36,595	33,188,239
3. Decreases	–	4,902,043	1,267,053	5,624,864	11,793,960
(1) Disposal or retirement	–	4,902,043	1,267,053	5,624,864	11,793,960
4. Closing balance	2,094,124,400	5,793,799,109	42,770,050	669,589,255	8,600,282,814
II. Accumulated depreciation					
1. Opening balance	663,832,362	2,319,200,597	40,091,098	414,702,614	3,437,826,671
2. Increases	37,844,554	271,925,125	590,009	41,965,055	352,324,743
(1) Provision	35,564,411	247,890,064	590,009	41,941,237	325,985,721
(2) Translation differences arising from translation of foreign currency financial statements	2,280,143	24,035,061	–	23,818	26,339,022
3. Decreases	–	3,600,635	1,203,701	6,180,781	10,985,117
(1) Disposal or retirement	–	3,600,635	1,203,701	6,180,781	10,985,117
4. Closing balance	701,676,916	2,587,525,087	39,477,406	450,486,888	3,779,166,297
III. Provision for impairment					
1. Opening balance	10,513,264	42,081,058	–	–	52,594,322
2. Increases	–	–	–	–	–
3. Decreases	–	–	–	–	–
4. Closing balance	10,513,264	42,081,058	–	–	52,594,322
IV. Carrying amount					
1. Carrying amount at the end of the period	1,381,934,220	3,164,192,964	3,292,644	219,102,367	4,768,522,195
2. Carrying amount at the beginning of the period	1,398,884,609	3,157,007,894	3,238,408	243,384,733	4,802,515,644

Section X Financial Report

VII. NOTES TO KEY ITEMS OF THE CONSOLIDATED FINANCIAL STATEMENTS

(continued)

14. Fixed assets (continued)

Fixed assets (continued)

(2) Fixed assets temporary idle

Applicable Not applicable

(3) Fixed assets leased in under financing leases

Applicable Not applicable

(4) Fixed assets leased out under operating leases

Applicable Not applicable

Unit: Yuan Currency: RMB

Item	Closing balance	Opening balance
Total	<u>34,323,950</u>	<u>56,065,573</u>
Plants and buildings	<u>34,323,950</u>	<u>56,065,573</u>

(5) Details of fixed assets of which property right certificates had not been obtained yet

Applicable Not applicable

Other information:

Applicable Not applicable

Disposal of fixed assets

Applicable Not applicable

Section X Financial Report

VII. NOTES TO KEY ITEMS OF THE CONSOLIDATED FINANCIAL STATEMENTS

(continued)

15. Construction in progress

Presented by item

✓ Applicable Not applicable

Unit: Yuan Currency: RMB

Item	Closing balance	Opening balance
Construction in progress	737,247,296	453,599,990
Construction materials	—	—
Total	<u>737,247,296</u>	<u>453,599,990</u>

Other information:

None

Construction in progress

(1) Details of construction in progress:

✓ Applicable Not applicable

Unit: Yuan Currency: RMB

Item	Closing balance			Opening balance		
	Gross carrying amount	Provision for impairment	Book value	Gross carrying amount	Provision for impairment	Book value
Chencang base project	161,705,292	—	161,705,292	137,104,731	—	137,104,731
Innovation experiment platform construction project	178,203,477	—	178,203,477	120,508,107	—	120,508,107
Automobile components supporting construction project	198,921,094	—	198,921,094	112,277,112	—	112,277,112
The revamping and expansion of high voltage IGBT chip module production line	545,951	—	545,951	26,107,074	—	26,107,074
PLM Phase II Project	4,729,246	—	4,729,246	4,729,246	—	4,729,246
Construction project of the manufacturing base (Zhuzhou) of new energy vehicle electric power systems and components	95,800,773	—	95,800,773	—	—	—
Construction project of medium and low voltage power device industrialisation (Yixing)	19,975,076	—	19,975,076	167,538	—	167,538
Construction project of the technology capacity improvement for the silicon carbide chip production line	35,929,205	—	35,929,205	23,133,557	—	23,133,557
Others	41,437,182	—	41,437,182	29,572,625	—	29,572,625
Total	<u>737,247,296</u>	<u>—</u>	<u>737,247,296</u>	<u>453,599,990</u>	<u>—</u>	<u>453,599,990</u>

Section X Financial Report

VII. NOTES TO KEY ITEMS OF THE CONSOLIDATED FINANCIAL STATEMENTS

(continued)

15. Construction in progress (continued)

Construction in progress (continued)

(2) Movements of significant construction in progress for the period

Applicable Not applicable

Unit: Yuan Currency: RMB

Name of item	Budget	Opening balance	Increase	Transferred to fixed assets	Transferred to intangible assets	Other decrease	Translation differences of financial statements		Proportion of amount injected to the budget (%)	Source of funding
							denominated in foreign currencies	Closing balance		
Chencang base project	600,000,000	137,104,731	24,600,561	-	-	-	-	161,705,292	27.00	Raised funds and self-raised
Innovation experiment platform construction project	991,600,000	120,508,107	57,695,370	-	-	-	-	178,203,477	31.00	Raised funds and self-raised
Automobile components supporting construction project	3,337,700,000	112,277,112	102,772,409	-16,062,944	-65,483	-	-	198,921,094	93.00	Self-raised
The revamping and expansion of high voltage IGBT chip module production line	505,000,000	26,107,074	545,951	-12,516,030	-	-13,591,044	-	545,951	98.00	Government grants and self-raised
PLM Phase II Project	5,570,000	4,729,246	-	-	-	-	-	4,729,246	90.00	Self-raised
Construction project of the manufacturing base (Zhuzhou) of new energy vehicle electric power systems and components	1,107,990,000	-	95,800,773	-	-	-	-	95,800,773	9.00	Self-raised
Construction project of medium and low voltage power device industrialisation (Yixing)	5,825,830,000	167,538	19,807,538	-	-	-	-	19,975,076	3.00	Self-raised
Construction project of the technology capacity improvement for the silicon carbide chip production line	461,600,000	23,133,557	136,626,341	-123,830,693	-	-	-	35,929,205	71.00	Self-raised
Others	-	29,572,625	22,874,868	-12,194,804	-	-	1,184,493	41,437,182	-	-
Total	12,835,290,000	453,599,990	460,723,811	-164,604,471	-65,483	-13,591,044	1,184,493	737,247,296	/	/

(3) Provision for impairment of construction in progress in the current period

Applicable Not applicable

Other information

Applicable Not applicable

Construction materials

Applicable Not applicable

Section X Financial Report

VII. NOTES TO KEY ITEMS OF THE CONSOLIDATED FINANCIAL STATEMENTS

(continued)

16. Right-of-use assets

✓ Applicable □ Not applicable

Unit: Yuan Currency: RMB

Item	Land use rights (Note 1)	Plants and buildings	Machinery and equipment	Motor vehicles	Office facilities and others	Total
I. Cost						
1. Opening balance	23,535,849	215,212,970	87,262,371	11,808,242	1,348,105	339,167,537
2. Increases	2,138,076	107,325,834	49,717,519	1,418,421	102,753	160,702,603
(1) Newly added lease	–	104,047,474	48,500,017	1,236,769	–	153,784,260
(2) Translation differences of financial statements denominated in foreign currencies	2,138,076	3,278,360	1,217,502	181,652	102,753	6,918,343
3. Decreases	–	42,591,424	6,113,055	2,596,414	1,450,858	52,751,751
(1) Expiration or termination of the lease contract	–	42,591,424	6,113,055	2,596,414	1,450,858	52,751,751
4. Closing balance	25,673,925	279,947,380	130,866,835	10,630,249	–	447,118,389
II. Accumulated depreciation						
1. Opening balance	5,458,235	112,255,411	7,046,507	6,165,778	1,239,261	132,165,192
2. Increases	1,132,711	54,531,016	13,690,418	1,405,998	102,753	70,862,896
(1) Provision for the year	824,089	52,653,722	13,256,279	1,388,417	–	68,122,507
(2) Translation differences of financial statements denominated in foreign currencies	308,622	1,877,294	434,139	17,581	102,753	2,740,389
3. Decreases	–	40,613,664	6,113,055	2,567,460	1,342,014	50,636,193
(1) Expiration or termination of the lease contract	–	40,613,664	6,113,055	2,567,460	1,342,014	50,636,193
4. Closing balance	6,590,946	126,172,763	14,623,870	5,004,316	–	152,391,895
III. Provision for impairment						
1. Opening balance	–	–	–	–	–	–
2. Increases	–	–	–	–	–	–
3. Decreases	–	–	–	–	–	–
4. Closing balance	–	–	–	–	–	–
IV. Carrying amount						
1. Carrying amount at 30 June 2023	19,082,979	153,774,617	116,242,965	5,625,933	–	294,726,494
2. Carrying amount at 1 January 2023	18,077,614	102,957,559	80,215,864	5,642,464	108,844	207,002,345

Other information:

Note 1: The land use right is the industrial land use right leased by Specialist Machine Developments Limited (“SMD”) (one of the Group’s subsidiary) from non-related parties in 2019. The original lease period is from June 10, 2019 to June 9, 2029 which was rescheduled to June 9, 2034 at August 24, 2021, and the total undiscounted rent is equivalent to RMB26,993,606.

The Group leases a number of assets, including land use rights, houses and buildings, machinery and equipment, transportation tools, office equipment and others, with a lease term of 1-15 years.

Section X Financial Report

VII. NOTES TO KEY ITEMS OF THE CONSOLIDATED FINANCIAL STATEMENTS

(continued)

17. Intangible assets

(1) Details of intangible assets

✓ Applicable □ Not applicable

Unit: Yuan Currency: RMB

Item	Land use rights	Software licences	Industrial properties and technical know-how	Trademarks	Total
I. Cost					
1. Opening balance	228,855,333	235,214,423	918,935,853	117,362,955	1,500,368,564
2. Increases	149,368,855	8,632,789	273,615,490	16,911,735	448,528,869
(1) Additions	147,980,100	2,520,131	640,481	–	151,140,712
(2) Transfer from development expenditure	–	–	258,483,751	–	258,483,751
(3) Transfer from construction in progress	–	65,483	–	–	65,483
(4) Translation differences arising from translation of foreign currency financial statements	1,388,755	6,047,175	14,491,258	16,911,735	38,838,923
3. Decreases	–	–	–	–	–
4. Closing balance	378,224,188	243,847,212	1,192,551,343	134,274,690	1,948,897,433
II. Accumulated amortisation					
1. Opening balance	58,742,964	172,816,905	559,877,115	69,907,168	861,344,152
2. Increases	4,603,364	19,657,792	63,476,838	13,467,789	101,205,783
(1) Provision for the year	4,603,364	14,195,354	49,068,334	6,730,889	74,597,941
(2) Translation differences arising from translation of foreign currency	–	5,462,438	14,408,504	6,736,900	26,607,842
3. Decreases	–	–	–	–	–
4. Closing balance	63,346,328	192,474,697	623,353,953	83,374,957	962,549,935
III. Provision for impairment					
1. Opening balance	–	506,859	6,013,134	–	6,519,993
2. Increases	–	–	–	–	–
3. Decreases	–	–	–	–	–
4. Closing balance	–	506,859	6,013,134	–	6,519,993
IV. Carrying amount					
1. Balance at the end of the period	314,877,860	50,865,656	563,184,256	50,899,733	979,827,505
2. Balance at the beginning of the period	170,112,369	61,890,659	353,045,604	47,455,787	632,504,419

At the end of the period, the proportion of the Group's intangible assets formed through internal research and development to the cost of intangible assets was 34.79%.

Section X Financial Report

VII. NOTES TO KEY ITEMS OF THE CONSOLIDATED FINANCIAL STATEMENTS

(continued)

17. Intangible assets (continued)

(2) Details of land use rights of which property right certificates had not been obtained

Applicable Not applicable

Other information:

Applicable Not applicable

As at 30 June 2023, the Group had no land use rights pledged for obtaining bank loans. The land used by the Group is mainly located in Chinese Mainland, with a holding period of 40-50 years.

18. Development expenditure

Applicable Not applicable

Unit: Yuan Currency: RMB

Item	Opening balance	Increases	Decreases		Closing balance
		Internal R&D expenses	Recognised as intangible assets	Transferred to profit or loss	
Research expenses	–	809,725,754	–	809,725,754	–
Development expenditure	429,162,131	44,852,017	258,483,751	–	215,530,397
Total	429,162,131	854,577,771	258,483,751	809,725,754	215,530,397

Other information:

None

Section X Financial Report

VII. NOTES TO KEY ITEMS OF THE CONSOLIDATED FINANCIAL STATEMENTS

(continued)

19. Goodwill

(1) Cost of goodwill

Applicable Not applicable

Unit: Yuan Currency: RMB

Name of investee or events forming goodwill	Opening balance	Increases Translation differences of financial statements denominated in foreign currencies	Closing balance
Dynex Power Inc. ("Canada Dynex")	46,517,958	–	46,517,958
Ningbo CRRC Times	437,432	–	437,432
CRRC Times Electronics	13,333,101	–	13,333,101
SMD	492,165,197	43,905,953	536,071,150
Total	552,453,688	43,905,953	596,359,641

(2) Provision for impairment of goodwill

Applicable Not applicable

Unit: Yuan Currency: RMB

Name of investee or events forming goodwill	Opening balance	Increases Translation differences of financial statements denominated in foreign currencies	Closing balance
Dynex Power Inc. ("Canada Dynex")	46,517,958	–	46,517,958
Ningbo CRRC Times	–	–	–
CRRC Times Electronics	–	–	–
SMD	320,082,493	28,554,491	348,636,984
Total	366,600,451	28,554,491	395,154,942

Section X Financial Report

VII. NOTES TO KEY ITEMS OF THE CONSOLIDATED FINANCIAL STATEMENTS

(continued)

19. Goodwill (continued)

(3) Relevant information of assets group or group of assets groups to which goodwill is allocated

Applicable Not applicable

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.

(4) Please disclose for the calculation, key index (for instance, revenue growth rate of the estimation period and the stabilization period, profit margin, discount rate, length of estimation period) and accounting approach for goodwill impairment testing

Applicable Not applicable

As at 30 June 2023, the Group performs impairment tests on goodwill arising from the acquisitions of SMD. The recoverable amount of the goodwill is determined based on present value of the expected future cash flows.

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	30 June 2023	31 December 2022
SMD	<u>13.50</u>	<u>13.50</u>

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 period/year is as follows:

Item	30 June 2023	31 December 2022
Revenue growth rate	<u>2%</u>	<u>2%</u>

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.

Section X Financial Report

VII. NOTES TO KEY ITEMS OF THE CONSOLIDATED FINANCIAL STATEMENTS

(continued)

19. Goodwill (continued)

(5) Results of impairment test on goodwill

Applicable Not applicable

As at 30 June 2023, the Group has performed impairment test on goodwill arising from the acquisitions of SMD and no impairment of goodwill was recognised.

Other information:

Applicable Not applicable

20. Long-term prepaid expenses

Applicable Not applicable

Unit: Yuan Currency: RMB

Item	Opening balance	Increase for the period	Amortised for the period	Closing balance
Leasehold improvement	33,086,341	3,171,254	4,059,426	32,198,169
Total	33,086,341	3,171,254	4,059,426	32,198,169

Other information:

None

Section X Financial Report

VII. NOTES TO KEY ITEMS OF THE CONSOLIDATED FINANCIAL STATEMENTS

(continued)

21. Deferred tax assets/liabilities

(1) Deferred tax assets that are not offset

✓ Applicable Not applicable

Unit: Yuan Currency: RMB

Item	Closing balance		Opening balance	
	Deductible temporary differences	Deferred tax assets	Deductible temporary differences	Deferred tax assets
Provision for product quality warranties	601,641,401	93,283,444	720,867,325	111,135,908
Provision for credit loss	341,418,201	51,300,504	265,497,015	39,631,671
Provision for impairment of assets	285,543,501	43,398,751	249,255,636	36,054,035
Government grants	885,882,841	133,651,803	857,082,489	116,490,011
Unrealised profit from internal transactions	1,699,374,275	254,960,479	1,063,871,692	159,592,979
Differences of depreciation/amortisation years due to tax laws and accounting treatment differences	54,331,989	8,192,910	55,306,320	8,382,991
Deductible losses	2,446,311,600	368,633,920	2,466,224,053	381,960,158
Accrued expenses	57,151,356	8,097,769	109,732,947	15,785,102
Accrued employee benefits that have not been paid yet	181,007,067	27,257,157	83,161,322	12,574,959
Changes in fair value of financial assets at fair value through other comprehensive income	55,954,993	8,575,847	71,050,255	11,061,139
Items of costs and expenses without invoices obtained	113,358,572	17,002,196	118,007,215	17,701,082
Lease liabilities	303,477,711	48,076,024	206,445,248	33,865,387
Others	736,416	184,104	615,272	163,048
Total	7,026,189,923	1,062,614,908	6,267,116,789	944,398,470

Section X Financial Report

VII. NOTES TO KEY ITEMS OF THE CONSOLIDATED FINANCIAL STATEMENTS

(continued)

21. Deferred tax assets/liabilities (continued)

(2) Deferred tax liabilities that are not offset

✓ Applicable Not applicable

Unit: Yuan Currency: RMB

Item	Closing balance		Opening balance	
	Taxable temporary differences	Deferred tax liabilities	Taxable temporary differences	Deferred tax liabilities
Adjustment on fair value of acquisition of subsidiaries	117,428,791	22,311,470	123,503,085	23,465,586
Gains on changes in fair value during the holding period of the financial assets at fair value through profit or loss	36,100,909	5,415,136	34,827,160	5,224,074
Right-of-use assets	299,602,033	47,504,774	206,934,701	33,958,035
Depreciation difference due to inconsistency of depreciation period between tax law and accounting	2,060,722,075	320,004,999	2,246,957,117	339,125,194
Total	2,513,853,808	395,236,379	2,612,222,063	401,772,889

(3) Deferred tax assets and deferred tax liabilities that are presented at the net amount after offset

✓ Applicable Not applicable

Unit: Yuan Currency: RMB

Item	Amount of offsetting of deferred tax assets and liabilities at the end of the period	Balances of deferred tax assets or liabilities after offsetting at the end of the period	Balances of deferred tax assets or liabilities after offsetting at the beginning of the period	
			Amount of offsetting of deferred tax assets and liabilities at the beginning of the period	Balances of deferred tax assets or liabilities after offsetting at the beginning of the period
Deferred tax assets	382,748,705	679,866,203	384,854,915	559,543,555
Deferred tax liabilities	382,748,705	12,487,674	384,854,915	16,917,974

Section X Financial Report

VII. NOTES TO KEY ITEMS OF THE CONSOLIDATED FINANCIAL STATEMENTS

(continued)

21. Deferred tax assets/liabilities (continued)

(4) Details of unrecognised deferred tax assets

Applicable Not applicable

Unit: Yuan Currency: RMB

Item	Closing balance	Opening balance
Deductible temporary differences	31,735,592	42,520,236
Deductible losses	2,663,528,016	2,326,862,255
Total	2,695,263,608	2,369,382,491

(5) Deductible tax losses, for which no deferred tax assets were recognised, will expire in the following years

Applicable Not applicable

Unit: Yuan Currency: RMB

Year	Closing balance	Opening balance	Note
At the end of 2031	4,284,442	11,401,471	
At the end of 2032	2,415,359,251	2,059,679,671	
Without fixed term (Note)	243,884,323	255,781,113	
Total	2,663,528,016	2,326,862,255	/

Other information:

Applicable Not applicable

Note: There is no fixed term for carry-forward of deductible losses generated by Canada Dynex, a subsidiary of the Group, CRRC Times Electric (Hong Kong) Co., Ltd. (hereinafter referred to as "HK CRRC Times Electric") and SMD.

Section X Financial Report

VII. NOTES TO KEY ITEMS OF THE CONSOLIDATED FINANCIAL STATEMENTS

(continued)

22. Other non-current assets

✓ Applicable □ Not applicable

Unit: Yuan Currency: RMB

Item	Closing balance			Opening balance		
	Gross carrying amount	Provision for impairment	Book value	Gross carrying amount	Provision for impairment	Book value
Large-denomination of certificates of deposit	3,500,619,576	-	3,500,619,576	3,305,380,382	-	3,305,380,382
Prepayments for purchase of machinery and equipment	306,602,772	-	306,602,772	209,563,302	-	209,563,302
Prepayments for construction of projects	40,237,836	-	40,237,836	28,914,614	-	28,914,614
Prepayments for acquisition of land use rights	80,088,602	-	80,088,602	42,408,602	-	42,408,602
Contract assets	408,973,924	8,449,016	400,524,908	448,932,589	9,647,312	439,285,277
Deposits from suppliers	122,760,089	3,170,829	119,589,260	122,760,089	3,170,829	119,589,260
Deposits for land auction	16,160,000	-	16,160,000	-	-	-
Total	<u>4,475,442,799</u>	<u>11,619,845</u>	<u>4,463,822,954</u>	<u>4,157,959,578</u>	<u>12,818,141</u>	<u>4,145,141,437</u>

Other information:

As at 30 June 2023, other non-current assets from related parties of the Group are set out in Note XII.6.

Section X Financial Report

VII. NOTES TO KEY ITEMS OF THE CONSOLIDATED FINANCIAL STATEMENTS

(continued)

23. Short-term borrowings

(1) Category of short-term borrowings

Applicable Not applicable

Unit: Yuan Currency: RMB

Item	Closing balance	Opening balance
Credit borrowings	<u>445,101,537</u>	<u>454,374,494</u>
Total	<u>445,101,537</u>	<u>454,374,494</u>

Description of classification of short-term borrowings:

As at 30 June 2023, the annual interest rate for short-term loans is 2.3% –7.19%.

As at 30 June 2023, the balance of short-term loans borrowed from related parties of the group are set out in Note XII.6.

(2) Past due and outstanding short-term loans

Applicable Not applicable

Other information:

Applicable Not applicable

Section X Financial Report

VII. NOTES TO KEY ITEMS OF THE CONSOLIDATED FINANCIAL STATEMENTS

(continued)

24. Bills payable

Applicable Not applicable

Unit: Yuan Currency: RMB

Item	Closing balance	Opening balance
Commercial acceptances	46,281,007	87,333,769
Bank acceptances	2,804,662,989	2,531,506,875
Total	2,850,943,996	2,618,840,644

There are no bills payable due and unpaid at the end of the period.

25. Accounts payable

(1) Accounts payable are set out as follows

Applicable Not applicable

Unit: Yuan Currency: RMB

Item	Closing balance	Opening balance
Related parties	952,637,347	1,086,861,491
Third parties	5,370,492,031	4,999,626,548
Total	6,323,129,378	6,086,488,039

Accounts payable bear no interest and are usually repayable within 3 months.

Section X Financial Report

VII. NOTES TO KEY ITEMS OF THE CONSOLIDATED FINANCIAL STATEMENTS

(continued)

25. Accounts payable (continued)

(2) Accounts payable are disclosed by ageing as follows

Unit: Yuan Currency: RMB

Item	Closing balance	Opening balance
Within 6 months	4,709,931,615	5,052,677,124
6 months to 1 year	894,211,891	494,025,967
1 to 2 years	392,187,945	257,384,295
2 to 3 years	109,396,647	60,285,324
Over 3 years	217,401,280	222,115,329
Total	6,323,129,378	6,086,488,039

The accounts payable aging of the group is divided based on invoice date.

(3) Significant accounts payable aged over one year

Applicable Not applicable

Unit: Yuan Currency: RMB

Item	Closing balance	Reasons for not being repaid or carried forward
Supplier 18	64,405,859	Unsettled material payment
Supplier 19	36,317,281	Unsettled material payment
Supplier 22	31,721,242	Unsettled material payment
Supplier 37	24,964,417	Unsettled material payment
Supplier 38	19,442,230	Unsettled material payment
Total	176,851,029	

Other information:

Applicable Not applicable

As at 30 June 2023, the amount payable to related parties of the Group in the balance of accounts payable are set out in Note XII.6.

Section X Financial Report

VII. NOTES TO KEY ITEMS OF THE CONSOLIDATED FINANCIAL STATEMENTS

(continued)

26. Contract liabilities

(1) Details of contract liabilities

Applicable Not applicable

Unit: Yuan Currency: RMB

Item	Closing balance	Opening balance
Related to sales contract	650,649,000	639,885,805
Related to construction service contract	23,343,807	—
Total	673,992,807	639,885,805

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 recognised upon the completion of the transfer of the Group's relevant goods/performance obligations.

The Group's contract liabilities related to the construction service contracts represented the excess of the settled amount over revenue recognised based on the progress of construction.

As at 30 June 2023, contract liabilities from related parties of the Group are set out in Note XII.6.

(2) Account and reason for significant changes in the contract liabilities in the current period

Applicable Not applicable

Other information:

Applicable Not applicable

Section X Financial Report

VII. NOTES TO KEY ITEMS OF THE CONSOLIDATED FINANCIAL STATEMENTS

(continued)

27. Employee benefits payable

(1) Details of employee benefits payable

✓ Applicable Not applicable

Unit: Yuan Currency: RMB

Item	Opening balance	Increases	Decreases	Translation differences of financial statements denominated in foreign currencies	Closing balance
I. Short-term employee benefits	158,882,456	1,042,648,526	872,715,219	511,498	329,327,261
II. Post-employment benefits – Defined contribution plan	14,364,810	154,587,977	155,844,315	261,913	13,370,385
III. Termination benefits	–	8,000,828	8,000,828	–	–
IV. Labour expenditures	–	11,718,578	11,718,578	–	–
Total	173,247,266	1,216,955,909	1,048,278,940	773,411	342,697,646

(2) Details of short-term benefits

✓ Applicable Not applicable

Unit: Yuan Currency: RMB

Item	Opening balance	Increases	Decreases	Translation differences of financial statements denominated in foreign currencies	Closing balance
I. Salaries, bonuses, allowances and subsidies	3,282,509	825,487,787	668,285,802	485,557	160,970,051
II. Welfare benefits	–	31,102,654	31,102,654	–	–
III. Social insurances	9,304,356	79,645,794	79,843,176	–	9,106,974
Including: Basic medical insurance	2,533,281	52,720,211	53,030,328	–	2,223,164
Supplementary medical insurance	6,086,888	20,458,897	20,353,382	–	6,192,403
Work injury insurance	684,187	6,421,732	6,453,152	–	652,767
Maternity insurance	–	44,954	6,314	–	38,640
IV. Housing funds	1,398,074	73,979,699	74,489,789	–	887,984
V. Employee union funds and staff education funds	143,721,951	28,912,504	15,474,220	–	157,160,235
VI. Others	1,175,566	3,520,088	3,519,578	25,941	1,202,017
Total	158,882,456	1,042,648,526	872,715,219	511,498	329,327,261

Section X Financial Report

VII. NOTES TO KEY ITEMS OF THE CONSOLIDATED FINANCIAL STATEMENTS

(continued)

27. Employee benefits payable (continued)

(3) Details of defined contribution plan

✓ Applicable Not applicable

Unit: Yuan Currency: RMB

Item	Opening balance	Increases	Decreases	Translation differences of financial statements denominated in foreign currencies	Closing balance
1. Basic pension insurance	13,843,252	116,938,997	117,693,723	261,913	13,350,439
2. Unemployment insurance	53,054	4,225,107	4,258,215	-	19,946
3. Enterprise annuity	468,504	33,423,873	33,892,377	-	-
Total	14,364,810	154,587,977	155,844,315	261,913	13,370,385

Other information:

✓ Applicable Not applicable

Employees of the Group are required to participate in defined contribution schemes which are administered and operated by the local municipal government. The Group contributes funds which are calculated on certain percentage as agreed by the local municipal government to the scheme. The Group's contributions to the defined contribution plan, including the social pension insurance schemes and the annuity plan, are recognised as expenses when incurred. As of 30 June 2023, there are no forfeited contributions that may be used by the Company and its subsidiaries to reduce the existing level of contribution.

28. Taxes payable

✓ Applicable Not applicable

Unit: Yuan Currency: RMB

Item	Closing balance	Opening balance
VAT	37,827,669	178,996,364
Enterprise income tax	94,119,515	55,712,832
Individual income tax	2,873,147	38,346,121
City maintenance and construction tax and education surcharges	5,285,530	14,857,162
Others	7,879,783	13,243,472
Total	147,985,644	301,155,951

Other information:

None

Section X Financial Report

VII. NOTES TO KEY ITEMS OF THE CONSOLIDATED FINANCIAL STATEMENTS

(continued)

29. Other payables

Presented by item

Applicable Not applicable

Unit: Yuan Currency: RMB

Item	Closing balance	Opening balance
Dividends payable	778,930,302	1,715,000
Other payables	949,463,801	981,502,920
Total	1,728,394,103	983,217,920

Other information:

None

Interest payable

Applicable Not applicable

Dividends payable

Applicable Not applicable

Unit: Yuan Currency: RMB

Item	Closing balance	Opening balance
Dividends payable-related parties	334,931,557	—
Dividends payable-non-related parties	443,998,745	1,715,000
Total	778,930,302	1,715,000

Other information: Disclose the reason for significant dividends not paid in one year.

None

Section X Financial Report

VII. NOTES TO KEY ITEMS OF THE CONSOLIDATED FINANCIAL STATEMENTS

(continued)

29. Other payables (continued)

Other payables

(1) Other payables are presented by nature

Applicable Not applicable

Unit: Yuan Currency: RMB

Item	Closing balance	Opening balance
Amounts due to related parties	410,652,701	419,110,319
Deposits and guarantees	205,113,441	197,364,028
Projects and equipment	174,972,541	160,352,360
Recovery of factoring payable	–	19,007,710
Withholding social security contributions	3,292,760	2,900,230
Others	155,432,358	182,768,273
Total	949,463,801	981,502,920

(2) Significant other payables aged over one year

Applicable Not applicable

Unit: Yuan Currency: RMB

Name of the entity	Closing balance	Reasons for not being repaid or carried forward
Supplier 26	379,623,000	Not due
Supplier 39	14,550,234	Not due
Supplier 40	14,035,968	Not due
Supplier 41	12,645,150	Not due
Supplier 42	6,173,001	Not due
Total	427,027,353	/

Other information:

Applicable Not applicable

As at 30 June 2023, the balance of other payables due to related parties of the Group are set out in Note XII.6.

Section X Financial Report

VII. NOTES TO KEY ITEMS OF THE CONSOLIDATED FINANCIAL STATEMENTS

(continued)

30. Non-current liabilities due within 1 year

Applicable Not applicable

Unit: Yuan Currency: RMB

Item	Closing balance	Opening balance
Lease liabilities due within 1 year (Note VII. 33)	71,351,017	58,331,087
Provisions due within 1 year (Note VII. 35)	265,050,075	312,552,654
Long-term borrowings due within 1 year (Note VII. 32)	5,080,791	5,025,637
Total	341,481,883	375,909,378

Other information:

As at 30 June 2023, Non-current liabilities due within 1 year from related parties of the Group are set out in Note XII. 6.

31. Other current liabilities

Applicable Not applicable

Unit: Yuan Currency: RMB

Item	Closing balance	Opening balance
VAT for sales of goods collected in advance	74,751,099	68,792,364
Total	74,751,099	68,792,364

The movements of short-term debentures payable:

Applicable Not applicable

Other information:

Applicable Not applicable

Section X Financial Report

VII. NOTES TO KEY ITEMS OF THE CONSOLIDATED FINANCIAL STATEMENTS

(continued)

32. Long-term borrowings

(1) Classification of long-term borrowings

Applicable Not applicable

Unit: Yuan Currency: RMB

Item	Closing balance	Opening balance
Credit borrowings	228,770,974	77,713,637
Less: Long-term borrowings due within 1 year (Note VII. 30)	5,080,791	5,025,637
Total	223,690,183	72,688,000

Description of classification of long-term borrowings:

As at 30 June 2023, the balance of long-term loans borrowed from the Group's related parties is set out in Note XII.6.

Other information, including interest rate range:

Applicable Not applicable

(1) Interest rate of the above borrowings is as follows:

Unit: Yuan Currency: RMB

Item	Closing balance	Opening balance
Floating interest rate per annum	2.45%	—
Fixed interest rate per annum	1.08% & 2.50%	1.08%

(2) Maturity analysis:

Unit: Yuan Currency: RMB

Item	Closing balance	Opening balance
Due within 1 year	5,080,791	5,025,637
Due within 1 to 2 years	157,158,083	5,000,000
Due within 2 to 5 years	35,344,100	30,500,000
Due over 5 years	31,188,000	37,188,000
Total	228,770,974	77,713,637

Section X Financial Report

VII. NOTES TO KEY ITEMS OF THE CONSOLIDATED FINANCIAL STATEMENTS

(continued)

33. Lease liabilities

✓ Applicable Not applicable

Unit: Yuan Currency: RMB

Item	Closing balance	Opening balance
Long-term lease liabilities	291,841,623	193,708,882
Less: Lease liabilities classified as non-current liabilities due within 1 year (Note VII.30)	71,351,017	58,331,087
Total	220,490,606	135,377,795

Other information:

Maturity analysis:

Unit: Yuan Currency: RMB

Item	Closing balance	Opening balance
Due within 1 to 2 years	83,384,000	50,150,527
Due within 2 to 5 years	127,764,247	69,457,864
Due over 5 years	45,415,345	35,854,374
Total	256,563,592	155,462,765
Less: Unrecognised financing expenses	36,072,986	20,084,970
Lease liabilities	220,490,606	135,377,795

As at 30 June 2023, Lease liabilities from related parties of the Group are set out in Note XII. 6.

Section X Financial Report

VII. NOTES TO KEY ITEMS OF THE CONSOLIDATED FINANCIAL STATEMENTS

(continued)

34. Long-term payables

Applicable Not applicable

Unit: Yuan Currency: RMB

Item	Closing balance	Opening balance
Long-term payables	135,313	–
Special payables	–	–
Total	135,313	–

Other information:

None

Long-term payables

Applicable Not applicable

Unit: Yuan Currency: RMB

Item	Opening balance	Closing balance
Product quality warranties	135,313	–
Total	135,313	–

Other information:

None

Special payables

Applicable Not applicable

Section X Financial Report

VII. NOTES TO KEY ITEMS OF THE CONSOLIDATED FINANCIAL STATEMENTS

(continued)

35. Provisions

Applicable Not applicable

Unit: Yuan Currency: RMB

Item	Opening balance	Closing balance	Cause
Provision for product quality warranties	605,826,185	734,412,336	After sales service agreed in the agreement
Provision for disposal cost of building	276,155	–	Expected building removal cost
Less: Provisions due within 1 year (Note VII.30)	<u>265,050,075</u>	<u>312,552,654</u>	/
Total	<u>341,052,265</u>	<u>421,859,682</u>	/

Other information, including key assumptions and estimations related to significant provisions:

None

36. Deferred income

Details of deferred income

Applicable Not applicable

Unit: Yuan Currency: RMB

Item	Opening balance	Increases	Decreases	Closing balance
Government grants				
Government grants related to assets	204,139,692	–	23,419,471	180,720,221
Government grants related to income	<u>652,942,796</u>	<u>178,507,162</u>	<u>126,287,338</u>	<u>705,162,620</u>
Total	<u>857,082,488</u>	<u>178,507,162</u>	<u>149,706,809</u>	<u>885,882,841</u>

Other information:

Applicable Not applicable

Section X Financial Report

VII. NOTES TO KEY ITEMS OF THE CONSOLIDATED FINANCIAL STATEMENTS

(continued)

36. Deferred income (continued)

Details of deferred income (continued)

Items relating to government grants:

Unit: Yuan Currency: RMB

Liability	Opening balance	Additional subsidies in the period	Amounts recognised in other income during the period	Other changes	Closing balance	Related to assets/income
Automobile component project	303,176,613	150,000,000	120,987,337	-	332,189,276	Income
8-inch IGBT intelligent manufacturing and digital factory construction project	50,972,114	-	9,481,517	-	41,490,597	Assets
Construction of R&D and trial-manufacturing centre of IGBT for electric vehicles	44,583,333	-	2,500,000	-	42,083,333	Assets
Fiscal allotment for IGBT Phase II information industry technological upgrading (the revamping of high voltage and low voltage IGBT chip module production line)	32,352,941	-	5,882,353	-	26,470,588	Assets
Industrialization of silicon carbide (SiC) MOSFET chips for new energy vehicles project	32,300,000	-	-	-	32,300,000	Income
Maotangao public rental housing construction project	16,794,048	-	227,459	-	16,566,589	Assets
Industrial foundation fortification project-production of IGBT module for alternative fuel automobile	15,921,895	-	3,179,188	-	12,742,707	Assets
SiC single crystal material R & D and industrialization project	9,858,273	-	242,364	-	9,615,909	Assets
SiC base industrial construction project fund	7,858,418	-	1,097,248	-	6,761,170	Assets
Refund of land subsidy	7,552,288	-	103,456	-	7,448,832	Assets
Research and Demonstration Application of Key Equipment Technology for Deep Sea Mineral Resource Mining	5,738,000	1,500,000	-	-	7,238,000	Income
Hunan governmental earmark on the development of the second batch of mobile internet industry in 2016	5,000,000	-	-	-	5,000,000	Assets
Industrial support funds	3,059,160	-	39,220	-	3,019,940	Assets
Semiconductor three-line construction infrastructure subsidies	2,800,000	-	200,000	-	2,600,000	Assets
Construction of intelligent manufacturing works for core components of rolling stock (Manufacturing center)	1,597,223	-	416,667	-	1,180,556	Assets
Research project on the performance improvement technology of special sensors for traction and braking systems	-	3,745,000	-	-	3,745,000	Income
Research and development project on the long-distance and high-efficiency power transmission and self-adapting drive control system	-	3,340,900	-	-	3,340,900	Income
Others	317,518,182	19,921,262	5,350,000	-	332,089,444	Income/Assets
Total	857,082,488	178,507,162	149,706,809	-	885,882,841	

Section X Financial Report

VII. NOTES TO KEY ITEMS OF THE CONSOLIDATED FINANCIAL STATEMENTS

(continued)

37. Share capital

Applicable Not applicable

Unit: Yuan Currency: RMB

	Opening balance	Changes during the period (+/-)				Sub-total	Closing balance
		Share issued	Bonus shares	Transfer from reserves	Others		
Total numbers of shares	1,416,236,912	-	-	-	-	-	1,416,236,912
Restricted shares:	-						
Shares held by state-owned legal person	634,912,705	-	-	-	31,900	31,900	634,944,605
Shares held by other domestic investors	22,753,714	-	-	-	-	-	22,753,714
Shares held by foreign investor	-	-	-	-	-	-	-
Unrestricted shares:							
H Shares listed abroad	547,329,400	-	-	-	-	-	547,329,400
A Shares listed domestically	211,241,093	-	-	-	-31,900	-31,900	211,209,193
Total	1,416,236,912	-	-	-	-	-	1,416,236,912

Other information:

None

38. Capital reserve

Applicable Not applicable

Unit: Yuan Currency: RMB

Item	Opening balance	Increases	Decreases	Closing balance
Share premium	10,516,315,571	-	-	10,516,315,571
Other capital reserves	-4,867,207	-	-	-4,867,207
Total	10,511,448,364	-	-	10,511,448,364

Other information, including descriptions about movements during the period and reasons:

None

Section X Financial Report

VII. NOTES TO KEY ITEMS OF THE CONSOLIDATED FINANCIAL STATEMENTS

(continued)

39. Other comprehensive income

Applicable Not applicable

Unit: Yuan Currency: RMB

Item	Opening balance	Amount incurred for current period before tax	Movement for the period				Closing balance
			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	
Other comprehensive income that will be reclassified to profit or loss	-217,184,032	13,856,847	-29,248,022	2,485,292	40,496,751	122,826	-176,687,281
Changes in fair value of other debt investments	-65,330,637	-12,824,786	-29,248,022	2,485,292	13,815,118	122,826	-51,515,519
Translation differences of financial statements denominated in foreign currencies	-151,853,395	26,681,633	-	-	26,681,633	-	-125,171,762
Total other comprehensive income	-217,184,032	13,856,847	-29,248,022	2,485,292	40,496,751	122,826	-176,687,281

Other information, including adjustment to the amount removed from the effective portion of the gain or loss on cash flow hedge reserve to the initial cost of the hedged item:

None

40. Special reserve

Applicable Not applicable

Unit: Yuan Currency: RMB

Item	Opening balance	Increase	Decrease	Closing balance
Safety production fees	39,091,759	36,329,772	13,977,613	61,443,918

Other descriptions, including descriptions about movements during the period and causes:

None

Section X Financial Report

VII. NOTES TO KEY ITEMS OF THE CONSOLIDATED FINANCIAL STATEMENTS

(continued)

41. Surplus reserve

Applicable Not applicable

Unit: Yuan Currency: RMB

Item	Opening balance	Increase	Decrease	Closing balance
Statutory surplus reserve	2,921,038,979	-	-	2,921,038,979

Descriptions of surplus reserves, including descriptions about movements during the period and causes:

None

42. Retained earnings

Applicable Not applicable

Unit: Yuan Currency: RMB

Item	Current period	Prior period
Retained earnings at the end of the period (before adjustment)	19,860,068,021	18,316,811,951
Total adjustments for opening retained earnings ("+" for increase; "-" for decrease)	-	-
Retained earnings at the beginning of the period (after adjustment)	19,860,068,021	18,316,811,951
Add: Net profit attributable to shareholders of the Parent Company	1,154,168,154	2,555,823,375
Less: Appropriation to statutory surplus reserve	-	375,260,695
Common stock dividends payable	778,930,302	637,306,610
Retained earnings at the end of the period	20,235,305,873	19,860,068,021

The 2022 year profit distribution proposal of the Company has been reviewed and approved in the 2022 annual general meeting of shareholders for 2022 held on 27 June 2023, pursuant to which a final dividend of RMB0.55 Yuan (including tax) for the year of 2022 was paid on each of the 1,416,236,912 shares in issue, amounting to a total cash dividend of RMB778,930,302.

Section X Financial Report

VII. NOTES TO KEY ITEMS OF THE CONSOLIDATED FINANCIAL STATEMENTS

(continued)

43. Revenue and cost of sales

(1) Details of revenue and cost of sales

✓ Applicable Not applicable

Unit: Yuan Currency: RMB

Item	Current period		Prior period	
	Revenue	Cost of sales	Revenue	Cost of sales
Principal operating activities	8,439,981,139	5,800,455,368	6,428,096,620	4,209,149,865
Other operating activities	130,229,494	106,137,037	98,814,120	85,480,785
Total	<u>8,570,210,633</u>	<u>5,906,592,405</u>	<u>6,526,910,740</u>	<u>4,294,630,650</u>

(2) Presentation of revenue and cost of sales by business type is as follows:

Unit: Yuan Currency: RMB

Item	Current period		Prior period	
	Revenue	Cost of sales	Revenue	Cost of sales
Rail transit equipment business	4,690,825,787	2,937,899,927	4,600,415,099	2,796,966,013
Emerging equipment business	3,749,155,352	2,862,555,441	1,827,681,521	1,412,183,852
Others	130,229,494	106,137,037	98,814,120	85,480,785
Total	<u>8,570,210,633</u>	<u>5,906,592,405</u>	<u>6,526,910,740</u>	<u>4,294,630,650</u>

(3) Details of revenue from contracts

✓ Applicable Not applicable

Unit: Yuan Currency: RMB

Type of contract	Current period	Prior period
By geographical areas of sales		
Chinese Mainland	8,081,955,284	6,169,265,789
Other countries and regions	488,255,349	357,644,951
Total	<u>8,570,210,633</u>	<u>6,526,910,740</u>

Other information of revenue from contracts:

None

Section X Financial Report

VII. NOTES TO KEY ITEMS OF THE CONSOLIDATED FINANCIAL STATEMENTS

(continued)

43. Revenue and cost of sales (continued)

(4) Description of performance obligations

Applicable Not applicable

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 provides maintenance service of rail transit equipment product, and revenue is recognised when the services are completed.

Revenue from construction contracts

The Group's construction contracts are mainly for the production of offshore products such as deep-sea robots and for engaging in photovoltaic power plant EPC projects.

For the production and sale of offshore products, the Group recognizes revenue in accordance with the progress of performance as a performance obligation to be fulfilled within a certain period of time, as the goods produced by the Group in the course of performance have irreplaceable uses and the Group is entitled to receive payment for the cumulative portion of the performance performed to date throughout the period of the contract. The Group uses the input method to determine the progress of performance.

For EPC projects of photovoltaic power plants, as the Group's customers are able to control the Group's assets under construction in the course of performance, the Group recognizes revenue in accordance with the progress of performance by treating them as performance obligations to be fulfilled within a certain period of time. The Group uses the output method to determine the progress of performance.

There are no significant financing components or rights of return in the sales process of offshore products or in the process of engaging in EPC projects for photovoltaic power plants.

(5) Descriptions of allocated remaining performance obligations

Applicable Not applicable

Other information:

None

Section X Financial Report

VII. NOTES TO KEY ITEMS OF THE CONSOLIDATED FINANCIAL STATEMENTS

(continued)

44. Taxes and surcharges

Applicable Not applicable

Unit: Yuan Currency: RMB

Item	Current period	Prior period
City maintenance and construction tax	10,074,053	17,504,718
Education surcharges	7,223,773	12,667,134
Others	23,894,734	19,553,111
Total	41,192,560	49,724,963

Other information:

None

45. Selling expenses

Applicable Not applicable

Unit: Yuan Currency: RMB

Item	Current period	Prior period
Provision for product quality warranties	319,352,657	236,639,591
Employee benefits	116,640,684	103,339,568
Office and travel expenses	30,062,779	21,560,464
Business entertainment expenses	16,052,291	15,067,959
Outsourcing service fees	8,661,308	7,149,952
Depreciation and amortization expense	6,570,202	3,456,864
Consultancy fees	4,796,611	2,876,072
Bidding and tendering fees	3,923,539	6,094,346
Installation fees	3,674,693	665,902
Exhibition fees	2,038,301	1,870,061
Others	9,986,348	4,999,254
Total	521,759,413	403,720,033

Other information:

None

Section X Financial Report

VII. NOTES TO KEY ITEMS OF THE CONSOLIDATED FINANCIAL STATEMENTS

(continued)

46. Administrative expenses

✓ Applicable Not applicable

Unit: Yuan Currency: RMB

Item	Current period	Prior period
Employee benefits (excluding employee compensation under the defined benefit plan)	208,261,431	207,998,518
Depreciation and amortisation expenses	61,600,686	51,651,562
Office and travel expenses and conference fee	13,923,919	13,888,577
Property management fee	10,274,345	8,289,787
Service fees for intermediaries and professional institutions	10,356,426	9,121,520
Facility maintenance cost	11,319,288	6,043,607
Utilities expenses	8,744,367	5,749,263
Business entertainment expenses	5,285,980	4,348,573
Rental expenses	3,934,036	4,227,209
Insurance expenses	3,196,367	4,579,800
Others	49,057,735	26,100,223
Total	385,954,580	341,998,639

Other information:

None

47. Research and development expenses

✓ Applicable Not applicable

Unit: Yuan Currency: RMB

Item	Current period	Prior period
Employee benefits	397,335,252	330,182,312
Cost of materials consumed	163,619,977	98,745,639
Depreciation and amortisation expenses	115,790,540	106,093,878
Technical service fee	40,686,898	85,344,144
Office and travel expenses	38,172,034	20,094,989
Experiment and inspection cost	2,117,129	3,997,614
Others	52,003,924	51,598,957
Total	809,725,754	696,057,533

Other information:

None

Section X Financial Report

VII. NOTES TO KEY ITEMS OF THE CONSOLIDATED FINANCIAL STATEMENTS

(continued)

48. Finance expense

Applicable Not applicable

Unit: Yuan Currency: RMB

Item	Current period	Prior period
Interest expenses	12,905,755	3,541,408
Interest expenses of lease liabilities	6,579,242	3,435,186
Less: Capitalised interest expenses	—	—
Interest income	-124,838,988	-94,099,231
Net exchange gains	-22,683,551	-9,443,255
Financial institution charges	4,742,326	5,495,395
Others	-3,387,759	-1,992,707
Total	<u>-126,682,975</u>	<u>-93,063,204</u>

Other information:

None

49. Other income

Applicable Not applicable

Unit: Yuan Currency: RMB

Item	Current period	Prior period
Refunds of VAT	50,741,143	67,004,658
Technology project fund	131,564,949	127,080,414
Government rewards	42,420,730	34,429,148
Total	<u>224,726,822</u>	<u>228,514,220</u>

Other information:

None

Section X Financial Report

VII. NOTES TO KEY ITEMS OF THE CONSOLIDATED FINANCIAL STATEMENTS

(continued)

50. Investment income

Applicable Not applicable

Unit: Yuan Currency: RMB

Item	Current period	Prior period
Gains from long-term equity investments under the equity method	-8,125,763	-41,562,948
Gains on disposal of held-for-trading financial assets	36,796,130	25,502,952
Gains (losses) on de-recognition of financial assets measured at amortised cost	-	-247,965
Others	-3,550,336	-1,049,490
Total	25,120,031	-17,357,451

Other information:

None

51. Gains on changes in fair value

Applicable Not applicable

Unit: Yuan Currency: RMB

Source of gains on changes in fair value	Current period	Prior period
Held-for-trading financial assets	41,474,645	110,919,758
Held-for-trading financial liabilities	-	-4,615,657
Total	41,474,645	106,304,101

Other information:

None

Section X Financial Report

VII. NOTES TO KEY ITEMS OF THE CONSOLIDATED FINANCIAL STATEMENTS

(continued)

52. Credit losses

Applicable Not applicable

Unit: Yuan Currency: RMB

Item	Current period	Prior period
Losses on credit impairment of bills receivable	1,627,582	-533,417
Losses on credit impairment of accounts receivable	-76,562,454	-39,676,856
Losses on credit impairment of other receivables	-656,753	-1,197,746
Total	<u>-75,591,625</u>	<u>-41,408,019</u>

Other information:

None

53. Impairment losses

Applicable Not applicable

Unit: Yuan Currency: RMB

Item	Current period	Prior period
Losses on impairment of inventories and costs to fulfill a contract with a customer	-37,011,181	-115,005,139
(Losses)/reversals on impairment of contract assets	-244,473	199,693
Reversals on impairment of other non-current assets	950,445	24,068
Total	<u>-36,305,209</u>	<u>-114,781,378</u>

Other information:

None

Section X Financial Report

VII. NOTES TO KEY ITEMS OF THE CONSOLIDATED FINANCIAL STATEMENTS

(continued)

54. Gains on disposal of assets

Applicable Not applicable

Unit: Yuan Currency: RMB

Item	Current period	Prior period
(Losses)/gains on disposal of fixed assets	-203,369	314,198
Others	390,695	-
Total	187,326	314,198

Other information:

Applicable Not applicable

55. Non-operating income

Applicable Not applicable

Unit: Yuan Currency: RMB

Item	Current period	Prior period	Amount included in non-recurring gain or loss for the current period	Amount included in non-recurring gain or loss for the prior period
Unsettled payment	9,752,331	420,403	9,752,331	420,403
Quality compensation	3,768,209	883,516	3,768,209	883,516
Penalty income and default compensation income	455,121	760,989	455,121	760,989
Others	412,042	1,178,714	412,042	1,178,714
Total	14,387,703	3,243,622	14,387,703	3,243,622

Other information:

Applicable Not applicable

Section X Financial Report

VII. NOTES TO KEY ITEMS OF THE CONSOLIDATED FINANCIAL STATEMENTS

(continued)

56. Non-operating expenses

✓ Applicable Not applicable

Unit: Yuan Currency: RMB

Item	Current period	Prior period	Amount included in non-recurring gain or loss for the current period	Amount included in non-recurring gain or loss for the prior period
Expenses on penalties and default compensation	21,341	20,458	21,341	20,458
Others	7,282	167,888	7,282	167,888
Total	28,623	188,346	28,623	188,346

Other information:

None

57. Income tax expenses

(1) Table of income tax expenses

✓ Applicable Not applicable

Unit: Yuan Currency: RMB

Item	Current period	Prior period
Current income tax expenses	163,217,620	171,509,165
Deferred income tax expenses	-125,894,516	-52,113,354
Total	37,323,104	119,395,811

Section X Financial Report

VII. NOTES TO KEY ITEMS OF THE CONSOLIDATED FINANCIAL STATEMENTS

(continued)

57. Income tax expenses (continued)

(2) Reconciliation of accounting profits and income tax expenses

✓ Applicable Not applicable

Unit: Yuan Currency: RMB

Item	Current period	Prior period
Total profit	<u>1,225,639,966</u>	<u>998,483,073</u>
Income tax expenses calculated at statutory tax rate of 15%	183,845,995	149,772,461
Effect of preferential tax rate applicable to the Company and its certain subsidiaries	-7,594,617	-4,684,890
Effect of joint ventures and associates	983,972	7,646,643
Effect of expenses that are not deductible for tax purposes	4,317,166	5,326,406
Effect of using deductible losses for which no deferred tax assets were recognised for the prior period	-39,867,437	-6,030,790
Effect of deductible temporary differences or deductible losses for which no deferred tax assets were recognised in the current period	-	2,198,033
Effect of additional deduction of R&D expenses	-87,371,167	-46,201,804
Others	<u>-16,990,808</u>	<u>11,369,752</u>
Income tax expenses	<u>37,323,104</u>	<u>119,395,811</u>

Other information:

✓ Applicable Not applicable

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 rate 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.

Section X Financial Report

VII. NOTES TO KEY ITEMS OF THE CONSOLIDATED FINANCIAL STATEMENTS

(continued)

58. Items in the cash flow statement

(1) Other cash receipts relating to operating activities

Applicable Not applicable

Unit: Yuan Currency: RMB

Item	Current period	Prior period
Government grants	202,786,032	43,075,409
Interest income	71,996,771	60,787,342
Recovery of deposits	–	20,413,975
Others	238,210	6,777,664
Total	275,021,013	131,054,390

Description of other cash received related to operating activities:

None

(2) Other cash payments relating to operating activities

Applicable Not applicable

Unit: Yuan Currency: RMB

Item	Current period	Prior period
Payments for selling expenses, administrative expenses and R&D expenses	616,842,865	450,925,781
Bank charges	4,742,326	5,495,395
Payment for account current	50,679,947	90,369,556
Others	3,578,960	6,036,272
Total	675,844,098	552,827,004

Description of other cash payments relating to operating activities:

None

Section X Financial Report

VII. NOTES TO KEY ITEMS OF THE CONSOLIDATED FINANCIAL STATEMENTS

(continued)

58. Items in the cash flow statement (continued)

(3) Other cash receipts relating to investing activities

Applicable Not applicable

(4) Other cash payments relating to investing activities

Applicable Not applicable

(5) Other cash receipts relating to financing activities

Applicable Not applicable

(6) Other cash payments relating to financing activities

Applicable Not applicable

Unit: Yuan Currency: RMB

Item	Current period	Prior period
Payment of lease liabilities	<u>54,361,598</u>	<u>37,169,417</u>
Total	<u>54,361,598</u>	<u>37,169,417</u>

Description of other cash payments relating to financing activities:

None

Section X Financial Report

VII. NOTES TO KEY ITEMS OF THE CONSOLIDATED FINANCIAL STATEMENTS

(continued)

59. Supplementary information to the cash flow statement

(1) Supplementary information to the cash flow statement

Applicable Not applicable

Unit: Yuan Currency: RMB

Item	Current period	Prior period
1. Reconciliation of net profit to cash flows from operating activities:		
Net profit	1,188,316,862	879,087,262
Add: Losses on impairment of assets	36,305,209	114,781,378
Credit losses	75,591,625	41,408,019
Depreciation of fixed assets	325,985,721	276,910,236
Depreciation of right-of-use assets	68,122,507	35,704,615
Amortisation of intangible assets	74,597,941	69,716,972
Amortisation of long-term prepaid expenses	4,059,426	3,524,141
Losses on disposal of fixed assets, intangible assets and other non-current assets ("-" for gains)	-187,326	-314,198
Losses on changes in fair value ("-" for gains)	-41,474,645	-106,304,101
Finance costs ("-" for incomes)	-59,428,530	-36,473,802
Investment losses ("-" for gains)	-28,670,368	16,059,996
Decrease in deferred tax assets ("-" for increases)	-122,807,940	-64,178,965
Increase in deferred tax liabilities ("-" for decrease)	-3,086,573	12,065,611
Decrease in inventories ("-" for increase)	-676,627,930	-1,255,512,828
Decrease in operating receivables ("-" for increase)	-1,932,043,631	-2,346,340,461
Increase in operating payables ("-" for decrease)	598,421,663	1,910,520,384
Increase in special reserve	24,866,777	6,546,887
Net cash flow from operating activities	-468,059,212	-442,798,854
2. Significant investment and financing activities not involving cash receipts and payments		
Conversion of debt into capital	-	-
Convertible corporate bonds due within one year	-	-
Acquire fixed assets by finance leases	-	-
3. Net movement in cash and cash equivalents		
Closing balance of cash	6,719,505,421	3,882,076,876
Less: Opening balance of cash	7,074,871,530	7,883,060,105
Net increase in cash and cash equivalents	-355,366,109	-4,000,983,229

(2) Net cash paid for acquisition of subsidiaries in the current period

Applicable Not applicable

(3) Net cash received from disposal of subsidiaries in the current period

Applicable Not applicable

Section X Financial Report

VII. NOTES TO KEY ITEMS OF THE CONSOLIDATED FINANCIAL STATEMENTS

(continued)

59. Supplementary information to the cash flow statement (continued)

(4) Composition of cash and cash equivalents

Applicable Not applicable

Unit: Yuan Currency: RMB

Item	Closing balance	Opening balance
I. Cash	6,719,505,421	7,074,871,530
Including: Cash on hand	32,758	31,466
Bank deposits on demand	6,719,472,663	7,074,840,064
III. Closing balance of cash and cash equivalents	6,719,505,421	7,074,871,530

Other information:

Applicable Not applicable

60. Notes to items in statement of changes in owner's equity

Explain the name and adjustment amount of "other" items that adjusted the balance at the end of the previous year:

Applicable Not applicable

61. Assets with restrictions on ownership or use right

Applicable Not applicable

Unit: Yuan Currency: RMB

Item	Carrying amount at the end of the period	Reason for restriction
Bills receivable	47,971,327	Endorsed or discounted but not yet due at the balance sheet date
Total	47,971,327	/

Other information:

None

Section X Financial Report

VII. NOTES TO KEY ITEMS OF THE CONSOLIDATED FINANCIAL STATEMENTS

(continued)

62. Foreign currency monetary items

(1) Foreign currency monetary items

Applicable Not applicable

Unit: Yuan

Item	Foreign currency balance at 30 June 2023	Exchange rate	Equivalent to RMB Yuan at 30 June 2023
Cash and bank balances	–	–	51,933,963
Including: GBP	2,479,480	9.1432	22,670,382
EUR	2,696,905	7.8771	21,243,790
USD	1,092,926	7.2258	7,897,265
Others	/	/	122,526
Accounts receivable			48,427,297
Including: USD	3,345,472	7.2258	24,173,712
GBP	2,632,791	9.1432	24,072,135
Others	/	/	181,450
Accounts payable			193,605,121
Including: EUR	17,354,558	7.8771	136,703,589
USD	5,371,565	7.2258	38,813,854
CHF	2,481,567	7.0299	17,445,168
Others	/	/	642,510
Other payables			116,348,263
Including: USD	9,421,035	7.2258	68,074,515
EUR	4,789,877	7.8771	37,730,340
CHF	1,490,181	7.0299	10,475,823
Others	/	/	67,585

Other information:

None

(2) Description of overseas operating entities, including for significant overseas operating entities, it should disclose its main overseas business location, recording currency and selection basis. If the recording currency changes, it should also disclose the reasons.

Applicable Not applicable

Name of overseas business entity	significant principal place of business	Functional currency
Specialist Machine Developments	UK	GBP

Section X Financial Report

VII. NOTES TO KEY ITEMS OF THE CONSOLIDATED FINANCIAL STATEMENTS

(continued)

63. Government grants

(1) Government grants

Applicable Not applicable

Unit: Yuan Currency: RMB

Item	Amount	Presenting item	Amount included in profit or loss for the current period
Refunds of VAT	50,741,143	Other income	50,741,143
Technology project fund	3,688,000	Other income	3,688,000
Government rewards	20,590,870	Other income	20,590,870
Government rewards	–	Deferred income	21,829,860
Technology project fund	<u>178,507,162</u>	Deferred income	<u>127,876,949</u>
Total	<u>253,527,175</u>		<u>224,726,822</u>

(2) Return of government grants

Applicable Not applicable

Other information:

None

Section X Financial Report

VIII. CHANGE IN CONSOLIDATION SCOPE

1. Business combinations involving entities not under common control

Applicable Not applicable

2. Business combination involving entities under common control

Applicable Not applicable

3. Reverse acquisition

Applicable Not applicable

4. Disposal of subsidiaries

Whether there are circumstances in which the disposal of investments in subsidiaries through a single transaction resulted in loss of control

Applicable Not applicable

Other information:

Applicable Not applicable

5. Other reasons for change of consolidation scope

Description of the other reasons causing the changes of consolidation scope (e.g. new subsidiaries, the liquidation of subsidiaries etc.) and related changes:

Applicable Not applicable

6. Others

Applicable Not applicable

Section X Financial Report

IX. INTERESTS IN OTHER ENTITIES

1. Interests in subsidiaries

(1) Composition of the Group

✓ Applicable □ Not applicable

Name of the Subsidiary	Principal place of business	Place of registration	Registered capital	Nature of business	Proportion of shareholding (%)		Acquisition method
					Direct	Indirect	
Ningbo CRRC Times	Ningbo, Zhejiang	Ningbo, Zhejiang 2#	RMB296,786,200	Manufacturing	100	–	Incorporation
CRRC Times Electronics	Zhuzhou, Hunan	Zhuzhou, Hunan 2#	RMB80,000,000	Manufacturing	100	–	Incorporation
Shenyang CRRC Times	Shenyang, Liaoning	Shenyang, Liaoning 2#	RMB56,000,000	Manufacturing	100	–	Incorporation
CRRC Times Semiconductor	Zhuzhou, Hunan	Zhuzhou, Hunan 2#	RMB4,576,600,670	Manufacturing	96.17	–	Incorporation
Baoji CRRC Times	Baoji, Shanxi	Baoji, Shanxi 2#	RMB589,258,590	Manufacturing	100	–	Incorporation
Taiyuan CRRC Times	Taiyuan, Shanxi	Taiyuan, Shanxi 2#	RMB307,620,400	Manufacturing	–	55	Incorporation
Kunming CRRC Times Electric Equipment Co., Ltd. ("Kunming Electric")	Kunming, Yunnan	Kunming, Yunnan 2#	RMB55,000,000	Manufacturing	100	–	Incorporation
Hangzhou CRRC Times Electric Equipment Co., Ltd. ("Hangzhou Electric")	Hangzhou, Zhejiang	Hangzhou, Zhejiang 2#	RMB75,000,000	Manufacturing	60	–	Incorporation
Guangzhou CRRC Times Electric Technology Co., Ltd. ("Guangzhou Electric")	Guangzhou, Guangdong	Guangzhou, Guangdong 2#	RMB30,000,000	Manufacturing	60	–	Incorporation
HK CRRC Times Electric	Hong Kong	Hong Kong	HKD856,952,000	Investment holding	100	–	Incorporation
Ningbo CRRC Electric	Ningbo, Zhejiang	Ningbo, Zhejiang 2#	RMB110,000,000	Manufacturing	100	–	Incorporation
Chengdu CRRC Electric	Chengdu, Sichuan	Chengdu, Sichuan 2#	RMB30,000,000	Manufacturing	100	–	Incorporation
Qingdao CRRC Electric (Note 1)	Qingdao, Shandong	Qingdao, Shandong 2#	RMB100,000,000	Manufacturing	45	–	Incorporation
Shanghai CRRC Rail Transit Technology Co., Ltd. ("Shanghai CRRC Rail Transit")	Shanghai	Shanghai 2#	RMB50,000,000	Manufacturing	51	–	Incorporation
CRRC Times Software	Zhuzhou, Hunan	Zhuzhou, Hunan 2#	RMB100,000,000	Software service	100	–	Incorporation
Hunan CRRC Signal	Changsha, Hunan	Changsha, Hunan 2#	RMB229,000,000	Manufacturing	100	–	Incorporation
Lanzhou CRRC Times Rail Transit Technology Co., Ltd. ("Lanzhou Times")	Lanzhou, Gansu	Lanzhou, Gansu 2#	RMB50,000,000	Manufacturing	51	–	Incorporation
Shanghai CRRC SMD	Shanghai	Shanghai 2#	RMB70,000,000	Manufacturing	100	–	Incorporation

Section X Financial Report

IX. INTERESTS IN OTHER ENTITIES (continued)

1. Interests in subsidiaries (continued)

(1) Composition of the Group (continued)

Name of the Subsidiary	Principal place of business	Place of registration	Registered capital	Nature of business	Proportion of shareholding (%)		Acquisition method
					Direct	Indirect	
CRRC Times Electric Australia Pty. Ltd. ("Times Australia")	Australia	Australia	AUD290,000	Trading	100	–	Incorporation
CRRC Times Electric USA, LLC ("Times USA")	USA	USA	USD430,000	Trading	100	–	Incorporation
CRRC Times Electric Brasil Ltda. ("Times Brasil")	Brazil	Brazil	BRL1,320,000	Trading	99	1	Incorporation
Chongqing CRRC Electric	Chongqing	Chongqing 2#	RMB150,000,000	Manufacturing	60	–	Incorporation
FAW CRRC Electric Drive System Co., Ltd.	Changchun	Changchun, Jilin 2#	RMB500,000,000	Manufacturing	50	–	Incorporation
Yixing CRRC Times Semiconductor Co., Ltd.	Wuxi, Jiangsu	Wuxi, Jiangsu 2#	RMB3,600,000,000	Manufacturing	–	100	Incorporation
Canada Dynex	Canada	Canada	CAD37,096,192	Investment holding	100	–	By business combination not involving enterprises under common control
Dynex Semiconductor Limited	UK	UK	GBP15,000,000	Manufacturing	–	100	By business combination not involving enterprises under common control
SMD	UK	UK	GBP44,049,014	Investment holding	–	100	By business combination not involving enterprises under common control
Soil Machine Dynamics Limited	UK	UK	GBP938,950	Manufacturing	–	100	By business combination not involving enterprises under common control
SMD Offshore Support Limited	UK	UK	GBP2	Trading	–	100	By business combination not involving enterprises under common control

Section X Financial Report

IX. INTERESTS IN OTHER ENTITIES (continued)

1. Interests in subsidiaries (continued)

(1) Composition of the Group (continued)

Name of the Subsidiary	Principal place of business	Place of registration	Registered capital	Nature of business	Proportion of shareholding (%)		Acquisition method
					Direct	Indirect	
SMD Robotics Limited	UK	UK	GBP1	Trading	–	100	By business combination not involving enterprises under common control
Soil Machine Dynamics Singapore Pte. Ltd.	Singapore	Singapore	SGD1	Manufacturing	–	100	By business combination not involving enterprises under common control
SMD do Brasil Ltd.	Brazil	Brazil	BRL100	Trading	–	100	By business combination not involving enterprises under common control
CRRC National Centre of Converters	Zhuzhou, Hunan	Zhuzhou, Hunan 2#	RMB390,600,000	Manufacturing	100	–	By business combination involving enterprises under common control

Section X Financial Report

IX. INTERESTS IN OTHER ENTITIES (continued)

1. Interests in subsidiaries (continued)

(1) Composition of the Group (continued)

Descriptions of the difference between the proportion of shareholding and the proportion of voting rights:

Please refer to note 1 and note 2.

The basis for holding half or less of the voting rights but still controlling the investee and holding more than half of the voting rights but not controlling the investee:

Note 1: 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 the Articles of Association 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.

Note 2: The Company considers that it also controls FAW CRRC Electric Drive System Co., Ltd. ("FAW CRRC") even though it owns less than 50% of the voting rights. This is because the Company holds 50% equity interest in FAW CRRC and appoints three of the five directors in its Board of Directors. The resolutions of the Board of Directors can be divided into ordinary resolutions and special resolutions. Special resolutions shall be adopted when more than two thirds of all directors approve, while other matters shall be adopted when more than one half of all directors approve. For matters in which agreement cannot be reached after negotiation through the procedures agreed by both parties, the opinions of the Company shall be adopted. Therefore, the Company believes that it has the right to control FAW CRRC.

Basis for consolidating significant structured entities based on control:

Not applicable

Rationale for determining whether the Company is an agent or principal:

Not applicable

Other information:

#1 company limited by shares

#2 limited liability company

Section X Financial Report

IX. INTERESTS IN OTHER ENTITIES (continued)

1. Interests in subsidiaries (continued)

(2) Significant non-wholly owned subsidiaries

Applicable Not applicable

Unit: Yuan Currency: RMB

Name of the Subsidiaries	Proportion of shareholding of non-controlling shareholders (%)	Profit (Loss) attributable to non-controlling shareholders	Dividends paid to non-controlling shareholders	Closing balance of non-controlling interests
CRRC Times Semiconductor	3.83%	17,465,930	–	244,251,758

Description of the circumstances in which the proportion of shareholdings of the non-controlling interests in a subsidiary is different from that of voting rights:

Applicable Not applicable

Other information:

Applicable Not applicable

(3) Key financial information of significant non-wholly owned subsidiaries

Applicable Not applicable

Unit: Yuan Currency: RMB

Name of the Subsidiaries	Balance at the end of the period						Balance at the beginning of the year					
	Current assets	Non-current assets	Total assets	Current liabilities	Non-current liabilities	Total liabilities	Current assets	Non-current assets	Total assets	Current liabilities	Non-current liabilities	Total liabilities
CRRC Times Semiconductor	3,862,177,688	4,349,931,899	8,212,109,587	1,218,031,441	739,140,302	1,957,171,743	3,275,587,922	3,940,495,540	7,216,083,462	886,318,308	532,184,787	1,418,503,095

Name of the Subsidiaries	Current period				Prior period			
	Operating income	Net profit	Total comprehensive income	Cash flows from operating activities	Operating income	Net profit	Total comprehensive income	Cash flows from operating activities
CRRC Times Semiconductor	1,661,744,783	456,029,501	457,357,475	504,704,477	923,574,206	165,696,427	167,417,711	21,478,998

Other information:

None



Section X Financial Report

IX. INTERESTS IN OTHER ENTITIES (continued)

1. Interests in subsidiaries (continued)

(4) Material restriction on the use of the Group's assets and the settlement of the Group's liabilities

Applicable Not applicable

(5) Financial support and other assistance provided to structured entities included in the consolidated financial statements:

Applicable Not applicable

Other information:

Applicable Not applicable

2. Transactions that cause changes in the Group's interests in subsidiaries that do not result in loss of control

Applicable Not applicable

Section X Financial Report

IX. INTERESTS IN OTHER ENTITIES (continued)

3. Equity in associates or joint ventures

✓ Applicable Not applicable

(1) Significant joint ventures or associates

✓ Applicable Not applicable

Unit: Yuan Currency: RMB

Name of companies	Main business place	Nature of business	Shareholding proportion (%)		Accounting methods for investments in joint ventures or associates
			Direct	Indirect	
Joint ventures					
Shiling	Zhuzhou, Hunan	Manufacturing	50	–	Equity method
LANP Electrical	Wenzhou, Zhejiang	Manufacturing	50	–	Equity method
Shanghai Shenzhong	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
Associates					
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
Zhixin 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
Guangzhou High-Speed Rail Technology Co., Ltd. ("Guangzhou High-Speed")	Guangzhou, Guangdong	Manufacturing	–	19	Equity method

Explanation of the difference between the shareholding ratio in a joint venture or consortium and the voting rights ratio:

None

Basis for holding less than 20% of voting rights but with significant impact, or holding 20% or more of voting rights but without significant impact:

The Company holds 19% and 15% of the voting rights of Guangzhou High-Speed and CRRC India respectively, and the Company is entitled to appoint one director respectively to the boards of directors of Guangzhou High-Speed and CRRC India, with corresponding substantive decision-making rights. Therefore, the Company has the power to exercise significant influence over Guangzhou High-Speed and CRRC India.

Section X Financial Report

IX. INTERESTS IN OTHER ENTITIES (continued)

3. Equity in associates or joint ventures (continued)

(2) Main financial information of significant joint ventures

✓ Applicable □ Not applicable

Unit: Yuan Currency: RMB

	Balance at the end of the period/ Amount for the current period Shiling	Balance at the beginning of the period/ Amount for the prior period Shiling
Current assets	213,339,922	212,373,038
Including: Cash and cash equivalents	162,764,905	170,802,724
Non-current assets	32,046,262	27,774,124
Total assets	245,386,184	240,147,162
Current liabilities	26,275,536	24,202,922
Non-current liabilities	3,190,000	3,190,000
Total liabilities	29,465,536	27,392,922
Net assets	215,920,648	212,754,240
Share of net assets calculated based on the proportion of shareholding	107,960,324	106,377,120
Carrying amount of investments	107,960,324	106,377,120
Operating income	19,391,776	13,993,086
Income tax expenses	–	–
Net profit	3,166,408	1,740,614
Total comprehensive income	3,166,408	1,740,614
Dividends received from joint ventures	–	36,000,000

Section X Financial Report

IX. INTERESTS IN OTHER ENTITIES (continued)

3. Equity in associates or joint ventures (continued)

(2) Main financial information of significant joint ventures (continued)

Other information:

None

(3) Main financial information of significant associates

Applicable Not applicable

(4) Financial information of insignificant joint ventures and associates

Applicable Not applicable

Unit: Yuan Currency: RMB

	Balance at the end of the period/Amount for the current period	Balance at the beginning of the period/Amount for the prior period
Joint ventures:		
Aggregate carrying amount of investments	173,788,008	103,949,760
Aggregate amount calculated based on the shareholding proportion		
– Net profit/(loss)	-3,661,752	-1,901,668
– Total comprehensive income	<u>-3,661,752</u>	<u>-1,901,668</u>
Associates:		
Aggregate carrying amount of investments	247,176,787	253,224,002
Aggregate amount calculated based on the shareholding proportion		
– Net profit (loss)	-6,047,215	-40,531,579
– Total comprehensive income	<u>-6,047,215</u>	<u>-36,927,659</u>
Other information		
None		

Section X Financial Report

IX. INTERESTS IN OTHER ENTITIES (continued)

3. Equity in associates or joint ventures (continued)

(5) Description of material restrictions on transfers of funds from joint ventures or associates to the Company

Applicable Not applicable

(6) Excess loss from joint ventures or associates

Applicable Not applicable

(7) Unrecognised commitments related to the investments in joint ventures

Applicable Not applicable

(8) Contingent liabilities related to investments in joint ventures or associates

Applicable Not applicable

4. Significant joint operations

Applicable Not applicable

5. Interests in structured entities not included in the consolidated financial statements

Other information about the structured entities that are not included in consolidated financial statements:

Applicable Not applicable

6. Others

Applicable Not applicable

Section X Financial Report

X. RISK RELATED TO FINANCIAL INSTRUMENTS

✓ Applicable □ Not applicable

1. Category of financial instruments

The Group's main financial instruments include cash and bank balances, held-for-trading financial assets, bills receivable, accounts receivable, trade receivables financing, other receivables, other equity instrument investments, other current assets, non-current assets due within one year, long-term receivables, other non-current assets, bills payable, trade payables, other payables, borrowings, long-term payables and lease liabilities. As at 30 June 2023, the Group's holdings of financial instruments are as follows, detailed in Note VII. 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.

Unit: Yuan Currency: RMB

Item	Closing balance	Opening balance
Financial assets		
<i>At FVTPL</i>		
Held-for-trading financial assets	4,842,100,909	6,700,827,160
<i>At FVTOCI</i>		
Receivables financing	3,029,331,448	2,918,688,837
Other equity instrument investments	210,867,640	152,673,525
<i>At amortised cost</i>		
Cash and bank balances	7,449,097,496	7,500,378,674
Bills receivable	2,422,929,663	3,404,536,888
Accounts receivable	9,956,405,657	8,100,217,003
Other receivables	164,171,447	159,577,799
Other current assets	50,175,806	50,157,194
Non-current assets due within one year	746,124,210	340,751,629
Long-term receivables	6,480,171	1,716,722
Other non-current assets	3,500,619,576	3,305,380,382
Financial liabilities		
<i>At amortised cost</i>		
Short-term borrowings	445,101,537	454,374,494
Bills payable	2,850,943,996	2,618,840,644
Accounts payable	6,323,129,378	6,086,488,039
Other payables	1,728,394,103	983,217,920
Long-term borrowings (including long-term borrowings due within one year)	228,770,974	77,713,637
Lease liabilities (including lease liabilities due within one year)	291,841,623	193,708,882
Long-term payables	135,313	—

Section X Financial Report

X. RISK RELATED TO FINANCIAL INSTRUMENTS (continued)

2. 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 recognised 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, bills 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 recognised and creditworthy third parties, there is no requirement for collateral. As at 30 June 2023 and 31 December 2022, the Group had certain concentrations of credit risk as 4.70% and 1.55% of the Group's accounts receivable were due from the Group's largest customer. As at 30 June 2023 and 31 December 2022, 20.60% and 20.18% 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 V. 10. (2).

As part of the Group's credit risk management, the Group uses the ageing 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 ageing 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 credit loss allowance is made for irrecoverable amounts. In this regard, the management of the Group considers that the Group's credit risk assumed is significantly reduced.

Section X Financial Report

X. RISK RELATED TO FINANCIAL INSTRUMENTS (continued)

2. 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 30 June 2023

Unit: Yuan Currency: RMB

Item	Within 1 year	1-2 years	Closing balance		Total	Carrying amount
			Over 2 years			
Short-term borrowings	446,382,177	-	-		446,382,177	445,101,537
Bills payable	2,850,943,996	-	-		2,850,943,996	2,850,943,996
Accounts payable	6,323,129,378	-	-		6,323,129,378	6,323,129,378
Other payables (excluding dividends payable)	949,463,801	-	-		949,463,801	949,463,801
Long-term borrowings (including long-term borrowings due within one year)	9,576,496	160,173,516	68,692,315		238,442,327	228,770,974
Lease liabilities (including lease liabilities due within one year)	77,930,259	83,384,000	173,179,592		334,493,851	291,841,623
Total	10,657,426,107	243,557,516	241,871,907		11,142,855,530	11,089,251,309

Section X Financial Report

X. RISK RELATED TO FINANCIAL INSTRUMENTS (continued)

2. Risks of financial instruments (continued)

(2) Liquidity risk (continued)

As at 31 December 2022

Item	Within 1 year	1-2 years	Opening balance		Total	Carrying amount
			Over 2 years			
Short-term borrowings	457,665,966	–	–		457,665,966	454,374,494
Bills payable	2,618,840,644	–	–		2,618,840,644	2,618,840,644
Accounts payable	6,086,488,039	–	–		6,086,488,039	6,086,488,039
Other payables (excluding dividends payable)	981,502,920	–	–		981,502,920	981,502,920
Long-term borrowings (including long-term borrowings due within one year)	5,811,956	5,757,956	70,032,376		81,602,288	77,713,637
Lease liabilities (including lease liabilities due within one year)	66,040,208	50,150,527	105,312,237		221,502,972	193,708,882
Total	<u>10,216,349,733</u>	<u>55,908,483</u>	<u>175,344,613</u>		<u>10,447,602,829</u>	<u>10,412,628,616</u>

(3) Market risk

Foreign currency risk

Currency risk is the risk that the fair value or future cash flows of financial instruments will fluctuate because of changes in foreign exchange rates. The Group's exposure to the currency risk is primarily associated with its operating activities (settled in foreign currency other than the functional currency).

The Group's operating activities are mainly located in China and most of the transactions are denominated in RMB, except for certain sales, purchases and borrowings which are settled in foreign currency. Currency risk arising from the assets and liabilities denominated in foreign currencies may have impact on the Group's performance.

Section X Financial Report

X. RISK RELATED TO FINANCIAL INSTRUMENTS (continued)

2. Risks of financial instruments (continued)

(3) Market risk (continued)

Foreign currency risk (continued)

The balances of the Group's assets and liabilities of main foreign currency are as follows:

Unit: Yuan Currency: RMB

Item	Closing balance of total assets	Closing balance of total liabilities	Opening balance of total assets	Opening balance of total liabilities
AUD	164,234,486	–	155,305,098	–
USD	140,976,888	115,313,219	149,141,591	61,108,690
GBP	223,789,193	9,344,508	148,979,197	18,967,049
EUR	115,844,991	174,433,924	147,769,940	164,048,140
CHF	–	32,017,848	–	36,206,414
Total	<u>644,845,558</u>	<u>331,109,499</u>	<u>601,195,826</u>	<u>280,330,293</u>

The following table demonstrates the sensitivity analysis on currency risk, which reflects the impact of reasonably possible changes in the exchange rates of GBP, USD, EUR, CHF and AUD on the Group's net profit, with all other variables held constant.

Section X Financial Report

X. RISK RELATED TO FINANCIAL INSTRUMENTS (continued)

2. Risks of financial instruments (continued)

(3) Market risk (continued)

Foreign currency risk (continued)

As at 30 June 2023

Unit: Yuan Currency: RMB

Item	Base point at the end of the period Increase/ (decrease)	Effect on profit of current period Increase/ (decrease)	Base point at the beginning of the period Increase/ (decrease)	Effect on profit of prior period Increase/ (decrease)
AUD				
If RMB strengthens against AUD	10%	-13,959,931	10%	-13,200,933
If RMB weakens against AUD	-10%	13,959,931	-10%	13,200,933
USD				
If RMB strengthens against USD	10%	-2,181,412	10%	-7,482,797
If RMB weakens against USD	-10%	2,181,412	-10%	7,482,797
GBP				
If RMB strengthens against GBP	10%	-18,227,798	10%	-11,051,033
If RMB weakens against GBP	-10%	18,227,798	-10%	11,051,033
EUR				
If RMB strengthens against EUR	10%	4,980,059	10%	1,383,647
If RMB weakens against EUR	-10%	-4,980,059	-10%	-1,383,647
CHF				
If RMB strengthens against CHF	10%	2,721,517	10%	3,077,545
If RMB weakens against CHF	-10%	-2,721,517	-10%	-3,077,545

Section X Financial Report

X. RISK RELATED TO FINANCIAL INSTRUMENTS (continued)

2. Risks of financial instruments (continued)

(3) Market risk (continued)

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 maximise 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 year ended 31 December 2023 and 31 December 2022.

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, financial liabilities held for trading, bills 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.

The gearing ratios as at the balance sheet date are as follows:

Unit: Yuan Currency: RMB

Item	Closing balance
Short-term borrowings	445,101,537
Held-for-trading financial liabilities	–
Bills payable	2,850,943,996
Accounts payable	6,323,129,378
Employee benefits payable	342,697,646
Taxes payable (excluding enterprise income tax payable)	53,866,129
Other payables	1,728,394,103
Long-term borrowings (including long-term borrowings due within 1 year)	228,770,974
Lease liabilities (including lease liabilities due within 1 year)	291,841,623
Long-term payables	135,313
Less: Cash and cash equivalents	6,719,505,421
Net liabilities	5,545,375,278
Equity attributable to shareholders of the Parent Company	34,968,786,765
Capital and net liabilities	40,514,162,043
Gearing ratio	13.69%

Section X Financial Report

XI. DISCLOSURE OF FAIR VALUE

1. Closing fair value of assets and liabilities measured at fair value

Applicable Not applicable

Unit: Yuan Currency: RMB

Item	Closing fair value			Total
	Level 1 Fair value measurement	Level 2 Fair value measurement	Level 3 Fair value measurement	
I. Continuous fair value measurement				
(I) Held-for-trading financial assets	-	4,842,100,909	-	4,842,100,909
1. Financial assets at FVTPL	-	4,842,100,909	-	4,842,100,909
(II) Receivables financing	-	3,029,331,448	-	3,029,331,448
(III) Other equity instrument investments	-	-	210,867,640	210,867,640
Total assets measured at fair value on a recurring basis	-	7,871,432,357	210,867,640	8,082,299,997

2. Basis of determining the market price for recurring and non-recurring fair value measurements categorised within Level 1

Applicable Not applicable

3. Valuation techniques used and the qualitative and quantitative information of key parameters for recurring and non-recurring fair value measurements categorised within Level 2

Applicable Not applicable

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.

Section X Financial Report

XI. DISCLOSURE OF FAIR VALUE (continued)

4. Valuation techniques used and the qualitative and quantitative information of key parameters for recurring and non-recurring fair value measurements categorised within Level 3

Applicable Not applicable

Fair value measurement of 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.

5. Reconciliation from the opening balances to the closing balances, and sensitivity analysis on unobservable inputs for items measured at recurring Level 3 fair value measurements

Applicable Not applicable

Unit: Yuan Currency: RMB

Item	Other equity instrument investments (unlisted equity instrument investments)
1 January 2023	152,673,525
Additions	<u>58,194,115</u>
30 June 2023	<u>210,867,640</u>

6. Reasons for transfers between different levels, and the policy about the timing of those transfers for recurring fair value measurements

Applicable Not applicable

7. Current changes in valuation techniques and the reasons

Applicable Not applicable

Section X Financial Report

XI. DISCLOSURE OF FAIR VALUE (continued)

8. Fair value of financial assets and financial liabilities that are not measured at fair value

Applicable Not applicable

The Group's financial assets and financial liabilities at amortized cost are detailed in Note X.1. Category of financial instruments. As at 30 June 2023 and 31 December 2022, 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.

9. Others

Applicable Not applicable

XII. RELATED PARTIES AND RELATED PARTY TRANSACTIONS

1. Parent of the Company

Applicable Not applicable

Unit: '0000 Currency: RMB

Company name	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	912,684	41.63%	41.63%

Description of the parent company of the Company

CRRC ZELRI and the companies it holds are collectively referred to as "CRRC ZELRI Group".

The ultimate holding party of the Company is CRRC Corporation Limited.

Other information:

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".

Section X Financial Report

XII. RELATED PARTIES AND RELATED PARTY TRANSACTIONS (continued)

2. Particulars of subsidiaries of the Company

For details of the subsidiaries of the Company, please refer to Note.

Applicable Not applicable

For details of the subsidiaries of the Company, please refer to Note IX. 1.

3. Particulars of joint ventures and associates of the Company

Important joint ventures and associates of the Company, please refer to Note.

Applicable Not applicable

For details of the joint ventures and associates of the Company, please refer to Note IX. 3.

Other joint ventures or associated enterprises that have related party transactions with the Company in the current period, or that have balance formed from related party transactions with the Company in the previous period are as follows:

Applicable Not applicable

Section X Financial Report

XII. RELATED PARTIES AND RELATED PARTY TRANSACTIONS (continued)

4. Particulars of other related parties

✓ Applicable Not applicable

Name of other related parties	Relationship between other related parties and the Company
BOGE Elastmetall GmbH	Company controlled by CRRZ ZELRI
CRRZ Beijing Heavy Industry and Mechanics Co., Ltd.	Company controlled by CRRZ ZELRI
Boge Rubber & Plastics (Zhuzhou) Co., Ltd.	Company controlled by CRRZ ZELRI
Hunan Lixing Power Technology Co., Ltd.	Company controlled by CRRZ ZELRI
Hunan CRRZ Commercial Vehicle Power Technology Co., Ltd.	Company controlled by CRRZ ZELRI
Hunan CRRZ Zhixing Technology Co., Ltd.	Company controlled by CRRZ ZELRI
Qingdao CRRZ Times New Energy Materials Technology Co., Ltd.	Company controlled by CRRZ ZELRI
Shanghai CRRZ Hange Marine & Offshore Engineering Co., Ltd.	Company controlled by CRRZ ZELRI
Tianjin CRRZ Wind Energy Technology Co.,Ltd (Name Usd Before: Tianjin CRRZ Wind Energy Equipment Technology Co., Ltd.)	Company controlled by CRRZ ZELRI
Wuxi CRRZ Times Intelligent Equipment Research Institute Co., Ltd.	Company controlled by CRRZ ZELRI
Xiangyang CRRZ Electric Machinery Co., Ltd.	Company controlled by CRRZ ZELRI
CRRZ Zhuzhou Traction Electrical Equipment Test & Certification Co., Ltd.	Company controlled by CRRZ ZELRI
Zhuzhou Times Ruiwei Vibration Reduction Equipment Co., Ltd.	Company controlled by CRRZ ZELRI
Zhuzhou Times Rubber & Plastic Component Development Co., Ltd.	Company controlled by CRRZ ZELRI
Zhuzhou Times New Material Technology Co., Ltd.	Company controlled by CRRZ ZELRI
CRRZ Zhuzhou Mechanical and Electrical Technology Co., Ltd.	Company controlled by CRRZ ZELRI
CRRZ-AVC Thermal Technologies (Zhuzhou) Co., Ltd.	Company controlled by CRRZ ZELRI
Zhuzhou Times Huaxian Material Technology Co., Ltd.	Company controlled by CRRZ ZELRI
Qingdao CRRZ Huaxuan Water Co., Ltd.	Company controlled by CRRZ ZELRI
Xiangyang China Railway Hongji Engineering Technology Co., Ltd.	Company controlled by CRRZ ZELRI
CRRZ ZELC Verkehrstechnik GmbH	Company controlled by the ultimate holding party other than CRRZ ZELRI Group
Beijing CRRZ CED Railway Electric Tech. Co., Ltd.	Company controlled by the ultimate holding party other than CRRZ ZELRI Group
Beijing CRRZ Erqi Railway Equipment Co., Ltd.	Company controlled by the ultimate holding party other than CRRZ ZELRI Group
Cangzhou CRRZ ZELC Railway Equipment Services Co., Ltd.	Company controlled by the ultimate holding party other than CRRZ ZELRI Group

Section X Financial Report

XII. RELATED PARTIES AND RELATED PARTY TRANSACTIONS (continued)

4. Particulars of other related parties (continued)

Name of other related parties	Relationship between other related parties and the Company
Changzhou CRRR Diesel Engine Components and Parts Co., Ltd.	Company controlled by the ultimate holding party other than CRRR ZELRI Group
CRRR Changzhou Ruitai Equipment Technology Co., Ltd.	Company controlled by the ultimate holding party other than CRRR ZELRI Group
Changzhou CRRR Wabtec Diesel Engine Co., Ltd.	Company controlled by the ultimate holding party other than CRRR ZELRI Group
Chengdu CRRR Electric Co., Ltd.	Company controlled by the ultimate holding party other than CRRR ZELRI Group
Chengdu CRRR Rail Equipment Co., Ltd.	Company controlled by the ultimate holding party other than CRRR ZELRI Group
Chengdu CRRR Sifang Rail Vehicle Co., Ltd.	Company controlled by the ultimate holding party other than CRRR ZELRI Group
Dalian Zelong Machinery Co., Ltd.	Company controlled by the ultimate holding party other than CRRR ZELRI Group
Foshan CRRR Sifang Co., Ltd.	Company controlled by the ultimate holding party other than CRRR ZELRI Group
Guangzhou CRRR Rail Transit Equipment Co., Ltd.	Company controlled by the ultimate holding party other than CRRR ZELRI Group
CRRR Hangzhou Co., Ltd.	Company controlled by the ultimate holding party other than CRRR ZELRI Group
Hunan Zhirong Technology Co., Ltd.	Company controlled by the ultimate holding party other than CRRR ZELRI Group
Hunan CRRR Environmental Engineering Co., Ltd.	Company controlled by the ultimate holding party other than CRRR ZELRI Group
Hunan CRRR Shangqu Electric Co., Ltd.	Company controlled by the ultimate holding party other than CRRR ZELRI Group
Jiangsu CRRR Urban Development Co., Ltd.	Company controlled by the ultimate holding party other than CRRR ZELRI Group
CRRR Jiangsu Mechanical and Electrical Technology Co., Ltd.	Company controlled by the ultimate holding party other than CRRR ZELRI Group
CRRR Jiangxi Railway Vehicles Co., Ltd.	Company controlled by the ultimate holding party other than CRRR ZELRI Group
Kunming CRRR Urban Rail Transit Equipment Co., Ltd.	Company controlled by the ultimate holding party other than CRRR ZELRI Group
Meishan CRRR Fastening System Co., Ltd.	Company controlled by the ultimate holding party other than CRRR ZELRI Group
Meishan CRRR Brake Science & Technology Co., Ltd.	Company controlled by the ultimate holding party other than CRRR ZELRI Group
CRRR Massachusetts Co., Ltd.	Company controlled by the ultimate holding party other than CRRR ZELRI Group
China Nanche Group Investment Management Company	Company controlled by the ultimate holding party other than CRRR ZELRI Group

Section X Financial Report

XII. RELATED PARTIES AND RELATED PARTY TRANSACTIONS (continued)

4. Particulars of other related parties (continued)

Name of other related parties	Relationship between other related parties and the Company
Nanjing CRRC Puzhen Urban Railway Vehicle Co., Ltd.	Company controlled by the ultimate holding party other than CRRC ZELRI Group
CRRC Nanjing Puzhen Haitai Brake Equipment 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
Nanning 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
Ningbo CRRC New Energy Technology Co., Ltd.	Company controlled by the ultimate holding party other than CRRC ZELRI Group
Bombardier Sifang (Qingdao) Transportation 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
Qingdao CRRC Sifang Rolling Stock 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
Quanzhou CRRC Tangshan Railway Vehicle Co., Ltd.	Company controlled by the ultimate holding party other than CRRC ZELRI Group
Shandong CRRC Tonglida Intelligent Equipment Co., Ltd.	Company controlled by the ultimate holding party other than CRRC ZELRI Group
Shanghai Alstom Traffic Equipment Co., Ltd.	Company controlled by the ultimate holding party other than CRRC ZELRI Group
Shanghai CRRC Ruibold Intelligent System Co., Ltd.	Company controlled by the ultimate holding party other than CRRC ZELRI Group
Shenyang CRRC Yongdian Rail Transit Equipment 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
Shijiazhuang CRRC Railway Transportation Equipment Co., Ltd.	Company controlled by the ultimate holding party other than CRRC ZELRI Group
CHY Environment Engineering 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
Tianjin CRRC Railway Vehicle Co., Ltd.	Company controlled by the ultimate holding party other than CRRC ZELRI Group

Section X Financial Report

XII. RELATED PARTIES AND RELATED PARTY TRANSACTIONS (continued)

4. Particulars of other related parties (continued)

Name of other related parties	Relationship between other related parties and the Company
Tianjin CRRC Equipment Co., Ltd.	Company controlled by the ultimate holding party other than CRRC ZELRI Group
Tianjin CRRC Sifang Railway Vehicle Co., Ltd.	Company controlled by the ultimate holding party other than CRRC ZELRI Group
Tianjin CRRC Tangshan Co., Ltd.	Company controlled by the ultimate holding party other than CRRC ZELRI Group
Wenzhou CRRC Sifang Railway Vehicle Co., Ltd.	Company controlled by the ultimate holding party other than CRRC ZELRI Group
Urumqi CRRC Rail Transit Equipment Co., Ltd.	Company controlled by the ultimate holding party other than CRRC ZELRI Group
Wuhan CRRC Sifang Wuhan Rail Transit Technology Co., Ltd.	Company controlled by the ultimate holding party other than CRRC ZELRI Group
CRRC Wuhan Railway Vehicles Co., Ltd.	Company controlled by the ultimate holding party other than CRRC ZELRI Group
Wuhan CRRC Intelligent Transportation System Co., Ltd.	Company controlled by the ultimate holding party other than CRRC ZELRI Group
Wuhan CRRC ZELC Rail Transit Equipment Co., Ltd.	Company controlled by the ultimate holding party other than CRRC ZELRI Group
CRRC Xi'an Yongdian Electric Co., Ltd.	Company controlled by the ultimate holding party other than CRRC ZELRI Group
CRRC Xi'an Yongejietong Electric Co., Ltd.	Company controlled by the ultimate holding party other than CRRC ZELRI Group
Xi'an CRRC Yongdian Intelligent Drive 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
Zhengzhou CRRC Sifang Railway Vehicle 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
CRRC Finance Co., Ltd.	Company controlled by the ultimate holding party other than CRRC ZELRI Group
CRRC Chengdu Co., Ltd.	Company controlled by the ultimate holding party other than CRRC ZELRI Group
CRRC Dalian R&D 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 Dalian Institute Co., Ltd.	Company controlled by the ultimate holding party other than CRRC ZELRI Group

Section X Financial Report

XII. RELATED PARTIES AND RELATED PARTY TRANSACTIONS (continued)

4. Particulars of other related parties (continued)

Name of other related parties	Relationship between other related parties and the Company
CRRC Datong 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 Harbin Rolling Stock Co., Ltd.	Company controlled by the ultimate holding party other than CRRC ZELRI Group
CRRC Environmental & Technology 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 Luoyang Co., Ltd.	Company controlled by the ultimate holding party other than CRRC ZELRI Group
CRRC Nanjing Puzhen Co., Ltd.	Company controlled by the ultimate holding party other than CRRC ZELRI Group
CRRC Qishuyan Locomotive & Rolling Stock Technology Research 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 Qiqihar Rolling Stock 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 Qingdao Sifang 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 Commercial Factoring 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 Electric Vehicle 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 Tangshan Co., Ltd.	Company controlled by the ultimate holding party other than CRRC ZELRI Group
CRRC Investment Leasing Co., Ltd.	Company controlled by the ultimate holding party other than CRRC ZELRI Group

Section X Financial Report

XII. RELATED PARTIES AND RELATED PARTY TRANSACTIONS (continued)

4. Particulars of other related parties (continued)

Name of other related parties	Relationship between other related parties and the Company
CRRCLogistics Co., Ltd.	Company controlled by the ultimate holding party other than CRRC ZELRI Group
CRRCXi'an Co., Ltd.	Company controlled by the ultimate holding party other than CRRC ZELRI Group
CRRC New Infrastructure Investment and Development Co., Ltd.	Company controlled by the ultimate holding party other than CRRC ZELRI Group
CRRCYongji Electric 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
CRRCYangtze Co., Ltd.	Company controlled by the ultimate holding party other than CRRC ZELRI Group
CRRCYangtze Tongling Co., Ltd.	Company controlled by the ultimate holding party other than CRRC ZELRI Group
CRRCYangtze Group Co., Ltd.	Company controlled by the ultimate holding party other than CRRC ZELRI Group
CRRC Brake Systems Co., Ltd.	Company controlled by the ultimate holding party other than CRRC ZELRI Group
CRRC Zhuzhou Rolling Stock Co., Ltd.	Company controlled by the ultimate holding party other than CRRC ZELRI Group
CRRC Zhuzhou Electric 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 Ziyang Co., Ltd.	Company controlled by the ultimate holding party other than CRRC ZELRI Group
China Railway Inspection and Certification (Qingdao) Vehicle Inspection Station 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
CRRC Chongqing Sifang Technology Co., Ltd.	Company controlled by the ultimate holding party other than CRRC ZELRI Group
Chongqing CRRC Sifang Intelligent Equipment Technology Co., Ltd.	Company controlled by the ultimate holding party other than CRRC ZELRI Group
CRRC Chongqing Railway Vehicles Co., Ltd.	Company controlled by the ultimate holding party other than CRRC ZELRI Group
Zhuzhou Tianli Forging Industry 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

Section X Financial Report

XII. RELATED PARTIES AND RELATED PARTY TRANSACTIONS (continued)

4. Particulars of other related parties (continued)

Name of other related parties	Relationship between other related parties and the Company
Ziyang CRRC Electric Locomotive Co., Ltd.	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
Shandong CRRC Huateng Environment Co., Ltd. (The Company was deregistered on December 6, 2022)	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
CRRC Zhuzhou Electric Locomotive Industrial Management 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
Dalian Locomotive and Rolling Stock Distribution Co., Ltd. (The Company was deregistered on December 26, 2022)	Company controlled by the ultimate holding party other than CRRC ZELRI Group
CRRC Academy Co., Ltd.	Company controlled by the ultimate holding party other than CRRC ZELRI Group
Jiangsu CRRC Electromechanical Technology Co.,Ltd (Name used before: Dalian CRRC Electromechanical Engineering Co., Ltd.)	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 Zhuzhou Vehicle Industrial Management 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
Suzhou CRRC Rail Transport Co., Ltd.	Company controlled by the ultimate holding party other than CRRC ZELRI Group
Qingdao Camax Buffer Equipment Co., Ltd.	Company controlled by the ultimate holding party other than CRRC ZELRI Group
CRRC Zhuzhou Investment Holdings Co., Ltd.	Company controlled by the ultimate holding party other than CRRC ZELRI Group
CRRC Yongji Motor Industrial Management Co., Ltd.	Company controlled by the ultimate holding party other than CRRC ZELRI Group
Australia CRRC Changchun Railway Equipment 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
Yongji CRRC Motor and Electric Appliance Repair Co., Ltd.	Company controlled by the ultimate holding party other than CRRC ZELRI Group
Wuhan CRRC Sifang Maintenance Centre Co., Ltd.	Company controlled by the ultimate holding party other than CRRC ZELRI Group

Section X Financial Report

XII. RELATED PARTIES AND RELATED PARTY TRANSACTIONS (continued)

4. Particulars of other related parties (continued)

Name of other related parties	Relationship between other related parties and the Company
CRRC Hong Kong Capital Management Co., Ltd.	Company controlled by the ultimate holding party other than CRRC ZELRI Group
Fuzhou Jintou Intelligent Rail Transit Equipment Co., Ltd.	Joint venture of CRRC ZELRI
Hunan Motor Vehicle Testing Technology Co., Ltd.	Associate of CRRC ZELRI
Zhuzhou National Innovation Railway Technology Co., Ltd.	Associate of CRRC ZELRI
Zhuzhou Times Electric Insulation Co., Ltd.	Associate of CRRC ZELRI
Changzhou Langrui Dongyang Drive Technology Co., Ltd.	Joint venture of Company controlled by the ultimate holding party other than CRRC ZELRI Group
Qingdao Sifang Faiveley Railway Brake Co., Ltd.	Joint venture of Company controlled by the ultimate holding party other than CRRC ZELRI Group
Shanghai Shentong Changke Railway Vehicles Co., Ltd.	Joint venture of Company controlled by the ultimate holding party other than CRRC ZELRI Group
Shanghai CRRC Shentong rail transit vehicle Co., Ltd.	Joint venture of Company controlled by the ultimate holding party other than CRRC ZELRI Group
Shenzhen CRRC Railway Vehicles Co., Ltd.	Joint venture of Company controlled by the ultimate holding party other than CRRC ZELRI Group
Shenyang Westinghouse Brake Technology Co., Ltd.	Joint venture of Company controlled by the ultimate holding party other than CRRC ZELRI Group
Shenyang CRRC Rail Transit Equipment Co., Ltd.	Joint venture of Company controlled by the ultimate holding party other than CRRC ZELRI Group
Changchun Changke Alstom Railway Vehicle Company Ltd.	Joint venture of Company controlled by the ultimate holding party other than CRRC ZELRI Group
Dalian Toshiba Locomotive Electric Equipment Co., Ltd.	Joint venture of Company controlled by the ultimate holding party other than CRRC ZELRI Group
Beijing North Gofront Rail Transit Technology Co., Ltd.	Associate of the ultimate holding group other than CRRC ZELRI Group
Chengdu Changke Xinzhu Rail Transit Equipment Co., Ltd.	Associate of the ultimate holding group other than CRRC ZELRI Group
Datong Hitachi Energy Traction Transformer Co., Ltd (Name used before: Datong ABB Traction Transformer Co., Ltd.)	Associate of the ultimate holding group other than CRRC ZELRI Group
Guangzhou Electric Locomotive Co., Ltd.	Associate of the ultimate holding group other than CRRC ZELRI Group
Guangzhou Junfa Electric Co., Ltd. (Name used before: Guangzhou CNR Junfa Electric Co., Ltd.)	Associate of the ultimate holding group other than CRRC ZELRI Group
Jinan Sirui Rail Transit Equipment Technology Co., Ltd.	Associate of the ultimate holding group other than CRRC ZELRI Group
Jinan-Qingdao High-speed Railway Co., Ltd.	Associate of the ultimate holding group other than CRRC ZELRI Group
Qingdao Metro Rail Transit Intelligent Maintenance Co., Ltd.	Associate of the ultimate holding group other than CRRC ZELRI Group
Taizhou Changxing Rail Transit Operation Management Co., Ltd.	Associate of the ultimate holding group other than CRRC ZELRI Group

Section X Financial Report

XII. RELATED PARTIES AND RELATED PARTY TRANSACTIONS (continued)

4. Particulars of other related parties (continued)

Name of other related parties	Relationship between other related parties and the Company
Taiyuan Locomotive Lukai Logistics Co., Ltd.	Associate of the ultimate holding group other than CRRZ ZELRI Group
Taiyuan Tieliang Trading 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
Tianjin Electric Locomotive Co., Ltd.	Associate of the ultimate holding group other than CRRZ ZELRI Group
Zhuzhou Gofront Foundry Co., Ltd.	Associate of the ultimate holding group other than CRRZ ZELRI Group
Shanghai Alstom Transport Electrical Equipment Co., Ltd.	Associate of the ultimate holding group other than CRRZ ZELRI Group
Taiyuan Shenghao Construction & Installation Project 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
CRRZ Ziyang Transmission Co., Ltd.	Associate of the ultimate holding group other than CRRZ ZELRI Group
Xinyang Amsted Tonghe Wheels Co., Ltd.	Associate of the ultimate holding group other than CRRZ ZELRI Group
Shanghai Nanji Railway Equipment Technology Development Co., Ltd.	Associate of the ultimate holding group other than CRRZ ZELRI Group
Qujing Yihui New Energy Co., Ltd.	Companies controlled by the joint venture of CRRZ ZELRI
Yuxian Shangyou New Energy Co., Ltd.	Companies controlled by the joint venture of CRRZ ZELRI
CRRZ Corporation Limited	Controlling shareholders of CRRZ ZELRI
Northern International Cooperation Co., Ltd.	Companies in which directors, supervisors and the senior management serve
China Railway Baoji Machinery Co., Ltd.	Investor which has significant influence over Baoji CRRZ Times (note: the Company has withdrawn its capital in December 2022, and since December 2022, it is not a related party of the Company)

Other information:

None

Section X Financial Report

XII. RELATED PARTIES AND RELATED PARTY TRANSACTIONS (continued)

5. Transactions between the Group and its related parties

(1) Purchases and sales of goods, rendering and receipt of services

Purchase of goods/receipt of service

✓ Applicable □ Not applicable

Unit: Yuan Currency: RMB

Related parties	Related party transactions	Current period	Prior period
CRRZ ZELRI	Purchase of goods	–	127,795
CRRZ ZELRI	Receipt of services	59,460,120	69,396,685
Joint ventures of the Company	Purchase of goods	61,032,424	15,483,928
Joint ventures of the Company	Receipt of services	–	80,659
Associates of the Company	Purchase of goods	99,029,476	59,487,309
Associates of the Company	Receipt of services	75,472	331,925
Companies controlled by CRRZ ZELRI	Purchase of goods	227,199,435	159,686,697
Companies controlled by CRRZ ZELRI	Receipt of services	3,614,818	8,933,935
Joint ventures of CRRZ ZELRI	Purchase of goods	–	52,717,600
Associates of CRRZ ZELRI	Receipt of services	21,698	361,019
Companies controlled by the joint venture of CRRZ ZELRI	Purchase of goods	7,098,000	–
Companies controlled by the ultimate holding party other than CRRZ ZELRI Group	Purchase of goods	179,216,109	394,245,596
Companies controlled by the ultimate holding party other than CRRZ ZELRI Group	Receipt of services	11,538,876	9,167,431
Joint ventures of the ultimate holding group other than CRRZ ZELRI Group	Purchase of goods	1,712,648	848,620
Associates of the ultimate holding group other than CRRZ ZELRI Group	Purchase of goods	1,633,464	1,189,141
Associates of the ultimate holding group other than CRRZ ZELRI Group	Receipt of services	2,069,647	751,698
Investors which have significant influence over Baoji CRRZ Times	Purchase of goods	–	1,414,035

Section X Financial Report

XII. RELATED PARTIES AND RELATED PARTY TRANSACTIONS (continued)

5. Transactions between the Group and its related parties (continued)

(1) Purchases and sales of goods, rendering and receipt of services (continued)

Sale of goods/rendering of service

Applicable Not applicable

Unit: Yuan Currency: RMB

Related parties	Related party transactions	Current period	Prior period
Joint ventures of the ultimate holding group other than CRRZ ZELRI Group	Sales of goods	109,630,983	15,491,775
Joint ventures of the ultimate holding group other than CRRZ ZELRI Group	Rendering of services	151,925	2,982,013
Associates of the ultimate holding group other than CRRZ ZELRI Group	Sales of goods	46,768,839	2,674,179
Associates of the ultimate holding group other than CRRZ ZELRI Group	Rendering of services	1,700,000	2,100,748
Companies controlled by the ultimate holding party other than CRRZ ZELRI Group	Sales of goods	1,641,641,403	1,724,441,663
Companies controlled by the ultimate holding party other than CRRZ ZELRI Group	Rendering of services	362,181,096	210,627,117
Associates of the Company	Sales of goods	249,942,349	129,818,382
Joint ventures of the Company	Sales of goods	20,353,715	–
Joint ventures of the Company	Rendering of services	900,000	–
Companies controlled by CRRZ ZELRI	Sales of goods	87,191,515	15,289,394
Companies controlled by CRRZ ZELRI	Rendering of services	3,027,839	–
CRRZ ZELRI	Sales of goods	26,224,268	52,043,961
CRRZ ZELRI	Rendering of services	597,158	–
Joint ventures of CRRZ ZELRI	Sales of goods	–	41,078,000
Associates of CRRZ ZELRI	Sales of goods	–	7,079,646
Investors which have significant influence over Baoji CRRZ Times	Sales of goods	–	654,867

Descriptions on purchases and sales of goods, rendering and receipt of services

Applicable Not applicable

Section X Financial Report

XII. RELATED PARTIES AND RELATED PARTY TRANSACTIONS (continued)

5. Transactions between the Group and its related parties (continued)

(2) Related party trusteeship/contracting/outsourcing arrangement

Trusteeship/contracting of the Company

Applicable Not applicable

Related party trusteeship/contracting

Applicable Not applicable

Entrusted management/outsourcing of the Company

Applicable Not applicable

Related party management/outsourcing

Applicable Not applicable

(3) Leases with related parties

The Company as the lessor:

Applicable Not applicable

Unit: Yuan Currency: RMB

Name of lessee	Lease income recognised in the current period	Lease income recognised in the prior period
Companies controlled by the ultimate holding party other than CRRZ ZELRI Group	221,238	8,548
CRRZ ZELRI	1,683,229	650,159
Companies controlled by CRRZ ZELRI Associates of the Company	2,682,064	1,611,797
Joint ventures of the Company	104,470	208,939
	6,367	-

Section X Financial Report

XII. RELATED PARTIES AND RELATED PARTY TRANSACTIONS (continued)

5. Transactions between the Group and its related parties (continued)

(3) Leases with related parties (continued)

The Company as the lessee:

Applicable Not applicable

Unit: Yuan Currency: RMB

Name of lessor	Rent costs for simplified short-term leases and low-value asset leases (if applicable)		Variable lease payments not included in the measurement of lease liabilities (if applicable)		Rent paid		Interest expenses of lease liabilities		Right-of-use assets increased	
	Current period	Prior period	Current period	Prior period	Current period	Prior period	Current period	Prior period	Current period	Prior period
	Companies controlled by the ultimate holding party other than CRRC ZELRI Group	1,532,719	1,532,719	1,532,719	1,670,664	3,365,086	2,646,875	351,632	422,177	2,252,480
CRRC ZELRI	-	-	-	-	48,391	179,464	74,827	15,805	2,038,200	-
Companies controlled by CRRC ZELRI	-	11,090,041	-	11,090,041	11,564,029	-	126,862	-	10,590,407	-

Information on related party leases

Applicable Not applicable

(4) Guarantee

The Company as the guarantor

Applicable Not applicable

The Company as the guarantee holder

Applicable Not applicable

Description of related party guarantee

Applicable Not applicable

Section X Financial Report

XII. RELATED PARTIES AND RELATED PARTY TRANSACTIONS (continued)

5. Transactions between the Group and its related parties (continued)

(5) Funding from related party

Applicable Not applicable

Unit: Yuan Currency: RMB

Related parties	Amount	Start date	Expiry date	Note
Funds received				
Companies controlled by the ultimate holding party other than CRRC ZELRI Group	86,917,875	1/10/2022	30/9/2023	Annual interest rate 4.21%-4.68%
Controlling shareholders of CRRC ZELRI	75,210,556	29/09/2015	28/09/2030	Annual interest rate 1.08%

(6) Transfer of assets and debt restructuring

Applicable Not applicable

(7) Remuneration of key management personnel

Applicable Not applicable

Unit: Yuan Currency: RMB

Item	Current period	Prior period
Remuneration of key management personnel	<u>4,956,093</u>	<u>5,793,435</u>

Section X Financial Report

XII. RELATED PARTIES AND RELATED PARTY TRANSACTIONS (continued)

5. Transactions between the Group and its related parties (continued)

(8) Other related party transactions

✓ Applicable Not applicable

Loan interest income

Unit: Yuan Currency: RMB

Related parties	Current period	Prior period
Companies controlled by the ultimate holding party other than CRRZ ZELRI Group	<u>1,281,999</u>	<u>—</u>
Cash and bank balances		

Unit:Yuan Currency:RMB

Name of the entity	Closing Balance	Opening Balance
Companies controlled by the ultimate holding party other than CRRZ ZELRI Group	<u>292,540,253</u>	<u>291,611,416</u>

Section X Financial Report

XII. RELATED PARTIES AND RELATED PARTY TRANSACTIONS (continued)

5. Transactions between the Group and its related parties (continued)

(8) Other related party transactions (continued)

Loan interest expense

Unit: Yuan Currency: RMB

Related parties	Current period	Prior period
Companies controlled by the ultimate holding party other than CRRZ ZELRI Group	2,436,226	378,130
Controlling shareholders of CRRZ ZELRI	439,758	495,545

Purchases of energy from related parties

Unit: Yuan Currency: RMB

Name of the entity	Current period	Prior period
Companies controlled by the ultimate holding party other than CRRZ ZELRI Group	1,093,009	1,127,317

Sales of energy to related parties

Unit: Yuan Currency: RMB

Name of the entity	Current period	Prior period
Companies controlled by CRRZ ZELRI	1,490,640	1,554,800
Associates of the Company	4,307	3,457
CRRZ ZELRI	111,464	—

Section X Financial Report

XII. RELATED PARTIES AND RELATED PARTY TRANSACTIONS (continued)

6. Amounts due from/to related parties

(1) Receivables

✓ Applicable □ Not applicable

Unit: Yuan Currency: RMB

Item	Related party	Closing balance Gross carrying amount	Opening balance Gross carrying amount
Bills receivable	Companies controlled by the ultimate holding party other than CRRC ZELRI Group	180,439,514	743,169,068
Bills receivable	Associates of the ultimate holding group other than CRRC ZELRI Group	193,408,774	213,408,774
Accounts receivable (including Long-term receivables)	Joint ventures of the ultimate holding group other than CRRC ZELRI Group	191,091,518	76,802,972
Accounts receivable (including Long-term receivables)	Associates of the ultimate holding group other than CRRC ZELRI Group	55,748,995	9,739,064
Accounts receivable (including Long-term receivables)	Companies controlled by the ultimate holding party other than CRRC ZELRI Group	3,132,705,301	2,322,795,091
Accounts receivable (including Long-term receivables)	Joint ventures of the Company	11,075,712	69,767,682
Accounts receivable (including Long-term receivables)	Associates of the Company	332,568,349	159,578,497
Accounts receivable (including Long-term receivables)	Companies controlled by CRRC ZELRI	102,118,584	37,995,780
Accounts receivable (including Long-term receivables)	CRRC ZELRI	48,219,847	59,011,572
Accounts receivable (including Long-term receivables)	Joint ventures of CRRC ZELRI	10,685,280	10,685,280
Accounts receivable (including Long-term receivables)	Associates of CRRC ZELRI	800,000	800,000
Prepayments	Companies controlled by the ultimate holding party other than CRRC ZELRI Group	5,299,972	1,864,861

Section X Financial Report

XII. RELATED PARTIES AND RELATED PARTY TRANSACTIONS (continued)

6. Amounts due from/to related parties (continued)

(1) Receivables (continued)

Item	Related party	Closing balance Gross carrying amount	Opening balance Gross carrying amount
Prepayments	CRRC ZELRI	108,220	108,220
Prepayments	Associates of the ultimate holding group other than CRRC ZELRI Group	137,400	–
Prepayments	Companies controlled by CRRC ZELRI	419,400	–
Contract assets	Joint ventures of the ultimate holding group other than CRRC ZELRI Group	67,957	–
Contract assets	Associates of the ultimate holding group other than CRRC ZELRI Group	1,065,909	–
Contract assets	Companies controlled by the ultimate holding party other than CRRC ZELRI Group	22,763,484	21,569,632
Contract assets	Companies controlled by CRRC ZELRI	227,671	239,637
Contract assets	CRRC ZELRI	7,611	–
Contract assets	Companies in which directors, supervisors and the senior management serve	300,000	–
Other receivables	Associates of the ultimate holding group other than CRRC ZELRI Group	60,000	50,000
Other receivables	Companies controlled by the ultimate holding party other than CRRC ZELRI Group	1,076,126	278,872
Other receivables	Associates of the Company	4,867	12
Other receivables	Joint ventures of the Company	6,367	–
Other receivables	CRRC ZELRI	125,761	813,077
Other receivables	Associates of CRRC ZELRI	243,045	263,045
Other receivables	Companies controlled by CRRC ZELRI	2,047,331	–
Other receivables	Companies controlled by the joint venture of CRRC ZELRI	1,000,000	1,000,000

Section X Financial Report

XII. RELATED PARTIES AND RELATED PARTY TRANSACTIONS (continued)

6. Amounts due from/to related parties (continued)

(1) Receivables (continued)

Item	Related party	Closing balance Gross carrying amount	Opening balance Gross carrying amount
Receivables under financing	Associates of the ultimate holding group other than CRRC ZELRI Group	389,518,379	345,921,082
Receivables under financing	Joint ventures of the ultimate holding group other than CRRC ZELRI Group	5,000,000	2,000,000
Receivables under financing	Companies controlled by the ultimate holding party other than CRRC ZELRI Group	1,576,217,609	1,300,119,339
Receivables under financing	Companies controlled by CRRC ZELRI	44,281,967	52,007,181
Receivables under financing	CRRC ZELRI	44,808,668	100,476,768
Receivables under financing	Associates of the Company	10,535,377	–
Other non-current assets	Companies controlled by the ultimate holding party other than CRRC ZELRI Group	44,716,812	32,052,955
Other non-current assets	Companies controlled by CRRC ZELRI	8,126,843	4,134,843
Other non-current assets	CRRC ZELRI	16,788,354	16,795,964
Other non-current assets	Joint ventures of the ultimate holding group other than CRRC ZELRI Group	46,260,035	46,327,992
Other non-current assets	Associates of the ultimate holding group other than CRRC ZELRI Group	2,044,228	1,830,449
Other non-current assets	Associates of the Company	115,000	–

Section X Financial Report

XII. RELATED PARTIES AND RELATED PARTY TRANSACTIONS (continued)

6. Amounts due from/to related parties (continued)

(2) Payables

✓ Applicable □ Not applicable

Unit: Yuan Currency: RMB

Item	Related party	Closing balance	Opening balance
Bills payable	Joint ventures of the ultimate holding group other than CRRZ ZELRI Group	1,560,000	3,520,000
Bills payable	Associates of the ultimate holding group other than CRRZ ZELRI Group	1,340,000	360,000
Bills payable	Companies controlled by the ultimate holding party other than CRRZ ZELRI Group	44,122,698	14,410,000
Bills payable	Companies controlled by CRRZ ZELRI	66,182,400	10,273,731
Bills payable	Joint ventures of the Company	440,000	210,000
Bills payable	Associates of the Company	20,000,000	–
Accounts payable	Companies controlled by the ultimate holding party other than CRRZ ZELRI Group	553,883,173	665,880,821
Accounts payable	Associates of the Company	104,837,919	107,362,430
Accounts payable	Companies controlled by CRRZ ZELRI	242,843,326	251,309,131
Accounts payable	Joint ventures of the ultimate holding group other than CRRZ ZELRI Group	1,937,810	1,998,677
Accounts payable	Joint ventures of the Company	5,630,863	22,175,026
Accounts payable	Associates of the ultimate holding group other than CRRZ ZELRI Group	3,913,091	5,642,241
Accounts payable	Companies controlled by the joint venture of CRRZ ZELRI	7,098,000	–
Accounts payable	Joint ventures of CRRZ ZELRI	32,487,600	32,487,600
Accounts payable	CRRZ ZELRI	5,565	5,565
Dividends payables	Companies controlled by the ultimate holding party other than CRRZ ZELRI Group	10,659,423	–
Dividends payables	CRRZ ZELRI	324,272,134	–
Other payables	Companies controlled by the ultimate holding party other than CRRZ ZELRI Group	28,088,548	19,096,959

Section X Financial Report

XII. RELATED PARTIES AND RELATED PARTY TRANSACTIONS (continued)

6. Amounts due from/to related parties (continued)

(2) Payables (continued)

Item	Related party	Closing balance	Opening balance
Other payables	CRRZ ZELRI	380,780,484	396,230,130
Other payables	Companies controlled by CRRZ ZELRI	1,753,153	3,469,784
Other payables	Associates of the ultimate holding group other than CRRZ ZELRI Group	30,070	313,000
Other payables	Joint ventures of the ultimate holding group other than CRRZ ZELRI Group	446	446
Contract liabilities	Companies controlled by the ultimate holding party other than CRRZ ZELRI Group	92,542,052	39,539,556
Contract liabilities	CRRZ ZELRI	125,761	–
Contract liabilities	Associates of CRRZ ZELRI	1,436,000	–
Contract liabilities	Companies controlled by the joint venture of CRRZ ZELRI	21,618,093	–
Short-term borrowings	Companies controlled by the ultimate holding party other than CRRZ ZELRI Group	86,917,875	81,898,649
Non-current liabilities due within one year	Controlling shareholders of CRRZ ZELRI	5,022,556	5,025,637
Non-current liabilities due within one year	Companies controlled by the ultimate holding party other than CRRZ ZELRI Group	5,055,121	5,352,059
Non-current liabilities due within one year	CRRZ ZELRI	2,279,984	1,250,500
Non-current liabilities due within one year	Companies controlled by CRRZ ZELRI	–	846,760
Long-term borrowings	Controlling shareholders of CRRZ ZELRI	70,188,000	72,688,000
Lease liabilities	Companies controlled by the ultimate holding party other than CRRZ ZELRI Group	12,316,145	8,997,704
Lease liabilities	CRRZ ZELRI	3,315,135	–

7. Related party commitments

Applicable Not applicable

8. Others

Applicable Not applicable

Section X Financial Report

XIII. SHARE-BASED PAYMENT

1. General introduction of share-based payment

Applicable Not applicable

2. Information about equity-settled share-based payment

Applicable Not applicable

3. Information about cash-settled share-based payment

Applicable Not applicable

4. Modification and cancelation of share-based payment

Applicable Not applicable

5. Others

Applicable Not applicable

Section X Financial Report

XIV. COMMITMENTS AND CONTINGENCIES

1. Significant commitments

Applicable Not applicable

Important external commitments, nature and amount existing on the balance sheet date

Item	Closing balance	Opening balance
Contracted but not recognised in the financial statements		
– Capital commitments	1,446,218,162	1,653,695,248
– Investments in associates/joint ventures	190,954,438	264,608,700
– Investments in other equity instrument investments	55,897,460	–
– Investments in subsidiaries	3,290,000,000	3,750,000,000
Total	4,983,070,060	5,668,303,948

2. Contingencies

(1) Significant contingencies existing as of balance sheet date

Applicable Not applicable

(2) Please make a statement if the Company has no significant contingencies to disclose

Applicable Not applicable

3. Other information

Applicable Not applicable

Section X Financial Report

XV. EVENTS AFTER THE BALANCE SHEET DATE

1. Material non-adjusting events

Applicable Not applicable

2. Profit distribution

Applicable Not applicable

3. Sales returns

Applicable Not applicable

4. Description of other events after the balance sheet date

Applicable Not applicable

On 1 August 2023, the Company held the second meeting of the seventh session of the Board of Directors to review and approve the "Proposal on the Establishment of Hunan CRRC Electric Drive Technology Co., Ltd". The Company intends to establish the joint venture with Hofer powertrain international GmbH (hereinafter referred to as "Hofer International"), Guangxi Minsheng Electric Drive New Energy Investment Partnership Enterprise (Limited Partnership) (hereinafter referred to as "Minsheng New Energy") and the employee shareholding platform to be set up by the Company, with a registered capital of RMB1,000,000,000, of which the Company will contribute RMB832,974,944 in assets and currency including assets of the Company's automobile division of RMB544,418,600 and cash of RMB288,556,344 with the shareholding percentage of 83.2975%; Hofer International will contribute RMB17,125,056 for its existing equity in CRRC Hofer with the shareholding percentage of 1.7125%; Minsheng New Energy will contribute RMB49,900,000 in currency with the shareholding percentage of 4.99%; and the employee shareholding platform will contribute RMB100,000,000 in currency with the shareholding percentage of 10%. The joint venture will be mainly engaged in the electric drive industry for the new energy passenger vehicles. So far, the joint venture has not yet been established.



Section X Financial Report

XVI. OTHER SIGNIFICANT EVENTS

1. Corrections of prior period accounting errors

(1) Retrospective restatement method

Applicable Not applicable

(2) Prospective application method

Applicable Not applicable

2. Debt Restructuring

Applicable Not applicable

3. Exchange of assets

(1) Exchange of non-monetary assets

Applicable Not applicable

(2) Exchange of other assets

Applicable Not applicable

4. Annuity plan

Applicable Not applicable

5. Discontinued operations

Applicable Not applicable

Section X Financial Report

XVI. OTHER SIGNIFICANT EVENTS (continued)

6. Segment reporting

(1) Basis and accounting policies for determination of reporting segments

✓ Applicable Not applicable

Based on the requirements of the Group's internal organisation structure, management requirement and internal reporting system, the Group's operating activities are classified in to one separate operating segment, mainly supplying the market with rail transit equipment and extended products and services, therefore the Group has no other operating segment.

Geographical information:

Revenue from external customers categorised by source of income and non-current assets categorised by location of assets are as follows:

Revenue from external customers

Unit: Yuan Currency: RMB

Item	Current period	Prior period
Chinese Mainland	8,081,955,284	6,169,265,789
Other countries and regions	488,255,349	357,644,951
Total	8,570,210,633	6,526,910,740

Total non-current assets

Unit: Yuan Currency: RMB

Countries or regions	Closing balance	Opening balance
Chinese Mainland	11,610,208,117	10,772,484,347
Other countries and regions	611,796,711	579,932,079
Total	12,222,004,828	11,352,416,426

Non-current assets are analysed by geographic locations where the assets are located, excluding financial assets and deferred tax assets.

Section X Financial Report

XVI. OTHER SIGNIFICANT EVENTS (continued)

6. Segment reporting (continued)

(1) Basis and accounting policies for determination of reporting segments (continued)

Information of major customers

The Group's revenue from its major customer, CRRG Group (including subordinates and subsidiaries of CRRG Group, hereinafter referred to as "CRRG Group"), which accounted for a significant proportion of the Group's total revenue, is set out as follows:

Unit: Yuan Currency: RMB

Customer	Current period		Prior period	
	Amount	Proportion to total revenue (%)	Amount	Proportion to total revenue (%)
CRRG Group	<u>2,127,051,914</u>	<u>24.82</u>	<u>2,006,227,439</u>	<u>30.74</u>

(2) If there is no reporting segment, or if the total assets and total liabilities of each reportable segment cannot be disclosed, the reasons should be stated.

Applicable Not applicable

(3) Other information

Applicable Not applicable

7. Other significant events that have impacts on investors' decisions

Applicable Not applicable

8. Operating lease

Applicable Not applicable

As a lessor

Unit: Yuan Currency: RMB

	Current period	Prior period
Within 1 year (inclusive)	12,249,404	16,961,583
1 to 2 years (inclusive)	802,886	11,979,976
2 to 3 years (inclusive)	4,800	999,195
3 to 4 years (inclusive)	—	591,063
4 to 5 years (inclusive)	—	—
Total	<u>13,057,090</u>	<u>30,531,817</u>

Section X Financial Report

XVII. NOTES TO KEY ITEMS OF THE COMPANY'S FINANCIAL STATEMENTS

1. Accounts receivable

(1) Disclosed by ageing

✓ Applicable Not applicable

Unit: Yuan Currency: RMB

Ageing	Closing balance	Opening balance
Within 1 year		
Including: sub items within 1 year		
Within 6 months	6,084,044,465	4,914,726,686
6 months to 1 year	2,463,843,499	737,723,042
Sub-total within 1 year	8,547,887,964	5,652,449,728
1 to 2 years	867,856,246	690,436,837
2 to 3 years	309,915,004	304,343,820
Over 3 years	61,111,304	38,766,999
Total	9,786,770,518	6,685,997,384
Less: Provision for credit loss	233,822,033	162,326,742
Book value	9,552,948,485	6,523,670,642

The Company's accounts receivable aging is based on invoice dates.

Section X Financial Report

XVII. NOTES TO KEY ITEMS OF THE COMPANY'S FINANCIAL STATEMENTS (continued)

1. Accounts receivable (continued)

(2) Disclosed by method of credit loss

✓ Applicable Not applicable

Unit: Yuan Currency: RMB

Category	Gross carrying amount		Closing balance			Gross carrying amount		Opening balance		
	Amount	Proportion (%)	Amount	Credit loss allowance		Amount	Proportion (%)	Amount	Credit loss allowance	
				Proportion of provision (%)	Carrying amount				Proportion of provision (%)	Carrying amount
Provision on individual basis	2,481,367	0.03	2,481,367	100.00	-	2,481,367	0.04	2,481,367	100.00	-
Provision on portfolio basis	9,784,289,151	99.97	231,340,666	2.36	9,552,948,485	6,683,516,017	99.96	159,845,375	2.39	6,523,670,642
Including:										
Receivables from central state-owned enterprises other than China Railway Corporation	6,913,058,553	70.64	117,131,798	1.69	6,795,926,755	4,508,508,750	67.43	69,007,269	1.53	4,439,501,481
Accounts receivable from local government or local state-owned enterprise	2,235,740,488	22.84	98,443,488	4.40	2,137,297,000	1,390,413,321	20.80	68,205,759	4.91	1,322,207,562
Receivables from China Railway Corporation	239,637,553	2.45	214,624	0.09	239,422,929	142,418,834	2.13	166,526	0.12	142,252,308
Receivables from other customers	395,852,557	4.04	15,550,756	3.93	380,301,801	642,175,112	9.60	22,465,821	3.50	619,709,291
Total	9,786,770,518	100.00	233,822,033	/	9,552,948,485	6,685,997,384	100.00	162,326,742	/	6,523,670,642

Provision on individual basis

✓ Applicable Not applicable

Section X Financial Report

XVII. NOTES TO KEY ITEMS OF THE COMPANY'S FINANCIAL STATEMENTS (continued)

1. Accounts receivable (continued)

(2) Disclosed by method of credit loss (continued)

Unit: Yuan Currency: RMB

Item	Gross carrying amount	Closing balance		Reason for provision
		Credit loss allowance	Proportion of provision (%)	
China Railway Bridge Engineering Bureau Group Electrification Engineering Co., Ltd.	2,481,367	2,481,367	100	Low probability of recovery
Total	<u>2,481,367</u>	<u>2,481,367</u>	<u>100</u>	/

Description of provision on individual basis:

Applicable Not applicable

Provision on portfolio basis:

Applicable Not applicable

Section X Financial Report

XVII. NOTES TO KEY ITEMS OF THE COMPANY'S FINANCIAL STATEMENTS (continued)

1. Accounts receivable (continued)

(2) Disclosed by method of credit loss (continued)

Item: Receivables from central state-owned enterprises other than China Railway Corporation

Unit: Yuan Currency: RMB

Item	Accounts receivable	Closing balance	
		Credit loss allowance	Proportion of provision (%)
Within 6 months	4,505,196,159	56,410,702	1.25
6 months to 1 year	1,900,020,045	30,671,878	1.61
1 to 2 years	357,179,983	18,512,639	5.18
2 to 3 years	111,030,321	5,898,255	5.31
Over 3 years	39,632,045	5,638,324	14.23
Total	<u>6,913,058,553</u>	<u>117,131,798</u>	

Unit: Yuan Currency: RMB

Item	Accounts receivable	Opening balance	
		Credit loss allowance	Proportion of provision (%)
Within 6 months	3,688,427,604	45,120,648	1.22
6 months to 1 year	436,368,798	5,607,225	1.28
1-2 years	234,948,563	10,458,463	4.45
2-3 years	113,205,523	4,975,343	4.39
Over 3 years	35,558,262	2,845,590	8.00
Total	<u>4,508,508,750</u>	<u>69,007,269</u>	

Analysis of accounts receivable for which credit loss allowance is provided on portfolio basis:

Applicable Not applicable

Section X Financial Report

XVII. NOTES TO KEY ITEMS OF THE COMPANY'S FINANCIAL STATEMENTS (continued)

1. Accounts receivable (continued)

(2) Disclosed by method of credit loss (continued)

Item: Accounts receivable from local government or local state-owned enterprise

Unit: Yuan Currency: RMB

Item	Closing balance		Proportion of provision (%)
	Accounts receivable	Credit loss allowance	
Within 6 months	1,136,316,382	34,408,031	3.03
6 months to 1 year	470,758,004	11,123,684	2.36
1 to 2 years	427,220,659	24,035,650	5.63
2 to 3 years	182,988,051	22,416,036	12.25
Over 3 years	18,457,392	6,460,087	35.00
Total	<u>2,235,740,488</u>	<u>98,443,488</u>	

Unit: Yuan Currency: RMB

Item	Opening balance		Proportion of provision (%)
	Accounts receivable	Credit loss allowance	
Within 6 months	696,641,391	20,935,166	3.01
6 months to 1 year	133,905,255	3,164,088	2.36
1-2 years	374,677,724	21,420,858	5.72
2-3 years	185,188,951	22,685,647	12.25
Over 3 years	—	—	—
Total	<u>1,390,413,321</u>	<u>68,205,759</u>	

Analysis of accounts receivable for which credit loss allowance is provided on portfolio basis:

Applicable Not applicable

Section X Financial Report

XVII. NOTES TO KEY ITEMS OF THE COMPANY'S FINANCIAL STATEMENTS (continued)

1. Accounts receivable (continued)

(2) Disclosed by method of credit loss (continued)

Item: Receivables from China Railway Corporation

Unit: Yuan Currency: RMB

Item	Accounts receivable	Closing balance	
		Credit loss allowance	Proportion of provision (%)
Within 6 months	214,014,069	160,411	0.07
6 months to 1 year	15,238,910	9,258	0.06
1 to 2 years	10,384,574	44,955	0.43
2 to 3 years	-	-	-
Over 3 years	-	-	-
Total	<u>239,637,553</u>	<u>214,624</u>	

Unit: Yuan Currency: RMB

Item	Accounts receivable	Opening balance	
		Credit loss allowance	Proportion of provision (%)
Within 6 months	111,190,705	85,596	0.08
6 months to 1 year	24,896,598	55,381	0.22
1-2 years	6,331,531	25,549	0.40
2-3 years	-	-	-
Over 3 years	-	-	-
Total	<u>142,418,834</u>	<u>166,526</u>	

Analysis of accounts receivable for which credit loss allowance is provided on portfolio basis:

Applicable Not applicable

Section X Financial Report

XVII. NOTES TO KEY ITEMS OF THE COMPANY'S FINANCIAL STATEMENTS (continued)

1. Accounts receivable (continued)

(2) Disclosed by method of credit loss (continued)

Item: Receivables from other customers

Unit: Yuan Currency: RMB

Item	Accounts receivable	Closing balance	
		Credit loss allowance	Proportion of provision (%)
Within 6 months	228,517,855	6,549,147	2.87
6 months to 1 year	77,826,541	2,072,799	2.66
1 to 2 years	73,071,030	4,615,953	6.32
2 to 3 years	15,896,631	2,038,015	12.82
Over 3 years	540,500	274,842	50.85
Total	<u>395,852,557</u>	<u>15,550,756</u>	

Unit: Yuan Currency: RMB

Item	Accounts receivable	Opening balance	
		Credit loss allowance	Proportion of provision (%)
Within 6 months	418,511,407	11,100,535	2.65
6 months to 1 year	142,552,391	3,930,074	2.76
1-2 years	74,479,019	6,113,398	8.21
2-3 years	5,949,345	967,428	16.26
Over 3 years	682,950	354,386	51.89
Total	<u>642,175,112</u>	<u>22,465,821</u>	

Analysis of accounts receivable for which credit loss allowance is provided on portfolio basis:

Applicable Not applicable

For provision allowance based on general model of expected credit losses, please refer to other receivables disclosure:

Applicable Not applicable

Section X Financial Report

XVII. NOTES TO KEY ITEMS OF THE COMPANY'S FINANCIAL STATEMENTS (continued)

1. Accounts receivable (continued)

(3) Credit loss allowance of accounts receivable

Applicable Not applicable

Unit: Yuan Currency: RMB

Category	Opening balance	Transferred to credit-impaired losses	Changes for the period		Closing balance
			Provision	Recoveries or reversal	
Lifetime ECL (not credit-impaired)	89,998,713	-18,573,466	69,980,663	-	141,405,910
Lifetime ECL (credit-impaired)	<u>72,328,029</u>	<u>18,573,466</u>	<u>1,514,628</u>	-	<u>92,416,123</u>
Total	<u>162,326,742</u>	<u>-</u>	<u>71,495,291</u>	<u>-</u>	<u>233,822,033</u>

Significant recoveries or reversals during the current period:

Applicable Not applicable

(4) Accounts receivable that are actually written-off are as follows

Applicable Not applicable

Section X Financial Report

XVII. NOTES TO KEY ITEMS OF THE COMPANY'S FINANCIAL STATEMENTS (continued)

1. Accounts receivable (continued)

(5) Top five accounts receivable at the end of the year categorised by debtor:

Applicable Not applicable

Unit: Yuan Currency: RMB

Entity name	Closing balance	Proportion to total accounts receivable (%)	Closing balance of provision for credit loss
Customer 6	1,123,521,120	11.48	29,943,370
Customer 12	1,031,686,437	10.54	–
Customer 20	452,246,619	4.62	10,249,157
Customer 7	416,542,361	4.26	17,178,387
Customer 11	389,656,742	3.98	–
Total	<u>3,413,653,279</u>	<u>34.88</u>	<u>57,370,914</u>

(6) Accounts receivable derecognised due to transfer of financial assets

Applicable Not applicable

(7) Amount of assets and liabilities formed by transferring accounts receivable but continuing involvement

Applicable Not applicable

Other information:

Applicable Not applicable

Section X Financial Report

XVII. NOTES TO KEY ITEMS OF THE COMPANY'S FINANCIAL STATEMENTS (continued)

2. Other receivables

Details of items

Applicable Not applicable

Unit: Yuan Currency: RMB

Item	Closing balance	Opening balance
Dividends receivable	335,253,481	266,056,100
Other receivables	472,136,397	365,870,951
Total	807,389,878	631,927,051

Other information:

Applicable Not applicable

Interest receivable

(1) Classification of interest receivable

Applicable Not applicable

(2) Significant overdue interest

Applicable Not applicable

(3) Provision for bad debts

Applicable Not applicable

Other information:

Applicable Not applicable

Section X Financial Report

XVII. NOTES TO KEY ITEMS OF THE COMPANY'S FINANCIAL STATEMENTS (continued)

2. Other receivables (continued)

Dividends receivable

(1) Dividends receivable

Applicable Not applicable

Unit: Yuan Currency: RMB

Item (or investee)	Closing balance	Opening balance
Baoji CRRC Times	178,271,100	178,271,100
Ningbo CRRC Transducer	118,000,000	86,000,000
Ningbo CRRC Electric	38,982,381	–
Shanghai CRRC Rail Transit	–	1,581,000
Lanzhou CRRC Times	–	204,000
Total	<u>335,253,481</u>	<u>266,056,100</u>

(2) Significant dividends receivable with ageing over 1 year

Applicable Not applicable

(3) Provision for bad debts

Applicable Not applicable

Other information:

Applicable Not applicable

Section X Financial Report

XVII. NOTES TO KEY ITEMS OF THE COMPANY'S FINANCIAL STATEMENTS (continued)

2. Other receivables (continued)

Other receivables

(1) Other receivables disclosed by ageing

✓ Applicable Not applicable

Unit: Yuan Currency: RMB

Ageing	Closing balance	Opening balance
Within 1 year		
Including: sub items within 1 year		
Within 6 months	267,589,158	135,216,545
6 months to 1 year	53,679,936	79,068,544
Subtotal within 1 year	321,269,094	214,285,089
1-2 years	100,726,343	37,234,329
2-3 years	6,984,179	2,423,114
Over 3 years	44,623,696	113,497,489
Less: Provision for credit loss	1,466,915	1,569,070
Total	472,136,397	365,870,951

(2) Classification of other receivables by nature

✓ Applicable Not applicable

Unit: Yuan Currency: RMB

Item	Closing balance	Opening balance
Amounts due from subsidiaries	357,673,037	249,103,758
Deposits and guarantees	47,003,951	52,569,540
Subscribed capital receivable	50,000,000	50,000,000
Others	18,926,324	15,766,723
Total	473,603,312	367,440,021

Section X Financial Report

XVII. NOTES TO KEY ITEMS OF THE COMPANY'S FINANCIAL STATEMENTS (continued)

2. Other receivables (continued)

Other receivables (continued)

(3) Provision for credit loss of other receivables is as follows:

✓ Applicable Not applicable

Unit: Yuan Currency: RMB

Credit loss allowance	Phase 1 12-month ECL	Phase 2 Lifetime ECL (not credit-impaired)	Phase 3 Lifetime ECL (credit-impaired)	Total
Balance at 1 January 2023	1,569,070	–	–	1,569,070
Balance at 1 January 2023 during this period	–	–	–	–
– Transfer to Phase 2	–	–	–	–
– Transfer to Phase 3	–	–	–	–
– Transfer back to Phase 2	–	–	–	–
– Transfer back to Phase 1	–	–	–	–
Additions during the period	213,978	–	–	213,978
Reversals during the period	-316,133	–	–	-316,133
Written-off during the period	–	–	–	–
Balance at 30 June 2023	1,466,915	–	–	1,466,915

Section X Financial Report

XVII. NOTES TO KEY ITEMS OF THE COMPANY'S FINANCIAL STATEMENTS (continued)

2. Other receivables (continued)

Other receivables (continued)

(3) Provision for credit loss of other receivables is as follows: (continued)

Disclose significant movements in the gross carrying amounts of other receivables which have seen changes in provisions during the year:

Applicable Not applicable

Disclose the amount of the provision for the period and the basis for determining whether financial instruments credit risk has significantly increased:

Applicable Not applicable

(4) Provision for bad debts

Applicable Not applicable

Significant recoveries or reversals during the period:

Applicable Not applicable

(5) Other receivables actually written off in the current period

Applicable Not applicable

Description of other receivables written off:

Applicable Not applicable

(6) Top five other receivables categorised by debtors

Applicable Not applicable

(7) Receivables involving government grants

Applicable Not applicable

(8) Other receivables derecognised due to transfer of financial assets

Applicable Not applicable

Section X Financial Report

XVII. NOTES TO KEY ITEMS OF THE COMPANY'S FINANCIAL STATEMENTS (continued)

2. Other receivables (continued)

Other receivables (continued)

(9) Amount of assets and liabilities formed by transferring other receivable but continuing involvement

Applicable Not applicable

Other information:

Applicable Not applicable

3. Long-term equity investments

Applicable Not applicable

Unit: Yuan Currency: RMB

Item	Gross carrying amount	Closing balance		Gross carrying amount	Opening balance	
		Provision for impairment	Book value		Provision for impairment	Book value
Investments in subsidiaries	9,145,202,926	450,771,551	8,694,431,375	9,027,602,926	450,771,551	8,576,831,375
Investments in joint ventures and associates	296,206,623	-	296,206,623	294,556,682	-	294,556,682
Total	9,441,409,549	450,771,551	8,990,637,998	9,322,159,608	450,771,551	8,871,388,057

Section X Financial Report

XVII. NOTES TO KEY ITEMS OF THE COMPANY'S FINANCIAL STATEMENTS (continued)

3. Long-term equity investments (continued)

(1) Investments in subsidiaries

✓ Applicable □ Not applicable

Unit: Yuan Currency: RMB

Investee	Opening balance	Increase	Decrease	Closing balance	Provision for impairment for the period	Closing balance of impairment provision
CRRC Times Electronics	182,977,618	-	-	182,977,618	-	-
Ningbo CRRC Times	281,467,255	-	-	281,467,255	-	-
Times USA	3,187,516	-	-	3,187,516	-	-
Shenyang CRRC Times	56,000,000	-	-	56,000,000	-	-
Baoji CRRC Times	1,108,727,100	-	-	1,108,727,100	-	-
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 Times Electric	731,009,400	-	-	731,009,400	-	-450,771,551
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	117,600,000	-	398,254,981	-	-
Shanghai CRRC SMD	70,000,000	-	-	70,000,000	-	-
Chengdu CRRC Electric	30,000,000	-	-	30,000,000	-	-
CRRC Times Semiconductor	5,164,224,120	-	-	5,164,224,120	-	-
Canada Dynex	282,478,220	-	-	282,478,220	-	-
Chongqing CRRC Electric	90,000,000	-	-	90,000,000	-	-
FAW CRRC	150,000,000	-	-	150,000,000	-	-
Total	9,027,602,926	117,600,000	-	9,145,202,926	-	-450,771,551

Section X Financial Report

XVII. NOTES TO KEY ITEMS OF THE COMPANY'S FINANCIAL STATEMENTS (continued)

3. Long-term equity investments (continued)

(2) Investments in joint ventures and associates

✓ Applicable Not applicable

Unit: Yuan Currency: RMB

Name of investee	Opening balance	Investment income or loss recognised under equity method	Changes for the period			Closing balance	Closing balance of impairment provision
			Other equity changes	Cash dividend or profits declared	Provision for impairment		
I. Joint ventures							
Shiling	106,377,120	1,583,204	-	-	-	107,960,324	-
LANP Electrical	13,782,339	-2,687,295	-	-	-	11,095,044	-
Shanghai Shenzhong	9,014,247	-462,904	-	-	-	8,551,343	-
Zhengzhou Times	8,782,600	1,868,707	-	-	-	10,651,307	-
Sub-total	137,956,306	301,712	-	-	-	138,258,018	-
II. Associates							
Zhuzhou Siemens	46,719,865	192,879	-	-	-	46,912,744	-
Guoxin Technology	50,165,681	83,497	-	-	-	50,249,178	-
Times Wabtec	15,820,180	-688,332	-	-	-	15,131,848	-
CRRC India	15,264,370	101,511	-	-	-	15,365,881	-
Wuxi Times	21,855,251	-130,688	-	-	-	21,724,563	-
Foshan Zhongshi	6,775,029	1,789,362	-	-	-	8,564,391	-
Sub-total	156,600,376	1,348,229	-	-	-	157,948,605	-
Total	294,556,682	1,649,941	-	-	-	296,206,623	-

Other information:

Applicable ✓ Not applicable

Section X Financial Report

XVII. 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:

Applicable Not applicable

Unit: Yuan Currency: RMB

Item	Current period		Prior period	
	Revenue	Cost of sales	Revenue	Cost of sales
Principal operating activities	5,791,216,869	4,510,266,620	4,624,990,300	3,720,005,174
Other operating activities	<u>329,851,392</u>	<u>309,420,222</u>	<u>403,555,536</u>	<u>364,528,758</u>
Total	<u><u>6,121,068,261</u></u>	<u><u>4,819,686,842</u></u>	<u><u>5,028,545,836</u></u>	<u><u>4,084,533,932</u></u>

(2) Revenue from contracts

Applicable Not applicable

Unit: Yuan Currency: RMB

Contract classification	Current period	Prior period
By geographic areas of sales		
Chinese Mainland	6,117,126,434	4,976,730,094
Other countries and regions	<u>3,941,827</u>	<u>51,815,742</u>
Total	<u><u>6,121,068,261</u></u>	<u><u>5,028,545,836</u></u>

Other information of revenue from contracts:

Applicable Not applicable

Section X Financial Report

XVII. NOTES TO KEY ITEMS OF THE COMPANY'S FINANCIAL STATEMENTS (continued)

4. Revenue and cost of sales (continued)

(3) Description of performance obligations

Applicable Not applicable

Sales of goods and materials

The Company mainly sells rail transit equipment and components, which are mainly delivered using land transportation. The Company recognises revenue upon receipts and acceptance of the goods by the customer.

Advances from customer before delivery of rail transit equipment and components are recognised 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 Company mainly repairs and maintains rail transit equipment and components. The Group mainly provides maintenance service of rail transit equipment product, and revenue is recognised when the services are completed.

(4) Descriptions of allocated remaining performance obligations

Applicable Not applicable

Other information:

None

Section X Financial Report

XVII. NOTES TO KEY ITEMS OF THE COMPANY'S FINANCIAL STATEMENTS (continued)

5. Investment income

Applicable Not applicable

Unit: Yuan Currency: RMB

Item	Current period	Prior period
Gains from long-term equity investments under equity method	1,649,941	-862,361
Gains on disposal of held-for-trading financial assets	32,375,800	20,441,389
Gains from long-term equity investments under cost method	196,782,381	1,038,000,000
Others	-1,847,307	-1,049,490
Total	<u>228,960,815</u>	<u>1,056,529,538</u>

Other information:

None

6. Others

Applicable Not applicable

Section X Financial Report

XVIII. SUPPLEMENTARY INFORMATION

1. Breakdown of non-recurring profit or loss for the current period

Applicable Not applicable

Unit: Yuan Currency: RMB

Item	Amount	Note
Profit or loss on disposal of non-current assets	187,326	/
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)	172,427,109	/
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	78,270,775	/
Reversal of provision for accounts receivable that are tested for impairment losses individually	1,844,000	/
Other non-operating income or expenses other than the above	14,359,080	/
Less: Tax effect of non-recurring profit or loss	36,983,478	
Effects of non-recurring profit or loss attributable to minority interests (after tax)	4,629,243	
Total	<u>225,475,569</u>	

Reason for defining items as non-recurring gain or loss items according to Information Disclosure and Presentation Rules for Companies Making Public Offering of Securities No.1 – Non-recurring Gain or Loss, and reasons for defining non-recurring gain or loss items illustrated in Information Disclosure and Presentation Rules for Companies Making Public Offering of Securities No. 1 – Non-recurring Gain or Loss as recurring gain or loss items should be specified.

Applicable Not applicable

Section X Financial Report

XVIII. SUPPLEMENTARY INFORMATION (continued)

2. Return on net assets and earnings per share

Applicable Not applicable

Profit for the reporting period	Weighted average return on net assets (%)	EPS	
		Basic EPS	Diluted EPS
Net profit attributable to ordinary shareholders of the Company	3.28	0.81	0.81
Net profit after deduction of non-recurring profit or loss attributable to ordinary shareholders of the Company	<u>2.64</u>	<u>0.66</u>	<u>0.66</u>

3. Differences between accounting information expressed under domestic and overseas accounting policies

Applicable Not applicable

4. Others

Applicable Not applicable

Chairman of the Board: Li Donglin

Reporting date approved by the Board of Directors: 22 March 2023



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