



2023 ANNUAL REPORT



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

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

Stock Code: 3898



Important Notice

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

Yes No

III. WARNING OF SIGNIFICANT RISKS

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

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

V. KPMG HUAZHEN LLP HAS ISSUED A STANDARD UNQUALIFIED AUDIT REPORT TO THE COMPANY.

VI. LI DONGLIN, PERSON-IN-CHARGE OF THE COMPANY, LIU ZEHUA, THE ACCOUNTING CHIEF, AND SUN SHAN, PERSON-IN-CHARGE OF THE ACCOUNTING DEPARTMENT (HEAD OF THE ACCOUNTING DEPARTMENT), WARRANT THE TRUTHFULNESS, ACCURACY AND COMPLETENESS OF THE FINANCIAL REPORT SET OUT IN THE ANNUAL REPORT.

VII. THE PROFIT DISTRIBUTION PROPOSAL OR PROPOSAL ON TRANSFER OF CAPITAL RESERVE FUND INTO SHARE CAPITAL FOR THE REPORTING PERIOD CONSIDERED AND APPROVED BY THE BOARD

The Company proposes to distribute cash dividends to the Shareholders based on the total number of Shares determined on the record date fixed for the equity distribution which will be specified in the equity distribution implementation announcement. The Company proposes to distribute cash dividends of RMB7.8 (tax inclusive) for every ten Shares held by Shareholders, totaling RMB1,101,001,287.36 based on the total share capital of the Company of 1,416,236,912 shares as at 31 December 2023 (after deducting 4,696,800 H shares repurchased for cancellation, i.e. based on 1,411,540,112 shares), accounting for 35.45% of the net profit attributable to Shareholders of the Company as contained in the consolidated financial statements for 2023. In case of any change in the total share capital of the Company from the date of the profit distribution announcement to the record date for implementation of the equity distribution, the Company proposes to maintain the payout ratio per Share unchanged, make corresponding adjustments to the total payout amount, and will publish separate announcement(s) on the specific adjustments. The above profit distribution plan has been approved at the 6th meeting of the seventh session of the Board, and is subject to consideration and approval at the 2023 annual general meeting of the Company.

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

Applicable Not applicable

IX. DISCLAIMER OF FORWARD-LOOKING STATEMENTS

Applicable Not applicable

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

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

No

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

No

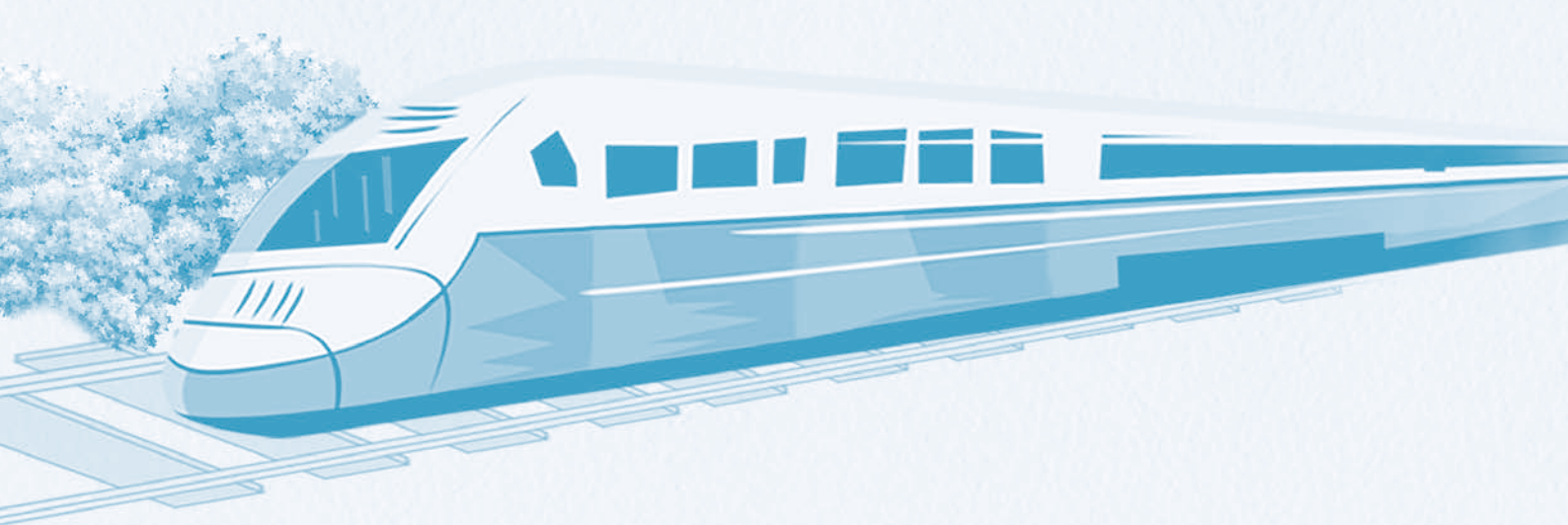
XII. WHETHER MORE THAN HALF OF THE DIRECTORS CANNOT GUARANTEE THE TRUTHFULNESS, ACCURACY AND COMPLETENESS OF THE ANNUAL REPORT DISCLOSED BY THE COMPANY

No

XIII. OTHERS

Applicable Not applicable

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



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Notes:

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

I. DEFINITIONS

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

DEFINITIONS OF FREQUENTLY USED TERMS

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

Section I Definitions



“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 Main Board of the Hong Kong Stock Exchange and are subscribed for and traded in HK\$
“SEHK Listing Rules” or “Hong Kong Listing Rules”	Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited
“PRC Accounting Standards”	Accounting Standards for Business Enterprises and relevant regulations issued by the Ministry of Finance of the PRC
“the year” or “the reporting period”	the financial year ended 31 December 2023
“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
“SASAC”	State-owned Asset Supervision and Administration Commission of the State Council (國務院國有資產監督管理委員會)
“State Railway Group”	China State Railway Group Co., Ltd. (中國國家鐵路集團有限公司)
“Stock Exchange” or “Hong Kong Stock Exchange”	The Stock Exchange of Hong Kong Limited
“Supervisory Committee”	the supervisory committee of the Company

Section II Chairman's Statement



Dear Investors,

Best greetings!

On behalf of the Board of Directors, I hereby present to you the 2023 annual report of the Company, and would like to extend my sincere gratitude to all our partners for their long-term support and concern about our development.

The year of 2023 marks the first year to fully echo the call of the 20th CPC National Congress and embarks on a new journey of Chinese-style modernization. During the year, CRRC Times Electric implemented the national strategy, worked hard and forged ahead with courage and perseverance in front of complex challenges, making an exciting start at this year. Under the scientific decisions of the Board of Directors and the unity and hard work of all employees, the Company fully grasped the new development stage, thoroughly implemented the new development concept, and always put the improvement of profitability on top priority. The revenue reached a historic new level of RMB20 billion, and profitability reached a new high. With various tasks and objectives being successfully achieved, we jointly wrote a new history of struggle.

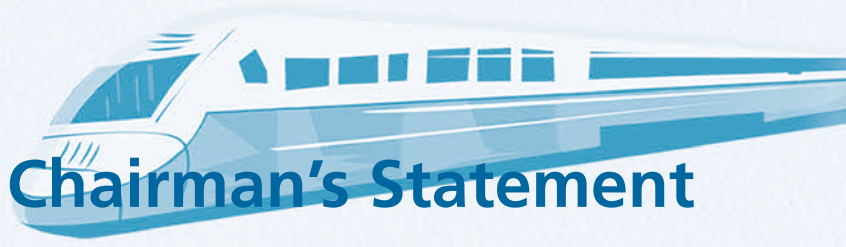
- (I) Scaling new heights across business segments with fighting courage and unremitting efforts. Under a two-winged strategy on transportation and new energy, the Company gave full play to its advantages of diversified industrial layout to build up synergies, and promoted a fruitful harvest across its business segments. Rail transit traction system and other advantageous businesses made steady progress, with market share remaining at the forefront. The ranks of power supply system, signal system and other business continued to rise. New industries such as power semiconductors, passenger car electric drive, sensors and new energy power generation grew rapidly, achieving sound development in both scale and quality and further enhancing the Company's position and influence in the industry. We made great efforts to promote the investment and construction, demonstrated "CRRC speed" in the construction of semiconductor Yixing base, accelerated the expansion of the production lines for passenger car electric drive and sensor, enhancing the production capacity significantly.
- (II) Delivering fruitful scientific and technological innovation results with innovation and diligence. The Company adhered to innovation-driven development and accelerated the realization of high-level scientific and technological self-reliance. The fruitful R&D results of product technologies helped the CR450 EMU to complete the high-speed test and the automatic driving verification of heavy-duty trains. The Company accelerated the development of a new generation of ultra-fine groove STMOs+, leading the industry for its performance. Our influence in the industry was further enhanced, as witnessed by over 440 patent applications and the silver award granted at the International Exhibition of Inventions in Nuremberg. We released 11 international, national and industrial standards and won 2 contribution award of China standard innovation. Our 8 national key R&D programs were approved, 11 scientific and technological achievements were evaluated, and 9 science and technology awards at provincial and ministerial level and industrial level were awarded, including 4 first prizes. The Company was approved for heavy-train automatic driving engineering technology research center in Hunan Province, national intelligent manufacturing demonstration factory, ranking the first in the list of high-tech enterprises in Hunan Province in terms of comprehensive innovation ability.

Section II Chairman's Statement



- (III) Making remarkable achievements in refined management with digital-empowered precision and high efficiency. By adhering to the concept of “digital-driven and high-quality development”, the Company promoted refined management in depth, and achieved remarkable results in the improvement of profitability. With solid progress made in digital electrical and the release of company-level digital management cockpit, we achieved visual and dynamic monitoring and analysis of index results; we launched contract fulfillment functions in a full range to monitor payment collection gaps and overdue risks in real time; we fully deepened digital finance to automatically analyze the project-level operating profit and loss and improve the efficiency of financial management; “one X for one category” sorted out key indicators such as category cost reduction, capacity utilization rate and R&D platform cost reduction, driving continuous improvement in our business. We continued to improve profitability, fully implemented the “Two Financials” responsibility, and strengthened the “Two Financials” process control. Based on the digital platform, we carried out in-depth quantitative and accurate analysis of the whole value chain, and planned profitable improvement projects purposefully, thus achieving remarkable results in cost reduction and efficiency enhancement.
- (IV) Gaining momentum in deepening reform through practical actions with the principle “symbiosis between breakthrough and revitalisation”. The Company continued to deepen the reform of market-oriented management mechanism and continuously strengthened the long-term development engine of the industry. We steadily promoted capital increase and share expansion for semiconductor business and passenger car electric drive corporatization project. We continued to optimize and adjust the organizational structure, improved industrial restructuring and adjustment, making industrial management more refined and professional. We efficiently realized the “optimization, flat management, simplification and flexibility” at management levels and organizations throughout the year, constantly stimulated endogenous development vitality, realizing continuous improvement in per capita efficiency. By adhering to strivers and value creators-oriented concept, we continued to expand the range of differentiated compensation incentives. The Company was selected into the list of “creating a world-class professional leading demonstration enterprise” and “scientific reform enterprise” of SASAC, and was included in the list of key sub-enterprises of CRRC Group’s reform deepening and upgrading action.

Section II Chairman's Statement



Only by standing tall at the tide can you know the high waves and fast winds; only by climbing to the peak mountain can you see the wider space. Standing on the new stage of RMB20 billion, Times Electric will closely follow the pulse of the development of The Times, always bear in mind “national endeavors”, firmly implement the national “transportation power” and “dual carbon” strategies, maintain the concentration of two-winged industrial development, strengthen scientific and technological innovation, market expansion, digital transformation, deepening reform, and large-scale manufacturing, fully stimulate the industrial concentric and diversified synergies and comprehensively achieve sound development.

The year of 2024 marks a critical milestone for the Company to echo the call of the 20th CPC National Congress and a key year for the completion of the “14th Five-Year Plan” goals and tasks. We will grasp the opportunities and challenges of high-quality development, and start again with another remarkable achievement. We will consolidate the industrial layout of “one core, four strengths and multiple points”¹ with “Three Determinations”, rely on the “three chains connection”² to activate the high-quality development engine, and strengthen the “five-dimensional driving force”³ to boost the development of the Company. We will fully open a new journey to accelerate high-quality development, reward the expectations of all stakeholders with outstanding business performance, and bravely shoulder our mission.

Li Donglin

Chairman

Zhuzhou, Hunan, the PRC

28 March 2024

¹ One core in “one core, four strengths and multiple points” refers to the rail transit sector, the four strengths refer to the semiconductor sector, the automotive electric drive sector, the new energy power generation sector, the sensor sector, and the multiple points refer to the offshore equipment sector, the industrial transmission sector and the overseas business sector

² Three chains in “three chains connection” refer to the technology chain, supply chain, manufacturing chain

³ “Five-dimensional driving force” refers to scientific and technological innovation, digital transformation, deepening reform, large-scale manufacturing, and the leadership of Party building

Section III 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 office of the Company	Times Road, Shifeng District, Zhuzhou
Previous change of registered office of the Company	None
Office address of the Company	Times Road, Shifeng District, Zhuzhou
Postal code of office address of the Company	412001
Website of the Company	www.tec.crrczic.cc
E-mail	ir@csrzic.com

II. CONTACT PERSONS AND CONTACT METHODS

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

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

Section III Corporate Profile and Key Financial Indicators

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

(I) Basic information of shares of the Company

Applicable Not applicable

Basic information of shares of the Company

Class of share	Place of listing and market	Stock abbreviation	Stock code	Stock abbreviation before change
A shares	Science and Technology Innovation Board of the SSE	Times Electric	688187	Not applicable
H shares	Stock Exchange Main Board	Times Electric	3898	CRRC Times Elec

(II) Basic Information of Depositary Receipts of the Company

Applicable Not applicable

V. OTHER RELEVANT INFORMATION

Accountant engaged by the Company (onshore)	Name	KPMG HUAZHEN LLP
	Office address	8th Floor, East Block 2 Oriental Plaza, 1 East Chang An Avenue Dongcheng District, Beijing
	Name of signing accountants	Lin Ying, Lei Jiang
Sponsor institution performing the duty of continuous supervision during the reporting period	Name	China International Capital Corporation Limited
	Office address	27th and 28th Floor, China World Office 2, 1 Jianguomenwai Avenue, Chaoyang District, Beijing
	Name of signing sponsor representatives	Liao Hanqing, Li Xin ^{Note}
	Term of continuous supervision	From the listing date of the A Shares to 31 December 2024

Note: Sponsor representative Mr. Li Yifan ceased to act as the sponsor of Times Electric for continuous supervision on 6 January 2023 due to work rearrangement, and China International Capital Corporation Limited determined to assign Mr. Li Xin to continue to perform the continuous supervision in place of Mr. Li Yifan. For details, please refer to the Announcement of Zhuzhou CRRC Times Electric Co., Ltd. on Change of Sponsor Representative (Ann No. 2023-001) disclosed by the Company on the website of the SSE on 7 January 2023.

Section III Corporate Profile and Key Financial Indicators



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

(I) Key Accounting Data

Unit: Yuan Currency: RMB

Key Accounting Data	2023	2022	Increase/ decrease from the corresponding period of last year (%)	2021
Revenue	21,798,940,776	18,033,778,561	20.88	15,121,167,406
Net profit attributable to shareholders of the listed company	3,105,703,645	2,555,823,375	21.51	2,017,694,796
Net profit attributable to shareholders of the listed company after deduction of non-recurring profit or loss	2,595,354,684	1,998,118,899	29.89	1,525,088,834
Net cash flow from operating activities	2,781,885,557	2,041,235,459	36.28	2,150,254,658

	As at the end of 2023	As at the end of 2022	Increase/ decrease from the end of last year (%)	As at the end of 2021
Net assets attributable to shareholders of the listed company	36,865,956,579	34,530,700,003	6.76	32,620,993,765
Total assets	53,404,847,387	48,509,554,784	10.09	44,150,745,227

Section III Corporate Profile and Key Financial Indicators

(II) Key financial indicators

Key financial indicators	2023	2022	Increase/ decrease from the corresponding period of last year (%)	2021
Basic earnings per share (RMB/share)	2.19	1.80	21.67	1.63
Diluted earnings per share (RMB/share)	2.19	1.80	21.67	1.63
Basic earnings per share after deduction of non-recurring profit or loss (RMB/share)	1.83	1.41	29.79	1.23
Weighted average rate of return on net assets (%)	8.70	7.61	Increased by 1.09 percentage points	7.56
Weighted average rate of return on net assets after deduction of non-recurring profit or loss (%)	7.27	5.95	Increased by 1.32 percentage points	5.71
R&D investment as a percentage of revenue (%)	9.84	10.24	Decreased by 0.40 percentage points	11.81

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

Applicable Not applicable

Net cash flow from operating activities: during the reporting period, net cash flow from operating activities was a net inflow of RMB2.782 billion, representing an increase of 36.28% as compared with the corresponding period last year, primarily due to the increase in cash receipts from the sale of goods and the rendering of services.

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

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

Applicable Not applicable

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

Applicable Not applicable

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

Applicable Not applicable

Section III Corporate Profile and Key Financial Indicators

VIII. MAIN QUARTERLY FINANCIAL DATA FOR 2023

Unit: Yuan Currency: RMB

	The first quarter (January to March)	The second quarter (April to June)	The third quarter (July to September)	The fourth quarter (October to December)
Revenue	3,085,430,376	5,484,780,257	5,525,095,245	7,703,634,898
Net profit attributable to shareholders of the listed company	435,102,884	719,065,270	898,929,802	1,052,605,689
Net profit attributable to shareholders of the listed company after deduction of non-recurring profit or loss	318,259,814	610,432,771	751,335,431	915,326,668
Net cash flow from operating activities	-1,272,174,259	804,115,047	234,213,372	3,015,731,397

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

Applicable Not applicable

IX. NON-RECURRING PROFIT OR LOSS ITEMS AND AMOUNTS

Applicable Not applicable

Unit: Yuan Currency: RMB

Non-recurring profit or loss items	Amounts of 2023	Notes (if applicable)	Amounts of 2022	Amounts of 2021
Profit and loss on disposal of non-current assets (including the part of assets impairment provision already made and written off)	26,630,703		4,077,357	-2,072,439
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 and have a lasting impact on the Company's profit and loss)	391,077,595		424,349,163	413,028,381
Gain or loss on changes in fair value from financial assets and financial liabilities held by non-financial enterprises, and gain or loss from disposal of financial assets and financial liabilities, except for effective hedging transactions that are related to the Company's normal operation	138,058,062		227,070,561	131,688,348
Reversal of the impairment provision for receivables and contract assets which are tested individually for impairment	4,232,453		4,143,729	21,884,298
Other non-operating income and expenses apart from the aforesaid items	42,162,259		9,252,856	14,618,143
Less: Effect of income tax	80,043,792		100,279,247	81,694,697
Effect of non-controlling interests (after tax)	11,768,319		10,909,943	4,846,072
Total	510,348,961		557,704,476	492,605,962

Section III Corporate Profile and Key Financial Indicators

Explanations should be stated where the Company identifies items not listed in the “Explanatory Announcement No. 1 on Information Disclosure by Companies Offering Securities to the Public – Non-recurring Profits or Losses” as non-recurring profit and loss items with significant amounts, or defines non-recurring profit and loss items 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 and loss items.

Applicable Not applicable

X. ITEMS MEASURED AT FAIR VALUE

Applicable Not applicable

Unit: Yuan Currency: RMB

Item	Opening balance	Closing balance	Current change	Amount of impact on current profit
Held-for-trading financial assets (structured deposit)	6,700,827,160	4,776,392,878	-1,924,434,282	141,338,442
Bills receivable measured at fair value	1,117,071,219	1,623,630,832	506,559,613	–
Trade receivables measured at fair value	1,801,617,618	2,887,920,287	1,086,302,669	–
Other equity instrument investments	152,673,525	233,249,992	80,576,467	360,000
Total	<u>9,772,189,522</u>	<u>9,521,193,989</u>	<u>-250,995,533</u>	<u>141,698,442</u>

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

Applicable Not applicable

XII. EXPLANATION OF DELAYED OR EXEMPTED INFORMATION DISCLOSURE FOR STATE AND COMMERCIAL SECRET REASONS

Applicable Not applicable



Section IV Report of the Directors

I. DISCUSSION AND ANALYSIS OF OPERATIONS

In 2023, China railway construction steadily recovered. According to the data disclosed by State Railway Group, China completed railway fixed asset investment of RMB764.5 billion in 2023, up by 7.5% year-on-year. By the end of 2023, the national railway operating mileage was 159,000 kilometers, including 45,000 kilometers of high speed railway, and the urban rail transit construction maintained a stable operation. According to China Association of Metros, by the end of 2023, there were 306 urban rail transit lines in 55 cities in China, with an operating mileage of 10,165.7 kilometers. Under the guidance of carbon peak in 2030 and carbon neutrality in 2060, China's new energy industry embraced a rapid development stage. Among them, pursuant to the National Development and Reform Commission, China realized new energy vehicle output and sales of 9.587 million and 9.495 million respectively in 2023, up by 35.8% and 37.9% respectively, ranking the first in the world for nine consecutive years. Pursuant to the National Energy Administration, the installed capacity of wind power and photovoltaic power generation in China increased by about 293 million KW in 2023, up by 134% year-on-year. In light of its new development concept, and taking profitability enhancement as the core business task through the year, the staff worked together tenaciously, and delivered remarkable results in 2023.

In the rail transit segment, the Company seized the rebound in new mobile equipment investment of State Railway Group and took efforts to explore new products and markets while ensuring product delivery and securing its market position. Among its key technology breakthroughs, the Company completed the high-speed performance test for CR450, which set multiple speed records, and succeeded in the automatic driving test of the domestic 20,000-ton heavy-haul train, which promoted China's self-driving trains to enter the "independent era". According to the RT Rail Transit, the Company maintained its domestic market share of above 50% in 2023 for its urban rail traction system, leading the industry for 12 consecutive years, and with the permanent magnet traction gradually becoming industry norm, the Company has a leading market share. On maintenance and overseas businesses, the Company achieved sound progress and substantially increased its maintenance revenue by securing multiple overseas orders in Asia, Europe and America. On railway engineering machinery business, the Company won catenary vehicle bulk orders from the State Railway Group long ramp vehicle projects. The Company continued to advance its communication signal business, with the urban rail signal business winning the bid for five lines throughout the year, hitting a record high. The Company achieved zero breakthrough in both FAO and the metro signal system orders. In addition, the Company realized the key breakthrough in Chongqing Metro power supply system integration, and its winning bid amount in door plate business increased significantly.

Section IV Report of the Directors



Regarding new industries, the Company's IGBT model business established a clear leadership with the largest share in domestic rail transit and power grid markets. Besides, the Company achieved a rapid breakthrough in the new energy market. Pursuant to NE Times, the new energy passenger vehicle power module achieved an installed capacity of 1,005,500 sets in 2023, ranking the third with a market share of 12.5%. The Company rapidly increased its market share in centralized PV IGBT module, and realized batch supply in serial modules. The Company significantly improved its efficiency in ultra-fine groove 7.5 STMOS+ products, and reached the international leading level. The Company's 5MW IGBT hydrogen production power supply has helped successful hydrogen production for the first 10,000-ton green hydrogen production project in China. The Company has reached the domestic advanced level for the third generation 1200 V SiC MOSFET chips, and rapidly promoted the semiconductor project phase III, with the main project topping-out completed for its Yixing production line. The new energy passenger vehicle electric drive system continued to grow its annual sales volume. Pursuant to NE Times, the Company made an annual installed capacity of 248,000 sets, ranking in the top six in the industry, obtained new orders from many high-quality customers such as BAIC and SAIC, supported the automobile manufacturers to export more than 20,000 sets of overseas products, created an all-in-one product platform and completed the development of various 70-120 kw products. Pursuant to the International Energy/Photovoltaic Headlines, the Company newly signed 18.6GW of photovoltaic inverters in China, ranking in the top three for the first time, and continued to make batch deliveries and win new orders in mining truck electric drive system, wind power converters and central air-conditioning converters. The Company achieved a breakthrough in batch orders for its large-tonnage mining truck electric drive, and substantially increased its medium-pressure rolling mill orders. The Company built 39 new production lines for its sensor business, continuously improved its production capacity and substantially increased its delivery volume. The Company has also passed the AEC-Q100 certification for its independent automotive grade Hall ASIC chip, signed a number of new marine equipment orders in China, and successfully rolled out the heavy-duty deep-sea trenching and laying equipment, which filled up the domestic gap.

Looking into the future, the Company is confident to capitalise on its industrial advantages to consolidate its industry position, grow its business, seeking to create greater value for its shareholders.

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

(I) Principal Business and Major Products or Services

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

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

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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 complete independent intellectual property rights system, and has become a high-tech enterprise with independent intellectual property rights in the fields of electrical system technology, converter and control technology, industrial converter technology, train control and diagnosis technology, railway engineering machinery technology, power semiconductor technology, communication signal technology, data and intelligent application technology, traction power supply technology, inspection and testing technology, deep-sea robotic technology, NEV electric drive system technology, and sensor technology.

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

(II) Major Operating Models

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

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

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

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

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

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(III) Industry Landscape

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

The Company is mainly engaged in the R&D, design, manufacturing and sales of rail transit equipment products and the provision of related services. According to the National Economic Industry Classification (GB/T4754-2017) of the National Bureau of Statistics, the Company belongs to the “CG37 railway, shipbuilding, aerospace and other transportation equipment manufacturing industry”; according to the Guidelines for Industry Statistics Classification of Listed Companies of the China Association for Public Companies, the Company belongs to the “C37 railway, shipbuilding, aerospace and other transportation equipment manufacturing industry”; according to the Classification of Strategic Emerging Industries (2018) (NBS Order No. 23) issued by the National Bureau of Statistics, the Company belongs to the “2.4 Rail transit equipment industry of 2. High-end equipment manufacturing industry”. The Company’s rail transit equipment mainly includes rail transit electrical equipment, rail engineering machinery and communication signal systems, which belong to the sub-sectors under “2.4 Rail transit equipment industry of 2.High-end equipment manufacturing industry”.

The Company’s emerging equipment includes power semiconductor devices, industrial converter products, electric drive systems for new energy vehicles, sensor devices and marine equipment, some of which are used in the field of rail transit.

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

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

The Company is a leading traction converter system supplier in China’s rail transit industry, and can produce traction converter systems for various vehicle models in the fields of locomotives, bullet trains and urban rail. The Company has a full spectrum of traction converter system products and a dominant market share. Take the urban rail sector as an example, according to public information on bidding in the urban rail traction converter system market, the Company has ranked the first in the domestic market share for twelve consecutive years from 2012 to 2023.

In the field of railway engineering machinery, Baoji CRRC Times, a subsidiary of the Company, is one of the three manufacturers of road maintenance machinery designated by China State Railway Group (“China Railway”). With about 79 administrative licenses, it can produce more than 50 kinds of products in multiple series, including heavy railway vehicles, catenary vehicles, large road maintenance machinery, and urban rail transit engineering vehicles, and continuously expands to the passenger line and urban rail markets.

In the field of power semiconductors, the Company has built industrial bases for 6-inch bipolar devices, 8-inch IGBTs and 6-inch silicon carbide, and possesses a complete set of independent technologies for chips, modules, components and applications. The full spectrum of high-reliability IGBT products manufactured by the Company have broken the monopoly of foreign companies in core devices for rail transit and UHV transmission. Currently, the Company is trying to solve the problem of domestic production of core devices for new energy vehicles and new energy power generation equipment in China. Pursuant to NE Times, in 2023, the Company ranked among the top three in the industry in terms of installation of power modules in passenger vehicles with a market share of 12.5%.

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With a focus on technology R&D, the Company adheres to the “concentric diversification” strategy and vigorously develops non-rail transit industries on the basis of consolidating rail transit business to create new growth points. In the field of industrial converters, the Company occupies a leading position in mining truck electric drive, air-conditioning inverter and other sub-sectors, and is developing new energy equipment business covering photovoltaic inverters, wind power converters, energy storage converters, hydrogen production power source and other new energy equipment businesses. In particular, photovoltaic inverters continue to expand its market territory, and the Company secured photovoltaic inverter business orders of over 17GW throughout the year, rising to the top three among peers in the domestic market. Over the year, more than 248,000 sets of new energy vehicle electric drive system were installed, demonstrating a rapid increase in both installation quantity and market share, and ranked among the top six in the domestic market. The Company has the largest market share of sensor devices in China’s rail transit industry, and ranks among the top players in the new energy vehicle, wind power and photovoltaic sectors.

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

3. Development of new technologies, new industries, new business types and new models during the reporting period and their future development trends

With the conclusion of the 20th CPC National Congress, China embarked on 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 a Transportation Power, 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.

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

China’s “carbon peak and neutrality” strategy is 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. In the context of “carbon peak and neutrality”, China’s new energy power generation industry is booming, especially in the “wind power, photovoltaic power, energy storage, and hydrogen power” market segments. The new energy market has great prospects and unlimited business opportunities. The key to industrial development is to work with partners to build an end-to-end technology ecosystem with deep integration of wind, solar, energy storage, hydrogen and electronic control technologies. In addition, driven by the “carbon peak and neutrality” policy, the low-carbon energy transformation will fuel the rapid development of electric drive system for new energy vehicles, semiconductor devices and sensors.

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(IV) CORE TECHNOLOGIES AND R&D PROGRESS

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

Since its establishment, the Company has been deeply engaged in the field of traction converter systems of rail transit vehicles, thus developing outstanding 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 31 December 2023, the Company had 3,588 valid domestic and foreign registered patents to protect its core technologies. Moreover, it has signed confidentiality agreements and non-compete agreements with the relevant personnel to ensure that the core technologies are not disclosed.

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

No.	Core technologies		Overview, advancedness and characteristics of technology
1	Electrical system technology	System integration technology	By establishing a scientific system of demand engineering, system stratification, system decision-making, system 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
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

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No.	Core technologies		Overview, advancedness and characteristics of technology
6	Converter and control technology	Power semiconductor device application technology	The Company has developed such key technologies as device application characteristic technology, drive and control technology, overall module technology and module reliability, and built a stable and reliable multi-voltage IGBT device application technology platform. With a mature module product platform and drive pulse control platform for rail transit and industrial transmission, the Company can meet the needs of new topology application based on converter systems and optimal application of new power semiconductor devices, and conduct low-cost and high-reliability research based on product needs to support rail transit and industrial converter sectors
7	Industrial converter technology		Focusing on four major industries – mining, metallurgy, HVAC and new energy, the Company has developed such key technologies as multi-device, multi-power-module and multi-converter-unit parallel integration technology, onboard 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 grid applicability technology and intelligent IV diagnosis technology. On this basis, the Company has built an industrial converter and new energy converter technology and product platform with independent intellectual property rights and covering high, medium and low voltages and a capacity range of 0.1-4,000kVA, proposed and successfully applied a full-process positive product cost and quality control model, and developed a completely independent technology and industrial chain spanning from IGBT devices, power modules and converter devices to industrial system solutions, so as to provide full life cycle solutions based on customer value creation
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

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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
14	Railway engineering machinery technology	Rail engineering machinery operation and control technology	The Company has developed control technology for line tamping and stable screening, rail flaw detection technology, rail grinding control technology, high-precision railway geometric parameter measurement technology, rail laser alignment technology, spike identification and positioning technology, intelligent catenary inspection technology, and comprehensive line inspection technology, and built a distributed digital network control platform for large road maintenance machinery

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No.	Core technologies		Overview, advancedness and characteristics of technology
15	Power semiconductor technology	IGBT chip technology	Through in-depth research on IGBT chip cell technology, terminal technology and back technology, the Company has developed a high-voltage planar gate IGBT chip technology system 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
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

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No.	Core technologies		Overview, advancedness and characteristics of technology
19	Communication signal technology	Main line railway signal system technology	The Company has developed automatic train operation technology, safety computer technology, on-board database technology, communication technology, fault diagnosis and warning technology and information system technology for main line railway. Such technologies have been successfully applied to many projects including main line railway LKJ2000 monitoring device, LKJ-15 monitoring system, ETCS train control system, vehicle-ground wireless transmission, etc.
20	Communication signal technology	Urban rail transit signal system technology	The Company has developed such professional technologies as signal integration technology, automatic train operation technology, interlocking technology, communication technology, health management technology, and fault diagnosis and warning technology for urban rail transit signal system, as well as ATP/ATO technology for urban rail transit signal system, mastered a full set of independent urban rail signal system technology, which has been successfully applied to signal engineering projects such as Changsha Metro and Foshan Metro
21	Communication signal technology	High-speed maglev signal system technology	The Company has developed long-distance, multi-zone, multi-power supply mode, complex safety system design and integration and other key technologies, and established a technology development platform for high-speed maglev signal system covering safety control model, vehicle-ground wireless communication, simulation and multi-system cooperative control
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

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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 lightning 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.
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

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No.	Core technologies		Overview, advancedness and characteristics of technology
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
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

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National science and technology awards

✓Applicable Not Applicable

Award Name	Year of Award	Item	Award Level
National Science and Technology Progress Award	2010	Research, Development, 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 Electronic Technology Co., Ltd.	National Specialised and New “Little Giant” Enterprise	2023	Not applicable
Zhuzhou National Engineering Research Centre of Converters Co., Ltd.	Individual Champions Product	2023	Electric drive systems for off-highway mining vehicles
Ningbo CRRC Times Transducer Technology Co., Ltd.	Individual Champions Product	2023	Sensors for rail transportation control

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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. We also received bulk order from Shuohuang Railway regarding to the locomotive autonomous driving product. 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. 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. Two of our 3-in-1 electric drive platform products completed the first loading and achieved mass delivery. 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 autonomous vehicle level Hall ASIC chip has passed the AEC-Q100 test certification, realizing the localization of key core sensor components. 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 adheres to technological innovation, and actively plans the layout of intellectual property rights to enhance the influence of the industry by focusing on its core technologies and main products. In 2023, we obtained 229 new authorized invention patents, and the Company currently has 3,558 authorized and valid patents, of which invention patents account for more than 50%. We obtained one Chinese National Patent Excellence Award and one Hunan Provincial Patent First Prize. We took the lead or participated in the development of 3 international, national and industry standards in transportation and energy sectors. Moreover, we won two prizes for our projects in Chinese Standard Innovation Contribution Award for the first time.

List of intellectual property rights obtained during the reporting period

	Increase in the year		Cumulative number	
	Number of applications	Number of approvals	Number of applications	Number of approvals
Invention patent	449	229	4,994	2,174
Utility model patent	75	88	1,898	1,243
Appearance design patent	7	9	261	141
Software copyright	5	5	378	378
Others	—	—	—	—
Total	536	331	7,531	3,936

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3. R&D investment

Unit: Yuan

	Current year	Last year	Change (%)
Expensed R&D expenditure	2,020,996,010	1,761,914,969	14.7
Capitalised R&D expenditure	124,461,123	84,753,817	46.85
Total R&D expenditure	2,145,457,133	1,846,668,786	16.18
Percentage of total R&D expenditure in revenue (%)	9.84	10.24	Decreased by 0.40 percentage points
Percentage of capitalised R&D expenditure (%)	5.80	4.59	Increased by 1.21 percentage points

Reason for significant changes in total R&D expenditure 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

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4. Projects under development

✓Applicable □Not Applicable

Unit: RMB10,000

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	998	998	To meet the test verification nodes of national projects, we have carried out the following product development and verification work: 1) Completed the key technology verification of traction converter, development of converter updating prototype, and the updating test at an inspection vehicle; 2) Completed the key technology verification of the network control system, the development of prototype of the network control system, and the installation verification of network TSN function in the intelligent EMU; 3) Completed the schematic design for the charger; and 4) Completed the trial production and research tests for the safety monitoring and data centre equipment.	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.	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.	Rail transit electrical equipment

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No.	Item	Estimated Total Investment	Investment in the Current Period	Cumulative Investment	Progress or Phased Results	Goal to be Achieved	Technical Level	Application Prospect
2	Technical Research and Product Development of Traction Electric Drive System for Fuxing Locomotive	1,836	817	817	1) Based on the PCU prototype, completed device high-voltage verification, short-circuit test and pry bar research test. Through multiple rounds of optimisation, the basic performance verification results of PCU devices are comparable to that of standard packaged devices; 2) Completed the construction design and prototype trial production of IGBT prototype; and 3) Completed the ground load verification for high-frequency LLC auxiliary converter.	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

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No.	Item	Estimated Total Investment	Investment in the Current Period	Cumulative Investment	Progress or Phased Results	Goal to be Achieved	Technical Level	Application Prospect
3	Development of Centralised 1+X Modular Inverter	768	168	576	Completed the development of the iterative and upgraded prototype of the Centralised 1 + X Modular Inverter, and the commissioning of the iterative product, reaching the conditions for launching it in the market.	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
4	Product Development of High Power Density 3,300V IGBT Module	961	403	951	The developed product parameters have all met the target requirements, passed various type tests and RAMS certification, completed the final product model, and achieved bulk product delivery.	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

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No.	Item	Estimated Total Investment	Investment in the Current Period	Cumulative Investment	Progress or Phased Results	Goal to be Achieved	Technical Level	Application Prospect
5	Development of Key Technologies and Platform of Photovoltaic Power Oriented U-Series IGBT	2,732	1,497	2,631	Completed the development of 8 U modules, with the product parameters and reliability reaching the target requirements and catering to the mainstream 225/320 kW string photovoltaic inverters in the market, thus obtained bulk orders from multiple customers and achieved bulk 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	326	326	Completed the schematic design, technical design, construction design and prototype trial production of each component, preparation work for type testing and initial inspection data is in progress and the indicators of each component meet the predetermined requirements.	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

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No.	Item	Estimated Total Investment	Investment in the Current Period	Cumulative Investment	Progress or Phased Results	Goal to be Achieved	Technical Level	Application Prospect
7	Key Technologies and Product Development of String Photovoltaic Inverters	1,013	552	552	Based on the 1,500 V voltage level, the Company has established the its string inverter technology platform, made key breakthroughs in high-power string technology, completed the small-scale application of 225 kW optimised version products and the on-site on-site certification of 320 kW products in small quantities, ready for bulk production.	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
8	Development of IGBT Power Supply Unit for High-power Green Electricity-based Hydrogen Production	1,627	945	945	1) Completed the development of the 1,000 standard cubic low-voltage high-current and high-voltage low-current models, and the development of the 500 standard cubic low-voltage high-current models; 2) Obtained the type test report and China General Certification (CGC) of the 1,000 standard cubic high-voltage low-current model; 3) Carried out the pedigree planning of the power supply platform for green electricity-based hydrogen.	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

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No.	Item	Estimated Total Investment	Investment in the Current Period	Cumulative Investment	Progress or Phased Results	Goal to be Achieved	Technical Level	Application Prospect
9	Development of Train Autonomous Operation Control System Based on Vehicle-to-Vehicle Communication and Autonomous Perception	4,310	1,443	1,443	Leveraging our existing advantages in signal, autonomous sensing, traction, network and other products, completed the construction of the simulation test environment of the system laboratory, the development of the TACS 2.0 system and the joint debugging of the laboratory, as well as the field test and verification of key technologies such as T2T and virtual coupling.	To complete the development of innovative train operation control system with integrated perception, network, communication and signal functions in accordance with the requirements on CMTC3/4 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

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No.	Item	Estimated Total Investment	Investment in the Current Period	Cumulative Investment	Progress or Phased Results	Goal to be Achieved	Technical Level	Application Prospect
10	Research and Application of Key Technologies in Fully Automatic Operation Signal System	927	405	405	Actively communicated with the project owners to complete three design liaison, in terms of design according to the project progress, completed the expert review for system design and fully automatic interlocking system and interlocking table, released the drawings of on-board and ground cabinet, equipped with trial production conditions.	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

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No.	Item	Estimated Total Investment	Investment in the Current Period	Cumulative Investment	Progress or Phased Results	Goal to be Achieved	Technical Level	Application Prospect
11	Development of Urban Rail Signal System	428	396	396	Based on the new generation safety platform, adopting the modularization and high integration concept, completed the development of ATC, ZC and CI product prototype and pass the type test, obtained CI product safety certification, realised full integration of two major system CBTC/FAO to achieve the goal of miniaturisation, light weight, low cost and low power consumption, enabling a wider range of application scenarios for the system. Conducted product development and application based on domestic databases, making the system characterized by independent controllability.	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

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No.	Item	Estimated Total Investment	Investment in the Current Period	Cumulative Investment	Progress or Phased Results	Goal to be Achieved	Technical Level	Application Prospect
12	Development of Dual-Power Source Electric Drive Engineering Vehicles for Xi'an Metro	1,306	588	588	According to the awarded project, the design of grinding vehicles, flaw detection vehicles and comprehensive inspection vehicles has been comprehensively carried out, and the scheme design, technical design, construction drawing design and technical review at all stages have been completed, and now at the prototype trial production stage.	To complete the development of the first domestic 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

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No.	Item	Estimated Total Investment	Investment in the Current Period	Cumulative Investment	Progress or Phased Results	Goal to be Achieved	Technical Level	Application Prospect
13	Key Technology Upgrades and Application of Medium-voltage IGCT Converter Platform	995	1,056	1,056	Based on multiple application scenarios and working conditions, completed the development of ultra-high power modules, and simultaneously overcome relevant key technologies, mainly including: 1) Established the first independent IGCT early failure screening method and completed the optimization of diode prototype development as well as pilot application to ensure the reliability of the devices from the factory; 2) Completed the development of modules with a capacity of 14MVA or above, constructed the evaluation method for the reliability of the modules as well as quantified safety work area; 3) Established the first EMC application guidelines for medium-voltage products; 4) Overcome dual-winding control parallel current technology and realised its engineering application, and tackled key technologies such as indirect stator control for medium voltage asynchronous motors.	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

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No.	Item	Estimated Total Investment	Investment in the Current Period	Cumulative Investment	Progress or Phased Results	Goal to be Achieved	Technical Level	Application Prospect
14	Research on SiC Permanent Magnet Integrated Electric Drive System Technology of Urban Rail	525	96	388	Completed a new SiC permanent magnet integrated electric drive system comprising converter, control device and motor with light weight and low noise, and the performance indicators reached the designated targets for the project.	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
15	Design and Research of High Speed Maglev Traction Power Supply System and Development of Hybrid Maglev System	519	87	367	Completed the development of high-speed maglev traction power supply system, traction control system, high-speed maglev suspension electromagnet with high floating weight ratio, maglev ground positioning and speed measurement system; 1) Improved the high-speed maglev traction calculation model to achieve rapid full-system simulation under various line data and working conditions; 2) Completed research experiments on key dual-end power supply technologies, leveraging the Tongji Maglev Test Line.	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

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No.	Item	Estimated Total Investment	Investment in the Current Period	Cumulative Investment	Progress or Phased Results	Goal to be Achieved	Technical Level	Application Prospect
16	Development of Automobile-grade Sensitive Chip and Sensor	1,208	268	830	1) Completed the design, simulation, tape-out packaging and performance testing of automobile-grade chip circuits and layouts, and passed the AEC-Q100 third-party testing certification; 2) Completed B-sample trial production of temperature, wheel speed and tire pressure sensor modules and passed performance and reliability test verification.	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	202	636	Completed the installation and commissioning for 25 locomotives, 4 stations and other ground equipment for the project, covering a spectrum of Shenhua 8-axle 12-axle and 24-axle locomotives, totaling 30 locomotives, for regular and batch utilization along the entire Shenmu-Shuozhou Railway, with a total of more than 1,200,000 kilometers of safe operation, the project has successfully completed the mid-term acceptance by the owner and has gained wide attention from both inside and outside of the industry.	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

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No.	Item	Estimated Total Investment	Investment in the Current Period	Cumulative Investment	Progress or Phased Results	Goal to be Achieved	Technical Level	Application Prospect
18	Development of TAH3-SiC High Frequency Auxiliary Transformer Product Platform	366	55	204	Completed the development of SiC semiconductor power device based auxiliary converter prototype and mastered a complete set of technologies for design, manufacturing and testing of "SiC devices, modules and converts"; 1) Completed the internal release of the platform planning letter for SiC's auxiliary converter; 2) Completed the development of the SiC high-frequency auxiliary converter prototype, with all performance indicators met the project requirements; completed the preliminary test on the power performance; 3) Completed the development of the prototype of the SiC charging motor, with all performance indicators met the project requirements, and completed the preliminary test on the electrical performance.	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 converts", 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

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No.	Item	Estimated Total Investment	Investment in the Current Period	Cumulative Investment	Progress or Phased Results	Goal to be Achieved	Technical Level	Application Prospect
19	High-pressure and High-power Silicon Carbide Oil-cooled Electric Drive Assembly	854	217	764	Completed the testing verification of the functions and performance of the electric drive system, and met all project targeted requirements. Completed the development of the 250 kW motor-controller-gearbox integrated electric 800 V drive system assembly based on SiC devices, and made breakthroughs in high-voltage SiC electric control technology, high-voltage oil-cooled flat wire motor technology and oil-cooled electric drive assembly technology. The product features high efficiency, high power density and high speed, which complement the Company's high-power powertrain product portfolio for high-end models.	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	/	<u>23,539</u>	<u>10,519</u>	<u>14,873</u>	/	/	/	/

Explanations

Not Applicable

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5. R&D personnel

Unit: RMB10,000 Currency: RMB

	Basic information	
	Amount for the current period	Amount for the same period last year
Number of R&D personnel of the Company (persons)	3,180	2,822
Percentage of R&D personnel in the workforce of the Company (%)	38.03	35.30
Total remuneration of R&D personnel	94,771.28	84,544.02
Average remuneration of R&D personnel	29.80	29.96

Breakdown of R&D personnel by education

Education level	Number of personnel
Doctorate degree	108
Master degree	1,259
Bachelor degree	1,755
Junior college degree	45
High school degree and below	13

Breakdown of R&D personnel by age

Age group	Number of personnel
Aged below 30 (exclusive of 30)	928
Aged 30-40 (inclusive of 30 and exclusive of 40)	1,577
Aged 40-50 (inclusive of 40 and exclusive of 50)	559
Aged 50-60 (inclusive of 50 and exclusive of 60)	116
Aged 60 and above	0

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

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

Applicable Not Applicable

6. Other explanations

Applicable Not Applicable

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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 end of 2023, its high-speed railway and locomotive traction converter system products have been leading in the domestic market for many years. In the field of urban rail transit, according to RT Rail Transit, the Company won open bids of traction converter system orders for 3,382 of 6,340 metro vehicles in 2023, representing 53.34% of the total and leading to the Company's largest market share in the domestic market for 12 consecutive years from 2012 to 2023. 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 79 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. On power modules for passenger cars, the Company ranked among the top three in terms of installations with a market share of 12.5% (source: NE Times). On photovoltaic inverters, the Company won bids of 17GW during the year, ranking among the top three in the domestic industry (source: Solarbe.com). On electric drive system for new energy vehicles, the Company posted rapid growth both in installation rank and market share, ranking among the top six in the domestic industry (source: NE Times). On sensor devices for rail transit, the Company consistently ranked No. 1 in terms of domestic market share, while staying in the forefront across 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.

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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 3,588 valid patents at home and abroad, including 2,174 invention patents; and led or participated in the formulation of 50 international standards and 174 domestic standards (including national standards, industry standards and group standards). In aggregate, the Company has obtained approvals for 39 national programs (including 36 national key research and development programs), 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 2023, the Company passed the three-year review and was identified as a high-tech enterprise. The company won 1 China Patent Excellence Award, 1 first prize of Hunan Patent, and 2 project awards of China Standard Innovation Contribution Award for the first time. The company's national key laboratory of power semiconductor and integration technology successfully passed the review and acceptance of the Ministry of Science and Technology, and was approved as the automatic driving engineering technology research center for heavy-haul train in 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/TS 22163, and IATF16949 certifications, has obtained CRCC certification for relevant railway products, and conducts quality control of products in the production process. In addition, the Company has established a life-cycle quality management and assurance system covering design, development, procurement, manufacturing, marketing and services. Specifically, the Company identifies improvement opportunities through process review, process inspection, internal and external audit, regular management review, irregular quality inspection, data analysis and process improvement, and assigns relevant responsibilities to ensure that the improvement goals are achieved. The well-established quality management system and the whole life cycle quality management model ensure the high reliability and efficiency of products. The 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.

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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 3,180 engineering and technical professionals, accounting for 38.03% of the total workforce. More than one-third (43%) 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. 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, and won the first prize of National SOE Management Innovation Achievements in 2017. Mr. Liu Ke’an received the title of Outstanding Entrepreneur in the National Electronic Information Industry and the Hunan Provincial Governor Quality Award in 2014, and was awarded the title of Contemporary Inventor in 2020 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

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IV. RISK FACTORS

(I) Risk of Making No Profits Yet

Applicable Not Applicable

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

Applicable Not Applicable

(III) Core Competitiveness Risk

Applicable Not Applicable

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

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.

(IV) 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, summarize common risk points in execution of overseas projects in a timely manner, 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, timely obtain project status and make project progress prediction, strengthen communication and contact with project owners, and maintain customer relationships effectively.

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(V) 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.

(VI) 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.

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(VII) 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.

(VIII) Risks Related Depository Receipts

Applicable Not Applicable

(IX) 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, and it is difficult for product update iteration to keep up with changes in market demand, which may have an impact on the realization of the scheduled development goals of the new energy industry. 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.

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V. PRINCIPAL OPERATIONS DURING THE REPORTING PERIOD

During the reporting period, in the face of the complex external environment, the Company deeply implemented the new development concept, firmly followed the national strategy to seize opportunities from “intelligent, digital and green development” and fulfil the overall requirements of “stabilising the economy and ensuring safe development”, with a focus on business quality upgrade. In the field of emerging equipment, the Company seized market opportunities and took advantage of the momentum. In the field of rail transit, the Company focused on tackling difficulties and making steady progress. Its revenue climbed to a new level. The net profit attributable to the parent company increased against the headwinds year-on-year, and the operating performance reached a new high.

During the reporting period, the Company achieved operating revenue of RMB21.799 billion, representing a year-on-year increase of 20.88%, primarily attributable to the continuous rapid growth in revenue from emerging equipment products; net profit attributable to the parent company of RMB3.106 billion, representing a year-on-year increase of 21.51%, primarily due to the increase in gross profit brought by the increase in operating revenue; and basic earnings per share of RMB2.19 per share, representing a year-on-year increase of 21.67%, and weighted average return on net assets of 8.70%, representing a year-on-year increase of 1.09 percentage points, primarily attributable to the increase in net profit attributable to the parent company.

(I) Principal Business Analysis

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

Unit: Yuan Currency: RMB

Item	Amount for the current period	Amount for the same period last year	Change (%)
Revenue	21,798,940,776	18,033,778,561	20.88
Cost of sales	14,417,684,487	12,139,166,025	18.77
Selling expenses	1,578,587,533	1,098,172,993	43.75
Administrative expenses	1,041,223,187	889,981,843	16.99
Finance costs	-257,819,007	-190,899,478	N/A
R&D expenses	2,020,996,010	1,761,914,969	14.70
Net cash flow from operating activities	2,781,885,557	2,041,235,459	36.28
Net cash flow from investing activities	-2,276,766,546	-2,262,987,012	N/A
Net cash flow from financing activities	-589,056,928	-591,383,415	N/A

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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 same period last year	Change (%)
Rail transit business	129.10	126.56	2.00
Of which: Rail transit electric equipment business	102.32	97.66	4.77
Rail engineering machinery business	16.85	17.03	-1.05
Communication signal business	6.59	6.57	0.37
Other rail transit equipment business	3.34	5.30	-37.11
Emerging equipment business	87.32	51.47	69.64
Of which: Power semiconductor devices business	31.08	18.35	69.39
Sensor devices business	5.94	4.09	45.43
New energy vehicle electric drive system business	19.09	10.93	74.68
Industrial converter business	23.88	13.74	73.75
Marine equipment business	7.33	4.37	67.86
Others	1.57	2.30	-31.53
Total	217.99	180.34	20.88

Reasons for changes in cost of sales: cost of sales amounted to RMB14.418 billion during the Reporting Period, representing an increase of 18.77% as compared with the corresponding period last year, primarily due to a corresponding increase in revenue.

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Reasons for changes in selling expenses: selling expenses for the reporting period amounted to RMB1.579 billion, representing a year-on-year increase of 43.75%, primarily due to a year-on-year increase in product quality guarantee provision as a result of increase in revenue.

Reasons for changes in administrative expenses: administrative expenses amounted to RMB1.041 billion during the reporting period, representing a year-on-year increase of 16.99%, primarily due to the increase in management labor costs.

Reasons for changes in finance costs: net finance income amounted to RMB258 million during the reporting period, as compared with RMB191 million from the corresponding period last year, primarily due to the year-on-year increase in interest income earned from the certificate of deposits.

Reasons for changes in R&D expenses: R&D expenses amounted to RMB2.021 billion during the reporting period, representing a year-on-year increase of 14.70%, primarily due to the year-on-year increase in labor costs of R&D personnel and material consumption.

Reasons for changes in net cash flow from operating activities: during the reporting period, net cash flow from operating activities was a net inflow of RMB2.782 billion, representing an increase of 36.28% as compared with the corresponding period last year, primarily due to the increase in cash receipts from the sale of goods and the rendering of services.

Reasons for changes in net cash flow from investment activities: during the reporting period, net cash flow from investment activities was a net outflow of RMB2.277 billion, basically remaining the same from the corresponding period last year.

Reasons for changes in net cash flow from financing activities: during the reporting period, net cash flow from financing activities was net outflow of RMB589 million, basically remaining the same from the corresponding period last year.

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

Applicable Not Applicable

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2. Revenue and cost analysis

Applicable Not Applicable

In 2023, the Company achieved revenue of RMB21.799 billion (2022: RMB18.034 billion), representing a year-on-year increase of 20.88%.

1. Revenue from emerging equipment products maintained rapid growth

In 2023, the Company achieved revenue of RMB8.732 billion from emerging equipment products, representing a year-on-year increase of 69.64% as compared with RMB5.147 billion in 2022. In particular, revenue from power semiconductor devices reached RMB3.108 billion, representing a year-on-year increase of 69.39% as compared with RMB1.835 billion in 2022; revenue from industrial converter products reached RMB2.388 billion, representing a year-on-year increase of 73.75% as compared with RMB1.374 billion in 2022; revenue from electric drive systems of new energy vehicles reached RMB1.909 billion, representing a year-on-year increase of 74.68% as compared with RMB1.093 billion in 2022; revenue from marine equipment reached RMB733 million, representing a year-on-year increase of 67.86% as compared with RMB437 million in 2022; and revenue from sensor devices reached RMB594 million, representing a year-on-year increase of 45.43% as compared with RMB409 million in 2022.

2. Revenue from the rail transit equipment products maintained growth amid stability

In 2023, the Company achieved revenue of RMB12.910 billion from the rail transit equipment products, representing a year-on-year increase of 2.00% as compared with RMB12.656 billion in 2022. In particular, revenue from the rail transit electrical equipment business reached RMB10.232 billion, representing a year-on-year increase of 4.77% as compared with RMB9.766 billion in 2022; revenue from the rail engineering machinery business reached RMB1.685 billion, representing a year-on-year decrease of 1.05% as compared with RMB1.703 billion in 2022; revenue from the communication signal business reached RMB659 million, representing a year-on-year increase of 0.37% as compared with RMB657 million in 2022; and revenue from other rail transit equipment business reached RMB334 million, representing a year-on-year decrease of 37.11% as compared with RMB530 million in 2022.

3. Revenue from other businesses recorded a decline

In 2023, other businesses achieved revenue of RMB157 million, representing a year-on-year decrease of 31.53% as compared with RMB230 million in 2022.

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

Unit: Yuan Currency: RMB

Principal operations by industry						
By industry	Revenue	Cost of sales	Gross profit margin (%)	Change in revenue from the previous year (%)	Change in cost of sales from the previous year (%)	Change in gross profit margin from the previous year (%)
Rail transit equipment and its extended industries	21,798,940,776	14,417,684,487	33.86	20.88	18.77	Increase by 1.17 ppt

Principal operations by product						
By product	Revenue	Cost of sales	Gross profit margin (%)	Change in revenue from the previous year (%)	Change in cost of sales from the previous year (%)	Change in gross profit margin from the previous year (%)
Rail transit equipment business	12,909,423,576	8,019,332,485	37.88	2.00	-1.34	Increase by 2.10 ppt
Emerging equipment business	8,732,027,203	6,270,659,112	28.19	69.64	63.98	Increase by 2.48 ppt
Others	157,489,997	127,692,890	18.92	-31.53	-31.68	Increase by 0.17 ppt

Principal operations by region						
By region	Revenue	Cost of sales	Gross profit margin (%)	Change in revenue from the previous year (%)	Change in cost of sales from the previous year (%)	Change in gross profit margin from the previous year (%)
Mainland China	20,793,296,334	13,640,848,852	34.40	20.69	18.35	Increase by 1.30 ppt
Other countries or regions	1,005,644,442	776,835,635	22.75	24.93	26.70	Decrease by 1.09 ppt

Principal operations by sales model						
By sales model	Revenue	Cost of sales	Gross profit margin (%)	Change in revenue from the previous year (%)	Change in cost of sales from the previous year (%)	Change in gross profit margin from the previous year (%)
Direct sales	21,412,048,618	14,183,898,086	33.76	20.84	18.62	Increase by 1.24 ppt
Distribution	386,892,158	233,786,401	39.57	23.30	28.54	Decrease by 2.46 ppt

Description of results of principal operations by industry, product, region and sales model

Nil

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(2) Analysis of production and sales volume

Applicable Not Applicable

Main product	Unit	Production	Sales volume	Inventory level	Change in production from the previous year (%)	Change in sales volume from the previous year (%)	Change in inventory level from the previous year (%)
Semiconductor device	10,000 devices	430.54	414.23	69.71	56.04	66.79	10.65
Railway engineering machinery	vehicle	323	317	6	-0.62	-2.46	-

Description of production and sales volume

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

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

(3) Performance of material purchase contracts and sales contracts

Applicable Not Applicable

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Performance of material sales contracts signed during the reporting period

Applicable Not Applicable

Unit: Yuan Currency: GBP

Contract subject	Counterparty	Total contract amount	Total amount fulfilled	Amount fulfilled during the reporting period	Amount to be fulfilled	Whether it is performed normally	Explanations on the abnormal performance of contracts
ROV system	Customer A	18,094,500	4,832,080	4,832,080	13,262,420	Yes	Not applicable

Note: From 2023 to 2025, Soil Machine Dynamics Limited (hereinafter referred to as "UK SMD"), a wholly-owned subsidiary of Times Electric, sold the ROV system to the counterparty of the contract (Customer A, according to the confidentiality requirements documents issued by the counterparty of the transaction, certain information of the counterparty of the transaction belongs to trade secrets and commercial sensitive information), with a contract amount of GBP18,094,500 (equivalent to RMB160,498,215, calculated based on the exchange rate of GBP1 to RMB8.87). For details, please refer to the "Announcement on Voluntary Disclosure of Major Contracts in Daily Operations Entered into by a Wholly-owned Subsidiary by Zhuzhou CRRC Times Electric Co., Ltd." (Announcement No.: 2023-043) disclosed by the Company on the website of the SSE on 27 September 2023.

Performance of material purchase contracts signed as of the reporting period

Applicable Not Applicable

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(4) Cost analysis

Unit: Yuan

Analysis by industry							
By industry	Cost components	Amount for the current period	As a percentage of total cost for the current period (%)	Amount for the same period last year	As a percentage of total cost for the same period last year (%)	Year-on-year change in the amount (%)	Note
Rail transit equipment and its extended industries	Direct material cost	12,581,570,501	87.26	10,882,707,887	89.65	15.61	/
Rail transit equipment and its extended industries	Direct labor cost	335,133,920	2.33	303,320,377	2.50	10.49	/
Rail transit equipment and its extended industries	Manufacturing cost	1,500,980,066	10.41	953,137,761	7.85	57.48	/

Analysis by product							
By product	Cost components	Amount for the current period	As a percentage of total cost for the current period (%)	Amount for the same period last year	As a percentage of total cost for the same period last year (%)	Year-on-year change in the amount (%)	Note
Rail transit equipment business	Direct material cost	7,553,773,216	52.39	7,830,854,722	64.51	-3.54	/
Rail transit equipment business	Direct labor cost	74,291,379	0.52	63,360,640	0.52	17.25	/
Rail transit equipment business	Manufacturing cost	391,267,890	2.71	234,119,311	1.93	67.12	/
Emerging equipment business	Direct material cost	4,907,538,560	34.04	2,872,317,971	23.66	70.86	/
Emerging equipment business	Direct labor cost	260,842,541	1.81	239,959,736	1.98	8.70	/
Emerging equipment business	Manufacturing cost	1,102,278,011	7.65	711,656,591	5.86	54.89	/
Others	Direct material cost	120,258,725	0.83	179,535,195	1.48	-33.02	/
Others	Manufacturing cost	7,434,165	0.05	7,361,859	0.06	0.98	/

Other notes to cost analysis

None

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

Applicable Not Applicable

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

Applicable Not Applicable

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(7) Major customers and major suppliers

A. Information about major customers of the Company

Applicable Not Applicable

The sales to the top five customers was RMB10,522,869,093, accounting for 48.27% of the total annual sales, of which sales to related parties was RMB7,140,253,972, accounting for 32.76% of the total annual sales.

Top five customers of the Company

Applicable Not Applicable

Unit: Yuan Currency: RMB

No.	Customer name	Sales	As a percentage of total annual sales (%)	Whether a related party of the Company
1	CRRC Group	7,140,253,972	32.76	Yes
2	Customer 2	1,721,068,860	7.90	No
3	Customer 126052	595,795,709	2.73	No
4	Customer 124082	579,501,455	2.66	No
5	Customer 124134	486,249,097	2.23	No
Total	/	<u>10,522,869,093</u>	<u>48.27</u>	/

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

Applicable Not Applicable

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B. Information about major suppliers of the Company

Applicable Not Applicable

The purchase from the top five suppliers was RMB2,269,439,553, accounting for 18.10% of the total annual purchase amount, of which purchase from related parties was RMB1,488,104,037, accounting for 11.87% of the total annual purchase amount.

Top five suppliers of the Company

Applicable Not Applicable

Unit: Yuan Currency: RMB

No.	Supplier name	Purchase amount	As a percentage of total annual purchase amount (%)	Whether a related party of the Company
1	CRRC Group	1,488,104,037	11.87	Yes
2	Supplier 800511	280,327,238	2.24	No
3	Supplier 734391	182,269,216	1.45	No
4	Supplier 736834	159,523,766	1.27	No
5	Supplier 739152	159,215,296	1.27	No
Total	/	<u>2,269,439,553</u>	<u>18.10</u>	/

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

Applicable Not Applicable

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3. Expenses

Applicable Not Applicable

Reasons for changes in selling expenses: selling expenses were RMB1.579 billion during the reporting period, representing a year-on-year increase of 43.75%, primarily due to the year-on-year increase in provision made for product quality guarantee as a result of the increase in revenue.

Reasons for changes in administrative expenses: administrative expenses amounted to RMB1.041 billion during the reporting period, representing a year-on-year increase of 16.99%, primarily due to the increase in management labor costs.

Reasons for changes in finance costs: net finance income amounted to RMB258 million during the reporting period, as compared with RMB191 million from the corresponding period last year, primarily due to the year-on-year increase in interest income earned from the certificate of deposits.

Reasons for changes in R&D expenses: R&D expenses amounted to RMB2.021 billion during the reporting period, representing a year-on-year increase of 14.70%, primarily due to the year-on-year increase in labor costs of R&D personnel and material consumption.

4. Cash flow

Applicable Not Applicable

Reasons for changes in net cash flow from operating activities: net cash flow from operating activities was a net inflow of RMB2.782 billion during the reporting period, representing an increase of 36.28% from the corresponding period last year, mainly due to the increase in cash receipts from sales of goods and the rendering of services.

Reasons for changes in net cash flow from investing activities: net cash flow from investing activities was a net outflow of RMB2.277 billion during the reporting period, basically remaining the same from last year.

Reasons for changes in net cash flow from financing activities: net cash flow from financing activities was a net outflow of RMB589 million during the reporting period, basically remaining the same from last year.

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

Applicable Not Applicable

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(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 period	Percentage of closing balance of the previous period in total assets (%)	Change in closing balance of the current period over the previous period (%)	Note
Bills receivable	2,376,882,219	4.45	3,404,536,888	7.02	-30.18%	(1)
Financing receivables	4,511,551,119	8.45	2,918,688,837	6.02	54.57%	(2)
Non-current assets due within one year	1,100,449,970	2.06	340,751,629	0.70	222.95%	(3)
Other equity instrument investments	233,249,992	0.44	152,673,525	0.31	52.78%	(4)
Construction in progress	1,261,506,969	2.36	453,599,990	0.94	178.11%	(5)
Right-of-use assets	281,434,472	0.53	207,002,345	0.43	35.96%	(6)
Intangible assets	1,370,822,759	2.57	632,504,419	1.30	116.73%	(7)
Development expenditure	275,456,352	0.52	429,162,131	0.88	-35.82%	(8)
Deferred income tax assets	854,774,053	1.60	559,543,555	1.15	52.76%	(9)
Other non-current assets	5,583,003,940	10.45	4,145,141,437	8.54	34.69%	(10)
Bills payable	3,949,818,779	7.40	2,618,840,644	5.40	50.82%	(11)
Tax payable	217,755,649	0.41	301,155,951	0.62	-27.69%	(12)
Non-current liabilities due within one year	497,130,061	0.93	375,909,378	0.77	32.25%	(13)
Other current liabilities	91,909,989	0.17	68,792,364	0.14	33.60%	(14)
Long-term borrowings	631,943,386	1.18	72,688,000	0.15	769.39%	(15)
Lease liabilities	197,058,403	0.37	135,377,795	0.28	45.56%	(16)
Special reserve	86,022,310	0.16	39,091,759	0.08	120.05%	(17)

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Other explanations

- (1) Mainly due to the decrease in commercial acceptance bills during the reporting period as compared with the beginning of the year;
- (2) Mainly due to the increase in bank acceptance bills and Yunxin during the reporting period as compared with the beginning of the period;
- (3) Mainly due to the increase in certificate of deposit held within one year during the reporting period as compared with the beginning of the period;
- (4) Mainly due to the capital increase in Xicheng CRRC (Wuxi) Urban Transit Transport Engineering Co., Ltd. during the reporting period;
- (5) Mainly due to the increase in construction in progress during the reporting period;
- (6) Mainly due to the expansion of industrial production capacity and the addition of leased machinery and equipment and buildings during the reporting period;
- (7) Mainly due to the addition of land use rights and proprietary technologies during the reporting period;
- (8) Mainly due to the transfer of project settlement to intangible assets during the reporting period;
- (9) Mainly due to the acquisition of Wuxi Electric Drive during the reporting period into deferred income tax assets;
- (10) Mainly due to the increase in certificate of deposit held during the reporting period as compared with the beginning of the period;
- (11) Mainly due to the increase in bills issued during the reporting period;
- (12) Mainly due to the decrease in value-added tax payable at the end of the reporting period;
- (13) Mainly due to the increase in long-term borrowings due within one year resulting from the acquisition of Wuxi Electric Drive during the reporting period;
- (14) Mainly due to the increase in advance income tax related to sales contracts at the end of the reporting period;
- (15) Mainly due to the increase in long-term bank loans during the reporting period;
- (16) Mainly due to the expansion of industrial production capacity and the addition of leased machinery and equipment and buildings during the reporting period;
- (17) Mainly due to the increase in provision for safety production fees during the reporting period.

Section IV Report of the Directors



2. Overseas assets

Applicable Not Applicable

(1) Asset size

Where: Overseas assets amounted to RMB1,405,835,740, accounting for 2.63% 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

For details, please refer to section XII “Financial Report – V. Notes to Key Items of the Consolidated Financial Statements – 61. Notes to items in statement of changes in owner’s equity”.

4. Other explanations

Applicable Not Applicable

(IV) Analysis of Industry Operational Information

Applicable Not Applicable

For details, please refer to “Section II Chairman’s Statement” and “Section IV Report of the Directors”.

(V) Investment Analysis

Overall analysis of external equity investment

Applicable Not Applicable

Unit: Yuan Currency: RMB

Investment during the reporting period (RMB)	Investment in the same period last year (RMB)	Change
154,076,467	43,693,525	252.63%

During the reporting period, the amount of the Group’s equity investment was RMB154,076,467, which was the capital increase of RMB73,500,000 in Guangzhou Qinglan Semiconductor Co., Ltd. presented in long-term equity investment and the capital increase of RMB80,576,467 in Xicheng CRRC (Wuxi) Urban Transit Transport Engineering Co., Ltd. presented in investment in other equity instruments, respectively. The external equity investment in the same period last year was RMB43,693,525, which was the investment of RMB29,673,525 in Xicheng CRRC (Wuxi) Urban Transit Transport Engineering Co., Ltd., RMB5,600,000 in Guochuang Energy Internet Innovation Centre (Guangdong) Co., Ltd. and RMB5,000,000 in Jinhua CRRC Rail Vehicles Co., Ltd. presented in investment in other equity instruments, respectively; and the investment of RMB3,420,000 in Guangzhou High-speed Rail Technology Co., Ltd. presented in long-term equity investment.

As at the end of the reporting period, the balance of external equity investments of the Group was RMB766,661,196, representing an increase of 24.41% as compared with RMB616,224,407 at the beginning of the year. Among them, the balance of long-term equity investments in associates and joint ventures at the end of the reporting period was RMB533,411,204, representing an increase of 15.07% from RMB463,550,882 at the beginning of the period. For details, please refer to “12. Long-term equity investments” in “V. Notes to the Consolidated Financial Statements” in Section XII Financial Report.

Section IV Report of the Directors



1. Material equity investment

✓Applicable □Not Applicable

Unit: RMB10,000 Currency: RMB

Investee name	Principal operations	Investment mode	Investment amount	Shareholding	Source of funding	Progress as at the end of the reporting period	Investment gain or loss in the current period	Disclosure date and index (if any)
Hunan CRRC Times Electric Drive Technology Co., Ltd.	General operations: Auto parts and accessories manufacturing; Auto parts research and development; Auto parts wholesale; Motor manufacturing; Motor and its control system development; Electronic (gas) physical equipment and other electronic equipment manufacturing; Electronic components and electromechanical components equipment manufacturing; Electronic components wholesale; Manufacture of gears and gear reduction boxes and transmissions; Sales of gears and gear reduction boxes and transmissions; Technical service, technology development, technology consultation, technology exchange, technology transfer, technology dissemination; Engineering and technology research and experimental development; Software development; Import and export of goods; Import and export agent; Technology import and export. (to independently carry out business activities defined in business license other than those subject to approval according to law)	Newly established	83,297.4944	83.2975	Internal assets financial resources of Times Electric	As of the end of the reporting period, newly established		For details, please refer to the "Announcement on Voluntary Disclosure of External Investment and Establishment of a Controlled Subsidiary by Zhuzhou CRRC Times Electric Co., Ltd." (Announcement No.: 2023-035) published by the Company on the SSE on 2 August 2023
Total	/	/	<u>83,297.4944</u>	/	/	/	/	

Section IV Report of the Directors

2. Material non-equity investment

Applicable Not Applicable

At the 27th meeting of the sixth session of the Board of the Company held on 30 March 2023, the Proposal on the New Energy Passenger Car Electric Drive System and Key Components Manufacturing Base Project was reviewed and passed, and it was agreed by the meeting that the Company intends to implement the new energy passenger car electric drive system and key components manufacturing base project, the project investment amount of RMB1,107.99 million (the final investment amount is subject to the actual investment amount). For details, please refer to the "Announcement on Voluntary Disclosure of Investment in New Energy Passenger Car Electric Drive System and Key Components Manufacturing Base Project by Zhuzhou CRRC Times Electric Co., Ltd." (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 SSE respectively on 31 March 2023 and 12 May 2023. As of now, the project is in progress.

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 inequity	Impairment provision in the current period	Purchase amount during the current period	Disposal/redemption amount during the current period	Other changes	Closing balance
Financial assets held for trading	6,700,827,160	76,384,564	-	-	13,535,000,000	15,458,000,000	-77,818,846	4,776,392,878
Bills receivable measured at fair value	1,117,071,219	-	1,856,192	-	-	-	504,703,421	1,623,630,832
Trade receivables measured at fair value	1,801,617,618	-	-10,220,740	-	-	-	1,096,523,409	2,887,920,287
Other equity instrument investment	152,673,525	-	-	-	80,576,467	-	-	233,249,992
Total	9,772,189,522	76,384,564	-8,364,548	-	13,615,576,467	15,458,000,000	1,523,407,984	9,521,193,989

Securities investment

Applicable Not Applicable

Derivatives investment

Applicable Not Applicable

Section IV Report of the Directors



(1) Derivative investments for hedging purposes during the reporting period

Applicable Not Applicable

Unit: RMB10,000 Currency: RMB

Type of derivatives investment	Initial investment amount	Opening book value	Gains or losses from changes in fair value during the period	Accumulated changes in fair value included in equity	Amount purchased during the reporting Period	Amount sold during the reporting Period	Closing book value	Closing book value as a percentage of the Company's net assets at the end of the reporting Period (%)
Ordinary forwards	8490.90	0	-178.24	0	8490.90	8490.90	0	0
Total	<u>8,490.90</u>	<u>0</u>	<u>-178.24</u>	<u>0</u>	<u>8490.90</u>	<u>8490.90</u>	<u>0</u>	<u>0</u>
Accounting policies and specific accounting principles for hedging business during the reporting period, and explanations on whether there are significant changes compared with the previous reporting period	No material changes							
Explanation of actual profit or loss during the reporting period	The actual loss of the Company's foreign exchange forward contracts was RMB1,782,400.							
Description of hedging effect	The Company generates foreign currency collection and payment business due to daily operation, and uses ordinary forward instruments for hedging. Through ordinary forward instruments, the Company locked up the procurement cost, reduced the risk of foreign exchange rate fluctuations, and achieved good hedging results.							
Sources of funds for derivatives investment	Self-owned funds of the Company							

Section IV Report of the Directors



Risk analysis and description of control measures for derivatives positions during the reporting period (including but not limited to market risk, liquidity risk, credit risk, operational risk, legal risk, etc.)

Risk analysis of the Company's foreign exchange derivatives trading business

- (1) **Market risk**
The difference between the contract exchange rate, interest rate and the actual exchange rate on the maturity date and interest rate of the foreign exchange derivatives transaction will result in trading profit or loss. During the duration of the foreign exchange derivatives transaction, it is measured at fair value, and revaluation gains will be generated in each accounting period, and the cumulative value of revaluation gains will be included in trading profit or loss. Changes in the fair value of trading contracts and the corresponding changes in the value of risk assets form a certain hedge, but there is still a possibility of loss.
- (2) **Liquidity risk**
Unreasonable purchase arrangement of foreign exchange derivatives may trigger liquidity risk of the Company's funds. The foreign exchange derivatives are based on the Company's foreign exchange assets and liabilities, match with the actual foreign exchange income and expenditure, select appropriate foreign exchange derivatives in a timely manner, and appropriately choose net settlement foreign exchange derivatives, which can ensure that there are sufficient funds for settlement at the time of delivery, so as to reduce the cash flow demand on the maturity date.
- (3) **Performance risk**
Unsuitable counterparty selection may trigger the Company's performance risk of purchasing foreign exchange derivatives. The counterparties of the foreign exchange derivatives transactions of the Company are all financial institutions with good credit and long-term business relationship with the Company, and the performance risk is low.
- (4) **Other risks**
The Company may suffer losses due to changes in relevant laws and regulations or the failure of the counterparty to perform the contract normally due to the breach of the terms of the contract.

Risk prevention and control measures adopted by the Company for foreign exchange derivatives trading business

- (1) The foreign exchange derivatives trading varieties carried out by the Company are all simple foreign exchange derivatives that are closely related to the basic business, and such foreign exchange derivatives match the basic business in terms of variety, scale, direction and term, etc., so as to follow the Company's prudent and stable risk management principle and not to conduct speculative transactions.
- (2) The Company has formulated a strict Administrative Measures for Financial Derivative Business (hereinafter referred to as the "Administrative Measures"), which clearly stipulates the operating principles, approval authority, department setting and staffing, internal operation process, internal risk reporting system and risk handling procedures, information disclosure and information isolation measures of foreign exchange derivative transactions, and controls transaction risks.
- (3) The Company will prudently review the terms of contracts signed with qualified financial institutions and strictly implement the risk management system to prevent legal risks.
- (4) The internal audit department of the Company is responsible for reviewing and evaluating the derivatives transactions on a regular basis. During the reporting period, the Company's foreign exchange hedging transaction varieties were ordinary forward foreign exchange contracts, and the prices in the valuation notices of various banks were used as the fair value of the contracts.

Changes in the market price or fair value of the invested derivatives during the reporting period, and the analysis of the fair value of derivatives shall disclose the specific methods used and the setting of relevant assumptions and parameters

Litigation (if applicable)

Not applicable

Date of announcement of the Board on approval of derivatives investment (if any)

30 March 2023

Date of announcement and disclosure of derivative investment approval at general meeting (if any)

Not applicable

Section IV Report of the Directors



(2) Derivative investments for speculation purposes during the reporting period

Applicable Not Applicable

Other explanations

No

4. *Private equity investment and fund investment*

Applicable Not Applicable

Other explanations

No

5. *Progress of major asset restructuring and consolidation during the reporting period*

Applicable Not Applicable

Section IV Report of the Directors

(VI) Sale of Major Assets and Equity Interests

Applicable Not Applicable

On 6 June 2023, the 30th meeting of the sixth session of the Board of the Company considered and approved the Resolution on the Proposed Capital Increase and Introduction of Strategic Investors by the Controlling Subsidiary Zhuzhou CRRC Times Semiconductor Co., Ltd. (《關於控股子公司株洲中車時代半導體有限公司擬開展增資擴股引入戰略投資者的議案》). For details, please refer to the Indicative Announcement on the Proposed Capital Increase and Introduction of Strategic Investors by the Controlling Subsidiary Zhuzhou CRRC Times Semiconductor Co., Ltd. (《關於控股子公司株洲中車時代半導體有限公司擬開展增資擴股引入戰略投資者的提示性公告》) (Announcement No.: 2023-027) disclosed by the Company on the SSE website on 7 June 2023. On 15 December 2023, the fifth meeting of the seventh session of the Board of the Company considered and approved the Resolution on the Capital Increase of Zhuzhou CRRC Times Semiconductor Co., Ltd. (《關於株洲中車時代半導體有限公司增資擴股項目的議案》), whereby Times Semiconductor intends to carry out the Capital Increase by way of introducing strategic investors through public listing on the China Beijing Equity Exchange and simultaneously introducing an employee shareholding platform, with an estimated proceeds of approximately RMB4,659,000,000. Both Times Electric and Zhuzhou Xinlianjie No. 0 Enterprise Management Partnership (Limited Partnership), the original shareholder of Times Semiconductor, intended to waive the pre-emptive rights for the Capital Increase. The final results of the Capital Increase will be determined based on the actual capital contribution by the Strategic Investors identified by way of public listing and the employee shareholding platform. After the completion of the Capital Increase, Times Electric will maintain its absolute controlling position in Times Semiconductor, and the total shareholding ratio of the original shareholder, Zhuzhou Xinlianjie No. 0 Enterprise Management Partnership (Limited Partnership) and the employee shareholding platform to be established will not exceed 5% (the final subscription amount of the employee shareholding platform shall subject to the shareholding list and the signing of the subscription letter). For details, please refer to the Announcement of Zhuzhou CRRC Times Electric Co., Ltd. on the Progress of Introducing Strategic Investors and employee shareholding platform for the Capital Increase by the Controlling Subsidiary Zhuzhou CRRC Times Semiconductor Co., Ltd. and Waiver of Preemptive Rights by the Company (《株洲中車時代電氣股份有限公司關於控股子公司株洲中車時代半導體有限公司擬增資擴股引入戰略投資者及員工持股平臺暨公司放 優先認股權的進展公告》) (Announcement No.: 2023-054) disclosed by the Company on 16 December 2023. On 28 March 2024, the 6th Meeting of the Seventh Session of the Board of the Company considered and passed the Proposal on Introducing Strategic Investors and Employee Shareholding Platform for the Capital Increase and Share Expansion of Zhuzhou CRRC Times Semiconductor Co., Ltd. According to the result of the qualification confirmation of China Beijing Equity Exchange (北京產權交易所), the qualified strategic investors participating in admission and delisting have been determined, and the financing scale of Times Semiconductor in this capital increase and share expansion is proposed to be RMB4,327,800,000, and the proportion of the released equity is proposed to be 19.1236% (of which strategic investors accounting for 18.6871% and the employee shareholding platform accounting for 0.4366%, subject to the final result of the delisting of the shares on China Beijing Equity Exchange (北京產權交易所)). Please refer to the Introduction of Strategic Investors and Employee Shareholding Platform for the Capital Increase and Share Expansion of the Controlling Subsidiary of Zhuzhou CRRC Times Semiconductor Co., Ltd. (announcement No.: 2024-0XX) disclosed by the Company on 29 March 2024 for details. Up to now, the project is still under implementation.

(VII) Analysis of Major Subsidiaries and Associates

Applicable Not Applicable

For details, please refer to section XII "Financial Report – VIII. Interests in Other Entities".

(VIII) Structured Entities Controlled by the Company

Applicable Not Applicable

Section IV Report of the Directors



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

(I) Industry Landscape and Trends

Applicable Not Applicable

As an important part of the modern transportation system and a major livelihood undertaking, railway have made important contributions to promoting economic recovery and facilitating people's travel, and the railway passenger and freight market has entered a recovery cycle. According to the Outline of Powerful Nation Railway Advance Planning in the New Era, by 2035, China's railway network will reach approximately 200,000 kilometers, including approximately 70,000 kilometers of high-speed railway. Cities with a population of more than 200,000 will be covered by railway, and cities with a population of more than 500,000 will be accessible by high-speed railway. The regional coordinated development strategy will be further implemented. As the state implements major national strategies such as "new infrastructure", accelerating the contraction of rail transit network in urban agglomerations and metropolitan areas, and speeding up the development of urban (suburban) railways in metropolitan areas, the development of intercity and urban (suburban) railways will enjoy prosperity. The stock of rail transit equipment continues to grow, the equipment continues to enter the maintenance period, and the maintenance and repair market is expected to further grow. In terms of competition landscape, Beijing Zongheng Electromechanical Technology Co., Ltd., a subsidiary of China Academy of Railway Sciences Corporation Limited, maintains a strong competitive edge in the EMU traction converter system market by virtue of its rich experience in product development, production, and application. In addition, CRRC Qingdao Sifang Rolling Stock Research Institute Co., Ltd., CRRC Yongji Electric Co., Ltd., CRRC Dalian Institute Co., Ltd., and CRRC Dalian Electric Traction Research and Development Center Co., Ltd., which are subsidiaries of CRRC, are also engaged in business operations related to traction converter systems of rail transit vehicles, and compete with the Company in certain business areas.

Urban rail transit construction is slowing down as the investment in urban rail transit construction decreased year by year resulted from high debt leverage ratios of local governments and tightening fiscal policies. In order to guard against the hidden debt risks of local governments, the government strictly controls urban rail transit construction. Cities with subway have delayed or stopped the construction of projects currently invested by less than half. Given the general slowdown of subway construction, urban rail transit, low-to-medium-haul railway, as well as maintenance and repair service 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, 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. In terms of competition landscape, Jiangsu Jingwei Rail has achieved remarkable results in the markets of Shenzhen, Nanjing and Jinan in 2023, with significant growth momentum leveraging their deep partnerships with project owners in some areas. In addition, with the complete set of traction converter system technology introduced from Bombardier, Xinyu Bombardier has certain competitiveness in the urban rail traction converter system market.

Section IV Report of the Directors



Achieving carbon peak and carbon neutrality is an extensive and profound economic and social systemic reform. With the further implementation of the national “dual carbon” strategy, the reform will give rise to a new energy market that is worth hundreds of billions of yuan and has great growth potential. Emerging industries such as wind, solar, energy storage and hydrogen equipment and photovoltaic engineering, automotive electric drive, 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. In terms of competition landscape, in the photovoltaic inverter market with obvious oligopoly effect, Huawei Technologies Co., Ltd., Sungrow Power Supply Co., Ltd., Zhuzhou National Engineering Research Centre of Converters Co., Ltd, Sineng Electric Co., Ltd. and TBEA Co., Ltd. have a combined market share of over 90%. In the wind power converter market, the top three players namely Sungrow Power Supply Co., Ltd., Shenzhen Hopewind Electric Co., Ltd. and Xinjiang Goldwind Science and Technology Co., Ltd. have a significant market share ahead of other peers, while enterprises such as Ruineng New Energy Technology (Tianjin) Co., Ltd. and Guangdong Rifeng Electric Cable Co., Ltd. have also established presence. In 2023, the Company’s automobile electric drive industry continued to consolidate the top six of the industry, but faced fierce competition from automobile manufacturers such as self-manufacturing (BYD and Tesla) and independent suppliers (Shenzhen Huichuan Technology Co., Ltd. and Nideke Co., Ltd.), and the market share of the top four competitors was as high as 54%. In the semiconductor market, StarPower Semiconductor Co., Ltd. that started its business under the model of “Infineon chips +Self-packaging” continued to make efforts in the domestic IGBT segment in the fields of automobile, photovoltaic and windpower. In addition, international top players led by Infineon Technologies AG is drawing upon its long-established expertise and first-mover advantages to extend presence and take over technical and market commanding heights. In the sensor market, LEM Holding SA ranks No. 1 in power sensors globally and has been a pacesetter in the industry. In addition, a domestic company, Ningbo C-Magnet Electronics Technology Co., Ltd. has developed rapidly in the power sensor segment in recent years.

(II) The Company’s Development Strategy

Applicable Not Applicable

In light of its philosophy of “high-quality, high-efficiency operation” and the strategy of “concentric diversification”, the Company is deeply engaged in the rail transit industry with “smart technologies”, and rides on tailwinds from the “carbon peak and neutrality” strategy to innovatively develop emerging businesses. Upholding a market-oriented approach, the Company leverages its advantages in vertical integration of industry chain and cross-disciplinary technical expertise to promote the complementary coordination and innovative integration of systems. Through digital transformation, the Company further deepens refined management, continuously optimises resource allocation, improves efficiency and benefits, creates sustainable value for shareholders and achieves sound development, in an effort to become an electrical system comprehensive solution provider in the fields of transportation and energy at a faster pace.

(III) Business Plan

Applicable Not Applicable

In 2024, under the guidance of Xi Jinping’s vision on the socialism with Chinese characteristics for a new era and the Company will fully implement the guiding principles of the Report to the 20th CPC National Congress, closely follow the main line of high-quality development, continue to deepen the concept of high-quality and efficient development. The Company will seize opportunities from the “smart technologies” and “carbon peak and neutrality” strategies, vigorously promote digital transformation and management quality and efficiency, and steadily improve business scale and performance with a focus on enhancing profitability through quality innovation and reform as a driving force.

Section IV Report of the Directors



(IV) Others

Applicable Not Applicable

VII. OTHER DISCLOSURES

Corporate Information

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

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

Reserves

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

Reserves Available for Distribution

For details of the reserves of the Company available for distribution, please refer to "43. Retained Earnings" to the financial report of this annual report prepared under the China Accounting Standards for Business Enterprises.

Taxation

Details of the taxation of the Group for 2023 are set out in note "IV. Taxation" to the financial report of this annual report.

Events after the Balance Sheet Date

Details of the events after the balance sheet date of the Group are set out in the note "XV Events after the Balance Sheet Date" to the financial report of this annual report.

Share Capital

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

Section IV Report of the Directors

Purchase, Sale or Redemption of Listed Securities of the Company

During the year ended 31 December 2023, neither the Company nor its subsidiaries purchased, sold or redeemed any of the Company's listed securities within the meaning of the SEHK Listing Rules.

Subsequent to 31 December 2023, the Company repurchased a total of 4,696,800 H Shares with a par value of RMB1 each in the H share capital of the Company on the Stock Exchange as follows:

Repurchase month	Number of H Shares repurchased	Highest price paid per Share (HK\$)	Lowest price paid per Share (HK\$)	Aggregate consideration (Excluding expenses) (HK\$)
January 2024	4,696,800	21.8	19.64	98,558,789.24

In view of the fact that the repurchase of H Shares has enhanced the Group's net asset value per share and earnings per share for the benefit of the shareholders as a whole, the shareholders approved the general mandate at the first H Share class general meeting of the Company held on 27 June 2023, whereby the Directors repurchased H Shares.

Performance and Distribution

The performance of the Group for the year ended 31 December 2023 and the financial position of the Group as at 31 December 2023 are set out in "Financial Report" of this report.

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

Distribution Plan and Policy of Dividend

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

Bank Loans and Other Loans

Details of the bank loans and other loans of the Company as at 31 December 2023 are set out in Note "(V) Notes to Key Items of the Consolidated Financial Statements – 23. Short-term Borrowings" and "32. Long-term Borrowings" in "Notes to the Financial Statements" to the financial report of this annual report prepared under the China Accounting Standards for Business Enterprises.

Property, Plant and Equipment

Details of changes in the property, plant and equipment of the Company in 2023 are set out in Note "(V) Notes to Key Items of the Consolidated Financial Statements – 14. Fixed Assets" and "16. Right-of-use Assets" to the financial report of this annual report prepared under the China Accounting Standards for Business Enterprises.



Section IV Report of the Directors

Information of Directors, Supervisors and Senior Management of the Company

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

Service Contracts with Directors and Supervisors

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

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

Remuneration of Directors, Supervisors and Senior Management

Details of the remunerations of Directors, Supervisors and five highest paid individuals of the Company are set out in the note (XII) Related Parties and Related Party Transactions – 5. Transactions Between the Group and its Related Parties – (7) Remuneration of Key Management Personnel to the financial report of this annual report.

Permitted Indemnity

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

Directors’ and Supervisors’ Interests in Contracts

During the year and as at 31 December 2023, none of the Directors or supervisors had a material interest, whether directly or indirectly, in any transaction, arrangement or contract of significance to the business of the Group to which the Company, its holding company or any of its subsidiaries was a party.

Loans Provided to Directors, Supervisors and Senior Management of the Company

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

Directors’ Interests in Competing Business

During the year and as at 31 December 2023, none of the Directors, directly or indirectly, had an interest in any business which competes or may compete with the business of the Company and/or its subsidiaries.

Section IV Report of the Directors



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

During the year and as at 31 December 2023, none of the Directors, supervisors and the general manager of the Company or their respective associates had any personal, family, corporate or other interests or short positions in the shares, underlying shares and debentures of the Company or any of its associated corporations (within the meaning of Part XV of the SFO, required to be notified to the Company and the Stock Exchange pursuant to Part XV of the SFO, or any interests or short positions in the shares required, pursuant to section 352 of the SFO, to be entered in the register referred to therein, or any personal, family, corporate or other interests or short positions required to be notified to the Company and the Stock Exchange pursuant to the Model Code for Securities Transactions by Directors of Listed Issuers as set out in Appendix C3 to the SEHK Listing Rules (the "Model Code").

Directors' and Supervisors' Rights to Acquire Shares or Debentures

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

Employee Retirement Plan

Details of the employee retirement plan of the Company are set out in Note (XVI) OTHER SIGNIFICANT EVENTS – 8. Other Financial Information to the financial report of this annual report prepared under the China Accounting Standards for Business Enterprises.

Staff

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

Mechanism for Protecting Non-controlling Interests

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

- (1) In accordance with the Articles, directors who are interested in the transactions should disclose their respective interest, and shall not vote in respect of the transactions in which they are interested and shall not be counted towards the quorum of the meeting. Therefore, for the connected transactions between the Group and CRRC Group, Mr. Li Donglin, Mr. Liu Ke'an, Mr. Shang Jing and Mr. Zhang Xinning did not vote in respect of the relevant Board resolutions and were not counted towards the quorum of the meetings approving the relevant resolutions due to conflict of interest.
- (2) An independent professional management team of the Group responsible for negotiating and reviewing the terms of transactions with the suppliers and customers (including CRRC Group) has been established. The members of the management team include the staff of the Group with relevant techniques and sales expertise, and the terms of duties of the management team allow it to make independent business judgments. The management team reports to the Board, while the Board is accountable to the Shareholders of the Company as a whole.

Section IV Report of the Directors



- (3) The Company's auditor has provided quarterly reports to the independent non-executive Directors on all transactions conducted between the Group and CRRC Group.
- (4) When making purchases, the Group has endeavoured to obtain tenders or quotations from a number of independent suppliers, and select successful bidders (where applicable) based on objective standards such as the price and quality of products, delivery schedule and services.
- (5) Subject to (1) above, all independent non-executive Directors have attended the Board meetings for deciding whether the Group should conduct special transactions with CRRC Group.
- (6) The terms for the supply and purchase arrangements entered into between the Group and CRRC Group are subject to quarterly review by the independent non-executive Directors, and opinions regarding such transactions are disclosed by the Company to the Shareholders by way of announcements. Independent non-executive Directors may request an independent party having at least 10 years' experience in the locomotive and rolling stock manufacturing industry to participate in assessing the terms of the sales and purchases agreements, and to provide their opinions to the independent non-executive Directors.

Non-competition and Indemnity Deeds

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

- 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 Company;
- CRRC further granted 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 conditions, and the sale to the third party may only be effected after the Company declined to purchase the competing business;
- the decision of the Company to exercise the aforesaid option and the pre-emptive right to purchase shall be made by the independent non-executive Directors of the Company;
- the exercise of the aforesaid option and the pre-emptive right to purchase will be subject to the applicable regulatory and disclosure requirements and Shareholders' approval at the general meeting in the places of listing of CRRC and the Company respectively;
- the aforesaid non-competition undertaking will be effective from the date of issuance to the time when the Company is de-listed or CRRC ceases to be an indirect controlling Shareholder of the Company.

Section IV Report of the Directors



The independent non-executive Directors have reviewed the compliance issue of the Non-Competition and Indemnity Deed with CRRZ ZELRI and CRRZ Group (excluding the Group) for the year ended 31 December 2023, and reviewed relevant information provided by CRRZ ZELRI and CRRZ Group (excluding the Group). The independent non-executive Directors were of the opinion that:

(1) CRRZ ZELRI complied with the relevant terms of the Non-Competition and Indemnity Deed in 2023. CRRZ ZELRI carried on its businesses independent of the Group's businesses, having different technology applications and different customers, which would not be in competition with that of the Group; (2) in 2023, CRRZ Group continued to procure CRRZ to perform its undertakings to the Company; and (3) the Board operated and managed the Company's businesses independently in the interests of the Company and the Shareholders as a whole.

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

Sufficiency of Public Float

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

Taxation

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

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



Section IV Report of the Directors

Pursuant to the relevant requirements under the Notice on the Tax Policies Related to the Pilot Program of the Shanghai-Hong Kong Stock Connect (Cai Shui [2014] No. 81) (《關於滬港股票市場交易互聯互通機制試點有關稅收政策的通知》) (財稅[2014]81號), for dividends received by domestic investors from investing in H shares listed on the Hong Kong Stock Exchange through Shanghai-Hong Kong Stock Connect, the H shares companies shall withhold and pay individual income tax at the rate of 20% on behalf of the investors. For dividends received by domestic securities investment funds from investing in H shares listed on the Hong Kong Stock Exchange through Shanghai-Hong Kong Stock Connect, the tax payable shall be the same as that for individual investors. The H shares companies will not withhold and pay the income tax of dividends for domestic enterprise investors and those domestic enterprise investors shall report and pay the relevant tax themselves.

Pursuant to the Notice on Tax Policies for Shenzhen-Hong Kong Stock Connect Pilot Program (Cai Shui [2016] No.127) (《關於深港股票市場交易互聯互通機制試點有關稅收政策的通知》) (財稅[2016]127號), for dividends received by domestic investors from investing in H shares listed on the Hong Kong Stock Exchange through Shenzhen-Hong Kong Stock Connect, the H shares companies shall withhold and pay individual income tax at the rate of 20% on behalf of the investors. For dividends received by domestic securities investment funds from investing in H shares listed on the Hong Kong Stock Exchange through Shenzhen-Hong Kong Stock Connect, the tax payable shall be the same as that for individual investors. The H shares companies will not withhold and pay the income tax of dividends for domestic enterprise investors and those domestic enterprise investors shall report and pay the relevant tax themselves.

Save as disclosed above, for the year ended 31 December 2023, no foreign shareholder who is non-PRC resident is liable to individual or corporate income tax, capital gains tax, stamp duty or estate duty of the PRC in relation to their holding of the H shares of the Company. Shareholders are urged to consult their tax advisers regarding the applicable PRC and Hong Kong tax laws and other tax consequences of the ownership and disposal of the H shares of the Company.

Management Contracts

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

Interests and Short Positions of Substantial Shareholders in Shares and Underlying Shares

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

Arrangements for Share Pre-emptive Right and Stock Option

In 2023, no arrangement for Share pre-emptive right and stock option was made by the Company, as there are no specific provisions under the PRC laws or the Articles of Associations regarding share pre-emptive right.

Connected Transactions

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

Section IV Report of the Directors



Related Party Transactions

The Group entered into certain transactions with the relevant parties considered to be “related parties” pursuant to applicable accounting standards during the reporting period. Details of the related party transactions entered into by the Group during the reporting period are disclosed in note “XII. Related Parties and Related Party Transactions” to the financial report. Save as disclosed in this report, the related party transactions disclosed in note “XII. Related Parties and Related Party Transactions” were neither considered to be connected transactions as defined by the Hong Kong Listing Rules nor exempted from the reporting, announcement and shareholders’ approval requirements pursuant to the Hong Kong Listing Rules.

Non-exempt Connected Transactions

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

Audit Committee

The audit committee of the Company has reviewed the annual results and the annual report of the Company for 2023 as well as the audited consolidated financial statements for the year ended 31 December 2023 of the Company.

Accounting Policies

Changes to the accounting policies of the Company are set out in (III) Significant Accounting Policies and Accounting Estimates – 36. Changes in Significant Accounting Policies and Accounting Estimates to the financial report of this annual report.

Auditors

At the 2022 annual general meeting of the Company held on 27 June 2023, the Resolution on Engagement of Auditor of the Company for 2023 was considered and approved, pursuant to which, the Company engaged KPMG Huazhen LLP as its auditor for financial reporting and internal control audit in 2023.

Details on change of auditors by the Company in the past three years are set out in “Explanation on the Change in the Employment of Auditors during the Audit Period” under Section VIII “Significant Events” in 2022 Annual Report.

Environmental Policy and Performance

For details, please refer to the 2023 Social Responsibility and Environmental, Social and Governance (ESG) Report of Zhuzhou CRRC Times Electric Co., Ltd. published by the Company on the websites of the SSE and the Stock Exchange.

Compliance with Laws and Regulations

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

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

Section IV Report of the Directors



Relationship with Employees

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

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

Relationship with Customers

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

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

Relationship with Suppliers

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

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

Donations

The Group did not make donations during the year.

Section IV Report of the Directors



Social Responsibility and Environmental, Social and Governance (ESG) Report

For details of the performance of social responsibilities by the Group during the reporting period, please refer to the Social Responsibility and Environmental, Social and Governance (ESG) Report of Zhuzhou CRRCTimes Electric Co., Ltd. published by the Company on the websites of the SSE and the Stock Exchange on the same date.

By order of the Board
Li Donglin

28 March 2024

Section V Directors, Supervisors, Senior Management and Employees

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

✓ Applicable □ Not Applicable

Unit: share

Name	Position	Gender	Age	Commencement date of term of office	Termination date of term of office	Shareholding at the beginning of the year	Shareholding at the end of the year	Changes in shareholding during the year	Reason for change	Total before-tax remuneration obtained from the Company during the reporting period (RMB'000)	Whether to receive any remuneration from any related party of the Company
Li Donglin	Chairman of the Board, executive Director	Male	57	23 June 2020	26 June 2026	-	-	-	-	-	Yes
Liu Ke'an	Vice Chairman of the Board, executive Director	Male	53	23 June 2020	26 June 2026	-	-	-	-	-	Yes
Shang Jing	Executive Director	Male	47	28 September 2020	26 June 2026	-	-	-	-	128.41	No
Gao Feng	Independent non-executive director	Male	47	23 June 2020	26 June 2026	-	-	-	-	11.9	No
Li Kaiguo	Independent non-executive director	Male	62	21 October 2022	26 June 2026	-	-	-	-	11.9	No
Zhong Ninghua	Independent non-executive director	Male	42	27 June 2023	26 June 2026	-	-	-	-	5.26	No
Lam Siu Fung	Independent non-executive director	Male	50	27 June 2023	26 June 2026	-	-	-	-	11.53	No
Li Lüe	Chairman of the Supervisory Committee, Supervisor	Male	55	23 June 2020	22 June 2026	-	-	-	-	-	Yes
Geng Jianxin	Independent Supervisor	Male	70	23 June 2020	27 June 2026	-	-	-	-	11.9	No
Shen Zhulin	Employee representative supervisor	Male	50	27 June 2023	26 June 2026	-	-	-	-	27.59	No
Liu Shaojie	Employee representative supervisor	Male	38	27 June 2023	26 June 2026	-	-	-	-	33.45	No
Niu Jie	Secretary of Party Committee	Male	56	29 October 2018	-	-	-	-	-	102.49	No
Tan Yongneng	Deputy general manager	Male	54	15 June 2012	26 June 2026	-	-	-	-	89.46	No
	Secretary of Discipline Committee			30 January 2018	-	-	-	-			
	Chief administration officer			19 January 2010	26 June 2026	-	-	-	-		
	Chairman of the labour union			19 January 2010	-	-	-	-			
Gong Tong	Deputy general manager	Male	50	18 March 2020	26 June 2026	-	-	-	-	84.97	No
Yu Kang	Deputy general manager	Male	46	18 March 2020	26 June 2026	-	-	-	-	95.74	No
Yi Weihua	Deputy general manager	Male	42	2 November 2020	26 June 2026	-	-	-	-	91.01	No
Li Peng	Deputy general manager	Male	43	23 February 2022	26 June 2026	-	-	-	-	93.7	No
Hu Yunqing	Deputy general manager, chief engineer	Male	39	28 April 2023	26 June 2026	-	-	-	-	71.39	No
Yao Zhonghong	Deputy general manager	Male	46	28 April 2023	26 June 2026	-	-	-	-	52.17	No
Gan Weiwei	Deputy general manager	Male	40	28 March 2024	26 June 2026	-	-	-	-	46.39	No
	Head of the Rail Transit Technology Centre of Times Electric and core technician			28 April 2023	-	-	-	-			
Sun Shan	Deputy general manager, financial director	Female	46	28 March 2024	26 June 2026	-	-	-	-	-	No
Long Furong	Secretary to the Board, general legal counsel, chief compliance officer	Female	44	28 April 2023	27 June 2026	-	-	-	-	43.82	No

Section V Directors, Supervisors, Senior Management and Employees

Name	Position	Gender	Age	Commencement date of term of office	Termination date of term of office	Shareholding at the beginning of the year	Shareholding at the end of the year	Changes in shareholding during the year	Reason for change	Total before-tax remuneration obtained from the Company during the reporting period (RMB'000)	Whether to receive any remuneration from any related party of the Company
Wang Yeliu	Deputy general manager of Hunan CRRC Signal and core technician	Male	42	29 April 2020	-	0	1,000	1,000	Share purchase in the secondary market	53.69	No
Zhu Hongjun	Deputy general manager of Baoji CRRC Times and core technician	Male	53	14 March 2019	-	-	-	-	-	45.93	No
Zhang Dongfang	Deputy general manager of CRRC Times Electronics and core technician	Male	44	29 April 2020	-	-	-	-	-	53.11	No
Lu Yang	Deputy general manager of Ningbo CRRC Times and core technician	Male	42	7 May 2018	-	-	-	-	-	71.31	No
Liu Liangjie	Director of the UK R&D centre of Times Electric and core technician	Male	42	17 July 2020	7 March 2024	-	-	-	-	154.53	No
	Director of the data and intelligent technology centre of Times Electric and core technician			7 March 2024	-						
Zhang Dinghua	Deputy general manager of Shanghai CRRC SMD and core technician	Male	45	1 July 2019	-	-	-	-	-	84.79	No
Zhang Min	Deputy general manager of Chongqing CRRC Times Electric Technology Co., Ltd. and core technician	Male	43	8 September 2021	-	-	-	-	-	75.07	No
Liu Yongjiang	Head of the Rail Transit Technology Centre of Times Electric and core technician	Male	39	27 November 2020	28 April 2023	-	-	-	-	108.55	No
	Director of the converter and control technology centre of Times Electric and core technician			28 April 2023							
Liu Yong	Director of the data and intelligent technology centre of Times Electric and core technician	Male	43	28 November 2020	7 March 2024	-	-	-	-	67.58	No
	General manager of Hunan CRRC Signal and core technician			7 March 2024	-						
Yan Wu	Former Executive Director	Male	57	23 June 2020	27 June 2023	-	-	-	-	21.82	No
	Former Deputy general manager			15 June 2012	28 April 2023	-	-	-	-		
	Former Secretary to the Board			17 December 2007	28 April 2023	-	-	-	-		
	Former General Legal Counsel			30 October 2019	28 April 2023	-	-	-	-		
Zhang Xinning	Former Non-executive Director	Male	60	23 June 2020	7 March 2024	-	-	-	-	-	Yes
Chan Kam Wing, Clement	Former Independent non-executive Director	Male	66	23 June 2020	27 June 2023	-	-	-	-	15.33	No
Pao Ping Wing	Former Independent non-executive Director	Male	77	23 June 2020	27 June 2023	-	-	-	-	15.33	No
Liu Chunru	Former Independent non-executive Director	Female	53	23 June 2020	27 June 2023	-	-	-	-	6.77	No

Section V Directors, Supervisors, Senior Management and Employees

Name	Position	Gender	Age	Commencement date of term of office	Termination date of term of office	Shareholding at the beginning of the year	Shareholding at the end of the year	Changes in shareholding during the year	Reason for change	Total before-tax remuneration obtained from the Company during the reporting period (RMB'000)	Whether to receive any remuneration from any related party of the Company
Chen Xiaoming	Former Independent non-executive Director	Male	61	23 June 2020	27 June 2023	-	-	-	-	6.77	No
Pang Yiming	Former Employee representative Supervisor	Male	60	23 June 2020	27 June 2023	-	-	-	-	14.73	No
Zhou Guifa	Former Employee representative Supervisor	Male	60	23 June 2020	27 June 2023	-	-	-	-	25.17	No
Mei Wenqing	Former deputy general manager, chief engineer (Resigned)	Male	42	2 November 2020	21 March 2023	-	-	-	-	25.67	No
Cao Weichen	Former deputy general manager	Male	41	2 November 2020	20 November 2023	-	-	-	-	89.31	No
Yan Changqi	Former deputy general manager	Male	56	29 January 2016	28 March 2024	-	-	-	-	91.79	No
Liu Zehua	Former deputy general manager, financial director	Male	56	31 March 2020	28 March 2024	-	-	-	-	84.33	No
He Wen	Former deputy general manager of the equipment technology division of Times Electric and core technician	Male	55	23 March 2020	28 April 2023	-	-	-	-	9.39	No
Total	/	/	/	/	/		1,000	1,000	/	2,134.05	/

- Notes:
1. Remunerations, bonuses and subsidies actually paid in 2023 under "total before-tax remuneration obtained from the Company during the reporting period" are calculated on a cash basis, which do not include the employee benefits and social insurance, housing provident fund and annuities undertaken by the Company. The remuneration of newly appointed directors, supervisors and senior management and core technician in 2023 is the actual remuneration paid by the Company during the term of office, excluding the settlement beyond the term of office.
 2. Commencement dates of term of office of the above Directors and Supervisors refers to the term of office of the sixth and seventh session of the Board and the Supervisory Committee.
 3. The shareholding above refers to the number of shares directly held by the individuals. As of 31 December 2023, Liu Yongjiang indirectly held shares of the Company through his 11.55% interest in the No. 1 Collective Asset Management Plan for Employees' Participation in Strategic Placement on the Science and Technology Innovation Board of Times Electric managed by CICC (the "No. 1 Asset Management Plan of Times Electric"). 4,598,422 shares were issued for the purpose of the No. 1 Asset Management Plan of Times Electric upon strategic placement, and as of 31 December 2023, it still held 153,447 shares of the Company. Shares held by the aforesaid asset management plan represented circulating shares of the Company.

Section V Directors, Supervisors, Senior Management and Employees

Name	Major working experience
Li Donglin	<p>Mr. Li Donglin, the 14th National People's Congress (第十四屆全國人大代表), born in 1967, a Chinese citizen without permanent residency abroad. Mr. Li graduated from Southwest Jiaotong University with a bachelor's degree in Electric Traction and Drive Control in 1989. He is a senior engineer. Mr. Li joined CRRC ZELRI in July 1989 and held the positions of deputy chief engineer, deputy general manager of the rail transport department, director of the manufacturing centre, deputy general manager of the sales and marketing centre of CRRC ZELRI. Mr. Li served as the chief marketing officer of the Company from September 2005 to December 2007 and vice president and Party secretary of the Company from December 2007 to December 2009. From January 2010 to April 2010, he served as the general manager of the Company. From April 2010 to January 2016, he served as an executive director and the general manager of the Company. Mr. Li was a director, the general manager and deputy Party secretary of CRRC ZELRI from December 2015 to May 2018. He has been the chairman of the board of directors and Party secretary of CRRC ZELRI since May 2018. Mr. Li was the Vice Chairman of the Board and an executive Director of the Company from March 2017 to July 2018, and has been the Chairman of the Board and an executive Director of the Company since July 2018. He currently serves as the Chairman of the Board and an executive Director of the Company.</p>
Liu Ke'an	<p>Mr. Liu Ke'an, born in 1971, a Chinese citizen without permanent residency abroad. Mr. Liu graduated from the Department of Electrical Engineering of Tongji University with a bachelor's degree in Industrial Electrical Automation in 1994 and graduated from Zhongnan University of Economics and Law with a master's degree in Corporate Management in 2008, and graduated from Central South University in December 2015 with a doctor's degree in transportation and communication engineering. He is a professorate senior engineer. He joined CRRC ZELRI in August 1994 and served as engineer, the chief engineer, senior engineer and the chief designer of CRRC ZELRI. Mr. Liu held various positions such as director of the drive technology department of technology centre, director of systems project department of the technology centre, deputy director and director of the technology centre of the Company since September 2005. He was an employee representative supervisor of the Company from December 2007 to January 2010, the chief technology officer of the Company from January 2010 to June 2012 and the vice general manager and the chief engineer of the Company from June 2012 to January 2016. From January 2016 to August 2020, he served as an executive director and the general manager of the Company. Mr. Liu has been a director and the general manager of CRRC ZELRI from August 2020 to February 2024, a standing committee member of the Party Committee of CRRC Group since January 2024, a standing committee member of the Party Committee and a vice president of CRRC since February 2024. Mr. Liu has been the Vice Chairman of the Board and an executive Director of the Company since September 2020. He currently serves as the Vice Chairman of the Board and an executive Director of the Company.</p>

Section V Directors, Supervisors, Senior Management and Employees

Name	Major working experience
Shang Jing	<p>Mr. Shang Jing, born in 1977, a Chinese citizen without permanent residency abroad. Mr. Shang graduated with a bachelor's degree in Mechanical and Electrical Engineering and a master's degree in Power System and Automation from Southwest Jiaotong University in July 2000 and April 2003, respectively. In December 2016, he graduated from Central South University with a doctor degree in control science and engineering. He is a professorate senior engineer. He joined CRRZ ZELRI in July 2003 as an engineer at the R&D centre. He served as an engineer at the R&D centre, the director and the deputy director of the industrial drive department of the Company from September 2005 to May 2011, and the deputy director and the director of the foundation and platform research and development centre of CRRZ ZELRI Research Institute from June 2011 to February 2015, respectively. He was also the vice chief engineer and the director of the foundation and platform research and development centre of CRRZ ZELRI Research Institute from February 2015 to January 2016. He has been serving as the deputy director of the Management Committee of the National Key Laboratories of New Power Semiconductor Devices since February 2016. From January 2016 to September 2020, he served as a vice general manager and chief engineer of the Company. He has been serving as an executive director and the general manager of the Company since September 2020.</p>
Gao Feng	<p>Mr. Gao Feng, born in 1977, a Chinese citizen without permanent residency abroad. Mr. Gao graduated from Tsinghua University majoring in Electrical Engineering with a bachelor's degree and a master's degree in 2000 and 2003, respectively. He also obtained a doctor's degree in Electrical Engineering from University of Washington in the United States of America in June 2008. He is a professorate senior engineer. Mr. Gao served as a senior researcher at the sustainable energy and electrical grid laboratory at the Technical University of Berlin in Germany from January 2008 to April 2010. Between April 2010 to April 2015, he was a senior researcher of IBM China Research Institute. Since April 2015, Mr. Gao has been serving as the vice president of the Energy Internet Research Institute of Tsinghua University. Mr. Gao has been an independent non-executive Director of the Company since August 2018.</p>
Li Kaiguo	<p>Mr. Li Kaiguo, born in 1962, a Chinese citizen without permanent residency abroad. Mr. Li graduated from Hunan University in the PRC with a bachelor's degree in Engineering in 1983. He is a researcher level senior engineer, a Machinery Industrial Scientific Technology Specialist of the PRC, an expert entitled to special grants of the State Council, and the first batch of national candidates for the New Century Hundred-Thousand-Ten Thousand Talents Project* (新世紀百千萬人才工程國家級人選). During the period from August 1983 to February 2000, Mr. Li successively served as an engineer, the deputy head and the head of Component Testing Laboratory of Chongqing Automobile Research Institute* (重慶汽車研究所) ("CARI") (currently known as China Automotive Engineering Research Institute Co., Ltd* (中國汽車工程研究院股份有限公司) ("CAERI"), (stock code: 601965.SH)). Between July 1995 and February 2000, he also concurrently served as the general manager of the Automotive Test Equipment Development Centre* (汽車試驗設備開發中心) of CARI. Between February 2000 and November 2007, Mr. Li served as the deputy director and member of party committee of CARI. Between November 2007 and October 2013, Mr. Li served as the director, deputy general manager and member of party committee of China Automotive Engineering Research Institute Co., Ltd* (中國汽車工程研究院有限公司) (currently known as CAERI). Between October 2013 and May 2022, Mr. Li successively served as director, general manager, deputy secretary of party committee, secretary of party committee and chairman of CAERI. Since May 2022, Mr. Li has been the expert of CAERI and concurrently served as the head of automobile inspection and testing technology committee of China General Technology (Group) Holding Co Ltd (中國通用技術(集團)控股有限責任公司). Mr. Li has been an independent non-executive Director of the Company since October 2022.</p>

Section V Directors, Supervisors, Senior Management and Employees

Name	Major working experience
Zhong Ninghua	<p>Zhong Ninghua, born in 1982, a Chinese citizen without permanent residency abroad, graduated from Fudan University and Peking University with a bachelor's degree and a master's degree in economics in July 2005 and July 2008, respectively, and graduated from the Hong Kong University of Science and Technology in March 2013 with a doctor's degree in finance. From March 2013 to December 2015, he successively served as an assistant professor and associate professor of the College of Economics and Management of Tongji University. Since December 2015, he has been a professor and doctoral supervisor of the College of Economics and Management of Tongji University. Since October 2017, he has been the dean of the Department of Economics and Finance of the College of Economics and Management of Tongji University. Since January 2018, he has been the head of the first-level discipline of Applied Economics of the College of Economics and Management of Tongji University. Since December 2021, he has been the deputy dean of the College of Economics and Management of Tongji University. Since January 2022, he has been a chair professor appointed by the dean of Economics and Management of Tongji University. Mr. Zhong served as the short-term consultant of the World Bank and the chief expert of the international projects of the Asian Development Bank. He currently also serves as the second special supervisor of the Shanghai Municipal Supervisory Commission, the political consultant of the Chinese People's Political Consultative Conference of Shanghai, the deputy secretary general of the Shanghai Economic Association and the vice chairman of the Shanghai Financial Technology Industry Alliance. He has been an independent non-executive Director of the Company since June 2023.</p>
Lam Siu Fung	<p>Lam Siu Fung, born in 1974, a Chinese citizen with permanent residence in Hong Kong, graduated from The Chinese University of Hong Kong with a bachelor's degree in accounting in 1997 and is a Certified Public Accountant in Hong Kong. From September 1997 to February 2007, he successively served as an audit manager and a senior manager of Ernst & Young. From February 2007 to April 2009, he served as a director of the audit department of Horwath Hong Kong CPA Limited. Since May 2009, he has been a director of the audit department and a director of family office services of BDO Limited. Mr. Lam is currently a council member of the Hong Kong Institute of Certified Public Accountants, a member of the Registration Approval Committee and a member of the Small and Medium Practitioners Committee. Mr. Lam has over 25 years of experience in accounting and has extensive experience in auditing, accounting and taxation in Hong Kong and the Mainland. He has served listed companies and IPO clients in various industries, including manufacturing, retail, real estate development, real estate agency, biotechnology, natural resources industry, entertainment and media, infrastructure and information technology. He has been an independent non-executive Director of the Company since June 2023.</p>

Section V Directors, Supervisors, Senior Management and Employees

Name	Major working experience
Li Lüe	<p>Mr. Li Lüe, born in 1969, a Chinese citizen without permanent residency abroad. Mr. Li graduated from the Hunan Finance and Economics College in July 1990 majoring in accounting. From September 2000 to June 2003, he studied accounting at the Hunan University Network College. In December 2010, Mr. Li graduated from Kunming University of Science and Technology with a master's degree in business administration. He is a senior accountant. Mr. Li Lüe joined CRRC Zhuzhou in July 1990, where he held several positions including an accountant and chief accountant of the branch, an accountant and the deputy director of the finance department as well as the director of the restructuring office. From November 2005 to March 2006, Mr. Li successively served as the director of the audit department and the secretary to Party branch of CRRC Zhuzhou. From March 2006 to January 2008, he served as chief accountant of CSR Shijiazhuang Vehicle Factory. From January 2008 to December 2010, he served as deputy director general and chief financial officer of CSR Shijiazhuang Vehicle Co., Ltd. From January 2011 to August 2018, he served as deputy general manager and chief financial officer of Guangzhou Locomotive Co., Ltd. From August 2018 to May 2019, he served as deputy general manager of Guangzhou Locomotive Co., Ltd. Since May 2019, Mr. Li has been serving as deputy general manager and chief financial officer of CRRC ZELRI. Mr. Li has been the Chairman of the Supervisory Committee and a supervisor of the Company since June 2019.</p>
Geng Jianxin	<p>Mr. Geng Jianxin, born in 1954, a Chinese citizen without permanent residency abroad. In 1987, Mr. Geng graduated from Zhongnan University of Economics and Law majoring in accounting and obtained a master's degree in economics. In 1993, he graduated from Renmin University of China majoring in accounting and obtained a doctorate in management. He is entitled to the special government subsidy from the State Council. From 1993 to 2019, he served as associate professor, professor, doctoral supervisor, director of teaching and research section, executive deputy director, secretary of the Party Committee of the School of Business and chairman of the Academic Committee of the School of Business at Renmin University of China. Mr. Geng has been an independent supervisor of the Company since June 2011.</p>
Shen Zhulin	<p>Mr. Shen Zhulin, born in 1973, a Chinese citizen without permanent residency abroad, graduated from Xi'an University of Technology with a bachelor's degree in automatic control in July 1995 and graduated from Hunan Normal University with a master's degree in business administration in June 2014. He is a senior engineer. Mr. Shen joined CRRC ZELRI in August 1995 and successively served as assistant engineer, engineer and project manager. From September 2005 to January 2011, he successively served as the project manager, deputy director and director of the technology development division of the safety equipment business division of the Company. From January 2011 to May 2013, he served as the technical director of the safety equipment business division of the Company. From May 2013 to July 2016, he served as the deputy general manager of the communication and signal division of the Company. From July 2016 to November 2019, he served as the secretary of the general party branch and deputy general manager of Hunan CRRC Times Signal & Communication Co., Ltd.. From November 2019 to March 2020, he served as the director of the office of the disciplinary committee of the Company. He has been the deputy secretary of the disciplinary committee and the director of the office of the disciplinary committee of the Company since March 2020. He has been an employee representative supervisor of the Company since June 2023.</p>

Section V Directors, Supervisors, Senior Management and Employees

Name	Major working experience
Liu Shaojie	<p>Liu Shaojie, born in 1985, with Chinese citizen without permanent residency abroad, graduated from Hunan Railway Professional Technology College with a college degree in electrical machinery and apparatus in June 2006; He graduated from Hunan University with a bachelor's degree in human resources management in June 2014; he is a high-speed rail worker. He joined the Company in August 2006 and successively served as the manufacturing team leader of power electronic business unit, the chip line leader and the supervisor of the IGBT business unit. From October 2019 to April 2021, he served as the lean production supervisor of Zhuzhou CRRC Times Semiconductor Co., Ltd. and the director of the first module manufacturing department of Zhuzhou CRRC Times Semiconductor Co., Ltd. since April 2021. He has been an employee representative supervisor of the Company since June 2023.</p>
Niu Jie	<p>Mr. Niu Jie, born in 1968, a Chinese citizen without permanent residency abroad. Mr. Niu graduated from Central South University in June 2003 with an undergraduate certificate of graduation in machinery design, manufacturing and automation. He is an engineer. Mr. Niu was a technician and office director of the loading and unloading machinery plant of Lanzhou Railway Bureau from February 1988 to October 1994. He joined CRRC ZELRI in October 1994 and served as the director of the production department of the PCB plant, the sales director of the production and operation department and the vice general manager of the marketing centre of CRRC ZELRI. He was the deputy general manager of the marketing centre of the Company from September 2005 to December 2006 and the general manager of the locomotives business department of the marketing centre of the Company from January 2007 to December 2008. He was the general manager of the locomotives business department of the Company from January 2009 to May 2013 and was deputy chief economist of the Company from January 2010 to June 2012. Mr. Niu has been a vice general manager of the Company since June 2012 and the Party secretary of the Company since October 2018. He currently serves as the Party secretary and a deputy general manager of the Company.</p>
Tan Yongneng	<p>Mr. Tan Yongneng, born in 1970, a Chinese citizen without permanent residency abroad. Mr. Tan graduated from Xiangtan University majoring in Electrical Technology in 1995. He attended the on-the-job postgraduate programme in Psychology and Human Resources of Peking University in 2000, and obtained a certificate of graduation by completing the full postgraduate programme in July 2002. He attended the on-the-job MBA programme of Business School of Central South University in 2003 and obtained a certificate of graduation by completing the full postgraduate programme in July 2005. He joined CRRC ZELRI in July 1990, and has held various positions such as director of general manager's office of Times Electronics, director of department of Party and mass affairs and director of Party office of CRRC ZELRI. He was director of department of Party and mass affairs and director of department of auditing of the Company from December 2004 to December 2005, director of department of Party and mass affairs and director of Party office of CRRC ZELRI from December 2005 to December 2007, and director of administration office and director of secretary office of decision-making committee of CRRC ZELRI from January 2008 to January 2010. Mr. Tan was the chief administration officer and the chairman of the labour union of the Company from January 2010 to January 2018, and has been the secretary of Party discipline inspection commission, the chief administration officer and the chairman of the labour union of the Company since January 2018.</p>

Section V Directors, Supervisors, Senior Management and Employees

Name	Major working experience
Gong Tong	<p>Mr. Gong Tong, born in 1974, a Chinese citizen without permanent residency abroad. Mr. Gong graduated from Southwest Jiaotong University with a bachelor's degree in Electric Traction and Transmission Control in July 1996. He is a senior engineer. Mr. Gong joined CRRC ZELRI in August 1996 and has worked for the technical service department, after-sales service department and quality service department of the electrical equipment factory of CRRC ZELR, Zhuzhou Times Fittings Technical Service Co., Ltd. and the technical service department. He has taken various positions as a marketing centre service director, director of the quality and safety department, general manager of after-sales service department and director of planning and development department of the Company from January 2005 to July 2011, a general manager of Guangzhou CRRC Times from July 2011 to April 2013, a deputy general manager of the business division for urban railway equipment of the Company from May 2013 to February 2016, a deputy chief economist, director of planning and development department, general manager of the business division for new industry of the Company from February 2016 to July 2017, and a deputy chief economist and general manager of the business division for urban railway equipment of the Company from July 2017 to March 2020. Mr. Gong has been a deputy general manager of the Company since March 2020.</p>
Yu Kang	<p>Mr. Yu Kang, born in 1978, a Chinese citizen without permanent residency abroad. Mr. Yu graduated from Nanchang Hangkong University with a bachelor's degree in Mechanical and Electrical Engineering in July 2000. He is a senior engineer. Mr. Yu joined CRRC ZELRI in August 2000 and has worked for the equipment department and engineering technology department of the manufacturing centre of CRRC ZELRI. He has taken various positions such as a director of the electronic equipment factory of the manufacturing centre and a director of the general management department of the Company from June 2005 to January 2011, a director of the general manager's office of the Company from January 2011 to February 2016, a director of the general manager's office and a general manager of the business division for automobile of the Company from February 2016 to March 2017, a general manager of the business division for automobile of the Company from March 2017 to February 2018, and a deputy chief economist and general manager of the business division for automobile of the Company from February 2018 to March 2020. Mr. Yu has been a deputy general manager of the Company since March 2020.</p>
Yi Weihua	<p>Mr. Yi Weihua, born in 1982, a Chinese citizen without permanent residency abroad. Mr. Yi graduated from East China Jiaotong University with a bachelor's degree in electrical engineering and automation in July 2004 and graduated from Central South University with a master's degree in business administration in November 2017. He is a senior engineer. From August 2004 to March 2010, he served as a process engineer in the engineering technical department of the Company's manufacturing centre. From March 2010 to July 2012, he served as the head of the engineering technical department of the Company's manufacturing centre. He served as deputy director and director of the pilot plant of the Company's manufacturing centre from July 2012 to February 2016. From February 2016 to March 2017, he served as the deputy director of the rail transit technology centre and deputy director of the manufacturing centre of the Company. From March 2017 to April 2017, he served as the head of the operation management department of the Company. He served as the head of the operation management department and director of the Environmental Protection Office of the Company from April 2017 to February 2018. From February 2018 to March 2020, he served as the director of the Company's manufacturing centre. From March 2020 to October 2020, he served as the Company's deputy chief economist and director of the manufacturing centre. Mr. Yi has been the deputy general manager of the Company since 2 November 2020.</p>

Section V Directors, Supervisors, Senior Management and Employees

Name	Major working experience
Li Peng	<p>Mr. Li Peng, born in 1981, a Chinese citizen without permanent residency abroad. He graduated from Southwest Jiaotong University with a bachelor's degree in electrical engineering and automation in July 2004, and from Zhejiang University with a master's degree in electrical engineering in December 2016. Mr. Li Peng is a professor-level senior engineer. He joined the Company in August 2004, and successively served as the chief designer of the converter technology department, head and deputy director of the system department of the Company's technology centre. From March 2017 to January 2019, he served as the deputy director of the Company's product management centre. From January 2019 to January 2021, he served as general manager of the Company's railway division. From January 2021 to February 2022, he served as deputy chief economist and general manager of the railway division of the Company. He has been the deputy general manager of the Company since 23 February 2022.</p>
Hu Yunqing	<p>Mr. Hu Yunqing, born in 1984, a Chinese citizen without permanent residency abroad, graduated from the Department of Physics and Information of Hunan Normal University with a bachelor's degree in electronical information science and technology in June 2006. He graduated from the Department of Control Science and Engineering of Zhejiang University with a doctoral degree in control science and engineering in March 2013. He is a Professor-level senior engineer. From April 2013 to April 2014, he worked at CRRC Zhuzhou Institute Co., Ltd., and from April 2014 to May 2017, he worked at the rail transit technology centre of the Company. From June 2017 to February 2021, he successively served as the director, deputy officer and officer of the intelligent control technology department of the basic platform research and development centre of the research institute of CRRC Zhuzhou Institute Co., Ltd. From February 2021 to April 2023, he served as the director of the converter and control technology centre of the Company. He has been serving as the deputy general manager and chief engineer of the Company since April 2023.</p>
Yao Zhonghong	<p>Mr. Yao Zhonghong, born in 1978, a Chinese citizen without permanent residency abroad, graduated from the Department of Electrical Engineering of Hunan University in July 1998 with a bachelor's degree majoring in electrical engineering. He graduated from the department of Electrical Engineering of Hunan University in July 2001 with a master's degree majoring in electric circuit and system. He is a professor-level senior engineer. From July 2001 to August 2004, he served as a designer of the automation development department of the engineering centre of CRRC Zhuzhou Institute Co., Ltd.. From August 2004 to January 2014, he successively served as the chief designer, senior director designer and project manager of the Company's technology centre. From January 2014 to March 2017, he successively served as the assistant to the general manager and deputy general manager of the Company's railway business department. From March 2017 to March 2018, he served as the deputy director of the Company's product management centre and the manager of the EMU electrical system product line. From March 2018 to December 2020, he served as the director of the Company's operation management department. From December 2020 to April 2023, he served as the director of the Company's centralised procurement centre. He has been serving as the deputy general manager of the Company since April 2023.</p>

Section V Directors, Supervisors, Senior Management and Employees

Name	Major working experience
Gan Weiwei	<p>Mr. Gan Weiwei, born in 1984, a Chinese citizen without permanent residency abroad, graduated from Xi'an Jiaotong University with a bachelor's degree in electrical engineering and automation in June 2007. He graduated from Xi'an Jiaotong University with a master's degree in electrical engineering in July 2010. He is a senior engineer. He worked in the comprehensive management department of the Company's technology centre in July 2010. From January 2012 to September 2017, he successively served as an engineer and head of inverter control team of the basic platform research and development centre of the research institute of CRRC Zhuzhou Institute Co., Ltd.. From September 2017 to March 2021, he successively served as the head and deputy director of the transmission control department of the rail transit technology centre of the Company. From March 2021 to March 2022, he served as the secretary to the Party General Branch and deputy director of the rail transit technology centre of the Company. From March 2022 to April 2023, he served as the secretary of the General Party Branch and deputy general manager of the railway business department of the Company. He has been the director of the rail transit technology centre of the Company since April 2023 and the deputy general manager of the Company since March 2024.</p>
Sun Shan	<p>Ms. Sun Shan, born in 1978, a Chinese citizen without permanent residency abroad, graduated from Hunan University with a major in accounting in December 2001 and obtained a master's degree in business administration from Central South University in May 2018. She is a senior accountant. From January 2002 to December 2007, she successively served as the general ledger accountant and assistant to the director of the safety equipment business department of the Company. From January 2008 to June 2013, she successively served as the head of the cost management team, the head of the budget management team and the director of the budget and final account of the financial assets department of the Company. From June 2013 to March 2019, she successively served as the director of the financial assets department of the power electronic business department and the semiconductor business department of the Company. From March 2019 to March 2020, she served as the financial director of CRRC Times Semiconductor. She has served as the officer of the financial centre of the Company from March 2020 to March 2024, and has been the deputy general manager and financial director of the Company since March 2024.</p>
Long Furong	<p>Ms. Long Furong, born in 1980, a Chinese citizen without permanent residency abroad, graduated from Hunan University with a bachelor's degree in accounting in June 2002 and graduated from Guilin University of Technology with a master's degree in business administration in June 2019. She is a senior Accountant. From August 2002 to May 2013, she successively served as the accountant, accounting officer and accounting director of the financial assets department of CRRC Zhuzhou Institute Co., Ltd.. From May 2013 to May 2016, she served as the financial director of Zhuzhou National Engineering Research Centre of Converters Co., Ltd.. From May 2016 to February 2018, she served as the director of the audit and risk control department of the Company. Since February 2018, she has served as the director of the securities and legal department of the Company. She has served as the secretary to the Board, general counsel and chief compliance officer of the Company since April 2023.</p>

Section V Directors, Supervisors, Senior Management and Employees

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

Section V Directors, Supervisors, Senior Management and Employees

Name	Major working experience
Lv Yang	Mr. Lv Yang, born in 1982, a Chinese citizen without permanent residency abroad. He graduated from Xiangtan University with a bachelor's degree in electronic information engineering in 2004; and from Chongqing University of Posts and Telecommunications with a master's degree in control theory and control engineering in 2008. Mr. Lv Yang is a professor-level senior engineer. From September 2008 to October 2012, he served as the leader of the control platform group of the transmission control department of the Company's technical centre. From November 2012 to February 2017, he served as the platform hardware leader of the converter control platform department of the foundation and platform R&D centre of CRRC ZELRI. From February 2017 to May 2018, he served as the EMU system engineer of the system project department of the Company's technical centre. He has served as the deputy general manager of Ningbo CRRC Times since May 2018.
Liu Liangjie	Mr. Liu Liangjie, born in 1982, a Chinese citizen without permanent residency abroad. He graduated from Zhejiang University with a bachelor's degree in electrical engineering in 2004. Mr. Liu Liangjie is a professor-level senior engineer. From August 2004 to September 2011, he served as an engineer of the Company's technical centre. From September 2011 to February 2016, he served as the head of the transmission control department and the head of the system project department of the Company's rail transit technology centre. From February 2016 to March 2020, he served as the deputy director of the Company's rail transit technology centre. From March 2020 to July 2020, he served as the deputy director of the UK R&D centre of the Company. From July 2020 to March 2024, he served as the director of the UK R&D centre of the Company. He has been the director of the data and intelligent technology centre of the Company since March 2024.
Zhang Dinghua	Mr. Zhang Dinghua, born in 1979, a Chinese citizen without permanent residency abroad. He graduated from Hunan University of Science and Technology with a bachelor's degree in automation in 2003; from Central South University with a master's degree in control theory and control engineering in 2006; and from Central South University with a doctorate degree in control science and engineering in 2011. Mr. Zhang Dinghua is a professor-level senior engineer. From June 2006 to June 2011, he served as the control engineer of CRRC National Centre of Converters. From June 2011 to July 2015, he served as the project manager of the foundation and platform R&D centre of CRRC ZELRI. From July 2015 to February 2018, he served as deputy chief engineer of ROV Division of UK CRRC SMD. From February 2018 to July 2019, he served as the deputy director of the Company's industrial transmission technology centre. He has served as the deputy general manager of Shanghai CRRC SMD since July 2019.
Zhang Min	Mr. Zhang Min, born in 1981, a Chinese citizen without permanent residency abroad. He graduated from Tongji University with a bachelor's degree in electronic information engineering in 2004, and from Zhejiang University with a master's degree in electrical engineering in 2016. Mr. Zhang Min is a professor-level senior engineer. From July 2004 to July 2016, he served as the designer and head of the technical centre of CRRC National Centre of Converters. From August 2016 to May 2018, he served as manager of the intelligent monitoring product division of Zhuzhou CRRC Times Equipment Technology Co., Ltd. From May 2018 to March 2020, he served as the deputy director of the Company's industrial transmission technology centre. He has been the deputy general manager of the Company's power supply system division since March 2020, and the deputy general manager of Chongqing CRRC Times Electric Technology Co., Ltd. since September 2021.

Section V Directors, Supervisors, Senior Management and Employees

Name	Major working experience
Liu Yongjiang	<p>Mr. Liu Yongjiang, born in 1985, a Chinese citizen without permanent residency abroad. He graduated from East China Jiaotong University with a bachelor's degree in electrical engineering and automation in 2008; and from Southwest Jiaotong University with a master's degree in power system automation in 2011. Mr. Liu Yongjiang is a senior engineer. From July 2011 to April 2015, he served as a product R&D engineer in the traction converter department of the Company's technical centre. From April 2015 to March 2017, he served as the leader of the system group of the traction converter department of the Company's rail transit technology centre. From March 2017 to May 2018, he served as the head of the traction converter department of the Company's rail transit technology centre. From May 2018 to March 2020, he served as the deputy director of the Company's rail transit technology centre. From March 2020 to November 2020, he served as the deputy director of the Company's product management centre. He has served as the director of the Company's rail transit technology centre from November 2020 to April 2023, and has been the director of the Company's converter and control technology centre since April 2023.</p>
Liu Yong	<p>Mr. Liu Yong, born in 1981, a Chinese citizen without permanent residency abroad. He graduated from Xiangtan University with a bachelor's degree in mechanical design, manufacturing and automation in 2003; from Harbin Institute of Technology with a master's degree in mechanical design and theory in 2005; and from Harbin Institute of Technology with a doctorate degree in mechanical design and theory in 2010. Mr. Liu Yong is a professor-level senior engineer. From June 2010 to April 2011, he served as the inverter control engineer of the transit control department of the Company's technical centre. From May 2011 to December 2013, he served as the inverter control engineer of the converter control platform department of the foundation and platform R&D centre of CRRC ZELRI. From January 2014 to March 2016, he served as the head of the inverter control group of the converter control platform department of the foundation and platform R&D centre of CRRC ZELRI. From April 2016 to June 2017, he served as the director of converter control platform department of the foundation and platform R&D centre of CRRC ZELRI. From July 2017 to November 2020, he served as the deputy director of the Company's data and intelligent technology centre. From November 2020 to March 2024, he served as the director of the data and intelligent technology centre of the Company. He has been the general manager of Hunan CRRC Signal since March 2024.</p>

Other explanations

Applicable Not Applicable

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

1. Stock Option

Applicable Not Applicable

2. The first type of restricted stocks

Applicable Not Applicable

3. The second type of restricted stocks

Applicable Not Applicable



Section V Directors, Supervisors, Senior Management and Employees

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

Applicable Not Applicable

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

The annual remuneration of senior management consists of basic annual remuneration and performance-based annual remuneration. The basic annual remuneration is primarily determined according to factors such as financial contribution, strategic contribution, industry position and market benchmarking, and the performance annual remuneration is determined based on organisational performance and individual performance evaluation. According to the relevant requirements of the tenure assessment system for operation managers, the Company assesses the management team from two aspects, namely tenure operation indicators and key tasks, and determines the tenure incentive for senior management of the Company based on the tenure assessment results.

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

As at 31 December 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 is taken or deemed to have under such provisions of the SFO) or which will be required, pursuant to Section 352 of the SFO, to be entered in the register referred to therein, or will be required, pursuant to the Model Code, to be notified to the Company and the Hong Kong Stock Exchange.

(V) Securities Transactions by Directors and Supervisors

The Company has adopted a code of conduct no less exacting than that as provided in the Model Code as the code of conduct for all the Directors and Supervisors trading securities of the Company ("code of conduct"). Upon specific enquiries made to all the Directors and Supervisors, all the Directors and Supervisors of the Company have confirmed that they have complied with the standards as stipulated by the code of conduct for the period ended 31 December 2023.

Section V Directors, Supervisors, Senior Management and Employees

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

(I) Positions Held in Shareholder Entities

✓ Applicable □ Not Applicable

Name	Name of Shareholder entity	Position held in the Shareholder entity	Commencement date of term of office	Termination date of term of office
Li Donglin	CRRC ZELRI	Chairman of the board and secretary to the Party Committee	May 2018	–
Liu Ke'an	CRRC Group	Member of the Standing Committee of the Party Committee	January 2024	–
Liu Ke'an	CRRC	Member of the Standing Committee of the Party Committee, vice president	February 2024	–
Liu Ke'an	CRRC ZELRI	Director, general manager	August 2020	February 2024
Shang Jing	Zhuzhou Guochuang Railway Technology Co., Ltd.	Vice chairman of the board	June 2020	–
Zhang Xinning	CRRC	Chief engineer	June 2015	March 2024
Zhang Xinning	CRRC	Scientist	March 2024	–
Li Lüe	CRRC ZELRI	Deputy general manager, financial director	May 2019	–
Li Lüe	Zhuzhou Times New Materials Technology Co., Ltd. (listed on the SSE, stock code: 600458)	Director	3 July 2019	April 2023
Tan Yongneng	Shanghai CRRC Hange Shipping and Marine Engineering Co., Ltd.	Chairman of the board	July 2021	–
Hu Yunqing	CRRC Zhuzhou Traction Electrical Equipment Test & Certification Co., Ltd.	Director	June 2023	–
Mei Wenqing	CRCC Zhuzhou Traction Electrical Equipment Test & Certification Co., Ltd.	Director	April 2021	June 2023
Cao Weichen	Xicheng CRRC (Wuxi) Urban Transit Transport Engineering Co., Ltd.	Director	April 2021	–
Explanation on positions held in Shareholder entities	None			

Section V Directors, Supervisors, Senior Management and Employees

(II) Positions Held in Other Entities

✓ Applicable □ Not applicable

Name	Name of other entities	Positions held in other entities	Commencement date of term of office	Termination date of term of office
Shang Jing	Management Committee of the National Key Laboratories of New Power Semiconductor Devices	Deputy director	February 2016	–
Shang Jing	Wuxi CRRC Hofer Powertrain Co., Ltd.	Chairman of the board	June 2021	January 2023
Gao Feng	Energy Internet Research Institute of Tsinghua University	Vice president	21 April 2015	–
Li Kaiguo	China General Technology (Group) Holding Co Ltd	Head of automobile inspection and testing technology committee	May 2022	–
Li Kaiguo	National Gas Vehicle Engineering and Research Centre	Head	April 2003	–
Li Kaiguo	China Society of Automotive Engineers	Vice president	2016	–
Li Kaiguo	China Automotive Talents Society	Vice president	2016	–
Li Kaiguo	Gas Fuel Automobile Branch of the China Association of Automobile Manufacturers	President	2017	–
Li Kaiguo	China Association of Automobile Manufactures	Vice president	2020	–
Li Kaiguo	National Automotive Standardisation Technical Sub-committee	Committee member	2020	–
Li Kaiguo	Gas Vehicle Standards Committee	Chairman	2020	–
Li Kaiguo	Qingling Motors (Group) Co., Ltd.	Independent director	June 2022	–
Li Kaiguo	SERES Co., Ltd. (listed on the SSE, stock code: 601127)	Independent director	November 2022	–
Zhong Ninghua	Department of Economics and Finance in School of Economics and Management of Tongji University	Head	October 2017	–

Section V Directors, Supervisors, Senior Management and Employees

Name	Name of other entities	Positions held in other entities	Commencement date of term of office	Termination date of term of office
Zhong Ninghua	School of Economics and Management of Tongji University	Vice president	December 2021	–
Lam Siu Fung	Messrs. BDO Limited	Director of Audit Department and Director of Family Office Services	May 2009	–
Geng Jianxin	China Audit Society	Advisor	July 2019	July 2023
Geng Jianxin	Accounting Society of China	Deputy director	September 2016	February 2024
Geng Jianxin	Capitalonline Data Service Co., Ltd (listed on the Shenzhen Stock Exchange, stock code: 300846)	Independent director	September 2018	–
Geng Jianxin	New China Life Insurance Company Ltd. (listed on the SSE, stock code: 601336; and the Stock Exchange, stock code: 01336)	Independent director	September 2017	September 2023
Geng Jianxin	Suzhou QingYue Optoelectronics Technology Co Ltd.	Independent director	October 2020	–
Geng Jianxin	Norinco International Cooperation Ltd. (listed on the Shenzhen Stock Exchange, stock code: 000065)	Independent director	27 August 2020	October 2023
Yan Changqi	Zhejiang Times LANP New Energy Co., Ltd.	Director	September 2019	September 2021
Yan Changqi	Zhuzhou Shiling Transportation Equipment Co., Ltd.	Director	December 2014	–
Yan Changqi	Zhuzhou Shiling Transportation Equipment Co., Ltd.	Chairman of the board	October 2022	–
Yan Changqi	Siemens Traction Equipment Ltd., Zhuzhou	Director	December 2018	–
Gong Tong	Foshan Zhongshi Zhihui Communications Technology Co., Ltd.	Vice chairman of the board	June 2021	–
Yu Kang	Wuxi CRRC Hofer Powertrain Co., Ltd.	Director	October 2018	August 2023
Yu Kang	Wuxi CRRC Hofer Powertrain Co., Ltd.	Chairman of the board	January 2023	August 2023
Yu Kang	Wuxi CRRC Hofer Powertrain Co., Ltd.	General manager	March 2020	January 2023

Section V Directors, Supervisors, Senior Management and Employees



Name	Name of other entities	Positions held in other entities	Commencement date of term of office	Termination date of term of office
Yu Kang	Wuxi Times Intelligent Transportation Research Institute Co., Ltd.	Chairman of the board	February 2021	–
Yi Weihua	Zhuzhou Shiling Transportation Equipment Co., Ltd.	Director	April 2021	–
Yi Weihua	Hunan Green Industry Federation	President	January 2021	–
Yi Weihua	Zhuzhou Intelligent Manufacturing Association	President	March 2023	–
Cao Weichen	Wuxi Times Intelligent Transportation Research Institute Co., Ltd.	Director	July 2023	–
Cao Weichen	Wuxi Times Intelligent Transportation Research Institute Co., Ltd.	Chairman of the board	July 2023	–
Sun Shan	Zhixin Semiconductor Co., Ltd.	Supervisor	June 2019	–
Sun Shan	Zhengzhou Times Transportation Electrical Equipment Co., Ltd.	Supervisor	November 2020	–
Sun Shan	Foshan Zhongshi Zhihui Communications Technology Co., Ltd.	Supervisor	June 2021	–
Sun Shan	Guangzhou Qinglan Semiconductor Co., Ltd.	Supervisor	December 2021	–
Long Furong	Zhuzhou Shiling Transportation Equipment Co., Ltd. (株洲時菱交通設備有限公司)	Supervisor	December 2018	–

Explanation on positions held in other entities

Wuxi CRRC Hofer Powertrain Co., Ltd. has been changed to a controlling subsidiary of the Company in August 2023 and renamed as Wuxi CRRC Times Electric Drive Technology Co., Ltd. (無錫中車電驅科技有限公司) in November 2023

Section V Directors, Supervisors, Senior Management and Employees

(III) Positions Held in Controlling Subsidiaries

Name	Name of controlling subsidiaries	Positions held in controlling subsidiaries
Shang Jing	Zhuzhou CRRC Times Semiconductor Co., Ltd.	Chairman of the board
Niu Jie	CRRC Times Electric USA, LLC (中車時代電氣(美國)有限公司)	Director
	CRRC Times Electric Australia Pty Ltd. (中車時代電氣(澳洲)有限責任公司)	Director
	CRRC Times Electric Brasil Ltda. (中車時代電氣(巴西)有限責任公司)	Director
	Specialist Machine Developments (SMD) Limited	Director
	Zhuzhou Times Electronic Technology Co., Ltd. (株洲時代電子技術有限公司)	Executive director
Tan Yongneng	Qingdao CRRC Electric Equipment Co., Ltd.	Director
Gong Tong	Chongqing CRRC Times Electric Technology Co., Ltd.	Chairman of the board
	Hunan CRRC Times Signal & Communication Co., Ltd.	Executive director
Yu Kang	Specialist Machine Developments (Shanghai) Co., Ltd.	Chairman of the board
	Specialist Machine Developments (SMD) Limited	Director
	Hunan CRRC Times Electric Drive Technology Co., Ltd. (湖南中車時代電驅科技有限公司)	Chairman of the board
	FAW-CRRC Electric Drive System Co., Ltd.	Chairman of the board
Li Peng	Lanzhou CRRC Times Rail Transit Technology Co., Ltd.	Director
	Shanghai CRRC Rail Transit Technology Co., Ltd.	Director
Gan Weiwei	Zhuzhou CRRC Times Software Technology Co., Ltd.	Executive director, General manager
Sun Shan	Specialist Machine Developments (SMD) Limited	Director
	Chengdu CRRC Times Electric Technology Co., Ltd.	Supervisor
	Hangzhou CRRC Times Electric Equipment Co., Ltd.	Supervisor
	Chongqing CRRC Times Electric Technology Co., Ltd.	Supervisor
	Zhuzhou CRRC Times Semiconductor Co., Ltd.	Supervisor
	Wuxi CRRC Times Electric Drive Technology Co., Ltd. (無錫中車時代電驅科技有限公司)	Supervisor
Long Furong	Hunan CRRC Times Electric Drive Technology Co., Ltd. (湖南中車時代電驅科技有限公司)	Supervisor
	Zhuzhou National Engineering Research Centre of Converters Co., Ltd.	Supervisor
	Guangzhou CRRC Times Electric Technology Co., Ltd.	Supervisor
	CRRC Times Electric (Hong Kong) Co., Limited	General manager

Section V Directors, Supervisors, Senior Management and Employees

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

✓ Applicable □ Not Applicable

Unit: 0'000 Currency: RMB

The decision-making procedure for the remunerations of Directors, Supervisors and senior management	The Remuneration Committee of the Board of Directors formulates and reviews the remuneration policies and plans of Directors and senior management personnel of the Company, and develops the assessment standards of Directors and senior management personnel of the Company and conducts the assessment. The remuneration of Directors and Supervisors shall be determined by the general meeting, and the remuneration of senior management shall be determined by the Board of Directors.
Whether the Director should avoid when the Board discusses his/her remuneration matters	Yes
Specific situation in which the Remuneration and Assessment Committee or special meetings of independent directors made recommendations on the remuneration of Directors, Supervisors and senior management	Approve the relevant resolutions on the remuneration proposals for Directors and senior management.
The basis for determining remunerations of Directors, Supervisors and senior management	Determine the remunerations of Directors, Supervisors and senior management personnel of the Company according to the Articles of Association of Zhuzhou CRRC Times Electric Co., Ltd. and relevant regulations.
Actual payment of remunerations of Directors, Supervisors and senior management	Mr. Li Donglin, Mr. Liu Ke'an, Mr. Zhang Xinning (resigned on 7 March 2024) and Mr. Li Lüe do not receive remuneration from the Company, and other Directors, Supervisors and senior management are paid by the Company according to relevant regulations.
Total actual remunerations received by all Directors, Supervisors and senior management at the end of the reporting period	1,567.55
Total actual compensations received by core technical personnel at the end of the reporting period	902.35

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

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

Section V Directors, Supervisors, Senior Management and Employees

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

✓ Applicable □ Not applicable

Name	Position held	Changes	Reason of changes
Mei Wenqing	Deputy general manager and chief engineer	Resignation	Work rearrangement
Yan Wu	Executive Director, Deputy general manager, secretary to the Board and general legal counsel	Resignation	Work rearrangement
Hu Yunqing	Deputy general manager and chief engineer	Appointment	Appointment
Yao Zhonghong	Deputy general manager	Appointment	Appointment
Long Furong	Secretary to the Board and general legal counsel	Appointment	Appointment
He Wen	Core technician	Resignation	Position rearrangement
Gan Weiwei	Deputy general manager, core technician	Appointment	Appointment
Chan Kam Wing, Clement	Independent non-executive Director	Resignation	Resigned upon expiry
Pao Ping Wing	Independent non-executive Director	Resignation	Resigned upon expiry
Liu Chunru	Independent non-executive Director	Resignation	Resigned upon expiry
Chen Xiaoming	Independent non-executive Director	Resignation	Resigned upon expiry
Pang Yiming	Employee representative Supervisor	Resignation	Resigned upon expiry
Zhou Guifa	Employee representative Supervisor	Resignation	Resigned upon expiry
Zhong Ninghua	Independent non-executive Director	Election	Election
Lam Siu Fung	Independent non-executive Director	Election	Election
Shen Zhulin	Employee representative Supervisor	Election	Election
Liu Shaojie	Employee representative Supervisor	Election	Election
Zhang Xinning	Non-executive Director	Resignation	Work rearrangement
Yan Changqi	Deputy general manager	Resignation	Work rearrangement
Liu Zehua	Deputy general manager, financial director	Resignation	Work rearrangement
Sun Shan	Deputy general manager	Appointment	Appointment

Section V Directors, Supervisors, Senior Management and Employees

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

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.

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;

Section V Directors, Supervisors, Senior Management and Employees



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.

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 seventh session of the supervisory committee of the Company.

On 7 March 2024, Mr. Zhang Xinning resigned as a non-executive Director and a member of the Strategy and ESG Committee of the Company due to work adjustment.

On 28 March 2024, Mr. Yan Changqi resigned as the deputy general manager of the Company due to work adjustment, and Mr. Liu Zehua resigned as a deputy general manager and financial director of the Company due to work adjustment. On the same day, the Company held the sixth meeting of the seventh session of the Board, at which Mr. Gan Weiwei was appointed as a deputy general manager and Ms. Sun Shan was appointed as a deputy general manager and financial director.

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

Applicable Not applicable

Section V Directors, Supervisors, Senior Management and Employees

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

(I) Employees

Number of in-service employees of the parent company	3,975
Number of in-service employees of major subsidiaries	4,387
Total number of in-service employees	8,362
Number of resigned and retired employees with expenses borne by the parent company and major subsidiaries	0

Profession composition

Category	Number
Production personnel	1,502
Sales personnel	505
Technical personnel	4,841
Including: R&D personnel	
Financial personnel	139
Other personnel	1,375
Total	8,362

Educational background

Category	Number (individual)
Master degree and above	1,967
Bachelor degree	5,069
College and junior college	1,326
Total	8,362

Note: The above information only covers domestic employees. As of 31 December 2023, the total number of overseas employees of Times Electric was 545.

Section V Directors, Supervisors, Senior Management and Employees



(II) Remuneration Policy

✓ Applicable Not applicable

The Company made constant efforts to improve the remuneration management system. It focused on the “Talent Empower” strategy, and forged the talent motivation mechanism from aspects including strengthening positive incentive, refining the talent incentive mechanism, reinforcing overall remuneration management, earnestly promoting mid-to-long-term incentive, optimising internal allocation management, and improving staff benefits. Meanwhile, the Company stepped up performance management to effectively achieve the incentive effect.

Adhering to the guiding principle of “value creation – value appraisal – value allocation”, the Company devised, optimised and effectively linked value appraisal to value allocation, in a bid to stimulate value creation. The Company adopted the following key measures: designing and piloting the value-based remuneration mechanism for obtaining increment of total wages of industrial units, minimising internal friction on business objective balancing, and aligning with the external incremental output; designing and piloting the tenure incentive model for professional managers featured with “two systems and one contract” for professional managers, and connecting with the tenure system evaluation of professional managers; designing a performance-driven salary mechanism for employees, and highlighting the leading role of “position” and “performance” in employee salary distribution; linking responsibilities to salaries, and conducting earnest analysis into remuneration incentive, including external competition and internal fairness, and identifying potential improvements in value allocation; carrying out the core employee stock ownership plan by means of new capital contribution and equity disposal in strategic emerging industries (such as semiconductors and vehicles).

(III) Training Plan

✓ Applicable Not applicable

According to the Company’s human resources strategic planning and talent development requirements in the “14th Five-Year” period, the human resources department of the Company investigated into and formulated training plans in light of the general requirements. Based on the analysis of the Company’s development strategy, business lines and demand of employees for trainings in career development, it closely aligned courseware, lectures and other resources with post requirements, made effective use of resources, and launched trainings at different levels, in multiple means and of various aspects through engaging internal and external lecturers, dispatching staff to external enterprises for further study and inviting professionals to the Company for lecturing. The Company also made innovations in construction of the training management system. Through enhancing the monitoring and benchmarking of training plans, the Company ensured implementation of training projects from the organisational level. It independently designed learning map based on three levels including post, competence and career development, and integrated internal and external curriculum resources to facilitate employees to improve their learning motivation, capability and perseverance, and help them to learn in a more specific and targeted manner. In order to meet the requirements of the Company’s strategic human resource management, realise the common development of employees and the Company, and standardise and coordinate the training management within the Company. In 2023, the Company focused on the training classification and hierarchy, and also commenced to build its own training brand and established the brand image of the training development center among employees, customers and external enterprises.

Section V Directors, Supervisors, Senior Management and Employees

Talent pool is the core competitiveness of the Company and plays an extremely important role in the development of the Company. The Company has been committed to the cultivation of talents and the construction of talent teams, and has cultivated a number of core talent teams, such as reserve talent team, technological talent team, professional talent team (in marketing, technology, professional management, etc.), and internal lecturer team. In 2023, the Company explored business weaknesses, developed high-quality resources and focused on profitability improvement and incremental performance. The Company, mainly focusing on various areas, such as organisational operation analysis, process, strategy, supply chain, marketing, human resources, business and finance integration as the entry point, and guided by the resolution of practical problems in the new energy product line, semiconductor companies, automotive business divisions, national transformation centres and other industries, introduced the idea of benchmark industry management, profit methods and tools, benchmarking gaps, and implementation practises, with a total of 12 empowerment sessions throughout the year and involving more than 2,000 people from management, middle-level and core personnel of the Company. In terms of cadre empowerment, we advocated to focus on the cadre and localise Huawei's experience in the Company, and organised 74 cadres to participate in the training course of "general manager, marketing director, and technical director" to participate in the special learning of benchmarking against Huawei. All units conducted more than 30 special training on internal transferred training of cadre, and produced 50 courseware, empowering more than 1,000 core business backbones. We have built an empowerment platform for the high-quality development of various industries, and cultivated a group of core talent teams with passion from the front line and businesses who can understand the market and lead the teams and, are good at accounting, so as to continuously improve the Company's core competitiveness. The smooth development of talent training has provided a solid human resource guarantee for the Company's high-quality development and the accomplishment of the 14th Five-Year plan.

(IV) Labour Outsourcing

✓ Applicable Not applicable

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

8,671,464 hours
RMB423,490,220.8

Section VI Corporate Governance Report

I. RELEVANT EXPLANATIONS ON CORPORATE GOVERNANCE OF THE COMPANY

Applicable Not Applicable

During the reporting period, the Company was committed to the Xi Jinping Thought on Socialism with Chinese Characteristics for a New Era, made unremitting efforts to implement the new development concept, aligned itself with the spirit of the Opinions of the State Council on Further Improving the Quality of Listed Companies (《國務院關於進一步提高上市公司質量的意見》) and other documents, and upheld compliance corporate governance to ensure sustainable and sound development in strict accordance with the Company Law of the People's Republic of China, the Securities Law of the People's Republic of China, the Rules for Corporate Governance of Listed Companies and other applicable laws, regulations as well as requirements of the SSE and the Stock Exchange. Besides, Directors, Supervisors and senior management of the Company diligently fulfilled their responsibilities according to law to safeguard the interests of the Company and its Shareholders as a whole. Over the year, the Company achieved an improvement in corporate governance mechanism and witnessed a constant increase in governance capability.

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.

The Company has established a corporate governance system in accordance with the CG Code (the "Code") as set out in Appendix C1 to the Hong Kong Listing Rules. In certain aspects, the CG Code adopted by the Company is more stringent than the code provisions set out in the Code. Having reviewed the documents in relation to corporate governance adopted by the Company, the Board considers that the Company has met the principles, code provisions and certain recommended best practices set out in the Code during the year, except for the following.

Pursuant to code provision C.1.6 of the Code, in general, independent non-executive Directors and other non-executive Directors shall attend general meetings to gain and develop a comprehensive and balanced understanding of the views of shareholders. Mr. Zhang Xinning, a non-executive Director of the Company, was unable to attend the annual general meeting of the Company held on 27 June 2023 due to other business engagements. However, there were sufficient Directors (including executive Directors and independent non-executive Directors) present to ensure that the Board had a comprehensive and balanced understanding of the views of the shareholders of the Company.

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

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

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

Applicable Not Applicable



Section VI Corporate Governance Report

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

Applicable Not Applicable

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

Applicable Not Applicable

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

Applicable Not Applicable

III. BRIEF INTRODUCTION TO THE GENERAL MEETINGS

Session	Date of meeting	Index of website designated for publication of the resolutions	Date of disclosure	Resolutions approved at the meeting
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

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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.

IV. IMPLEMENTATION AND CHANGES OF VOTING RIGHTS DIFFERENCE ARRANGEMENT DURING THE REPORTING PERIOD

Applicable Not Applicable

V. CORPORATE GOVERNANCE OF RED-CHIP STRUCTURE

Applicable Not Applicable

VI. SHAREHOLDERS' RIGHTS

1. Convening extraordinary general meetings

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

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



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

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

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

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

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

2. Enquiries to the Board

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

Shareholders may at any time make a request for the Company's information which is publicly available. For holders of H Shares, any relevant enquiries shall be first directed to the company secretary at the Company's principal place of business in Hong Kong at 46th Floor, Hopewell Centre, 183 Queen's Road East, Wanchai, Hong Kong, or the Company's Hong Kong share registrar, Computershare Hong Kong Investor Services Limited, at 17M Floor, Hopewell Centre, 183 Queen's Road East, Wanchai, Hong Kong or, for holders of the A Shares, any relevant enquiries shall be directed to the registered office address of the Company at Times Road, Shifeng District, Zhuzhou, Hunan Province, 412001, the PRC.

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3. Putting proposals to general meetings

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

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

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

Proposals not stated in the notice of the general meeting or which do not meet the requirements in Article 75 and paragraph 2 of Article 77 of the Articles of Association, shall not be voted or resolved at the general meeting.

4. Communication with Shareholders and investors/investors relations

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

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

The Company has reviewed its shareholder communication policy, and considered that such policy has been effectively implemented during the year.

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

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VII. PERFORMANCE OF DUTIES OF DIRECTORS

(I) Directors and Board of Directors

1. *Composition of the Board*

As at 31 December 2023, the Board consists of 8 Directors, among whom Mr. Li Donglin is the Chairman of the Board and an executive Director; Mr. Liu Ke'an is the Vice Chairman of the Board and an executive Director; Mr. Shang Jing is the other executive Director; Mr. Zhang Xinning (resigned as a non-executive Director from 7 March 2024) is the non-executive Director; and Mr. Gao Feng, Mr. Li Kaiguo, Mr. Zhong Ninghua and Mr. Lam Siu Fung are the 4 independent non-executive Directors. Except for Mr. Zhang Xinning, who resigned as a non-executive Director from 7 March 2024, all the above-mentioned Directors have been served as Directors up to the date of this report. As of the date of this report, the Board of Directors consists of 3 executive Directors and 4 independent non-executive Directors.

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

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

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

2. *Independent non-executive Directors and their independence*

The Company currently has four independent non-executive Directors, and the majority of the members of the audit committee, the nomination committee and the remuneration committee of the Board are independent non-executive Directors. The chairmen of the audit committee, nomination committee and remuneration committee of the Board are all independent non-executive Directors.

The independent non-executive Directors of the Company have a wide range of skills and experience. Mr. Lam Siu Fung, an independent non-executive Director, is an accounting professional in accordance with the Hong Kong Listing Rules. The independent non-executive Directors of the Company have submitted their written confirmation of independence pursuant to Rule 3.13 of the Hong Kong Listing Rules and the Company considers each of the independent non-executive Directors to be independent.

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3. Chairman of the Board and general manager

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

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

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



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

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

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

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4. Non-executive Directors

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

5. Nomination of Directors

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

6. Operation of the Board

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

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

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

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

7. Responsibilities of the Board of Directors

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

- (1) to be responsible for convening general meetings and to report on its works to the general meeting;
- (2) to implement the resolutions of the general meetings;
- (3) to decide on the Company's business plans, investment plans and annual financing plans;
- (4) to draw up the Company's proposed annual financial budgets and final budgetary reports;



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

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

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

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

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

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

The Board is responsible for the following corporate governance functions:

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

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VIII. BOARD MEETINGS CONVENED DURING THE REPORTING PERIOD

Session	Date of meeting	Resolutions approved at the meeting
27th meeting of the sixth session of the Board	30 March 2023	33 resolutions were considered and approved, including, among others, Resolution on the Company's 2022 Annual Report and its Abstract, Resolution on the Company's 2022 Final Financial Report, Resolution on the Company's 2022 Profit Distribution Plan, Resolution on the Company's External Guarantee Plan in 2023, Resolution on the Company's Investment Budget in 2023 and Resolution on the Manufacturing Base Project of Electric Drive Systems and Key Components for New Energy Passenger Vehicles
28th meeting of the sixth session of the Board	28 April 2023	4 resolutions were considered and approved: Resolution on the Company's 2023 First Quarterly Report, Resolution on Appointment of Mr. Hu Yunqing as a Deputy General Manager and Chief Engineer of the Company, Resolution on Appointment of Mr. Yao Zhonghong as a Deputy General Manager of the Company, and Resolution on Appointment of Ms. Long Furong as a Secretary to the Board and General Legal Counsel of the Company
29th meeting of the sixth session of the Board	19 May 2023	4 resolutions were considered and approved, including, among others, Resolution on Nomination of Candidates for Non-independent Directors of the Seventh Session of the Board of the Company, Resolution on Nomination of Candidates for Independent Directors of the Seventh Session of the Board of the Company, and Resolution on Change of Use of Raised Proceeds and Capital Increase in a Subsidiary
30th meeting of the sixth session of the Board	6 June 2023	1 resolution was considered and approved: Resolution on Proposal on the Introduction of Strategic Investors for Capital Increase of Zhuzhou CRRC Times Semiconductor Co., Ltd., a Holding Subsidiary of the Company

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Session	Date of meeting	Resolutions approved at the meeting
1st meeting of the seventh session of the Board	27 June 2023	8 resolutions were considered and approved, including, among others, Resolution on Election of the Chairman of the Seventh Session of the Board of the Company, Resolution on Election of the Vice Chairman of the Seventh Session of the Board of the Company, Resolution on Election of Members of Special Committees of the Seventh Session of the Board of the Company, and Resolution on Appointment of the General Manager of the Company
2nd meeting of the seventh session of the Board	1 August 2023	1 resolution was considered and approved: Resolution on Establishment of Hunan CRRC Times Power Technology Co., Ltd. (湖南中車時代動力技術有限公司)
3rd meeting of the seventh session of the Board	22 August 2023	7 resolutions were considered and approved, including, among others, Resolution on the Company's 2023 Interim Report and its Abstract, Resolution on the Special Report Regarding Deposit and Utilisation of Raised Proceeds in the First Half of 2023 and Resolution on Cash management against Part of Idle Proceeds
4th meeting of the seventh session of the Board	26 October 2023	6 resolutions were considered and approved, including, among others, Resolution on the Company's 2023 Third Quarterly Report, Resolution on Establishment of Science and Technology Innovation Committee of the Board of the Company and Formulation of its Implementation Rules and Regulations, Resolution on Election of Members of Science and Technology Innovation Committee of the Seventh Session of the Board of the Company, and Resolution on Amendments to the Implementation Rules and Regulations and Regulations of the Committee
5th meeting of the seventh session of the Board	15 December 2023	3 resolution were considered and approved: Resolution on Capital Increase of Zhuzhou CRRC Times Semiconductor Co., Ltd., Resolution on Repurchase of H Shares by the Company, and Resolution on Change of Use of Raised Proceeds and Capital Increase in a Wholly-owned Subsidiary

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IX. PERFORMANCE OF DUTIES OF DIRECTORS

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

Name of Director	Independent Director or not	Number of required attendance at Board meetings during the year	Attendance at Board meetings				Attendance at general meetings	
			Number of attendance in person	Number of attendance by means of telecommunications	Number of attendance by proxy	Number of absence	Failure to attend in person for two consecutive times	Number of attendance at the general meetings
Li Donglin	No	9	9	0	0	0	No	3
Liu Ke'an	No	9	9	0	0	0	No	0
Shang Jing Zhang	No	9	9	0	0	0	No	3
Xinning ^{Note 1}	No	9	9	0	0	0	No	0
Gao Feng	Yes	9	9	0	0	0	No	3
Li Kaiguo	Yes	9	9	0	0	0	No	3
Zhong Ninghua	Yes	5	5	0	0	0	No	0
Lam Siu Fung	Yes	5	5	0	0	0	No	0
Yan Wu ^{Note 2}	No	4	4	0	0	0	No	0
Chan Kam Wing, Clement ^{Note 3}	Yes	4	4	0	0	0	No	3
Pao Ping Wing ^{Note 3}	Yes	4	4	0	0	0	No	3
Liu Chunru ^{Note 3}	Yes	4	4	0	0	0	No	3
Chen Xiaoming ^{Note 3}	Yes	4	4	0	0	0	No	3

Note 1: Resigned as a non-executive Director on 7 March 2024.

Note 2: Retired as an executive Director due to expiry of term of office on 27 June 2023.

Note 3: Retired as an independent non-executive Director due to expiry of term of office on 27 June 2023.

The Explanation of Failure to Attend Meetings of the Board in Person for Two Consecutive Times

Applicable Not Applicable

Number of the Board meetings held for the year	9
Including: number of meetings held onsite	1
Number of meetings held by means of telecommunications	0
Number of meetings held onsite and by means of telecommunications simultaneously	8

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

Applicable Not Applicable

(III) Others

Applicable Not Applicable

(IV) Directors' Continuous Training and Development Program

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

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

During the reporting period, the Company has provided the Directors with appropriate and continuous training, and professional development courses, the Directors attended the relevant training, and some of the independent non-executive Directors attended relevant trainings arranged by other organizers. The Company has received from each of the Directors the confirmation on attending continuous professional trainings. The trainings received by each Director in 2023 are as follows:

Executive Directors

Li Donglin	A, B, C
Liu Ke'an	A, B, C
Shang Jing	A, B, C
Yan Wu (resigned)	A, B, C

Non-executive Director

Zhang Xinning (resigned)	A, B, C
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Independent non-executive Directors

Chan Kam Wing, Clement (resigned)	A, B, C
Pao Ping Wing (resigned)	A, B, C
Liu Chunru (resigned)	A, B, C
Chen Xiaoming (resigned)	A, B, C
Gao Feng	A, B, C, D
Li Kaiguo	A, B, C, D
Zhong Ninghua	A, B, C, D
Lam Siu Fung	A, B, C, D

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

- A Attending trainings on Information Disclosure Risk (H Shares) and Legal Risks of Non-compliance in Financial and Business Information Disclosure provided by intermediary institutions engaged by the Company.
- B Attending trainings provided by regulatory authorities, regulatory authorities of industry associations and China Association for Public Companies.
- C Studying and reading briefings and analysis on the Group's business, operations, risk consciousness and corporate governance matters.
- D Attending trainings for independent directors organised by the SSE.

X. SPECIAL COMMITTEES UNDER THE BOARD

Applicable Not Applicable

(1) Members of the special committees under the Board

Committee	Name of members
Strategy and ESG committee	Li Donglin (chairman), Liu Ke'an, Shang Jing, Li Kaiguo and Zhong Ninghua
Audit committee	Lam Siu Fung (chairman), Gao Feng, Li Kaiguo and Zhong Ninghua
Risk control committee	Liu Ke'an (chairman), Zhong Ninghua and Lam Siu Fung
Nomination committee	Li Kaiguo (chairman), Li Donglin and Gao Feng
Remuneration committee	Gao Feng (chairman), Li Kaiguo and Lam Siu Fung
Science and Technology Innovation Committee ^{Note}	Shang Jing (chairman), Li Donglin, Liu Ke'an, Li Kaiguo and Gao Feng

Note: On 26 October 2023, the Board established the Science and Technology Innovation Committee to improve the scientific nature of the Board's decision-making, ensure that scientific research and innovation work effectively supports business development requirements, and ensure the effective implementation of the Company's scientific research and innovation strategy. No meeting of the Science and Technology Innovation Committee was held during the year.

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(2) The strategy and ESG committee (formerly known as the strategy committee) held 2 meetings during the reporting period

During the reporting period, the strategy committee acted in strict accordance with the Implementation Rules and Regulations of the Strategy Committee of the Company and performed its duties independently and objectively. The strategy committee is responsible to the Board, and its major responsibilities include providing research reports on government policies and industry trends, studying the Company's long-term sustainable development strategies and business philosophy, and investigating into major investment and financing schemes and major capital operation projects. On 26 October 2023, in order to further improve the management level of the Company's Environmental, Social and Governance (ESG) and improve the ESG management system, the fourth meeting of the seventh session of the Board considered and approved the "Resolution on Change of Name of the Strategy Committee of the Board of the Company and Amendments to the Implementation Rules and Regulations of the Committee", and agreed to rename the Strategy Committee of the Board as the Strategy and ESG Committee of the Board, and added ESG work responsibilities in the original responsibility basis and revised the Implementation Rules and Regulations of the Strategy and ESG Committee of the Board accordingly.

Date of meeting	Subject	Major opinions and suggestions	Other duties performed
30 March 2023	3 resolutions were considered, including, among others, Resolution on the Work Report of the Strategy Committee of the Board for 2022 and the Resolution on Investment Budget of the Company for 2023	The strategy committee faithfully performed its duties in strict accordance with relevant laws, administrative regulations and departmental rules, and unanimously adopted all resolutions after earnest discussion.	None
1 August 2023	Resolution on Establishment of Hunan CRRC Times Electric Drive Technology Co., Ltd. (湖南中車時代電驅科技有限公司) was considered	The strategy committee faithfully performed its duties in strict accordance with relevant laws, administrative regulations and departmental rules, and unanimously adopted the resolution after earnest discussion.	None

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Set out below is the attendance of each member Director:

Name	Times of attendance/ meeting	Attendance
Li Donglin	2/2	100%
Liu Ke'an	2/2	100%
Shang Jing	2/2	100%
Zhang Xinning ^{Note 1}	2/2	100%
Gao Feng ^{Note 2}	1/1	100%
Li Kaiguo	2/2	100%
Zhong Ninghua ^{Note 3}	1/1	100%

Note 1: Ceased to be a member of the strategy and ESG committee of the Board on 7 March 2024.

Note 2: Ceased to be a member of the strategy and ESG committee of the Board from 27 June 2023.

Note 3: Served as a member of the strategy and ESG committee of the Board from 27 June 2023.

(3) The audit committee held 5 meetings during the reporting period

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

Date of meeting	Subject	Major opinions and suggestions	Other duties performed
29 March 2023	14 resolutions were considered, including, among other things, Resolution on the Company's 2022 Annual Report and its Abstract, and Resolution on the Final Financial Report of the Company for 2022	The audit committee faithfully performed its duties in strict accordance with relevant laws, administrative regulations and departmental rules, and unanimously adopted all resolutions after earnest discussion.	Members of the audit committee communicated separately with the auditors on the Company's 2022 audit report.
28 April 2023	1 resolution was considered: Resolution on the Company's 2023 First Quarterly Report	The audit committee faithfully performed its duties in strict accordance with relevant laws, administrative regulations and departmental rules, and unanimously adopted all resolutions after earnest discussion.	

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Date of meeting	Subject	Major opinions and suggestions	Other duties performed
22 August 2023	6 resolutions were considered, including, among other things, Resolution on the Company's 2023 Interim Report and its Abstract	The audit committee faithfully performed its duties in strict accordance with relevant laws, administrative regulations and departmental rules, and unanimously adopted all resolutions after earnest discussion.	Members of the audit committee communicated with the auditors on the impact of the 2023 interim financial performance on the audit, the scope of audit for the 2023 annual report, the audit plan, independence, the structure of audit team and other relevant matters.
26 October 2023	1 resolution was considered: Resolution on the Company's 2023 Third Quarterly Report	The audit committee faithfully performed its duties in strict accordance with relevant laws, administrative regulations and departmental rules, and unanimously adopted all resolutions after earnest discussion.	
15 December 2023	3 resolutions were considered, including, among other things, Resolution on the Company's 2023 Audit Plan	The audit committee faithfully performed its duties in strict accordance with relevant laws, administrative regulations and departmental rules, and unanimously adopted all resolutions after earnest discussion.	Members of the audit committee communicated separately with the auditors on the Company's 2023 audit plan.

Set out below is the attendance of each member Director:

Name	Times of attendance/ meeting	Attendance
Chan Kam Wing, Clement ^{Note 1}	2/2	100%
Pao Ping Wing ^{Note 1}	2/2	100%
Liu Chunru ^{Note 1}	2/2	100%
Chen Xiaoming ^{Note 1}	2/2	100%
Gao Feng	5/5	100%
Li Kaiguo	5/5	100%
Lam Siu Fung ^{Note 2}	3/3	100%
Zhong Ninghua ^{Note 2}	3/3	100%

Note 1: Ceased to be a member of the audit committee from 27 June 2023.

Note 2: Served as a member of the audit committee from 27 June 2023.

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

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

Date of meeting	Subject	Major opinions and suggestions	Other duties performed
30 March 2023	3 resolutions were considered, including, among other things, Resolution on the Company's 2022 Internal Control Assessment Report and Internal Control Audit Report	The risk control committee faithfully performed its duties in strict accordance relevant laws, administrative regulations and departmental rules, and unanimously adopted all resolutions after earnest discussion.	
26 October 2023	Resolution on the Formulation of Measures for Compliance Management of the Company was considered	The risk control committee faithfully performed its duties in strict accordance relevant laws, administrative regulations and departmental rules, and unanimously adopted all resolutions after earnest discussion.	

Set out below is the attendance of each member Director:

Name	Times of attendance/ meeting	Attendance
Liu Ke'an	2/2	100%
Yan Wu ^{Note 1}	1/1	100%
Chan Kam Wing, Clement ^{Note 1}	1/1	100%
Zhong Ninghua ^{Note 2}	1/1	100%
Lam Siu Fung ^{Note 2}	1/1	100%

Note 1: Ceased to be a member of the risk control committee from 27 June 2023.

Note 2: Served as a member of the risk control committee from 27 June 2023.

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(5) The remuneration committee held 3 meetings during the reporting period

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

Date of meeting	Subject	Major opinions and suggestions	Other duties performed
30 March 2023	4 resolutions were considered, including, among other things, Resolution on the Work Report of the Remuneration Committee of the Board in 2022, and Resolution on Annual Remunerations of the Directors of the Company in 2022	The remuneration committee faithfully performed its duties in strict accordance with relevant laws, administrative regulations and departmental rules, and unanimously adopted the resolution after earnest discussion.	–
28 April 2023	3 resolutions were considered: Resolution on Proposed Remuneration of Mr. Hu Yunqing as a Deputy General Manager and Chief Engineer of the Company, Resolution on Remuneration of Mr. Yao Zhonghong as a Deputy General Manager of the Company, and Resolution on Remuneration of Ms. Long Furong as a Secretary to the Board and General Legal Counsel of the Company were considered	The remuneration committee faithfully performed its duties in strict accordance with relevant laws, administrative regulations and departmental rules, and unanimously adopted all resolutions after earnest discussion.	–
19 May 2023	Resolution on Remuneration of Candidates for Non-independent Directors of the Seventh Session of the Board of the Company, and Resolution on Remuneration of Candidates for Independent Directors of the Seventh Session of the Board of the Company were considered	The remuneration committee faithfully performed its duties in strict accordance with relevant laws, administrative regulations and departmental rules, and unanimously adopted both resolutions after earnest discussion.	–

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Set out below is the attendance of each member Director:

Name	Times of attendance/ meeting	Attendance
Pao Ping Wing ^{Note}	3/3	100%
Liu Chunru ^{Note}	3/3	100%
Chen Xiaoming ^{Note}	3/3	100%

Note: Ceased to be a member of the remuneration committee from 27 June 2023.

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

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

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

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

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

For the purpose of implementing the board diversity policy, the Company has adopted the following measurable objectives:

- 1: At least 1 female member in the Board;
- 2: At least 1 independent non-executive Director in the Board is ordinarily resident in Hong Kong;
- 3: At least 1 financial expert in the Board with professional qualifications and experience in finance and auditing recognised by regulatory authorities;
- 4: The non-executive Directors (including independent non-executive Directors) in the Board shall account for more than half of the total number of the Board, and independent non-executive directors shall account for one-third of the total number of the Board;
- 5: The age composition of the Directors is reasonable. The existing 7 Directors range from 42 years old to 61 years old, of which 6 are under 60 years old and 1 is above 60 years old;
- 6: Directors are engaged in diversified professions. The existing 7 Directors have a balanced mix of experience, including operation and management, rail transit, automobile, finance and accounting.

During the reporting period, in order to further enhance corporate governance, satisfy the board diversity requirements and strengthen the scientific decision-making capabilities of the Board, the nomination committee proposed the resolutions on the candidates for non-independent Directors and independent Directors of the seventh session of the Board, which was considered and approved at the general meeting following consideration and approval by the Board, and the corporate governance was further regulated. The nomination committee has considered the board diversity policy and whether the Board has the appropriate balance of skills, experience and diversity of perspectives necessary to enhance the effectiveness of the Board and to maintain high standards of corporate governance. For the year ended 31 December 2023, the Company has achieved the measurable objectives in the board diversity policy except for gender diversity. Having considered the importance of gender diversity, on 27 March 2024, the Company held the first meeting of the Nomination Committee of the seventh session of the Board, at which the Nomination Committee discussed from the perspective of gender diversity of the Board. Given that the seventh session of the Board is composed of male members, the Nomination Committee proposed to elect one female Director at the seventh session of the Board (i.e. no later than 31 December 2024). When selecting and recommending suitable candidates for Board members, the Company will take the opportunity to increase the proportion of female members on the Board and enhance the level of gender diversity in accordance with Shareholders' expectations and recommended best practices.

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Date of meeting	Subject	Major opinions and suggestions	Other duties performed
30 March 2023	2 resolutions were considered, including, among other things, Resolution on the Work Report of the Nomination Committee of the Board in 2023	The nomination committee faithfully performed its duties in strict accordance with relevant laws, administrative regulations and departmental rules, and unanimously adopted the resolution after earnest discussion.	–
28 April 2023	3 resolutions were considered: Resolution on Proposed Appointment of Mr. Hu Yunqing as a Deputy General Manager and Chief Engineer of the Company, Resolution on Proposed Appointment of Mr. Yao Zhonghong as a Deputy General Manager of the Company, and Resolution on Proposed Appointment of Ms. Long Furong as a Secretary to the Board and General Legal Counsel of the Company	The nomination committee faithfully performed its duties in strict accordance with relevant laws, administrative regulations and departmental rules, and unanimously adopted the resolution after earnest discussion.	–
19 May 2023	2 resolutions were considered: Resolution on Nomination of Candidates for Non-independent Directors of the Seventh Session of the Board of the Company, Resolution on Nomination of Candidates for Independent Directors of the Seventh Session of the Board of the Company	The nomination committee faithfully performed its duties in strict accordance with relevant laws, administrative regulations and departmental rules, and unanimously adopted both resolutions after earnest discussion.	–

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Set out below is the attendance of each member Director:

Name	Times of attendance/ meeting	Attendance
Liu Chunru ^{Note}	3/3	100%
Li Donglin	3/3	100%
Pao Ping Wing ^{Note}	3/3	100%

Note: Ceased to be a member of the nomination committee from 27 June 2023.

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

Applicable Not Applicable

XI. SUPERVISORY COMMITTEE

As at the date of this report, the Supervisory Committee comprises four supervisors. Mr. Li Lue is the Chairman of the Supervisory Committee, Mr. Geng Jianxin is an independent Supervisor, Messrs. Shen Zhulin and Liu Shaojie are the employee representative Supervisors.

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

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

- (1) to review the Company's periodic reports and provide written review opinions;
- (2) to examine the Company's financial condition;
- (3) to monitor whether the Directors, general managers, deputy general managers and other senior management of the Company act in contradiction with the laws, administrative regulations or the Articles of Association; to make suggestions on the removal of Directors or senior management personnel who violate laws and regulations, the Articles of Association or the resolutions of the general meeting, and where the Supervisory Committee identifies violation of laws and regulations, the relevant provisions of the stock exchange(s) where the Company's shares are listed and the Articles of Association by the Directors or senior management personnel, it shall notify the Board or report to the general meeting and disclose the same in a timely manner;
- (4) to demand rectification from a Director, the general manager, deputy general managers or other members of the senior management of the Company when the acts of such persons are prejudicial to the Company's interests;



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- (5) to verify the financial information such as the financial report, business report and plans for distribution of profits to be submitted by the Board to the general meetings and, should any queries arise, to organise, in the name of the Company, a re-examination by the registered accountants and practicing auditors;
- (6) to conduct investigations into any irregularities identified in the operation of the Company and, if necessary, may engage the professional institutions, including accounting firms and law firms to assist its work and the expenses so incurred shall be borne by the Company;
- (7) to propose to convene an extraordinary general meeting, and to convene and preside over the general meeting when the Board of Directors fails to perform its duty of convening and presiding over the general meeting as prescribed by law;
- (8) to put forward proposals to the general meeting;
- (9) to represent the Company in negotiation with Directors and senior management personnel or to institute an action against the Directors and senior management personnel; and
- (10) other powers specified in the laws, regulations, departmental rules, and relevant provisions of the securities regulatory authorities where the Company's shares are listed, the Articles of Association and granted by the general meeting.

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

Applicable Not Applicable

The Supervisory Committee has no objection to the supervisory matters during the reporting period.

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XIII. PLAN FOR DISTRIBUTION OF PROFITS OR TRANSFER OF CAPITAL RESERVE FUND

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

1. Formulation of cash dividend policy

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

2. Implementation of the cash dividend policy in 2022

At the 27th meeting of the sixth session of the Board held on 30 March 2023, the Resolution on the Profit Distribution Plan of the Company for 2022 was considered and approved, pursuant to which, the Company proposed to distribute cash dividends to the Shareholders based on the total number of Shares determined on the record date fixed for the equity distribution which will be specified in the equity distribution implementation announcement. The Company proposed to distribute cash dividends of RMB5.5 (tax inclusive) for every ten Shares held by Shareholders, totaling RMB778,930,301.60 based on the total share capital of the Company of 1,416,236,912 as at 31 December 2022, accounting for 30.48% of the net profit attributable to Shareholders of the Company as contained in the consolidated financial statements for 2022. The profit distribution plan was considered and approved at the Company's 2022 annual general meeting. The 2022 annual dividends were distributed on 8 August 2023.

3. Information of 2023 annual profit distribution plan

At the 6th meeting of the seventh session of the Board held on 28 March 2024, the Resolution on the Profit Distribution Plan of the Company for 2023 was considered and approved, pursuant to which, the Company proposes to distribute cash dividends to the Shareholders based on the total number of Shares determined on the record date fixed for the equity distribution which will be specified in the equity distribution implementation announcement. The Company proposes to distribute cash dividends of RMB7.8 (tax inclusive) for every ten Shares held by Shareholders, totaling RMB1,101,001,287.36 based on the total share capital of the Company of 1,416,236,912 as at 31 December 2023 (deducting the repurchased H shares to be canceled of 4,696,800 shares, that is calculated based on 1,411,540,112 shares), accounting for 35.45% of the net profit attributable to Shareholders of the Company as contained in the consolidated financial statements for 2023. In case of any change in the total share capital of the Company from the date of the profit distribution announcement to the record date for implementation of the equity distribution, the Company proposes to maintain the payout ratio per Share unchanged, make corresponding adjustments to the total payout amount, and will publish separate announcement(s) on the specific adjustments. The above profit distribution plan is subject to consideration and approval at the 2023 annual general meeting of the Company.



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(II) Special explanations on the cash dividend policy

Applicable Not Applicable

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

Yes No

Whether with established and clear cash dividend standards and ratio

Yes No

Whether determined with sound decision-making procedures and mechanism

Yes No

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

Yes No

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

Yes No

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

Applicable Not Applicable

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(IV) Profit Distribution and Transfer of Capital Reserve Fund into Share Capital during the Reporting Period

Applicable Not Applicable

Unit: Yuan Currency: RMB

Bonus shares for every 10 shares (share)	–
Profit declared for every 10 shares (RMB) (tax inclusive)	7.8
Transfer of capital reserve fund into share capital for every 10 shares (share)	–
Cash dividend amount (tax inclusive)	1,101,001,287.36
Net profit attributable to the ordinary Shareholders of the Company as shown in the consolidated statements in the profit distribution year	3,105,703,646
As a percentage of net profit attributable to the ordinary Shareholders of the Company as shown in the consolidated statements (%)	35.45
Cash repurchase of shares included in cash dividend	–
Total profit distribution (tax inclusive)	1,101,001,287.36
Total profit distribution as a percentage of net profit attributable to the ordinary Shareholders of the Company as shown in the consolidated statements (%)	35.45

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

(I) General information of share incentive plan

Applicable Not Applicable

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

Applicable Not Applicable

Other explanations

Applicable Not Applicable

Employee stock ownership plan

Applicable Not Applicable

Other incentive measures

Applicable Not Applicable



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(III) The equity incentives granted to the Directors, senior management and core technicians during the reporting period

1. Stock option

Applicable Not Applicable

2. The first type of restricted stocks

Applicable Not Applicable

3. The second type of restricted stocks

Applicable Not Applicable

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

Applicable Not Applicable

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

The annual remuneration of senior management is composed of basic annual salary and performance annual salary. The basic annual salary is mainly determined based on factors such as financial contribution, strategic contribution, industry position and market targets, and the performance annual salary is determined based on the organisational performance and individual performance evaluation. In accordance with the relevant requirements of the tenure assessment system for business managers, the senior management of the Company shall be assessed from the two aspects of tenure operation targets and key work, and the tenure incentives of the senior management of the Company shall be determined based on the results of the tenure assessment.

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

Applicable Not Applicable

During the reporting period, the Company launched internal control supervision and assessment into itself and its subsidiaries in strict accordance with the requirements of the CSRC, SSE, the Company Law and the Articles of Association, based on industry characteristics and actual operating condition of the Company from significant supervision aspects including finance supervision, operation supervision, compliance supervision, overseas business supervision and risk prevention. The Company supervised the prompt rectifications of internal control deficiencies to ensure the effectiveness and sound operation of the internal control system, and effectively control operating risks.

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During the reporting period, the Company deeply implemented the internal control system and focused on the main responsibility with a new development concept. The Company's internal control work was carried out within the scope of the management and control objectives of "strengthening internal control, preventing risks and promoting compliance", and strengthened internal control through measures such as publicity, implementation, supervision and consolidation, sorted out and optimised the Company's internal control system and carried out investigation on execution capabilities to ensure that the process system meets the needs of the Company's various internal control management. Meanwhile, all business functional departments of the Company implemented control measures according to the requirements of the internal control system, and the audit department carried out regular internal control evaluation and supervision and inspection to ensure the effective implementation and operation of the internal control system. The Company carried out special supervision and inspection work, and promoted the full implementation and positive execution of the differentiated price supply strategy for suppliers in the centralised procurement centre, so as to ensure the comparative advantage between the Company and suppliers. The Company developed the informatisation of audit, established the rules and standards of audit forecast indicators, and met the advertising and reporting needs of the audit sector with electrical digitisation. In addition, the Company cooperated with the disciplinary inspection commission to fully allocate resources and exchange information, aiming to promote grid management of supervision, compliance and risk control. During the reporting period, the Company achieved remarkable results in internal control management by organising exchange and training with internal and external units, promoting internal control management and cultivating internal control culture, which further strengthened the management and control efficiency, optimised the internal control environment, improved the operation mechanism of mutual restriction and mutual supervision, enhanced the overall level of internal control, and strengthened internal control to ensure the healthy development of the Company.

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

Applicable Not Applicable

XVI. INFORMATION OF MANAGEMENT AND CONTROL OVER SUBSIDIARIES DURING THE REPORTING PERIOD

Applicable Not Applicable

During the reporting period, according to the Company Law, Articles of Association and other relevant laws and regulations, the Company implemented management control over subsidiaries, organised the study of Reform Regulations [2023] No. 65 by SASAC, instructed subsidiaries to establish and improve corporate governance structure, strengthened party leadership in corporate governance, improved the construction of the Board, optimised the corporate governance system, refined the decision-making procedures for "three categories of major issues and use of significant amount of capital", and management rules such as the Rules of Procedures for the Board of Directors, increased the trainings of legal compliance and expedited the compliance operation of subsidiaries to enhance risk prevention capabilities in strict accordance with the requirements of internal control systems of the Company. The Company leveraged strategic planning, comprehensive budget, performance appraisal and other means to motivate and restrict the daily operation and management activities of its subsidiaries, so as to constantly improve their value creation capabilities.



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XVII. RELEVANT INFORMATION ABOUT AUDIT REPORT ON INTERNAL CONTROL

Applicable Not Applicable

The Company engaged KPMG Huazhen LLP to audit the effectiveness of the internal control relating to financial reporting, and KPMG Huazhen LLP has issued a standard unqualified audited report.

For details, please refer to the 2023 Internal Control Audit Report of Zhuzhou CRRC Times Electric Co., Ltd. issued by KPMG Huazhen LLP which is published on the website of the SSE on the same date.

Whether to disclose the audit report on internal control: Yes

Opinion type of internal control audit report: standard unqualified opinion

XVIII. RISK MANAGEMENT AND INTERNAL CONTROL

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

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

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The Company's internal control work was carried out within the scope of the management and control objectives of "strengthening internal control, preventing risks and promoting compliance", and strengthened internal control through measures such as publicity, implementation, supervision and consolidation. Meanwhile, in accordance with the Basic Standards for Internal Control and the Company's internal control manual, during the reporting period, the Company sorted out and optimised the Company's internal control system and carried out investigation on execution capabilities to ensure that the process system meets the needs of the Company's various internal control management. The Company carried out special supervision and inspection work, and promoted the full implementation and positive execution of the differentiated price supply strategy for suppliers in the centralised procurement centre, so as to ensure the comparative advantage between the Company and suppliers. The Company developed the informatisation of audit, established the rules and standards of audit forecast indicators, and met the advertising and reporting needs of the audit sector with electrical digitisation. In addition, the Company cooperated with the disciplinary inspection commission to fully allocate resources and exchange information, aiming to promote grid management of supervision, compliance and risk control, and organised exchange and training with internal and external units to promote internal control management. During the Reporting Period, the Company controlled the risks within tolerable bounds through various controlling measures such as authorisation approval, process governance, comprehensive budgeting, cost control, asset management, lean management, information security control. Through annual internal monitoring and evaluation, the Company ensured the reasonable design, effective operation and appropriate implementation of internal monitoring systems. During the reporting period, the Company had no material internal control defects and monitoring failure, and had effective procedures in relation to financial reporting and compliance with requirements of the listing rules of the places where the Company is listed.

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

XIX. DIVIDEND POLICY

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

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

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

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XX. REMUNERATION OF THE AUDITOR

KPMG Huazhen LLP (“KPMG Huazhen”) is the auditor of the Company. For the year ended 31 December 2023, the services provided by KPMG Huazhen and the remuneration are as follows:

	<i>(RMB'000)</i>
Service provided:	
Audit Service	4,900
Non-audit Services (Note)	—
	<hr/>
Total	<u>4,900</u>

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

XXI. DIRECTORS’ RESPONSIBILITIES IN RESPECT OF THE FINANCIAL REPORTS

The Directors acknowledged their responsibilities for the preparation of financial statements, and to give a true and fair view of the Group’s financial status and operating results for the financial year ended 31 December 2023. The statement by the external auditors of the Company regarding its reporting responsibilities on the consolidated financial statements of the Group is set out in the “Auditors’ Report” on pages 247 to 252 of this annual report.

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

XXII. COMPANY SECRETARY

On 27 June 2023, Mr. Tang Tuong Hock (“Mr. Tang”) ceased to serve as the (i) company secretary of the Company; (ii) authorized representative (“Authorized Representative”) under Rule 3.05 of the Hong Kong Listing Rules; and (iii) authorized representative to accept service of process and notice on behalf of the Company in Hong Kong (the “Process Agent”) under Rule 19A.13(2) of the Hong Kong Listing Rules and Part 16 of the Companies Ordinance (Chapter 622 of the Laws of Hong Kong) due to the expiration of his term of office.

Ms. Cheung Lai Ha (“Ms. Cheung”), assistant vice president of Governance Services of Computershare Hong Kong Investor Services Limited (“Computershare”), is an external service provider and has been appointed as the company secretary, the Authorised Representative and the Process Agent of the Company with effect from 27 June 2023. Her primary contact person is Ms. Long Furong, the Secretary to the Board of the Company.

Ms. Cheung has 15 years experiences in corporate governance area including providing services to listed companies, corporate management and compliance. Before joining Computershare, she has an extensive experience on providing company secretarial services varied from listed entities to private local and overseas companies. Ms. Cheung was also an associate director of an international outsourcing company on providing company secretarial services varied from listed companies to private local and overseas companies.

Ms. Cheung holds a bachelor’s degree in Business Administration from the Lingnan University in Hong Kong and a master’s degree in Corporate Governance from The Hong Kong Metropolitan University. Ms. Cheung is an associate member of the Hong Kong Corporate Governance Institute.

Mr. Tang and Ms. Cheung, respectively, took no less than 15 hours of relevant professional training during the financial year ended 31 December 2023 as required under Rule 3.29 of the SEHK Listing Rules.

Section VI Corporate Governance Report



XXIII. CONSTITUTION

During the reporting period, the Company did not make any amendment to the Articles of Association.

XXIV. CORPORATE CULTURE

Founded in 2005, Times Electric is a joint-stock company under CRRC; its predecessor and parent company, CRRC Zhuzhou Institute Co., Ltd., was founded in 1959 and is a pioneer and leader in the PRC electrified railway equipment industry. As a subsidiary of CRRC, the Company attaches great importance to the construction and inheritance of corporate culture, and has always followed the core cultural concept of “One CRRC”. With the mission of “Connecting the World through Better Mobility” as the Company, the Company takes “Becoming the World’s Preferred Supplier of Integrated Electrical System Solutions in the Transportation and Energy Fields and A World-class Professional Leading Demonstration Enterprise” as its vision, takes “Walking the Righteous Path with the Righteous Mind and Doing Good Deeds with Good Intention” as its core value, and takes “Realistic, Respectful, Innovative and Fruitful” as its corporate spirit. The Company is committed to sustainable development, striving to promote the rapid growth of the industry through the rational allocation and efficient utilisation of resources, integrating itself into the overall national strategy, supporting the industry technology development and promoting rapid growth of the industrial sectors to provide safe, intelligent, green and comfortable products and services for the society, and further promote emotional communication, infrastructure connexion, trade facilitation and financial integration, so as to promote social development and help our people live better with practical achievements.

The Company believes that a healthy corporate culture is the source of internal growth for corporate development. All directors must act properly and lead by example. They are committed to promoting corporate culture and guiding all employees to strengthen the concept of “acting in compliance with laws, ethics and responsibilities”. The Company continued to carry out the “Six Ones” cultural inheritance project of CRRC, and vigorously implemented the cultural “BI climbing project” to make lean, compliant, quality, safety and responsibility a common goal. The Company is committed to assigning all management and employees to perceive, understand, and practise corporate culture, and require all employees to keep the same in mind and to put into practice, so that customers, partners, investors, and suppliers can benefit from the value of our co-creation.

XXV. ANTI-CORRUPTION POLICY AND WHISTLE-BLOWING POLICY

The Company strictly complies with relevant national laws and regulations and has zero tolerance for anti-corruption issues. The Company organised the annual meeting on the construction of Party’s clean governance and anti-corruption work, which put forward clear requirements for the key areas and links of anti-corruption work, and standardised the whistle-blowing, investigation, handling, reporting and inquiry procedures of anti-corruption cases to continuously strengthen the Company’s anti-corruption work. The Company has provided a well-connected whistle-blowing channel, clarified the work rules for handling whistle-blowing, and formulated measures to protect the whistle-blowers. The Company abides by the Integrity Management Measures of Times Electric, Measures for the Prohibition of Commercial Bribery of Times Electric and other systems to strengthen the Company’s anti-corruption and integrity building and promote the integrity of leaders and key personnel at all levels from the industry. The Company attached great importance to honest cooperation, anti-corruption and integrity in the management of suppliers, signed the Supplier Code of Conduct and implemented a clean and self-discipline commitment, compiled a clean culture leaflet and promotes anti-corruption in the daily communication with suppliers, advocating suppliers to abide by ethical regulations and legal regulations in the course of business and promoting the formation of good business ethics.

Section VII Environmental, Social Responsibilities and Other Corporate Governance Issues

I. BOARD STATEMENT ON ESG GOVERNANCE

The Board is well aware of the importance of a sound management system and risk management process for corporate governance, and has established the important position of ESG concepts and management models in the sustainable development of the Company. The Board is responsible for supervising and managing the performance of key ESG issues of the Company.

We promise that the Company will strictly abide by national laws and regulations, and conduct internal governance and information disclosure in accordance with the provisions of the CSRC and the disclosure requirements of the environmental, social and governance (ESG) reports of the stock exchanges where the Company is listed. According to the latest relevant requirements of the Disclosure Guidelines on Environmental Information of SSE Listed Companies issued by the Shanghai Stock Exchange and the Environmental, Social and Governance Reporting Guide of the Hong Kong Stock Exchange, the Company will disclose relevant information objectively and truthfully in regular reports to ensure that investors and other stakeholders can timely understand the Company's ESG performance in operation and management.

The Board will regularly review important ESG issues based on the Company's development strategy, external economic changes, environmental protection, social responsibility and other dimensions, identify and evaluate the Company's ESG risks and opportunities, supervise the issue management and performance, and incorporate the management and improvement of key issues into the annual ESG development strategy.

II. ENVIRONMENTAL INFORMATION

Whether an environmental protection mechanism has been established	Yes
Environmental protection expenditure during the reporting period (Unit: RMB0'000)	875.39

(I) Whether Classified as the Key Pollutant Discharging Units Announced by the Environmental Protection Department

Yes No

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, was 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 discharge standards prescribed by the PRC, and hazardous wastes are disposed of in accordance with laws and regulations. Its pollution prevention and control facilities are under normal operation.

Section VII Environmental, Social Responsibilities and Other Corporate Governance Issues

1. Sewage discharge information

✓ Applicable Not Applicable

In 2023, Zhuzhou CRRC Times Semiconductor Co., Ltd. engaged a third-party institution with testing qualification to conduct environmental pollution factor testing every month, and all testing results met the national emission standards and achieved 100% compliance with emission standards. Hazardous waste was disposed of in compliance with laws and regulations, and the declaration was completed on the Hunan Solid Waste Management Information Platform and the corresponding forms were generated. The Company fully paid the environmental protection tax in 2023.

Holder of sewage discharge permit	Issuer of sewage discharge permit	Sewage discharge permit management category	Total sewage generated from January to December 2023 (0'000 tons)	Reclaimed water reused from January to mid-December 2023 (0'000 tons)	disposed of from January to December 2023 (0'000 tons)	Sewage discharged from January to December 2023 (0'000 tons)	Hazardous waste disposed of from January to December 2023 (tons)
Zhuzhou CRRC Times Semiconductor Co., Ltd.	Zhuzhou Ecological Environment Bureau	Management focus	108.6745	19.2171	107.2217	108.6745	1,508.18

2. Construction and operation of pollution prevention and control facilities

✓ Applicable Not Applicable

In 2023, Zhuzhou CRRC Times Semiconductor Co., Ltd. completed the environmental protection acceptance of automotive component construction project, added a set of acidic, alkaline, organic and other waste gas treatment facilities, and added a set of waste water treatment facilities containing fluorine, acid-base, TMAH, chemical plating. All pollution prevention and control equipment and facilities of the Company were in normal operation.

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

✓ Applicable Not Applicable

In 2023, Zhuzhou CRRC Times Semiconductor Co., Ltd. completed the environmental impact assessment of the Medium and Low Voltage Power Device Industrialization (Yixing) construction project. In 2023, Zhuzhou CRRC Times Semiconductor Co., Ltd. completed the change of pollutant discharge license information. For details, please refer to the information published on the National Pollutant Discharge License Management Information Platform.

Section VII Environmental, Social Responsibilities and Other Corporate Governance Issues

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

✓ Applicable Not Applicable

The Company has always adhered to the goal of “three zeros” of zero production safety accident death, zero new on-the-job occupational disease, zero Class I fire and explosion accident and other major impact accidents. With the general idea of strengthening responsibility, improving mechanism, strengthening supervision and dual prevention system control, and with the technical support of safety production standardization standards, the Company continuously innovates the safety management model and improves the safety management level. The Company organizes annual health checks for operators in plant areas, the Company’s major discharging outlets, exhaust gas, fluorine wastewater treatment, special equipment, lightning protection devices, and occupational disease hazards and other toxic positions, and conducts at least half a year inspections on safety valves, lightning protection devices, etc..

In order to ensure that the Company can respond and deal with emergencies in a rapid, orderly and effective manner, minimize losses, and protect the safety of employees and the interests of the Company, the Company has established an emergency management committee. The Company formulates overall emergency plans for emergencies, establishes emergency management committees or leading groups, clarifies members and responsibilities, and is responsible for the formulation, implementation and evaluation of emergency plans. The relevant departments of the Company conduct monthly statistics and reports on the completion of the drill plan.

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 monthly 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 December 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. *Other discloseable environmental information*

✓ Applicable Not Applicable

In accordance with the requirements of the local environmental protection department, Zhuzhou CRRG Times Semiconductor Co., Ltd. disclosed relevant environmental information through the website of the local environmental protection department or the corporate website, and regularly released corporate social responsibility reports.

On 27 December 2023, the Company’s headquarters and its subsidiaries Zhuzhou Times Electronics Technology Co., Ltd. and Hunan CRRG Times Signal & Communication Co., Ltd. passed the latest certification of ISO 14001 environmental management system (UKAS + CNAS).

(II) **Administrative Penalties Due to Environmental Issues During the Reporting Period**

None.

Section VII Environmental, Social Responsibilities and Other Corporate Governance Issues



(III) Information on Consumption of Resources and Energy and Emission

✓ Applicable Not Applicable

The Company follows the national 30•60 decision-making strategy, and is committed to practicing low-carbon practices in an all-round way, with the core goal of mitigating and adapting to climate change. Following the recommendations of the Task Force on Climate-Related Financial Disclosures (TCFD), we actively carried out climate information disclosure actions, conducted in-depth analysis of the risks and opportunities arising from climate change, and conducted systematically identify and priority ranking.

1. Greenhouse gas emissions

✓ Applicable Not Applicable

The Company planned to calculate the annual greenhouse gas carbon emissions of Times Electric⁴ 2023 in accordance with ISO14064-1: 2018 standards, with the total emissions of 131,738 tCO₂e, of which emissions in Scope 1⁵ were 15,602 tCO₂e and emissions in Scope 2⁶ were 116,136 tCO₂e. In 2023, the Company conducted carbon footprint accounting for three products in accordance with the ISO14067 standard.

2. Resource and energy consumption

✓ Applicable Not Applicable

The Company continues to consolidate the energy management system, effectively implements the Company's energy management responsibilities, and reduces the Company's energy consumption such as electricity and natural gas. At present, the Company has obtained the ISO 50001 energy management system certification. At the same time, the Company incorporates energy management into the its daily management and management assessment indicators, and formulates assessment objectives and energy-saving plans. As of the end of the reporting period, the Company's annual comprehensive energy consumption per RMB10,000 of output value was 0.013 tons of standard coal, which was less than the comprehensive energy consumption of RMB140 of output value (tons of standard coal), successfully achieving the energy use target.

The Company's water mainly comes from municipal water supply, and the water consumption mainly concentrates on industrial cooling water, cleaning water and domestic water used in the process of research and development, production and operation. The Company has established a sound water resource management system and established corresponding standard operating procedures for water management in all major operating bases to regulate the use of water in production and operation and avoid unnecessary water resource waste. During the Reporting Period, the Company actively carried out water conservation actions such as reclaimed water reuse, condensate water recovery and water balance testing. In 2023, the Company was awarded the title of water-saving enterprise in Hunan Province.

⁴ Including wholly-owned subsidiaries, branches and holding subsidiaries (Excluding overseas companies)

⁵ Scope 1 includes emissions from the combustion of natural gas and gasoline fossil fuels, fugitive emissions from septic tanks and refrigerants, and emissions from the semiconductor production process; Scope 2 refers to emissions from purchased electricity.

⁶ The data of the calorific value of fossil fuel within Scope 1 in this report is sourced from GB/T 2589-2020, and the emission factors are sourced from IPCC2006 and IPCC2021; electricity emission factors in Scope 2 are sourced from the "Notice on Key Works on the Report and Management of Greenhouse Gas Emissions of Power Generation Enterprises from 2023 to 2025" (Environment Office Climate Letter [2023] No. 43) issued by the Ministry of Ecology and Environment of the PRC.

Section VII Environmental, Social Responsibilities and Other Corporate Governance Issues

3. Waste and pollutant discharge

✓ Applicable Not Applicable

The Company has issued the Hazardous Waste Management Rules, which stipulates the management requirements for the prevention and control of water pollution, air pollution, environmental noise pollution, solid waste pollution and radioactive pollution, and clarifies the safety management of the Company's hazardous waste, as well as the Company's judgment, storage, transfer and disposal of hazardous waste. All hazardous waste must be entrusted to the unit with hazardous waste business license for disposal to ensure 100% legal and compliant disposal of hazardous waste.

Table: Waste and pollutant emissions

Name of indicator	Indicator Unit	2023
Total air emissions	cubic metre	3,433,954,766.08
Total wastewater discharge	ton	1,287,300
Total recyclable waste	ton	672.15
Total amount of general solid waste	ton	3,646.80
Total hazardous waste	ton	1,666.71

Environmental protection management system of the Company

✓ Applicable Not Applicable

The Company adheres to the concept of "people-oriented, continuous improvement, green environmental protection, health and safety", implements the policy of "safety first, prevention oriented and comprehensive governance", strictly implements green and safe production, and ensures that environmental pollutants meet the emission standards. In order to prevent and control water pollution, air pollution, solid waste pollution and environmental noise pollution, and protect and improve the environment, the Company has prepared the Environmental Protection Management Measures in accordance with the Environmental Protection Law of the People's Republic of China, the Law of the People's Republic of China on the Prevention and Control of Water Pollution, the Law of the People's Republic of China on the Prevention and Control of Atmospheric Pollution, the Law of the People's Republic of China on the Prevention and Control of Environmental Pollution by Solid Waste, the Law of the People's Republic of China on the Prevention and Control of Environmental Noise Pollution, the Law of the People's Republic of China on Environmental Impact Assessment and the Environmental Protection Tax Law of the People's Republic of China, so as to better fulfill its social responsibility and enhance its corporate image and sustainable development.

The Company has established the Management Measures for Environmental Factors and Hazards (Q/TEQ 1601) to effectively identify the environmental factors and hazards in all products, services, activities, personnel and equipment of the Company, and clarify the risk types of hazards the responsibilities of hazard source identification, and the hazard source identification procedures of the Company. In this way, the Company efficiently carries out risk management and control, and provides a basis for the Company to formulate relevant environmental safety management goals and plans.

Section VII Environmental, Social Responsibilities and Other Corporate Governance Issues



(IV) 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.)	Use clean energy for power generation; Formulate carbon emission calculation and management standards for key raw materials, components and suppliers; Carry out carbon inventory and carbon footprint of enterprises
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Description

Applicable Not Applicable

1. Utilizing clean energy. The Company uses the existing semiconductor fourth-tier industrial park resources to develop integrated energy projects. Through the integration of photovoltaic + energy storage + charging pile systems, the project constitutes an intelligent "PV-storage-charging stations" comprehensive electricity supply system. The intelligent "PV-storage-charging stations" comprehensive electricity supply system directly reduces the electricity cost and carbon emissions of the industrial park, and reduces nearly 21,000 tons of carbon dioxide equivalent throughout the life cycle.
2. Improving technologies in relation to energy conservation. By studying the assessment mechanism of product assurance test on departing plant for delivery, the Company optimized the assessment plan of product assurance test on departing plant for delivery based on historical data and on-site and off-site faults to reduce energy consumption in researching product assurance test on departing plant for delivery. The testing process was improved, and the high-power testing equipment achieved 90% energy recovery through the energy feedback device.
3. Carbon emission management. The Company carried out a series of carbon inventory and carbon footprint accounting of typical products, and prepared the Green Urban Rail Implementation Plan, which pointed the direction for the Company's green and low-carbon development.

Section VII Environmental, Social Responsibilities and Other Corporate Governance Issues

(V) New Technologies, Products and Services for Carbon Emission Reduction

✓ Applicable Not Applicable

Development and production of new products. The Company actively responds to the national “dual-carbon” strategy, serves the global transportation and energy industries, and is always committed to developing and producing “intelligent, safe, green and comfortable” high-end equipment, so as to continuously provide sufficient resources for the research and development of new products and new technologies. Technological breakthroughs are made in high-efficiency converter devices, new power devices, energy management, wind power generation, photovoltaic and other fields to help improve the level of energy conservation and carbon reduction. In the field of rail transit, the Wenzhou S2 permanent magnet traction system project was put into operation, which was the first batch of permanent magnet traction system project in domestic urban area. The actual energy saving rate of the line was more than 15%, helping to promote green energy conservation in the field of urban high-speed trains. In the field of new energy power generation, the Company completed the development and application of 320 kW high-power string inverters, and comprehensively improved system efficiency, compatibility, grid friendliness and safety. With higher single-unit power, higher energy density, saving investment costs and subsequent operation and maintenance costs, it has become the core tool for ground power plants to reduce costs and increase efficiency. Completed the development of 8MW air-cooled double-fed converter, with an annual power generation increase of approximately 2%. The Company’s hydrogen production power supply was applied to the first 100 million-ton new energy hydrogen production project in China, helping the project to successfully produce the first “green hydrogen”. In the field of industrial converter, the medium-pressure main drive system of the rolling mill independently developed by the Company was officially put into operation in the 1580 mm hot rolling project of Lianyuan Iron & Steel, which was the first domestic wide-width plate and strip production line in China. The Company adopted PWM four-quadrant rectification control technology and high-performance vector control method to ensure the production capacity and quality of strip steel while significantly reducing the energy consumption cost per ton of steel in production line. For the mining truck drive system, the Company developed key technologies such as efficient control technology and multi-energy flow management for dual-source power, and achieved energy-saving of 150 t multi-source hybrid electric drive system of more than 23% compared with the diesel power system, leading the development of domestic mining truck electric drive system technology towards low-carbon development.

In order to achieve the demonstration goal of “dual carbon” and promote the green and low-carbon transformation of the industrial park, the Company developed a comprehensive energy project in the park, deployed 916 kWp photovoltaic power generation system in the carport, built 0.6MW/1.4MWh distributed liquid cooling, installed four 60 kW AC/DC charging piles and two 60 kW DC/DC charging piles in the carport and parking lot, and built an intelligent energy management platform to coordinate and optimize the control of the system. While realizing clean energy power supply, it also solved the intermittent problem of power supply of photovoltaic power generation systems, improved the utilization rate of clean energy, and at the same time, the application of peak shaving and valley filling can bring benefits to the park, directly reducing the power cost and carbon emissions of the park, and achieving the carbon emission reduction of nearly 21,000 tons of CO₂ in the whole life cycle. In order to effectively manage the Company’s greenhouse gas emission reduction and achieve sustainable development, the Company carried out corporate carbon inventory and product carbon footprint in accordance with ISO14064 and ISO14067 standards, issued third-party authoritative reports, and successively issued various pilot rules and regulations for carbon emission control, so as to provide control and guarantee for the realization of the carbon emission intensity and total carbon emission assessment targets consistent with the dual carbon goals. In 2023, the Company was successfully awarded as a national-level green supply chain enterprise and a green manufacturing system solution provider enterprise in Hunan Province.

Section VII Environmental, Social Responsibilities and Other Corporate Governance Issues



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

Applicable Not Applicable

On 5 June 2023, the World Environment Day, the Company and the Zhuzhou Ecological Environment Bureau jointly carried out an outdoor environmental protection publicity activity with the theme of “construction of a harmonious and symbiotic modernization of mankind and nature”, set up a consultation desk and equipped with professional environmental protection knowledge lecturers to promote ecological and environmental protection knowledge for the public in the past and popularize environmental protection laws and regulations.

III. PERFORMANCE OF SOCIAL RESPONSIBILITIES

(I) Social Contribution of Principal Business and Key Indicators of Industry

The Company adhered to the idea of “team-oriented, individual-supplemented, serving enterprises and radiating to society”. In 2023, taking the 24th “Youth Volunteer Service Day” as an opportunity, the Company organized more than 10 Lei Feng spiritual learning activities, planned and carried out themed practical activities for the operation assistance, caring for education, public welfare and environmental protection of the unit, and carried out more than 20 practical activities in total, with more than 400 people participating in volunteer services.

(II) Forms and Contributions of Charitable Activities

Form	Quantity	Note
Donations		
Including: Cash (RMB0'000)		
Value of goods (RMB0'000)		
Public welfare projects		
Including: Cash (RMB0'000)		
Number of people assisted (persons)		
Rural revitalisation		
Including: Cash (RMB0'000)	22.15	The Company purchased fruits and vegetables of approximately RMB221,500 for the benefit of farmers engaged in planting business in counties (districts) of Zhuzhou City
Value of goods (RMB0'000)		
Number of people assisted for employment (persons)		

Section VII Environmental, Social Responsibilities and Other Corporate Governance Issues

1. Detailed information on engagement in charitable activities

Applicable Not Applicable

In terms of promoting fair education, relying on the “Yuexing” Volunteers Association, the Company continued to operate three major platforms, namely enterprise services, social welfare and educational aid activities, and promoted volunteer services on a regular basis. The Company joined hands with the Yanling County Committee and the “Yupian” Volunteer Federation of Yanling County to carry out educational aid activities in Xianping Village, Longxi Township, Yanling County, so as to promote the Company’s culture and demonstrate its social responsibility.

In terms of caring for the health of community residents, the Company organized and planned more than 4 voluntary blood donations in 2023, with more than 200 people successfully donating blood. The Company was awarded the title of Advanced Unit of Voluntary Blood Donation in Zhuzhou City and the Unit of Voluntary Blood Donation for Learn from Lei Feng, so as to save life with love.

In terms of strengthening environmental protection, Times Electric actively responded to the “carbon peak and neutrality” strategy, and focused on improving the awareness of young employees to save resources and protect the environment. The organizations at all levels actively carried out public welfare and environmental protection activities such as public welfare tree planting, low-carbon travel and waste utilization, and further integrated the concept of green and low-carbon environmental protection into market development, product research and development, production and manufacturing. The Company carried out the public welfare tree planting activity named of “planting greenness and brighten the dual-carbon future”; CRRC Times Semiconductor, a subsidiary of the Company, carried out the greening and maintenance activities named of “adhering to plant greening” in the plant area; Ningbo CRRC Times Sensor Technology Co., Ltd., a subsidiary of the Company, carried out a series of activities to clean the sewage in the plant area and promote environmental awareness.

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

Applicable Not Applicable

Explanation

Applicable Not Applicable

In order to continue to help farmers with fruits and contribute to the sustainable development of the planting business in counties (districts) of Zhuzhou City, the Company purchased fruits and vegetables of approximately RMB221,500 for the benefit of farmers in 2023.

Section VII Environmental, Social Responsibilities and Other Corporate Governance Issues



(III) Protection of the Rights and Interests of Shareholders and Creditors

The Board of the Company is comprised of directors with different industry backgrounds and expertise. The Board has clearly defined duties and the convening procedures of Board meetings comply with the Articles of Association and other relevant laws, regulations and systems. It formulates the Company's development strategy and monitors the implementation of management and finance within the terms of reference as required in the Articles of Association and in accordance with the procedures set out in the Rules of Procedures of the Board, and takes long-term performance and returns as its priority. Six specific committees, namely strategy and ESG committee, audit committee, risk management committee, nomination committee, remuneration committee and technological innovation committee are established under the Board, which has further improved the Company's governance structure, internal control system, and its standardised, steady and sustainable development. During the reporting period, the Company has 4 independent directors, representing a half of the total number of directors. Independent non-executive directors focus on the improvement of corporate governance and major decisions of the Company, express fair and objective advice on major matters and connected transactions of the Company, and employ scientific approaches in the decision-making of the Board so as to safeguard the interests of the Company and minority shareholders. In 2023, a total of 9 Board meetings were held.

The supervisory committee is comprised of 4 supervisors, including 1 independent supervisor, 1 shareholder representative supervisor and 2 employee representative supervisors. The supervisory committee exercises supervision rights independently according to the law and supervises the legitimacy and compliance of the Company's directors and senior management in performing their duties, so as to safeguard the legal rights and interests of shareholders, the Company and its employees. In 2023, a total of 7 meetings of the supervisory committee were held.

The Company disclosed the 2022 Internal Control Evaluation Report to shareholders according to the corporate internal control standard system. It is the responsibility of the Board of Directors of the Company to establish, improve and effectively implement internal control, evaluate its effectiveness and truthfully disclose the internal control evaluation report. The supervisory committee shall oversee the establishment and implementation of internal control by the Board of Directors. The management is responsible for organising and leading the daily operation of the internal control. The goal of the Company's internal control is to reasonably ensure the legitimacy and compliance of business management, asset security, truthfulness and completeness of financial reports and relevant information, improve business efficiency and performance, and promote the realisation of development strategies.

The Company always attaches importance to the protection of the rights and interests of its shareholders and creditors, earnestly fulfils the responsibilities of listed companies, and proactively protects the legitimate rights and interests of shareholders such as their right to return, governance right and right to know.

Section VII Environmental, Social Responsibilities and Other Corporate Governance Issues

(IV) Protection of Employees' Rights and Interests

(I) *Equal and compliant employment*

The Company abides by the Labor Law, the Labor Contract Law, the Law on the Protection of Minors, the Law on the Protection of Women's Rights and Interests, the Provisions on the Prohibition of Using Child Labor and other relevant laws and regulations, and adheres to the principles of gender equality in talent management; Treat employees of different nationalities, skin colors, ages, genders, marital status without discrimination; Prohibit the use of child labor and the recruitment of minors under the age of 16; Forced labor is strictly prohibited and labor must not be forced by means of violence, threats or illegal restrictions on personal safety. In order to ensure that all aspects of the employment process are in compliance with the laws and regulations, we encourage relevant personnel to promptly report any violations to their superiors or the human resources department for investigation and handling.

The Company has established a sound management system and signs the Collective Contract and the Special Collective Contract for the Protection of Female Employees' Rights and Interests, which include provisions on labor protection, occupational health and safety.

The Company has a sound employee recruitment process and strictly reviews the basic information of candidates. If any illegal recruitment behavior is found, it will be rectified immediately. In 2023, the Company did not recruit child labor and minors, and the Company did not have employees with labor contracts under the age of 18.

(II) *Protecting the rights and interests of employees*

The Company implements a working hour system and work rest system with standard working hours of 5 days per week and 8 hours per day, supplemented by other special working hour systems. In addition to the national statutory holidays such as double holidays, statutory holidays, wedding and funeral leave and maternity leave, the Company also implements an annual leave system consistent with the national Regulations on Paid Annual Leave for Employees and the Implementation Measures for Paid Annual Leave for Enterprise Employees.

In accordance with the national laws and regulations such as the Labor Law and the Labor Contract Law, the Company has formulated human resources management systems including the Measures for the Administration of Labor Employment, the Measures for the Administration of Total Wages, the Measures for the Administration of Salary Payment, the Measures for the Administration of Employee Performance, the Measures for the Administration of Employee Overtime, the Measures for the Administration of Employee Attendance, the Measures for the Administration of Retirement and Re-Employment, the Measures for the Administration of Communication of Key Positions, the Measures for the Administration of Competition Restrictions, the Measures for the Administration of Punishment for Violations of Rules and Regulations by Employees, and the Measures for the Administration of Internal Retirement to provide a solid institutional guarantee for the rights and interests of employees.

The Company has set up a smooth communication channel for employees, issues the Administrative Measures for the Construction of Organizational Atmosphere, organizes annual evaluation and employee voices collection, and carries out management improvement accordingly. The Company's Employee Performance Management Measures has an employee appeal process. If the appraised employee has different opinions on the performance appraisal results, it should first be solved through communication with the assessor; If no agreement can be reached, the human resources department may file a complaint in writing to the management within three months after the results of the performance appraisal are announced, and a performance appeal form and relevant explanatory materials shall be submitted when the complaint is filed.

Section VII Environmental, Social Responsibilities and Other Corporate Governance Issues



(III) Improvement of remuneration and benefits

In accordance with the requirements of national and local laws and regulations, the Company provides employees with statutory benefits such as basic pension insurance, basic medical insurance (including medical assistance for serious illness), work-related injury insurance, maternity insurance, unemployment insurance and housing provident fund, and also provides employees with corporate benefits such as enterprise annuity, supplementary medical insurance, meal allowance, health care allowance, physical examination, recuperation, mutual assistance and mutual assistance, and commercial insurance. In addition to the double rest days, statutory holidays, wedding and funeral leave, maternity leave and other leaves, the Company also implements an annual leave system consistent with the national Regulations on Paid Annual Leave for Employees and the Implementation Measures for Paid Annual Leave for Employees of Enterprises, so that employees can work and live happily.

(IV) Attaching importance to talent training

The Company carries out training around empowering talents, industries and customers in a classified and hierarchical model. The Company adheres to the integration of “training, examination and fighting”, and orderly promotes the training in 8 major business areas such as research and development and marketing. During the Reporting Period, the Company carried out more than 10 talent training projects, conducted more than 2,000 internal training and external training, and opened more than 100 internal training courses and lecturer resources development and application, so as to promote the maximization of the value of training and talent resources. In 2021, 2022 and 2023, the average training expenses of the Company’s employees were RMB10 million/year, and the per capita expense was RMB1,300.

The Company continues to strengthen the effective implementation of the construction of lecturers’ class resources, upgrades the lecturers’ class platform, and develops lecturers’ class resources in a layered, classified and hierarchical manner, with lecturers’ classes accounting for 60%. At present, Times Electric has nearly 500 lecturers. In 2023, 55,456 people participated in the training and 7 training sessions were participated in per capita, with a training coverage rate of 92.7%.

For details, please refer to the “2023 Social Responsibility and Environmental, Social and Governance (ESG) Report of Zhuzhou CRRC Times Electric Co., Ltd.” disclosed by the Company on the websites of the SSE and the Stock Exchange on the same day.

Information on employee shareholding

During the reporting period, the Company maintained no employee stock ownership plan.

Section VII Environmental, Social Responsibilities and Other Corporate Governance Issues

(V) Protection of Rights and Interests of Suppliers, Customers and Consumers

Adhering to the R & D concept of “openness and self-improvement, leading innovation”, the Company continuously improved product competitiveness and customer service level, accelerated the intelligent transformation and drove the sustainable development of suppliers, leading the transformation of the industry and moving towards a world-class enterprise in the field of transportation and energy.

Focusing on the brand of “Greenshade Service”, the Company always prioritizes customer satisfaction and provides customers with all-round and multi-dimensional service guarantees. The Company attaches great importance to the quality management of customer services. Under the framework of ISO9000 and ISO/TS22163 quality management system, the Company has introduced IPD management model and CMMI-SVC service capability maturity concept and model, and built and promoted the after-sales service development and delivery management system and lean operation system suitable for industry characteristics. Based on the MRO (Greenshade Service) and OES (product maintenance) platforms, the Company controls and coordinates the resources of service sites/maintenance sites through informationalized and visualized means, and supervises the product technology status monitoring, event warning, problem handling and tracking and other processes, enhancing intelligent control, improving service efficiency and providing data support for real-time and accurate decision-making. The Company promises to respond as soon as customers initiate business demands and solve on-site problems 24 hours a day, so that customers can be assured and satisfied. The Company’s customer service quality management philosophy and systems not only reflect the Company’s attention and respect for customer needs, but also lay a solid foundation for the Company’s sustainable development and the long-term stability of customer relations.

The Company implements the whole life cycle management of suppliers, establishes a standardized supplier management system, and controls each stage of supplier management through process standardization and management methods to ensure the stability and reliability of suppliers. The Company has developed a comprehensive procurement management system and implemented online management through the two core procurement information systems of SAP and SRM to reduce communication costs and improve procurement efficiency. The Company attaches great importance to social responsibility in supplier management. By signing the Supplier Code of Conduct and implementing integrity and self-discipline commitments, the Company ensures that suppliers abide by the code of ethics and laws and regulations in business transactions, promotes credible cooperation, anti-corruption and integrity, and conducts anti-corruption publicity in daily communication with suppliers, so as to improve suppliers’ awareness and attention to integrity and self-discipline, and promote the formation of good business ethics. The Company actively carries out online management training for suppliers to improve their management level and business quality. The Company has established a win-win cooperation model with suppliers, emphasizing the importance of collaborative innovation, quality control and shared value. Through the selection and recognition of excellent suppliers, the Company motivates them to improve their service level and product quality, thereby jointly creating a sustainable, cost-effective and highly reliable brand supply chain. With a series of supplier management measures and cooperation initiatives, the Company promotes the integration of supplier resources and empowers partners to share success and grow together.

Section VII Environmental, Social Responsibilities and Other Corporate Governance Issues

(VI) Product Safety Guarantee

As a large-scale rail transit equipment manufacturing enterprise integrating research and development, production and sales and a core supplier of components for railway locomotive vehicles, the Company's products are widely used in high-speed trains, and the safety and reliability of its products are therefore directly related to the lives and safety of millions of passengers. Product quality equals to safety, and safety is the life assurance of millions of passengers, which is also the golden rule for an enterprise's survival. The Company has always regarded product safety as the core of its product quality work. Based on the technology safety policy of "Complying with railway safety standards to establish product safety concept; Understanding product safety effectiveness to improve safety rules and norms; Producing safe and reliable products to ensure train traffic safety", the Company implements strict control measures on various aspects including marketing, design, procurement, production, delivery and after-sales, and resolutely puts an end to product quality and safety problems. In 2023, the Company continued to carry out quality safety inspection and supervision throughout the year, deeply investigated quality and safety hazards in all areas, fully implemented effective rectification measures, and improved product quality in all links of the whole process of material procurement, design and R & D, product manufacturing, and on-site service and products to ensure the stability of the Company's quality and safety. In order to ensure the orderly development of the Company's quality and safety work, the Company has formulated the Quality and Safety Management Measures of Times Electric, forming a quality and safety atmosphere in which the general manager of the Company takes the lead, each business unit cooperates and all employees participate. The management measures have made clear programmatic requirements in terms of risk and hidden danger identification, hierarchical management, unqualified product management, and emergency management. In 2023, the Company did not violate relevant laws in relation to health and safety for the products and services provided.

(VII) Other Circumstances in Undertaking Social Responsibilities

Applicable Not Applicable

For details, please refer to the 2023 Social Responsibility and Environmental, Social and Governance (ESG) Report of Zhuzhou CRRC Times Electric Co., Ltd. disclosed by the Company on the websites of the SSE and the Stock Exchange on the same date.

IV. OTHER CORPORATE GOVERNANCE ISSUES

(I) Party Building

Applicable Not Applicable

In 2023, the Party Committee of Times Electric set up 1 Party Committee, 21 direct affiliated grassroots Party organizations, 77 Party branches, 111 Party groups, 2,965 Party members, 8,120 trade union members, 724 Communist Youth League members, and 3,457 young people under the age of 35.

In 2023, under the guidance of Xi Jinping Thought on Socialism with Chinese Characteristics for a New Era, Times Electric deeply implemented the spirit of the 20th CPC National Congress, with the theme of "leading breakthroughs", deeply promoted the high-quality Party building project of "rising flags", continued to do a good job in the "golden card" of Party building, focused on strengthening "seven leadership", promoted the improvement of "seven forces", always insisted on promoting the deep integration of Party building and operation, took the difficulties of operation as the focus of Party building work, deeply integrated Party building work into operation, and led high-quality development with high-quality Party building.

Section VII Environmental, Social Responsibilities and Other Corporate Governance Issues

I. Strengthening ideological guidance and promoting political improvement.

In 2023, the Party Committee of Times Electric comprehensively and accurately grasped the general requirements of theme education, combined theme education with the implementation of the spirit of 20th CPC National Congress, combined with the acceleration of the promotion of the work theme year of “stepping into the top”, and always carried out “theoretical learning, investigation and research, promoting development, and reviewing and rectifying”, took learning and implementing the spirit of the latest important speech and important instructions of General Secretary Xi Jinping as the “first issue” of the Party Committee, and deeply understood the spirit of General Secretary Xi Jinping’s important instructions on “core technology being firmly mastered in his own hand” and “ensuring the safety, stability and reliability of the industrial chain and supply chain”, so as to boost the enthusiasm of cadres and employees for entrepreneurship. The Company’s leadership team took the lead in carrying out high-density discussions on the implementation of national strategies such as building a strong transportation country and scientific and technological innovation, and carried out special learning and discussions around the planning objectives of moving into the head, the development of the passenger car electric drive industry, and the maintenance and repair situation of locomotives. Combining theoretical learning with grass-roots research, the Company conducted 61 grass-roots research in 41 departments (units), and produced a total of 27 research reports, focusing on solving practical problems at the grass-roots level, and promoting theme education to go deeper, more practical, and more heartfelt.

II. Strengthening organizational leadership and promoting the improvement of combat effectiveness.

In 2023, the Party Committee of Times Electric deepened the implementation of the regulations on grassroots organizations of state-owned enterprises, insisted on focusing on the grassroots, strengthening the basis and consolidating the foundation, firmly grasped the clear orientation of strengthening the basis and consolidating the foundation, and continuously enhanced the organizational and political functions and organizational functions. Vigorously strengthening the “Three-Foundation Construction”. the Company focused on the needs of the Company’s rapid development and the characteristics of the Party member team, in accordance with the “four synchronizations” and “four docking” to make sure that the organizational setting was fully built, and the election was carried out as scheduled, the Party affairs cadres were fully equipped, and the Party building system was fully implemented. The Company organized and signed the responsibility letters of Party building and Party conduct and clean governance at all levels to provide system support for the implementation of responsibilities. Focusing on the standardized implementation of the “Three Importance and One Greatness” decision-making requirements, the Bank carried out Party building assistance groups and practical training sessions, and organized 12 functional departments to check the “Three Importance and One Greatness” decision-making system and decision-making list of 34 resource centers and subsidiaries. to standardize the implementation of the system. The Company carried out the five-in-one Party building assessment of “Party building interview + quarterly supervision of daily work + semi-annual benchmarking of key projects + annual review of characteristic work + work report of Party branch secretaries”, directly linked the assessment results with the annual performance of each business unit, and further consolidated the responsibility of Party building.

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III. Strengthening integration and leadership to promote the improvement of guarantee force.

In 2023, the Party Committee of Times Electric firmly established the awareness that “Party building is the biggest political performance”, promoted the deep integration of Party building work and production and operation, and continued to consolidate the construction of “golden card” of Party building. The Company continued to implement the “1 + N” party brand building of CRRZ ZELRI. We deepened the joint construction of schools-enterprises, enterprises-enterprises, enterprises-governments, and enterprises-schools, and carried out a total of 42 joint construction activities of Party building with 36 schools and enterprises throughout the year to continuously broaden the “red circle of friends”. The Company continued to implement the “1 + N” party brand building of CRRZ ZELRI, continued to build non-rail industry brand promotion projects, the “flag” leadership drive, industrial promotion projects, the “red core tackling, worry-solving and heart-warming” action projects and other party building projects, deeply integrated production and operation with party building, and promoted “operation power” with “party building power”. The Company further promoted the high-quality Party building project of “Flying Flag”, and operated six stations, namely “penetration energy station, citizens’ relations station, Party members’ education promotion station, branch quality improvement station, Party members’ power construction station and branch tackling station”, to build a platform for in-depth integration and sharing of Party building and operation.

IV. Strengthening talent leadership and promoting leadership improvement.

In 2023, the Party Committee of Times Electric always adhered to the management of talents by the Party, and took the strategy of strengthening the enterprise with talents as the decisive factor for high-quality development. The Company scientifically prepared the “14th Five-Year” talent development plan, improved the system of talent selection and employment, promoted the implementation of the “selection, education, management and exit” mechanism for cadres, vigorously selected loyal, clean and responsible high-quality cadres, and increased the cultivation and use of young cadres. The proportion of middle-level cadres of the generation after 80s increased from 25.3% to 35.4%, and the withdrawal proportion of two-level cadres reached 1%. The Company continued to explore the market-oriented selection and appointment, team building and market-oriented benchmarking salary payment mechanism, ensured the supply of talents in the new industry, and stimulated the hard work and pride of the cadres and groups who dare to take responsibility for entrepreneurship and move forward in a more difficult way. Continuously deepened talent reform and stimulated the vitality of excellent employees. The Company set the individual differentiated compensation incentives, with a difference of 5.8 times between the growth rate of per capita salary of A performance and D performance employees of headquarters in 2022.

V. Strengthening work style guidance and promoting the improvement of execution.

In 2023, the Party Committee of Times Electric always adhered to the construction of a “multi-in-one” supervision system, integrated the promotion of the “three non-corruptions” system and mechanism, deepened the comprehensive and strict governance of the Party, and continued to create a clean and positive development environment. We further promoted the construction of a “big supervision” working mechanism, deeply explored the practice of “digital supervision”, carried out special supervision projects such as bidding and procurement management, selection and appointment of middle-level management personnel, and travel expenses, and built a “multi-in-one” big supervision system. The Company carried out high-level inspections and inspections, carried out internal inspections of four units, including Lijian, Semiconductor, ZNERCC and Shanghai Aisendi. The SASAC reviewed the inspections and rectifications for three years, promoted the consolidation of rectification results and the establishment of a long-term mechanism, ensured the inspection results, and created a good atmosphere of integrity and entrepreneurship. We deeply promoted the construction of the “four-dimensional integration” integrity culture education system, continued to carry out the brand activity of the integrity culture week, deepened the “discipline inspection cadres teaching discipline” to send lessons to the grass-roots level, and the education of Party conduct and integrity was deeply rooted in the hearts of the people.

Section VII Environmental, Social Responsibilities and Other Corporate Governance Issues



VI. Strengthening thermal guidance and promoting the improvement of influence.

In 2023, the Party Committee of Times Electric focused on the two major areas of “transportation and energy” and actively carried out news publicity and communication to empower the development of enterprises. The Company published a total of nearly 10 central level media reports, more than 30 provincial and ministerial level media reports, and more than 50 municipal and industry level media reports during the year, including heavy-loaded fully automatic driving technology and core devices on the list of CCTV topics; The Company cooperated with the financial columns of the SSE and CCTV to demonstrate the Company’s brand image of “manufacturing power” and “science and technology power”. The Company operated the corporate official account of “CRRC Times Electric”, “Flying Flag” self-media official account for Party building and the video account of “Youth CRRC”, and built a diversified convergence media matrix through rich carriers such as news distribution, science education, short videos, long pictures and Tik Tok. Throughout the year, the Company completed 29 exhibitions, 28 industry exchanges, and 10 overseas exhibitions and 5 base openings to help enterprises expand their business. In 2023, Times Electric was listed in the “2023 Top 500 Chinese Brands” for the first time. The cultural story “The Other Side of Mountain” was awarded 100 excellent story films by the SASAC.

VII. Strengthening the guidance of efficiency creation and promoting the improvement of cohesion.

In 2023, the Party Committee of Times Electric consolidated the leadership of Party building and team building to promote construction, gave full play to the role of a new force and a commando team, and coordinated and improved the efficiency of group organizations. The Company built the “five service platforms” of workplace heart academy, happiness heart classroom, branch heart-to-heart position, energy-heart hotline and special heart-to-heart service, and organized 20 psychological counseling salons throughout the year to care for the physical and mental health of employees. The Company carried out the practical activity of “I do practical things for the public” with love and strength, carried out in-depth “sending three concerns in six areas”, carried out a series of work such as condolences during the summer flood season, condolences to front-line employees after production and sales in summer, and financial autumn student assistance, and transformed sports venues such as basketball and balloons to create a warm and comfortable working and living space. The Company carried out youth building activities such as “quality and efficiency enhancement to enter the top” youth building competition, research and development design modeling competition, youth market development skills competition, and lean research and development competition, and united and led the majority of youth league members to actively devote themselves to quality and efficiency improvement. The Company regularly promoted volunteer services, including a series of activities such as free medical consultations, tree planting and voluntary blood donation, to practice social responsibility. In 2023, the Company won the titles of “Labor Medal” at all levels, “Model Worker’s Home”, “Youth Civilization” and “May 4th Red Flag Primary Group Organization”.

Section VII Environmental, Social Responsibilities and Other Corporate Governance Issues



(II) Investor Relations and Protection

Type	Times	Relevant information
Performance briefing	3	<p>The 2022 annual results briefing was held on 31 March 2023.</p> <p>On 7 September 2023, the semi-annual performance briefing of the high-end equipment industry on the Science and Technology Innovation Board was held.</p> <p>On 29 November 2023, the Company held the Third Quarterly Results Briefing.</p>
Developing investor relations management activities leveraging new media	3	<p>On 18 August 2023, the Company participated in the special investor relations activity of “Value and Investment – High-End Equipment, with Intelligent Innovation” organized by the SSE for shareholders to visit listed companies, promote market value recognition, reasonably guide expectations, and show the main line of value of central enterprises in multiple dimensions.</p> <p>On 2 November 2023, the Company participated in the activity of “Promoting the Standardized Operation of Listed Companies and Protecting Small and Medium Investors – 2023 Online Collective Reception Day for Investors of Listed Companies in Hunan” jointly organized by Hunan Branch of China Securities Regulatory Commission, Hunan Association for Public Companies and Shenzhen Panorama Network Co., Ltd.</p> <p>The Company participated in activities of “I am a Shareholder” organized by SSE for investors entering the listed company. On 21 November 2023, Xi Niu Academy, the investor education base of Southwest Securities, organized more than 10 small and medium-sized investors to visit the Company for research. The financial team of CCTV also participated in the whole process of recording a special program “Research Together”, which built a bridge for communication between the listed company and investors and guided investors to exercise shareholders’ rights.</p> <p>The Company has an official WeChat account, which is committed to giving timely feedback to investors and the market on the Company’s recent important conditions and conveying the Company’s core intrinsic value. After the release of annual results, quarterly results and interim results, the Company has timely launched a chart for reading and understanding to help investors better interpret the Company’s operating conditions.</p>
Setting up investor relations column in official website	<input checked="" type="checkbox"/> Yes <input type="checkbox"/> No	www.tec.crczic.com

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Detailed information on investor relations management and protection

✓ Applicable Not Applicable

In 2023, the Company communicated with investors and analysts via performance briefings, conference calls, roadshows, reverse roadshows, shareholders' general meetings and other channels, to expand the Company's influence in the capital market.

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

On 24 and 25 May 2023, the Company, CRRC and Times New Material jointly held the reverse roadshow of "Focusing on New Energy Insight and Core Opportunities". The purpose of this activity was to strengthen the communication between the Company and investors, enhance investors' understanding of the listed company and the industry, enhance the market recognition and value realization of the listed company, and improve the quality of the listed company.

The Company designated special personnel to answer phone calls and receive e-mails from investors, and record and answer their questions patiently.

Explanation of other channels to communicate with investors

✓ Applicable Not Applicable

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

(III) Transparency of Information Disclosure

✓ Applicable Not Applicable

The Company strictly complies with the regulatory requirements of laws, regulations and normative documents such as the Company Law, the Securities Law, the SSE STAR Market Listing Rules and the SEHK Listing Rules in fulfilling its obligation of information disclosure, so as to ensure the truthfulness, accuracy, completeness, timeliness and fairness of information disclosure, guarantee all shareholders have equal opportunities to obtain information and safeguard the interests of all shareholders, especially the interests of minority shareholders. On the basis of ensuring "zero error" in information disclosure, the Company led the team to carefully polish and strive to make public information disclosure in a more intuitive and easy-to-understand language and more forms, so that investors can better understand the Company's operation and investment value. In 2023, the Science and Technology Innovation Board launched the information disclosure rating, and the Company was awarded the highest rating – "A". While publishing regular reports, the Company also released a long picture of regular reports through official WeChat and other channels that combines pictures and texts with refined key points to help investors understand the Company's performance and development in a simple and easy-to-understand form. Besides, the Company has also established dedicated departments, positions and specific mailbox to enhance communication and exchange with its investors. The Company strictly fulfils the confidentiality obligations in information disclosure and there was no significant prior divulgence or misstatement of information in 2023.

(IV) Protection of Intellectual Property Rights and Information Security

✓ Applicable Not Applicable

Section VII Environmental, Social Responsibilities and Other Corporate Governance Issues



The Company strictly abides by the Patent Law of the People's Republic of China, the Tort Liability Law of the People's Republic of China, the Enterprise Intellectual Property Management Standards and other relevant laws and regulations, formulates and continuously improves a series of management systems and guidance documents for intellectual property protection such as the Intellectual Property Management Measures, aiming to prevent the loss of intangible assets of intellectual property, protect intellectual property rights and interests, encourage employees to invent and create, give full play to the positive role of intellectual property in promoting innovation and protecting the market, strictly control the necessity and rationality of intellectual property applications, and further standardize the Company's intellectual property management.

In 2023, the Company revised and implemented the Intellectual Property Management Measures, which stipulates that the technical management department is mainly responsible for the creation, protection, application and management of the Company's intellectual property; The Audit and Risk Control Department, the Securities and Legal Department, the Finance Center, the Human Resources Department and each business unit are responsible for the Company's intellectual property transactions, asset disposal, asset evaluation, talent introduction and assessment. The Measures for the Administration of Intellectual Property Rights also stipulates the specific contents and deployment requirements for the ownership, creation, protection, application, management, reward and assessment of the Company's intellectual property rights. In 2023, the Company applied for a total of 449 patents (including foreign-related patents).

The Company thoroughly implemented General Secretary Xi Jinping's important expositions on maintaining network security, earnestly implemented the requirements of laws and regulations such as the Network Security Law, the Data Security Law and the Personal Information Protection Law, and issued the Administrative Measures for Information Security Work to clarify and implement the network security responsibilities of the Company and its subsidiaries. The Company actively organized and arranged employees to participate in network security capability training, carried out network security attack and defense drills, and focused on strengthening and improving the network security awareness and professional technical ability of all employees, providing technical guarantee and talent reserve for the stable operation and maintenance of enterprise network security and informatization, which effectively improved the overall network security of the Company. The Company actively carried out the filing of graded protection and grading, and continued to consolidate the achievements of the original graded filing. Refined network security strategy and network full-traffic security monitoring, and normalized network security operation and capability evaluation. Implemented supply chain security control measures and improved security risk prevention capabilities. We strengthened the special working mechanism for information notification, improved ideological understanding, maintained appropriate vigilance, strengthened on-duty duty, ensured smooth communication, and ensured emergency response.

(V) Institutional Investors' Participation in Corporate Governance

Applicable Not Applicable

The Company attaches importance to establishing long-term, stable and sound relationships with institutional investors, and encourages them to participate in corporate governance through votes at shareholders' general meetings, among others. During the reporting period, the Company held 3 shareholders' general meetings, of which institutional investors participated in the voting in all two meetings except the 2023 first H-share class meeting. In addition, the Company continued to improve the channels for institutional investors to participate in corporate governance, and helped institutional investors to thoroughly understand the Company's business and corporate value through strategy seminars, telephone conferences and site surveys.

(VI) Other Corporate Governance Issues

Applicable Not applicable

Section VIII Significant Events



I. THE PERFORMANCE OF UNDERTAKINGS

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

✓ Applicable Not applicable

Background of undertakings	Category of undertakings	Party providing undertakings	Contents of undertakings	Time of undertakings	Is there a term for performance	Whether or not timely and strictly performed	If the undertaking fails to be performed timely, please explain the specific reasons for the failure	If the undertaking fails to be performed timely, please state the plan in the next step
Undertakings associated with the initial public offering	Restricted shares	CRC Group	CRC 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.	28 December 2020	Yes	Yes	-	-
					within 36 months from the date of the listing of Times Electric's A Shares			

Section VIII

Significant Events



Background of undertakings	Category of undertakings	Party providing undertakings	Contents of undertakings	Time of undertakings	Is there a term for performance	Term	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	<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>	28 December 2020	Yes	within 36 months from the date of the listing of Times Electric's A Shares	Yes	-	-

Section VIII Significant Events



Background of undertakings	Category of undertakings	Party providing undertakings	Contents of undertakings	Time of undertakings	Is there a term for performance	Term	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	CRC ZELRI, CRRC Zhuzhou, CRRC Investment & Leasing	<p>CRC ZELRI, CRRC Zhuzhou and CRRC 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>	28 December 2020	Yes	long-term effective	Yes	-	-

Section VIII

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Background of undertakings	Category of undertakings	Party providing undertakings	Contents of undertakings	Time of undertakings	Is there a term for performance	Term	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, CRRZ ZELRI and the Company's Directors (excluding independent non-executive Directors) and senior management	<p>The Company, CRRZ 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 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 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>	28 December 2020	Yes	long-term effective	Yes	-	-

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Background of undertakings	Category of undertakings	Party providing undertakings	Contents of undertakings	Time of undertakings	Is there a term for performance	Whether or not timely and strictly performed	If the undertaking fails to be performed timely, please explain the specific reasons for the failure	If the undertaking fails to be performed timely, please state the plan in the next step
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II. Specific Measures of the Share Price Stabilisation Plan

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

1. Share Price Stabilisation Measures by the Controlling Shareholders of the Company

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

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			<p>2. Share Price Stabilisation Measures by the Company</p> <p>(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.</p> <p>(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.</p>					

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			<p>3. Share Price Stabilisation Measures by the Directors and Senior Management of the Company</p> <p>(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.</p> <p>(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.</p>					

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



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III. Relevant Restraint Measures

- 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.
- 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.
- Restraint Measures for Violation of the Undertakings by the Directors and Senior Management of the Company**

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



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			<p>(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.</p> <p>(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).</p> <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 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.</p>					
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Background of undertakings	Category of undertakings	Party providing undertakings	Contents of undertakings	Time of undertakings	Is there a term for performance	Term	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 ZELRI	<p>CRC ZELRI 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>	28 December 2020	Yes	long-term effective	Yes	-	-

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Background of undertakings	Category of undertakings	Party providing undertakings	Contents of undertakings	Time of undertakings	Is there a term for performance	Term	Whether or not timely and strictly performed	If the undertaking fails to be performed timely, please explain the specific reasons for the failure	If the undertaking fails to be performed timely, please state the plan in the next step
Others		The Company	<p>The Company has given the following undertakings in respect of no-fraud in the issuance and listing.</p> <ol style="list-style-type: none"> 1. The Company guarantees that there is no fraud in the issuance. 2. In the event that the Company does not meet the issuance and listing conditions, seeks approval on an originally unqualified IPO application and has completed issuance and listing, the Company shall initiate the share repurchase procedure within 5 business days after confirmation by the China Securities Regulatory Commission and other competent departments to repurchase all the new shares under the public offering of the Company. 	28 December 2020	Yes	long-term effective	Yes	-	-
Others		CRRC ZELRI	<p>CRRC ZELRI has given the following undertakings in respect of no-fraud in the issuance and listing.</p> <ol style="list-style-type: none"> 1. The company guarantees that there is no fraud in the issuance of Times Electric. 2. In the event that Times Electric does not meet the issuance and listing conditions, seeks approval on an originally unqualified IPO application and has completed issuance and listing, the company shall initiate the share repurchase procedure within 5 business days after confirmation by the China Securities Regulatory Commission and other competent departments to repurchase all the new shares under the public offering of Times Electric. 	28 December 2020	Yes	long-term effective	Yes	-	-
Others		CRRC Group	<p>CRRC Group has given the following undertakings in respect of no-fraud in the issuance and listing.</p> <ol style="list-style-type: none"> 1. The group guarantees that there is no fraud in the issuance of Times Electric. 2. In the event that Times Electric does not meet the issuance and listing conditions, seeks approval on an originally unqualified IPO application and has completed issuance and listing, the group shall initiate the share repurchase procedure within 5 business days after confirmation by the China Securities Regulatory Commission and other competent departments to repurchase all the new shares under the public offering of Times Electric. 	28 December 2020	Yes	long-term effective	Yes	-	-

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	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.	28 December 2020	Yes	long-term effective	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: <ol style="list-style-type: none"> 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. 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. 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 other shareholders of Times Electric, the company is willing to be liable for corresponding compensation liabilities according to law. 	28 December 2020	Yes	long-term effective	Yes	-	-

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Background of undertakings	Category of undertakings	Party providing undertakings	Contents of undertakings	Time of undertakings	Is there a term for performance	Term	Whether or not timely and strictly performed	If the undertaking fails to be performed timely, please explain the specific reasons for the failure	If the undertaking fails to be performed timely, please state the plan in the next step
Others		CRRC Group	<p>CRRC Group has given the following undertakings on the remedial measures for dilution of immediate returns in respect of the Issue and Listing:</p> <ol style="list-style-type: none"> 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 (《關於首次發行再融資、重大資產重組籌備期間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. 	28 December 2020	Yes	long-term effective	Yes	-	-

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	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>	28 December 2020	Yes	long-term effective	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. 	28 December 2020	Yes	long-term effective	Yes	-	-

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Others		CRRC ZELRI	<p>CRRC 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 CRRC 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. 	28 December 2020	Yes	long-term effective	Yes	-	-
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Background of undertakings	Category of undertakings	Party providing undertakings	Contents of undertakings	Time of undertakings	Is there a term for performance	Term	Whether or not timely and strictly performed	If the undertaking fails to be performed timely, please explain the specific reasons for the failure	If the undertaking fails to be performed timely, please state the plan in the next step
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Others	CRRC Group	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. 	28 December 2020	Yes	long-term effective	Yes	-	-
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Background of undertakings	Category of undertakings	Party providing undertakings	Contents of undertakings	Time 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	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. 	28 December 2020	Yes	Yes	-	-
								long-term effective

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Background of undertakings	Category of undertakings	Party providing undertakings	Contents of undertakings	Time of undertakings	Is there a term for performance	Term	Whether or not timely and strictly performed	If the undertaking fails to be performed timely, please explain the specific reasons for the failure	If the undertaking fails to be performed timely, please state the plan in the next step
Others		The Company	<p>The Company 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. 	28 December 2020	Yes	long-term effective	Yes	-	-

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Background of undertakings	Category of undertakings	Party providing undertakings	Contents of undertakings	Time 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. 	28 December 2020	Yes	Yes	-	-

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Background of undertakings	Category of undertakings	Party providing undertakings	Contents of undertakings	Time of undertakings	Is there a term for performance	Term	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 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. 	28 December 2020	Yes	long-term effective	Yes	-	-

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Background of undertakings	Category of undertakings	Party providing undertakings	Contents of undertakings	Time 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. 	28 December 2020	Yes	Yes	-	-
								long-term effective

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Background of undertakings	Category of undertakings	Party providing undertakings	Contents of undertakings	Time of undertakings	Is there a term for performance	Term	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 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. 	28 December 2020	Yes	long-term effective	Yes	-	-



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Background of undertakings	Category of undertakings	Party providing undertakings	Contents of undertakings	Time of undertakings	Is there a term for performance	Term	Whether or not timely and strictly performed	If the undertaking fails to be performed timely, please explain the specific reasons for the failure	If the undertaking fails to be performed timely, please state the plan in the next step
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Others		CRRC Group	CRRC Group has given the following undertakings in respect of avoiding appropriation of funds: <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. 	28 December 2020	Yes	long-term effective	Yes	-	-
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Background of undertakings	Category of undertakings	Party providing undertakings	Contents of undertakings	Time of undertakings	Is there a term for performance	Term	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	CRRC ZELRI	<p>CRRC ZELRI 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. 	28 December 2020	Yes	long-term effective	Yes	-	-

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Background of undertakings	Category of undertakings	Party providing undertakings	Contents of undertakings	Time of undertakings	Is there a term for performance	Term	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	CRRC Group	<p>CRRC 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. 	28 December 2020	Yes	long-term effective	Yes	-	-

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Background of undertakings	Category of undertakings	Party providing undertakings	Contents of undertakings	Time of undertakings	Is there a term for performance	Term	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	CRRG Group	<p>CRRG 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>	20 December 2020	Yes	the letter of undertakings takes effect from the date of issuance, and will continue to be effective during the period when CRRG 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.	Yes	-	-



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Background of undertakings	Category of undertakings	Party providing undertakings	Contents of undertakings	Time of undertakings	Is there a term for performance	Term	Whether or not timely and strictly performed	If the undertaking fails to be performed timely, please explain the specific reasons for the failure	If the undertaking fails to be performed timely, please state the plan in the next step
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3. 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.
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.
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.
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.

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Background of undertakings	Category of undertakings	Party providing undertakings	Contents of undertakings	Time of undertakings	Is there a term for performance	Term	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	CRRC ZELRI	CRRC ZELRI has given the undertakings in respect of non-competition, details of which are as follows: 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. 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.	20 December 2020	Yes	the letter of undertakings takes effect from the date of issuance, and will continue to be effective during the period when CRRC ZELRI 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	-	-

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Background of undertakings	Category of undertakings	Party providing undertakings	Contents of undertakings	Time of undertakings	Is there a term for performance	Term	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>	5 August 2015	Yes		Yes		
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 de-listed or CRRC ceases to be an indirect controlling shareholder of the Company.</p>	from the date of issuance of the letter of undertaking to the time when the Company is de-listed or CRRC ceases to be an indirect controlling shareholder of the Company	Yes				

Note 1: Both the "Group" and the "Company" stated in the undertakings contained in this section represent the party/parties giving the undertakings.

2: Based on the confidence in the future development prospects of Times Electric and the high recognition of the value of the Company, in order to further promote the sustainable and stable development of Times Electric and safeguard the interests of investors, CRRC ZELRI undertakes to voluntarily extend the lock-up period of 589,585,699 shares acquired before the initial public offering and listing of Times Electric held by it, and voluntarily extend the lock-up period for 12 months from the date of expiration of the lock-up period on 7 September 2024 to 6 September 2025. For details, please refer to the "Announcement of Zhuzhou CRRC Times Electric Co., Ltd. on Voluntary Extension of Lock-up Period of Shares by Controlling Shareholders" (Announcement No.: 2023-044) disclosed by the Company on the website of the SSE on 18 October 2023.

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

Reached Not reached Not applicable

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

Applicable Not applicable

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

Applicable Not applicable

III. ILLEGAL GUARANTEES

Applicable Not applicable

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

Applicable Not applicable

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

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

Applicable Not applicable

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

Applicable Not applicable



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(3) Communications with former accounting firm

Applicable Not applicable

(4) Approval procedures and other explanations

Applicable Not applicable

VI. APPOINTMENT, DISMISSAL OR CHANGE IN EMPLOYMENT OF AUDITORS

Unit: Yuan Currency: RMB

Current auditors

Name of domestic Certified Public Accountants	KPMG Huazhen LLP
Total remuneration of domestic Certified Public Accountants	4,900,000.00
Audit term of domestic Certified Public Accountants	2 years
Name of the certified public accountant of domestic Certified Public Accountants	Lin Ying, Lei Jiang
Cumulative years of audit services provided by the certified public accountant of domestic Certified Public Accountants	2 years
Name of overseas Certified Public Accountants	/
Total remuneration of overseas Certified Public Accountants	/
Audit term of overseas Certified Public Accountants	/
Name of the certified public accountant of overseas Certified Public Accountants	/
Auditor term of the certified public accountant of overseas Certified Public Accountants	/

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	Name	Remuneration
Internal control audit Certified Public Accountants	KPMG Huazhen LLP	600,000.00
Financial advisor	/	/
Sponsor	China International Capital Corporation Limited	/

Explanation on the appointment and dismissal of auditors

Applicable Not applicable

At the 2022 annual general meeting of the Company held on 27 June 2023, the Resolution on Engagement of Auditor for the Company in 2023 was considered and approved, pursuant to which KPMG Huazhen LLP was engaged as the Company's financial reporting auditor and internal control auditor in 2023.

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

Applicable Not applicable

Explanation on the decrease in the audit fees by more than 20% (including 20%) as compared with the previous year

Applicable Not applicable

VII. RISK OF DELISTING

(1) Reasons leading to the risk warning of delisting

Applicable Not applicable

(2) The response measures intended to be taken

Applicable Not applicable

(3) The situation and reasons for facing delisting

Applicable Not applicable



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VIII. MATTERS RELEVANT TO WINDING UP AND SCHEME OF ARRANGEMENT

Applicable Not applicable

IX. MATERIAL LITIGATION AND ARBITRATION MATTERS

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

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

Applicable Not applicable

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

Applicable Not applicable

XII. CONNECTED TRANSACTIONS AND MATERIAL RELATED PARTY TRANSACTIONS

(I) Non-exempt continuing connected transactions (disclosure pursuant to the SEHK Listing Rules)

Set out below are the non-exempted continuing connected transactions of the Group which are therefore subject to the reporting, announcement, annual review and/or independent shareholders' approval (if required) requirements under the SEHK Listing Rules.

Property Leasing Framework Agreement with CRRC

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

As at the date of the agreement, CRRC is an indirect controlling shareholder of the Company, and is therefore a connected person of the Company under the Hong Kong Listing Rules. Accordingly, the transactions contemplated under the 2018-2027 Property Leasing Framework Agreement constitute continuing connected transactions of the Company under the Hong Kong Listing Rules.

For the year ended 31 December 2023, under the 2018-2027 Property Leasing Framework Agreement, the rental and other expenses paid by CRRC Corporation Group to the Group were RMB9.5 million, and the rental and other expenses paid by the Group to CRRC Corporation Group were RMB25.9 million (and the balance of right-of-use assets recognised pursuant to Accounting Standards for Business Enterprises No. 21 - Lease was RMB5.49 million), neither of which exceeded the aggregate annual caps stipulated for the financial year ended 31 December 2023 under the 2018-2027 Property Leasing Framework Agreement.

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

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Mutual Supply Agreement with CRRC Group

On 29 March 2022, the Company entered into the 2023-2025 Products and Ancillary Services Mutual Supply Agreement (the “2023-2025 CRRC Group Mutual Supply Agreement”) with CRRC Group (together with its subsidiaries and each of their respective associates but excluding the Group, the “CRRC Group of Companies”), pursuant to which, the Company agreed to supply and procure its subsidiaries to supply to the CRRC Group of Companies certain products, parts and components, technical services, after-sales services, management services and other related services, and related facilities for research and development, production and testing purposes; and CRRC Group agreed to supply and procure its subsidiaries and their respective associates (but excluding the Group) to supply to the Group certain products, parts and components, technical services, after-sales services, management services and other related services, and related facilities for research and development, production and testing purposes. The agreement shall be valid for a term of three years commencing from 1 January 2023 and ending on 31 December 2025.

As at the date of the agreement, CRRC Group is an indirect controlling shareholder of the Company, and is therefore a connected person of the Company under the Hong Kong Listing Rules. Accordingly, the transactions contemplated under the 2023-2025 CRRC Group Mutual Supply Agreement constitute continuing connected transactions of the Company under the Hong Kong Listing Rules. Approvals from the independent shareholders have been obtained by the Company at the annual general meeting held on 17 June 2022.

For the year ended 31 December 2023, under the 2023-2025 CRRC Group Mutual Supply Agreement, amount payable by the Group to CRRC Group of Companies for products and/or services provided by CRRC Group of Companies was RMB1,483.1 million, and the amount payable by CRRC Group of Companies to the Group for products and/or services provided by the Group was RMB7,379.7 million, neither of which exceeded the aggregate annual caps for the financial year ended 31 December 2023 as approved by the independent shareholders at the annual general meeting of the Company held on 17 June 2022.

For details, please refer to the announcement of the Company dated 29 March 2022, the circular dated 17 May 2022 and the announcement dated 17 June 2022.

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

On 28 December 2022, the Company entered into the 2023-2025 Products and Ancillary Services Mutual Supply Agreement (“2023-2025 Qingdao Electric Mutual Supply Agreement”) with Qingdao CRRC Electric Equipment Co., Ltd. (“Qingdao Electric Company”, together with its subsidiaries and each of their respective associates, the “Qingdao Electric Group”), pursuant to which, the Company agreed to supply and procure its subsidiaries (excluding the Qingdao Electric Group) to supply to the Qingdao Electric Group certain products (including electrical systems and electrical components), parts and components, technical services, after-sale services, management services and other related services, and related facilities for research and development, production and testing purposes; and Qingdao Electric Company agreed to supply and procure its subsidiaries and their respective associates to supply to the Group certain products, parts and components, technical services, after-sale services, management services and other related services, and related facilities for research and development, production and testing purposes. The agreement shall be valid for a term of three years commencing from 1 January 2023 and ending on 31 December 2025.

As at the date of the agreement, CRRC ZELRI is a controlling shareholder of the Company. CRRC directly holds the entire equity interest in CRRC ZELRI and 97.81% equity interest in CRRC Qingdao Sifang Locomotive & Rolling Stock Co., Ltd. (“CRRC Sifang”). CRRC Sifang is thus an associate of CRRC ZELRI and a connected person of the Company under the Hong Kong Listing Rules. Accordingly, Qingdao Electric Company is a connected subsidiary of the Company and the transactions contemplated under the 2023-2025 Qingdao Electric Mutual Supply Agreement constitute continuing connected transactions of the Company under the Hong Kong Listing Rules.



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For the year ended 31 December 2023, under the 2023-2025 Qingdao Electric Mutual Supply Agreement, amount payable by the Group to Qingdao Electric Group for products and/or services provided by Qingdao Electric Group was RMB1.9 million, and the amount payable by Qingdao Electric Group to the Group for products and/or services provided by the Group was RMB26.6 million, neither of which exceeded the aggregate annual caps stipulated for the financial year ended 31 December 2023 under the 2023-2025 Qingdao Electric Mutual Supply Agreement.

For details, please refer to the announcements of the Company dated 28 December 2022 and 30 March 2023.

Pursuant to the aforesaid announcement, although the transaction cap for the year ended 31 December 2023 deviates significantly from the historical transaction amounts for the nine months ended 30 September 2022, while determining the annual caps for the three years ending 31 December 2025, the Board, in addition to the historical transaction amounts, also considered such factors and assumptions as set out in the aforesaid announcement, and other recent reasons, and the Board thus considered that the annual transaction caps under the 2023-2025 Qingdao Electric Mutual Supply Agreement for the three years ending 31 December 2025 are fair and reasonable.

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

On 30 September 2020, the Company entered into the 2021-2023 Financial Services Framework Agreements (“2021-2023 CRRC Hongkong Capital Financial Services Framework Agreements”) with CRRC Hongkong Capital Management Co., Limited (“CRRC Hongkong Capital”), pursuant to which, CRRC Hongkong Capital agreed to provide the Group with loan services and other financial services subject to the terms and conditions provided therein. The agreement shall be valid for a term of three years commencing from 1 January 2021 and ended on 31 December 2023.

As at the date of the agreements, CRRC Hongkong Capital is a wholly-owned subsidiary of CRRC, and is hence a connected person of the Company under the Hong Kong Listing Rules. Accordingly, the transactions contemplated under the 2021-2023 CRRC Hongkong Capital Financial Services Framework Agreements constitute continuing connected transactions of the Company under the Hong Kong Listing Rules.

For the year ended 31 December 2023, under the 2021-2023 CRRC Hongkong Capital Financial Services Framework Agreements, the daily maximum loan balance available to the Group from CRRC Hongkong Capital was RMB87.76 million (including interests), which did not exceed the daily maximum amount of the continuing connected transactions for the corresponding period stipulated under the 2021-2023 CRRC Hongkong Capital Financial Services Framework Agreements. For the year ended 31 December 2023, the Group did not accept other financial services that may be provided by CRRC Hongkong Capital under the 2021-2023 CRRC Hongkong Capital Financial Services Framework Agreements.

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

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

On 23 December 2021, the Company entered into the 2022-2024 Products and Ancillary Services Mutual Supply Agreement (the “2022-2024 Taiyuan CRRC Times Mutual Supply Agreement”) with Taiyuan CRRC Times Rail Engineering Machinery Co., Ltd. (“Taiyuan CRRC Times”, together with its subsidiaries and each of their respective associates, the “Taiyuan CRRC Times Group”), pursuant to which, the Company agreed to supply and procure other members of the Group to supply to Taiyuan CRRC Times Group certain products (including electrical systems and electrical components), parts and components, technical services, after-sales services, management services and other related services, and related facilities for research and development, production and testing purposes; and Taiyuan CRRC Times agreed to supply and procure other members of the Taiyuan CRRC Times Group to supply to the Group certain products, parts and components, technical services, after-sales services, management services and other related services, and related facilities for research and development, production and testing purposes. The agreement shall be valid for a term of three years commencing from 1 January 2022 and ending on 31 December 2024. To satisfy the constant production and operation development, on 25 November 2022, the Company entered into the Supplemental Agreement to the 2022-2024 Taiyuan CRRC Times Mutual Supply Agreement with Taiyuan CRRC Times (the “Supplemental Agreement”), to revise the annual caps of transactions contemplated under the 2022-2024 Taiyuan CRRC Times Mutual Supply Agreement.

As at the date of the agreement, CRRC ZELRI is a controlling shareholder of the Company. CRRC directly holds the entire equity interest in CRRC ZELRI and indirectly holds the entire equity interest in CRRC Taiyuan Co., Ltd. (“CRRC Taiyuan”). Baoji CRRC Times Engineering Machinery Co., Ltd. (“Baoji Times”), a subsidiary of the Company, and CRRC Taiyuan hold Taiyuan CRRC Times as to 55% and 45%, respectively. Taiyuan CRRC Times is a non-wholly owned subsidiary of the Company and therefore, a connected person of the Company under the Hong Kong Listing Rules. Accordingly, the transactions contemplated under the 2022-2024 Taiyuan CRRC Times Mutual Supply Agreement (as amended and supplemented by the supplemental agreement) constitute continuing connected transactions of the Company under the Hong Kong Listing Rules.

For the year ended 31 December 2023, under the 2022-2024 Taiyuan CRRC Times Mutual Supply Agreement (as amended and supplemented by the supplemental agreement), amount payable by the Group to Taiyuan CRRC Times Group for products and/or services provided by Taiyuan CRRC Times Group was RMB178.6 million, and the amount payable by Taiyuan CRRC Times Group to the Group for products and/or services provided by the Group was RMB170.1 million, neither of which exceeded the aggregate annual caps stipulated for the financial year ended 31 December 2023 under the 2022-2024 Taiyuan CRRC Times Mutual Supply Agreement (as amended and supplemented by the Supplemental Agreement).

For details, please refer to the announcements of the Company dated 23 December 2021 and 25 November 2022.



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Financial Services Framework Agreement with CRRC Finance Company

On 26 August 2022, the Company and CRRC Finance Co., Ltd. (“CRRC Finance Company”) entered into the 2022-2023 Financial Services Framework Agreement (the “2022-2023 Financial Services Framework Agreement”), pursuant to which, CRRC Finance Company has agreed to provide the Group with deposit services and other financial services subject to the terms and conditions provided therein. The term is one year commencing from 1 September 2022 to 31 August 2023.

As the 2022-2023 Financial Services Framework Agreement would expire on 31 August 2023, the Company and CRRC Finance Company entered into the 2023-2024 Financial Services Framework Agreement (“2023-2024 Financial Services Framework Agreement”) on 22 August 2023, pursuant to which, CRRC Finance Company has agreed to provide the Group with deposit services and other financial services subject to the terms and conditions provided therein. The term is from 1 September 2023 to 31 August 2024.

For the year ended 31 December 2023, the daily maximum deposit balance available to the Group from CRRC Finance Company under the Financial Services Framework Agreement was RMB294.3 million, which did not exceed the daily maximum amount of the continuing connected transactions for the corresponding period stipulated under the Financial Services Framework Agreement. For the year ended 31 December 2023, the Group did not accept other financial services that may be provided by CRRC Finance Company under the Financial Services Framework Agreement.

For details, please refer to the announcements of the Company dated 26 August 2022 and 22 August 2023.

Annual Review of Continuing Connected Transactions

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

The Directors (including independent non-executive Directors) have reviewed and confirmed that the continuing connected transactions of the Group comply with the agreed procedures and principles and the Group’s continuing connected transactions above: were entered into in the ordinary and usual course of business of the Group; were entered into on normal commercial terms or if there were not sufficient comparable transactions to judge whether they were on normal commercial terms, on terms no less favourable to the Group than those available to or from (as the case may be) independent third parties; were conducted in accordance with the agreements governing such transactions, and the terms are fair, reasonable and in the interests of the Company and the Shareholders as a whole; and did not exceed the caps of continuing connected transactions for the financial year ended 31 December 2023 provided for by the continuing connected transactions agreements above.

Related party transactions

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

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Significant Events



(II) Non-exempt connected transactions (disclosure pursuant to the SEHK Listing Rules)

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

✓Applicable Not applicable

Description	Enquiry index
<p>The Resolution on the Entering into of the 2023-2025 Product and Supporting Service Mutual Supply Agreement between the Company and CRRC Group Co., Ltd. and the Estimated Amount of the Routine Related Party Transactions for 2023-2025 was considered and approved at the 20th meeting of the sixth session of the Board, the 18th meeting of the sixth session of the Supervisory Committee and the 2021 annual general meeting.</p>	<p>For details, please refer to the announcement published by the Company on the website of the SSE (www.sse.com.cn) on 30 March 2022 (Ann No. 2022-015).</p>
<p>The Resolution on the Estimated Amount of the 2022-2024 Routine Related Party Transactions for Leasing Property and Ancillary Facilities Between the Company and CRRC Corporation Limited was considered and approved at the 20th meeting of the sixth session of the Board, the 18th meeting of the sixth session of the Supervisory Committee and the 2021 annual general meeting.</p>	<p>For details, please refer to the announcement published by the Company on the website of the SSE (www.sse.com.cn) on 30 March 2022 (Ann No. 2022-015).</p>
<p>The Resolution on the Entering into of the 2022-2023 Financial Services Framework Agreements between the Company and CRRC Finance Co., Ltd. and the Estimated Amount of Routine Related Party Transactions was considered and approved at the 22nd meeting of the sixth session of the Board and the 20th meeting of the sixth session of the Supervisory Committee.</p>	<p>For details, please refer to the announcement published by the Company on the website of the SSE (www.sse.com.cn) on 27 August 2022 (Ann No. 2022-032).</p>
<p>The Resolution on the Estimated Amount of Routine Related Party Transactions for 2024-2026 was considered and approved at the 27th meeting of the sixth session of the Board, the 24th meeting of the sixth session of the Supervisory Committee and the 2022 annual general meeting.</p>	<p>For details, please refer to the announcement published by the Company on the website of the SSE (www.sse.com.cn) on 31 March 2023 (Ann No. 2023-014).</p>
<p>The Resolution on the Entering into of the 2023-2024 Financial Services Framework Agreements between the Company and CRRC Finance Co., Ltd. and the Estimated Amount of Routine Related Party Transactions was considered and approved at the third meeting of the seventh session of the Board and the second meeting of the seventh session of the Supervisory Committee.</p>	<p>For details, please refer to the announcement published by the Company on the website of the SSE (www.sse.com.cn) on 23 August 2023 (Ann No. 2023-038).</p>

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Property and Ancillary Equipment and Facilities Leasing Framework Agreement with CRRC

Unit: Million Currency: RMB

Related party	Relationship	Content	Pricing principles	Amount	Annual cap for 2023	Percentage in similar business
CRRC Corporation Group	Indirect controlling shareholder of the Company	Lease property and/or ancillary equipment and facilities out to related parties	Market price	9.5	50	61.69%
CRRC Corporation Group	Indirect controlling shareholder of the Company	Lease property and/or ancillary equipment and facilities in from related parties	Market price	25.9	55	20.69%

Product and Supporting Service Mutual Supply Framework Agreement between the Company and CRRC Group

Unit: Million Currency: RMB

Related party	Relationship	Content	Pricing principles	Amount	Annual cap for 2023	Percentage in similar business
CRRC Group of Companies	An indirect controlling shareholder of the Company	Sale of products and/or rendering of supporting services to connected person	Tendering and bidding price, market price, agreed price	7,379.7	11,500	34.17%
CRRC Group of Companies	An indirect controlling shareholder of the Company	Purchases of goods and/or acceptance of supporting services from connected person	Tendering and bidding price, market price, agreed price	1,483.1	4,200	11.84%

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

Applicable Not applicable

3. Events not disclosed in the temporary announcements

Applicable Not applicable



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Significant Events

(III) Related party transactions arising from acquisition and disposal of assets or equity interests

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

Applicable Not applicable

2. *Events disclosed in temporary announcements and with progress or change in subsequent implementation*

Applicable Not applicable

3. *Events not disclosed in the temporary announcements*

Applicable Not applicable

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

Applicable Not applicable

(IV) Significant related party transactions on the joint external investment

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

Applicable Not applicable

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

Applicable Not applicable

3. *Events not disclosed in temporary announcements*

Applicable Not applicable

(V) Claims and liabilities between related parties

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

Applicable Not applicable

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

Applicable Not applicable

3. *Events not disclosed in temporary announcements*

Applicable Not applicable

Section VIII Significant Events



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

✓Applicable Not applicable

1. Deposit business

✓Applicable Not applicable

Unit: Yuan Currency: RMB

Related party	Relationship	Maximum daily deposit amount	Interest rate range	Opening balance	Total deposit during the current period	Amount incurred during the current period		Closing balance
						Total interest accrued during the current period	Total withdrawal during the current period	
CRRCL Finance Co., Ltd. (中車財務有限公司)	A subsidiary of CRRCL	300,000,000	0.39%-1.95%	291,611,416	10,424,647	3,044,886	10,778,082	294,302,867
Total	/	/	/	291,611,416	10,424,647	3,044,886	10,778,082	294,302,867

2. Loan business

✓Applicable Not applicable

Unit: Yuan Currency: RMB

Related party	Relationship	Maximum loan amount	Interest rate range	Opening balance	Amount incurred during the current period		Closing balance
					Total loan amount during the current period	Total repayment amount during the current period	
CRRCL Hongkong Capital Management Co., Limited (中國中車香港資本管理有限公司)	A subsidiary of CRRCL	600,000,000	4.21%-5.99%	81,898,649	0	87,756,291	0
Total	/	/	/	81,898,649	0	87,756,291	0

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Description of the connected transaction: Set out above are details (which included, the amount of interest in the current period is RMB4,837,697 and the amount of exchange rate change is RMB1,019,945) of the performance of the Financial Services Framework Agreements entered into between the Company and CRRC Hong Kong Capital Management Co., Ltd. on 30 September 2020 during the reporting period. The agreement is valid from 1 January 2021 to 31 December 2023. The transaction and the total transaction amount proposed were approved by the independent shareholders of the Company, and an announcement has been published in this respect. For details, please refer to the Company's announcements dated 30 September 2020 and 7 December 2020, respectively, and the circular dated 20 November 2020.

3. Credit facilities or other financial business

Applicable Not applicable

Unit: Yuan Currency: RMB

Related party	Relationship	Business type	Total amount	Actual amount incurred
CRRC Hongkong Capital Management Co., Limited	A subsidiary of CRRC	Comprehensive credit facilities	100,000,000	0

Description of the related party transaction: At the 27th meeting of the sixth session of the Board held on 30 March 2023 and the 2022 annual general meeting held on 27 June 2023, the Resolution on the 2023 Bank Credit Lines Applications was considered and approved, pursuant to which, the Company proposed to apply for composite credit line of RMB100 million from CRRC Hongkong Capital Management Co., Limited in 2023 for purposes including working capital loans and trade finance.

4. Other explanations

Applicable Not applicable

Section VIII Significant Events



(VII) Others

✓Applicable □Not applicable

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

Products and Ancillary Services Mutual Supply Framework Agreement between the Company and Zhuzhou Shiling Transportation Equipment Co., Ltd. (株洲時菱交通設備有限公司)

Unit: RMB0'000 Currency: RMB

Related party	Relationship	Content of related party transaction	Amount of related party transaction	Cap of related party transaction in 2023
Zhuzhou Shiling Transportation Equipment Co., Ltd.	A company in which Directors, Supervisors or senior management members of the Company hold position	Sale of products and/or rendering of ancillary services to the related party	0	44,600
Zhuzhou Shiling Transportation Equipment Co., Ltd.	A company in which Directors, Supervisors or senior management members of the Company hold position	Purchase of products and/or acceptance of ancillary services from the related party	532.93	46,300

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

As at the date of the agreement, as Shiling Company was not a connected person of the Company as defined under the Hong Kong Listing Rules, the transactions contemplated under the 2021-2023 Shiling Mutual Supply Framework Agreement thus did not constitute connected transactions or continuing connected transactions of the Company under the Hong Kong Listing Rules. However, pursuant to the requirements of the SSE STAR Market Listing Rules, Shiling Company is a related party of the Company. Therefore, the transactions contemplated under the 2021-2023 Shiling Mutual Supply Framework Agreement constitute related party transactions of the Company under the SSE STAR Market Listing Rules and are subject to consideration at the general meeting of the Company.

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

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Unit: RMB0'000 Currency: RMB

Related party	Relationship	Content of related party transactions	Amount of related party transactions	Cap of related party transactions in 2023
Siemens Traction Equipment Ltd., Zhuzhou (株洲西門子牽引設備有限公司)	Company in which Directors, Supervisors or senior management members of the Company hold position	Sale of products and rendering of services to related parties	0.43	50
Wuxi CRRC Times Electric Drive Technology Co., Ltd. (無錫中車時代電驅科技有限公司) (formerly known as "Wuxi CRRC Hofer Powertrain Co., Ltd. (無錫中車浩夫爾動力總成有限公司)")	Company in which Directors, Supervisors or senior management members of the Company hold position	Sale of products and rendering of services to related parties	23,756.91	30,000
Wuxi Times Intelligent Transportation Research Institute Co., Ltd. (無錫時代智能交通研究院有限公司)	Company in which Directors, Supervisors or senior management members of the Company hold position	Sale of products and rendering of services to related parties	0	30,000
Foshan Zhongshi Intelligent Transportation Technology Co., Ltd. (佛山中時智匯交通科技有限公司)	Company in which Directors, Supervisors or senior management members of the Company hold position	Sale of products and rendering of services to related parties	28.30	13,500
Fuzhou Jintou Intelligent Rail Transportation Equipment Co., Ltd. (福州市金投智能軌道交通設備有限公司)	Company in which Directors, Supervisors or senior management members of the Company hold position	Sale of products and rendering of services to related parties	0	12,882
Siemens Traction Equipment Ltd., Zhuzhou (株洲西門子牽引設備有限公司)	Company in which Directors, Supervisors or senior management members of the Company hold position	Purchases of goods and acceptance of services from related parties	0	50
Wuxi CRRC Times Electric Drive Technology Co., Ltd. (無錫中車時代電驅科技有限公司) (formerly known as "Wuxi CRRC Hofer Powertrain Co., Ltd. (無錫中車浩夫爾動力總成有限公司)")	Company in which Directors, Supervisors or senior management members of the Company hold position	Purchases of goods and acceptance of services from related parties	4.71	5,000
Wuxi Times Intelligent Transportation Research Institute Co., Ltd. (無錫時代智能交通研究院有限公司)	Company in which Directors, Supervisors or senior management members of the Company hold position	Purchases of goods and acceptance of services from related parties	4,912.47	30,000
Foshan Zhongshi Intelligent Transportation Technology Co., Ltd. (佛山中時智匯交通科技有限公司)	Company in which Directors, Supervisors or senior management members of the Company hold position	Purchases of goods and acceptance of services from related parties	5,758.80	15,000
Fuzhou Jintou Intelligent Rail Transportation Equipment Co., Ltd. (福州市金投智能軌道交通設備有限公司)	Company in which Directors, Supervisors or senior management members of the Company hold position	Purchases of goods and acceptance of services from related parties	2,586.20	14,446
Siemens Traction Equipment Ltd., Zhuzhou (株洲西門子牽引設備有限公司)	Company in which Directors, Supervisors or senior management members of the Company hold position	Lease out premises/ equipment to related parties	20.89	60

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Description of the related party transaction: The above is the performance of the 2021-2023 related party transactions in routine business operation between the Company and related parties during the reporting period. The transaction and the total amount involved were approved by the independent shareholders of the Company, for which an announcement has been issued. Cao Weichen, a former deputy general manager of the Company, resigned as the chairman of Fuzhou Jintou Intelligent Rail Transportation Equipment Co., Ltd. (福州市金投智能軌道交通設備有限公司) on 22 November 2022. Pursuant to the STAR Market Listing Rules, after 12 months subsequent to the dates specified above, the company mentioned above ceased to be related parties of the Company for the purpose of the A-share market. Wuxi CRRC Times Electric Drive Technology Co., Ltd. (無錫中車時代電驅科技有限公司) (formerly known as “Wuxi CRRC Hofer Powertrain Co., Ltd. (無錫中車浩夫爾動力總成有限公司)”) became a subsidiary of a controlling subsidiary of the Company on 30 August 2023. Pursuant to the STAR Market Listing Rules, it no longer constitutes a related party of A-shares of the Company after these dates.

As at the dates of the agreements, Foshan Zhongshi Intelligent Transportation Technology Co., Ltd., Siemens Traction Equipment Ltd., Zhuzhou and Fuzhou Jintou Intelligent Rail Transportation Equipment Co., Ltd. were associates of CRRC and CRRC Group and hence were connected persons of the Company. Therefore, the routine related party transactions between the Company and each of Foshan Zhongshi Intelligent Transportation Technology Co., Ltd., Siemens Traction Equipment Ltd., Zhuzhou and Fuzhou Jintou Intelligent Rail Transportation Equipment Co., Ltd. constitute continuing connected transactions under the Hong Kong Listing Rules. For the year ended 31 December 2023, none of the above transactions exceeded the aggregate annual caps approved for the financial year ended 31 December 2023.

For details, please refer to the Company’s general meeting materials dated 20 October 2021 and the announcement dated 10 November 2021.

2. Non-exempted Continuing Connected Transactions

Product and Supporting Service Mutual Supply Framework Agreements between the Company and Qingdao CRRC Electric Equipment Co., Ltd. (青島中車電氣設備有限公司)

Unit: Million Currency: RMB

Connected person	Relationship	Content of connected transaction	Amount of connected transaction	Cap of connected transactions in 2023
Qingdao Electric Group	Connected subsidiary of the Company	Sale of products and/or rendering of supporting services to connected persons	26.62	40
Qingdao Electric Group	Connected subsidiary of the Company	Purchase of goods and/or acceptance of supporting services from connected persons	1.93	45

Description of the connected transaction: Set out above are details of the performance of the Product and Supporting Service Mutual Supply Framework Agreement entered into between the Company and Qingdao CRRC Electric Equipment Co., Ltd. (together with its subsidiaries and each of their respective associates, the “Qingdao Electric Group”) on 28 December 2022 (the “2023-2025 Mutual Supply Framework Agreement”) during the reporting period. The agreement was valid from 1 January 2023 to 31 December 2025. The transaction and the total transaction amount proposed were within the decision-making authority of the Board and were considered and approved by the Board, and an announcement has been published in this respect. Meanwhile, the transaction satisfied the partial waiver level under the SEHK Listing Rules and was exempted from independent shareholders’ approval requirements. For details, please refer to the Company’s announcement dated 28 December 2022.

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Product and Supporting Service Mutual Supply Framework Agreement between the Company and Taiyuan CRRC Times Rail Engineering Machinery Co., Ltd. (太原中車時代軌道工程機械有限公司)

Unit: Million Currency: RMB

Connected person	Relationship	Content of connected transaction	Amount of connected transaction	Cap of connected transaction in 2023
Taiyuan CRRC Times Group	A connected subsidiary of the Company	Sale of products and/or rendering of supporting services to connected persons	170.05	290
Taiyuan CRRC Times Group	A connected subsidiary of the Company	Purchases of goods and/or acceptance of supporting services from connected persons	178.56	350

Description of the connected transaction: Set out above are details of the performance of the Product and Supporting Service Mutual Supply Framework Agreement entered into between the Company and Taiyuan CRRC Times Rail Engineering Machinery Co., Ltd. (together with its subsidiaries and each of their respective associates, the “Taiyuan CRRC Times Group”) on 23 December 2021 (the “2022-2024 Mutual Supply Framework Agreement”) during the reporting period. The agreement is valid from 1 January 2022 to 31 December 2024. The transaction and the total transaction amount proposed were within the decision-making authority of the Board and were considered and approved by the Board, and an announcement has been published in this respect. Meanwhile, the transaction satisfied the partial waiver level under the SEHK Listing Rules and was exempted from independent shareholders’ approval requirements. For details, please refer to the Company’s announcement dated 23 December 2021. To satisfy constant development in production and operation, the Company entered into a supplemental agreement with Taiyuan CRRC Times Rail Engineering Machinery Co., Ltd. on 25 November 2022 to revise the annual caps of transactions contemplated under the 2022-2024 Mutual Supply Framework Agreement. For details, please refer to the announcement of the Company dated 25 November 2022.

XIII. MAJOR CONTRACTS AND THEIR PERFORMANCE

(I) Entrustment, contracting and leasing matters

1. Entrustment

Applicable Not applicable

2. Contracting

Applicable Not applicable

3. Leasing

Applicable Not applicable



Section VIII Significant Events

(II) Guarantees

Applicable Not applicable

Unit: Yuan Currency: RMB

Guarantor	Relationship between the guarantor and the Company	Guaranteed party	Guaranteed amount	Date of guarantee agreement	Date of commencement of guarantee	Maturity date of guarantee	Type of guarantee	Guaranty (if any)	Whether guarantee has been fully fulfilled	Whether guarantee is overdue	Overdue amount	Counter-guarantee	Whether related party guarantee	Related party relationship

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

0

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

0



Section VIII Significant Events

(III) Management of cash assets by entrusting third parties

1. Entrusted wealth management activities

(1) Overview of the entrusted wealth management products

Applicable Not applicable

Others

Applicable Not applicable

(2) Individual entrusted wealth management products

Applicable Not applicable

Others

Applicable Not applicable

(3) Provision for impairment of entrusted wealth management

Applicable Not applicable

2. Entrusted loans

(1) Overview of the entrusted loans

Applicable Not applicable

Others

Applicable Not applicable

(2) One-off entrusted loans

Applicable Not applicable

Others

Applicable Not applicable

(3) Provision for impairment of entrusted loans

Applicable Not applicable

3. Others

Applicable Not applicable

(IV) Other material contracts

Applicable Not applicable

Section VIII

Significant Events



XIV. EXPLANATION ON PROCESS IN USE OF PROCEEDS

✓Applicable Not applicable

(I) Overall utilization of raised proceeds

✓Applicable Not applicable

Unit: Yuan

Source of proceeds	Date of availability of proceeds	Total proceeds	Including: over-raised proceeds	Net proceeds after deducting issue expenses	Total promised investment amounts of proceeds	Total promised investment amounts of proceeds after adjustments (1)	Total accumulated investment proceeds as of the end of the reporting period (2)	Process of accumulated investment as of the end of the reporting period (%) (3)=(2)/(1)	Investment amount for the year (4)	Percentage of investment amount for the year (%) (5)=(4)/(1)	Proceeds with change in use
Initial public issue	1 September 2021	7,555,057,430	0	7,443,212,046	7,443,212,046	7,443,212,046	4,931,310,537	66.25	1,328,815,479	17.85	0

Section VIII Significant Events



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

✓ Applicable □ Not applicable

Unit: Yuan

Name of project	Nature of project	Change of the project or not	Source of proceeds	Date of availability of proceeds	Whether over-raised proceeds was used or not	Total promised investment amounts of proceeds for project	Total promised investment amounts of proceeds after adjustments (1)	Investment in the year	Total accumulated investment amount of proceeds as of the end of the reporting period (2)	Process of accumulated investment as of the end of the reporting period (%) ready for intended use (3)=(2)/(1)	Whether the project is completed or not	Whether the investment process is in line with planned schedule or not	Specific reason for failure to reach the planned schedule of investment	Efficiency realised in the year	Efficiency or research results achieved for the project	Whether feasibility of projects changes significantly, if yes, please state specific reason	Amount of and reasons for balance
Application project of rail transit traction and network technology and system	Research and development	No	Initial public offering of shares	1 September 2021	No	2,095,500,000	2,095,500,000	434,430,462	1,446,284,295	69.02	No	Yes	Not applicable	Not applicable	Not applicable	No	Not applicable
The application project on key technologies and system R&D of smart railway bureau and smart urban rail transit	Research and development	No	Initial public offering of shares	1 September 2021	No	1,070,830,000	1,070,830,000	251,595,267	430,339,839	40.19	No	Yes	Not applicable	Not applicable	Not applicable	No	Not applicable
Advanced technology R&D application project of new industry	Research and development	No	Initial public offering of shares	1 September 2021	No	869,270,000	869,270,000	210,073,461	543,281,214	62.50	No	Yes	Not applicable	Not applicable	Not applicable	No	Not applicable
R&D and manufacturing platform construction project of new-type rail engineering machinery	Research and development	No	Initial public offering of shares	1 September 2021	No	800,000,000	800,000,000	218,919,160	489,008,443	61.13	No	Yes	Not applicable	Not applicable	Not applicable	No	Not applicable
Innovative experimental platform construction project	Production and construction	No	Initial public offering of shares	1 September 2021	No	931,000,000	931,000,000	213,887,129	341,036,160	36.63	No	Yes	Not applicable	Not applicable	Not applicable	No	Not applicable
Replenishment of working capital	Replenishment of working capital and equipment	No	Initial public offering of shares	1 September 2021	No	2,000,000,000	1,676,612,046	-	1,681,360,386	100.28	Yes	Yes	Not applicable	Not applicable	Not applicable	No	Not applicable
						7,766,600,000	7,443,212,046	1,328,815,479	4,931,310,337	66.25							

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Significant Events



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

Applicable Not applicable

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

1. Initial investment and replacement 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

Unit: RMB0'000 Currency: RMB

Date of consideration by the Board	Amount of proceeds used for cash management effectively considered	Start date	Ending date	Balance under management as of the end of the Reporting Period	Whether the maximum amount during the period exceeded the facility limit
22 August 2023	320,000	22 August 2023	21 August 2024	193,000	No

Other Explanations

At the Third meeting of the seventh session of the Board and the second meeting of the seventh session of the Supervisory Committee held on 22 August 2023, 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 RMB3,200 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.

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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. During the reporting period, specific cash management products were listed below:

Unit: Yuan Currency: RMB

Bank for deposit	Product type	Amount	Value date	Maturity date	Interest rate	Amount of revenue	Whether paid
Agricultural Bank of China Hi-tech Branch	Certificate of deposit	10,000,000	28 September 2021	19 July 2023	3.35%	605,792	Yes
Agricultural Bank of China Hi-tech Branch	Certificate of deposit	10,000,000	28 September 2021	18 January 2023	3.35%	437,361	Yes
Bank of Changsha Zhuzhou Tianxin Branch	Structured deposit	50,000,000	29 April 2022	30 January 2023	3.85%	1,455,616	Yes
Industrial and Commercial Bank of China Tianxin Branch	Structured deposit	100,000,000	10 May 2022	13 February 2023	2.80%	2,143,561	Yes
Industrial and Commercial Bank of China Tianxin Branch	Structured deposit	80,000,000	22 July 2022	20 January 2023	3.10%	1,236,603	Yes
Bank of Changsha Zhuzhou Tianxin Branch	Structured deposit	80,000,000	25 July 2022	30 January 2023	3.66%	1,514,071	Yes
China Construction Bank Tianxin Branch	Structured deposit	10,000,000	26 July 2022	26 January 2023	3.20%	161,315	Yes
China Construction Bank Tianxin Branch	Structured deposit	50,000,000	26 July 2022	26 January 2023	3.20%	806,575	Yes
Industrial and Commercial Bank of China Tianxin Branch	Structured deposit	40,000,000	23 August 2022	21 February 2023	2.96%	590,737	Yes
China Construction Bank Tianxin Branch	Structured deposit	10,000,000	30 August 2022	28 February 2023	3.20%	159,562	Yes
China Construction Bank Tianxin Branch	Structured deposit	20,000,000	30 August 2022	28 February 2023	3.20%	319,123	Yes
Agricultural Bank of China Hi-tech Branch	Certificate of deposit	10,000,000	20 September 2022	18 January 2023	3.09%	101,611	Yes
Agricultural Bank of China Hi-tech Branch	Certificate of deposit	10,000,000	20 September 2022	18 January 2023	3.09%	101,611	Yes
Agricultural Bank of China Hi-tech Branch	Certificate of deposit	10,000,000	20 September 2022	18 January 2023	3.09%	101,611	Yes
China CITIC Bank Zhuzhou Tiantailu Branch	Certificate of deposit	10,000,000	13 October 2022	13 October 2025	Estimated 3.00%	Not yet due	No
China CITIC Bank Zhuzhou Tiantailu Branch	Certificate of deposit	50,000,000	13 October 2022	13 October 2025	Estimated 3.00%	Not yet due	No
China CITIC Bank Zhuzhou Tiantailu Branch	Certificate of deposit	50,000,000	13 October 2022	13 October 2025	Estimated 3.00%	Not yet due	No
China CITIC Bank Zhuzhou Tiantailu Branch	Certificate of deposit	50,000,000	13 October 2022	13 October 2025	Estimated 3.00%	Not yet due	No
China CITIC Bank Zhuzhou Tiantailu Branch	Certificate of deposit	50,000,000	13 October 2022	13 October 2025	Estimated 3.00%	Not yet due	No
China CITIC Bank Zhuzhou Tiantailu Branch	Certificate of deposit	50,000,000	13 October 2022	13 October 2025	Estimated 3.00%	Not yet due	No

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Bank for deposit	Product type	Amount	Value date	Maturity date	Interest rate	Amount of revenue	Whether paid
China CITIC Bank Zhuzhou Tiantailu Branch	Certificate of deposit	50,000,000	13 October 2022	13 October 2025	Estimated 3.00%	Not yet due	No
China CITIC Bank Zhuzhou Tiantailu Branch	Certificate of deposit	50,000,000	13 October 2022	13 October 2025	Estimated 3.00%	Not yet due	No
China CITIC Bank Zhuzhou Tiantailu Branch	Certificate of deposit	50,000,000	13 October 2022	27 October 2025	3.00%	1,558,333	Yes
Bank of Changsha Zhuzhou Tianxin Branch	Structured deposit	245,000,000	13 October 2022	12 January 2023	3.30%	2,016,460	Yes
China Merchants Bank Zhuzhou Branch	Structured deposit	150,000,000	20 October 2022	20 January 2023	3.00%	1,134,247	Yes
Industrial and Commercial Bank of China Tianxin Branch	Structured deposit	50,000,000	21 October 2022	20 January 2023	1.86%	232,000	Yes
Industrial and Commercial Bank of China Tianxin Branch	Structured deposit	100,000,000	21 October 2022	24 April 2023	2.18%	1,107,263	Yes
Industrial and Commercial Bank of China Tianxin Branch	Structured deposit	400,000,000	21 October 2022	23 October 2023	3.19%	12,832,733	Yes
Bank of Changsha Zhuzhou Tianxin Branch	Structured deposit	50,000,000	21 October 2022	19 January 2023	3.35%	413,324	Yes
China Construction Bank Tianxin Branch	Structured deposit	30,000,000	24 October 2022	24 January 2023	2.88%	217,523	Yes
China Construction Bank Tianxin Branch	Structured deposit	270,000,000	24 October 2022	24 January 2023	2.88%	1,957,710	Yes
China Construction Bank Tianxin Branch	Structured deposit	20,000,000	23 November 2022	23 February 2023	2.90%	146,192	Yes
China Construction Bank Tianxin Branch	Structured deposit	20,000,000	23 November 2022	23 February 2023	2.90%	146,192	Yes
Bank of Changsha Zhuzhou Tianxin Branch	Structured deposit	50,000,000	24 November 2022	22 February 2023	3.43%	423,469	Yes
Bank of China Zhuzhou Branch	Structured deposit	9,000,000	28 November 2022	1 March 2023	4.48%	102,827	Yes
Bank of China Zhuzhou Branch	Structured deposit	11,000,000	28 November 2022	2 March 2023	1.38%	38,958	Yes
China CITIC Bank Zhuzhou Tiantailu Branch	Structured deposit	20,000,000	1 December 2022	1 March 2023	2.65%	130,685	Yes
China CITIC Bank Zhuzhou Tiantailu Branch	Structured deposit	100,000,000	1 December 2022	3 January 2023	2.50%	226,027	Yes
China CITIC Bank Zhuzhou Tiantailu Branch	Structured deposit	500,000,000	1 December 2022	1 March 2023	2.65%	3,267,123	Yes
China CITIC Bank Zhuzhou Tiantailu Branch	Structured deposit	20,000,000	2 December 2022	3 January 2023	2.50%	43,836	Yes
China Merchants Bank Zhuzhou Branch	Structured deposit	90,000,000	30 December 2022	30 March 2023	2.80%	621,370	Yes
China Merchants Bank Zhuzhou Branch	Structured deposit	110,000,000	30 December 2022	30 March 2023	2.80%	759,452	Yes
Bank of Changsha Zhuzhou Tianxin Branch	Structured deposit	91,000,000	30 December 2022	30 March 2023	3.55%	796,475	Yes
Bank of Changsha Zhuzhou Tianxin Branch	Structured deposit	250,000,000	30 December 2022	13 January 2023	2.18%	208,941	Yes

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Bank for deposit	Product type	Amount	Value date	Maturity date	Interest rate	Amount of revenue	Whether paid
China Construction Bank Tianxin Branch	Structured deposit	50,000,000	13 February 2023	13 May 2023	2.90%	353,562	Yes
China Construction Bank Tianxin Branch	Structured deposit	220,000,000	13 February 2023	13 August 2023	2.90%	3,163,781	Yes
Industrial and Commercial Bank of China Tianxin Branch	Structured deposit	230,000,000	27 February 2023	30 May 2023	2.95%	1,710,192	Yes
Bank of Changsha Zhuzhou Tianxin Branch	Structured deposit	91,000,000	3 March 2023	1 June 2023	2.96%	665,243	Yes
Bank of Changsha Zhuzhou Tianxin Branch	Structured deposit	90,000,000	3 March 2023	30 August 2023	3.19%	1,414,484	Yes
China Merchants Bank Zhuzhou Branch	Structured deposit	200,000,000	8 March 2023	8 June 2023	2.70%	1,361,096	Yes
China Construction Bank Tianxin Branch	Time deposit	30,000,000	14 March 2023	14 September 2023	1.69%	255,000	Yes
China Construction Bank Tianxin Branch	Time deposit	50,000,000	14 March 2023	14 June 2023	1.24%	156,250	Yes
China CITIC Bank Zhuzhou Tiantailu Branch	Structured deposit	30,000,000	24 March 2023	22 June 2023	2.80%	207,123	Yes
China CITIC Bank Zhuzhou Tiantailu Branch	Structured deposit	450,000,000	24 March 2023	22 June 2023	2.80%	3,106,849	Yes
Bank of China Zhuzhou Branch	Structured deposit	9,000,000	3 April 2023	5 June 2023	4.26%	66,218	Yes
Bank of China Zhuzhou Branch	Structured deposit	11,000,000	3 April 2023	4 June 2023	1.40%	26,159	Yes
China Merchants Bank Zhuzhou Branch	Structured deposit	80,000,000	3 April 2023	3 July 2023	2.80%	558,466	Yes
China Merchants Bank Zhuzhou Branch	Structured deposit	100,000,000	3 April 2023	3 July 2023	2.80%	698,082	Yes
Bank of Changsha Zhuzhou Tianxin Branch	Structured deposit	100,000,000	3 April 2023	29 December 2023	3.24%	2,398,303	Yes
Industrial and Commercial Bank of China Tianxin Branch	Structured deposit	120,000,000	27 April 2023	1 November 2023	2.38%	1,468,192	Yes
China Construction Bank Tianxin Branch	Time deposit	56,000,000	25 May 2023	24 August 2023	1.50%	210,000	Yes
Bank of Changsha Zhuzhou Tianxin Branch	Structured deposit	250,000,000	25 May 2023	23 August 2023	3.04%	1,876,414	Yes
Industrial and Commercial Bank of China Tianxin Branch	Structured deposit	140,000,000	6 June 2023	11 September 2023	2.90%	1,078,959	Yes
China Merchants Bank Zhuzhou Branch	Structured deposit	200,000,000	15 June 2023	15 September 2023	2.75%	1,386,301	Yes
Bank of Changsha Zhuzhou Tianxin Branch	Structured deposit	4,000,000	20 June 2023	20 July 2023	2.83%	9,300	Yes
Bank of Changsha Zhuzhou Tianxin Branch	Structured deposit	4,000,000	20 June 2023	18 September 2023	2.83%	27,932	Yes
Bank of Changsha Zhuzhou Tianxin Branch	Structured deposit	15,000,000	20 June 2023	20 July 2023	2.78%	34,299	Yes
China CITIC Bank Zhuzhou Tiantailu Branch	Structured deposit	100,000,000	26 June 2023	24 September 2023	2.95%	727,397	Yes

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Bank for deposit	Product type	Amount	Value date	Maturity date	Interest rate	Amount of revenue	Whether paid
China CITIC Bank Zhuzhou Tiantailu Branch	Structured deposit	100,000,000	26 June 2023	29 December 2023	2.50%	1,273,973	Yes
China CITIC Bank Zhuzhou Tiantailu Branch	Structured deposit	180,000,000	26 June 2023	29 December 2023	2.50%	2,293,151	Yes
Bank of Changsha Zhuzhou Tianxin Branch	Structured deposit	12,000,000	28 June 2023	26 September 2023	3.22%	95,198	Yes
Bank of Changsha Zhuzhou Tianxin Branch	Structured deposit	10,000,000	28 June 2023	26 September 2023	2.93%	72,178	Yes
Bank of Changsha Zhuzhou Tianxin Branch	Structured deposit	15,000,000	28 June 2023	26 December 2023	2.98%	221,961	Yes
Bank of Changsha Zhuzhou Tianxin Branch	Structured deposit	16,000,000	28 June 2023	28 July 2023	2.75%	36,152	Yes
Bank of Changsha Zhuzhou Tianxin Branch	Structured deposit	210,000,000	28 June 2023	26 September 2023	2.90%	1,500,973	Yes
China Construction Bank Tianxin Branch	Time deposit	40,000,000	29 June 2023	29 September 2023	1.24%	125,000	Yes
China Merchants Bank Zhuzhou Branch	Structured deposit	80,000,000	18 July 2023	28 September 2023	2.70%	426,082	Yes
China Construction Bank Tianxin Branch	Time deposit	15,000,000	19 July 2023	17 October 2023	1.27%	46,875	Yes
Bank of China Zhuzhou Branch	Structured deposit	4,000,000	21 July 2023	28 August 2023	1.30%	5,414	Yes
Bank of China Zhuzhou Branch	Structured deposit	6,000,000	21 July 2023	29 August 2023	2.69%	17,245	Yes
Bank of Changsha Zhuzhou Tianxin Branch	Structured deposit	50,000,000	24 July 2023	23 October 2023	2.84%	354,401	Yes
China Merchants Bank Zhuzhou Branch	Structured deposit	20,000,000	31 July 2023	31 October 2023	2.70%	136,110	Yes
China Merchants Bank Zhuzhou Branch	Structured deposit	75,000,000	31 July 2023	31 August 2023	2.60%	165,616	Yes
China Merchants Bank Zhuzhou Branch	Structured deposit	80,000,000	31 July 2023	31 October 2023	2.70%	544,438	Yes
China Construction Bank Tianxin Branch	Time deposit	220,000,000	23 August 2023	23 November 2023	1.49%	826,222	Yes
China Construction Bank Tianxin Branch	Time deposit	40,000,000	29 August 2023	29 November 2023	1.49%	150,000	Yes
Bank of Changsha Zhuzhou Tianxin Branch	Structured deposit	110,000,000	6 September 2023	5 December 2023	2.85%	772,348	Yes
Bank of Changsha Zhuzhou Tianxin Branch	Structured deposit	230,000,000	15 September 2023	16 October 2023	2.70%	528,172	Yes
China Merchants Bank Zhuzhou Branch	Structured deposit	200,000,000	19 September 2023	19 December 2023	2.50%	1,246,575	Yes
China Construction Bank Tianxin Branch	Time deposit	30,000,000	21 September 2023	21 December 2023	1.51%	112,667	Yes
Industrial and Commercial Bank of China Tianxin Branch	Structured deposit	70,000,000	27 September 2023	28 December 2023	2.90%	511,671	Yes
Industrial and Commercial Bank of China Tianxin Branch	Structured deposit	100,000,000	27 September 2023	22 March 2024	Estimated 1.4%-3.0%	Not yet due	No

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Bank for deposit	Product type	Amount	Value date	Maturity date	Interest rate	Amount of revenue	Whether paid
China CITIC Bank Zhuzhou Tiantai Road Branch	Structured deposit	70,000,000	29 September 2023	1 January 2024	Estimated 1.05%-2.45%-2.85%	Not yet due	No
Bank of Changsha Zhuzhou Tianxin Branch	Structured deposit	10,000,000	9 October 2023	10 November 2023	2.69%	23,577	Yes
China Merchants Bank Zhuzhou Branch	Structured deposit	60,000,000	10 October 2023	10 January 2024	Estimated 1.59%-2.5%	Not yet due	No
China Construction Bank Tianxin Branch	Time deposit	33,000,000	12 October 2023	12 January 2024	Estimated 1.40%	Not yet due	No
Bank of Changsha Zhuzhou Tianxin Branch	Structured deposit	10,000,000	13 October 2023	13 November 2023	2.69%	22,841	Yes
Bank of Changsha Zhuzhou Tianxin Branch	Structured deposit	40,000,000	13 October 2023	13 November 2023	2.71%	92,017	Yes
Bank of Changsha Zhuzhou Tianxin Branch	Structured deposit	170,000,000	13 October 2023	11 January 2024	Estimated 1.49%-4.23%	Not yet due	No
China Construction Bank Tianxin Branch	Time deposit	16,000,000	25 October 2023	25 January 2024	Estimated 1.40%	Not yet due	No
Bank of Changsha Zhuzhou Tianxin Branch	Structured deposit	6,000,000	3 November 2023	1 February 2024	Estimated 1.49%-4.23%	Not yet due	No
Bank of Changsha Zhuzhou Tianxin Branch	Structured deposit	10,000,000	3 November 2023	4 December 2023	2.69%	22,841	Yes
Bank of Changsha Zhuzhou Tianxin Branch	Structured deposit	42,000,000	3 November 2023	4 December 2023	2.71%	96,629	Yes
Bank of Changsha Zhuzhou Tianxin Branch	Structured deposit	50,000,000	3 November 2023	1 February 2024	Estimated 1.49%-4.23%	Not yet due	No
Bank of Changsha Zhuzhou Tianxin Branch	Structured deposit	120,000,000	3 November 2023	1 February 2024	Estimated 1.49%-4.23%	Not yet due	No
Industrial and Commercial Bank of China Tianxin Branch	Structured deposit	440,000,000	24 November 2023	26 February 2024	Estimated 1.2%-2.69%	Not yet due	No
China Construction Bank Tianxin Branch	Time deposit	220,000,000	29 November 2023	29 February 2024	Estimated 1.40%	Not yet due	No
China Construction Bank Tianxin Branch	Time deposit	40,000,000	30 November 2023	29 February 2024	Estimated 1.40%	Not yet due	No
China Merchants Bank Zhuzhou Branch	Structured deposit	60,000,000	11 December 2023	11 March 2024	Estimated 1.59%-2.55%	Not yet due	No
China Merchants Bank Zhuzhou Branch	Structured deposit	10,000,000	25 December 2023	25 January 2024	Estimated 1.54%-2.55%	Not yet due	No
China Merchants Bank Zhuzhou Branch	Structured deposit	20,000,000	25 December 2023	25 January 2024	Estimated 1.54%-2.55%	Not yet due	No
Bank of Changsha Zhuzhou Tianxin Branch	Structured deposit	10,000,000	29 December 2023	28 March 2024	Estimated 1.54%-4.77%	Not yet due	No
Bank of Changsha Zhuzhou Tianxin Branch	Structured deposit	35,000,000	29 December 2023	28 March 2024	Estimated 1.54%-4.77%	Not yet due	No
Bank of Changsha Zhuzhou Tianxin Branch	Structured deposit	110,000,000	29 December 2023	28 March 2024	Estimated 1.54%-4.77%	Not yet due	No
Total		9,611,000,000				72,796,218	



Section VIII

Significant Events

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

Applicable Not applicable

5. Others

Applicable Not applicable

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

Applicable Not applicable

Section IX Changes in Shares and Particulars of Shareholders

I. CHANGES IN SHARE CAPITAL

(I) Table of changes in shares

1. Table of changes in shares

Unit: Share

	Before changes		Changes for the period (+, -)					After changes	
	Number	Percentage (%)	New Shares	Bonus Shares	Reserve transferred to Shares	Others	Subtotal	Number	Percentage (%)
I. Shares subject to trading moratorium	657,666,419	46.44	-	-	-	-48,699,951	-48,699,951	608,966,468	43.00
1. State-owned Shares	-	-	-	-	-	-	-	-	-
2. State-owned legal person Shares	634,912,705	44.83	-	-	-	-25,946,237	-25,946,237	608,966,468	43.00
3. Other domestic Shares	22,753,714	1.61	-	-	-	-22,753,714	-22,753,714	-	-
Of which: Domestic non-state-owned legal person Shares	22,753,714	1.61	-	-	-	-22,753,714	-22,753,714	-	-
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	-	-	-	48,699,951	48,699,951	807,270,444	57.00
1. RMB ordinary Shares	211,241,093	14.91	-	-	-	48,699,951	48,699,951	259,941,044	18.35
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

On 7 September 2023, a total of 50,096,551 restricted shares issued by the Company in public issue were released into the market. For details, please refer to the Announcement on Release of Certain Restricted Shares Issued by Zhuzhou CRRC Times Electric Co., Ltd. in Initial Public Issue published on the website of the SSE (www.sse.com.cn) on 31 August 2023 (Ann No. 2023-041).

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

Applicable Not Applicable

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

Applicable Not Applicable

Section IX Changes in Shares and Particulars of Shareholders

(II) Changes in Shares Subject to Trading Moratorium

✓Applicable □Not Applicable

Unit: Share

Name of Shareholders	Number of Shares subject to trading moratorium at the beginning of the year	Number of Shares released from trading moratorium for the year	Number of new Shares subject to trading moratorium for the year	Number of Shares subject to trading moratorium at the end of the year	Reason for the trading moratorium	Date of release from trading moratorium
CRRC Zhuzhou Institute Co., Ltd. (中車株洲電力機車研究所有限公司)	589,585,699	-	-	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(有限合夥))	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
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

Section IX Changes in Shares and Particulars of Shareholders

Name of Shareholders	Number of Shares subject to trading moratorium at the beginning of the year	Number of Shares released from trading moratorium for the year	Number of new Shares subject to trading moratorium for the year	Number of Shares subject to trading moratorium at the end of the year	Reason for the trading moratorium	Date of release from trading moratorium
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. (株洲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	<u>659,063,019</u>	<u>50,096,551</u>	<u>-</u>	<u>608,966,468</u>	/	/

Note: Difference between the aggregation of the numbers of Shares subject to trading moratorium in the above table and the number of Shares subject to trading moratorium in the preceding table of changes in shares is attributable to lending of Shares by Zhuzhou State-owned Assets Investment Holding Group Co., Ltd. and China CICC Wealth Management Securities Company Limited pursuant to the Implementation Rules on Refinancing and Lending Shares for Securities Financing Business of the Science and Technology Innovation Board, which complied with the requirements of relevant laws and regulations.

Section IX Changes in Shares and Particulars of Shareholders



II. SECURITIES ISSUE AND LISTING

(I) Issue of Securities During the Reporting Period

Applicable Not Applicable

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

Applicable Not Applicable

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

Applicable Not Applicable

III. SHAREHOLDERS AND ACTUAL CONTROLLER

(I) Total Number of Shareholders

Total number of ordinary Shareholders as at the end of the reporting period (account)	20,234
Total number of ordinary Shareholders at the end of the previous month before the disclosure date of annual report (account)	20,215
Total number of Shareholders of preference shares with restored voting rights as at the end of the reporting period (account)	Not applicable
Total number of Shareholders of preference shares with restored voting rights as at the end of the previous month before the disclosure date of the annual report (account)	Not applicable
Total number of Shareholders holding Shares with special voting rights as at the end of the reporting period (account)	Not applicable
Total number of Shareholders holding Shares with special voting rights as at the end of the previous month before the disclosure date of the annual report (account)	Not applicable

Note: As at the end of the reporting period, the Company had 19,167 A Shareholders and 1,067 registered H Shareholders; and as at the end of the previous month before the disclosure date of the annual report, the Company had 19,151 A Shareholders and 1,064 registered H Shareholders.

Numbers of depositary receipt holders

Applicable Not Applicable

Section IX Changes in Shares and Particulars of Shareholders

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

Unit: Share

Particulars of shareholdings of the top ten Shareholders (Number of restricted Shares excluding lending Shares for securities financing)							
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	Shares pledged, marked or frozen	Status of Shares	Nature of Shareholders
CRRC Zhuzhou Institute Co., Ltd. (中車株洲電力機車研究所有限公司) ^{Note 1}	1,415,017	591,000,716	41.73	589,585,699	None	-	State-owned legal person
HKSCC NOMINEES LIMITED ^{Note 2}	43,100	545,990,266	38.55	-	Unknown	-	Overseas legal person
Hong Kong Securities Clearing Company Limited	5,290,418	29,199,811	2.06	-	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)	6,885,376	21,580,860	1.52	-	Unknown	-	Others
CRRC Zhuzhou Locomotive Co., Ltd. (中車株洲電力機車有限公司)	-	10,000,000	0.71	10,000,000	None	-	State-owned legal person
CRCC High-Tech Equipment Corporation Limited (中國鐵建高新裝備股份有限公司)	-	9,800,000	0.69	-	None	-	State-owned legal person
CRRC Investment & Leasing Co., Ltd. (中車投資租賃有限公司)	-	9,380,769	0.66	9,380,769	None	-	State-owned legal person
CRRC Fund Management (Beijing) Co., Ltd. – Beijing Maohuan Rail Transit Industry Investment Management Partnership (Limited Partnership)(中車基金管理(北京)有限公司－北京懋暉軌道交通產業投資管理合夥企業(有限合夥))	-330,531	7,929,255	0.56	-	Unknown	-	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)	-74,862	7,871,470	0.56	-	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)	2,174,181	6,950,991	0.49	-	Unknown	-	Unknown

Section IX Changes in Shares and Particulars of Shareholders

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

Name of Shareholders	Number of circulating Shares held not subject to trading moratorium	Type and number of Shares	
		Type	Number
HKSCC NOMINEES LIMITED ^{Note 1}	545,990,266	Overseas listed foreign shares	545,990,266
Hong Kong Securities Clearing Company Limited	29,199,811	RMB ordinary shares	29,199,811
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)	21,580,860	RMB ordinary shares	21,580,860
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—北京懋峇軌道交通產業投資管理合夥企業(有限合夥))	7,929,255	RMB ordinary shares	7,929,255
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)	7,871,470	RMB ordinary shares	7,871,470
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)	6,950,991	RMB ordinary shares	6,950,991
National Social Security Fund Portfolio 110 (全國社保基金—一零組合)	4,332,481	RMB ordinary shares	4,332,481
CITIC Corporation Limited (中信投資控股有限公司)	3,958,888	RMB ordinary shares	3,958,888
Hunan Rail Transit Holding Group Co., Ltd. (湖南軌道交通控股集團有限公司)	3,958,888	RMB ordinary shares	3,958,888
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	RMB ordinary shares	3,958,888
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	RMB ordinary shares	3,958,888

Section IX Changes in Shares and Particulars of Shareholders

Particulars of shareholdings of the top ten Shareholders not subject to trading moratorium			
Name of Shareholders	Number of circulating Shares held not subject to trading moratorium	Type and number of Shares	
		Type	Number

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

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 610,381,485 RMB ordinary Shares through CRRC Zhuzhou Institute Co., Ltd., CRRC Zhuzhou Locomotive Co., Ltd. and CRRC Investment & Leasing Co., Ltd., and indirectly held 6,546,000 overseas listed foreign Shares through CRRC Hong Kong Capital Management Co., Ltd. CRRC Corporation Limited indirectly held a total of 47.72% shareholding in the Company.

Save as aforementioned, the Company is not aware whether the other Shareholders have related party relationship or acting-in-concert arrangement.

Explanation on the preference Shareholders with voting right restored and their shareholdings

Not applicable

Note 1: Based on the recognition of the Company's value and the confidence in its sustainable and stable development in the future, CRRC ZELRI has decided to increase its shareholding in the Company's A shares by no less than RMB50,000,000 and no more than RMB100,000,000 in the manner permitted by the Shanghai Stock Exchange within three months from 4 November 2023. From 11 December 2023 to 29 December 2023, CRRC ZELRI acquired a total of 1,415,017 A shares of the Company by centralised bidding through the trading system of the Shanghai Stock Exchange, representing approximately 0.10% of the total issued share capital of the Company, with a total amount of approximately RMB50,590,000 (excluding transaction costs). For details, please refer to the "Announcement of Zhuzhou CRRC Times Electric Co., Ltd. on the Plan of the Controlling Shareholder to Increase Shareholding in the Company" (Announcement No.: 2023-048), "Announcement of Zhuzhou CRRC Times Electric Co., Ltd. on the Progress of the Plan of the Controlling Shareholder to Increase Shareholding in the Company" (Announcement No.: 2023-053), "Announcement of Zhuzhou CRRC Times Electric Co., Ltd. on the Progress of the Plan of the Controlling Shareholder to Increase Shareholding in the Company" (Announcement No.: 2023-058) and "Announcement of Zhuzhou CRRC Times Electric Co., Ltd. on the Completion of the Plan of the Controlling Shareholder to Increase Shareholding in the Company" (Announcement No.: 2024-001) disclosed by the Company on the website of the SSE on 4 November 2023, 14 December 2023, 16 December 2023 and 6 February 2024, respectively.

Note 2: HKSCC NOMINEES LIMITED holds the H Shares on behalf of several customers.

Section IX Changes in Shares and Particulars of Shareholders

The lending of shares by the top ten Shareholders in the refinancing business

✓Applicable Not Applicable

Unit: Share

Name of Shareholder (full name)	The lending of shares by the top ten Shareholders in the refinancing							
	Shareholding of ordinary accounts and credit accounts at the beginning of the period				Shareholding of ordinary accounts and credit accounts at the end of the period			
	Total quantity	Percentage (%)	Refinancing loan shares at the beginning of the period but outstanding Total quantity	Refinancing loan shares at the beginning of the period but outstanding Percentage (%)	Total quantity	Percentage (%)	Refinancing loan shares at the end of the period but outstanding Total quantity	Refinancing loan shares at the end of the period but outstanding Percentage (%)
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)	7,946,332	0.56	339,200	0.02	7,871,470	0.56	201,600	0.02
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)	14,695,484	1.04	133,400	0.01	21,580,860	1.52	723,700	0.05
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)	4,776,810	0.34	143,900	0.01	6,950,991	0.49	455,900	0.03

Changes in the top ten Shareholders compared with the previous period

✓Applicable Not Applicable

Unit: Share

Name of Shareholder (full name)	Addition/Withdrawal during the reporting period	Changes in the top ten Shareholders as compared with the end of the previous period			
		Number of outstanding refinancing shares at the end of the period		Number of outstanding shares held by ordinary accounts, credit accounts and refinancing loans of Shareholders at the end of the period	
		Total quantity	Percentage (%)	Total quantity	Percentage (%)
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)	Withdrawal	–	–	1,000,000	0.07
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)	Addition	–	–	6,950,991	0.49

Section IX 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
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

CRRC Zhuzhou Institute Co., Ltd. is a direct controlling Shareholder of the Company. CRRC Corporation Limited is holding 100% equity interests in CRRC Zhuzhou Institute Co., Ltd., CRRC Zhuzhou Locomotive Co., Ltd. And CRRC Investment & Leasing Co., Ltd..

Save as aforementioned, the Company is not aware whether the other Shareholders have related party relationship or acting-in-concert arrangement.

Section IX Changes in Shares and Particulars of Shareholders

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

Applicable Not Applicable

The lending of depositary receipts of the top ten depositary receipts holders who participating in the refinancing business

Applicable Not Applicable

Changes in the top ten depositary receipts holders as compared with the previous 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	Nil	

Section IX Changes in Shares and Particulars of Shareholders

(V) Strategic Placement of Initial Public Issue

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

✓Applicable □Not Applicable

Unit: Share

Name of Shareholder/holder	Number of Shares/depository receipts allocated	Time available for listing and trading	Changes of number during the reporting period	Number of holdings of Shares/depository receipts including lending Shares for securities financing at the end of the period
CICC – Agricultural Bank of China – CICC Times Electric No. 1 Collective Asset Management Plan for Employees' Participation in Strategic Placement on the Science and Technology Innovation Board (中金公司－農業銀行－中金公司時代電氣1號員工參與科创板戰略配售集合資產管理計劃)	4,598,422	7 September 2022	-36,975	153,447
CICC – Agricultural Bank of China – CICC Times Electric No. 2 Collective Asset Management Plan for Employees' Participation in Strategic Placement on the Science and Technology Innovation Board (中金公司－農業銀行－中金公司時代電氣2號員工參與科创板戰略配售集合資產管理計劃)	3,306,856	7 September 2022	-19,560	211,546
CICC – Agricultural Bank of China – CICC Times Electric No. 3 Collective Asset Management Plan for Employees' Participation in Strategic Placement on the Science and Technology Innovation Board (中金公司－農業銀行－中金公司時代電氣3號員工參與科创板戰略配售集合資產管理計劃)	4,609,837	7 September 2022	-109,388	113,900
CICC – Agricultural Bank of China – CICC Times Electric No. 4 Collective Asset Management Plan for Employees' Participation in Strategic Placement on the Science and Technology Innovation Board (中金公司－農業銀行－中金公司時代電氣4號員工參與科创板戰略配售集合資產管理計劃)	3,199,553	7 September 2022	-20,989	138,504
CICC – Agricultural Bank of China – CICC Times Electric No. 6 Collective Asset Management Plan for Employees' Participation in Strategic Placement on the Science and Technology Innovation Board (中金公司－農業銀行－中金公司時代電氣6號員工參與科创板戰略配售集合資產管理計劃)	3,294,426	7 September 2022	-2,840	174,751
CICC – Agricultural Bank of China – CICC Times Electric No. 8 Collective Asset Management Plan for Employees' Participation in Strategic Placement on the Science and Technology Innovation Board (中金公司－農業銀行－中金公司時代電氣8號員工參與科创板戰略配售集合資產管理計劃)	3,122,437	7 September 2022	-15,710	184,609

Section IX Changes in Shares and Particulars of Shareholders



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

✓Applicable Not Applicable

Unit: Share

Name of Shareholder	Relationship with the sponsor	Number of Shares/ depositary receipts allocated	Time available for listing and trading	Changes of number during the reporting period	Number of holdings of Shares/ depositary receipts including lending Shares for securities financing at the end of the period
China CICC Wealth Management Securities Company Limited (中國中金財富證券有限公司)	A wholly-owned subsidiary of the sponsor	4,815,205	7 September 2023	-4,815,205	0

Section IX Changes in Shares and Particulars of Shareholders

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

As at 31 December 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	591,000,716 (Long position)	Beneficial owner	68.02%	–	41.73%
CRRC ^(Note 1)	A Shares	610,381,485 (Long position)	Interest in controlled entity	70.25%	–	43.10%
	H Shares	65,460,000 (Long position)	Interest in controlled entity	–	11.96%	4.62%
CRRC Group ^(Note 2)	A Shares	610,381,485 (Long position)	Interest in controlled entity	70.25%	–	43.10%
	H Shares	65,460,000 (Long position)	Interest in controlled entity	–	11.96%	4.62%
CRRC Hong Kong Capital Management Co., Limited	H Shares	65,460,000 (Long position)	Interest in controlled entity	–	11.96%	4.62%
JPMorgan Chase & Co.	H Shares	3,507,786 (Long position)	Interest in controlled entity	–	0.64%	0.25%
		2,228,900 (Short position)	Interest in controlled entity	–	0.41%	0.16%
		52,083,600 (Long position)	Investment manager	–	9.52%	3.68%
		562,048 (Long position)	Secured equity holder	–	0.10%	0.04%
		9,474,198 (Long position)	Approved lending agent	–	1.73%	0.67%
Citigroup Inc	H Shares	8,514,592 (Long position)	Interest in controlled entity	–	1.56%	0.60%
		1,226,608 (Short position)	Interest in controlled entity	–	0.22%	0.09%
		20,366,601 (Lending pool Shares – Long position)	Approved lending agent	–	3.72%	1.44%

Section IX Changes in Shares and Particulars of Shareholders



Notes: As at 31 December 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 65,460,000 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 51.45% 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 31 December 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 IX Changes in Shares and Particulars of Shareholders

IV. CONTROLLING SHAREHOLDER AND ACTUAL CONTROLLER

(I) Controlling Shareholder

1 Legal person

Applicable Not Applicable

Name	CRRC Zhuzhou Institute Co., Ltd.
Person-in-charge or legal representative	Li Donglin
Date of establishment	9 September 1992
Major business activities	Manufacturing of railway transportation infrastructure equipment; Inspection and testing services; Certification services; Survey of construction projects; Construction engineering design; Construction works; Power generation business, power transmission business, power supply (distribution) business; Publication of periodicals. General projects (for projects subject to approval according to law law can be operated only after being approved by relevant departments, and the specific business projects are subject to the approval documents or licenses of the relevant departments): Sales of special equipment, key systems and components for rail transit; Development of rail transit operation management system; Research and development of machinery and equipment; Manufacturing of mechanical and electrical equipment; Sales of mechanical and electrical equipment; Repair of electrical equipment; Leasing of machinery and equipment; Industrial control computer and system manufacturing; Sales of industrial control computer and system; Intelligent control system integration; Manufacturing of electronic components; Sales of electronic products; Sales of electronic special equipment; Integrated circuit chips and products manufacturing; Sales of integrated circuit chips and products; Research and development of emerging energy technologies; Research and development of related systems of wind farms; Sales of wind farm related equipment; Sales of wind turbine generator sets and components; Technical services for wind power generation; Sales of intelligent transmission, distribution and control equipment; Research and development of motors and their control systems; Manufacturing of generator and generator set; Sales of generators and generator sets; Research and development of auto parts; Sales of battery swapping facilities for new energy vehicles; Sale of charging piles; Centralized fast charging stations; Operation of electric vehicle charging infrastructure; Energy storage technology services; Contract energy management; Battery manufacturing; Sales of batteries; Production of battery spare parts; Sales of battery spare parts; Engineering and technology research and experimental development; Engineering management services; Software development; Sales of software; Technical services, technology development, technology consultation, technology exchange, technology transfer, technology promotion; Certification consultation; Digital technology services; Information technology consulting services; Business training (excluding education training, vocational skills training and other training requiring permits); Enterprise management consulting; Conference and exhibition services; Advertising production; Advertisement publication; Non-residential real estate leasing; Engaging in investment activities with its own funds; Import and export of goods; Technology import and export. (to independently carry out business activities defined in business license other than those subject to approval according to law)

Section IX Changes in Shares and Particulars of Shareholders



Equity in other domestic and overseas listed companies controlled and invested during the reporting period

As of 31 December 2023, it held 35.47% equity interests in Zhuzhou Times New Material Technology Co., Ltd. (SH600458).

Other explanations –

2 Natural person

Applicable Not Applicable

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

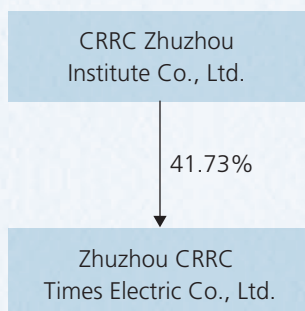
Applicable Not Applicable

4 Explanation on changes in controlling shareholder during the reporting period

Applicable Not Applicable

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

Applicable Not Applicable



(II) Actual Controller

1 Legal person

Applicable Not Applicable

Name SASAC

The actual controller of the Company is SASAC. As of 31 December 2023, SASAC directly held the 100% equity interests of CRRC Group, which is the controlling shareholder of CRRC, which in turn indirectly held a total of 47.72% equity interests in the Company through CRRC ZELRI, CRRC Zhuzhou, CRRC Investment & Leasing and CRRC Hong Kong Capital Management Co., Ltd.

2 Natural person

Applicable Not Applicable

3 Special explanation for absence of actual controller

Applicable Not Applicable

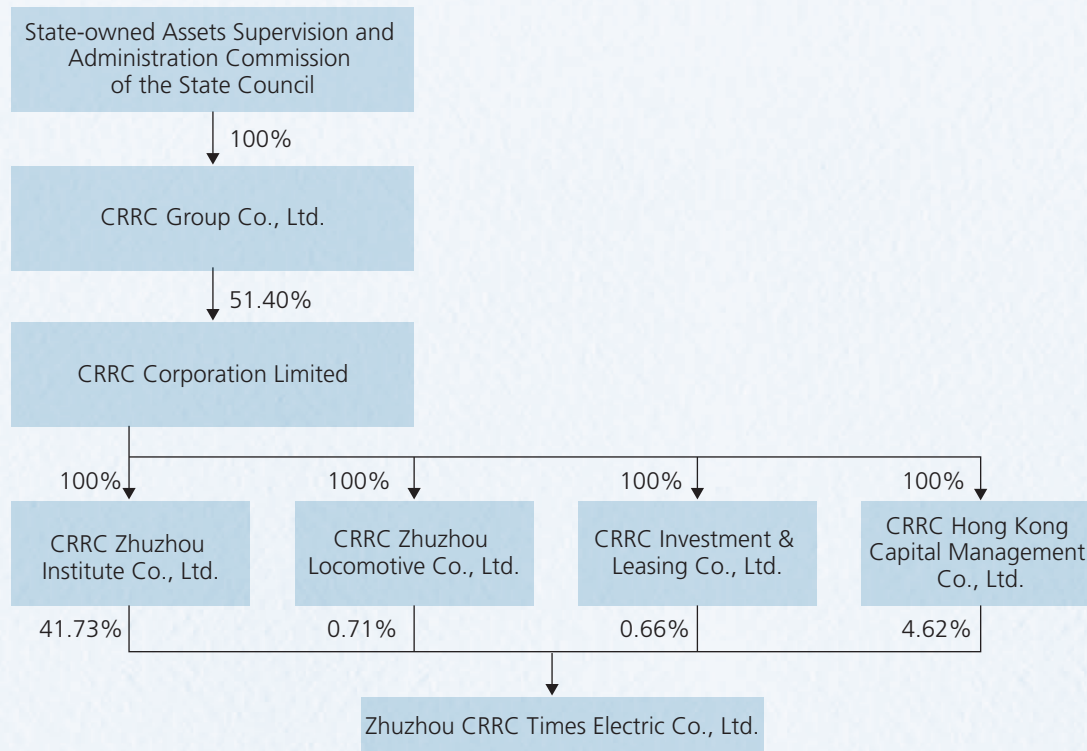
Section IX Changes in Shares and Particulars of Shareholders

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

Applicable Not Applicable

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

Applicable Not Applicable



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

Applicable Not Applicable

(III) Other Information of Controlling Shareholder and Actual Controllers

Applicable Not Applicable

Section IX Changes in Shares and Particulars of Shareholders



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

Applicable Not Applicable

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

Applicable Not Applicable

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

Applicable Not Applicable

VIII. IMPLEMENTATION OF SHARE REPURCHASE DURING THE REPORTING PERIOD

Applicable Not Applicable

On 15 December 2023, the fifth meeting of the seventh session of the Board of the Company considered and approved the Resolution on the Repurchase of H Shares by the Company (《關於本公司回購H股股份的議案》), agreeing to repurchase part of the H Shares of the Company with the Company's own funds within the scope of the authorization of the general meeting, with a repurchase amount of not less than RMB50,000,000 and not more than RMB100,000,000 (corresponding Hong Kong dollars). For details, please refer to the First Announcement of Zhuzhou CRRC Times Electric Company Limited Notice to Creditors due to the Repurchase of H Shares (《株洲中車時代電氣股份有限公司因H股股份回購需通知債權人第一次公告》) (Announcement No.:2023-055) disclosed by the Company on the website of the SSE on 16 December 2023. During the Reporting Period, the Company has not carried out H share repurchase business.



Section X Preference Shares

Applicable Not applicable



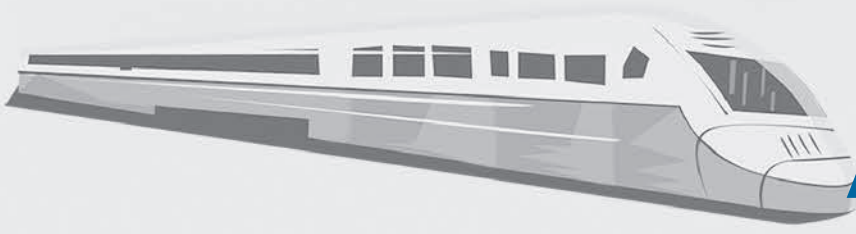
Section XI Corporate Bonds

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

Applicable Not applicable

II. CONVERTIBLE BONDS OF THE COMPANY

Applicable Not applicable



Auditors' Report



KPMG Huazhen ShenZi No. 2403828

The Shareholders of Zhuzhou CRRC Times Electric Co., Ltd.:

I. OPINION

We have audited the accompanying financial statements of Zhuzhou CRRC Times Electric Co., Ltd. ("Zhuzhou CRRC Times Electric"), which comprise the consolidated and company balance sheets as at 31 December 2023, the consolidated and company income statements, the consolidated and company cash flow statements, the consolidated and company statements of changes in shareholders' equity for the year then ended, and notes to the financial statements.

In our opinion, the accompanying financial statements present fairly, in all material respects, the consolidated and company financial position of Zhuzhou CRRC Times Electric as at 31 December 2023, and the consolidated and company financial performance and cash flows of Zhuzhou CRRC Times Electric for the year then ended in accordance with Accounting Standards for Business Enterprises issued by the Ministry of Finance of the People's Republic of China.

II. BASIS FOR OPINION

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

III. KEY AUDIT MATTERS

Key audit matters are those matters that, in our professional judgement, were of most significance in our audit of the financial statements of the current period. These matters were addressed in the context of our audit of the financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.



Auditors' Report

III. KEY AUDIT MATTERS (continued)

Measurement of expected credit losses from accounts receivable and contract assets

Please refer to the accounting policy described in Note 11 under “III. Significant accounting policies and accounting estimates”, as well as Note 4, 5 and 21 under “V. Notes of consolidated financial statements”.

The key audit matter

As shown in as well as Note 4, 5 and 21 under “V. Notes of consolidated financial statements”, as at 31 December 2023, the Group’s carrying amounts of accounts receivable and contract assets (including those under “Other non-current assets”) were RMB10,155,942,984 and RMB1,250,566,235 respectively, and the provisions for credit losses from them were RMB520,099,001 and RMB52,062,821 respectively.

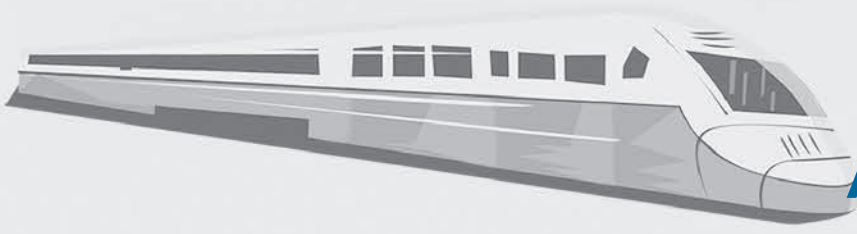
The Group uses the expected credit loss model to recognise the provisions for expected credit loss, and the provisions for losses from accounts receivables and contract assets are always measured at an amount equal to lifetime ECLs. The measurement of expected credit loss involves significant management judgments and assumptions, including an assessment of expected credit risk based on a combination of credit risk characteristics and expected credit loss rate over the expected lifetime.

Because the determination of the provision for bad and doubtful debts of accounts receivable and contract assets involves significant management judgment and inherent uncertainty, we identified the measurement of expected credit losses on accounts receivable and contract assets as a key audit matter in the consolidated financial statements.

How the matter was addressed in our audit

Our audit procedures related to accounts receivable and contract assets include the following:

- Understanding the key internal controls over financial reporting related to credit risk control, recovery of funds and estimate of expected credit loss, and evaluating their design and operating effectiveness;
- Evaluating the Group’s accounting policy for estimating the provision for bad and doubtful debts in accordance with the requirements of the relevant accounting standards;
- Selecting testing items from the ageing analysis report on bills receivable, accounts receivable and contract assets and reconciling them to relevant supporting documents to evaluate the accuracy of the ageing interval classification in the ageing analysis report on accounts receivable;
- Understanding the key parameters and assumptions used in management’s expected credit loss model, including the basis for management’s grouping of receivables based on the client’s common credit risk characteristics, and historical credit loss data included in management’s expected credit loss ratio;
- Evaluating the appropriateness of management’s expected credit loss estimates by examining the information used by management to make accounting estimates, including testing the accuracy of historical credit loss data, evaluating whether historical loss rates are appropriately adjusted based on current economic conditions and forward-looking information;
- Performing recalculation of provisions for bad and doubtful debts as at 31 December 2023 based on the Group’s accounting policy on provisions for credit loss.



Auditors' Report

III. KEY AUDIT MATTERS (continued)

Impairment of goodwill

Please refer to the accounting policy described in Note 24 under "III. Significant accounting policies and accounting estimates", as well as Note 18 under "V. Notes of consolidated financial statements".

The key audit matter

As shown in Note V.18 to the financial statements, as at 31 December 2023, the carrying amount of Zhuzhou CRRC Times Electric's goodwill was RMB231,444,095, which was mainly formed by the acquisition of 100% equity interest in Special Machine Developments Limited and its subsidiaries in 2015 as well as the acquisition of Wuxi CRRC Hofer Powertrain Co., Ltd. in 2023.

Management conducts an impairment test on goodwill at the end of each financial year to compare the carrying amount of the asset group containing goodwill with its recoverable amount to determine whether an impairment provision is needed. The recoverable amount is determined based on the higher of the fair value of the asset group less disposal cost and the present value of the projected future cash flows. Determining the present value of projected future cash flows involves significant management judgment and estimates, particularly estimates of revenue growth rates and discount rates.

Because of the significant goodwill year-end balances described above and the fact that the goodwill impairment test involves a number of assumptions and judgments, including expected future cash flows from the asset group, and the selection of a discount rate that appropriately reflects the current time value of currency in the market and specific asset risks, we identified goodwill impairment as a key audit matter in the consolidated financial statements.

How the matter was addressed in our audit

- Understanding and evaluating Zhuzhou CRRC Times Electric's design operating effectiveness of key internal controls over financial reporting related to goodwill impairment test;
- Evaluating whether management's identification of asset groups and allocation of goodwill to asset groups, as well as management's approach to goodwill impairment testing, meet the requirements of Accounting Standards for Business Enterprises;
- Based on our knowledge, experience and knowledge of the industries in which Zhuzhou CRRC Times Electric and its subsidiaries operate, with reference to the approved operating plan, evaluating the key parameters in the discounted cash flow forecast, including future revenue growth rate and gross margin;
- Evaluating the appropriateness of the methodology used by management in estimating the present value of expected future cash flows and the reasonableness of the discount rate used, using the work of our valuation experts;
- Conducting a sensitivity analysis of the discount rate and other key assumptions used by management, evaluating how the key assumptions may change and result in different conclusions, and then evaluating whether the selection of key assumptions is indicative of management bias;
- Comparing the estimates and assumptions used by management in preparing discounted cash flow forecast in the prior year with actual results for the current year to evaluate whether there are indications of management bias, and enquiring management for the reasons for any significant discrepancies identified, taking into account whether relevant factors have been taken into account in the current year's forecast;
- Considering whether the impairment assessment of goodwill in the financial statements and the disclosure of key assumptions used meet the requirements of Accounting Standards for Business Enterprises.



Auditors' Report

IV. OTHER INFORMATION

Zhuzhou CRRC Times Electric's management is responsible for the other information. The other information comprises all the information included in 2022 annual report of Zhuzhou CRRC Times Electric, other than the financial statements and our auditor's report thereon.

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

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

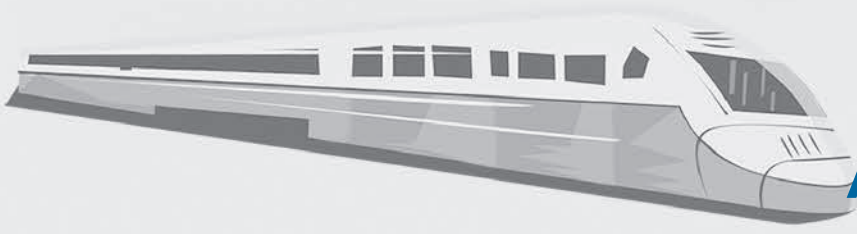
If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

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

Management is responsible for the preparation and fair presentation of the financial statements in accordance with the Accounting Standards for Business Enterprises, and for the design, implementation and maintenance of such internal control necessary to enable that the financial statements are free from material misstatement, whether due to fraud or error.

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

Those charged with governance are responsible for overseeing Zhuzhou CRRC Times Electric's financial reporting process.



Auditors' Report

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

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

As part of an audit in accordance with CSAs, we exercise professional judgement and maintain professional scepticism throughout the audit. We also:

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

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



Auditors' Report

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

(continued)

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

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

KPMG Huazhen LLP

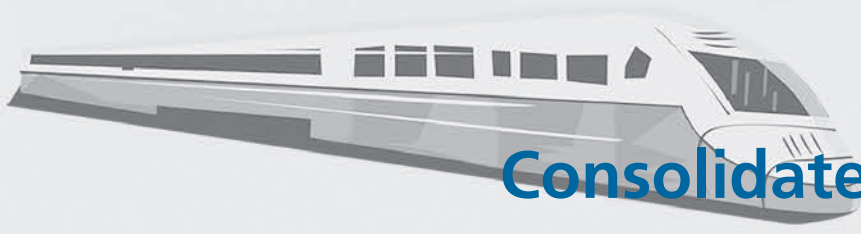
Certified Public Accountants Registered in the People's Republic of China

Lin Ying (Engagement Partner)

Lei Jiang

Beijing, China

28 March 2024



Consolidated Balance Sheet

31 December 2023
Unit: Yuan Currency: RMB

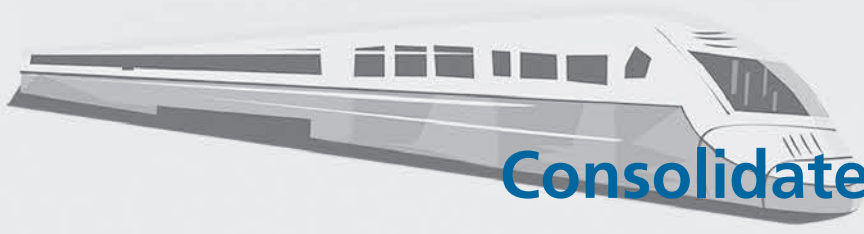
Item	Note	31 December 2023	31 December 2022
Current assets			
Cash and bank balances	V.1	7,903,177,340	7,500,378,674
Held-for-trading financial assets	V.2	4,776,392,878	6,700,827,160
Bills receivable	V.3	2,376,882,219	3,404,536,888
Accounts receivable	V.4	9,635,843,983	8,100,217,003
Trade receivables financing	V.5	4,511,551,119	2,918,688,837
Prepayments	V.6	747,928,959	715,524,335
Other receivables	V.7	232,027,285	186,845,646
Including: Interest receivable		–	–
Dividends receivable		–	–
Inventories	V.8	5,442,956,796	5,821,582,845
Contract assets	V.9	389,029,590	431,453,713
Non-current assets due within one year	V.10	1,100,449,970	340,751,629
Other current assets	V.11	398,732,487	322,397,826
Total current assets		37,514,972,626	36,443,204,556
Non-current assets:			
Long-term receivables		3,547,297	1,716,722
Long-term equity investments	V.12	533,411,204	463,550,882
Other equity instrument investments	V.13	233,249,992	152,673,525
Fixed assets	V.14	5,232,528,832	4,802,515,644
Construction in progress	V.15	1,261,506,969	453,599,990
Right-of-use assets	V.16	281,434,472	207,002,345
Intangible assets	V.17	1,370,822,759	632,504,419
Development expenditure	VI.(2)	275,456,352	429,162,131
Goodwill	V.18	231,444,095	185,853,237
Long-term prepaid expenses	V.19	28,694,796	33,086,341
Deferred tax assets	V.20	854,774,053	559,543,555
Other non-current assets	V.21	5,583,003,940	4,145,141,437
Total non-current assets		15,889,874,761	12,066,350,228
Total assets		53,404,847,387	48,509,554,784

Consolidated Balance Sheet

31 December 2023

Unit: Yuan Currency: RMB

Item	Note	31 December 2023	31 December 2022
Current liabilities:			
Short-term loans	V.23	396,922,553	454,374,494
Bills payable	V.24	3,949,818,779	2,618,840,644
Accounts payable	V.25	6,188,520,178	6,086,488,039
Receipts in advance		–	–
Contract liabilities	V.26	740,517,135	639,885,805
Employee benefits payable	V.27	204,231,552	173,247,266
Taxes payable	V.28	217,755,649	301,155,951
Other payables	V.29	1,145,345,758	983,217,920
Including: Interest payable		–	–
Dividends payable		–	1,715,000
Non-current liabilities due within one year	V.30	497,130,061	375,909,378
Other current liabilities	V.31	91,909,989	68,792,364
Total current liabilities		13,432,151,654	11,701,911,861
Non-current liabilities:			
Long-term loans	V.32	631,943,386	72,688,000
Lease liabilities	V.33	197,058,403	135,377,795
Long-term payables	V.34	5,096,031	–
Provisions	V.35	600,778,624	421,859,682
Deferred income	V.36	777,841,769	857,082,488
Deferred tax liabilities	V.20	37,998,740	16,917,974
Other non-current liabilities		5,447,898	7,985,802
Total non-current liabilities		2,256,164,851	1,511,911,741
Total liabilities		15,688,316,505	13,213,823,602



Consolidated Balance Sheet

31 December 2023
Unit: Yuan Currency: RMB

Item	Note	31 December 2023	31 December 2022
Owners' (Shareholders') equity			
Paid-in capital (or share capital)	V.37	1,416,236,912	1,416,236,912
Capital reserve	V.38	10,511,448,364	10,511,448,364
Other comprehensive income	V.39	-255,631,350	-217,184,032
Special reserve	V.40	86,022,310	39,091,759
Surplus reserve	V.41	3,153,659,247	2,921,038,979
Retained earnings	V.42	21,954,221,096	19,860,068,021
Total equity attributable to owners (shareholders) of the parent company		<u>36,865,956,579</u>	<u>34,530,700,003</u>
Non-controlling interests		<u>850,574,303</u>	<u>765,031,179</u>
Total owners' (shareholders') equity		<u>37,716,530,882</u>	<u>35,295,731,182</u>
Total liabilities and owners' (shareholders') equity		<u>53,404,847,387</u>	<u>48,509,554,784</u>

Legal representative:
Li Donglin

Chief Financial Officer:
Liu Zehua

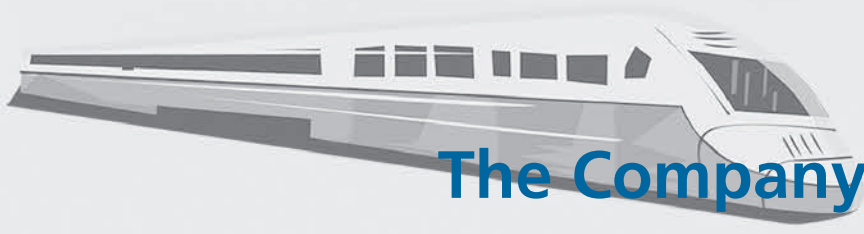
Head of Accounting Department:
Sun Shan

The Company's Balance Sheet

At 31 December 2023

Unit: Yuan Currency: RMB

Item	Note	31 December 2023	31 December 2022
Current assets			
Cash and bank balances		4,423,518,111	3,939,270,089
Held-for-trading financial assets		4,454,436,527	6,209,321,228
Bills receivable		2,059,380,413	3,103,502,967
Accounts receivable	XVII.1	7,532,037,356	6,523,670,642
Trade receivables financing		3,277,573,192	2,256,797,045
Prepayments		275,775,265	363,384,121
Other receivables	XVII.2	1,028,279,958	631,927,051
Including: Interest receivable		–	–
Dividends receivable		284,000,000	266,056,100
Inventories		3,068,975,784	3,938,642,262
Contract assets		124,703,793	253,600,250
Non-current assets due within one year		1,100,449,970	347,351,629
Other current assets		44,283,789	57,185,232
Total current assets		27,389,414,158	27,624,652,516
Non-current assets			
Long-term receivables		1,253,525,113	1,779,387,316
Long-term equity investments	XVII.3	10,796,562,546	8,871,388,057
Other equity instrument investments		233,249,992	152,673,525
Fixed assets		1,393,005,563	1,062,432,627
Construction in progress		573,086,412	224,180,279
Right-of-use assets		93,791,140	109,547,550
Intangible assets		408,173,892	205,034,074
Development expenditures		135,118,519	332,993,502
Long-term prepaid expenses		6,391,977	9,950,840
Deferred tax assets		257,890,582	172,410,574
Other non-current assets		4,256,214,288	3,661,227,108
Total non-current assets		19,407,010,024	16,581,225,452
Total assets		46,796,424,182	44,205,877,968



The Company's Balance Sheet

At 31 December 2023
Unit: Yuan Currency: RMB

Item	Note	31 December 2023	31 December 2022
Current liabilities			
Short-term loans		–	–
Held-for-trading financial liabilities		–	–
Bills payable		2,182,140,764	1,844,271,052
Trade payables		5,655,020,945	5,521,125,412
Contract liabilities		483,619,598	411,327,742
Employee benefits payable		76,493,167	64,138,637
Taxes payable		56,442,730	86,581,981
Other payables		1,261,756,013	806,432,422
Including: Interest payable		–	–
Dividends payable		–	–
Non-current liabilities due within one year		231,786,175	235,582,101
Other current liabilities		62,673,026	52,722,792
Total current liabilities		10,009,932,418	9,022,182,139
Non-current liabilities:			
Long-term loans		71,060,100	72,688,000
Lease liabilities		66,610,247	87,271,861
Long-term payables		5,096,031	–
Provisions		392,892,305	304,908,203
Deferred income		237,845,229	263,109,197
Deferred tax liabilities		–	–
Other non-current liabilities		5,447,898	7,985,802
Total non-current liabilities		778,951,810	735,963,063
Total liabilities		10,788,884,228	9,758,145,202
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		-59,394,839	-56,892,606
Special reserve		20,211,566	5,174,513
Surplus reserve		3,153,659,247	2,921,038,979
Retained earnings		20,897,323,493	19,582,671,393
Total owners' (shareholders') equity		36,007,539,954	34,447,732,766
Total liabilities and owners' (shareholders') equity		46,796,424,182	44,205,877,968

Legal representative:
Li Donglin

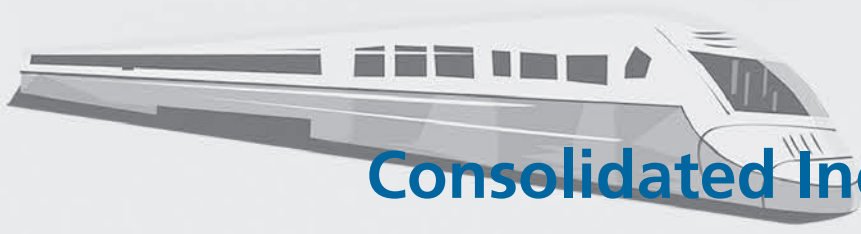
Chief Financial Officer:
Liu Zehua

Head of Accounting Department:
Sun Shan

Consolidated Income Statement

From January to December 2023
Unit: Yuan Currency: RMB

Item	Note	2023	2022
I. Total operating income		21,798,940,776	18,033,778,561
Including: Operating income	V.44	21,798,940,776	18,033,778,561
II. Total operating costs		18,923,152,538	15,814,509,340
Including: Operating costs	V.44	14,417,684,487	12,139,166,025
Taxes and surcharges	V.45	122,480,328	116,172,989
Selling expenses	V.46	1,578,587,533	1,098,172,993
Administrative expenses	V.47	1,041,223,187	889,981,843
Research and development expenses	V.48	2,020,996,010	1,761,914,969
Financial expenses	V.49	-257,819,007	-190,899,478
Including: Interest expenses		47,187,001	20,964,320
Interest income		259,770,797	204,124,028
Add: Other income	V.50	648,174,414	572,207,370
Investment income ("-" for losses)	V.51	57,177,847	-41,999,539
Including: Gains from investments in associates and joint ventures		-942,806	-84,856,551
Gains from derecognition of financial assets measured at amortised cost		-	-15,852,222
Gains from changes in fair value ("-" for losses)	V.52	74,602,203	166,033,744
Credit losses ("-" for losses)	V.53	-260,002,087	-61,637,487
Impairment losses ("-" for losses)	V.54	-81,089,712	73,345,052
Gains from asset disposals ("-" for losses)	V.55	2,778,146	4,077,357
III. Operating profit ("-" for loss)		3,317,429,049	2,931,295,717
Add: Non-operating income	V.56	43,256,243	11,348,934
Less: Non-operating expenses	V.57	1,093,984	1,096,078
IV. Profit before income tax ("-" for losses)		3,359,591,308	2,941,548,573
Less: Income tax expenses	V.58	209,497,353	349,575,746



Consolidated Income Statement

From January to December 2023
Unit: Yuan Currency: RMB

Item	Note	2023	2022
V. Net profit for the year ("-" for losses)		3,150,093,955	2,591,972,827
(I) Net profit classified by continuity of operations ("-" for net loss):			
1. Net profit from continuing operations ("-" for net loss)		3,150,093,955	2,591,972,827
2. Net profit from operations ("-" for net loss)		<u> -</u>	<u> -</u>
(II) Net profit classified by ownership ("-" for net loss):			
1. Net profit attributable to shareholders of the Company ("-" for net losses)		3,105,703,645	2,555,823,375
2. Net profit attributable to non-controlling interests ("-" for net losses)		<u>44,390,310</u>	<u>36,149,452</u>
VI. Other comprehensive income, net of tax	V.40	-38,444,429	-9,287,781
(I) Other comprehensive income attributable to shareholders of the Company, net of income tax		-38,447,318	-9,099,403
1. Items that will not reclassified to profit or loss		<u> -</u>	<u> -</u>
2. Items that may be reclassified profit or loss		-38,447,318	-9,099,403
(1) Changes in fair value of other debt investments		-6,265,521	-3,016,907
(2) Translation differences arising from translation of foreign currency financial statements		-32,181,797	-6,082,496
(II) Other comprehensive income (net of tax) attributable to non-controlling interests		<u>2,889</u>	<u>-188,378</u>
VII. Total comprehensive income		<u>3,111,649,526</u>	<u>2,582,685,046</u>
(I) Total comprehensive income attributable to shareholders of the Company		<u>3,067,256,327</u>	<u>2,546,723,972</u>
(II) Total comprehensive income attributable to non-controlling interests		<u>44,393,199</u>	<u>35,961,074</u>
VIII. Earnings per share:			
(I) Basic earnings per share (RMB/share)	XVIII.2	2.19	1.80
(II) Diluted earnings per share (RMB/share)	XVIII.2	2.19	1.80

Legal representative:
Li Donglin

Chief Financial Officer:
Liu Zehua

Head of Accounting Department:
Sun Shan

The Company's Income Statement

From January to December 2023
Unit: Yuan Currency: RMB

Item	Note	2023	2022
I. Operating income	XVII.4	15,109,281,380	13,892,435,340
Less: Operating costs	XVII.4	11,928,685,615	11,231,208,435
Taxes and surcharges		45,785,392	36,232,138
Selling expenses		1,093,267,584	671,214,429
Administrative expenses		484,934,740	441,258,275
Research and development expenses		963,610,924	782,428,583
Financial expenses		-219,089,991	-232,694,793
Including: Interest expenses		26,395,876	12,286,330
Interest income		-227,459,016	184,212,182
Add: Other income		145,759,114	162,869,355
Investment income ("-" for losses)	XVII.5	1,421,247,226	2,343,066,111
Including: Gains from investments in associates and joint ventures		8,762,223	14,457,877
Gains from derecognition of financial assets measured at amortised cost		-	-15,604,257
Gains from changes in fair value ("-" for losses)		70,721,951	153,103,396
Credit losses ("-" for losses)		-223,205,391	-38,435,781
Impairment losses ("-" for losses)		-33,608,587	115,583,926
Gains from disposal of assets ("-" for losses)		149,665,711	248,143,727
II. Operating profit ("-" for loss)		2,342,667,140	3,947,119,007
Add: Non-operating income		28,439,554	5,018,893
Less: Non-operating expenses		10,525	507,458
III. Profit before income tax ("-" for loss)		2,371,096,169	3,951,630,442
Less: Income tax expenses		44,893,499	199,023,490
IV. Net profit for the year ("-" for net loss)		2,326,202,670	3,752,606,952
(I) Net profit from continuing operations ("-" for net loss)		2,326,202,670	3,752,606,952
(II) Net profit from operations ("-" for net loss)		-	-
V. Other comprehensive income, net of tax		-2,502,233	-4,245,593
(I) Items that will not be reclassified to profit or loss		-	-
(II) Items that may be reclassified to profit or loss		-2,502,233	-4,245,593
1. Changes in fair value of other debt investments		-3,749,304	-3,687,646
2. Translation differences arising from translation of foreign currency financial statements		1,247,071	-557,947
VI. Total comprehensive income for the year		2,323,700,437	3,748,361,359

Legal representative:
Li Donglin

Chief Financial Officer:
Liu Zehua

Head of Accounting Department:
Sun Shan



Consolidated Cash Flow Statement

From January to December 2023
Unit: Yuan Currency: RMB

Item	Note	2023	2022
I. Cash flows from operating activities:			
Cash receipts from the sale of goods and the rendering of services		21,122,741,729	17,064,672,452
Receipts of tax refunds		518,114,122	1,321,499,212
Other cash receipts relating to operating activities		628,016,326	535,863,321
Sub-total of cash inflows from operating activities	V.59	22,268,872,177	18,922,034,985
Cash payments for goods purchased and services received		13,427,175,202	11,224,539,032
Cash payments to and on behalf of employees		2,759,264,407	2,516,493,793
Payment of various taxes	V.59	1,730,937,384	1,681,664,026
Payment for other operating activities		1,569,609,627	1,458,102,675
Sub-total of cash outflows from operating activities		19,486,986,620	16,880,799,526
Net cash inflow from operating activities	V.60	2,781,885,557	2,041,235,459
II. Cash flows from investing activities:			
Cash receipts from recovery of investments		16,607,000,000	21,450,100,000
Cash receipts from investment income		198,823,617	311,737,678
Net cash receipts from disposals of fixed assets, intangible assets and other long-term assets		7,663,271	22,412,538
Other cash received related to investing activities	V.59	12,341,795	—
Sub-total of cash inflows from investing activities		16,825,828,683	21,784,250,216
Cash payments to acquire or construct fixed assets, intangible assets and other long-term assets		2,980,518,762	953,443,703
Other cash payments relating to investing activities		16,122,076,467	23,093,793,525
Sub-total of cash outflows from investing activities		19,102,595,229	24,047,237,228
Net cash outflow from investing activities		-2,276,766,546	-2,262,987,012

Consolidated Cash Flow Statement

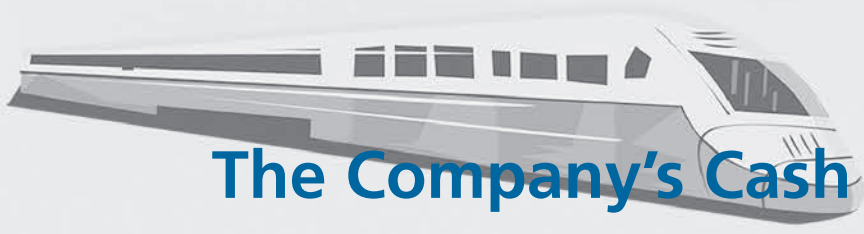
From January to December 2023
Unit: Yuan Currency: RMB

Item	Note	2023	2022
III. Cash flows from financing activities:			
Cash receipts from capital contributions		49,900,000	170,000,000
Including: Cash receipts from capital contributions from minority shareholders of subsidiaries		49,900,000	170,000,000
Cash receipts from borrowings		820,090,483	267,858,093
Other cash received related to financing activities		1,307,302	—
Sub-total of cash inflows from financing activities		871,297,785	437,858,093
Cash repayments of borrowings		479,838,338	156,965,431
Cash payments for distribution of dividends or profits or settlement of interest expenses		841,695,292	665,530,374
Including: Payments for distribution of dividends or profits to non-controlling shareholders of subsidiaries		32,374,319	18,613,012
Other cash payments relating to financing activities	V.59	138,821,083	206,745,703
Sub-total of cash outflows from financing activities		1,460,354,713	1,029,241,508
Net cash outflow from financing activities		-589,056,928	-591,383,415
IV. Effect of foreign exchange rate changes on cash and cash equivalents		18,505,341	4,946,393
V. Net increase in cash and cash equivalents		-65,432,576	-808,188,575
Add: Opening balance of cash and cash equivalents		7,074,871,530	7,883,060,105
VI. Closing balance of cash and cash equivalents		7,009,438,954	7,074,871,530

Legal representative:
Li Donglin

Chief Financial Officer:
Liu Zehua

Head of Accounting Department:
Sun Shan



The Company's Cash Flow Statement

From January to December 2023
Unit: Yuan Currency: RMB

Item	Note	2023	2022
I. Cash flows from operating activities:			
Cash receipts from the sale of goods and the rendering of services		13,129,898,331	10,384,400,255
Receipts of tax refunds		308,495,968	832,824,129
Other cash receipts relating to operating activities		155,447,114	187,458,467
Sub-total of cash inflows from operating activities		13,593,841,413	11,404,682,851
Cash payments for goods purchased and services received		9,785,649,948	8,651,951,967
Cash payments to and on behalf of employees		1,249,106,959	1,201,705,232
Payment of various taxes		681,028,062	924,179,084
Payment for other operating activities		880,830,574	951,568,574
Sub-total of cash outflows from operating activities		12,596,615,543	11,729,404,857
Net cash outflow from operating activities		997,225,870	-324,722,006
II. Cash flows from investing activities:			
Cash receipts from recovery of investments		14,870,643,058	18,557,469,166
Cash receipts from investment income		1,545,035,989	2,556,418,112
Net cash receipts from disposals of fixed assets, intangible assets and other long-term assets		8,122,722	2,464,826,066
Net cash received for disposing of subsidiaries and other business units		1,632,812	—
Sub-total of cash inflows from investing activities		16,425,434,581	23,578,713,344
Cash payments to acquire or construct fixed assets, intangible assets and other long-term assets		976,997,950	722,544,646
Cash payments to acquire investments		15,491,502,871	23,577,184,750
Sub-total of cash outflows from investing activities		16,468,500,821	24,299,729,396
Net cash outflow from investing activities		-43,066,240	-721,016,052

The Company's Cash Flow Statement

From January to December 2023
Unit: Yuan Currency: RMB

Item	Note	2023	2022
III. Cash flows from financing activities:			
Cash receipts from capital contributions		—	—
Cash receipts from borrowings		<u>3,456,100</u>	<u>54,393,810</u>
Sub-total of cash inflows from financing activities		<u>3,456,100</u>	<u>54,393,810</u>
Cash repayments of borrowings		5,027,194	5,000,000
Cash payments for distribution of dividends or profits or settlement of interest expenses		799,536,480	646,171,282
Other cash payments relating to financing activities		<u>82,187,005</u>	<u>48,101,167</u>
Sub-total of cash outflows from financing activities		<u>886,750,679</u>	<u>699,272,449</u>
Net cash outflow from financing activities		<u>-883,294,579</u>	<u>-644,878,639</u>
IV. Effect of foreign exchange rate changes on cash and cash equivalents		7,324,119	221,586
V. Net increase in cash and cash equivalents		78,189,170	-1,690,395,111
Add: Opening balance of cash and cash equivalents		<u>3,513,762,945</u>	<u>5,204,158,056</u>
VI. Closing balance of cash and cash equivalents		<u>3,591,952,115</u>	<u>3,513,762,945</u>

Legal representative:
Li Donglin

Chief Financial Officer:
Liu Zehua

Head of Accounting Department:
Sun Shan

Consolidated Statement of Changes in Owners' Equity

From January to December 2023
Unit: Yuan Currency: RMB

Item	For the year ended 31 December 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	10,511,448,364	-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)	-	-	-38,447,318	46,930,551	232,620,268	2,094,153,075	2,335,256,576	85,543,124	2,420,799,700
(I) Total comprehensive income	-	-	-38,447,318	-	-	3,105,703,645	3,067,256,327	44,393,199	3,111,649,526
(II) Owners' contributions and reduction in capital	-	-	-	-	-	-	-	66,989,548	66,989,548
1. Capital contribution from owners	-	-	-	-	-	-	-	66,989,548	66,989,548
(III) Appropriation of profits	-	-	-	-	232,620,268	-1,011,550,570	-778,930,302	-30,659,319	-809,589,621
1. Appropriation for surplus reserve	-	-	-	-	232,620,268	-232,620,268	-	-	-
2. Distributions to owners (or shareholders)	-	-	-	-	-	-778,930,302	-778,930,302	-30,659,319	-809,589,621
(IV) Special reserve	-	-	-	46,930,551	-	-	46,930,551	4,819,696	51,750,247
1. Transfer to special reserve in the period	-	-	-	74,374,552	-	-	74,374,552	5,660,289	80,034,841
2. Amount utilised in the period	-	-	-	-27,444,001	-	-	-27,444,001	-840,593	-28,284,594
(V) Others	-	-	-	-	-	-	-	-	-
IV. Closing balance of the current period	1,416,236,912	10,511,448,364	-255,631,350	86,022,310	3,153,659,247	21,954,221,096	36,865,956,579	850,574,303	37,716,530,882

Consolidated Statement of Changes in Owners' Equity

From January to December 2022

Unit: Yuan Currency: RMB

Item	For the year ended 31 December 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)									
(I) Total comprehensive income	-	-	-9,099,403	-	-	2,555,823,375	2,546,723,972	35,961,074	2,582,685,046
(II) Owners' contributions and reduction in capital	-	-8,017,149	-	-	-	-	-8,017,149	75,239,148	67,221,999
1. Capital contribution from owners	-	-	-	-	-	-	-	170,000,000	170,000,000
2. Others	-	-8,017,149	-	-	-	-	-8,017,149	-94,760,852	-102,778,001
(III) Appropriation of profits	-	-	-	-	375,260,695	-1,012,567,305	-637,306,610	-20,328,012	-657,634,622
1. Appropriation for surplus reserve	-	-	-	-	375,260,695	-375,260,695	-	-	-
2. Distributions to owners (or shareholders)	-	-	-	-	-	-637,306,610	-637,306,610	-20,328,012	-657,634,622
(IV) Special reserve	-	-	-	8,306,025	-	-	8,306,025	2,508,296	10,814,321
1. Transfer to special reserve in the period	-	-	-	56,294,032	-	-	56,294,032	4,300,747	60,594,779
2. Amount utilised in the period	-	-	-	-47,988,007	-	-	-47,988,007	-1,792,451	-49,780,458
IV. Closing balance of the current period	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

Legal representative:
Li Donglin

Chief Financial Officer:
Liu Zehua

Head of Accounting Department:
Sun Shan

The Company's Statement of Changes in Owners' Equity

From January to December 2023
Unit: Yuan Currency: RMB

Item	For the year ended 31 December 2023						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	-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)	-	-	-2,502,233	15,037,053	232,620,268	1,314,652,100	1,559,807,188
(I) Total comprehensive income	-	-	-2,502,233	-	-	2,326,202,670	2,323,700,437
(II) Appropriation of profits	-	-	-	-	232,620,268	-1,011,550,570	-778,930,302
1. Appropriation for surplus reserve	-	-	-	-	232,620,268	-232,620,268	-
2. Distributions to owners (or shareholders)	-	-	-	-	-	-778,930,302	-778,930,302
(III) Special reserve	-	-	-	15,037,053	-	-	15,037,053
1. Transfer to special reserve in the period	-	-	-	29,216,789	-	-	29,216,789
2. Amount utilised in the period	-	-	-	-14,179,736	-	-	-14,179,736
(IV) Others	-	-	-	-	-	-	-
IV. Closing balance of the current period	1,416,236,912	10,579,503,575	-59,394,839	20,211,566	3,153,659,247	20,897,323,493	36,007,539,954

The Company's Statement of Changes in Owners' Equity

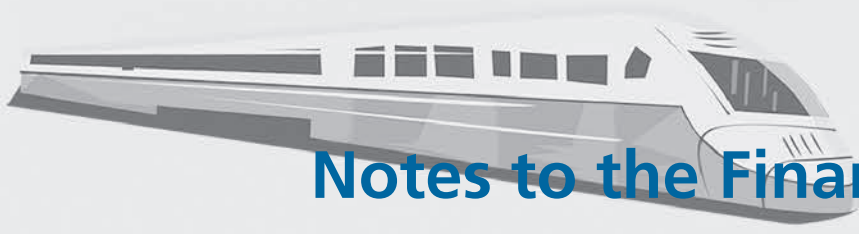
From January to December 2022
Unit: Yuan Currency: RMB

Item	For the year ended 31 December 2022						
	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	-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)	-	-	-4,245,593	553,036	375,260,695	2,740,039,647	3,111,607,785
(I) Total comprehensive income	-	-	-4,245,593	-	-	3,752,606,952	3,748,361,359
(II) Owners' contributions and reduction in capital	-	-	-	-	-	-	-
1. Capital contribution from owners	-	-	-	-	-	-	-
(III) Appropriation of profits	-	-	-	-	375,260,695	-1,012,567,305	-637,306,610
1. Appropriation for surplus reserve	-	-	-	-	375,260,695	-375,260,695	-
2. Distributions to owners (or shareholders)	-	-	-	-	-	-637,306,610	-637,306,610
(IV) Special reserve	-	-	-	553,036	-	-	553,036
1. Transfer to special reserve in the period	-	-	-	22,919,749	-	-	22,919,749
2. Amount utilised in the period	-	-	-	-22,366,713	-	-	-22,366,713
(V) Others	-	-	-	-	-	-	-
IV. Closing balance of the current period	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

Legal representative:
Li Donglin

Chief Financial Officer:
Liu Zehua

Head of Accounting Department:
Sun Shan



Notes to the Financial Statements

For the year ended 31 December 2023
Renminbi Yuan

I. 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 CRCC 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 mainly engaged in the R&D, design, manufacture, sales of rail transit equipment, emerging equipment as well as provision of related services. Its products mainly include rail transit electrical equipment primarily the rail transit traction converter system, rail engineering machinery, communication signal system, power semiconductor devices, industrial converter products, new energy vehicle electric drive system, sensor parts and offshore 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 28 March 2024.

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



Notes to the Financial Statements

For the year ended 31 December 2023
Renminbi Yuan

II. 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 (CSRC 2023 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 31 December 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

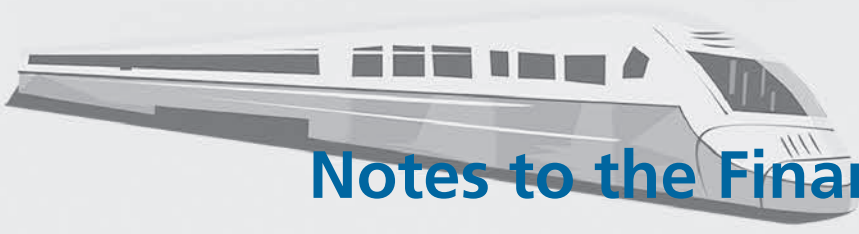
The Group has adopted the accrual basis of accounting. Except for certain financial instruments which are measured at fair value, the Group adopts the historical cost as the principle of measurement. When assets are impaired, impairment provisions for assets are recognised in accordance with relevant 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.



Notes to the Financial Statements

For the year ended 31 December 2023
Renminbi Yuan

II. 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.

III. SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES

Specific accounting policies and accounting estimates:

The Company and its subsidiaries have designated certain specific accounting policies and accounting estimates for transactions and events, such as the methods on provision for impairment of financial instruments, depreciation of fixed assets, amortisation of intangible assets, and revenue recognition, in accordance with the Accounting Standards for Business Enterprises based on the characteristics of their actual production and operations. Please refer to Note III. 11, 20, 23 and 28 for specific accounting policies.

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 31 December 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 31 December 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.

Notes to the Financial Statements

For the year ended 31 December 2023
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III. SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES (continued)

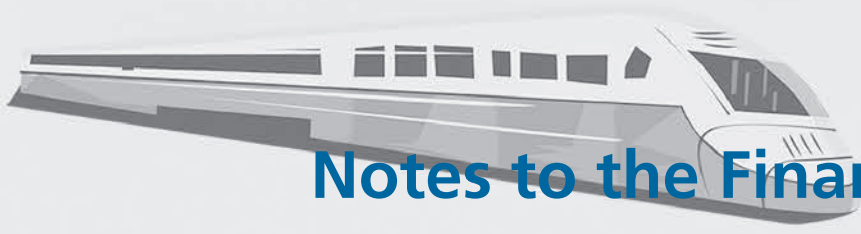
4. Reporting currency

Renminbi ("RMB") is the currency of the primary economic environment in which the Company and its domestic subsidiaries operate.

5. Methodology for determining the materiality criteria and basis for selection

✓ Applicable Not applicable

Item	Materiality criteria
Material provision for bad and doubtful debts of accounts receivable on an individual basis	Amount over or equal to RMB10 million
Material prepayments aged over one year	Amount over or equal to RMB10 million
Material non-wholly owned subsidiaries	One or all of the total assets, operating income or profit before income tax (absolute value) of a non-wholly owned subsidiary accounted for over or equal to 10% of the corresponding item in the Group's consolidated statements
Material associates or joint ventures	The carrying amount of long-term equity investments in joint ventures or associates is over or equal to RMB100 million, or the proportion of investment income (loss is calculated in absolute amount) derived from joint ventures or associates to the net profit in the consolidated statement is over or equal to 10%
Material construction in progress	The project investment budget is over or equal to RMB1 billion or the closing balance is over or equal to RMB100 million.
Material capitalized research and development projects	Amount invested during the period is greater than or equal to RMB20 million or ending balance is greater than or equal to RMB20 million
Significant accounts payable with ageing of more than one year	Amount over or equal to RMB20 million
Significant contract liabilities with ageing of more than one year	Amount over or equal to RMB10 million
Significant other payables with ageing of more than one year	Amount over or equal to RMB10 million



Notes to the Financial Statements

For the year ended 31 December 2023
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III. SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES (continued)

6. 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.



Notes to the Financial Statements

For the year ended 31 December 2023
Renminbi Yuan

III. SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES (continued)

6. 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.



Notes to the Financial Statements

For the year ended 31 December 2023
Renminbi Yuan

III. SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES (continued)

7. Criteria for determining control and the 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.

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.



Notes to the Financial Statements

For the year ended 31 December 2023
Renminbi Yuan

III. SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES (continued)

7. Criteria for determining control and the basis for preparation of consolidated financial statements (continued)

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.

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

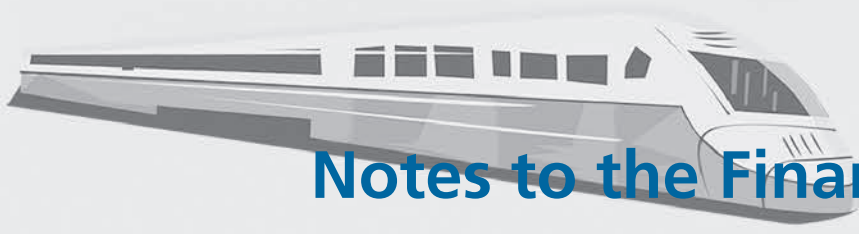
Applicable Not applicable

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 V 12. Long-term equity investments.

9. 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.



Notes to the Financial Statements

For the year ended 31 December 2023
Renminbi Yuan

III. SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES (continued)

10. 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.

(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.



Notes to the Financial Statements

For the year ended 31 December 2023
Renminbi Yuan

III. SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES (continued)

11. 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.

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).



Notes to the Financial Statements

For the year ended 31 December 2023
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III. SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES (continued)

11. Financial instruments (continued)

(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.

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.



Notes to the Financial Statements

For the year ended 31 December 2023
Renminbi Yuan

III. SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES (continued)

11. Financial instruments (continued)

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

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.

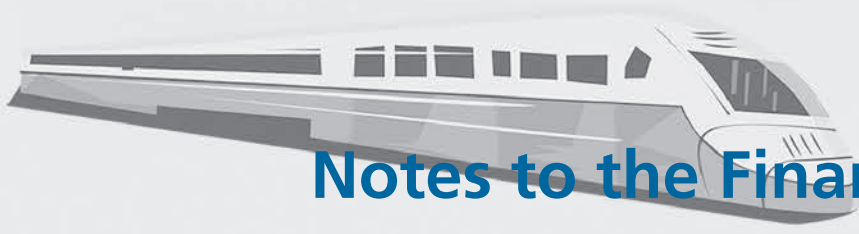
Financial assets at fair value through profit and loss are presented under held-for-trading financial assets. Financial assets due over one year since the balance sheet date or without a fixed expiring date are presented under other noncurrent financial assets.

(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.



Notes to the Financial Statements

For the year ended 31 December 2023
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III. SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES (continued)

11. Financial instruments (continued)

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

(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.

(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 and financial guarantee contracts.

The Group measures the allowance for losses on notes receivable, accounts receivable, accounts receivable financing and contract assets arising from ordinary operating activities, such as sales of goods and rendering of services, and lease receivables arising from leasing transactions at an amount equal to the expected credit losses over the entire period of their existence. The Group calculates the expected credit losses on the above financial assets based on historical credit loss experience using a provision matrix, whereby the relevant historical experience is adjusted for factors specific to the debtor as at the balance sheet date, as well as an assessment of current conditions and forecasts of future economic conditions.

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.



Notes to the Financial Statements

For the year ended 31 December 2023
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III. SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES (continued)

11. Financial instruments (continued)

(2) Impairment of financial instruments (continued)

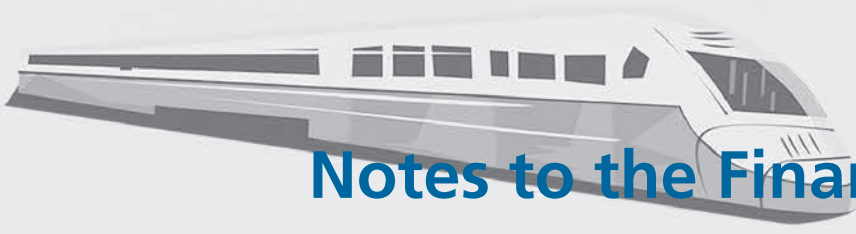
The Group measured loss allowance at the full lifetime ECL of the financial instruments in the prior accounting period. However, as at the balance sheet date for the current period, for the above financial instruments, due to failure to qualify as significant increase in credit risk since initial recognition, 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.

(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.



Notes to the Financial Statements

For the year ended 31 December 2023
Renminbi Yuan

III. SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES (continued)

11. Financial instruments (continued)

(2) Impairment of financial instruments (continued)

(a) Significant increases in credit risk (continued)

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.

(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

The Group uses common credit risk characteristics to categorize financial instruments into different groups for bad debt provisioning. The common credit risk characteristics adopted by the Group include the type of financial instruments, the type of debtors, and the industry in which the debtors operate relative to the value of the financial assets.



Notes to the Financial Statements

For the year ended 31 December 2023
Renminbi Yuan

III. SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES (continued)

11. Financial instruments (continued)

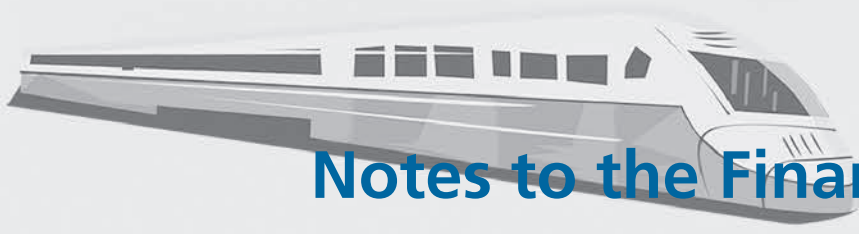
(2) Impairment of financial instruments (continued)

(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.



Notes to the Financial Statements

For the year ended 31 December 2023
Renminbi Yuan

III. SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES (continued)

11. Financial instruments (continued)

(2) Impairment of financial instruments (continued)

(c) Recognition of expected credit losses (continued)

(I) The Group's specific policies on the determination of provision for bad and doubtful debts of receivables are set out below:

Bills receivable	According to the credit risk characteristics of the acceptors, the Group classified bills receivable into bank acceptances, commercial acceptances due from State Railway Group ("SRG) and its subsidiaries, commercial acceptances due from central state-owned enterprises other than SRG, commercial acceptances due from local governments or local state-owned enterprises and commercial acceptances due from other enterprises.
Accounts receivable and contract assets	The Group classified the accounts receivable and contract assets into SRG, central state-owned enterprises other than SRG, local governments or local state-owned enterprises as well as other enterprises based on the credit risk characteristics.
Trade receivables financing	The Group's trade receivables financing represent the bank acceptances receivable with dual holding purposes and Cloud Credit receivable (enterprise credit circulating on the Cloudchain platform, hereinafter referred to as "Cloud Credit). Based on the historical experience, there is no significant difference in the occurrence of losses on bank acceptances receivable with dual holding purposes and Cloud Credit receivable. Therefore, the Group considers all trade receivables financing as a portfolio.
Other receivables	The Group's other receivables mainly include guarantees and deposits receivable, employees reserve funds receivable, accounts current due from related parties, dividends receivable. Based on the nature of receivables and the credit risk characteristics of different counterparties, the Group classified other receivables into three portfolios, specifically: the employees reserve funds receivable portfolio, portfolio for amounts due from related parties within the Group and other receivables portfolio.

For receivables classified into portfolios, the Group calculates the ECLs by taking into account circumstances including ageing and historical loss experience, and by appropriately adjusting the lifetime ECL rate against future economic conditions and other influencing factors, by using the exposure at default (EAD) and the lifetime ECL rate.

(II) Judgement criteria for receivables for which credit loss allowance is provided on an individual basis
Generally, the Group collectively measures loss allowance for bills receivable, accounts receivable, trade receivables financing, other receivables and contract assets based on the credit risk characteristics. If the credit risk characteristics of a counterparty is significantly different from that of other counterparties, or if there are significant changes in the credit risk characteristics of a counterparty, loss allowances for amounts due from this counterparty are made on an individual basis. For example, when a counterparty is experiencing significant financial difficulty and the ECL rate on amounts due from this counterparty has become significantly higher than the ECL rate in the ageing range, loss allowances for such amounts are made on an individual basis.



Notes to the Financial Statements

For the year ended 31 December 2023
Renminbi Yuan

III. SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES (continued)

11. Financial instruments (continued)

(2) Impairment of financial instruments (continued)

(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.

(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.



Notes to the Financial Statements

For the year ended 31 December 2023
Renminbi Yuan

III. SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES (continued)

11. Financial instruments (continued)

(3) Transfer of financial assets (continued)

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.

(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.

(I) 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.

(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.



Notes to the Financial Statements

For the year ended 31 December 2023
Renminbi Yuan

III. SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES (continued)

11. Financial instruments (continued)

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

(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.

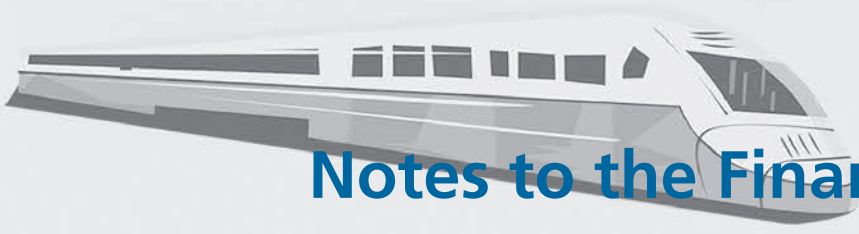
The Group recognises the distribution to holders of the equity instruments as distribution of profits, and dividends paid do not affect total amount of shareholders' equity.

(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.



Notes to the Financial Statements

For the year ended 31 December 2023
Renminbi Yuan

III. SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES (continued)

12. Bills receivable

Applicable Not applicable

13. Accounts receivable

Applicable Not applicable

14. Trade receivables financing

Applicable Not applicable

15. Others receivables

Applicable Not applicable

16. Inventories

Applicable Not applicable

(1) Inventory category, valuation method of inventories upon delivery, inventory count system, amortisation method for low cost and short-lived consumable items and packaging materials

Applicable Not applicable

(a) Inventory classification

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.

(b) Valuation method of inventories upon delivery

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

(c) Inventory count system

The perpetual inventory system is maintained for stock system.

(d) 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.



Notes to the Financial Statements

For the year ended 31 December 2023
Renminbi Yuan

III. SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES (continued)

16. Inventories (continued)

(2) Basis for determining net realisable value of inventories

Applicable Not applicable

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.

(3) Categories of combinations and basis for determining the provision for decline in value of inventories according to combinations, and basis for determining the net realizable value of different categories of inventories

Applicable Not applicable

(4) Calculation method and basis for determining the net realizable value of inventories by age group for recognizing net realizable value of inventories based on the age of inventories

Applicable Not applicable

17. Contract asset

Applicable Not applicable



Notes to the Financial Statements

For the year ended 31 December 2023
Renminbi Yuan

III. SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES (continued)

18. Assets classified as held-for-sale

Applicable Not applicable

Recognition criteria and accounting treatment for non-current assets or disposal groups 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.

Recognition criteria and presentation of discontinued operations:

Applicable Not applicable



Notes to the Financial Statements

For the year ended 31 December 2023
Renminbi Yuan

III. SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES (continued)

19. 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.



Notes to the Financial Statements

For the year ended 31 December 2023
Renminbi Yuan

III. SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES (continued)

19. 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 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.



Notes to the Financial Statements

For the year ended 31 December 2023
Renminbi Yuan

III. SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES (continued)

19. Long-term equity investments (continued)

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

(b) Long-term equity investment accounted for using the equity method (continued)

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.

(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 III.24.

20. 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 III.20. 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.



Notes to the Financial Statements

For the year ended 31 December 2023
Renminbi Yuan

III. SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES (continued)

20. 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) 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 III.24.



Notes to the Financial Statements

For the year ended 31 December 2023
Renminbi Yuan

III. SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES (continued)

21. Construction in progress

✓ Applicable Not applicable

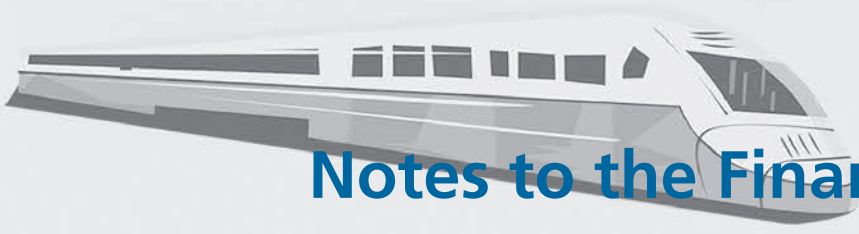
Construction in progress is measured at its actual costs. The actual costs include various construction expenditures during the construction period, borrowing costs capitalised before it is ready for intended use and other relevant costs. Construction in progress is not depreciated. Construction in progress is transferred to a fixed asset when it is ready for intended use.

Specific criteria and the point in time for the Group's construction in progress transferred to fixed assets:

Category	Criteria and point in time for construction in progress transferred to fixed assets
Plant and buildings	Constructions were completed and came into use.
Machinery and equipment	If a single equipment can be individually ready for intend use after installation and commissioning, the point in time for construction in progress transferred to fixed assets is the time when the installation and commissioning of such software and equipment are completed; if the whole set of software and equipment are ready for intend use with their interaction, the point in time for construction in progress transferred to fixed assets is the time when the installation and commissioning of the whole set of software and equipment are completed.

Methods of impairment assessment and provision for impairment are set out in Note III.24.

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.



Notes to the Financial Statements

For the year ended 31 December 2023
Renminbi Yuan

III. SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES (continued)

22. 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.

Notes to the Financial Statements

For the year ended 31 December 2023
Renminbi Yuan

III. SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES (continued)

23. Intangible assets

(1) Useful lives and the basis for determining the useful lives, estimates, amortisation methods or review

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 the basis for determining the useful lives, estimated net residual value rates of each class of intangible assets are as follows:

Category	Amortisation method	Basis for determination	Useful life (Years)	Residual value rate (%)
Land use rights	Straight-line method	Legal right to use	40-50	–
Software licenses	Straight-line method	The authorisation period agreed in the contract or the period for which economic benefits are expected to be brought to the Company	3-10	–
Patents, licenses and technical know-how	Straight-line method	The authorisation period agreed in the contract or the period for which economic benefits are expected to be brought to the Company	5-10	–
Trademarks	Straight-line method	The period for which economic benefits are expected to be brought to the Company	20	–
Backlog orders and service contracts	Straight-line method	The period for rendering of services agreed in the contract	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 III.24.



Notes to the Financial Statements

For the year ended 31 December 2023
Renminbi Yuan

III. SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES (continued)

23. Intangible assets (continued)

(2) Scope of research and development expenditure as well as relevant accounting treatments

Applicable Not applicable

The Group classified various expenses related to the research and development activities as the research and development expenditure, including employee benefits, material consumption expenses, depreciation and amortisation expenses, technical service fees, office and travelling expenses as well as testing and examination fees.

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.

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, it can be used internally;
- 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.



Notes to the Financial Statements

For the year ended 31 December 2023
Renminbi Yuan

III. SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES (continued)

24. 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 under cost method, 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.



Notes to the Financial Statements

For the year ended 31 December 2023
Renminbi Yuan

III. SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES (continued)

25. 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.

26. 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.



Notes to the Financial Statements

For the year ended 31 December 2023
Renminbi Yuan

III. SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES (continued)

26. 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.

(4) Accounting treatment of other long-term employee benefits

Applicable Not applicable

27. 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.



Notes to the Financial Statements

For the year ended 31 December 2023
Renminbi Yuan

III. SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES (continued)

28. Revenue

(1) Accounting policy for revenue recognition and measurement from business types

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.

Revenue is the gross inflow of economic benefits arising in the course of the Group's ordinary activities when the inflows result in increases in shareholders' equity, other than increases relating to contributions from shareholders.

Revenue is recognised when the Group satisfies the performance obligation in a contract by transferring control over relevant goods or services to the customers.

Where a contract has two or more performance obligations, the Group determines the stand-alone selling price at contract inception of the distinct good or service underlying each performance obligation in the contract and allocates the transaction price in proportion to those stand-alone selling prices. The Group recognises as revenue the amount of the transaction price that is allocated to each performance obligation.

The transaction price is the amount of consideration to which the Group expects to be entitled in exchange for transferring promised goods or services to a customer, excluding amounts collected on behalf of third parties. The Group recognises the transaction price only to the extent that it is highly probable that a significant reversal in the amount of cumulative revenue recognised will not occur when the uncertainty associated with the variable consideration is subsequently resolved.

The Group satisfies a performance obligation over time if one of the following criteria is met; otherwise, the performance obligation is satisfied at a point in time:

- the customer simultaneously receives and consumes the benefits provided by the Group's performance as the Group performs;
- the customer can control the asset created or enhanced during the Group's performance; or
- the Group's performance does not create an asset with an alternative use to it and the Group has an enforceable right to payment for performance completed to date.



Notes to the Financial Statements

For the year ended 31 December 2023
Renminbi Yuan

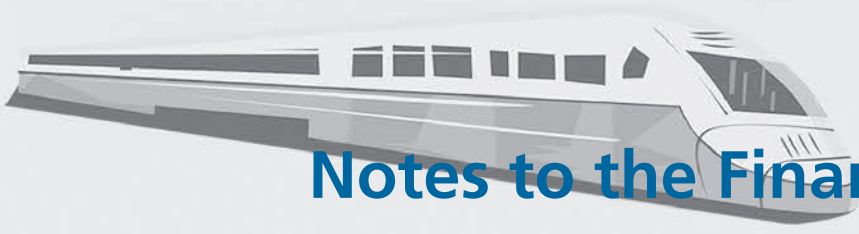
III. SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES (continued)

28. Revenue (continued)

(1) Accounting policy for revenue recognition and measurement from business types (continued)

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 III.11. (2) 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.



Notes to the Financial Statements

For the year ended 31 December 2023
Renminbi Yuan

III. SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES (continued)

28. 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.

(3) Differences in revenue recognition accounting policies due to adoption of various operating models for the same type of business

Applicable Not applicable



Notes to the Financial Statements

For the year ended 31 December 2023
Renminbi Yuan

III. SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES (continued)

29. 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

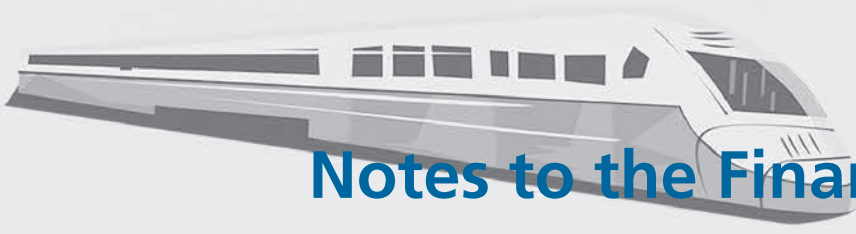
If the incremental costs (costs that will not occur if no contract obtained) incurred for obtaining the contract are expected to be recovered, the Group recognises it as an asset. The asset mentioned above shall be amortised on a basis that is consistent with the transfer to the customer of the goods 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.



Notes to the Financial Statements

For the year ended 31 December 2023
Renminbi Yuan

III. SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES (continued)

30. 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.



Notes to the Financial Statements

For the year ended 31 December 2023
Renminbi Yuan

III. SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES (continued)

31. Leases

✓ Applicable Not applicable

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.

Judgemental basis and accounting treatment of short-term leases and leases of low-value assets as a simplified treatment for lessees:

✓ Applicable Not applicable

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.

Lease classification criteria and accounting treatment as a lessee:

✓ Applicable Not applicable

(1) Separating components of a lease

For a contract that contains lease and non-lease components, the Group allocate the consideration in the contract to each lease component on the basis of the relative stand-alone price of the lease components and the aggregate stand-alone price of the non-lease components.



Notes to the Financial Statements

For the year ended 31 December 2023
Renminbi Yuan

III. SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES (continued)

31. Leases (continued)

Lease classification criteria and accounting treatment as a lessee: (continued)

(2) Right-of-use assets

Except for short-term leases and leases for which the underlying asset is of low value, at the commencement date of the lease, the Group 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 III.24 for details.



Notes to the Financial Statements

For the year ended 31 December 2023
Renminbi Yuan

III. SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES (continued)

31. Leases (continued)

Lease classification criteria and accounting treatment as a lessee: (continued)

(3) Lease liabilities

Except for short-term leases and leases for which the underlying asset is of low value, at the commencement date of the lease, the Group measures the lease liabilities at the present value of the lease payments that are not paid at that date. The Group determines the present value of the lease payments using the interest rate implicit in the lease as the discount rate. If the interest rate implicit in the lease cannot be readily determined, the lessee shall use the lessee's incremental borrowing rate.

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

- 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.



Notes to the Financial Statements

For the year ended 31 December 2023
Renminbi Yuan

III. SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES (continued)

31. Leases (continued)

Lease classification criteria and accounting treatment as a lessee: (continued)

(3) Lease liabilities (continued)

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.

(4) 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.



Notes to the Financial Statements

For the year ended 31 December 2023
Renminbi Yuan

III. SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES (continued)

31. Leases (continued)

Criteria for classification and accounting treatment of leases as lessors:

Applicable Not applicable

(1) 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 III.28 on the transaction price sharing. The basis of the apportionment is the individual selling price of the leased part and the non-lease part.

(2) Classification of leases

Leases are classified as finance leases whenever the terms of the lease transfer substantially all the risks and rewards of ownership to the lessee. All other leases are classified as operating leases.

(3) The Group as a lessor under operating leases

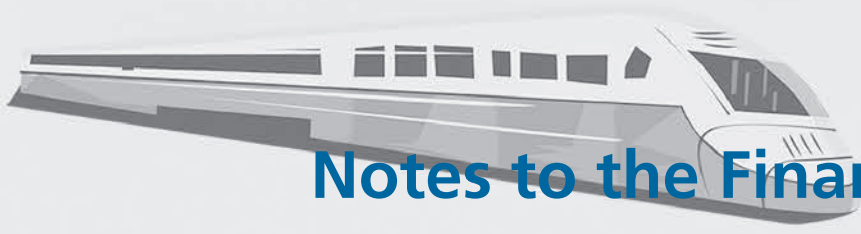
Receipts of lease under operating leases are recognised as rental income on a straight-line basis over the term of the relevant lease. Initial direct costs related to operating leases incurred by the Group are capitalised when incurred, and are recognised in profit or loss for the current period on the 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.

(4) 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.

(5) 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.



Notes to the Financial Statements

For the year ended 31 December 2023
Renminbi Yuan

III. SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES (continued)

32. 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 income taxes do not arise from temporary differences arising from a single transaction that is not a business combination and that, at the time of the transaction, affects neither the accounting profit nor taxable income (or deductible losses) and the initial recognition of assets and liabilities does not result in the creation of equivalent taxable temporary differences and deductible temporary differences. Deferred income tax also does not arise on temporary differences arising from the initial recognition of goodwill.

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.



Notes to the Financial Statements

For the year ended 31 December 2023
Renminbi Yuan

III. SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES (continued)

32. 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.

33. 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.



Notes to the Financial Statements

For the year ended 31 December 2023
Renminbi Yuan

III. SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES (continued)

33. 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.

34. Segment reporting

Reportable segments are identified based on operating segments which are determined based on the structure of the Group's internal organisation, management requirements and internal reporting system after taking the materiality principle into account. Two or more operating segments may be aggregated into a single operating segment if the segments have similar economic characteristics and are the same or similar in respect of the nature of products and services, the nature of production processes, the types or classes of customers for the products and services, the methods used to distribute the products or provide the services, and the nature of the regulatory environment. Reportable segments are identified based on operating segments taking into account of materiality principle.

For segment reporting, inter-segment revenues are measured on the basis of the actual transaction prices for such transactions, and segment accounting policies are consistent with those used to prepare the consolidated financial statements.

35. Critical judgement in applying accounting policies and key assumptions and uncertainties in accounting estimates

The preparation of financial statements requires the management of the Group to make estimates and assumptions that affect the application of accounting policies and the amounts of assets, liabilities, income and expenses. Actual circumstances may differ from these estimates. The Group's management continuously evaluates the key assumptions and judgments involved in the estimates and uncertainties, and the effects of changes in accounting estimates are recognized in the period in which the changes are made and in future periods.

Critical accounting estimates:

Other than the accounting estimates relating to depreciation and amortization of assets such as property, plant and equipment and intangible assets (refer to Notes III, 20 and 23) and impairment of various assets (refer to Notes III, 11, 19 and 24 and Notes XVII, 1 and 2), the other major accounting estimates are set out below:

- (1) Revenue recognition – The Group recognizes revenue from construction contracts over a period of time, as described in Note V, 28. The recognition of revenue and profit from construction contracts depends on the Group's estimates of the contract outcome and the progress of performance. If the actual amount of total revenue and total costs incurred is higher or lower than management's estimates, it will affect the amount of revenue and profit recognized by the Group in future periods;
- (2) Note V.20 – Recognition of deferred tax assets;
- (3) Note V, 36 – Provision for product quality assurance;



Notes to the Financial Statements

For the year ended 31 December 2023
Renminbi Yuan

III. SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES (continued)

36. Changes in significant accounting policies and accounting estimates

(1) Changes in significant accounting policies

Applicable Not applicable

Other information:

In 2023, the Group has adopted the relevant provisions and guidelines of the accounting standards issued by the MOF recently, which mainly include:

(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.

(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 (Caikuai [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.

(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

37. Others

Applicable Not applicable



Notes to the Financial Statements

For the year ended 31 December 2023
Renminbi Yuan

IV. 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 Payable	5%, 7%
Education surcharges	VAT actually paid	3%
Local education surcharges	VAT actually paid	2%
Enterprise income tax	Taxable income	25%

Tax payers with different income tax rates, the disclosure description

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. ("Times Electronics), Ningbo CRRC Times Transducer Technology Co., Ltd. ("Ningbo CRRC Times), Zhuzhou CRRC Times Software Technology Co., Ltd. ("CRRC Times Software), Hunan CRRC Signal Co., Ltd. ("Hunan CRRC Signal), Zhuzhou National Engineering Research Centre of Converters Co., Ltd. ("CRRC National Centre of Converters), Ningbo CRRC Times Electric Equipment Co., Ltd. ("Ningbo CRRC Electric), the refund-upon-collection policy shall be applied to the part of actual VAT burden in excess of 3%.



Notes to the Financial Statements

For the year ended 31 December 2023
Renminbi Yuan

IV. TAXATION (continued)

2. Tax incentive (continued)

(1) Value-added tax ("VAT") (continued)

According to the "Announcement of the Ministry of Finance and the State Administration of Taxation on the Policy of Value-added Tax Credits and Deductions for Enterprises in Advanced Manufacturing Industry (Announcement of the Ministry of Finance and the State Administration of Taxation No. 43 of 2023), the Company and its subsidiaries, Baoji CRRC Times Engineering Machinery Co., Ltd. ("Baoji CRRC Times), Taiyuan CRRC Times Rail Engineering Machinery Co., Ltd. ("Taiyuan CRRC Times), Specialist Machine Developments (Shanghai) Co., Ltd. ("Shanghai SMD), Times Electronics, CRRC National Centre of Converters, Hunan CRRC Signal, Qingdao CRRC Electric Equipment Co., Ltd. ("Qingdao CRRC Electric), Ningbo CRRC Times, Ningbo CRRC Electric, Chongqing CRRC Times Electric Technology Co. ("Chongqing CRRC Electric"), Wuxi CRRC Times Electric Drive Technology Co., Ltd. ("Wuxi CRRC Electric Drive) are allowed to deduct extra 5% of the deductible input tax in the current period from the VAT payable from 1 January 2023 to 31 December 2027. Pursuant to the Notice of the Ministry of Finance and the State Taxation Administration on the Weighted Deduction Policy for Value-added Tax on Integrated Circuit Enterprises (Announcement No.17 [2023] of the Ministry of Finance and the State Taxation Administration), Zhuzhou CRRC Times Semiconductor Co., Ltd. (Hereinafter referred to as "CRRC Times Semiconductor), a subsidiary of the Company, is allowed to deduct extra 15% of the deductible input tax in the current period from the VAT payable from 1 January 2023 to 31 December 2027.

(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, Taiyuan CRRC Times, Qingdao CRRC Electric, and Shanghai 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. Chongqing CRRC Electric obtained the high-tech enterprise certificate in November and December 2023, and will be subject to an enterprise income tax at a reduced rate of 15% from 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), Kunming CRRC Times Electric Equipment Co., Ltd. ("Kunming Electric) and Chengdu CRRC Times Electric Technology Co., Ltd. ("Chengdu CRRC Electric) meet the relevant provisions of the preferential enterprise income tax policy for the Western China Development, and therefore Kunming Electric and Chengdu CRRC Electric were subject to a reduced enterprise income tax rate of 15% in 2022 and 2023.



Notes to the Financial Statements

For the year ended 31 December 2023
Renminbi Yuan

IV. TAXATION (continued)

2. Tax incentive (continued)

(2) Enterprise income tax (continued)

In accordance with the Notice of the Ministry of Finance and the State Administration of Taxation on Implementing the Inclusive Tax Deduction and Exemption Policies for Micro and Small Enterprises (Cai Shui [2019] No. 13) and the Announcement on Relevant Tax Policies for Further Supporting the Development of Micro and Small-sized Enterprises and Individually Owned Businesses (Cai Shui [2023] No. 12), Yixing CRRC Times Semiconductor Co., Ltd. ("Yixing CRRC Semiconductor"), a subsidiary of the Company, is qualified to be recognised as a small low-profit enterprise in 2023. Therefore, for annual taxable income not exceeding RMB1 million, the annual taxable income amount is computed at a reduced rate of 25% and is subject to enterprise income tax at 20% tax rate. For annual taxable income exceeding RMB1 million but no more than RMB3 million, the annual taxable income is computed at a reduced rate of 50% and is subject to a tax rate of 20% for the enterprise income tax.

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 been entitled to the preferential tax policy of "two-year exemption and three-year half payment since 2019, and was subject to a preferential enterprise income tax rate of 12.5% in 2022 and 2023. CRRC Times Semiconductor obtained the high-tech enterprise certificate in October 2023, and will be subject to an enterprise income tax at a reduced rate of 15% from 2024.



Notes to the Financial Statements

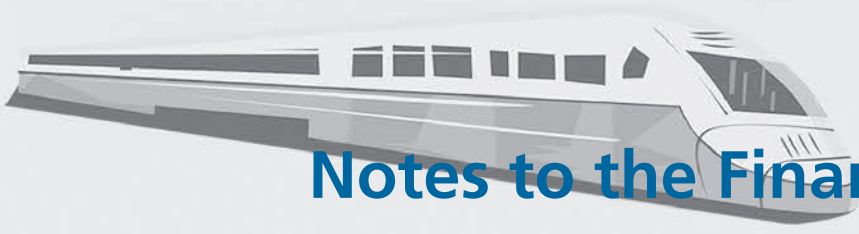
For the year ended 31 December 2023
Renminbi Yuan

IV. 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), 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) and the Announcement on Increasing the Proportion of Weighted Deduction of R&D Expenses of Enterprises for Integrated Circuit and Industrial Master Machine (Announcement [2023] No.44), regarding the R&D expenses actually incurred in the course of R&D activities in the manufacturing industry by the Company and its subsidiaries, including 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, Chongqing CRRC Electric, Taiyuan CRRC Times and Shenyang CRRC Times Transportation Equipment Co., Ltd. ("Shenyang CRRC Times"), 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 recognised as intangible asset and included in the current profits and losses; if the said expenses have been recognised as an intangible asset, such expenses may be amortised at the rate of 200% of the costs of the intangible assets before tax payment in 2022 and 2023. For CRRC Times Software, an extra 75% of the amount of R&D actually incurred in the 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 recognised as intangible asset and included in the current profits and losses; if the said expenses have been recognised as an intangible asset, such expenses may be amortised at the rate of 175% of the costs of the intangible assets before tax payment in the first three quarters of 2022; the pre-tax deduction ratio enjoyed by CRRC Times Software for its R&D expenses actually incurred between 1 October 2022 and 31 December 2022 as well as in 2023 has been raised from 75% to 100%. For CRRC Times Semiconductor, an extra 120% of the amount of R&D actually incurred during the period from 1 January 2023 to 31 December 2027 is deductible before tax payment, in addition to the deduction of actual expenses as prescribed, provided that the said expenses are not recognised as intangible asset and included in the current profits and losses; if the said expenses have been recognised as an intangible asset, such expenses may be amortised at the rate of 220% of the costs of the intangible assets before tax payment in the above period.



Notes to the Financial Statements

For the year ended 31 December 2023
Renminbi Yuan

IV. TAXATION (continued)

2. Tax incentive (continued)

(2) Enterprise income tax (continued)

In accordance with the Announcement No.28 [2022] of the Ministry of Finance, the State Taxation Administration, and the Ministry of Science and Technology, equipment and instruments purchased by the Company and its subsidiaries Times Electronics, CRRC Times Software, CRRC Times Semiconductor and Ningbo CRRC Times between 1 October 2022 and 31 December 2022 are qualified for a full deduction in a lump sum for the year in the calculation of taxable income and for a 100% pre-tax additional deduction.

Pursuant to the Announcement of the State Administration of Taxation on Issues Relating to Enterprise Income Tax on Income Derived from Transfer of Licence to Use Technology (State Administration of Taxation Announcement [2015] No. 82), the portion of the Company's income derived from technology transfer, which does not exceed RMB5 million, shall be exempted from enterprise income tax; the portion which exceeds RMB5 million shall be subject to enterprise income tax at 50% reduction.

3. Others

Applicable Not applicable

Notes to the Financial Statements

For the year ended 31 December 2023
Renminbi Yuan

V. 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	26,441	31,466
Bank deposits	7,546,675,642	7,208,735,792
Other monetary funds	62,172,390	–
Cash deposited in the finance company	294,302,867	291,611,416
Total	7,903,177,340	7,500,378,674
Including: Total funds deposited overseas	219,250,200	254,853,751

The Group's other monetary funds are as follows:

Unit: Yuan Currency: RMB

Item	Closing balance	Opening balance
Security deposits of the letter of guarantee	900	–
Security deposits of the bank acceptances	62,171,490	–
Total	62,172,390	–



Notes to the Financial Statements

For the year ended 31 December 2023
Renminbi Yuan

V. NOTES TO KEY ITEMS OF THE CONSOLIDATED FINANCIAL STATEMENTS (continued)

1. Cash and bank balances (continued)

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	831,565,996	425,507,144

Other information:

None

2. Held-for-trading financial assets

Applicable Not applicable

Unit: Yuan Currency: RMB

Item	Closing balance	Opening balance	Reasons and basis for designation
Financial assets at FVTPL	4,776,392,878	6,700,827,160	/
Including:			
Structured deposits	4,776,392,878	6,700,827,160	/
Total	4,776,392,878	6,700,827,160	/

Other information:

Applicable Not applicable

As at 31 December 2023, the yield rate per annum of structured deposits held by the Group ranges from 1.05% to 5.05% (31 December 2022: 1.43% to 6.18%).

Notes to the Financial Statements

For the year ended 31 December 2023
Renminbi Yuan

V. NOTES TO KEY ITEMS OF THE CONSOLIDATED FINANCIAL STATEMENTS (continued)

3. Bills receivable

(1) Category of bills receivable

Applicable Not applicable

Unit: Yuan Currency: RMB

Item	Closing balance	Opening balance
Bank acceptances	487,296,226	238,121,922
Commercial acceptances	1,892,185,109	3,171,786,124
Less: Provision for credit loss	2,599,116	5,371,158
Total	2,376,882,219	3,404,536,888

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

Applicable Not applicable

Unit: Yuan Currency: RMB

Item	Pledged amount at 31 December 2023
Bank acceptances	10,000,000
Total	10,000,000

(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	47,841,836
Commercial acceptances	18,400,000
Total	66,241,836

The Group believes that it retains substantially all risk and rewards of the ownership of such endorsed or disclosed bills receivable (including relevant risk of default), therefore continues to recognise such endorsed or disclosed bills receivables as well as the carrying amount of relevant accounts payable that have been repaid.



Notes to the Financial Statements

For the year ended 31 December 2023
Renminbi Yuan

V. NOTES TO KEY ITEMS OF THE CONSOLIDATED FINANCIAL STATEMENTS (continued)

3. Bills receivable (continued)

(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

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

Applicable Not applicable

Unit: Yuan Currency: RMB

Category	Gross carrying amount		Closing balance			Gross carrying amount		Opening balance		Book value
	Amount	Percentage (%)	Amount	Proportion of provision (%)	Amount	Percentage (%)	Amount	Proportion of provision (%)		
									Amount	
Provision on portfolio basis	2,379,481,335	100.00	2,599,116	0.11	2,376,882,219	3,409,908,046	100.00	5,371,158	0.16	3,404,536,888
Including:										
Commercial acceptances	1,892,185,109	79.52	2,599,116	0.14	1,889,585,993	3,171,786,124	93.02	5,371,158	0.17	3,166,414,966
Bank acceptances	487,296,226	20.48	-	-	487,296,226	238,121,922	6.98	-	-	238,121,922
Total	2,379,481,335	100.00	2,599,116	0.11	2,376,882,219	3,409,908,046	100.00	5,371,158	0.16	3,404,536,888

Bank acceptances

As at 31 December 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.

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

Notes to the Financial Statements

For the year ended 31 December 2023
Renminbi Yuan

V. NOTES TO KEY ITEMS OF THE CONSOLIDATED FINANCIAL STATEMENTS (continued)

3. Bills receivable (continued)

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

Commercial acceptances (continued)

Portfolio accrual items:

2023

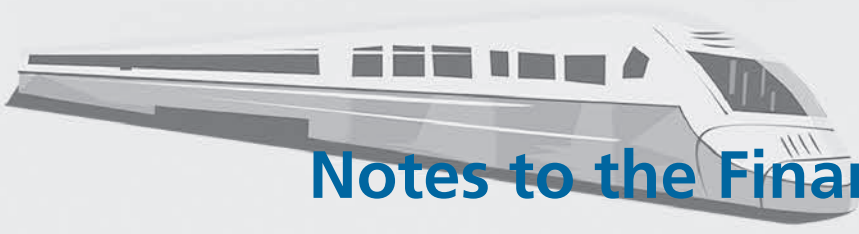
Unit: Yuan Currency: RMB

Item	Closing balance		Expected average loss rate (%)
	Gross carrying amount	Provision for credit loss	
Bank acceptances	487,296,226	–	–
Receivables from central state-owned enterprise except State Railway Group	267,282,603	267,283	0.10
Receivables from local government or local state-owned enterprise	11,947,877	119,479	1.00
Receivables from State Railway Group (Note)	1,612,954,629	2,212,354	0.14
Total	<u>2,379,481,335</u>	<u>2,599,116</u>	

2022

Unit: Yuan Currency: RMB

Item	Closing balance		Expected average loss rate (%)
	Gross carrying amount	Provision for credit loss	
Bank acceptances	238,121,922	–	–
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 (Note)	2,070,106,128	2,070,106	0.10
Receivables from other customers	62,917,465	1,903,009	3.02
Total	<u>3,409,908,046</u>	<u>5,371,158</u>	



Notes to the Financial Statements

For the year ended 31 December 2023
Renminbi Yuan

V. NOTES TO KEY ITEMS OF THE CONSOLIDATED FINANCIAL STATEMENTS (continued)

3. Bills receivable (continued)

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

Commercial acceptances (continued)

Recognition criteria and description of accrual provision for credit loss

Applicable Not applicable

Provisions for bad and doubtful debts based on the general model of ECL

Applicable Not applicable

Basis of stage classification and percentage of provision for bad and doubtful debts:

Loss allowances for bills receivable are measured at an amount equal to lifetime ECL.

A description of significant changes in the carrying amount of accounts receivable for which a change in the allowance for losses occurred during the period:

Applicable Not applicable

Notes to the Financial Statements

For the year ended 31 December 2023
Renminbi Yuan

V. NOTES TO KEY ITEMS OF THE CONSOLIDATED FINANCIAL STATEMENTS (continued)

3. Bills receivable (continued)

(6) Provision for credit loss of bills receivable:

Applicable Not applicable

Unit: Yuan Currency: RMB

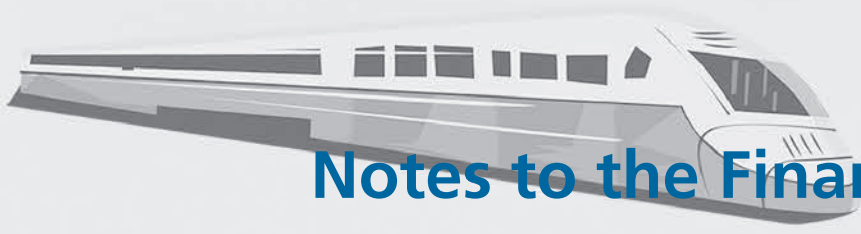
	Closing balance Commercial acceptances	Opening balance Commercial acceptances
Opening balance	5,371,158	3,840,331
Provision	349,419	2,553,541
Reversal	-3,121,461	-1,022,714
Written-off	-	-
Transfers out	-	-
Other changes	-	-
Closing balance	<u>2,599,116</u>	<u>5,371,158</u>

Significant recoveries or reversals during the period:

Applicable Not applicable

Other information:

None



Notes to the Financial Statements

For the year ended 31 December 2023
Renminbi Yuan

V. 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

Significant write-offs of notes receivable:

Applicable Not applicable

Description of notes receivable write-offs:

Applicable Not applicable

Other information:

Applicable Not applicable

As at 31 December 2023, bills receivable due from related parties of the Group are set out in Note XIV.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	7,569,983,937	6,395,696,592
6 months to 1 year	1,224,788,516	859,941,127
Subtotal within 1 year	8,794,772,453	7,255,637,719
1 to 2 years	802,505,064	818,797,612
2 to 3 years	363,889,755	254,268,940
Over 3 years	194,775,712	35,076,182
Total	10,155,942,984	8,363,780,453
Less: Provision for credit loss	520,099,001	263,563,450
Book Value	9,635,843,983	8,100,217,003

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

Notes to the Financial Statements

For the year ended 31 December 2023
Renminbi Yuan

V. NOTES TO KEY ITEMS OF THE CONSOLIDATED FINANCIAL STATEMENTS (continued)

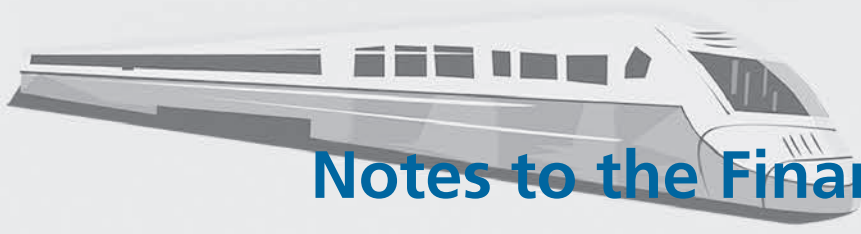
4. Accounts receivable (continued)

(2) Disclosed by method of credit loss

✓ Applicable Not applicable

Unit: Yuan Currency: RMB

Category	Closing balance					Opening balance				
	Gross carrying amount		Credit loss allowance			Gross carrying amount		Credit loss allowance		
	Amount	Percentage (%)	Amount	Proportion of provision (%)	Book value	Amount	Percentage (%)	Amount	Proportion of provision (%)	Book value
Provision on individual basis	39,459,582	0.39	39,459,582	100.00	-	13,681,028	0.16	13,681,028	100.00	-
Provision on portfolio basis	10,116,483,402	99.61	480,639,419	4.75	9,635,843,983	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	4,104,785,693	40.41	89,695,353	2.19	4,015,090,340	3,369,158,073	40.28	84,715,061	2.51	3,284,443,012
Receivables from local government or local state-owned enterprise	2,831,218,666	27.88	295,697,208	10.44	2,535,521,458	1,671,692,946	19.99	87,356,832	5.23	1,584,336,114
Receivables from State Railway Group	1,198,975,833	11.81	4,370,302	0.36	1,194,605,531	1,380,003,206	16.50	4,339,739	0.31	1,375,663,467
Receivables from other customers	1,981,503,210	19.51	90,876,556	4.59	1,890,626,654	1,929,245,200	23.07	73,470,790	3.81	1,855,774,410
Total	10,155,942,984	100	520,099,001	/	9,635,843,983	8,363,780,453	100	263,563,450	/	8,100,217,003



Notes to the Financial Statements

For the year ended 31 December 2023
Renminbi Yuan

V. NOTES TO KEY ITEMS OF THE CONSOLIDATED FINANCIAL STATEMENTS (continued)

4. Accounts receivable (continued)

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

Material accounts receivable for which provision for credit loss is assessed individually:

Applicable Not applicable

Unit: Yuan Currency: RMB

Entity	Gross carrying amount	Closing balance		Reasons for provision
		Provision for credit loss	Proportion of provision(%)	
Sky Auto (Changsha) Group Co.	16,035,328	16,035,328	100.00	Low Probability of recovery
Ningbo Yangteng Automotive Electronics	8,122,985	8,122,985	100.00	Low Probability of recovery
New energy solutions inc.	6,635,973	6,635,973	100.00	Low Probability of recovery
Jiangsu Martian Stone Technology Co., Ltd.	4,014,147	4,014,147	100.00	Low Probability of recovery
Sinotronics (Beijing) Electric Co., Ltd.	1,400,000	1,400,000	100.00	Low Probability of recovery
others	3,251,149	3,251,149	100.00	Low Probability of recovery
Total	39,459,582	39,459,582	100.00	/

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

Notes to the Financial Statements

For the year ended 31 December 2023
Renminbi Yuan

V. 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 central state-owned enterprise except State Railway Group

Unit: Yuan Currency: RMB

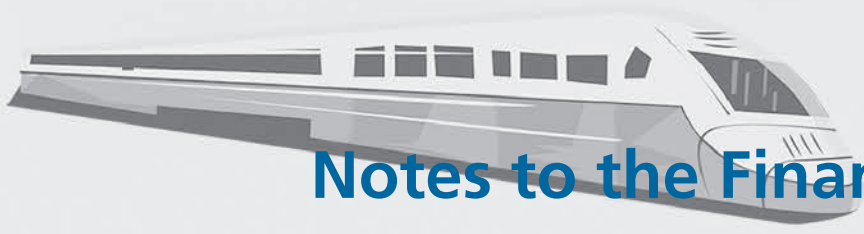
Item	Accounts receivable	Closing balance Provision for credit loss	Proportion of provision (%)
Within 6 months	3,178,449,040	41,677,278	1.31
6 months to 1 year	569,548,661	8,701,350	1.53
1 to 2 years	246,349,172	18,961,074	7.70
2 to 3 years	84,072,801	7,536,516	8.96
Over 3 years	26,366,019	12,819,135	48.62
Total	<u>4,104,785,693</u>	<u>89,695,353</u>	

Unit: Yuan Currency: RMB

Item	Accounts receivable	Opening balance Provision for credit loss	Proportion of provision (%)
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>	

Recognition criteria and description of accrual provision for credit loss:

Applicable Not applicable



Notes to the Financial Statements

For the year ended 31 December 2023
Renminbi Yuan

V. 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 local government or local state-owned enterprise

Unit: Yuan Currency: RMB

Item	Accounts receivable	Closing balance Provision for credit loss	Proportion of provision (%)
Within 6 months	1,640,233,501	105,511,631	6.43
6 months to 1 year	408,271,666	29,492,410	7.22
1 to 2 years	395,690,520	51,220,636	12.94
2 to 3 years	234,106,123	55,780,404	23.83
Over 3 years	152,916,856	53,692,127	35.11
Total	<u>2,831,218,666</u>	<u>295,697,208</u>	

Unit: Yuan Currency: RMB

Item	Accounts receivable	Opening balance Provision for credit loss	Proportion of provision (%)
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

Notes to the Financial Statements

For the year ended 31 December 2023
Renminbi Yuan

V. 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

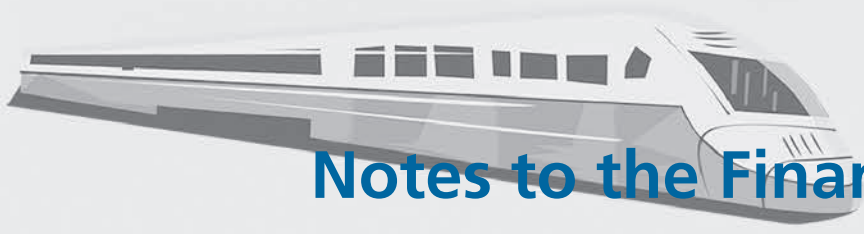
Item	Accounts receivable	Closing balance Provision for credit loss	Proportion of provision (%)
Within 6 months	1,034,228,391	2,971,929	0.29
6 months to 1 year	125,379,180	561,613	0.45
1 to 2 years	37,915,908	750,458	1.98
2 to 3 years	1,365,292	30,719	2.25
Over 3 years	87,062	55,583	63.84
Total	<u>1,198,975,833</u>	<u>4,370,302</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>	

Recognition criteria and description of accrual provision for credit loss:

Applicable Not applicable



Notes to the Financial Statements

For the year ended 31 December 2023
Renminbi Yuan

V. 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 other customers

Unit: Yuan Currency: RMB

Item	Accounts receivable	Closing balance Provision for credit loss	Proportion of provision (%)
Within 6 months	1,717,073,006	51,476,996	3.00
6 months to 1 year	116,301,615	8,645,734	7.43
1 to 2 years	99,620,797	17,934,232	18.00
2 to 3 years	43,634,448	10,128,407	23.21
Over 3 years	4,873,344	2,691,187	55.22
Total	<u>1,981,503,210</u>	<u>90,876,556</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>	



Notes to the Financial Statements

For the year ended 31 December 2023
Renminbi Yuan

V. 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

Provisions for bad and doubtful debts based on the general model of ECL:

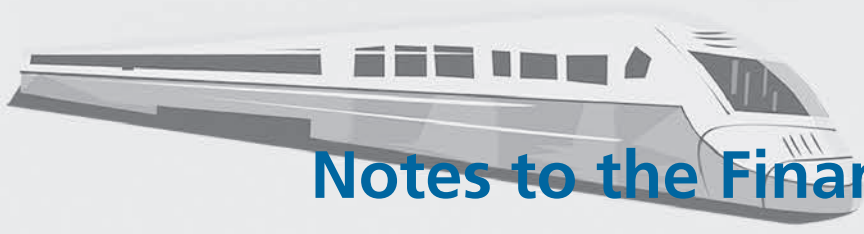
Applicable Not applicable

Basis of stage classification and percentage of provision for bad and doubtful debts:

Loss allowances for trade receivables are measured at an amount equal to lifetime ECL.

The description of significant changes in the carrying amount of accounts receivable for which a change in the allowance for losses occurred during the period:

Applicable Not applicable



Notes to the Financial Statements

For the year ended 31 December 2023
Renminbi Yuan

V. NOTES TO KEY ITEMS OF THE CONSOLIDATED FINANCIAL STATEMENTS (continued)

4. Accounts receivable (continued)

(3) Provision for credit loss of accounts receivable

Applicable Not applicable

2023

Unit: Yuan Currency: RMB

Item	Change amount in the current period						Closing balance
	Opening balance	Transferred to credit-impaired losses	Provision	Recoveries or reversals	Transfers out or written-off	Differences resulting from the translation of foreign currency financial statements	
Lifetime ECL (Not credit – impaired)	150,185,663	-20,946,844	119,827,382	-	-	-27,259	249,038,942
Lifetime ECL (Credit – impaired)	113,377,787	20,946,844	140,378,095	-4,232,453	-	589,786	271,060,059
Total	263,563,450	-	260,205,477	-4,232,453	-	-27,259	520,099,001

2022

Unit: Yuan Currency: RMB

Item	Change amount in the prior period						Closing balance
	Opening balance	Transferred to credit-impaired losses	Provision	Recoveries or reversals	Transfers out or written-off	Differences resulting from the translation of foreign currency financial statements	
Lifetime ECL (Not credit – impaired)	91,898,003	-16,311,983	74,604,104	-	-	-4,461	150,185,663
Lifetime ECL (Credit – impaired)	133,054,490	16,311,983	-	-14,032,815	-21,955,871	-	113,377,787
Total	224,952,493	-	74,604,104	-14,032,815	-21,955,871	-4,461	263,563,450

Significant recoveries or reversals during the current period:

Applicable Not applicable

Other information:

None

Notes to the Financial Statements

For the year ended 31 December 2023
Renminbi Yuan

V. NOTES TO KEY ITEMS OF THE CONSOLIDATED FINANCIAL STATEMENTS (continued)

4. Accounts receivable (continued)

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

Applicable Not applicable

Significant accounts receivable write-offs:

Applicable Not applicable

Description of accounts receivable write-offs:

Applicable Not applicable

(5) Top five accounts receivable categorised by debtors

Applicable Not applicable

2023

Unit: Yuan Currency: RMB

Name of the entity	Closing balance of accounts receivable	Closing balance of contract assets	Book value	Gross carrying amount	Opening balance Provision for asset loss
Customer 100507	577,672,778	9,998,557	587,671,335	5.15	12,725,876
Customer 103233	467,345,628	111,265,819	578,611,447	5.07	71,267,546
Customer 100979	344,248,085	22,176,721	366,424,806	3.21	8,994,109
Customer 126052	304,422,655	-	304,422,655	2.67	3,679,003
Customer 110081	290,014,432	-	290,014,432	2.54	1,054,307
Total	<u>1,983,703,578</u>	<u>143,441,097</u>	<u>2,127,144,675</u>	<u>18.64</u>	<u>97,720,841</u>

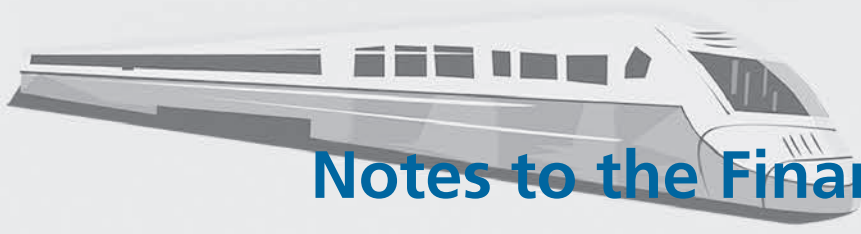
The closing balance of contract assets includes contract assets shown in "other non-current assets."

Other information:

None

Other information:

Applicable Not applicable



Notes to the Financial Statements

For the year ended 31 December 2023
Renminbi Yuan

V. NOTES TO KEY ITEMS OF THE CONSOLIDATED FINANCIAL STATEMENTS (continued)

5. 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	1,196,800,649	52,062,821	1,144,737,828	857,436,570	19,016,732	838,419,838
Construction service contract assets	53,765,586	–	53,765,586	32,319,152	–	32,319,152
Less: Contract assets included in other non-current assets (Note V. 21)	848,925,652	39,451,828	809,473,824	448,932,589	9,647,312	439,285,277
Total	401,640,583	12,610,993	389,029,590	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.

Notes to the Financial Statements

For the year ended 31 December 2023
Renminbi Yuan

V. NOTES TO KEY ITEMS OF THE CONSOLIDATED FINANCIAL STATEMENTS (continued)

5. Contract assets (continued)

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

Applicable Not applicable

Provisions for bad and doubtful debts based on the general model of ECL:

Applicable Not applicable

Basis of stage classification and percentage of provision for bad and doubtful debts:

Loss allowances for contract assets are measured at an amount equal to lifetime ECLs.

Descriptions on significant movements in the carrying amount of contract assets which have seen:

Applicable Not applicable

(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	11,511,808	-8,719,307	–	/
Lifetime ECL – Credit impaired	449,072	–	–	/
Total	<u>11,960,880</u>	<u>-8,719,307</u>	<u>–</u>	/

The amount of bad debt provisions recovered or reversed during the period is significant:

Applicable Not applicable

Other information:

As at 31 December 2023, book value of contract assets of related parties of the Group are set out in Note XII. 6.



Notes to the Financial Statements

For the year ended 31 December 2023
Renminbi Yuan

V. NOTES TO KEY ITEMS OF THE CONSOLIDATED FINANCIAL STATEMENTS (continued)

5. Contract assets (continued)

(4) Actual contract assets written off during the period

Applicable Not applicable

Significant contract assets written off

Applicable Not applicable

Description of contracts assets written off

Applicable Not applicable

Other information

Applicable Not applicable

6. Trade receivables financing

(1) Presentation of receivables financing classifications:

Applicable Not applicable

Unit: Yuan Currency: RMB

Item	Closing balance	Opening balance
Bills receivable measured at fair value	1,623,630,832	1,117,071,219
Trade receivable measured at fair value	2,887,920,287	1,801,617,618
Total	4,511,551,119	2,918,688,837

Notes to the Financial Statements

For the year ended 31 December 2023
Renminbi Yuan

V. NOTES TO KEY ITEMS OF THE CONSOLIDATED FINANCIAL STATEMENTS (continued)

6. Trade receivables financing (continued)

(2) 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	4,597,158,124	2,995,931,294
Carrying amount	4,511,551,119	2,918,688,837
Accumulated changes in fair value	-85,607,005	-77,242,457

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.

(3) Bills receivable pledged at the end of the period

Applicable Not applicable

Unit: Yuan Currency: RMB

Item	Amount pledged at the end of the period
Bank acceptances	12,500,000
Total	12,500,000



Notes to the Financial Statements

For the year ended 31 December 2023
Renminbi Yuan

V. NOTES TO KEY ITEMS OF THE CONSOLIDATED FINANCIAL STATEMENTS (continued)

6. Trade receivables financing (continued)

(4) Notes 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 derecognised at the end of the period
Bank acceptances	1,904,783,460
Cloud Credit receivable	1,144,625,722
Total	3,049,409,182

(5) Disclosure by bad debt accrual method

Applicable Not applicable

Provision for bad debts is made on an individual basis:

Applicable Not applicable

Description of bad debt provisioning by individual item:

Applicable Not applicable

Provision for bad debts by portfolio:

Applicable Not applicable

Provisions for bad and doubtful debts based on the general model of ECL:

Applicable Not applicable

Basis of stage classification and percentage of provision for bad and doubtful debts:

None

Explanation of significant changes in the carrying amount of receivables financing for which changes in the allowance for losses occurred during the period:

Applicable Not applicable



Notes to the Financial Statements

For the year ended 31 December 2023
Renminbi Yuan

V. NOTES TO KEY ITEMS OF THE CONSOLIDATED FINANCIAL STATEMENTS (continued)

6. Trade receivables financing (continued)

(6) Provision for bad debts

Applicable Not applicable

Provision for bad debts for the period recovered or reversed in amounts that are significant:

Applicable Not applicable

Other description:

None

(7) Receivables financing actually written off during the period

Applicable Not applicable

Significant accounts receivable financing written off during the period

Applicable Not applicable

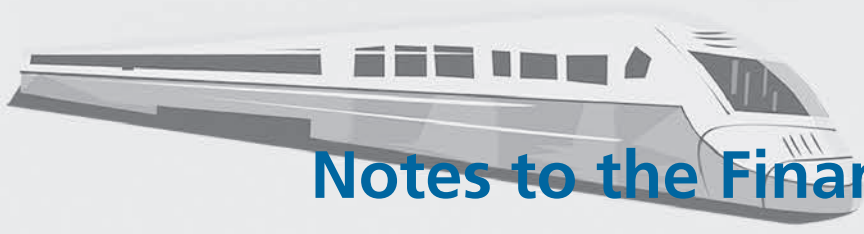
Description of write-offs:

Applicable Not applicable

(8) Other notes:

Applicable Not applicable

As at December 31, 2023, the receivables from related parties of the Group in the financing balance of receivables, please refer to Note XII.6 for details.



Notes to the Financial Statements

For the year ended 31 December 2023
Renminbi Yuan

V. NOTES TO KEY ITEMS OF THE CONSOLIDATED FINANCIAL STATEMENTS (continued)

7. 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	665,238,909	88.94	676,779,463	94.59
1 to 2 years	76,010,654	10.16	32,947,159	4.60
2 to 3 years	4,236,211	0.57	3,305,416	0.46
Over 3 years	2,443,185	0.33	2,492,297	0.35
Total	<u>747,928,959</u>	<u>100.00</u>	<u>715,524,335</u>	<u>100.00</u>

(2) Top five balances of prepayments categorised by receivers

Applicable Not applicable

Name of the entity	Closing balance	Proportion to total closing balance of prepayments (%)
Supplier 739152	114,098,589	15.26
Supplier 739847	62,537,984	8.36
Supplier 800511	48,993,891	6.55
Supplier 739007	44,901,467	6.00
Supplier 715442	36,406,843	4.87
Total	<u>306,938,774</u>	<u>41.04</u>

Other information

None

Other information

Applicable Not applicable

As at 31 December 2023, prepayments made to related parties of the Group are set out in Note XII.6.

Notes to the Financial Statements

For the year ended 31 December 2023
Renminbi Yuan

V. NOTES TO KEY ITEMS OF THE CONSOLIDATED FINANCIAL STATEMENTS (continued)

8. Other receivables

Details of items

Applicable Not applicable

Unit: Yuan Currency: RMB

Item	Closing balance	Opening balance
Interest receivable	—	—
Dividends receivable	—	—
Other receivables	<u>232,027,285</u>	<u>186,845,646</u>
Total	<u>232,027,285</u>	<u>186,845,646</u>

Other information:

Applicable Not applicable

As at 31 December 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) Disclosure by bad debt accrual method

Applicable Not applicable

(4) Provision for bad debts by general model of expected credit losses

Applicable Not applicable

Basis of stage classification and percentage of provision for bad and doubtful debts:

None

Explanation of significant changes in the carrying amount of interest receivable for which changes in the allowance for losses occurred during the period:

Applicable Not applicable



Notes to the Financial Statements

For the year ended 31 December 2023
Renminbi Yuan

V. NOTES TO KEY ITEMS OF THE CONSOLIDATED FINANCIAL STATEMENTS (continued)

8. Other receivables (continued)

Interest receivable (continued)

(5) Provision for bad debts

Applicable Not applicable

Significant amount of bad debt provision recovered or reversed during the period:

Applicable Not applicable

Other information:

None

Dividends receivable

(1) Classification of dividends receivable

Applicable Not applicable

(2) Significant dividends receivable with an age of more than one year

Applicable Not applicable

(3) Disclosure by bad debt accrual method

Applicable Not applicable

(4) Provision for bad debts by general model of expected credit losses

Applicable Not applicable

Basis of stage classification and percentage of provision for bad debts:

None

Explanation of significant changes in the carrying amount of dividends receivable for which changes in the allowance for losses occurred during the period:

Applicable Not applicable

Notes to the Financial Statements

For the year ended 31 December 2023
Renminbi Yuan

V. NOTES TO KEY ITEMS OF THE CONSOLIDATED FINANCIAL STATEMENTS (continued)

8. Other receivables (continued)

Dividends receivable (continued)

(5) Provision for bad debts

Applicable Not applicable

Significant amount of bad debt provision recovered or reversed during the period:

Applicable Not applicable

Other information:

None

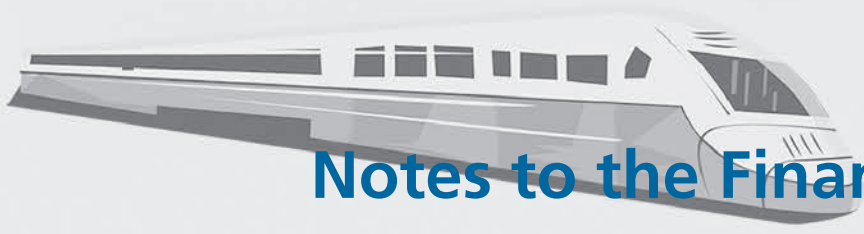
Other receivables

(1) Other receivables disclosed by ageing

Applicable Not applicable

Unit: Yuan Currency: RMB

Ageing	Closing balance	Opening balance
Within 1 year		
Including: subitems within 1 year		
Within 6 months	155,728,365	80,106,738
6 months to 1 year	11,935,624	46,056,076
Subtotal within 1 year	167,663,989	126,162,814
1 to 2 years	25,929,770	16,939,261
2 to 3 years	7,954,647	11,552,407
Over 3 years	41,072,375	35,983,555
Less: Credit loss allowance for other receivables	10,593,496	3,792,391
Total	232,027,285	186,845,646



Notes to the Financial Statements

For the year ended 31 December 2023
Renminbi Yuan

V. NOTES TO KEY ITEMS OF THE CONSOLIDATED FINANCIAL STATEMENTS (continued)

8. Other receivables (continued)

Other receivables (continued)

(2) Other receivables categorised by nature

Applicable Not applicable

Unit: Yuan Currency: RMB

Item	Closing balance	Opening balance
Deposits and guarantees	130,289,490	122,423,364
Others	112,331,291	68,214,673
Total	242,620,781	190,638,037

(3) Details of provision for credit loss allowance

Applicable Not applicable

2023

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	7,670,195	–	–	7,670,195
Reversal	-869,090	–	–	-869,090
Transfer out	–	–	–	–
Written-off	–	–	–	–
Other changes	–	–	–	–
Balance at 31 December 2023	10,593,496	–	–	10,593,496

Notes to the Financial Statements

For the year ended 31 December 2023
Renminbi Yuan

V. NOTES TO KEY ITEMS OF THE CONSOLIDATED FINANCIAL STATEMENTS (continued)

8. Other receivables (continued)

Other receivables (continued)

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

2022

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 2022	4,237,020	–	–	4,237,020
– Transfer to Phase 2	–	–	–	–
– Transfer to Phase 3	–	–	–	–
– Transfer back to Phase 2	–	–	–	–
– Transfer back to Phase 1	–	–	–	–
Provision	541,046	–	–	541,046
Reversal	-1,005,675	–	–	-1,005,675
Transfer out	–	–	–	–
Written-off	–	–	–	–
Other changes	20,000	–	–	20,000
Balance at 31 December 2022	<u>3,792,391</u>	<u>–</u>	<u>–</u>	<u>3,792,391</u>

Basis of stage classification and percentage of provision for bad debts:

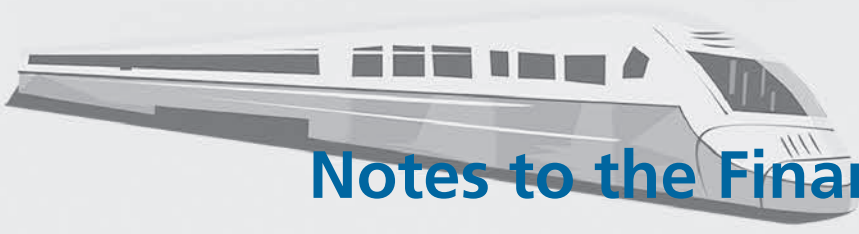
As at 31 December 2023, the Group had no other receivables that were at the phase 2 and phase 3.

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

Applicable Not applicable

Disclose the basis of the provision of bad debts and the assessment regarding whether there is a significant increase in the credit risk of financial instruments:

Applicable Not applicable



Notes to the Financial Statements

For the year ended 31 December 2023
Renminbi Yuan

V. NOTES TO KEY ITEMS OF THE CONSOLIDATED FINANCIAL STATEMENTS (continued)

8. Other receivables (continued)

Other receivables (continued)

(4) Provision for bad debts

Applicable Not applicable

Unit: Yuan Currency: RMB

Item	Opening balance	Provision	Change during the period			Closing balance
			Recoveries or reversal	Written-off or Transfers out	Other changes	
Bad debt provision for other receivables	3,792,391	7,670,195	-869,090	-	-	10,593,496

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

Applicable Not applicable

Notes to the Financial Statements

For the year ended 31 December 2023
Renminbi Yuan

V. NOTES TO KEY ITEMS OF THE CONSOLIDATED FINANCIAL STATEMENTS (continued)

8. Other receivables (continued)

Other receivables (continued)

(6) Top five other receivables categorised by debtors

✓ Applicable □ Not applicable

2023

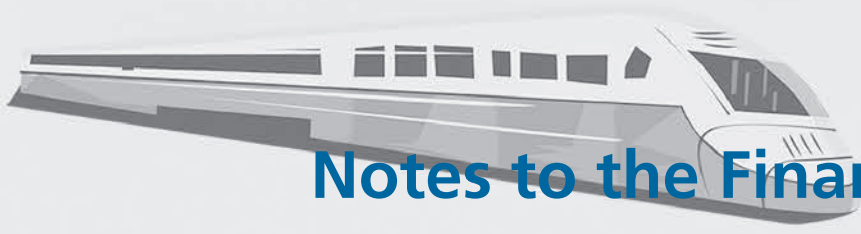
Unit: Yuan Currency: RMB

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 129596	Others	42,408,602	Within 1 year	17.48	3,084,410
Customer 103233	Deposits and guarantees	34,084,370	Within 1 year and over 5 years	14.05	2,478,982
Customer 15	Others	15,929,692	Within 1 year	6.57	–
Customer 123355	Deposits and guarantees	15,646,500	Within 1 year	6.45	1,137,982
Customer 126515	Deposits and guarantees	15,000,000	3 to 4 years	6.18	1,261,500
Total	/	<u>123,069,164</u>	/	<u>50.73</u>	<u>7,962,874</u>

2022

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	17.78	1,026,340
Customer 15	Tax refunds receivable	20,237,572	Within 1 year and 1 to 2 years	10.62	–
Customer 16	Deposits and guarantees	15,000,000	2 to 3 years	7.87	1,156,752
Customer 17	Tax refunds receivable	7,030,275	Within 1 year	3.69	–
Customer 18	Deposits and guarantees	<u>3,845,000</u>	1 to 2 years	<u>2.02</u>	<u>33,565</u>
Total	/	<u>80,007,467</u>	/	<u>41.98</u>	<u>2,216,657</u>



Notes to the Financial Statements

For the year ended 31 December 2023
Renminbi Yuan

V. NOTES TO KEY ITEMS OF THE CONSOLIDATED FINANCIAL STATEMENTS (continued)

8. Other receivables (continued)

Other receivables (continued)

(7) Presented in other receivables due to centralized management of funds

Applicable Not applicable

Other information:

None

9. Inventories

(1) Category of inventories

Applicable Not applicable

Unit: Yuan Currency: RMB

Item	Closing balance			Opening balance		
	Gross carrying amount	Provision for decline in value	Book Value	Gross carrying amount	Provision for decline in value	Book Value
Raw materials	914,724,706	140,105,901	774,618,805	801,707,979	126,571,570	675,136,409
Work in progress	1,466,013,280	78,130,292	1,387,882,988	1,622,888,217	54,352,682	1,568,535,535
Finished goods	3,259,369,921	25,663,455	3,233,706,466	3,545,760,340	9,905,360	3,535,854,980
Turnover materials	49,341,460	2,592,923	46,748,537	51,939,975	9,884,054	42,055,921
Total	5,689,449,367	246,492,571	5,442,956,796	6,022,296,511	200,713,666	5,821,582,845

Notes to the Financial Statements

For the year ended 31 December 2023
Renminbi Yuan

V. NOTES TO KEY ITEMS OF THE CONSOLIDATED FINANCIAL STATEMENTS (continued)

9. Inventories (continued)

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

Applicable Not applicable

2023

Unit: Yuan Currency: RMB

Item	Opening balance	Increase in current period		Decrease in current period		Closing balance
		Increase	Provision	Recovery or transfer-out	Translation differences of financial statements denominated in foreign currencies	
Raw materials	126,571,570	15,601,137		1,434,494	632,312	140,105,901
Work in progress	54,352,682	26,913,464		3,978,996	-843,142	78,130,292
Finished goods	9,905,360	20,611,436		5,751,920	-898,579	25,663,455
Turnover materials	9,884,054	-		7,291,131	-	2,592,923
Total	200,713,666	63,126,037		18,456,541	-1,109,409	246,492,571

2022

Unit: Yuan Currency: RMB

Item	Opening balance	Increase in current period		Decrease in current period		Closing balance
		Increase	Provision	Recovery or transfer-out	Translation differences of financial statements denominated in foreign currencies	
Raw materials	230,241,517	19,411,257		125,040,229	-1,959,025	126,571,570
Work in progress	30,063,896	37,241,485		12,789,942	162,757	54,352,682
Finished goods	47,597,760	1,656,070		39,244,154	104,316	9,905,360
Turnover materials	4,593,759	5,310,285		19,990	-	9,884,054
Total	312,496,932	63,619,097		177,094,315	-1,691,952	200,713,666



Notes to the Financial Statements

For the year ended 31 December 2023
Renminbi Yuan

V. NOTES TO KEY ITEMS OF THE CONSOLIDATED FINANCIAL STATEMENTS (continued)

9. Inventories (continued)

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

Reasons for reversal or write-off of provision for decline in value of inventories during the period:

Applicable Not applicable

Provision for decline in value of inventories by group:

Applicable Not applicable

Provisioning criteria for provision for inventory valuation by portfolio:

Applicable Not applicable

(3) Description of ending balance of inventory including capitalisation of borrowing costs and the criteria and basis for their calculation

Applicable Not applicable

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

Applicable Not applicable

Other information

Applicable Not applicable

Notes to the Financial Statements

For the year ended 31 December 2023
Renminbi Yuan

V. 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	1,100,449,970	338,600,452
Long-term receivables due within one year	—	2,151,177
Total	<u>1,100,449,970</u>	<u>340,751,629</u>

Debt investments maturing within one year

Applicable Not applicable

Other debt investments maturing within one year

Applicable Not applicable

Other notes on non-current assets due within one year:

None



Notes to the Financial Statements

For the year ended 31 December 2023
Renminbi Yuan

V. NOTES TO KEY ITEMS OF THE CONSOLIDATED FINANCIAL STATEMENTS (continued)

11. Other current assets

Applicable Not applicable

Unit: Yuan Currency: RMB

Item	Closing balance	Opening balance
VAT retained for deduction	338,315,643	218,392,719
Other taxes prepaid	10,273,344	53,847,913
Certificate of deposits ("CDs")	50,143,500	50,157,194
Total	<u>398,732,487</u>	<u>322,397,826</u>

Other information:

None

Notes to the Financial Statements

For the year ended 31 December 2023
Renminbi Yuan

V. NOTES TO KEY ITEMS OF THE CONSOLIDATED FINANCIAL STATEMENTS (continued)

12. Long-term equity investments

(1) Status of long-term equity investments

✓ Applicable □ Not applicable

2023

Unit: Yuan Currency: RMB

Name of investees	Balance at 1 January 2023	Increasing investment	Changes for the period		Translation differences of financial statements denominated in foreign currencies	Balance at 31 December 2023
			Investment income or loss recognised under equity method	Profits declared to be distributed		
I. Joint ventures						
Zhuzhou Shiling Transportation Equipment Co., Ltd. ("Shiling")	106,377,120	-	3,004,447	-	-	109,381,567
Zhejiang Times LANP New Energy Co., Ltd. ("Zhejiang LANP")	13,782,339	-	-4,725,161	-	-	9,057,178
Shanghai Shentong CRRC Rail Transit Operation Safety Engineering Technology Research Co., Ltd. ("Shanghai shenzhong")	9,014,247	-	-667,353	100,000	-	8,246,894
Zhengzhou Times Transportation Electrical Equipment Co., Ltd. ("Zhengzhou Times")	8,782,600	-	4,981,084	-	-	13,763,684
Guangzhou Qinglan Semiconductor Co., Ltd. ("Qinglan Semiconductor")	72,370,574	73,500,000	-9,612,083	-	-	136,258,491
Sub-total	210,326,880	73,500,000	-7,019,066	100,000	-	276,707,814
II. Associates						
Siemens Traction Equipment Ltd., Zhuzhou ("Zhuzhou Siemens")	46,719,865	-	336,615	-	-	47,056,480
Hunan Guoxin Semiconductor Technology Co., Ltd. ("CRRC Guoxin Technology")	50,165,681	-	3,070,609	-	-	53,236,290
Hunan Times Wabtec Transit Transport & Equipment Co., Ltd. ("Times Wabtec")	15,820,180	-	530,916	-	-	16,351,096
Zhixin Semiconductor Co., Ltd. ("Zhixin Semiconductor")	93,133,092	-	-2,214,819	-	-	90,918,273
CRRC India Private Limited ("CRRC India")	15,264,370	-	-3,222,075	-	-	12,042,295
Wuxi Times Smart Transportation Institute Co., Ltd. ("Wuxi Times")	21,855,251	-	3,817,560	-	-	25,673,111
Foshan Zhongshi Zhihui Transportation Technology Co., Ltd. ("Foshan Zhongshi")	6,775,029	-	1,635,282	-	-	8,410,311
Guangzhou High-speed Rail Technology Co., Ltd. ("Guangzhou High-speed")	3,490,534	-	-475,000	-	-	3,015,534
Sub-total	253,224,002	-	3,479,388	-	-	256,703,390
Total	463,550,882	73,500,000	-3,539,678	100,000	-	533,411,204



Notes to the Financial Statements

For the year ended 31 December 2023
Renminbi Yuan

V. NOTES TO KEY ITEMS OF THE CONSOLIDATED FINANCIAL STATEMENTS (continued)

12. Long-term equity investments (continued)

(1) Status of long-term equity investments (continued)

2022

Unit: Yuan Currency: RMB

Name of investees	Balance at 1 January 2022	Increasing investment	Changes for the period		Translation differences of financial statements	Balance at 31 December 2022
			Investment income or loss recognised under equity method	Profits declared to be distributed		
I. Joint ventures						
Zhuzhou Shiling Transportation Equipment Co., Ltd. ("Shiling")	170,989,491	-	6,387,629	71,000,000	-	106,377,120
Zhejiang Times LANP New Energy Co., Ltd. ("Zhejiang LANP")	16,029,889	-	-2,247,550	-	-	13,782,339
Shanghai Shentong CRRC Rail Transit Operation Safety Engineering Technology Research Co., Ltd. ("Shanghai shenzhong")	6,220,214	-	2,794,033	-	-	9,014,247
Zhengzhou Times Transportation Electrical Equipment Co., Ltd. ("Zhengzhou Times")	5,795,314	-	2,987,286	-	-	8,782,600
Guangzhou Qinglan Semiconductor Co., Ltd. ("Qinglan Semiconductor")	73,500,000	-	-1,129,426	-	-	72,370,574
Sub-total	272,534,908	-	8,791,972	71,000,000	-	210,326,880
II. Associates						
Wuxi CRRC Times Electric Drive Technology Co., Ltd. ("Wuxi CRRC Electric Drive) (Note 1)	96,606,179	-	-101,084,830	-	4,478,651	-
Siemens Traction Equipment Ltd., Zhuzhou ("Zhuzhou Siemens")	46,325,738	-	394,127	-	-	46,719,865
Hunan Guoxin Semiconductor Technology Co., Ltd. ("CRRC Guoxin Technology)	50,059,852	-	105,829	-	-	50,165,681
Hunan Times Wabtec Transit Transport & Equipment Co., Ltd. ("Times Wabtec)	13,852,984	-	2,185,772	218,576	-	15,820,180
Zhixin Semiconductor Co., Ltd. ("Zhixin Semiconductor")	90,303,798	-	2,829,294	-	-	93,133,092
CRRC India Private Limited ("CRRC India)	15,243,267	-	21,103	-	-	15,264,370
Wuxi Times Smart Transportation Institute Co., Ltd. ("Wuxi Times")	20,480,632	-	1,374,619	-	-	21,855,251
Foshan Zhongshi Zhihui Transportation Technology Co., Ltd. ("Foshan Zhongshi)	6,320,000	-	455,029	-	-	6,775,029
Guangzhou High-speed Rail Technology Co., Ltd. ("Guangzhou High-speed)	-	3,420,000	70,534	-	-	3,490,534
Sub-total	339,192,450	3,420,000	-93,648,523	218,576	4,478,651	253,224,002
Total	611,727,358	3,420,000	-84,856,551	71,218,576	4,478,651	463,550,882

Note 1: In August 2023, Wuxi CRRC Hofer Powertrain Co., Ltd. was acquired by the Group as a subsidiary and was renamed as "Wuxi CRRC Times Electric Drive Technology Co., Ltd. in November 2023. For details of the above business combination, please refer to "IX. Changes in the scope of consolidation.

Notes to the Financial Statements

For the year ended 31 December 2023
Renminbi Yuan

V. NOTES TO KEY ITEMS OF THE CONSOLIDATED FINANCIAL STATEMENTS (continued)

12. Long-term equity investments (continued)

(2) Impairment testing of long-term equity investments:

Applicable Not applicable

Other information:

None

13. Other equity instrument investments

(1) Other equity instrument investments

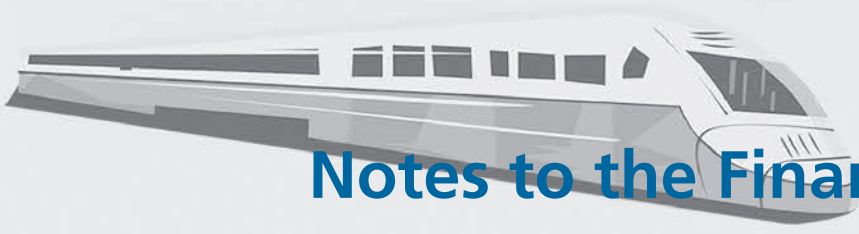
Applicable Not applicable

Unit: Yuan Currency: RMB

Item	Opening balance	Movements during the period					Closing balance	Dividend income recognised for the period	Accumulated gains included in other comprehensive income	Accumulated losses included in other comprehensive income	Reason for being designated at FVTOCI
		Increase in investments	Decrease in investments	Gains included in other comprehensive income for the period	Losses included in other comprehensive income for the period	Others					
Xicheng CRRC (Wuxi) Urban Transit Transport Engineering Co., Ltd. (Note 1)	109,673,525	80,576,467	-	-	-	190,249,992	-	-	-	Note 2	
CRRC Environmental & Technology Co., Ltd.	30,000,000	-	-	-	-	30,000,000	360,000	-	-	Note 2	
Guochuang Energy Internet Innovation Center (Guangdong) Co., Ltd.	8,000,000	-	-	-	-	8,000,000	-	-	-	Note 2	
Jinhua CRRC Rail Vehicle Co., Ltd.	5,000,000	-	-	-	-	5,000,000	-	-	-	Note 2	
Total	152,673,525	80,576,467	-	-	-	233,249,992	360,000	-	-	/	

Note 1: In 2023, the Group contributed RMB80,576,467 to Xicheng CRRC (Wuxi) Urban Transit Transport Engineering Co., Ltd.

Note 2: 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 are 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.



Notes to the Financial Statements

For the year ended 31 December 2023
Renminbi Yuan

V. 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

Other information:

Applicable Not applicable

14. Fixed assets

Presented by item

Applicable Not applicable

Unit: Yuan Currency: RMB

Item	Closing balance	Opening balance
Fixed assets	5,232,528,832	4,802,515,644
Disposal of fixed assets	—	—
Total	<u>5,232,528,832</u>	<u>4,802,515,644</u>

Other information:

Applicable Not applicable

Notes to the Financial Statements

For the year ended 31 December 2023
Renminbi Yuan

V. NOTES TO KEY ITEMS OF THE CONSOLIDATED FINANCIAL STATEMENTS (continued)

14. Fixed assets (continued)

(1) Details of fixed assets

✓ Applicable □ Not applicable

2023

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	24,416,427	1,027,170,904	3,655,404	78,169,557	1,133,412,292
(1) Additions	15,743,119	316,279,917	3,521,264	66,110,554	401,654,854
(2) Transfer from construction in progress	6,401,411	615,057,738	–	7,514,157	628,973,306
(3) Increase in business combinations not under common control	–	74,656,537	134,140	3,509,068	78,299,745
(4) Translation differences arising from translation of foreign currency financial statements	2,271,897	21,176,712	–	1,035,778	24,484,387
3. Decreases	–	28,750,456	4,468,441	7,903,117	41,122,014
(1) Disposal or retirement	–	28,750,456	4,468,441	7,903,117	41,122,014
4. Closing balance	2,097,646,662	6,516,709,997	42,516,469	728,353,787	9,385,226,915



Notes to the Financial Statements

For the year ended 31 December 2023
Renminbi Yuan

V. NOTES TO KEY ITEMS OF THE CONSOLIDATED FINANCIAL STATEMENTS (continued)

14. Fixed assets (continued)

(1) Details of fixed assets (continued)

Item	Plants and buildings	Machinery and equipment	Motor vehicles	Office equipment and others	Total
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	67,999,717	533,392,973	1,378,600	92,646,823	695,418,113
(1) Provision	67,356,613	518,026,666	1,378,600	91,966,277	678,728,156
(2) Translation differences arising from translation of foreign currency financial statements	643,104	15,366,307	-	680,546	16,689,957
3. Decreases	-	21,361,028	4,217,842	7,106,873	32,685,743
(1) Disposal or retirement	-	21,361,028	4,217,842	7,106,873	32,685,743
4. Closing balance	<u>731,832,079</u>	<u>2,831,232,542</u>	<u>37,251,856</u>	<u>500,242,564</u>	<u>4,100,559,041</u>
III. Provision for impairment					
1. Opening balance	10,513,264	42,081,058	-	-	52,594,322
2. Decreases	-	455,280	-	-	455,280
(1) Disposal or retirement	-	455,280	-	-	455,280
3. Closing balance	<u>10,513,264</u>	<u>41,625,778</u>	<u>-</u>	<u>-</u>	<u>52,139,042</u>
IV. Carrying amount					
1. Carrying amount at the end of the period	<u>1,355,301,319</u>	<u>3,643,851,677</u>	<u>5,264,613</u>	<u>228,111,223</u>	<u>5,232,528,832</u>
2. Carrying amount at the beginning of the period	<u>1,398,884,609</u>	<u>3,157,007,894</u>	<u>3,238,408</u>	<u>243,384,733</u>	<u>4,802,515,644</u>

Notes to the Financial Statements

For the year ended 31 December 2023
Renminbi Yuan

V. NOTES TO KEY ITEMS OF THE CONSOLIDATED FINANCIAL STATEMENTS (continued)

14. Fixed assets (continued)

(1) Details of fixed assets (continued)

2022

Unit: Yuan Currency: RMB

Item	Plants and buildings	Machinery and equipment	Motor vehicles	Office equipment and others	Total
I. Cost					
1. Opening balance	1,946,683,630	4,324,571,232	43,893,883	590,504,214	6,905,652,959
2. Increases	127,758,549	1,215,210,062	1,027,925	77,626,589	1,421,623,125
(1) Additions	386,971	195,291,838	1,027,925	55,245,269	251,952,003
(2) Transfer from construction in progress	127,371,578	1,019,513,529	–	22,381,320	1,169,266,427
(3) Translation differences arising from translation of foreign currency financial statements	–	404,695	–	–	404,695
3. Decreases	1,211,944	21,491,745	1,592,302	10,043,456	34,339,447
(1) Disposal or retirement	684,691	21,491,745	1,587,583	9,833,595	33,597,614
(2) Translation differences arising from translation of foreign currency financial statements	527,253	–	4,719	209,861	741,833
4. Closing balance	2,073,230,235	5,518,289,549	43,329,506	658,087,347	8,292,936,637



Notes to the Financial Statements

For the year ended 31 December 2023
Renminbi Yuan

V. NOTES TO KEY ITEMS OF THE CONSOLIDATED FINANCIAL STATEMENTS (continued)

14. Fixed assets (continued)

(1) Details of fixed assets (continued)

Item	Plants and buildings	Machinery and equipment	Motor vehicles	Office equipment and others	Total
II. Accumulated depreciation					
1. Opening balance	601,168,592	1,903,861,440	39,654,515	343,788,580	2,888,473,127
2. Increases	63,441,766	433,849,824	1,913,967	79,397,328	578,602,885
(1) Provision	63,441,766	433,552,629	1,913,967	79,397,328	578,305,690
(2) Translation differences arising from translation of foreign currency financial statements	–	297,195	–	–	297,195
3. Decreases	777,996	18,510,667	1,477,384	8,483,294	29,249,341
(1) Disposal or retirement	592,328	18,510,667	1,472,665	8,250,067	28,825,727
(2) Translation differences arising from translation of foreign currency financial statements	185,668	–	4,719	233,227	423,614
4. Closing balance	663,832,362	2,319,200,597	40,091,098	414,702,614	3,437,826,671
III. Provision for impairment					
1. Opening balance	10,513,264	42,237,320	–	–	52,750,584
2. Increases	–	–	–	–	–
3. Decreases	–	156,262	–	–	156,262
(1) Disposal or retirement	–	156,262	–	–	156,262
4. Closing balance	10,513,264	42,081,058	–	–	52,594,322
IV. Carrying amount					
1. Carrying amount at the end of the period	1,398,884,609	3,157,007,894	3,238,408	243,384,733	4,802,515,644
2. Carrying amount at the beginning of the period	1,335,001,774	2,378,472,472	4,239,368	246,715,634	3,964,429,248

Notes to the Financial Statements

For the year ended 31 December 2023
Renminbi Yuan

V. NOTES TO KEY ITEMS OF THE CONSOLIDATED FINANCIAL STATEMENTS (continued)

14. Fixed assets (continued)

(2) Fixed assets temporary idle

Applicable Not applicable

(3) Fixed assets leased out under operating leases

Applicable Not applicable

Unit: Yuan Currency: RMB

Item	Closing balance	Opening balance
Plants and buildings	<u>38,200,943</u>	<u>56,065,573</u>
Total	<u>38,200,943</u>	<u>56,065,573</u>

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

Applicable Not applicable

(5) Impairment testing of fixed assets

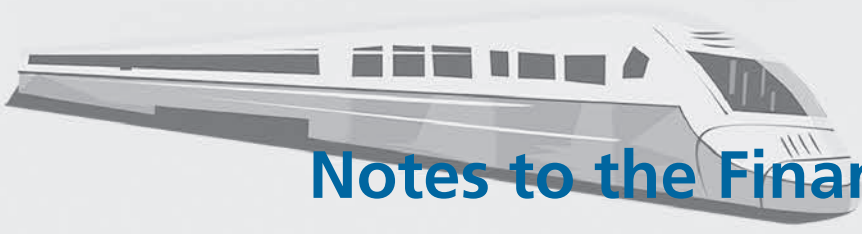
Applicable Not applicable

Other information:

Applicable Not applicable

Disposal of fixed assets

Applicable Not applicable



Notes to the Financial Statements

For the year ended 31 December 2023
Renminbi Yuan

V. 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	1,261,506,969	453,599,990
Construction materials	—	—
Total	<u>1,261,506,969</u>	<u>453,599,990</u>

Other information:

Applicable Not applicable

Notes to the Financial Statements

For the year ended 31 December 2023
Renminbi Yuan

V. NOTES TO KEY ITEMS OF THE CONSOLIDATED FINANCIAL STATEMENTS (continued)

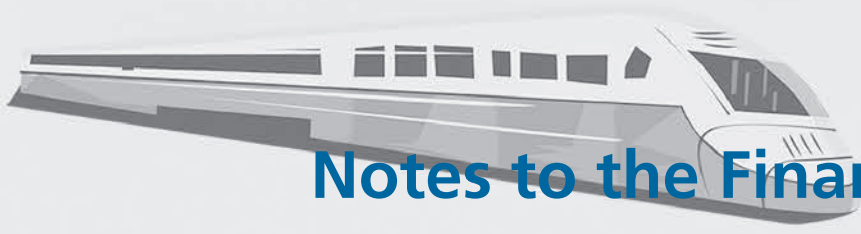
15. Construction in progress (continued)

(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	228,608,016	-	228,608,016	137,104,731	-	137,104,731
Innovation experiment platform construction project	304,461,056	-	304,461,056	120,508,107	-	120,508,107
Automobile components supporting construction project	144,838,605	-	144,838,605	112,277,112	-	112,277,112
Industrialization of Medium and Low Voltage Power Devices (Yixing) Construction Project	310,592,379	-	310,592,379	-	-	-
New Energy Vehicle Electric Drive System and Components Manufacturing Base (Zhuzhou) Construction Project	156,855,686	-	156,855,686	-	-	-
Others	116,151,227	-	116,151,227	83,710,040	-	83,710,040
Total	1,261,506,969	-	1,261,506,969	453,599,990	-	453,599,990



Notes to the Financial Statements

For the year ended 31 December 2023
Renminbi Yuan

V. NOTES TO KEY ITEMS OF THE CONSOLIDATED FINANCIAL STATEMENTS (continued)

15. 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 denominated in foreign currencies	Closing balance	Proportion of amount injected to the budget (%)	Source of funding
Chencang base project	600,000,000	137,104,731	209,378,381	-	117,875,096	-	-	228,608,016	68	Raised funds and self-raised
Innovation experiment platform construction project	991,600,000	120,508,107	186,247,444	2,212,389	82,106	-	-	304,461,056	54	Raised funds and self-raised
Automobile components supporting construction project	3,337,700,000	112,277,112	385,042,890	326,356,364	26,102,147	22,886	-	144,838,605	98	Self-raised
Industrialization of Medium and Low Voltage Power Devices (Yixing) Construction Project	5,825,830,000	-	310,592,379	-	-	-	-	310,592,379	21	Self-raised
New Energy Vehicle Electric Drive System and Components Manufacturing Base (Zhuzhou) Construction Project	1,107,990,000	-	156,855,686	-	-	-	-	156,855,686	16	Self-raised
Total	11,863,120,000	369,889,950	1,248,116,780	328,568,753	144,059,349	22,886	-	1,145,355,742	/ /	

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

Applicable Not applicable

(4) Impairment testing of construction in progress

Applicable Not applicable

Other information:

Applicable Not applicable

Construction materials

(5) Details of construction materials

Applicable Not applicable

Notes to the Financial Statements

For the year ended 31 December 2023
Renminbi Yuan

V. NOTES TO KEY ITEMS OF THE CONSOLIDATED FINANCIAL STATEMENTS (continued)

16. Right-of-use assets

(1) Right-of-use assets

✓ Applicable □ Not applicable

2023:

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	-	165,364,359	38,208,135	4,689,116	2,291,538	210,553,148
(1) Newly added lease	-	163,795,745	37,875,436	4,668,305	2,291,538	208,631,024
(2) Translation differences of financial statements denominated in foreign currencies	-	1,568,614	332,699	20,811	-	1,922,124
3. Decreases	-	96,110,613	18,446,827	3,847,084	2,812,698	121,217,222
(1) Expired lease contracts	-	96,110,613	18,446,827	3,847,084	2,812,698	121,217,222
(2) Translation differences of financial statements denominated in foreign currencies	-	-	-	-	-	-
4. Closing balance	23,535,849	284,466,716	107,023,679	12,650,274	826,945	428,503,463
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	1,511,310	95,916,087	29,779,974	2,819,402	1,862,171	131,888,944
(1) Provision for the year	1,511,310	95,206,594	28,980,549	2,648,498	1,862,171	130,209,122
(2) Translation differences of financial statements denominated in foreign currencies	-	709,493	799,425	170,904	-	1,679,822
3. Decreases	-	91,878,536	18,446,827	3,847,084	2,812,698	116,985,145
(1) Expiration or termination of the lease contract	-	91,878,536	18,446,827	3,847,084	2,812,698	116,985,145
(2) Translation differences of financial statements denominated in foreign currencies	-	-	-	-	-	-
4. Closing balance	6,969,545	116,292,962	18,379,654	5,138,096	288,734	147,068,991



Notes to the Financial Statements

For the year ended 31 December 2023
Renminbi Yuan

V. NOTES TO KEY ITEMS OF THE CONSOLIDATED FINANCIAL STATEMENTS (continued)

16. Right-of-use assets (continued)

(1) Right-of-use assets (continued)

Item	Land use rights (Note 1)	Plants and buildings	Machinery and equipment	Motor vehicles	Office facilities and others	Total
III. Provision for impairment						
1. Opening balance	-	-	-	-	-	-
2. Increases	-	-	-	-	-	-
(1) Provision for impairment	-	-	-	-	-	-
3. Decreases	-	-	-	-	-	-
4. Closing balance	-	-	-	-	-	-
IV. Carrying amount						
1. Carrying amount at the end of the period	<u>16,566,304</u>	<u>168,173,754</u>	<u>88,644,025</u>	<u>7,512,178</u>	<u>538,211</u>	<u>281,434,472</u>
2. Carrying amount at the beginning of the period	<u>18,077,614</u>	<u>102,957,559</u>	<u>80,215,864</u>	<u>5,642,464</u>	<u>108,844</u>	<u>207,002,345</u>

Notes to the Financial Statements

For the year ended 31 December 2023
Renminbi Yuan

V. NOTES TO KEY ITEMS OF THE CONSOLIDATED FINANCIAL STATEMENTS (continued)

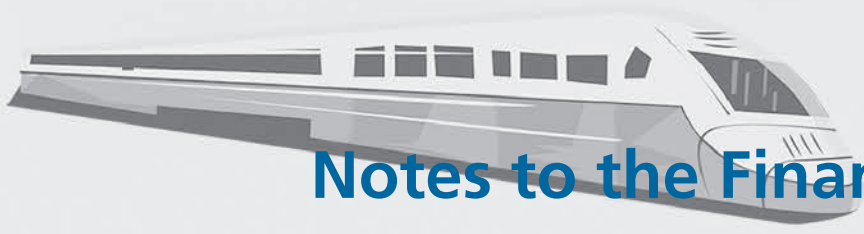
16. Right-of-use assets (continued)

(1) Right-of-use assets (continued)

2022:

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	171,187,666	22,614,231	11,747,442	1,348,105	230,433,293
2. Increases	–	80,103,712	89,571,459	994,571	–	170,669,742
(1) Newly added lease	–	80,103,712	89,571,459	994,571	–	170,669,742
3. Decreases	–	36,078,408	24,923,319	933,771	–	61,935,498
(1) Translation differences of financial statements denominated in foreign currencies	–	1,603,053	545,580	–	–	2,148,633
(2) Expired lease contracts	–	34,475,355	24,377,739	933,771	–	59,786,865
4. Closing balance	23,535,849	215,212,970	87,262,371	11,808,242	1,348,105	339,167,537
II. Accumulated depreciation						
1. Opening balance	4,037,325	82,999,825	8,346,014	3,937,242	1,239,261	100,559,667
2. Increases	1,420,910	64,767,842	21,513,910	3,162,307	–	90,864,969
(1) Provision for the year	1,420,910	64,767,842	21,513,910	3,162,307	–	90,864,969
3. Decreases	–	35,512,256	22,813,417	933,771	–	59,259,444
(1) Expiration or termination of the lease contract	–	34,459,577	22,496,655	933,771	–	57,890,003
(2) Translation differences of financial statements denominated in foreign currencies	–	1,052,679	316,762	–	–	1,369,441
4. Closing balance	5,458,235	112,255,411	7,046,507	6,165,778	1,239,261	132,165,192



Notes to the Financial Statements

For the year ended 31 December 2023
Renminbi Yuan

V. NOTES TO KEY ITEMS OF THE CONSOLIDATED FINANCIAL STATEMENTS (continued)

16. Right-of-use assets (continued)

(1) Right-of-use assets (continued)

Item	Land use rights (Note 1)	Plants and buildings	Machinery and equipment	Motor vehicles	Office facilities and others	Total
III. Provision for impairment						
1. Opening balance	-	-	-	-	-	-
2. Increases	-	-	-	-	-	-
(1) Provision for impairment	-	-	-	-	-	-
3. Decreases	-	-	-	-	-	-
4. Closing balance	-	-	-	-	-	-
IV. Carrying amount						
1. Carrying amount at the end of the period	<u>18,077,614</u>	<u>102,957,559</u>	<u>80,215,864</u>	<u>5,642,464</u>	<u>108,844</u>	<u>207,002,345</u>
2. Carrying amount at the beginning of the period	<u>19,498,524</u>	<u>88,187,841</u>	<u>14,268,217</u>	<u>7,810,200</u>	<u>108,844</u>	<u>129,873,626</u>

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 RMB26,692,175.

(2) Impairment testing of right-of-use assets

Applicable Not applicable

Other information:

Refer to Note V.63 for details of the Group's arrangements relating to leasing activities.

Notes to the Financial Statements

For the year ended 31 December 2023
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V. NOTES TO KEY ITEMS OF THE CONSOLIDATED FINANCIAL STATEMENTS (continued)

17. Intangible assets

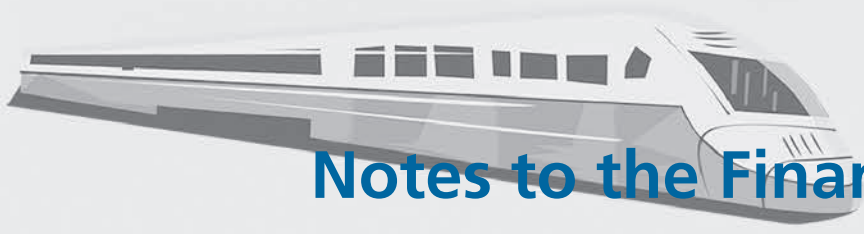
(1) Details of intangible assets

✓ Applicable □ Not applicable

2023

Unit: Yuan Currency: RMB

Item	Land use rights	Software licences	Patents, licenses and technical know-how	Trademarks	Backlog orders and service contracts	Total
I. Cost						
1. Opening balance	228,855,333	235,214,423	918,935,853	117,362,955	-	1,500,368,564
2. Increases	323,372,486	82,228,204	468,611,655	9,046,096	57,000,000	940,258,441
(1) Additions	204,383,224	13,404,608	-	-	-	217,787,832
(2) Transfer from development expenditure	-	19,683,150	258,483,751	-	-	278,166,901
(3) Transfer from construction in progress	117,875,096	30,523,876	-	-	-	148,398,972
(4) Increase in business combinations not under common control	-	14,309,200	192,000,000	-	57,000,000	263,309,200
(5) Translation differences arising from translation of foreign currency financial statements	1,114,166	4,307,370	18,127,904	9,046,096	-	32,595,536
3. Decreases	-	605,975	24,089,446	-	-	24,695,421
(1) Disposals or written-offs during the period	-	605,975	24,089,446	-	-	24,695,421
4. Closing balance	552,227,819	316,836,652	1,363,458,062	126,409,051	57,000,000	2,415,931,584
II. Accumulated amortisation						
1. Opening balance	58,742,964	172,816,905	559,877,115	69,907,168	-	861,344,152
2. Increases	7,690,046	28,475,629	137,664,940	19,924,618	8,142,857	201,898,090
(1) Provision for the year	7,690,046	25,313,029	125,167,310	13,740,123	8,142,857	180,053,365
(2) Translation differences arising from translation of foreign currency financial statements	-	3,162,600	12,497,630	6,184,495	-	21,844,725
3. Decreases	-	563,964	24,089,446	-	-	24,653,410
(1) Disposals or written-offs during the period	-	563,964	24,089,446	-	-	24,653,410
(2) Translation differences arising from translation of foreign currency financial statements	-	-	-	-	-	-
4. Closing balance	66,433,010	200,728,570	673,452,609	89,831,786	8,142,857	1,038,588,832



Notes to the Financial Statements

For the year ended 31 December 2023
Renminbi Yuan

V. NOTES TO KEY ITEMS OF THE CONSOLIDATED FINANCIAL STATEMENTS (continued)

17. Intangible assets (continued)

(1) Details of intangible assets (continued)

Item	Land use rights	Software licences	Patents, licenses and technical know-how	Trademarks	Backlog orders and service contracts	Total
III. Provision for impairment						
1. Opening balance	-	506,859	6,013,134	-	-	6,519,993
2. Increases	-	-	-	-	-	-
3. Decreases	-	-	-	-	-	-
(1) Disposals	-	-	-	-	-	-
4. Closing balance	-	506,859	6,013,134	-	-	6,519,993
IV. Carrying amount						
1. Balance at the end of the period	<u>485,794,809</u>	<u>115,601,223</u>	<u>683,992,319</u>	<u>36,577,265</u>	<u>48,857,143</u>	<u>1,370,822,759</u>
2. Balance at the beginning of the period	<u>170,112,369</u>	<u>61,890,659</u>	<u>353,045,604</u>	<u>47,455,787</u>	-	<u>632,504,419</u>

Notes to the Financial Statements

For the year ended 31 December 2023
Renminbi Yuan

V. NOTES TO KEY ITEMS OF THE CONSOLIDATED FINANCIAL STATEMENTS (continued)

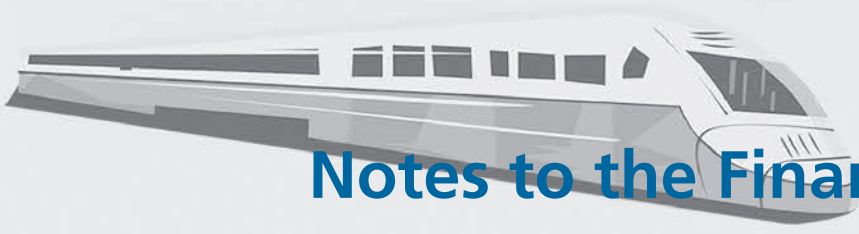
17. Intangible assets (continued)

(1) Details of intangible assets (continued)

2022:

Unit: Yuan Currency: RMB

Item	Land use rights	Software licences	Patents, licenses and technical know-how	Trademarks	Backlog orders and service contracts	Total
I. Cost						
1. Opening balance	228,912,310	196,666,972	923,884,839	120,331,249	51,231,637	1,521,027,007
2. Increases	473,976	56,007,983	22,168,985	–	–	78,650,944
(1) Additions	–	23,643,710	5,447,736	–	–	29,091,446
(2) Transfer from development expenditure	–	5,447,735	16,721,249	–	–	22,168,984
(3) Transfer from construction in progress	462,198	26,862,545	–	–	–	27,324,743
(4) Translation differences arising from translation of foreign currency financial statements	11,778	53,993	–	–	–	65,771
3. Decreases	530,953	17,460,532	27,117,971	2,968,294	51,231,637	99,309,387
(1) Disposals or written-offs during the period	–	16,146,547	19,875,812	–	51,231,637	87,253,996
(2) Translation differences arising from translation of foreign currency financial statements	530,953	1,313,985	7,242,159	2,968,294	–	12,055,391
4. Closing balance	228,855,333	235,214,423	918,935,853	117,362,955	–	1,500,368,564
II. Accumulated amortisation						
1. Opening balance	54,522,097	154,101,982	474,629,744	58,382,921	51,231,637	792,868,381
2. Increases	4,341,853	19,896,022	100,184,022	13,397,550	–	137,819,447
(1) Provision for the year	4,341,853	19,896,022	100,184,022	13,397,550	–	137,819,447
3. Decreases	120,986	1,181,099	14,936,651	1,873,303	51,231,637	69,343,676
(1) Disposals or written-offs during the period	–	182,433	11,478,761	–	51,231,637	62,892,831
(2) Translation differences arising from translation of foreign currency financial statements	120,986	998,666	3,457,890	1,873,303	–	6,450,845
4. Closing balance	58,742,964	172,816,905	559,877,115	69,907,168	–	861,344,152



Notes to the Financial Statements

For the year ended 31 December 2023
Renminbi Yuan

V. NOTES TO KEY ITEMS OF THE CONSOLIDATED FINANCIAL STATEMENTS (continued)

17. Intangible assets (continued)

(1) Details of intangible assets (continued)

Item	Land use rights	Software licences	Patents, licenses and technical know-how	Trademarks	Backlog orders and service contracts	Total
III. Provision for impairment						
1. Opening balance	-	506,859	14,410,185	-	-	14,917,044
2. Increases	-	-	-	-	-	-
3. Decreases	-	-	8,397,051	-	-	8,397,051
(1) Disposals			8,397,051			8,397,051
4. Closing balance		506,859	6,013,134	-	-	6,519,993
IV. Carrying amount						
1. Balance at the end of the period	<u>170,112,369</u>	<u>61,890,659</u>	<u>353,045,604</u>	<u>47,455,787</u>	<u>-</u>	<u>632,504,419</u>
2. Balance at the beginning of the period	<u>174,390,213</u>	<u>42,058,131</u>	<u>434,844,910</u>	<u>61,948,328</u>	<u>-</u>	<u>713,241,582</u>

The proportion of the Group's intangible assets formed through internal research and development to the original carrying amount of intangible assets is presented as follows: 28.88% at December 31, 2023 and 27.96% at December 31, 2022

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

Applicable Not applicable

(3) Impairment testing of Intangible assets

Applicable Not applicable

Other information:

Applicable Not applicable

As at 31 December 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.

Notes to the Financial Statements

For the year ended 31 December 2023
Renminbi Yuan

V. NOTES TO KEY ITEMS OF THE CONSOLIDATED FINANCIAL STATEMENTS (continued)

18. Goodwill

(1) Cost of goodwill

✓ Applicable Not applicable

Unit: Yuan Currency: RMB

Name of investee or events forming goodwill	Opening balance	Increase during the period New for this period	Decreases 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
Times Electronics	13,333,101	–	–	13,333,101
SMD	492,165,197	–	41,347,695	533,512,892
Electric drive operations (Note)	–	31,133,876	–	31,133,876
Total	552,453,688	31,133,876	41,347,695	624,935,259

Note: In 2023, the Group acquired control Wuxi CRRC Electric Drive and formed goodwill of RMB31,133,876 through a non-identical control business combination transaction. For details of the non-identical control business combination transaction, please refer to Note VII.1. After the acquisition, the Group integrated the original electric drive business within the Group with the electric drive business of Wuxi CRRC Electric Drive to form an integrated and managed electric drive business. The integrated electric drive business asset group is an asset group that can benefit from the synergies of the business combination and represents the lowest level of goodwill that the Group can monitor for internal management purposes, therefore, the Group apportioned the goodwill arising from the aforesaid acquisition to the overall electric drive business asset group.



Notes to the Financial Statements

For the year ended 31 December 2023
Renminbi Yuan

V. NOTES TO KEY ITEMS OF THE CONSOLIDATED FINANCIAL STATEMENTS (continued)

18. Goodwill (continued)

(2) Provision for impairment of goodwill

Applicable Not applicable

Unit: Yuan Currency: RMB

Name of investee or events forming goodwill	Opening balance	Decreases Translation differences of financial statements denominated in foreign currencies	Closing balance
Canada Dynex	46,517,958	–	46,517,958
Ningbo CRRC Times	–	–	–
Times Electronics	–	–	–
SMD	320,082,493	26,890,713	346,973,206
Electric drive operations	–	–	–
Total	<u>366,600,451</u>	<u>26,890,713</u>	<u>393,491,164</u>

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

Applicable Not applicable

Item	Composition and basis of the asset group or portfolio to which it belongs	Operating segments and basis	Consistency with prior years
Canada Dynex	Canada Dynex (Note 1)	/	Yes
Ningbo CRRC Times	Ningbo CRRC Times (Note 1)	/	Yes
Times Electronics	Times Electronics (Note 1)	/	Yes
SMD	SMD (Note 1)	/	Yes
Electric drive operations	Electric drive operations (Note 1)	/	Not applicable

Note 1: 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, Times Electronics, Ningbo CRRC Times and Electric drive operations is an asset group including goodwill respectively.

Change in assets group or sets of assets groups:

Applicable Not applicable

Other information:

Applicable Not applicable

Notes to the Financial Statements

For the year ended 31 December 2023
Renminbi Yuan

V. NOTES TO KEY ITEMS OF THE CONSOLIDATED FINANCIAL STATEMENTS (continued)

18. Goodwill (continued)

(4) The specific method used to determine the recoverable amount

The recoverable amount was determined by reference to the fair value less cost of disposal:

Applicable Not applicable

The recoverable amount is determined based on the present value of expected future cash flows:

Applicable Not applicable

Unit: Yuan Currency: RMB

Item	Book Value	Recoverable amount	Impairment amount	Terms of forecast	Key parameters for the forecast period	Key parameters for the stable period (growth rate, profit margin, discount rate, etc.)	Basis for determining the key parameters for the stable period
SMD	447,531,492	599,678,471	-	2024 to 2028	Revenue growth rate of 2%-23%; gross profit rate of 28%; After-tax discount rate of 12.50%	Revenue growth rate of 2%; gross profit rate of 28%; After-tax discount rate of 12.50%	The revenue growth rate and the gross profit rate are on the basis of historical operating and the forecast of development of market; The discount rate is based on weighted average cost of capital.

Note: When projecting the present value of cash flows, the cash flows for the most recent five years are determined based on the financial budgets approved by management, and the cash flows beyond the five-year budget period were assumed to remain stable. The pre-tax discount rate is determined with reference to comparable companies and the relevant capital structures.



Notes to the Financial Statements

For the year ended 31 December 2023
Renminbi Yuan

V. NOTES TO KEY ITEMS OF THE CONSOLIDATED FINANCIAL STATEMENTS (continued)

18. Goodwill (continued)

(4) The specific method used to determine the recoverable amount (continued)

Reasons for the difference between the above information and the information or external information used for the impairment tests in the previous years:

Applicable Not applicable

Reasons for the difference between the Company's information used for the impairment test in previous years and the actual circumstance during the year:

Applicable Not applicable

(5) Performance guarantee and impairment of corresponding goodwill

There is performance guarantee when goodwill is formed and the reporting period or the previous period before the reporting period is within the performance guarantee period

Applicable Not applicable

Other information:

Applicable Not applicable

Notes to the Financial Statements

For the year ended 31 December 2023
Renminbi Yuan

V. NOTES TO KEY ITEMS OF THE CONSOLIDATED FINANCIAL STATEMENTS (continued)

19. Long-term prepaid expenses

✓ Applicable Not applicable

2023:

Unit: Yuan Currency: RMB

Item	Opening balance	Increase for the year	Amortised for the year	Translation differences arising from translation of foreign currency financial statements	Closing balance
Leasehold improvement	33,086,341	6,529,115	11,932,256	1,011,596	28,694,796
Total	33,086,341	6,529,115	11,932,256	1,011,596	28,694,796

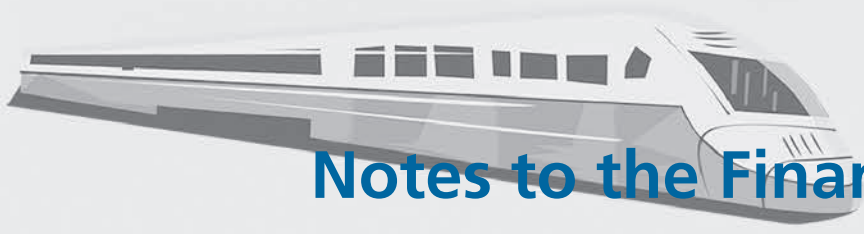
2022:

Unit: Yuan Currency: RMB

Item	Opening balance	Increase for the year	Amortised for the year	Closing balance
Leasehold improvement	40,688,040	1,308,534	8,910,233	33,086,341
Total	40,688,040	1,308,534	8,910,233	33,086,341

Other information:

None



Notes to the Financial Statements

For the year ended 31 December 2023
Renminbi Yuan

V. NOTES TO KEY ITEMS OF THE CONSOLIDATED FINANCIAL STATEMENTS (continued)

20. 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
Assets				
Provision for product quality warranties	882,465,193	136,695,794	720,867,325	111,135,908
Provision for credit loss	525,345,522	79,747,616	265,497,015	39,631,671
Provision for impairment of assets	332,698,206	51,205,232	249,255,636	36,054,035
Deferred income	793,152,446	120,005,476	857,082,489	116,490,011
Unrealised profit from internal transactions	1,512,639,147	236,999,372	1,063,871,692	159,592,979
Differences of depreciation/amortisation years due to tax laws and accounting treatment differences	46,193,887	236,999,373	55,306,320	8,382,991
Deductible losses	2,820,360,802	430,645,912	2,466,224,053	381,960,158
Accrued expenses	120,536,428	18,258,067	109,732,947	15,785,102
Accrued employee benefits that have not been paid yet	95,203,163	14,399,989	83,161,322	12,574,959
Changes in fair value of financial assets at fair value through other comprehensive income	82,655,586	13,163,055	71,050,255	11,061,139
Items of costs and expenses without invoices obtained	218,185,835	32,727,875	118,007,215	17,701,082
Lease liabilities	275,565,406	45,097,102	206,445,248	33,865,387
Others	14,755,529	2,285,736	615,272	163,048
Total	<u>7,719,757,150</u>	<u>1,188,160,310</u>	<u>6,267,116,789</u>	<u>944,398,470</u>

Notes to the Financial Statements

For the year ended 31 December 2023
Renminbi Yuan

V. NOTES TO KEY ITEMS OF THE CONSOLIDATED FINANCIAL STATEMENTS (continued)

20. Deferred tax assets/liabilities (continued)

(2) Deferred tax liabilities that are not offset

✓ Applicable Not applicable

Unit: Yuan Currency: RMB

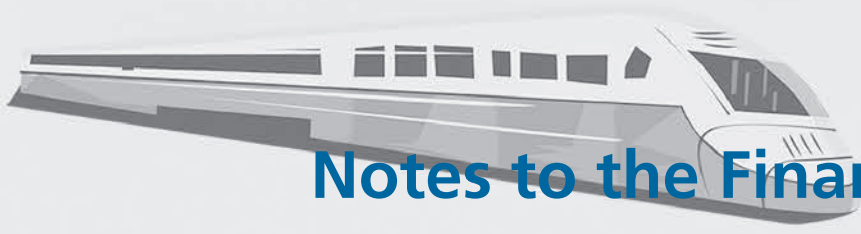
Item	Closing balance		Opening balance	
	Taxable temporary differences	Deferred tax liabilities	Taxable temporary differences	Deferred tax liabilities
Adjustment on fair value of acquisition of subsidiaries	99,212,532	18,850,381	123,503,085	23,465,586
Depreciation difference due to inconsistency of depreciation period between tax law and accounting	1,955,743,807	301,775,998	2,246,957,117	339,125,194
Gains on changes in fair value during the holding period of the financial assets at fair value through profit or loss	33,392,878	5,008,932	34,827,160	5,224,074
Right-of-use assets	281,434,472	45,749,686	206,934,701	33,958,035
Total	<u>2,369,783,689</u>	<u>371,384,997</u>	<u>2,612,222,063</u>	<u>401,772,889</u>

(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	333,386,257	854,774,053	384,854,915	559,543,555
Deferred tax liabilities	<u>333,386,257</u>	<u>37,998,740</u>	<u>384,854,915</u>	<u>16,917,974</u>



Notes to the Financial Statements

For the year ended 31 December 2023
Renminbi Yuan

V. NOTES TO KEY ITEMS OF THE CONSOLIDATED FINANCIAL STATEMENTS (continued)

20. 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	50,387,246	42,520,236
Deductible losses	<u>2,206,365,509</u>	<u>2,984,096,444</u>
Total	<u>2,256,752,755</u>	<u>3,026,616,680</u>

(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
At the end of 2028	10,591,421	–
At the end of 2031	11,401,471	11,401,471
At the end of 2032	1,923,916,909	2,716,913,860
At the end of 2033	28,950,422	–
Without fixed term (Note)	<u>231,505,286</u>	<u>255,781,113</u>
Total	<u>2,206,365,509</u>	<u>2,984,096,444</u>

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.

Notes to the Financial Statements

For the year ended 31 December 2023
Renminbi Yuan

V. NOTES TO KEY ITEMS OF THE CONSOLIDATED FINANCIAL STATEMENTS (continued)

21. Other non-current assets

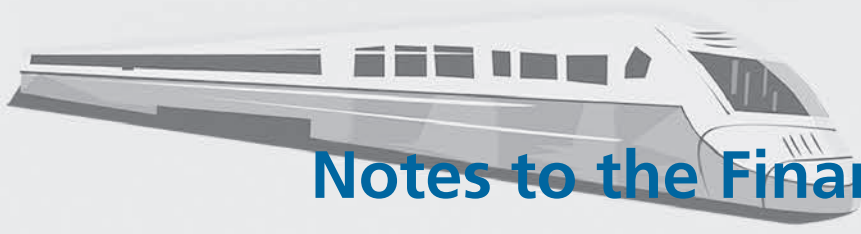
✓ Applicable □ Not applicable

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	3,544,519,225	–	3,544,519,225	3,305,380,382	–	3,305,380,382
Prepayments for purchase of machinery and equipment	1,105,687,455	–	1,105,687,455	209,563,302	–	209,563,302
Prepayments for construction of projects	3,287,591	–	3,287,591	28,914,614	–	28,914,614
Prepayments for acquisition of land use rights	–	–	–	42,408,602	–	42,408,602
Contract assets	848,925,652	39,451,828	809,473,824	448,932,589	9,647,312	439,285,277
Deposits from suppliers	122,760,089	2,724,244	120,035,845	122,760,089	3,170,829	119,589,260
Total	<u>5,625,180,012</u>	<u>42,176,072</u>	<u>5,583,003,940</u>	<u>4,157,959,578</u>	<u>12,818,141</u>	<u>4,145,141,437</u>

Other information:

As at 31 December 2023, other non-current assets from related parties of the Group are set out in Note XII.6.



Notes to the Financial Statements

For the year ended 31 December 2023
Renminbi Yuan

V. NOTES TO KEY ITEMS OF THE CONSOLIDATED FINANCIAL STATEMENTS (continued)

22. Assets with restrictive ownership title or right of use

✓ Applicable Not applicable

Unit: Yuan Currency: RMB

Item	Carrying amount at the end of the period				Carrying amount at beginning of period			
	Book balance	Book value	Type of restriction	Restricted situation	Book balance	Book value	Type of restriction	Restricted situation
Cash and bank balances	62,172,390	62,172,390	Others	Deposits for bill acceptance and deposits for letter of guarantee			Others	
Bills receivable	66,241,836	66,223,436	Others	Endorsed or discounted but not yet due at the balance sheet date	49,702,001	49,584,499	Others	Endorsed or discounted but not yet due at the balance sheet date
Bills receivable	10,000,000	10,000,000	Pledged	Bills receivable pledged			Pledged	
Trade receivables financing	12,500,000	12,500,000	Pledged	Bills receivable pledged			Pledged	
Total	<u>150,914,226</u>	<u>150,895,826</u>	/	/	<u>49,702,001</u>	<u>49,584,499</u>	/	/

Other information:

None

Notes to the Financial Statements

For the year ended 31 December 2023
Renminbi Yuan

V. 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	396,922,553	454,374,494
Total	396,922,553	454,374,494

Description of classification of short-term borrowings:

As at 31 December 2023, the annual interest rate of short-term loans ranged from 2.22% to 7.40% (31 December 2022: 0.86% to 3.47%).

As at 31 December 2023, the balance of short-term loans borrowed from the Group's related parties is set out in Note XII.6.

(2) Past due and outstanding short-term loans

Applicable Not applicable

Details of significant past due short-term loans are as follows:

Applicable Not applicable

Other information:

Applicable Not applicable



Notes to the Financial Statements

For the year ended 31 December 2023
Renminbi Yuan

V. NOTES TO KEY ITEMS OF THE CONSOLIDATED FINANCIAL STATEMENTS (continued)

24. Bills payable

(1) Details of bills payable

Applicable Not applicable

Unit: Yuan Currency: RMB

Item	Closing balance	Opening balance
Commercial acceptances	88,041,873	87,333,769
Bank acceptances	<u>3,861,776,906</u>	<u>2,531,506,875</u>
Total	<u>3,949,818,779</u>	<u>2,618,840,644</u>

Notes payable totaling RMB30,000,000 were due and unpaid at the end of the period. The reason for unpaid bills payable is that the bank's large-value payment system was closed for annual settlement and the banks were unable to make the payments. The above due bills have been fully paid on 1 January 2024.

As at 31 December 2023, bills payable due to related parties of the Group are set out in Note XII.6.

Notes to the Financial Statements

For the year ended 31 December 2023
Renminbi Yuan

V. NOTES TO KEY ITEMS OF THE CONSOLIDATED FINANCIAL STATEMENTS (continued)

25. Accounts payable

(1) Accounts payable are set out as follows

✓ Applicable Not applicable

Unit: Yuan Currency: RMB

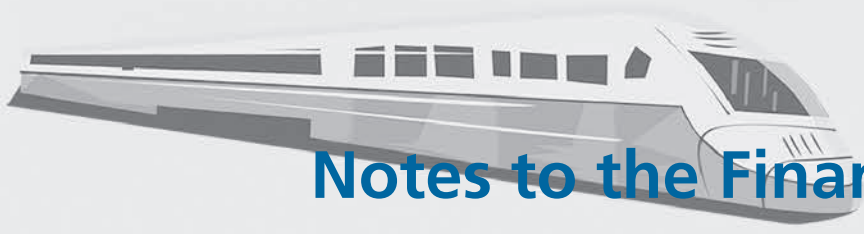
Item	Closing balance	Opening balance
Related parties	849,535,422	1,086,861,491
Third parties	5,338,984,756	4,999,626,548
Total	6,188,520,178	6,086,488,039

(2) Accounts payable are disclosed by ageing as follows

Unit: Yuan Currency: RMB

Item	Closing balance	Opening balance
Within 6 months	4,952,439,351	5,052,677,124
6 months to 1 year	479,921,812	494,025,967
1 to 2 years	457,067,601	257,384,295
2 to 3 years	142,873,796	60,285,324
Over 3 years	156,217,618	222,115,329
Total	6,188,520,178	6,086,488,039

The accounts payable of the group are aged based on the invoice date.



Notes to the Financial Statements

For the year ended 31 December 2023
Renminbi Yuan

V. NOTES TO KEY ITEMS OF THE CONSOLIDATED FINANCIAL STATEMENTS (continued)

25. Accounts payable (continued)

(3) Significant accounts payable aged over one year

Applicable Not applicable

2023:

Unit: Yuan Currency: RMB

Item	Closing balance	Reasons for not being repaid or carried forward
Supplier 709832	41,645,086	Material payment, unsettled
Supplier 700939	39,122,318	Material payment, unsettled
Supplier 739152	39,020,578	Material payment, unsettled
Supplier 728500	34,386,293	Material payment, unsettled
Supplier 736835	21,791,018	Material payment, unsettled
Supplier 800531	20,859,918	Material payment, unsettled
Total	196,825,211	/

2022:

Unit: Yuan Currency: RMB

Item	Closing balance	Reasons for not being repaid or carried forward
Supplier 18	78,863,230	Material payment, unsettled
Supplier 19	28,406,467	Material payment, unsettled
Supplier 20	25,995,053	Material payment, unsettled
Supplier 21	18,636,745	Material payment, unsettled
Supplier 22	17,321,453	Material payment, unsettled
Total	169,222,948	/

Other information:

Applicable Not applicable

Notes to the Financial Statements

For the year ended 31 December 2023
Renminbi Yuan

V. 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	622,705,736	538,486,508
Related to construction service contract	117,811,399	101,399,297
Total	740,517,135	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.

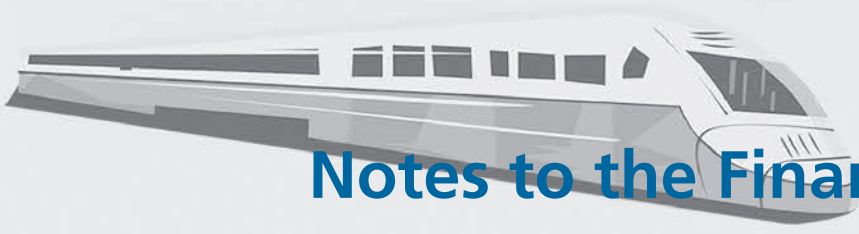
The Group's contract liabilities related to the construction service contracts represented the excess of the settled amount over revenue recognised based on the progress of construction.

As at 31 December 2023, contract liabilities from related parties of the Group are set out in Note XII.6.

(2) Significant contractual liabilities aged over 1 year

✓ Applicable Not applicable

Item	Closing balance	Reasons for non-reimbursement or carry-over
customer109863	12,014,937	Revenue recognition conditions not met
Total	12,014,937	/



Notes to the Financial Statements

For the year ended 31 December 2023
Renminbi Yuan

V. NOTES TO KEY ITEMS OF THE CONSOLIDATED FINANCIAL STATEMENTS (continued)

26. Contract liabilities (continued)

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

Applicable Not applicable

(4) The changes in the balance of contract liabilities of the Group are as follows:

Applicable Not applicable

Unit: Yuan Currency: RMB

Item	2023
Opening balance	639,885,805
Amount of revenue recognised during the year for contract liabilities at the beginning of the year	550,433,963
Amount arising from contract liabilities at the end of the year as a result of cash received during the year	651,065,293
Closing balance	740,517,135

Notes to the Financial Statements

For the year ended 31 December 2023
Renminbi Yuan

V. NOTES TO KEY ITEMS OF THE CONSOLIDATED FINANCIAL STATEMENTS (continued)

27. Employee benefits payable

(1) Details of employee benefits payable

✓ Applicable Not applicable

2023:

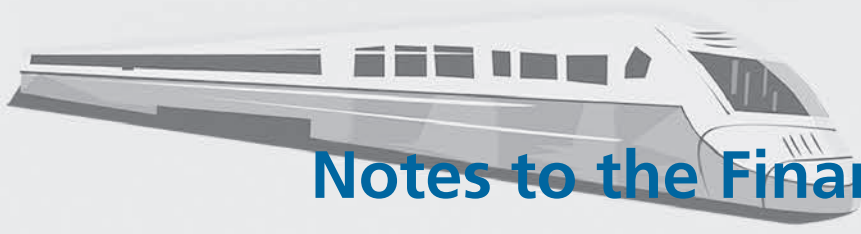
Unit: Yuan Currency: RMB

Item	Opening balance	Increases	Decreases	Translation differences of financial statements denominated in foreign currencies	Closing balance
I. Short-term employee benefits	158,882,456	2,420,713,811	2,389,673,315	183,363	190,106,315
II. Post-employment benefits – Defined contribution plan	14,364,810	314,434,729	314,933,052	258,750	14,125,237
III. Termination benefits	–	24,067,751	24,067,751	–	–
IV. Labour expenditures	–	24,402,399	24,402,399	–	–
Total	<u>173,247,266</u>	<u>2,783,618,690</u>	<u>2,753,076,517</u>	<u>442,113</u>	<u>204,231,552</u>

2022:

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	129,755,980	2,224,308,400	2,195,573,715	391,791	158,882,456
II. Post-employment benefits – Defined contribution plan	13,931,569	263,079,437	262,100,159	-546,037	14,364,810
III. Termination benefits	–	3,009,837	3,009,837	–	–
IV. Labour expenditures	–	29,842,456	29,842,456	–	–
Total	<u>143,687,549</u>	<u>2,520,240,130</u>	<u>2,490,526,167</u>	<u>-154,246</u>	<u>173,247,266</u>



Notes to the Financial Statements

For the year ended 31 December 2023
Renminbi Yuan

V. NOTES TO KEY ITEMS OF THE CONSOLIDATED FINANCIAL STATEMENTS (continued)

27. Employee benefits payable (continued)

(2) Details of short-term benefits

✓ Applicable Not applicable

2023:

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	1,932,774,539	1,931,580,958	183,363	4,659,453
II. Welfare benefits	–	94,819,502	94,819,502	–	–
III. Social insurances	9,304,356	163,903,236	163,756,007	–	9,451,585
Including: Basic medical insurance	2,533,281	107,888,725	108,018,564	–	2,403,442
Supplementary medical insurance	6,086,888	42,966,255	42,651,993	–	6,401,150
Work injury insurance	684,187	12,916,585	12,953,779	–	646,993
Maternity insurance	–	131,671	131,671	–	–
IV. Housing funds	1,398,074	159,717,126	160,468,536	–	646,664
V. Employee union funds and staff education funds	143,721,951	69,238,894	38,914,778	–	174,046,067
VI. Others	1,175,566	260,514	133,534	–	1,302,546
Total	158,882,456	2,420,713,811	2,389,673,315	183,363	190,106,315

Notes to the Financial Statements

For the year ended 31 December 2023
Renminbi Yuan

V. NOTES TO KEY ITEMS OF THE CONSOLIDATED FINANCIAL STATEMENTS (continued)

27. Employee benefits payable (continued)

(2) Details of short-term benefits (continued)

2022:

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	2,085,718	1,790,651,262	1,789,841,988	387,517	3,282,509
II. Welfare benefits	–	82,497,022	82,497,022	–	–
III. Social insurances	8,348,987	145,852,063	144,896,694	–	9,304,356
Including: Basic medical insurance	2,753,670	95,060,369	95,280,758	–	2,533,281
Supplementary medical insurance	5,225,163	38,649,303	37,787,578	–	6,086,888
Work injury insurance	370,154	12,142,391	11,828,358	–	684,187
Maternity insurance	–	–	–	–	–
IV. Housing funds	1,039,858	141,353,914	140,995,698	–	1,398,074
V. Employee union funds and staff education funds	117,388,499	61,948,903	35,615,451	–	143,721,951
VI. Others	892,918	2,005,236	1,726,862	4,274	1,175,566
Total	129,755,980	2,224,308,400	2,195,573,715	391,791	158,882,456



Notes to the Financial Statements

For the year ended 31 December 2023
Renminbi Yuan

V. NOTES TO KEY ITEMS OF THE CONSOLIDATED FINANCIAL STATEMENTS (continued)

27. Employee benefits payable (continued)

(3) Details of defined contribution plan

✓ Applicable Not applicable

2023:

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	237,452,713	237,898,582	258,750	13,656,133
2. Unemployment insurance	53,054	8,519,453	8,572,507	–	–
3. Enterprise annuity	468,504	68,462,563	68,461,963	–	469,104
Total	<u>14,364,810</u>	<u>314,434,729</u>	<u>314,933,052</u>	<u>258,750</u>	<u>14,125,237</u>

2022:

Unit: Yuan Currency: RMB

Item	Opening balance	Increases	Decreases	Translation differences of financial statements denominated in foreign currencies	Closing balance
1. Basic pension insurance	13,325,940	197,487,730	196,424,381	-546,037	13,843,252
2. Unemployment insurance	37,049	7,793,217	7,777,212	–	53,054
3. Enterprise annuity	568,580	57,798,490	57,898,566	–	468,504
Total	<u>13,931,569</u>	<u>263,079,437</u>	<u>262,100,159</u>	<u>-546,037</u>	<u>14,364,810</u>

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 at December 31, 2023 and 2022, there are no forfeited contributions that may be used by the Company and its subsidiaries to reduce the existing level of contribution. (as at December 31, 2023 and 2022: nil).

Notes to the Financial Statements

For the year ended 31 December 2023
Renminbi Yuan

V. NOTES TO KEY ITEMS OF THE CONSOLIDATED FINANCIAL STATEMENTS (continued)

28. Taxes payable

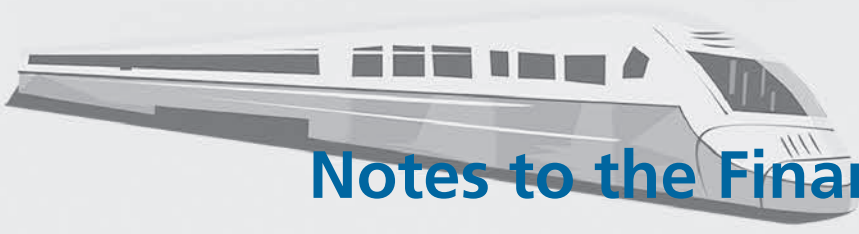
Applicable Not applicable

Unit: Yuan Currency: RMB

Item	Closing balance	Opening balance
Enterprise income tax	79,899,875	55,712,832
VAT	78,326,780	178,996,364
City maintenance and construction tax and education surcharges	6,355,330	14,857,162
Individual income tax	36,216,431	38,346,121
Others	16,957,233	13,243,472
Total	217,755,649	301,155,951

Other information:

None



Notes to the Financial Statements

For the year ended 31 December 2023
Renminbi Yuan

V. NOTES TO KEY ITEMS OF THE CONSOLIDATED FINANCIAL STATEMENTS (continued)

29. Other payables

(1) Presented by item

Applicable Not applicable

Unit: Yuan Currency: RMB

Item	Closing balance	Opening balance
Interest payable	–	–
Dividends payable	–	1,715,000
Other payables	<u>1,145,345,758</u>	<u>981,502,920</u>
Total	<u>1,145,345,758</u>	<u>983,217,920</u>

Other information:

Applicable Not applicable

(2) Interest payable

Classification of interest payable

Applicable Not applicable

Significant overdue interest payable

Applicable Not applicable

Other information:

Applicable Not applicable

None

Notes to the Financial Statements

For the year ended 31 December 2023
Renminbi Yuan

V. NOTES TO KEY ITEMS OF THE CONSOLIDATED FINANCIAL STATEMENTS (continued)

29. Other payables (continued)

(3) Dividends payable

Classification of dividends payable

Applicable Not applicable

(4) Other payables

Other payables are presented by nature

Applicable Not applicable

Unit: Yuan Currency: RMB

Item	Closing balance	Opening balance
Amounts due to related parties	422,525,141	419,110,319
Deposits and guarantees	250,144,218	197,364,028
Projects and equipment	168,861,040	160,352,360
Recovery of factoring payable	—	19,007,710
Withholding social security contributions	3,685,188	2,900,230
Others	300,130,171	182,768,273
Total	<u>1,145,345,758</u>	<u>981,502,920</u>

Significant other payables aged over one year

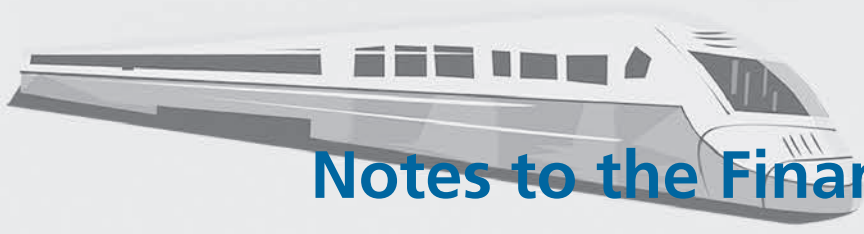
Applicable Not applicable

Unit: Yuan Currency: RMB

Name of the entity	Closing balance	Reasons for not being repaid or carried forward
Supplier 99024	379,623,000	Not due
Supplier 717149	11,600,000	Not due
Total	<u>391,223,000</u>	/

Other information:

Applicable Not applicable



Notes to the Financial Statements

For the year ended 31 December 2023
Renminbi Yuan

V. 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	78,507,002	58,331,087
Provisions due within 1 year	329,930,616	312,552,654
Long-term borrowings due within 1 year	88,692,443	5,025,637
Total	497,130,061	375,909,378

Other information:

None

31. Other current liabilities

Applicable Not applicable

Unit: Yuan Currency: RMB

Item	Closing balance	Opening balance
VAT for sales of goods collected in advance	91,909,989	68,792,364
Total	91,909,989	68,792,364

The movements of short-term debentures payable:

Applicable Not applicable

Other information:

Applicable Not applicable

Notes to the Financial Statements

For the year ended 31 December 2023
Renminbi Yuan

V. 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	720,635,829	77,713,637
Less: Long-term borrowings due within 1 year (Note V. 30)	88,692,443	5,025,637
Total	631,943,386	72,688,000

Description of classification of long-term borrowings:

As at 31 December 2023, the balance of long-term loans borrowed from the Group's related parties is set out in Note XIII.6.

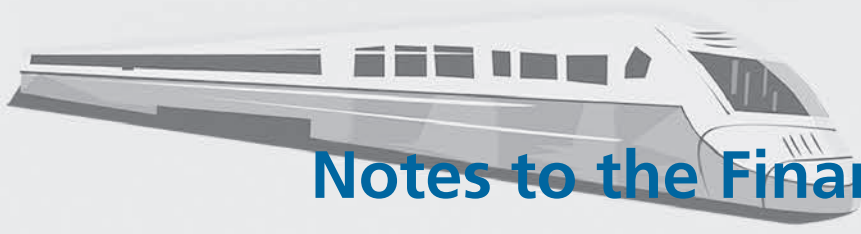
Other information, including interest rate range:

Applicable Not applicable

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

Unit: Yuan Currency: RMB

Item	Closing balance	Opening balance
Fixed interest rate per annum	1.08%-4.10%	1.08%



Notes to the Financial Statements

For the year ended 31 December 2023
Renminbi Yuan

V. NOTES TO KEY ITEMS OF THE CONSOLIDATED FINANCIAL STATEMENTS (continued)

32. Long-term borrowings (continued)

(1) Classification of long-term borrowings (continued)

(2) Maturity analysis:

Unit: Yuan Currency: RMB

Item	Closing balance	Opening balance
Due within 1 year	88,692,443	5,025,637
Due within 1 to 2 years	274,939,286	5,000,000
Due within 2 to 5 years	331,816,100	30,500,000
Due over 5 years	25,188,000	37,188,000
Total	720,635,829	77,713,637

33. Lease liabilities

Applicable Not applicable

Unit: Yuan Currency: RMB

Item	Closing balance	Opening balance
Long-term lease liabilities	275,565,405	193,708,882
Less: Lease liabilities classified as non-current liabilities due within 1 year (Note V.30)	78,507,002	58,331,087
Total	197,058,403	135,377,795

Notes to the Financial Statements

For the year ended 31 December 2023
Renminbi Yuan

V. NOTES TO KEY ITEMS OF THE CONSOLIDATED FINANCIAL STATEMENTS (continued)

33. Lease liabilities (continued)

Other information:

Maturity analysis:

Unit: Yuan Currency: RMB

Item	Closing balance	Opening balance
Due within 1 to 2 years	70,365,932	50,150,527
Due within 2 to 5 years	125,491,783	69,457,864
Due over 5 years	29,479,878	35,854,374
Total	225,337,593	155,462,765
Less: Unrecognised financing expenses	28,279,190	20,084,970
Lease liabilities	197,058,403	135,377,795

34. Long-term payables

Details of items

Applicable Not applicable

Unit: Yuan Currency: RMB

Item	Closing balance	Opening balance
Long-term payables	5,096,031	—
Total	5,096,031	—

Other information:

Applicable Not applicable



Notes to the Financial Statements

For the year ended 31 December 2023
Renminbi Yuan

V. NOTES TO KEY ITEMS OF THE CONSOLIDATED FINANCIAL STATEMENTS (continued)

34. Long-term payables (continued)

Long-term payables

(1) Long-term payables are presented by nature

Applicable Not applicable

Unit: Yuan Currency: RMB

Item	Opening balance	Closing balance
Product quality warranties	5,096,031	–
Total	5,096,031	–

Other information:

None

Special payables

(1) Special payables are presented by nature

Applicable Not applicable

35. Long-term employee benefits payable

Applicable Not applicable

Notes to the Financial Statements

For the year ended 31 December 2023
Renminbi Yuan

V. NOTES TO KEY ITEMS OF THE CONSOLIDATED FINANCIAL STATEMENTS (continued)

36. Provisions

Applicable Not applicable

Unit: Yuan Currency: RMB

Item	Opening balance	Closing balance	Cause
Provision for product quality warranties	930,709,240	734,412,336	After sales service agreed in the agreement
Less: Provisions due within 1 year (Note V.30)	329,930,616	312,552,654	/
Total	600,778,624	421,859,682	/

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

Provision for product quality assurance, which mainly represents the expected product warranty costs to be borne for the products sold, is provided for on the basis of estimates deemed reasonable by the management with reference to the actual amount of warranty costs incurred in previous years and the actual sales in the current period.

37. Deferred income

Details of deferred income

Applicable Not applicable

Unit: Yuan Currency: RMB

Item	Opening balance	Increases	Decreases	Closing balance
Deferred income	857,082,488	266,876,685	346,117,404	777,841,769

Other information:

Applicable Not applicable



Notes to the Financial Statements

For the year ended 31 December 2023
Renminbi Yuan

V. NOTES TO KEY ITEMS OF THE CONSOLIDATED FINANCIAL STATEMENTS (continued)

38. Share capital

✓ Applicable Not applicable

Unit: Yuan Currency: RMB

	Opening balance	Share issued	Changes during the period (+/-)				Sub-total	Closing balance
			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	-	-	-	-25,946,237	-25,946,237	608,966,468	
Shares held by other domestic investors	22,753,714	-	-	-	-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	-	-	-	48,699,951	48,699,951	259,941,044	
Total	<u>1,416,236,912</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>1,416,236,912</u>	

Other information:

On August 31, 2023, the Company issued an announcement on the listing and circulation of part of the restricted shares of its initial public offering, and the number of restricted shares listed and circulated totaled 50,096,551 shares, which were the shares of the Company's initial public offering of the strategic placing shares, and the difference between the change in the restricted reduction shares in the above table and the announcement was due to the fact that Zhuzhou State-owned Assets Investment Holding Group Company Limited and China Zhongjin Wealth Securities Company Limited lent their shares in accordance with the The difference between the change in limited sale reduction shares in the above table and the announcement is caused by the lending of shares by Zhuzhou State-owned Assets Investment Holdings Group Co., Ltd. and China Zhongjin Wealth Securities Co.

Notes to the Financial Statements

For the year ended 31 December 2023
Renminbi Yuan

V. NOTES TO KEY ITEMS OF THE CONSOLIDATED FINANCIAL STATEMENTS (continued)

39. Capital reserve

✓ Applicable Not applicable

2023:

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	<u>10,511,448,364</u>	<u>–</u>	<u>–</u>	<u>10,511,448,364</u>

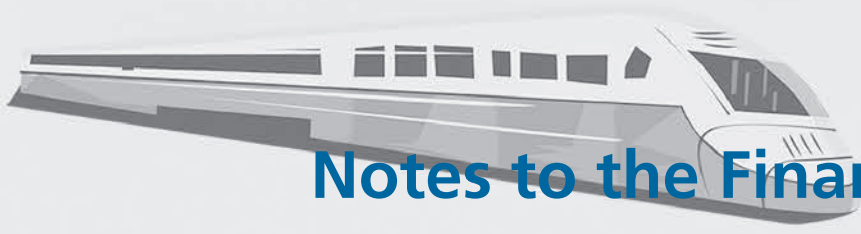
2022:

Unit: Yuan Currency: RMB

Item	Opening balance	Increases	Decreases	Closing balance
Share premium	10,524,332,720	–	8,017,149	10,516,315,571
Other capital reserves	-4,867,207	–	–	-4,867,207
Total	<u>10,519,465,513</u>	<u>–</u>	<u>8,017,149</u>	<u>10,511,448,364</u>

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

None



Notes to the Financial Statements

For the year ended 31 December 2023
Renminbi Yuan

V. NOTES TO KEY ITEMS OF THE CONSOLIDATED FINANCIAL STATEMENTS (continued)

40. Other comprehensive income

✓ Applicable □ Not applicable

2023:

Unit: Yuan Currency: RMB

Item	Opening balance	Amount incurred for current period before tax	Movement for the period			Less: Income tax expenses	Attributable to owners of the Parent Company after tax	Closing balance
			Less: Transferred from other comprehensive income to profit or loss	Less: Transferred from other comprehensive income to retained earnings				
Other comprehensive income that will be reclassified to profit or loss	-217,184,032	-117,788,802	-77,242,457	-2,101,916	-38,447,318	2,889	-255,631,350	
Changes in fair value of other debt investments	-65,330,637	-85,607,005	-77,242,457	-2,101,916	-6,265,521	2,889	-71,596,158	
Translation differences of financial statements denominated in foreign currencies	-151,853,395	-32,181,797	-	-	-32,181,797	-	-184,035,192	
Total other comprehensive income	-217,184,032	-117,788,802	-77,242,457	-2,101,916	-38,447,318	2,889	-255,631,350	

2022:

Unit: Yuan Currency: RMB

Item	Opening balance	Amount incurred for current period before tax	Movement for the period			Less: Income tax expenses	Attributable to owners of the Parent Company after tax	Closing balance
			Less: Transferred from other comprehensive income to profit or loss	Less: Transferred from other comprehensive income to retained earnings				
Other comprehensive income that will be reclassified to profit or loss	-208,084,629	-83,324,953	-73,872,888	-164,284	-9,099,403	-188,378	-217,184,032	
Changes in fair value of other debt investments	-62,313,730	-77,242,457	-73,872,888	-164,284	-3,016,907	-188,378	-65,330,637	
Translation differences of financial statements denominated in foreign currencies	-145,770,899	-6,082,496	-	-	-6,082,496	-	-151,853,395	
Total other comprehensive income	-208,084,629	-83,324,953	-73,872,888	-164,284	-9,099,403	-188,378	-217,184,032	

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:

Changes in the fair value of other debt investments arise from receivables financing.

Notes to the Financial Statements

For the year ended 31 December 2023
Renminbi Yuan

V. NOTES TO KEY ITEMS OF THE CONSOLIDATED FINANCIAL STATEMENTS (continued)

41. Special reserve

✓ Applicable Not applicable

2023:

Unit: Yuan Currency: RMB

Item	Opening balance	Increase	Decrease	Closing balance
Production safety fees	39,091,759	74,374,552	27,444,001	86,022,310
Total	39,091,759	74,374,552	27,444,001	86,022,310

2022:

Unit: Yuan Currency: RMB

Item	Opening balance	Increase	Decrease	Closing balance
Production safety fees	30,785,734	56,294,032	47,988,007	39,091,759
Total	30,785,734	56,294,032	47,988,007	39,091,759

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

None



Notes to the Financial Statements

For the year ended 31 December 2023
Renminbi Yuan

V. NOTES TO KEY ITEMS OF THE CONSOLIDATED FINANCIAL STATEMENTS (continued)

42. Surplus reserve

Applicable Not applicable

2023:

Unit: Yuan Currency: RMB

Item	Opening balance	Increase	Decrease	Closing balance
Statutory surplus reserve	2,921,038,979	232,620,268	–	3,153,659,247
Total	2,921,038,979	232,620,268	–	3,153,659,247

2022:

Unit: Yuan Currency: RMB

Item	Opening balance	Increase	Decrease	Closing balance
Statutory surplus reserve	2,545,778,284	375,260,695	–	2,921,038,979
Total	2,545,778,284	375,260,695	–	2,921,038,979

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

Applicable Not applicable

In accordance with the Company Law and the Company's Articles of Incorporation, the Company is required to withdraw 10% of its net income as legal reserve. If the accumulated legal reserve is more than 50% of the Company's registered capital, it may not be further withdrawn. After the legal reserve is withdrawn, the Company may withdraw an arbitrary surplus reserve. Upon approval, the discretionary surplus reserve may be used to offset prior years' losses or to increase capital.

Notes to the Financial Statements

For the year ended 31 December 2023
Renminbi Yuan

V. NOTES TO KEY ITEMS OF THE CONSOLIDATED FINANCIAL STATEMENTS (continued)

43. 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	3,105,703,645	2,555,823,375
Less: Appropriation to statutory surplus reserve	232,620,268	375,260,695
Common stock dividends payable	778,930,302	637,306,610
	<u>21,954,221,096</u>	<u>19,860,068,021</u>
Retained earnings at the end of the period	21,954,221,096	19,860,068,021

(1) Cash dividends approved at the annual general meeting of shareholders for the current year

The profit distribution plan of the Company for the year 2022 has been considered and approved at the annual general meeting of the Company for the year 2022 held on June 2, 2023, whereby the Company distributed cash dividends for the year 2022 to all shareholders on the basis of a total share capital of 1,416,236,912 shares, amounting to a total of RMB778,930,302 in the form of a cash dividend of RMB0.55 (inclusive of tax) per share.

(2) Distribution of profits resolved after the balance sheet date

On 28 March 2024, the Company held the sixth meeting of the seventh session of the Board, at which the “2023 Proposal for Profit Distribution Plan of the Company” was considered and approved, pursuant to which the Company would distribute cash dividends to all shareholders based on the total share capital registered on the registration date for dividend distribution (the specific date will be clarified in the announcement on the implementation of dividend distribution). The Company proposed to distribute cash dividend of RMB7.8 (tax inclusive) per 10 shares to all shareholders. As at 31 December 2023, the total share capital of the Company was 1,416,236,912 shares, less 4,696,800 H shares repurchased for cancellation, i.e., based on 1,411,540,112 shares, and the total proposed cash dividend to be paid on this basis will be RMB1,101,001,287.36, accounting for 35.45% of the net profit attributable to shareholders of the listed company as set out in the consolidated financial statement of the Company for the year ended 31 December 2023. In case from the date of disclosure of announcement on profit distribution plan to the date of registration date for dividend distribution, the Company proposes to remain the distribution proportion per share unchanged, and to adjust the total distribution amount accordingly, specific adjustments will be announced separately. The profit distribution plan is subject to the consideration and approval at the 2023 annual general meeting of the Company. The independent non-executive directors of the Company performed their duties by carefully reviewing and expressing independent opinions on the proposals relating to the cash dividend policy.



Notes to the Financial Statements

For the year ended 31 December 2023
Renminbi Yuan

V. NOTES TO KEY ITEMS OF THE CONSOLIDATED FINANCIAL STATEMENTS (continued)

44. 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	21,641,450,779	14,289,991,597	17,803,758,231	11,952,268,972
Other operating activities	157,489,997	127,692,890	230,020,330	186,897,053
Total	21,798,940,776	14,417,684,487	18,033,778,561	12,139,166,025

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

Applicable Not applicable

Unit: Yuan Currency: RMB

Item	Current period		Prior period	
	Revenue	Cost of sales	Revenue	Cost of sales
Rail transit equipment business	12,909,423,576	8,019,332,485	12,656,446,123	8,128,334,673
Emerging equipment business	8,732,027,203	6,270,659,112	5,147,312,108	3,823,934,299
Others	157,489,997	127,692,890	230,020,330	186,897,053
Total	21,798,940,776	14,417,684,487	18,033,778,561	12,139,166,025

Notes to the Financial Statements

For the year ended 31 December 2023
Renminbi Yuan

V. NOTES TO KEY ITEMS OF THE CONSOLIDATED FINANCIAL STATEMENTS (continued)

44. Revenue and cost of sales (continued)

(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	20,793,296,334	17,228,783,533
Other countries and regions	1,005,644,442	804,995,028
Total	21,798,940,776	18,033,778,561

Other information of revenue from contracts:

Applicable Not applicable.

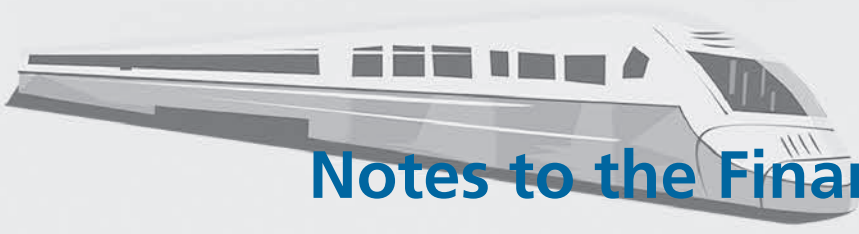
(4) Description of performance obligations

Applicable Not applicable

Sales of goods and materials

The Group mainly sells rail transit equipment and emerging equipment, 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 emerging equipment 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.



Notes to the Financial Statements

For the year ended 31 December 2023
Renminbi Yuan

V. NOTES TO KEY ITEMS OF THE CONSOLIDATED FINANCIAL STATEMENTS (continued)

44. Revenue and cost of sales (continued)

(4) Description of performance obligations (continued)

Revenue from maintenance service

The Group mainly repairs and maintains rail transit equipment and emerging equipment. According to the service contract, the maintenance service is subject to customer's acceptance upon delivery, and the Group is entitled to collect the payment upon acceptance by the customer

Revenue from construction contracts

The Group's construction contracts are mainly for the construction and sales 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

(6) Significant changes in contracts or significant adjustments to transaction prices

Applicable Not applicable

Other information:

None

Notes to the Financial Statements

For the year ended 31 December 2023
Renminbi Yuan

V. NOTES TO KEY ITEMS OF THE CONSOLIDATED FINANCIAL STATEMENTS (continued)

45. Taxes and surcharges

Applicable Not applicable

Unit: Yuan Currency: RMB

Item	Current period	Prior period
City maintenance and construction tax	37,950,995	37,958,847
Education surcharges	27,426,315	27,629,944
Others	57,103,018	50,584,198
Total	<u>122,480,328</u>	<u>116,172,989</u>

Other information:

None

46. Selling expenses

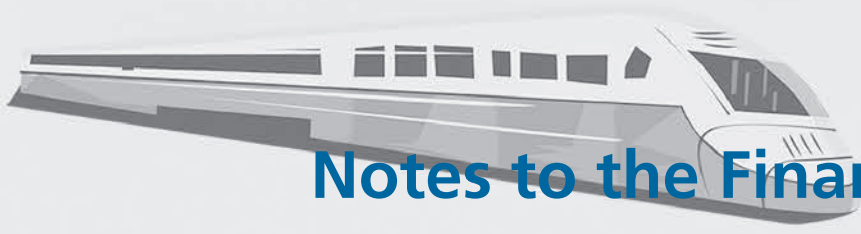
Applicable Not applicable

Unit: Yuan Currency: RMB

Item	Current period	Prior period
Provision for product quality warranties	1,096,226,283	682,859,444
Employee benefits	257,957,168	253,147,696
Transportation and handling charges	9,754,177	4,406,598
Office and travel expenses	89,100,643	60,840,704
Business entertainment expenses	38,017,727	34,339,112
Bidding and tendering fees	18,389,745	18,220,912
Advertising and publicity cost	12,172,494	5,203,234
Others	56,969,296	39,155,293
Total	<u>1,578,587,533</u>	<u>1,098,172,993</u>

Other information:

None



Notes to the Financial Statements

For the year ended 31 December 2023
Renminbi Yuan

V. NOTES TO KEY ITEMS OF THE CONSOLIDATED FINANCIAL STATEMENTS (continued)

47. Administrative expenses

✓ Applicable Not applicable

Unit: Yuan Currency: RMB

Item	Current period	Prior period
Employee benefits (excluding employee compensation under the defined benefit plan)	539,612,412	469,130,694
Depreciation and amortisation expenses	138,162,462	104,981,299
Facility maintenance cost	72,381,005	59,350,809
Office and travel expenses and conference fee	63,006,087	56,015,104
Property management fee	26,684,283	25,458,497
Service fees for intermediaries and professional institutions	40,993,443	27,850,758
Utilities expenses	22,647,271	14,275,413
Insurance expenses	11,403,947	18,993,291
Rental expenses	7,301,247	11,534,986
Business entertainment expenses	14,833,226	12,755,572
Others	104,197,804	89,635,420
Total	<u>1,041,223,187</u>	<u>889,981,843</u>

Other information:

Note: The administrative expenses in 2023 include the auditor's fee of RMB5,500,000 (2022: RMB4,900,000).

Notes to the Financial Statements

For the year ended 31 December 2023
Renminbi Yuan

V. NOTES TO KEY ITEMS OF THE CONSOLIDATED FINANCIAL STATEMENTS (continued)

48. Research and development expenses

✓ Applicable Not applicable

Unit: Yuan Currency: RMB

Item	Current period	Prior period
Employee benefits	952,890,590	845,440,159
Cost of materials consumed	431,249,923	247,451,102
Depreciation and amortisation expenses	254,007,501	210,759,000
Technical service fee	138,089,769	246,331,727
Office and travel expenses	89,440,025	58,723,028
Experiment and inspection cost	30,632,261	32,074,544
Others	124,685,941	121,135,409
Total	<u>2,020,996,010</u>	<u>1,761,914,969</u>

Other information:

None

49. Finance expense

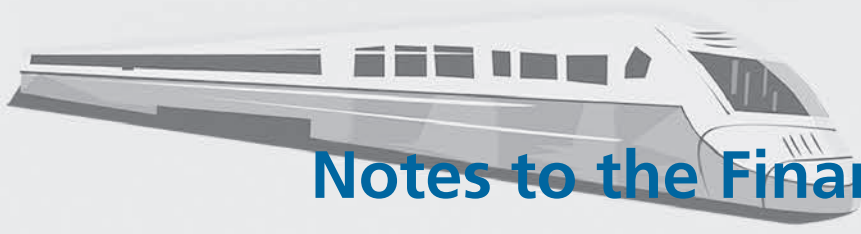
✓ Applicable Not applicable

Unit: Yuan Currency: RMB

Item	Current period	Prior period
Interest expenses	30,908,342	12,614,050
Interest expenses of lease liabilities	16,278,659	8,350,270
Less: Capitalised interest expenses	–	–
Interest income	-259,770,797	-204,124,028
Net exchange gains	-48,310,164	-11,060,943
Financial institution charges	10,212,002	10,340,575
Others	-7,137,049	-7,019,402
Total	<u>-257,819,007</u>	<u>-190,899,478</u>

Other information:

None



Notes to the Financial Statements

For the year ended 31 December 2023
Renminbi Yuan

V. NOTES TO KEY ITEMS OF THE CONSOLIDATED FINANCIAL STATEMENTS (continued)

50. Other income

Applicable Not applicable

Unit: Yuan Currency: RMB

Nature	Current period	Prior period
Other income	648,174,414	572,207,370
Other information:		
None		

51. Investment income

Applicable Not applicable

Unit: Yuan Currency: RMB

Item	Current period	Prior period
Gains from long-term equity investments under the equity method	-942,806	-84,856,551
Gains on disposal of held-for-trading financial instruments	63,456,055	61,036,816
Losses on de-recognition of financial assets measured at amortised cost	-	-15,852,222
Gain (loss) on derecognition of receivables financing	-29,547,959	-2,642,682
Change in fair value of previously held equity interest in an associate acquired as a subsidiary	23,852,557	-
Dividend income from other equity instrument investments during the holding period	360,000	315,100
Total	57,177,847	-41,999,539

Other information:

None

Notes to the Financial Statements

For the year ended 31 December 2023
Renminbi Yuan

V. NOTES TO KEY ITEMS OF THE CONSOLIDATED FINANCIAL STATEMENTS (continued)

52. 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 instruments	74,602,203	166,033,744
Total	74,602,203	166,033,744

Other information:

None

53. Credit losses

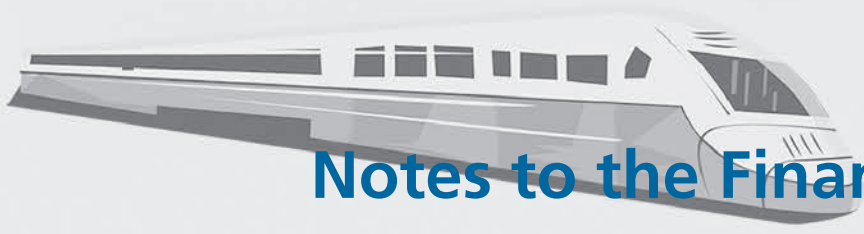
Applicable Not applicable

Unit: Yuan Currency: RMB

Item	Current period	Prior period
Losses on credit impairment of bills receivable	2,772,042	-1,530,827
Losses on credit impairment of accounts receivable	-255,973,024	-60,571,289
Losses on credit impairment of other receivables	-6,801,105	464,629
Total	-260,002,087	-61,637,487

Other information:

None



Notes to the Financial Statements

For the year ended 31 December 2023
Renminbi Yuan

V. NOTES TO KEY ITEMS OF THE CONSOLIDATED FINANCIAL STATEMENTS (continued)

54. Impairment losses

Applicable Not applicable

Unit: Yuan Currency: RMB

Item	Current period	Prior period
Losses on impairment of inventories	-48,490,208	78,536,093
Losses on impairment of contract assets	-3,241,573	-2,020,212
Losses on impairment of other non-current assets	-29,357,931	-3,170,829
Total	<u>-81,089,712</u>	<u>73,345,052</u>

Other information:

None

55. Gains on disposal of assets

Applicable Not applicable

Unit: Yuan Currency: RMB

Item	Current period	Prior period
Gains/(losses) on disposal of fixed assets	-264,314	4,077,357
Gains and losses on the derecognition of right-of-use assets	3,042,460	-
Total	<u>2,778,146</u>	<u>4,077,357</u>

Other information:

None

Notes to the Financial Statements

For the year ended 31 December 2023
Renminbi Yuan

V. NOTES TO KEY ITEMS OF THE CONSOLIDATED FINANCIAL STATEMENTS (continued)

56. Non-operating income

Details of non-operating income

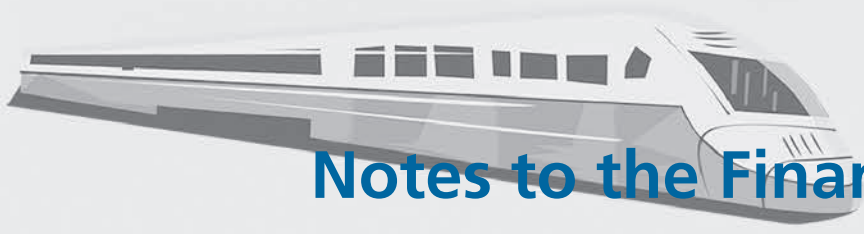
Applicable Not applicable

Unit: Yuan Currency: RMB

Item	2023		2022	
	Current period	Amount included in non-recurring gain or loss for the current period	Prior period	Amount included in non-recurring gain or loss for the prior period
Penalty income and default compensation income	21,880,193	21,880,193	4,121,959	4,121,959
Unsettled payment	20,193,188	20,193,188	1,615,059	1,615,059
Others	1,182,862	1,182,862	5,611,916	5,611,916
Total	<u>43,256,243</u>	<u>43,256,243</u>	<u>11,348,934</u>	<u>11,348,934</u>

Other information:

Applicable Not applicable



Notes to the Financial Statements

For the year ended 31 December 2023
Renminbi Yuan

V. NOTES TO KEY ITEMS OF THE CONSOLIDATED FINANCIAL STATEMENTS (continued)

57. Non-operating expenses

✓ Applicable Not applicable

Unit: Yuan Currency: RMB

Item	Current period	Amount included in non-recurring gain or loss for the current period	Prior period	Amount included in non-recurring gain or loss for the prior period
Expenses on penalties and default compensation	987,259	987,259	389,209	389,209
Losses on retirement of assets	8,771	8,771	–	–
Others	97,954	97,954	706,869	706,869
Total	<u>1,093,984</u>	<u>1,093,984</u>	<u>1,096,078</u>	<u>1,096,078</u>

Other information:

None

58. 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	349,140,872	326,005,205
– Chinese Mainland	344,008,154	324,371,861
– Other countries and regions	5,132,718	1,633,344
Deferred income tax expenses	<u>-139,643,519</u>	<u>23,570,541</u>
Total	<u>209,497,353</u>	<u>349,575,746</u>

Notes to the Financial Statements

For the year ended 31 December 2023
Renminbi Yuan

V. NOTES TO KEY ITEMS OF THE CONSOLIDATED FINANCIAL STATEMENTS (continued)

58. Income tax expenses (continued)

(2) Reconciliation of accounting profits and income tax expenses

Applicable Not applicable

Unit: Yuan Currency: RMB

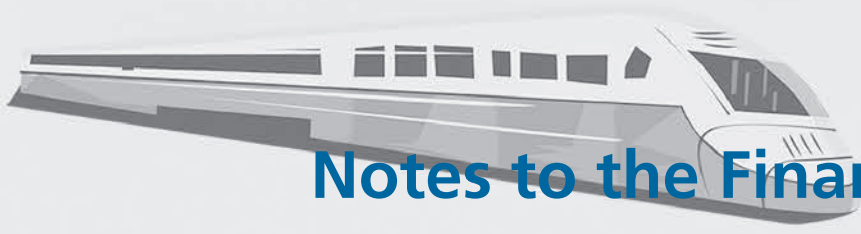
Item	Current period	Prior period
Total profit	3,359,591,308	2,941,548,573
Income tax expenses calculated at statutory tax rate of 25% (Note 1)	839,897,827	735,387,143
Effect of preferential tax rate applicable to the Company and its certain subsidiaries	-369,761,325	-308,162,939
Effect of different tax rates applied by overseas companies	-3,749,775	10,210,433
Effect of tax-free income	-22,340,454	-6,864
Effect of joint ventures and associates	-89,330	14,287,180
Effect of expenses that are not deductible for tax purpose	17,826,090	17,889,084
Effect of using deductible losses for which no deferred tax assets were recognised for the prior period	-98,543,587	-2,500,267
Effect of deductible temporary differences or deductible losses for which no deferred tax assets were recognised in the current period	8,676,045	335,369,966
Effect of additional deduction of R&D expenses	-201,289,864	-197,434,564
Effect of the 100% pre-tax additional deduction for the full amount of equipment purchased by high-tech enterprises (Note 2)	-	-315,402,633
Tax filing difference	-12,024,609	60,732,011
Effect of changes in the beginning balance of deferred income tax assets due to changes in tax rates	50,896,335	-792,804
Income tax expenses	209,497,353	349,575,746

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.

Note 2: As described in Note VI, in accordance with 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* (2022 No.28), equipment and appliances purchased by the Company and its subsidiaries CRRC Times Electronics, CRRC Times Software and CRRC Times Semiconductor between 1 October 2022 and 31 December 2022 are qualified for a full deduction in a lump sum for the year in the calculation of taxable income and for a 100% pre-tax additional deduction.



Notes to the Financial Statements

For the year ended 31 December 2023
Renminbi Yuan

V. NOTES TO KEY ITEMS OF THE CONSOLIDATED FINANCIAL STATEMENTS (continued)

59. Items in the cash flow statement

(1) Cash related to operating activities

Other cash receipts relating to operating activities

Applicable Not applicable

Unit: Yuan Currency: RMB

Item	Current period	Prior period
Government grants	138,061,463	118,705,324
Interest income	–	26,272,279
Recovery of deposits	42,934,953	16,514,000
Others	447,019,910	374,371,718
Total	628,016,326	535,863,321

Description of other cash received related to operating activities:

None

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	1,471,106,195	1,330,128,111
Bank charges	10,212,002	10,299,591
Payment for account current	900	–
Others	88,290,530	117,674,973
Total	1,569,609,627	1,458,102,675

Description of other cash payments relating to operating activities:

None

Notes to the Financial Statements

For the year ended 31 December 2023
Renminbi Yuan

V. NOTES TO KEY ITEMS OF THE CONSOLIDATED FINANCIAL STATEMENTS (continued)

59. Items in the cash flow statement (continued)

(2) Cash related to investing activities

Applicable Not applicable

Significant cash received in connection with investing activities:

Applicable Not applicable

Significant cash paid in relation to investing activities:

Applicable Not applicable

Other cash receipts relating to investing activities

Applicable Not applicable

Unit: Yuan Currency: RMB

Item	Current period	Prior period
Cash received from business combinations not under common control	<u>12,341,795</u>	—
Total	<u>12,341,795</u>	—

Description of other cash received related to investing activities:

None

Other cash paid relating to investing activities

Applicable Not applicable



Notes to the Financial Statements

For the year ended 31 December 2023
Renminbi Yuan

V. NOTES TO KEY ITEMS OF THE CONSOLIDATED FINANCIAL STATEMENTS (continued)

59. Items in the cash flow statement (continued)

(3) Cash related to financing activities

Other cash received related to financing activities:

Applicable Not applicable

Other cash payments relating to financing activities

Applicable Not applicable

Unit: Yuan Currency: RMB

Item	Current period	Prior period
Payment of lease liabilities	138,821,083	103,967,702
Effect of the acquisition of non-controlling interests	—	102,778,001
Total	138,821,083	206,745,703

Description of other cash payments relating to financing activities:

None

Notes to the Financial Statements

For the year ended 31 December 2023
Renminbi Yuan

V. NOTES TO KEY ITEMS OF THE CONSOLIDATED FINANCIAL STATEMENTS (continued)

59. Items in the cash flow statement (continued)

(3) Cash related to financing activities (continued)

Changes in liabilities arising from financing activities:

Applicable Not applicable

Unit: Yuan Currency: RMB

Item	Opening balance	Increase during the period		Decrease during the period		Closing balance
		Cash changes	Non-cash changes	Cash changes	Non-cash changes	
Short-term loans	454,374,494	346,634,383	46,444,014	450,530,338	-	396,922,553
Dividends payable	1,715,000	-	809,589,621	811,304,621	-	-
Long-term loans	72,688,000	453,456,100	135,107,286	29,308,000	-	631,943,386
Lease liabilities	135,377,795	-	200,908,034	139,227,426	-	197,058,403
Total	664,155,289	800,090,483	1,192,048,955	1,430,370,385	-	1,225,924,342

(4) Description of cash flows presented on a net basis

Applicable Not applicable

(5) Significant activities and financial effects that do not involve current cash receipts and disbursements but affect the enterprise's financial position or may affect the enterprise's cash flows in the future

Applicable Not applicable



Notes to the Financial Statements

For the year ended 31 December 2023
Renminbi Yuan

V. NOTES TO KEY ITEMS OF THE CONSOLIDATED FINANCIAL STATEMENTS (continued)

60. 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	3,150,093,955	2,591,972,827
Add: Losses on impairment of assets	81,089,712	-73,345,052
Credit losses	260,002,087	61,637,487
Depreciation of fixed assets	678,728,156	578,305,690
Depreciation of right-of-use assets	180,053,365	137,819,447
Amortisation of intangible assets	130,209,122	90,864,969
Amortisation of long-term prepaid expenses	11,932,256	8,910,233
Losses on disposal of fixed assets, intangible assets and other non-current assets ("-" for gains)	-2,778,146	-4,077,357
Losses on changes in fair value ("-" for gains)	-76,384,363	-166,033,744
Finance costs ("-" for incomes)	-129,609,546	-82,493,746
Investment losses ("-" for gains)	-87,085,806	23,504,635
Decrease in deferred tax assets ("-" for increases)	-151,513,497	46,373,446
Increase in deferred tax liabilities ("-" for decrease)	2,879,219	-15,283,296
Decrease in inventories ("-" for increase)	410,506,735	-788,711,946
Decrease in operating receivables ("-" for increase)	-3,748,052,621	-2,893,222,150
Increase in operating payables ("-" for decrease)	2,377,120,557	2,514,199,695
others	-305,305,628	10,814,321
Net cash flow from operating activities	<u>2,781,885,557</u>	<u>2,041,235,459</u>
2. Net movement in cash and cash equivalents		
Closing balance of cash	7,009,438,954	7,074,871,530
Less: Opening balance of cash	7,074,871,530	7,883,060,105
Net increase in cash and cash equivalents	<u>-65,432,576</u>	<u>-808,188,575</u>

Notes to the Financial Statements

For the year ended 31 December 2023
Renminbi Yuan

V. NOTES TO KEY ITEMS OF THE CONSOLIDATED FINANCIAL STATEMENTS (continued)

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

(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

(4) Composition of cash and cash equivalents

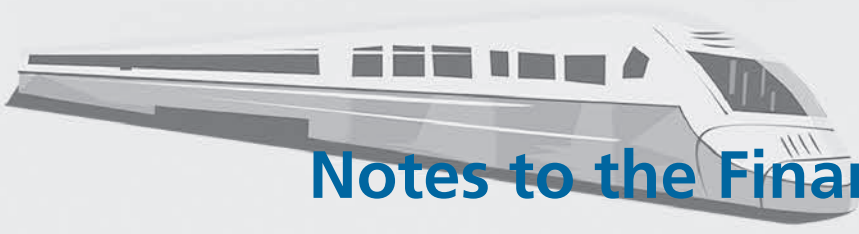
Applicable Not applicable

Unit: Yuan Currency: RMB

Item	Closing balance	Opening balance
I. Cash	7,009,438,954	7,074,871,530
Including: Cash on hand	26,441	31,466
Bank deposits on demand	7,009,412,513	7,074,840,064
III. Closing balance of cash and cash equivalents	7,009,438,954	7,074,871,530

(5) Restricted items but still presented as cash and cash equivalents

Applicable Not applicable



Notes to the Financial Statements

For the year ended 31 December 2023
Renminbi Yuan

V. NOTES TO KEY ITEMS OF THE CONSOLIDATED FINANCIAL STATEMENTS (continued)

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

(6) Cash at bank and on hand that are not classified as cash and cash equivalents

Applicable Not applicable

Unit: Yuan Currency: RMB

Item	Closing balance	Opening balance	Reasons
Bank deposits	831,565,996	425,507,144	Time deposits with maturity over three months
Other monetary funds	62,172,390	–	Deposits for bank acceptance and deposits for letter of guarantee
Total	893,738,386	425,507,144 /	

Other information:

Applicable Not applicable

61. 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

Notes to the Financial Statements

For the year ended 31 December 2023
Renminbi Yuan

V. NOTES TO KEY ITEMS OF THE CONSOLIDATED FINANCIAL STATEMENTS (continued)

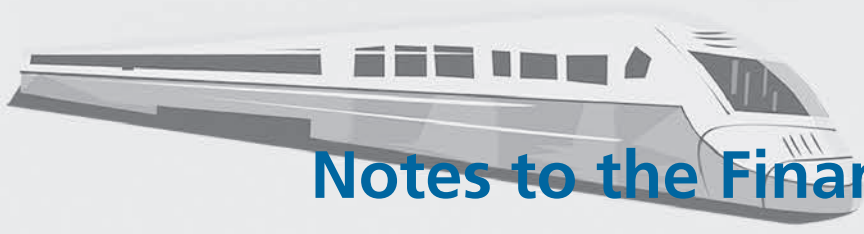
62. Foreign currency monetary items

(1) Foreign currency monetary items

✓ Applicable Not applicable

2023

Item	Foreign currency balance at 31 December 2023	Exchange rate	Equivalent to RMB Yuan at 31 December 2023
Cash and bank balances			278,993,772
Including: HKD	120,009,203	0.9062	108,752,340
GBP	10,106,336	9.0411	91,372,394
EUR	7,191,125	7.8592	56,516,490
USD	2,271,614	7.0827	16,089,160
Others	/	/	6,263,388
Accounts receivable			59,102,704
Including: EUR	5,212,495	7.8592	40,966,041
USD	2,560,699	7.0827	18,136,663
Accounts payable			82,917,566
Including: EUR	8,765,056	7.8592	68,886,328
USD	1,165,497	7.0827	8,254,866
CHF	652,484	8.4184	5,492,871
Others	/	/	283,501
Other payables			94,195,155
Including: USD	8,390,830	7.0827	59,429,732
EUR	3,743,308	7.8592	29,419,406
CHF	628,558	8.4184	5,291,453
Others	/	/	54,564



Notes to the Financial Statements

For the year ended 31 December 2023
Renminbi Yuan

V. NOTES TO KEY ITEMS OF THE CONSOLIDATED FINANCIAL STATEMENTS (continued)

62. Foreign currency monetary items (continued)

(1) Foreign currency monetary items (continued)

2022

Unit: Yuan

Item	Foreign currency balance at 31 December 2022	Exchange rate	Equivalent to RMB Yuan at 31 December 2022
Cash and bank balances			111,890,514
Including: EUR	8,266,836	7.4229	61,363,897
GBP	5,126,737	8.3941	43,034,343
USD	1,065,303	6.9646	7,419,409
Others	/	/	72,865
Accounts receivable			32,822,713
Including: USD	4,579,418	6.9646	31,893,815
Others	/	/	928,899
Accounts payable			147,786,223
Including: EUR	16,517,361	7.4229	122,606,719
CHF	2,079,290	7.5432	15,684,500
USD	875,428	6.9646	6,097,006
JPY	64,894,709	0.0524	3,397,757
Others	/	/	241
Other payables			114,984,012
Including: USD	7,609,587	6.9646	52,997,730
CHF	2,720,584	7.5432	20,521,909
EUR	5,582,915	7.4229	41,441,420
Others	/	/	22,953

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

Notes to the Financial Statements

For the year ended 31 December 2023
Renminbi Yuan

V. NOTES TO KEY ITEMS OF THE CONSOLIDATED FINANCIAL STATEMENTS (continued)

63. Lease liabilities

(1) As a lessee:

Applicable Not applicable

Variable lease payments not included in the measurement of lease liabilities

Applicable Not applicable

Expenses of short-term lease and low-value asset lease for which the practical expedient has been applied

Applicable Not applicable

Unit: Yuan Currency: RMB

Item	2023	2022
Expenses of short-term lease and low-value asset lease for which the practical expedient has been selected to apply	<u>42,390,086</u>	<u>37,232,173</u>

Sale and leaseback transactions and basis of judgment

Applicable Not applicable

Total cash outflows related to leases 181,622,583 (Unit: Yuan Currency: RMB)

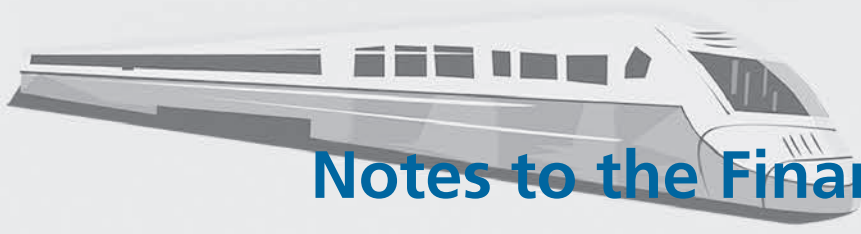
(2) As lessor

Operating lease as lessor

Applicable Not applicable

Unit: Yuan Currency: RMB

Item	Rental income	Including: Income relating to variable lease payments not included in lease receipts
Buildings	10,539,875	—
Machinery and equipment	<u>4,841,680</u>	<u>—</u>
Total	<u>15,381,555</u>	<u>—</u>



Notes to the Financial Statements

For the year ended 31 December 2023
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V. NOTES TO KEY ITEMS OF THE CONSOLIDATED FINANCIAL STATEMENTS (continued)

63. Lease liabilities (continued)

(2) As lessor (continued)

Operating lease as lessor (continued)

The undiscounted lease receipts to be received by the Group after the balance sheet date are as follows:

Unit: Yuan Currency: RMB

Item	Annual undiscounted lease receipts	
	Amount at the end of the period	Amount at the beginning of the period
Within 1 year (including 1 year)	14,839,154	14,449,572
1 to 2 years (including 2 years)	9,235,718	802,625
2 to 3 years (including 3 years)	1,141,632	–
3 to 4 years (including 4 years)	89,242	–
4 to 5 years (including 5 years)	89,242	–
More than 5 years	–	–
Total	25,394,988	15,252,197

Finance leases as lessor

Applicable Not applicable

Unit: Yuan Currency: RMB

Items	Gain or loss on sale Finance	income Revenue	relating to variable lease payments not included in net investment in leases
Buildings	–	172,737	–
Total	–	172,737	–

Notes to the Financial Statements

For the year ended 31 December 2023
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V. NOTES TO KEY ITEMS OF THE CONSOLIDATED FINANCIAL STATEMENTS (continued)

63. Lease liabilities (continued)

(2) As lessor (continued)

Reconciliation of undiscounted lease receipts to net investment in leases

Applicable Not applicable

Unit: Yuan Currency: RMB

Item	Annual undiscounted lease receipts	
	Amount at the end of the period	Amount at the beginning of the period
Within 1 year (including 1 year)	1,599,147	1,789,671
1 to 2 years (including 2 years)	1,599,147	919,482
2 to 3 years (including 3 years)	302,386	919,482
3 to 4 years (including 4 years)	–	–
4 to 5 years (including 5 years)	–	–
More than 5 years	–	–
Subtotal of undiscounted lease receipts	3,500,680	3,628,635
Less: Unrealized financing gains	168,783	248,378
Net investment in leases	3,331,897	3,380,257

(3) Recognition of gain or loss on sales under finance leases as a manufacturer or distributor

Applicable Not applicable

Other information:

None

64. Others

Applicable Not applicable



Notes to the Financial Statements

For the year ended 31 December 2023
Renminbi Yuan

VI. R&D EXPENDITURES

(1) Presentation by nature of expenses

Applicable Not applicable

Unit: Yuan Currency: RMB

Item	Amount incurred in the current period	Amount incurred in the previous period
Employee remuneration	987,755,237	880,294,730
Depreciation and amortization	253,744,524	210,235,355
Material consumption	449,037,029	278,033,788
Technical services	170,332,948	290,607,708
Others	284,587,395	187,497,205
Total	<u>2,145,457,133</u>	<u>1,846,668,786</u>
Including: Expensed R&D expenditures	2,020,996,010	1,761,914,969
Capitalized R&D expenditures	<u>124,461,123</u>	<u>84,753,817</u>

Other notes:

None

Notes to the Financial Statements

For the year ended 31 December 2023
Renminbi Yuan

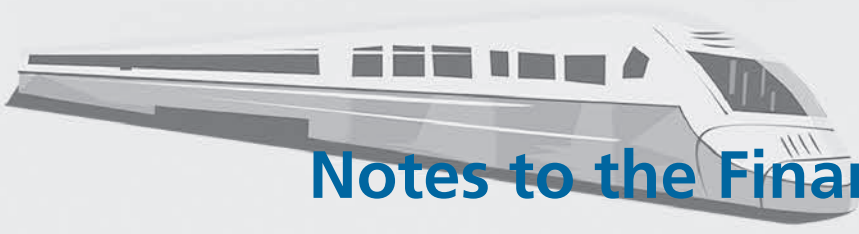
VI. R&D EXPENDITURES (continued)

(2) Development expenditure on R&D projects eligible for capitalization

✓ Applicable Not applicable

Unit: Yuan Currency: RMB

Item	Beginning of the period	Balance Increase during the period		Decrease during the period		End of the period Balance
		Internal development expenses	Translation differences on foreign currency statements	Recognized as an intangible asset	Transfer to current profit or loss	
Item 1	20,258,798	31,126,991	2,003,263	-	-	53,389,052
Item 2	24,949,517	-	-	-	-	24,949,517
Item 3	27,364,599	-	973,880	-	3,947,232	24,391,247
Item 4	13,212,782	2,967,619	-	-	-	16,180,401
Item 5	14,893,915	235,667	-	-	-	15,129,582
Others	<u>328,482,520</u>	<u>92,546,637</u>	<u>1,187,266</u>	<u>278,166,901</u>	<u>2,632,969</u>	<u>141,416,553</u>
Total	<u>429,162,131</u>	<u>126,876,914</u>	<u>4,164,409</u>	<u>278,166,901</u>	<u>6,580,201</u>	<u>275,456,352</u>



Notes to the Financial Statements

For the year ended 31 December 2023
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VI. R&D EXPENDITURES (continued)

(2) Development expenditure on R&D projects eligible for capitalization (continued)

Significant capitalized R&D projects

Applicable Not applicable

Unit: Yuan Currency: RMB

Item	R&D progress	Expected completion date	Expected manner of generation of economic benefits	Point of commencement of capitalization	Specific basis
Project 1	90%	2024/12	Achievement of sales	2019/11	Management method of capitalization of scientific research products, and the research stage has been completed, and it is expected that the product can be realized and bring in an inflow of economic benefits, and that the costs of the development stage are accurately measurable.
Project 2	95%	2024/11	Achievement of sales	2019/12	Management method of capitalization of scientific research products, and the research stage has been completed, and it is expected that the product can be realized and bring in an inflow of economic benefits, and that the costs of the development stage are accurately measurable.
Project 3	80%	2024/09	Achievement of sales	2018/01	Management method of capitalization of scientific research products, and the research stage has been completed, and it is expected that the product can be realized and bring in an inflow of economic benefits, and that the costs of the development stage are accurately measurable.

Provision for impairment of development expenditure

Applicable Not applicable

Significant outsourced R&D projects

Applicable Not applicable

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For the year ended 31 December 2023
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VII. CHANGE IN CONSOLIDATION SCOPE

1. Business combinations involving entities not under common control

✓ Applicable Not applicable

(1) Non-same control business combination transactions occurring during the period

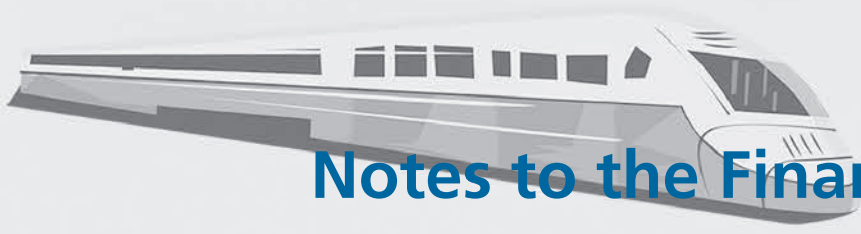
✓ Applicable Not applicable

Unit: Yuan Currency: RMB

Name of the Purchased Party	Point of acquisition of equity	Cost of acquisition of equity	Cost of acquisition of equity	Percentage of acquisition of equity	Purchase date	Basis for determining the purchase date	Revenue of the purchased party from the purchase date to the end of the period	Net profit/(loss) of the purchased party from the purchase date to the end of the period	Cash flow of the purchased party from the purchase date to the end of the period
Wuxi CRRC Electric Drive (formerly known as Wuxi CRRC Hofer Powertrain Co., Ltd.)	October 15, 2018 August 28, 2023	153,801,622 17,125,000	49 39	Investment establishment Issued Interest	August 28, 2023	Effective control over the purchased stockholders will be achieved	190,377,754	-88,136,490	-1,874,239

Other descriptions:

Wuxi CRRC Times Electric Drive Technology Co., Ltd. ("Wuxi CRRC Electric Drive") was jointly established by CRRC Times Electric (Hong Kong) Co., Ltd., Hofer powertrain international GmbH ("Hofer International") and Wuxi Huicheng Yuanda Investment Partnership (LLP) ("Wuxi Huicheng") in October 2018. At the establishment, CRRC Times Electric (Hong Kong) Co., Ltd., Hofer International and Wuxi Huicheng respectively held 49%, 39% and 12% equity of Wuxi CRRC Electric Drive. On 28 August 2023, Hunan CRRC Times Electric Drive Technology Co., Ltd. ("Hunan CRRC Electric Drive") entered into an agreement with CRRC Times Electric (Hong Kong) Co., Ltd. to purchase its 49% equity in Wuxi CRRC Electric Drive. On the same day, Hofer International contributed 39% of its equity to Hunan CRRC Electric Drive to acquire 1.7125% equity in Hunan CRRC Electric Drive. The shareholders' meeting of Wuxi CRRC Electric Drive passed a resolution to amend the Articles of Association, in which Hunan CRRC Electric Drive holds 88% equity. As the significant operating and financial decision-making matters of Wuxi CRRC Electric Drive were amended to be approved by the consent of one-half of shareholders, Hunan CRRC Electric Drive has control over Wuxi CRRC Electric Drive from 28 August 2023 and included Wuxi CRRC Electric Drive in the scope of consolidation.



Notes to the Financial Statements

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VII. CHANGE IN CONSOLIDATION SCOPE (continued)

1. Business combinations involving entities not under common control (continued)

(2) Cost of consolidation and goodwill

Applicable Not applicable

Unit: Yuan Currency: RMB

Cost of consolidation	Wuxi CRRC Times Electric Drive Technology Co., Ltd.
– Fair value of 49% equity interest in Wuxi CRRC Electric Drive held prior to the acquisition date	23,852,557
– Fair value of 1.7125% ownership interest in Hunan CRRC Electric Drive issued	17,125,000
Total cost of consolidation	40,977,557
Less: Share of fair value of identifiable net assets acquired	9,843,681
Goodwill	31,133,876

The method for determining the fair value of combination cost:

Applicable Not applicable

For the above combination cost, the fair value of the equity of Wuxi CRRC Electric Drive is determined based on the valuation report issued by the independent assessment institution under the income valuation approach, and the fair value of owners' equity of Hunan CRRC Electric Drive is determined in accordance with its registered capital.

Completion of performance guarantees:

Applicable Not applicable

Explain the primary reason for significant goodwill:

Applicable Not applicable

Other explanations:

None

Notes to the Financial Statements

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VII. CHANGE IN CONSOLIDATION SCOPE (continued)

1. Business combinations involving entities not under common control (continued)

(3) Cost of consolidation and goodwill

✓ Applicable Not applicable

Unit: Yuan Currency: RMB

	Wuxi CRRC Times Electric Drive Technology Co., Ltd.	
	Fair value at the date of purchase	Book value at the date of purchase
Assets:		
Current assets	302,823,641	300,928,100
Non-current assets	<u>505,447,373</u>	<u>434,536,724</u>
Liabilities:		
Current liabilities	616,421,370	616,421,370
Non-current liabilities	<u>180,663,643</u>	<u>162,462,096</u>
Net assets	11,186,001	-43,418,642
Less: Minority interests	<u>1,342,320</u>	<u>—</u>
Net assets acquired	<u>9,843,681</u>	<u>-43,418,642</u>

Determination method for the fair value of identifiable assets and liabilities:

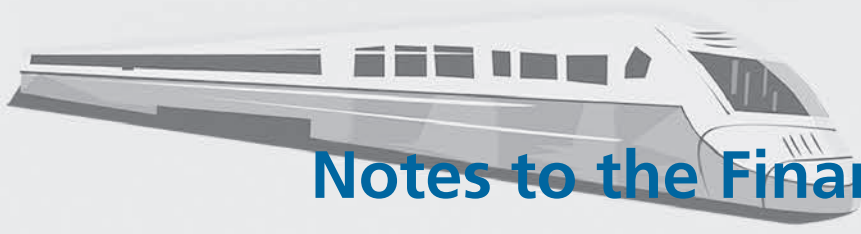
An independent assessment institution was engaged by the Group to assess the allocation of the acquisition consideration of Wuxi CRRC Times Electric Drive. If there is an active market for the identifiable assets, the quoted prices in the active market are used to establish their fair value; if there is no active market, their fair values are estimated based on the market prices of the same or similar types of assets which have an active market; if there is no active market for the same asset or similar types of assets, valuation techniques are used to determine the fair value. For the identifiable liabilities, the payable amount or the present value of the payable amount is its fair value.

Contingent liabilities of the purchaser assumed in a business combination:

None

Other information:

None



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VII. CHANGE IN CONSOLIDATION SCOPE (continued)

1. Business combinations involving entities not under common control (continued)

(4) Gain or loss from remeasurement of equity interests held prior to acquisition date to fair value

Whether there are transactions in which a business combination is achieved at stages through transactions and control is obtained during the reporting period

Applicable Not applicable

Unit: Yuan Currency: RMB

Name of acquiree	Acquisition date of equity interests held prior to acquisition date	Shareholding acquired of equity interests held prior to acquisition date	Cost of equity interests held prior to acquisition date	Acquisition method of equity interests held prior to acquisition date	Carrying amount at the acquisition date of equity interests held prior to acquisition date	Fair value at acquisition date of equity interests held prior to acquisition date	Gain or loss from remeasurement of equity interests held prior to acquisition date to fair value	Method and key assumptions for determining fair value at acquisition date of equity interests held prior to acquisition date	Investment income or retained earnings and surplus reserve transferred from other comprehensive income related to equity interests held prior to acquisition date
Wuxi CRRC Electric Drive	October 15, 2018	49%	153,801,622	Investment establishment	-	23,852,557	23,852,557	based on equity value of subsidiary	-

Other information:

None

(5) Explanation that consideration or fair value of the acquiree's identifiable assets and liabilities cannot be reasonably determined at the acquisition date or at the end of the period.

Applicable Not applicable

(6) Other information:

Applicable Not applicable

2. Same-control business combinations

Applicable Not applicable

3. Reverse purchase

Applicable Not applicable



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VII. CHANGE IN CONSOLIDATION SCOPE (continued)

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

Whether there is a disposal of investments in subsidiaries through multiple transactions resulting in loss of control during the period

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

New subsidiaries were established during the period:

In 2023, the Company, together with Hofer International, Guangxi Minsheng Electric Drive New Energy Investment Partnership (LLP) (“Minsheng New Energy”) and Zhuzhou Electric Drive Linghao Enterprise Management Partnership (LLP), jointly established Hunan CRRC Electric Drive with a registered capital of RMB1,000 million. The Company’s contribution accounted for 83.2975% of the registered capital of Hunan CRRC Electric Drive. As at 31 December 2023, the Company’s actual contribution was RMB832,974,944.

Liquidation of subsidiaries in the current period:

In 2023, the Company liquidated its subsidiary, CRRC Times Electric Brasil Ltda. (“TimesBrasil”), and therefore it was not included in the scope of consolidation during the period.

6. Others

Applicable Not applicable



Notes to the Financial Statements

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VIII. INTERESTS IN OTHER ENTITIES

1. Interests in subsidiaries

(1) Composition of the Group

✓ Applicable □ Not applicable

Unit: Yuan Currency: RMB

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
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#}	RMB4,567,600,670	Manufacturing	96.17	–	Incorporation
Baoji CRRC Times	Baoji, Shaanxi	Baoji, Shaanxi ^{2#}	RMB589,258,590	Manufacturing	100	–	Incorporation
Taiyuan CRRC Times	Taiyuan, Shanxi	Taiyuan, Shanxi ^{2#}	RMB307,620,400	Manufacturing	–	55	Incorporation
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#}	RMB549,000,000	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#}	RMB720,000,000	Manufacturing	100	–	Incorporation
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
Chongqing CRRC Electric	Chongqing	Chongqing ^{2#}	RMB150,000,000	Manufacturing	60	–	Incorporation
FAW CRRC Electric Drive System Co., Ltd. (Note 2)	Changchun, Jilin	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
Hunan CRRC Electric Drive	Zhuzhou, Hunan	Zhuzhou, Hunan ^{2#}	RMB1,000,000,000	Manufacturing	83.30	–	Incorporation
Canada Dynex	Canada	Canada	CAD37,096,192	Investment holding	100	–	By business combination not involving enterprises under common control

Notes to the Financial Statements

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VIII. 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	
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
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
Hofer International	Wuxi, Jiangsu	Wuxi, Jiangsu ^{2#}	RMB320,590,800	Manufacturing	–	88.00	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



Notes to the Financial Statements

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VIII. 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. even though it owns less than 50% of the voting rights. This is because the Company holds 50% equity interest in FAW CRRC Electric Drive System Co., Ltd. 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 Electric Drive System Co., Ltd.

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

Notes to the Financial Statements

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VIII. INTERESTS IN OTHER ENTITIES (continued)

1. Interests in subsidiaries (continued)

(2) Significant non-wholly owned subsidiaries

Applicable Not applicable

Unit: Yuan Currency: RMB

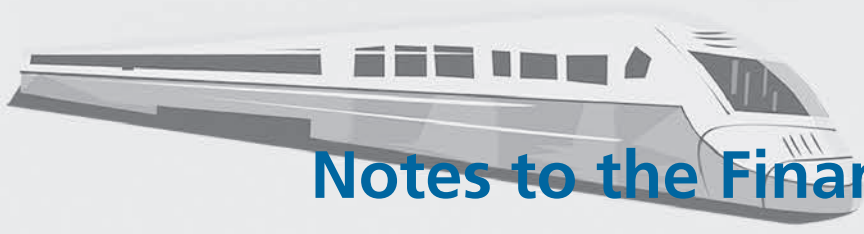
Name of the Subsidiaries	Proportion of shareholding of non-controlling shareholders (%)	Profit (Loss) attributable to non-controlling shareholders	Dividends paid to non-controlling shareholders	Closing balance of non-controlling interests
CRRC Times Semiconductor	<u>3.83%</u>	<u>36,401,607</u>	<u>16,228,833</u>	<u>247,101,700</u>

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



Notes to the Financial Statements

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VIII. INTERESTS IN OTHER ENTITIES (continued)

1. Interests in subsidiaries (continued)

(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	3,842,348,952	5,246,005,321	9,088,354,273	1,595,632,934	949,350,522	2,544,983,456	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	2023				2022			
	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	3,636,787,838	1,028,351,176	1,031,591,959	1,076,573,141	2,275,334,379	412,839,246	414,010,165	583,592,855

Other information:

None

(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

Notes to the Financial Statements

For the year ended 31 December 2023
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VIII. INTERESTS IN OTHER ENTITIES (continued)

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

Applicable Not applicable

(1) Changes in the Group's interests in subsidiaries:

Applicable Not applicable

(2) Impact of transactions on non-controlling interests and equity attributable to the owners of the parent company

Applicable Not applicable

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
Qinglan Semiconductor	Guangzhou, Guangdong	R&D and technical service industry	–	49%	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:

None



Notes to the Financial Statements

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VIII. 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		Balance at the beginning of the period/ Amount for the prior period	
	Shiling	Qinglan Semiconductor	Shiling	Qinglan Semiconductor
Current assets	211,018,063	158,989,559	212,373,038	127,938,942
Including: Cash and cash equivalents	161,707,449	140,942,650	170,802,724	126,763,827
Non-current assets	30,329,209	215,314,968	27,774,124	22,347,358
Total assets	241,347,272	374,304,527	240,147,162	150,286,300
Current liabilities	22,584,140	35,213,830	24,202,922	2,591,251
Non-current liabilities	–	61,012,142	3,190,000	–
Total liabilities	22,584,140	96,225,972	27,392,922	2,591,251
Net assets	218,763,132	278,078,555	212,754,240	147,695,049
Share of net assets calculated based on the proportion of shareholding	109,381,567	136,258,491	106,377,120	72,370,574
Adjustments				
– Unrealised profits of downstream transactions	–	–	–	–
Carrying amount of investments	109,381,567	136,258,491	106,377,120	72,370,574
Operating income	39,497,680	195,123	38,102,570	–
Income tax expenses	–	-6,583,562	–	-703,416
Net profit	6,008,892	-19,616,494	12,775,258	-2,304,951
Other comprehensive income	–	–	–	–
Total comprehensive income	6,008,892	-19,616,494	12,775,258	-2,304,951
Dividends received from joint ventures	–	–	71,000,000	–

Other information

None

Notes to the Financial Statements

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VIII. INTERESTS IN OTHER ENTITIES (continued)

3. Equity in associates or joint ventures (continued)

(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	31,067,756	31,579,186
Aggregate amount calculated based on the shareholding proportion		
– Net profit/(loss)	-411,431	3,533,769
– Total comprehensive income	-411,431	3,533,769
Associates:		
Aggregate carrying amount of investments	256,703,390	253,224,002
Aggregate amount calculated based on the shareholding proportion		
– Net profit (loss)	3,479,389	-93,648,523
– Total comprehensive income	3,479,389	-89,175,934

Other information

Beginning balance/previous period's occurrence no longer includes Qinglan Semiconductor.

(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



Notes to the Financial Statements

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VIII. INTERESTS IN OTHER ENTITIES (continued)

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

IX. GOVERNMENT GRANTS

(1) Government grants recognised based on receivables at the end of the reporting period

Applicable Not applicable

The reasons for not receiving the grant amounts at the expected dates

Applicable Not applicable

(2) Liabilities relating to government grants

Applicable Not applicable

(3) Government grants recognised in profit or loss for the current period

Applicable Not applicable

Other information:

None

Notes to the Financial Statements

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X. RISK RELATED TO FINANCIAL INSTRUMENTS

1. Category of financial instruments

✓ Applicable Not applicable

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 31 December 2022, the Group's holdings of financial instruments are as follows, detailed in Note V. The risks associated with these financial instruments and the policies on how to mitigate these risks are set out below. Management manages and monitors these exposures to ensure the risks are monitored at a certain level.

Unit: Yuan Currency: RMB

Item	Closing balance	Opening balance
Financial assets		
<i>At FVTPL</i>		
Held-for-trading financial assets	4,776,392,878	6,700,827,160
<i>At FVTOCI</i>		
Receivables financing	4,511,551,119	2,918,688,837
Other equity instrument investments	233,249,992	152,673,525
<i>At amortised cost</i>		
Cash and bank balances	7,903,177,340	7,500,378,674
Bills receivable	2,376,882,219	3,404,536,888
Accounts receivable	9,635,843,983	8,100,217,003
Other receivables	216,097,593	159,577,799
Other current assets	50,143,500	50,157,194
Non-current assets due within one year	1,100,449,970	340,751,629
Long-term receivables	3,547,297	1,716,722
Other non-current assets	3,544,519,225	3,305,380,382
Financial liabilities		
<i>At amortised cost</i>		
Short-term borrowings	396,922,553	454,374,494
Bills payable	3,949,818,779	2,618,840,644
Accounts payable	6,188,520,178	6,086,488,039
Other payables	1,145,345,758	983,217,920
Long-term borrowings (including long-term borrowings due within one year)	720,635,829	77,713,637
Lease liabilities (including lease liabilities due within one year)	275,565,405	193,708,882
Long-term payables	5,096,031	–



Notes to the Financial Statements

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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 31 December 2023 and 31 December 2022, the Group had certain concentrations of credit risk as 0.66% and 1.42% of the Group's accounts receivable and contract assets were due from the Group's largest customer. As at 31 December 2023 and 31 December 2022, 10.70% and 17.80% of the Group's accounts receivable and contract assets 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. III. (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.

Notes to the Financial Statements

For the year ended 31 December 2023
Renminbi Yuan

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 31 December 2023

Unit: Yuan Currency: RMB

Item	Closing balance				Total	Carrying amount
	Within 1 year	1-2 years	2-5years	Over 5years		
Short-term borrowings	402,622,413	-	-	-	402,622,413	396,922,553
Bills payable	3,949,818,779	-	-	-	3,949,818,779	3,949,818,779
Accounts payable	6,188,520,178	-	-	-	6,188,520,178	6,188,520,178
Other payables (excluding dividends payable)	1,145,345,758	-	-	-	1,145,345,758	1,145,345,758
Long-term borrowings (including long-term borrowings due within one year)	105,565,090	284,633,725	341,780,961	25,469,307	757,449,083	720,635,829
Lease liabilities (including lease liabilities due within one year)	82,525,449	70,365,932	125,491,783	29,479,878	307,863,042	275,565,405
Long-term payables	-	5,096,031	-	-	5,096,031	5,096,031
Total	11,874,397,667	360,095,688	467,272,744	54,949,185	12,756,715,284	12,681,904,533



Notes to the Financial Statements

For the year ended 31 December 2023
Renminbi Yuan

X. RISK RELATED TO FINANCIAL INSTRUMENTS (continued)

2. Risks of financial instruments (continued)

(2) Liquidity risk (continued)

As at 31 December 2022

Unit: Yuan Currency: RMB

Item	Within 1 year	1-2 years	Closing balance		Total	Carrying amount
			2-5 years	Over 5 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	32,226,417	37,805,960	81,602,288	77,713,637
Lease liabilities (including lease liabilities due within one year)	66,040,208	50,150,527	69,457,864	35,854,373	221,502,972	193,708,882
Total	10,216,349,733	55,908,483	101,684,281	73,660,333	10,447,602,829	10,412,628,616

(3) Market risk

Interest rate risk

Interest rate risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market interest rates. The risk of fluctuation in the fair value of the Group's financial instruments due to changes in market interest rates is mainly related to the Group's borrowings with fixed interest rates, bonds payable, other current assets and long-term receivables. The risk of fluctuations in future cash flows of the Group's financial instruments due to changes in market interest rates relates mainly to the Group's liabilities with floating interest rates.

The following table presents the sensitivity analysis of Interest rate risk, reflecting the Impact on net profit (through the impact on borrowings with floating interest rates) that would arise from a reasonable and probable change in interest rates under the assumption that all other variables remain unchanged (after taking into account the impact of capitalization of borrowing costs).

Unit: Yuan Currency: RMB

Item	Current period		Prior period	
	Increase of 100 basis points	Decrease of 100 basis points	Increase of 100 basis points	Decrease of 100 basis points
Floating borrowing rate				
(Decrease)/increase in net profit	-7,304,935	7,304,935	-1,834,496	1,834,496

Notes to the Financial Statements

For the year ended 31 December 2023
Renminbi Yuan

X. RISK RELATED TO FINANCIAL INSTRUMENTS (continued)

2. Risks of financial instruments (continued)

(3) Market risk (continued)

Foreign currency risk

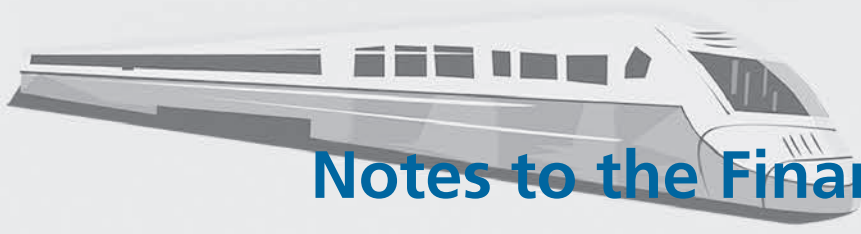
Currency risk is the risk that the fair value or future cash flows of financial instruments will fluctuate because of changes in foreign exchange rates. The Group's exposure to the currency risk is primarily associated with its operating activities (settled in foreign currency other than the functional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

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
GBP	399,277,922	35,989,220	148,979,197	18,967,049
HKD	384,882,652	–	–	–
EUR	156,862,146	98,305,734	147,769,940	164,048,140
USD	135,192,056	80,600,233	149,141,591	61,108,690
AUD	32,909,435	–	155,305,098	–
CHF	4,460,118	10,784,324	–	36,206,414
Total	<u>1,113,584,329</u>	<u>225,679,511</u>	<u>601,195,826</u>	<u>280,330,293</u>



Notes to the Financial Statements

For the year ended 31 December 2023
Renminbi Yuan

X. RISK RELATED TO FINANCIAL INSTRUMENTS (continued)

2. Risks of financial instruments (continued)

(3) Market risk (continued)

Foreign currency risk (continued)

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

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)
GBP				
If RMB strengthens against GBP	10%	-30,879,540	10%	-11,051,033
If RMB weakens against GBP	-10%	30,879,540	-10%	11,051,033
HKD				
If RMB strengthens against HKD	10%	-32,715,025	10%	–
If RMB weakens against HKD	-10%	32,715,025	10%	–
EUR				
If RMB strengthens against EUR	10%	-4,977,295	10%	1,383,647
If RMB weakens against EUR	-10%	4,977,295	-10%	-1,383,647
USD				
If RMB strengthens against USD	10%	-4,640,305	10%	-7,482,797
If RMB weakens against USD	-10%	4,640,305	-10%	7,482,797
AUD				
If RMB strengthens against AUD	10%	-2,797,302	10%	-13,200,932
If RMB weakens against AUD	-10%	2,797,302	-10%	13,200,932
CHF				
If RMB strengthens against CHF	10%	537,558	10%	3,077,545
If RMB weakens against CHF	-10%	-537,558	-10%	-3,077,545

Notes to the Financial Statements

For the year ended 31 December 2023
Renminbi Yuan

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 years 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, long-term loans, 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	396,922,553
Held-for-trading financial liabilities	–
Bills payable	3,949,818,779
Accounts payable	6,188,520,178
Employee benefits payable	204,231,552
Taxes payable (excluding enterprise income tax payable)	137,855,774
Other payables	1,145,345,758
Long-term borrowings (including long-term borrowings due within 1 year)	720,635,829
Lease liabilities (including lease liabilities due within 1 year)	275,565,405
Long-term payables	5,096,031
Less: Cash and cash equivalents	7,009,438,954
Net liabilities	6,014,552,905
Equity attributable to shareholders of the Parent Company	36,865,956,579
Capital and net liabilities	42,880,509,484
Gearing ratio	14.03%



Notes to the Financial Statements

For the year ended 31 December 2023
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X. RISK RELATED TO FINANCIAL INSTRUMENTS (continued)

3. Hedging

(1) The Company conducts hedging business for risk management.

Applicable Not applicable

Other explanations

Applicable Not applicable

(2) The Company conducts eligible hedging operations and applies hedge accounting.

Applicable Not applicable

Other explanations

Applicable Not applicable

(3) The company conducts hedging business for risk management and expects to achieve the risk management objectives, but does not apply hedge accounting.

Applicable Not applicable

Other explanations

Applicable Not applicable

Notes to the Financial Statements

For the year ended 31 December 2023
Renminbi Yuan

X. RISK RELATED TO FINANCIAL INSTRUMENTS (continued)

4. Transfer of financial assets

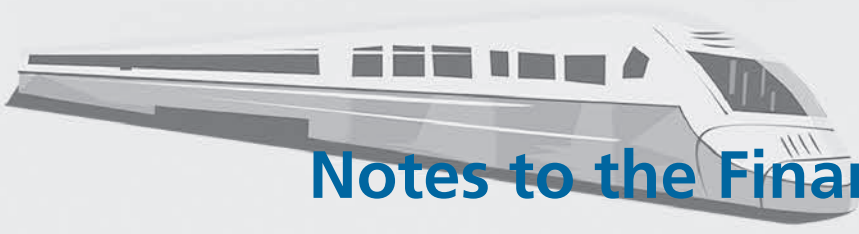
(1) Classification of transfer methods

✓ Applicable Not applicable

Details of financial assets transferred by the Group at the end of the period and not yet matured at the balance sheet date are as follows:

Unit: Yuan Currency: RMB

Mode of transfer	Nature of transferred financial assets	Amount of transferred financial assets	Status of derecognition	Basis for judging the status of derecognition
Endorsements	Bankers' acceptances accepted by general commercial banks	47,841,836	Not derecognized	Retains substantially all of the risks and rewards associated with ownership of such endorsed notes receivable, including the associated risk of default.
Endorsements	Commercial acceptances	18,400,000	Not derecognized	Retains substantially all of the risks and rewards associated with ownership of such endorsed notes receivable, including the associated risk of default.
Endorsements	Banker's acceptances accepted by commercial banks with high creditworthiness	233,984,762	Fully derecognized	Fully derecognized The financial assets have been transferred and almost all the risks and rewards of ownership of the financial assets have been transferred to the transferring party.
Discounting	Banker's acceptances accepted by commercial banks with high creditworthiness	1,670,798,698	Fully derecognized	Fully derecognized The financial assets have been transferred and almost all the risks and rewards of ownership of the financial assets have been transferred to the transferring party.
Factoring	Yunxin	1,144,625,722	Fully derecognized	Fully derecognized The financial assets have been transferred and almost all the risks and rewards of ownership of the financial assets have been transferred to the transferring party.
Total	/	<u>3,115,651,018</u>	/	/



Notes to the Financial Statements

For the year ended 31 December 2023
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X. RISK RELATED TO FINANCIAL INSTRUMENTS (continued)

4. Transfer of financial assets (continued)

(2) Financial assets derecognized due to transfer

Applicable Not applicable

Financial assets derecognized due to transfer at the end of the period:

Unit: Yuan Currency: RMB

Item	Mode of transfer of financial assets	Amount of financial assets derecognized	Gains or losses related to derecognition
Endorsement of bankers	Endorsements	233,984,762	–
Endorsement of bankers	Discounting	1,670,798,698	8,026,446
Yunxin	Factoring	<u>1,144,625,722</u>	<u>17,646,089</u>
Total	/	<u><u>3,049,409,182</u></u>	<u><u>25,672,535</u></u>

(3) Financial assets not derecognized due to transfer

Applicable Not applicable

Other information:

Applicable Not applicable

Notes to the Financial Statements

For the year ended 31 December 2023
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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	-	4,776,392,878	-	4,776,392,878
(II) Receivables financing	-	4,511,551,119	-	4,511,551,119
(III) Other equity instrument investment	-	-	233,249,992	233,249,992
Total assets measured at fair value on a recurring basis	-	9,287,943,997	233,249,992	9,521,193,989

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

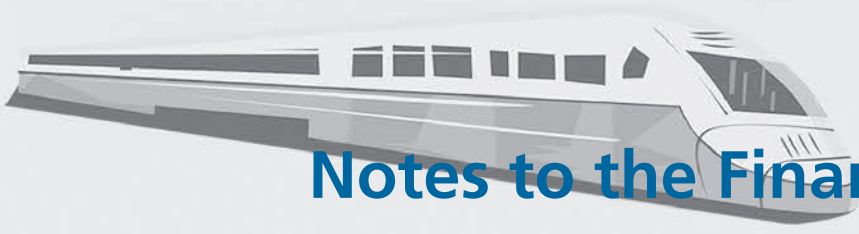
Applicable Not applicable

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. Fair value measurement of held-for-trading financial liabilities is determined based on the method of discounted cash flow analysis.

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.



Notes to the Financial Statements

For the year ended 31 December 2023
Renminbi Yuan

XI. DISCLOSURE OF FAIR VALUE (continued)

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	80,576,467
31 December 2023	233,249,992

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

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 V. 32 Long-term borrowings and 34 Long-term payables. As at 31 December 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

Notes to the Financial Statements

For the year ended 31 December 2023
Renminbi Yuan

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	844,684	41.73	41.73

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".

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 VIII. 1.



Notes to the Financial Statements

For the year ended 31 December 2023
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XII. RELATED PARTIES AND RELATED PARTY TRANSACTIONS (continued)

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 VIII. 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

Other descriptions:

Applicable Not applicable

Notes to the Financial Statements

For the year ended 31 December 2023
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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 CRRC ZELRI
Tianjin CSR Wind Energy Equipment Technology Co.	Company controlled by CRRC ZELRI
Guangxi CSR New Energy Equipment Co.	Company controlled by CRRC ZELRI
Hunan CSR Commercial Vehicle Power Technology Co.	Company controlled by CRRC ZELRI
Jixi CNR New Energy Equipment Co.	Company controlled by CRRC ZELRI
Hunan Lixing Power Technology Co., Ltd.	Company controlled by CRRC ZELRI
Qingdao CRRC Huaxuan Water Co., Ltd.	Company controlled by CRRC ZELRI
CRRC Zhuzhou Traction Electrical Equipment Test & Certification Co., Ltd.	Company controlled by CRRC ZELRI
CRRC Beijing Heavy Industry and Mechanics Co., Ltd.	Company controlled by CRRC ZELRI
Boge Rubber & Plastics (Zhuzhou) Co., Ltd.	Company controlled by CRRC ZELRI
Hunan CRRC Zhixing Technology Co., Ltd.	Company controlled by CRRC ZELRI
Shanghai CRRC Hange Marine & Offshore Engineering Co., Ltd.	Company controlled by CRRC ZELRI
Xiangyang CRRC Electric Machinery Co., Ltd.	Company controlled by CRRC ZELRI
Zhuzhou Times Ruiwei Vibration Reduction Equipment Co., Ltd.	Company controlled by CRRC ZELRI
Zhuzhou Times Rubber & Plastic Component Development Co., Ltd.	Company controlled by CRRC ZELRI
Zhuzhou Times New Material Technology Co., Ltd.	Company controlled by CRRC ZELRI
CRRC Zhuzhou Mechanical and Electrical Technology Co., Ltd.	Company controlled by CRRC ZELRI
CRRC-AVC Thermal Technologies (Zhuzhou) Co., Ltd.	Company controlled by CRRC ZELRI
Xiangyang China Railway Hongji Engineering Technology Co., Ltd.	Company controlled by CRRC ZELRI
Wuxi CRRC Times Intelligent Equipment Research Institute Co., Ltd.	Company controlled by CRRC ZELRI
Qingdao Sifang Faiveley Railway Brake Co., Ltd.	Company controlled by the ultimate holding party other than CRRC ZELRI Group
Shanghai CRRC Shentong rail transit vehicle Co., Ltd.	Company controlled by the ultimate holding party other than CRRC ZELRI Group
Shenzhen CRRC Railway Vehicles Co., Ltd.	Company controlled by the ultimate holding party other than CRRC ZELRI Group
Shenyang CRRC Rail Transit Equipment Co., Ltd.	Company controlled by the ultimate holding party other than CRRC ZELRI Group
Changzhou Langrui Dongyang Drive Technology Co., Ltd.	Company controlled by the ultimate holding party other than CRRC ZELRI Group
Shenyang Westinghouse Brake Technology Co., Ltd.	Company controlled by the ultimate holding party other than CRRC ZELRI Group
Dalian Toshiba Locomotive Electric Equipment Co., Ltd.	Company controlled by the ultimate holding party other than CRRC ZELRI Group



Notes to the Financial Statements

For the year ended 31 December 2023
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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
Changchun Changke Alstom Railway Vehicle Company Ltd.	Company controlled by the ultimate holding party other than CRRC ZELRI Group
Taizhou Changhang Railway Transportation Operation Management Co.	Company controlled by the ultimate holding party other than CRRC ZELRI Group
Datong Smecken Railway Transportation Equipment Co.	Company controlled by the ultimate holding party other than CRRC ZELRI Group
Guangzhou Junfa Electric Equipment Co.	Company controlled by the ultimate holding party other than CRRC ZELRI Group
Chengdu Changke Xinzhu Railway Transportation Equipment Co.	Company controlled by the ultimate holding party other than CRRC ZELRI Group
Zhuzhou Tianqiao Crane Co.	Company controlled by the ultimate holding party other than CRRC ZELRI Group
Jinan Sirui Railway Transportation Equipment Technology Co.	Company controlled by the ultimate holding party other than CRRC ZELRI Group
Qingdao Metro Railway Transportation Intelligent Maintenance Co.	Company controlled by the ultimate holding party other than CRRC ZELRI Group
Zhejiang Times Lanpu New Energy Co., Ltd.	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
Shanghai Alstom Transport Electrical Equipment Co., Ltd.	Associate of the ultimate holding group other than CRRC ZELRI Group
Shanghai Nanji Railway Equipment Technology Development Co., Ltd.	Associate of the ultimate holding group other than CRRC ZELRI Group
Tianjin Electric Locomotive Co., Ltd.	Associate of the ultimate holding group other than CRRC ZELRI Group
Beijing Nankou SKF Railway Bearing Co., Ltd.	Associate of the ultimate holding group other than CRRC ZELRI Group
ABB Datong Traction Transformers 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.	Associate of the ultimate holding group other than CRRC ZELRI Group
Taiyuan Locomotive Lukai Logistics Co., Ltd.	Associate of the ultimate holding group other than CRRC ZELRI Group
Taiyuan Tieliang Trading Co., Ltd.	Associate of the ultimate holding group other than CRRC ZELRI Group
Taiyuan Yingfeng Locomotive Casting Co., Ltd.	Associate of the ultimate holding group other than CRRC ZELRI Group
Zhuzhou Gofront Foundry Co., Ltd.	Associate of the ultimate holding group other than CRRC ZELRI Group

Notes to the Financial Statements

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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
Hunan Motor Vehicle Testing 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
CRRC Ziyang Transmission Co., Ltd.	Associate of the ultimate holding group other than CRRC ZELRI Group
Beijing Er'qi Changtie Transportation Co., Ltd.	Associate of the ultimate holding group other than CRRC ZELRI Group
Taiyuan Shenghao Construction & Installation Project Co., Ltd.	Associate of the ultimate holding group other than CRRC ZELRI Group
Xinyang Amsted Tonghe Wheels Co., Ltd.	Associate of the ultimate holding group other than CRRC ZELRI Group
CRRC ZELC Verkehrstechnik GmbH	the ultimate holding group other than CRRC ZELRI Group
CRRC ZELC Verkehrstechnik GmbH	the ultimate holding group other than CRRC ZELRI Group
CRRC Beijing Erqi Vehicle Co.	the ultimate holding group other than CRRC ZELRI Group
CRRC Urban Transportation Planning and Design Institute Co.	the ultimate holding group other than CRRC ZELRI Group
CRRC Shandong Wind Power Co.	the ultimate holding group other than CRRC ZELRI Group
CSR Qishuyan Rolling Stock Technology Research Institute Co.	the ultimate holding group other than CRRC ZELRI Group
Sinotruk Puzhen Alstom Transportation Systems Co.	the ultimate holding group other than CRRC ZELRI Group
China Railway Inspection and Certification (Qingdao) Vehicle Inspection Station Co.	the ultimate holding group other than CRRC ZELRI Group
Changzhou Sinotruk Tiema Technology Industry Co.	the ultimate holding group other than CRRC ZELRI Group
Chengdu CSR Railway Equipment Co.	the ultimate holding group other than CRRC ZELRI Group
Wuhan CSR Intelligent Transportation Systems Co.	the ultimate holding group other than CRRC ZELRI Group
Walton Technology Co.	the ultimate holding group other than CRRC ZELRI Group
Hunan CSR Environmental Engineering Co.	the ultimate holding group other than CRRC ZELRI Group
Xi'an CSR Yongdian Intelligent Drive Co.	the ultimate holding group other than CRRC ZELRI Group
Xi'an CSR Changke Railway Vehicle Co.	the ultimate holding group other than CRRC ZELRI Group
Qingdao CSR Sifang Vehicle Logistics Co.	the ultimate holding group other than CRRC ZELRI Group
Shanghai CSR Shentong Railway Vehicle Co.	the ultimate holding group other than CRRC ZELRI Group
Australia CRRC Changchun Railway Equipment Co., Ltd.	Company controlled by the ultimate holding party other than CRRC ZELRI Group
Beijing CRRC Erqi Railway Equipment Co., Ltd.	Company controlled by the ultimate holding party other than CRRC ZELRI Group
Cangzhou CRRC ZELC Railway Equipment Services Co., Ltd.	Company controlled by the ultimate holding party other than CRRC ZELRI Group
Dalian Locomotive and Rolling Stock Distribution Co., Ltd.	Company controlled by the ultimate holding party other than CRRC ZELRI Group
Guangzhou CRRC Rail Transit Equipment Co., Ltd.	Company controlled by the ultimate holding party other than CRRC ZELRI Group



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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
CRTC Hangzhou Co., Ltd.	Company controlled by the ultimate holding party other than CRTC ZELRI Group
Hunan Zhirong Technology Co., Ltd.	Company controlled by the ultimate holding party other than CRTC ZELRI Group
Jiangsu CRTC Urban Development Co., Ltd.	Company controlled by the ultimate holding party other than CRTC ZELRI Group
Kunming CRTC Urban Rail Transit Equipment Co., Ltd.	Company controlled by the ultimate holding party other than CRTC ZELRI Group
CRTC MA Corporation	Company controlled by the ultimate holding party other than CRTC ZELRI Group
Nanjing CRTC Puzhen Urban Railway Vehicle Co., Ltd.	Company controlled by the ultimate holding party other than CRTC ZELRI Group
CRTC Nanjing Puzhen Haitai Brake Equipment Co., Ltd.	Company controlled by the ultimate holding party other than CRTC ZELRI Group
Nanning CRTC Rail Transit Equipment Co., Ltd.	Company controlled by the ultimate holding party other than CRTC ZELRI Group
Bombardier Sifang (Qingdao) Transportation Ltd.	Company controlled by the ultimate holding party other than CRTC ZELRI Group
Qingdao CRTC Sifang Rolling Stock Co., Ltd.	Company controlled by the ultimate holding party other than CRTC ZELRI Group
Shanghai Alstom Traffic Equipment Co., Ltd.	Company controlled by the ultimate holding party other than CRTC ZELRI Group
Shenyang CRTC Yongdian Rail Transit Equipment Co., Ltd.	Company controlled by the ultimate holding party other than CRTC ZELRI Group
Tianjin CRTC Railway Vehicle Co., Ltd.	Company controlled by the ultimate holding party other than CRTC ZELRI Group
Tianjin CRTC Sifang Railway Vehicle Co., Ltd.	Company controlled by the ultimate holding party other than CRTC ZELRI Group
Wenzhou CRTC Sifang Railway Vehicle Co., Ltd.	Company controlled by the ultimate holding party other than CRTC ZELRI Group
Urumqi CRTC Rail Transit Equipment Co., Ltd.	Company controlled by the ultimate holding party other than CRTC ZELRI Group
Wuhan CRTC Sifang Wuhan Rail Transit Technology Co., Ltd.	Company controlled by the ultimate holding party other than CRTC ZELRI Group
CRTC Wuhan Railway Vehicles Co., Ltd.	Company controlled by the ultimate holding party other than CRTC ZELRI Group
CRTC Xi'an Yongdian Electric Co., Ltd.	Company controlled by the ultimate holding party other than CRTC ZELRI Group
Changchun CRTC Railway Vehicles Co., Ltd.	Company controlled by the ultimate holding party other than CRTC ZELRI Group
Zhejiang CRTC Electric Vehicle Co., Ltd.	Company controlled by the ultimate holding party other than CRTC ZELRI Group

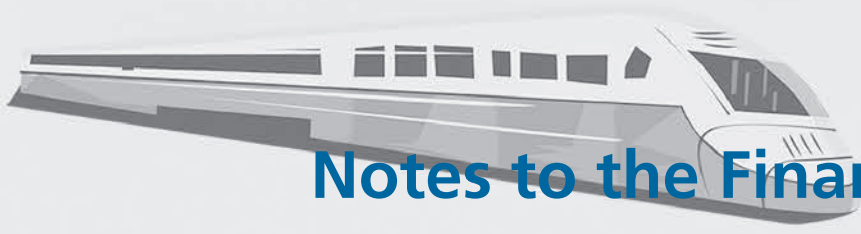
Notes to the Financial Statements

For the year ended 31 December 2023
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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
Zhengzhou CRRC Sifang Railway Vehicle 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 Academy 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 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 Nanjing Puzhen 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 Xi'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
CRRC Changchun Railway Vehicles Co., Ltd.	Company controlled by the ultimate holding party other than CRRC ZELRI Group
CRRC Yangtze Group Co., Ltd.	Company controlled by the ultimate holding party other than CRRC ZELRI Group
CRRC Ziyang 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
CRRC Chongqing Railway Vehicles Co., Ltd.	Company controlled by the ultimate holding party other than CRRC ZELRI Group
Beijing CRRC CED Railway Electric Tech. Co., Ltd.	Company controlled by the ultimate holding party other than CRRC ZELRI Group
CRRC Changzhou Ruitai Equipment Technology Co., Ltd.	Company controlled by the ultimate holding party other than CRRC ZELRI Group
Changzhou CRRC Wabtec Diesel Engine Co., Ltd.	Company controlled by the ultimate holding party other than CRRC ZELRI Group
Chengdu CRRC Electric Co., Ltd.	Company controlled by the ultimate holding party other than CRRC ZELRI Group
Dalian Zelong Machinery Co., Ltd.	Company controlled by the ultimate holding party other than CRRC ZELRI Group
Foshan CRRC Sifang Co., Ltd.	Company controlled by the ultimate holding party other than CRRC ZELRI Group



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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
Hunan CRRC Shangqu Electric Co., Ltd.	Company controlled by the ultimate holding party other than CRRC ZELRI Group
CRRC Jiangsu Mechanical and Electrical Technology Co., Ltd.	Company controlled by the ultimate holding party other than CRRC ZELRI Group
Meishan CRRC Fastening System Co., Ltd.	Company controlled by the ultimate holding party other than CRRC ZELRI Group
Meishan CRRC Brake Science & Technology Co., Ltd.	Company controlled by the ultimate holding party other than CRRC ZELRI Group
Nanjing CRRC Logistics Service Co., Ltd.	Company controlled by the ultimate holding party other than CRRC ZELRI Group
Ningbo Jiangbei Gofront Herong Electric Co., Ltd.	Company controlled by the ultimate holding party other than CRRC ZELRI Group
Ningbo CRRC Rail Transit Equipment Co., Ltd.	Company controlled by the ultimate holding party other than CRRC ZELRI Group
Ningbo CRRC New Energy Technology 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
Shijiazhuang King Transportation Equipment Co., Ltd.	Company controlled by the ultimate holding party other than CRRC ZELRI Group
Tianjin CRRC Equipment 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
CRRC Erqi 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
CRRC Datong Co., Ltd.	Company controlled by the ultimate holding party other than CRRC ZELRI Group
CRRC Luoyang Co., Ltd.	Company controlled by the ultimate holding party other than CRRC ZELRI Group
CRRC Qishuyan 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

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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 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 Electric Vehicle 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 Logistics Co., Ltd.	Company controlled by the ultimate holding party other than CRRC ZELRI Group
CRRC Yongji Electric Co., Ltd.	Company controlled by the ultimate holding party other than CRRC ZELRI Group
CRRC Yangtze Tongling Co., Ltd.	Company controlled by the ultimate holding party other than CRRC ZELRI Group
Qingdao SRI Technology Co., Ltd.	Company controlled by the ultimate holding party other than CRRC ZELRI Group
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
Zhuzhou CRRC Logistics Co., Ltd.	Company controlled by the ultimate holding party other than CRRC ZELRI Group
Ziyang CRRC Electric Locomotive Co., Ltd.	Company controlled by the ultimate holding party other than CRRC ZELRI Group
Ziyang CRRC Electrical Technology Co., Ltd.	Company controlled by the ultimate holding party other than CRRC ZELRI Group
Hunan CRRC Environmental Engineering Co., Ltd.	Company controlled by the ultimate holding party other than CRRC ZELRI Group
CRRC Information Technology 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
China Nanche Group Investment Management Company	Company controlled by the ultimate holding party other than CRRC ZELRI Group
CRRC Hong Kong Capital Management Co., Ltd.	Company controlled by the ultimate holding party other than CRRC ZELRI Group



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For the year ended 31 December 2023
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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 CRRC Diesel Engine Components and Parts 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
Zhuzhou CRRC Special Equipment Technology Co., Ltd.	Company controlled by the ultimate holding party other than CRRC ZELRI Group
CRRC Shenyang Co., Ltd.	Company controlled by the ultimate holding party other than CRRC ZELRI Group
Taiyuan CRRC Rail Transit 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
Qingdao CRRC Light Materials 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
Wuhan CRRC ZELC Rail Transit 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
Chengdu CRRC Sifang Rail Vehicle Co., Ltd.	Company controlled by the ultimate holding party other than CRRC ZELRI Group
CRRC Yangtze Co., Ltd.	Company controlled by the ultimate holding party other than CRRC ZELRI Group
CRRC Jiangxi Railway Vehicles Co., Ltd.	Company controlled by the ultimate holding party other than CRRC ZELRI Group
Shanghai CRRC Ro-Intelligent System. Co., Ltd.	Company controlled by the ultimate holding party other than CRRC ZELRI Group
Tianjin CRRC Tangshan 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
CRRC Changzhou 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 (Hong Kong) Co. Ltd.	Company controlled by the ultimate holding party other than CRRC ZELRI Group
Australia CRRC Ziyang Co., Ltd.	Company controlled by the ultimate holding party other than CRRC ZELRI Group

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For the year ended 31 December 2023
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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
CRRZ ZELC Europe Co., Ltd.	Company controlled by the ultimate holding party other than CRRZ ZELRI Group
Suzhou CRRZ Rail Transport Co., Ltd.	Company controlled by the ultimate holding party other than CRRZ ZELRI Group
Qingdao CRRZ Times New Energy Materials Technology Co., Ltd.	Company controlled by the ultimate holding party other than CRRZ ZELRI Group
CRRZ Finance Co., Ltd.	Company controlled by the ultimate holding party other than CRRZ ZELRI Group
CRRZ Harbin Rolling Stock Co., Ltd.	Company controlled by the ultimate holding party other than CRRZ ZELRI Group
CRRZ Commercial Factoring Co., Ltd.	Company controlled by the ultimate holding party other than CRRZ ZELRI Group
Chongqing CRRZ Sifang Intelligent Equipment Technology Co., Ltd.	Company controlled by the ultimate holding party other than CRRZ ZELRI Group
Zhuzhou Tianli Forging Industry Co., Ltd.	Company controlled by the ultimate holding party other than CRRZ ZELRI Group
China CNR Corporation Limited	Company controlled by the shareholders of CRRZ ZELRI Group
Youxian Shangyou New Energy Co.	Company controlled by joint ventures of ZELRI
Guizhou Times Green Equipment Co.	Company controlled by joint ventures of ZELRI
Qijing Yihui New Energy Co.	Company controlled by joint ventures of ZELRI
Fuzhou Jintou Intelligent Rail Transit Equipment Co., Ltd.	Joint venture of CRRZ ZELRI
Zhuzhou CRRZ Times Investment Co., Ltd.	Joint venture of CRRZ ZELRI
Zhuzhou National Innovation Railway Technology Co., Ltd.	Associate of CRRZ ZELRI
Hunan Motor Vehicle Inspection Technology Co.	Affiliates of ZELRI
Zhuzhou Guochuang Railway Technology Co.	Associated companies of ZELRI
Qijing Tacteasy New Energy Zhuzhou Times Electric Insulation Co.	Associated companies controlled by joint ventures of ZELRI
Northern International Cooperation Co.	Directors and Supervisors
Zhuzhou Times Electric Insulation Co., Ltd.	Associate of CRRZ ZELRI
Other information:	
None	



Notes to the Financial Statements

For the year ended 31 December 2023
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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
Joint ventures controlled by the ultimate holding party other than CRRC ZELRI Group	Purchase of goods	5,616,648	2,062,146
Joint ventures controlled by the ultimate holding party other than CRRC ZELRI Group	Receipt of services	6,119,785	6,658,741
Associates controlled by the ultimate holding party other than CRRC ZELRI Group	Receipt of services	3,741,258	4,189,658
Companies controlled by the ultimate holding party other than CRRC ZELRI Group	Purchase of goods	691,603,701	979,955,627
Companies controlled by the ultimate holding party other than CRRC ZELRI Group	Receipt of services	71,604,775	50,318,593
Joint ventures of the Company	Purchase of goods	79,092,615	15,782,764
Joint ventures of the Company	Receipt of services	–	80,659
Associates of the Company	Purchase of goods	128,421,944	177,013,893
Associates of the Company	Receipt of services	232,318	390,660
Company controlled by CRRC ZELRI	Purchase of goods	545,400,567	595,165,696
Company controlled by CRRC ZELRI	Receipt of services	11,778,450	18,157,874
CRRC ZELRI	Purchase of goods	–	127,795
CRRC ZELRI	Receipt of services	129,530,789	125,275,190
Joint ventures of CRRC ZELRI	Purchase of goods	2,012,100	87,891,600
Joint ventures of CRRC ZELRI	Receipt of services	326,887	768,189
Investors which have significant influence over Baoji CRRC Times	Receipt of services	–	3,671,151
Company controlled by joint ventures of CRRC ZELRI	Receipt of services	634,451	–
Total		<u>1,676,116,288</u>	<u>2,067,510,236</u>

Notes to the Financial Statements

For the year ended 31 December 2023
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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 controlled by the ultimate holding party other than CRRC ZELRI Group	Sales of goods	208,081,788	50,072,578
Joint ventures controlled by the ultimate holding party other than CRRC ZELRI Group	Rendering of services	720,409	4,229,035
Associates controlled by the ultimate holding party other than CRRC ZELRI Group	Sales of goods	126,434,107	5,387,334
Associates controlled by the ultimate holding party other than CRRC ZELRI Group	Rendering of services	5,038,673	13,402,485
Companies controlled by the ultimate holding party other than CRRC ZELRI Group	Sales of goods	5,325,284,636	5,564,357,497
Companies controlled by the ultimate holding party other than CRRC ZELRI Group	Rendering of services	1,502,145,497	835,779,805
Joint ventures of the Company	Sales of goods	9,725,751	64,053,155
Joint ventures of the Company	Rendering of services	2,250,000	900,000
Associates of the Company	Sales of goods	367,399,315	231,065,186
Associates of the Company	Rendering of services	1,200,000	751,350
Controlling shareholders of CRRC ZELRI	Sales of goods	-	943,396
Controlling shareholders of CRRC ZELRI	Rendering of services	-	943,396
Company controlled by CRRC ZELRI	Sales of goods	151,867,669	90,192,486
Company controlled by CRRC ZELRI	Rendering of services	4,838,002	1,779,567
CRRC ZELRI	Sales of goods	133,773,449	118,295,534
CRRC ZELRI	Rendering of services	10,860,233	1,155,524
Joint ventures of CRRC ZELRI	Sales of goods	-	64,860,000
Joint ventures of CRRC ZELRI	Rendering of services	-	7,079,646
Associates of CRRC ZELRI	Sales of goods	25,711,937	20,797,260
Investors which have significant influence over Baoji CRRC Times	Sales of goods	-	920,355
Total		7,875,331,466	7,076,965,589

Descriptions on purchases and sales of goods, rendering and receipt of services

Applicable Not applicable



Notes to the Financial Statements

For the year ended 31 December 2023
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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 CRRC ZELRI Group	34,593	72,930
Joint ventures of the Company	6,367	6,169
Associates of the Company	589,647	313,409
Companies controlled by CRRC ZELRI	5,772,176	5,480,851
CRRC ZELRI	3,473,582	3,226,545
Company controlled by joint ventures of CRRC ZELRI	-	901,194
Total	9,876,365	10,001,098

Notes to the Financial Statements

For the year ended 31 December 2023
Renminbi Yuan

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	5,118,109	3,065,439	-	1,670,664	10,594,157	11,698,497	699,470	1,462,883	3,151,499
CRRC ZELRI	551,070	-	-	-	2,233,077	2,535,341	121,797	171,236	2,038,200	2,399,420
Companies controlled by CRRC ZELRI	-	11,191,570	-	11,191,570	11,564,029	-	126,862	38,397	-	808,363
Investors which have significant influence over Baoji CRRC Times	-	-	-	-	-	1,544,621	-	-	-	-
Joint ventures of the company	-	-	-	-	-	546,936	2,944	6,309	-	540,627
Associates of the companies controlled by the ultimate holding party other than CRRC ZELRI Group	-	-	-	-	-	-	-	-	298,265	-
Total	5,669,179	14,257,009	-	12,862,234	24,391,263	16,325,395	951,073	1,678,825	5,487,964	17,593,299

Information on related party lease

Applicable Not applicable

(4) Guarantee

The Company as the guarantor

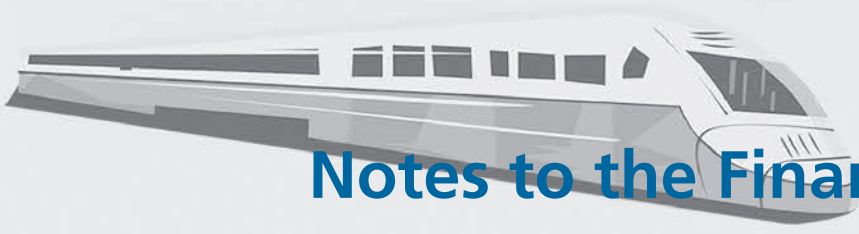
Applicable Not applicable

The Company as the guarantee holder

Applicable Not applicable

Description of related party guarantee

Applicable Not applicable



Notes to the Financial Statements

For the year ended 31 December 2023
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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				
Controlling shareholders of CRRC ZELRI	72,711,987	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>18,474,058</u>	<u>16,150,210</u>

Notes to the Financial Statements

For the year ended 31 December 2023
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XII. RELATED PARTIES AND RELATED PARTY TRANSACTIONS (continued)

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

(7) Remuneration of key management personnel (continued)

1) Remuneration of directors, supervisors and chief executive

Unit: Yuan Currency: RMB

Name of the entity	2023	2022
Fees	1,001,986	1,070,233
Other emoluments:	–	–
Salaries, allowances and benefits in kind	3,583,894	2,742,748
Performance related bonuses	899,395	1,424,965
Social insurance charges and housing provident fund	363,822	209,764
Pension scheme contributions	417,996	300,801
Sub-total	5,265,107	4,678,278
Total	6,267,093	5,748,511

Details of remuneration of directors, supervisors and chief executives in 2023 are listed as below:

Unit: Yuan Currency: RMB

	Fees	Basic salaries	Performance-related bonuses	Total remuneration before tax	Social security contributions and housing fund	Pension scheme contributions	Total remuneration
Executive Directors							
Li Donglin	–	–	–	–	–	–	–
Liu Kean	–	–	–	–	–	–	–
Shang Jing	–	680,000	604,060	1,284,060	61,189	86,196	1,431,445
Yan Wu	–	689,111	117,873	806,984	61,189	81,373	949,546
Sub-total	–	1,369,111	721,933	2,091,044	122,378	167,569	2,380,991



Notes to the Financial Statements

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XII. RELATED PARTIES AND RELATED PARTY TRANSACTIONS (continued)

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

(7) Remuneration of key management personnel (continued)

1) Remuneration of directors, supervisors and chief executive (continued)

	Fees	Basic salaries	Performance-related bonuses	Total remuneration before tax	Social security contributions and housing fund	Pension scheme contributions	Total remuneration
Non-Executive Directors							
Zhang Xinning	-	-	-	-	-	-	-
Independent Non-Executive Directors							
Gao Feng	119,048	-	-	119,048	-	-	119,048
Li Kaiguo	119,048	-	-	119,048	-	-	119,048
Lin Zhaofeng	115,321	-	-	115,321	-	-	115,321
Zhong Ninghua	52,561	-	-	52,561	-	-	52,561
Chen Jinrong	153,317	-	-	153,317	-	-	153,317
Pu Bingrong	153,317	-	-	153,317	-	-	153,317
Liu Chunru	67,650	-	-	67,650	-	-	67,650
Chen Xiaoming	67,650	-	-	67,650	-	-	67,650
Sub-total	847,912	-	-	847,912	-	-	847,912
Supervisors							
Shen Zhulin	-	431,788	-	431,788	61,189	59,089	552,066
Liu Shaojie	13,321	308,881	111,218	433,420	57,877	51,658	542,955
Pang Yiming	-	482,065	-	482,065	61,189	55,839	599,093
Zhou Guifa	21,705	992,049	66,244	1,079,998	61,189	83,841	1,225,028
Li Lue	-	-	-	-	-	-	-
Geng Jianxin	119,048	-	-	119,048	-	-	119,048
Sub-total	154,074	2,214,783	177,462	2,546,319	241,444	250,427	3,038,190
Total	1,001,986	3,583,894	899,395	5,485,275	363,822	417,996	6,267,093

Notes to the Financial Statements

For the year ended 31 December 2023
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XII. RELATED PARTIES AND RELATED PARTY TRANSACTIONS (continued)

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

(7) Remuneration of key management personnel (continued)

1) Remuneration of directors, supervisors and chief executive (continued)

Details of remuneration of directors, supervisors and chief executives in 2022 are listed as below:

Unit: Yuan Currency: RMB

	Fees	Basic salaries	Performance-related bonuses	Total remuneration before tax	Social security contributions and housing fund	Pension scheme contributions	Total remuneration
Executive Directors							
Li Donglin	-	-	-	-	-	-	-
Liu Kean	-	-	-	-	-	-	-
Shang Jing	-	680,000	924,925	1,604,925	52,441	84,427	1,741,793
Yan Wu	-	701,000	230,419	931,419	52,441	75,390	1,059,250
Sub-total	-	1,381,000	1,155,344	2,536,344	104,882	159,817	2,801,043
Non-Executive Directors							
Zhang Xinning	-	-	-	-	-	-	-
Independent Non-Executive Directors							
Chen Jinrong	270,329	-	-	270,329	-	-	270,329
Pu Bingrong	270,329	-	-	270,329	-	-	270,329
Liu Chunru	119,043	-	-	119,043	-	-	119,043
Chen Xiaoming	119,043	-	-	119,043	-	-	119,043
Gao Feng	119,043	-	-	119,043	-	-	119,043
Li Kaiguo	13,416	-	-	13,416	-	-	13,416
Sub-total	911,203	-	-	911,203	-	-	911,203
Supervisors							
Li Lue	-	-	-	-	-	-	-
Pang Yiming	-	416,557	-	416,557	52,441	59,368	528,366
Zhou Guifa	39,987	945,191	269,621	1,254,799	52,441	81,616	1,388,856
Geng Jianxin	119,043	-	-	119,043	-	-	119,043
Sub-total	159,030	1,361,748	269,621	1,790,399	104,882	140,984	2,036,265
Total	1,070,233	2,742,748	1,424,965	5,237,946	209,764	300,801	5,748,511



Notes to the Financial Statements

For the year ended 31 December 2023
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XII. RELATED PARTIES AND RELATED PARTY TRANSACTIONS (continued)

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

(7) Remuneration of key management personnel (continued)

2) Five highest paid employees of the Group

Unit: Yuan Currency: RMB

Name of the entity	2023	2022
Directors, supervisors and chief executives	1	2
Non-directors and non-supervisors	4	3
Total	5	5

The remuneration paid to the above non-directors, non-supervisors and non-chief executives with the highest remuneration is as follows:

Unit: Yuan Currency: RMB

Name of the entity	2023	2022
Salaries, allowances and benefits in kind	3,228,280	2,335,415
Performance related bonuses	608,811	777,302
Social insurance charges and housing provident fund	248,516	157,323
Pension scheme contributions	328,150	226,864
Total	4,413,757	3,496,904

The number of the employees (who are neither directors, supervisors nor the chief executive officer) whose remuneration fell within the following band is as follows:

Name of the entity	2023	2022
HKD1,000,001 to HKD1,500,000	4	2
HKD1,500,001 to HKD2,000,000	–	1

In 2023, Li Donglin, Liu Kean, Shang Jing, Yan Wu, Zhang Xinning, Li Lue and Pang Yiming waived after-tax allowance amounting to RMB104,000, RMB78,000, RMB65,000, RMB65,000, RMB78,000, RMB52,000 and RMB26,000. Other than that, none of the directors, supervisors, chief executives or any non-directors, non-supervisors, non-chief executives with the highest remuneration have waived or agreed to waive any emoluments. In 2023 and 2022, no emoluments were paid by the Group to any director, supervisor, chief executive and any non-director and non-supervisor with the highest remuneration as an inducement to join or upon joining the Group, or as compensation for loss of office.

Notes to the Financial Statements

For the year ended 31 December 2023
Renminbi Yuan

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

Cash and bank balances

Unit: Yuan Currency: RMB

Related parties	1 January 2023 to 31 December 2023	1 January 2022 to 31 December 2022
Companies controlled by the ultimate holding party other than CRRC ZELRI Group	<u>294,302,867</u>	<u>291,611,416</u>

Loan interest income

Unit: Yuan Currency: RMB

Related parties	Current period	Prior period
Companies controlled by the ultimate holding party other than CRRC ZELRI Group	<u>3,044,886</u>	<u>1,259,576</u>

Loan interest expense

Unit: Yuan Currency: RMB

Related parties	Current period	Prior period
Companies controlled by the ultimate holding party other than CRRC ZELRI Group	<u>4,310,782</u>	1,501,649
Controlling shareholders of CRRC ZELRI	<u>821,509</u>	<u>877,159</u>
Total	<u>5,132,291</u>	<u>2,378,808</u>



Notes to the Financial Statements

For the year ended 31 December 2023
Renminbi Yuan

XII. RELATED PARTIES AND RELATED PARTY TRANSACTIONS (continued)

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

(8) Other related party transactions (continued)

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	2,169,778	1,960,087
Companies controlled by CRRZ ZELRI	42,966	—
Total	<u>2,212,744</u>	<u>1,960,087</u>

Sales of energy to related parties

Unit: Yuan Currency: RMB

Name of the entity	Current period	Prior period
Companies controlled by CRRZ ZELRI	2,092,669	2,336,051
CRRZ ZELRI	111,464	253,653
Associates of the Company	4,307	9,274
Associates of CRRZ ZELRI	—	—
Total	<u>2,208,440</u>	<u>2,598,978</u>

Notes to the Financial Statements

For the year ended 31 December 2023
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XII. RELATED PARTIES AND RELATED PARTY TRANSACTIONS (continued)

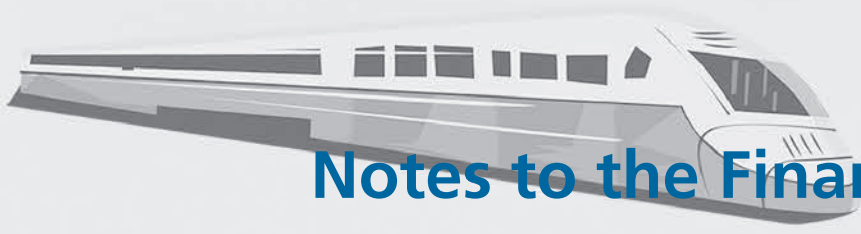
6. Amounts due from/to related parties

(1) Receivables

✓ Applicable Not applicable

Unit: Yuan Currency: RMB

Item	Related parties	Closing balance	Opening balance
Bills payable	Companies controlled by the ultimate holding party other than CRRZ ZELRI Group	456,057,170	743,169,068
Bills payable	Associates controlled by the ultimate holding party other than CRRZ ZELRI Group	–	213,408,774
Accounts receivable (including long-term receivables)	Joint ventures controlled by the ultimate holding party other than CRRZ ZELRI Group	214,092,679	76,802,972
Accounts receivable (including long-term receivables)	Associates controlled by the ultimate holding party other than CRRZ ZELRI Group	131,749,173	9,739,064
Accounts receivable (including long-term receivables)	Companies controlled by the ultimate holding party other than CRRZ ZELRI Group	2,177,745,141	2,322,795,091
Accounts receivable (including long-term receivables)	Joint ventures of the Company	7,702,351	69,767,682
Accounts receivable (including long-term receivables)	Associates of the Company	46,823,417	159,578,497
Accounts receivable (including long-term receivables)	Companies controlled by CRRZ ZELRI	45,970,862	37,995,780
Accounts receivable (including long-term receivables)	CRRZ ZELRI	86,486,670	59,011,572
Accounts receivable (including long-term receivables)	Joint ventures of CRRZ ZELRI	–	10,685,280
Accounts receivable (including long-term receivables)	Associate of CRRZ ZELRI	–	800,000
Accounts receivable (including long-term receivables)	Companies controlled by joint venture of CRRZ ZELRI	68,822,472	–
Prepaid accounts	Companies controlled by the ultimate holding party other than CRRZ ZELRI Group	111,925	1,864,861
Prepaid accounts	CRRZ ZELRI	–	108,220
Prepaid accounts	Companies controlled by CRRZ ZELRI	2,220,000	–
Contract assets	Associates controlled by the ultimate holding party other than CRRZ ZELRI Group	1,726,010	–
Contract assets	Companies controlled by the ultimate holding party other than CRRZ ZELRI Group	88,162,934	21,569,632
Contract assets	Companies controlled by CRRZ ZELRI	282,009	239,637
Contract assets	Associates of the Company	115,000	–
Contract assets	CRRZ ZELRI	1,350,894	–
Other receivables	Associates controlled by the ultimate holding party other than CRRZ ZELRI Group	10,000	50,000



Notes to the Financial Statements

For the year ended 31 December 2023
Renminbi Yuan

XII. RELATED PARTIES AND RELATED PARTY TRANSACTIONS (continued)

6. Amounts due from/to related parties (continued)

(1) Receivables (continued)

Item	Related parties	Closing balance	Opening balance
Other receivables	Companies controlled by the ultimate holding party other than CRRZ ZELRI Group	477,666	278,872
Other receivables	Associates of the Company	159,000	12
Other receivables	Joint ventures of the Company	483,367	–
Other receivables	CRRZ ZELRI	207,130	813,077
Other receivables	Associate of CRRZ ZELRI	243,045	263,045
Other receivables	Companies controlled by CRRZ ZELRI	851,866	–
Other receivables	Companies controlled by the Joint ventures of CRRZ ZELRI	1,000,000	1,000,000
Receivables financing	Associates controlled by the ultimate holding party other than CRRZ ZELRI Group	957,619,710	345,921,082
Receivables financing	Joint ventures controlled by the ultimate holding party other than CRRZ ZELRI Group	–	2,000,000
Receivables financing	Companies controlled by the ultimate holding party other than CRRZ ZELRI Group	1,622,170,597	1,300,119,339
Receivables financing	Companies controlled by CRRZ ZELRI	115,323,463	52,007,181
Receivables financing	CRRZ ZELRI	51,951,774	100,476,768
Receivables financing	Associates of the Company	17,872,454	–
Other non-current assets	Joint ventures controlled by the ultimate holding party other than CRRZ ZELRI Group	80,932,781	46,327,992
Other non-current assets	Associates controlled by the ultimate holding party other than CRRZ ZELRI Group	2,828,905	1,830,449
Other non-current assets	Companies controlled by the ultimate holding party other than CRRZ ZELRI Group	109,851,072	32,052,955
Other non-current assets	Companies controlled by CRRZ ZELRI	5,181,184	4,134,843
Other non-current assets	CRRZ ZELRI	20,418,066	16,795,964
Other non-current assets	Associates of the Company	378,329	–

Notes to the Financial Statements

For the year ended 31 December 2023
Renminbi Yuan

XII. RELATED PARTIES AND RELATED PARTY TRANSACTIONS (continued)

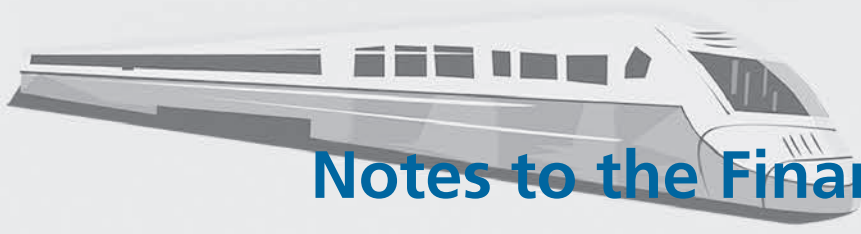
6. Amounts due from/to related parties (continued)

(2) Payables

✓ Applicable □ Not applicable

Unit: Yuan Currency: RMB

Item	Related party	Closing balance	Opening balance
Bills payable	Joint ventures controlled by the ultimate holding party other than CRRZ ZELRI Group	1,040,000	3,520,000
Bills payable	Associates controlled by the ultimate holding party other than CRRZ ZELRI Group	274,341	360,000
Bills payable	Companies controlled by the ultimate holding party other than CRRZ ZELRI Group	23,780,466	14,410,000
Bills payable	Companies controlled by CRRZ ZELRI	14,648,001	10,273,731
Bills payable	Associates of the Company	22,640,000	–
Bills payable	Joint ventures of the Company	5,900,000	210,000
Accounts payable	Companies controlled by the ultimate holding party other than CRRZ ZELRI Group	405,922,033	665,880,821
Accounts payable	Joint ventures controlled by the ultimate holding party other than CRRZ ZELRI Group	5,329,400	1,998,677
Accounts payable	Associates controlled by the ultimate holding party other than CRRZ ZELRI Group	4,308,343	5,642,241
Accounts payable	Associates of the Company	90,248,226	107,362,430
Accounts payable	Joint ventures of the Company	27,125,258	22,175,026
Accounts payable	Companies controlled by CRRZ ZELRI	273,186,812	251,309,131
Accounts payable	Joint ventures of CRRZ ZELRI	23,299,381	32,487,600
Accounts payable	CRRZ ZELRI	5,565	5,565
Accounts payable	Companies controlled by the Joint ventures of CRRZ ZELRI	20,110,404	–
Other accounts payable	CRRZ ZELRI	398,233,984	396,230,130
Other accounts payable	Companies controlled by CRRZ ZELRI	3,377,113	3,469,784
Other accounts payable	Associates controlled by the ultimate holding party other than CRRZ ZELRI Group	139,250	313,000
Other accounts payable	Joint ventures controlled by the ultimate holding party other than CRRZ ZELRI Group	446	446
Other accounts payable	Companies controlled by the ultimate holding party other than CRRZ ZELRI Group	8,076,437	19,096,959
Other accounts payable	Associates of the Company	12,463,111	–
Other accounts payable	Associate of CRRZ ZELRI	234,800	–



Notes to the Financial Statements

For the year ended 31 December 2023
Renminbi Yuan

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
Contract liabilities	Companies controlled by the ultimate holding party other than CRRZ ZELRI Group	4,778,138	39,539,556
Contract liabilities	Associates controlled by the ultimate holding party other than CRRZ ZELRI Group	645,808	–
Contract liabilities	Companies controlled by CRRZ ZELRI	1,032,832	–
Contract liabilities	Associate of CRRZ ZELRI	11,271,965	–
Contract liabilities	Joint ventures of the Company	928,396	–
Contract liabilities	Associates of the Company	430,200	–
Short-term borrowings	Companies controlled by the ultimate holding party other than CRRZ ZELRI Group	–	81,898,649
Non-current liabilities due within one year	Companies controlled by the Shareholder of CRRZ ZELRI	5,023,987	5,025,637
Non-current liabilities due within one year	Companies controlled by the ultimate holding party other than CRRZ ZELRI Group	6,211,839	5,352,059
Non-current liabilities due within one year	CRRZ ZELRI	1,015,762	1,250,500
Non-current liabilities due within one year	Companies controlled by CRRZ ZELRI	–	846,760
Long-term borrowings	Companies controlled by the Shareholder of CRRZ ZELRI	67,688,000	72,688,000
Lease liabilities	Companies controlled by the ultimate holding party other than CRRZ ZELRI Group	2,680,521	8,997,704
Lease liabilities	CRRZ ZELRI	161,657	–

(3) Others

Applicable Not applicable

7. Related party commitments

Applicable Not applicable

8. Others

Applicable Not applicable



Notes to the Financial Statements

For the year ended 31 December 2023
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XIII. SHARE-BASED PAYMENT

1. Equity instruments

Applicable Not applicable

Outstanding share options or other equity instruments at the end of the period

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. Share-based payment expense during the current period

Applicable Not applicable

5. Modification and cancelation of share-based payment

Applicable Not applicable

6. Others

Applicable Not applicable



Notes to the Financial Statements

For the year ended 31 December 2023
Renminbi Yuan

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	1,472,139,722	1,653,695,248
– Investments in associates/joint ventures	191,136,975	264,608,700
– Investments in other equity instruments	33,515,108	–
Total	<u>1,696,791,805</u>	<u>1,918,303,948</u>

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

The Company has no material contingencies that require disclosure.

3. Other information

Applicable Not applicable



Notes to the Financial Statements

For the year ended 31 December 2023
Renminbi Yuan

XV. EVENTS AFTER THE BALANCE SHEET DATE

1. Material non-adjusting events

Applicable Not applicable

2. Profit distribution

Applicable Not applicable

For details of profit distribution after the balance sheet date, please refer to Note 43, (2) Profit distribution by resolution after the balance sheet date

3. Sales returns

Applicable Not applicable

4. Description of other events after the balance sheet date

Applicable Not applicable



Notes to the Financial Statements

For the year ended 31 December 2023
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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

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, emerging equipment business and services, therefore the Group has no other operating segment.

Notes to the Financial Statements

For the year ended 31 December 2023
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XVI. OTHER SIGNIFICANT EVENTS (continued)

6. Segment reporting (continued)

(2) Financial information of reporting segments

✓ Applicable Not applicable

Revenue from external customers

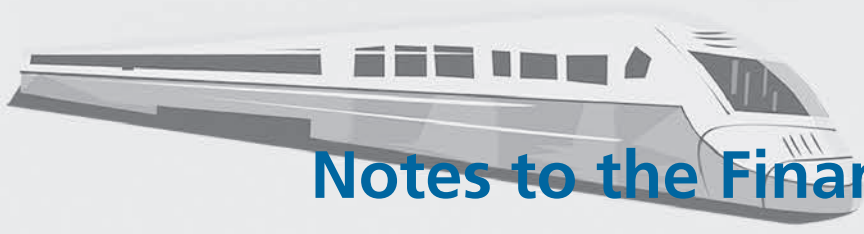
Unit: Yuan Currency: RMB

Item	2023	Segment set-off	Total
Chinese Mainland	20,793,296,334	–	20,793,296,334
Other countries and regions	1,005,644,442	–	1,005,644,442
Total	21,798,940,776	–	21,798,940,776

Total non-current assets

Countries or regions	31 December 2023	31 December 2022
Chinese Mainland	14,272,829,257	10,772,484,347
Other countries and regions	525,474,162	579,932,079
Total	14,798,303,419	11,352,416,426

Non-current assets are analysed by geographic locations where the assets are located, excluding financial assets and deferred tax assets.



Notes to the Financial Statements

For the year ended 31 December 2023
Renminbi Yuan

XVI. OTHER SIGNIFICANT EVENTS (continued)

6. Segment reporting (continued)

(2) Financial information of reporting segments (continued)

Information of major customers

The Group's revenue from its major customer, CRRC Group (including subordinates and subsidiaries of CRRC Group, hereinafter referred to as "CRRC Group"), which accounted for a significant proportion of the Group's total revenue, is set out as follows:

Unit: Yuan Currency: RMB

Customer	Current period		Prior period	
	Amount	Proportion to total revenue (%)	Amount	Proportion to total revenue (%)
CRRC Group	<u>7,140,253,972</u>	<u>32.76</u>	<u>6,624,817,235</u>	<u>36.74</u>

(3) 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

(4) Other information

Applicable Not applicable

7. Other significant events that have impacts on investors' decisions

Applicable Not applicable

Notes to the Financial Statements

For the year ended 31 December 2023
Renminbi Yuan

XVI. OTHER SIGNIFICANT EVENTS (continued)

8. Other information

Other financial information

(1) Net current assets and total assets less current liabilities

Unit: Yuan Currency: RMB

Item	31 December 2023		31 December 2022	
	The Group	The Company	The Group	The Company
Net current assets	24,082,820,972	17,379,481,740	24,741,292,695	18,602,470,377
Total assets less current liabilities	<u>39,972,695,733</u>	<u>36,786,491,764</u>	<u>36,807,642,923</u>	<u>35,183,695,829</u>

(2) Payment of pension plan

Unit: Yuan Currency: RMB

Item	2023	2022
Payment of pension plan (Note)	<u>305,909,996</u>	<u>255,286,220</u>

As at 31 December 2023 and 31 December 2022, the Group had no contributions that are forced to give up to reduce contributions to pension plans in future years.

Note: Employees of the Company and its subsidiaries operating in China must participate in the fixed contribution central pension plan managed by the local government, and employees of overseas subsidiaries must participate in similar pension plans recognised by relevant jurisdictions. The Group shall calculate and pay contributions to the central pension plan (in the case of the Company and its subsidiaries operating in China) and similar pension plans recognised in relevant jurisdictions (in the case of its subsidiaries operating outside China) according to certain percentage of its costs of employee benefits. Contributions are deducted from the consolidated income statement when they become payable according to the rules of such plans.

Calculation process for basic and diluted earnings per share

(1) Basic earnings per share

Basic earnings per share is computed by dividing net income for the period attributable to the Company's common shareholders by the weighted average number of common shares outstanding calculation.

Item	Current period	Prior period
Net income for the year attributable to common shareholders	3,105,703,645	2,555,823,375
Number of ordinary shares issued and outstanding during the period	1,416,236,912	1,416,236,912
Basic earnings per share (RMB per share)	<u>2.19</u>	<u>1.80</u>

(2) Diluted earnings per share

The Company had no potential ordinary shares or dilutive securities during the reporting period, and therefore diluted earnings per share was equal to basic earnings per share.



Notes to the Financial Statements

For the year ended 31 December 2023
Renminbi Yuan

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	5,698,038,855	4,914,726,686
6 months to 1 year	984,687,693	737,723,042
Sub-total within 1 year	6,682,726,548	5,652,449,728
1 to 2 years	690,795,277	690,436,837
2 to 3 years	315,699,319	304,343,820
Over 3 years	209,294,919	38,766,999
Total	<u>7,898,516,063</u>	<u>6,685,997,384</u>
Less: Provision for credit loss	366,478,707	162,326,742
Book value	<u>7,532,037,356</u>	<u>6,523,670,642</u>

Notes to the Financial Statements

For the year ended 31 December 2023
Renminbi Yuan

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

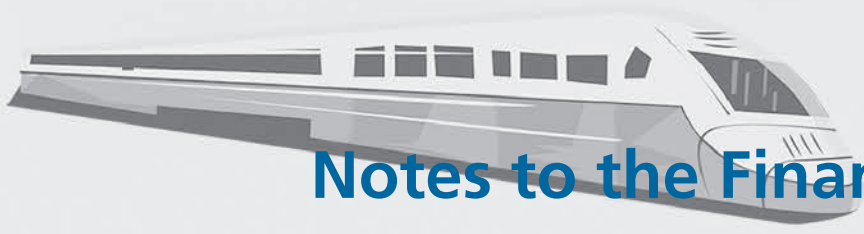
Category	Closing balance					Opening balance				
	Gross carrying amount		Credit loss allowance			Gross carrying amount		Credit loss allowance		
	Amount	Proportion (%)	Amount	Proportion of provision (%)	Carrying amount	Amount	Proportion (%)	Amount	Proportion of provision (%)	Carrying amount
Provision on individual basis	17,682,233	0.22	17,682,233	100.00	-	2,481,367	0.04	2,481,367	100.00	-
Provision on portfolio basis	7,880,833,830	99.78	348,796,474	4.43	7,532,037,356	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	5,290,952,606	66.99	57,364,687	1.08	5,233,587,919	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	2,127,712,158	26.94	252,222,648	11.85	1,875,489,510	1,390,413,321	20.80	68,205,759	4.91	1,322,207,562
Receivables from China Railway Corporation	152,549,522	1.93	98,251	0.06	152,451,271	142,418,834	2.13	166,526	0.12	142,252,308
Receivables from other customers	309,619,544	3.92	39,110,888	12.63	270,508,656	642,175,112	9.60	22,465,821	3.50	619,709,291
Total	7,898,516,063	100.00	366,478,707	/	7,532,037,356	6,685,997,384	100.00	162,326,742	/	6,523,670,642

Provision on individual basis

✓ Applicable Not applicable

Unit: Yuan Currency: RMB

Item	Closing balance			
	Gross carrying amount	Credit loss allowance	Proportion of provision (%)	Reason for provision
Sky Auto (Changsha) Group Co.	16,035,328	16,035,328	100.00	Low probability of recovery
China Railway Bridge Engineering Bureau Group Electrification Engineering Co., Ltd.	898,144	898,144	100.00	Low probability of recovery
Guoji Zhijun Automobile Co.	748,761	748,761	100.00	Low probability of recovery
Total	17,682,233	17,682,233	100.00	/



Notes to the Financial Statements

For the year ended 31 December 2023
Renminbi Yuan

XVII. NOTES TO KEY ITEMS OF THE COMPANY'S FINANCIAL STATEMENTS (continued)

1. Accounts receivable (continued)

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

Description of provision on individual basis:

Applicable Not applicable

Provision on portfolio basis:

Applicable Not applicable

Item: Receivables from central state-owned enterprises other than China Railway Corporation

2023

Unit: Yuan Currency: RMB

Item	Closing balance		Proportion of provision (%)
	Accounts receivable	Credit loss allowance	
Within 6 months	4,271,131,263	29,689,546	0.70
6 months to 1 year	602,941,360	6,237,520	1.03
1 to 2 years	283,208,156	9,202,328	3.25
2 to 3 years	78,500,760	4,630,350	5.90
Over 3 years	55,171,067	7,604,943	13.78
Total	<u>5,290,952,606</u>	<u>57,364,687</u>	

2022

Item	Opening balance		Proportion of provision (%)
	Accounts receivable	Credit loss allowance	
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

Notes to the Financial Statements

For the year ended 31 December 2023
Renminbi Yuan

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

2023

Unit: Yuan Currency: RMB

Item	Accounts receivable	Closing balance	
		Credit loss allowance	Proportion of provision (%)
Within 6 months	1,132,769,837	82,387,209	7.27
6 months to 1 year	302,305,352	20,991,052	6.94
1 to 2 years	312,573,973	41,477,360	13.27
2 to 3 years	230,486,850	55,015,376	23.87
Over 3 years	149,576,146	52,351,651	35.00
Total	<u>2,127,712,158</u>	<u>252,222,648</u>	

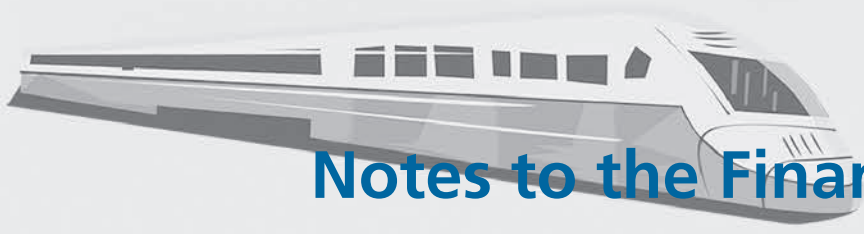
2022

Unit: Yuan Currency: RMB

Item	Accounts receivable	Opening balance	
		Credit loss allowance	Proportion of provision (%)
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



Notes to the Financial Statements

For the year ended 31 December 2023
Renminbi Yuan

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

2023

Unit: Yuan Currency: RMB

Item	Accounts receivable	Closing balance	
		Credit loss allowance	Proportion of provision (%)
Within 6 months	109,590,963	73,607	0.07
6 months to 1 year	42,958,559	24,644	0.06
1 to 2 years	-	-	-
2 to 3 years	-	-	-
Over 3 years	-	-	-
Total	152,549,522	98,251	

2022

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	142,418,834	166,526	

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

Applicable Not applicable

Notes to the Financial Statements

For the year ended 31 December 2023
Renminbi Yuan

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

2023

Unit: Yuan Currency: RMB

Item	Accounts receivable	Closing balance	
		Credit loss allowance	Proportion of provision (%)
Within 6 months	184,546,793	16,430,842	8.90
6 months to 1 year	36,482,422	3,717,088	10.19
1 to 2 years	78,977,819	15,376,541	19.47
2 to 3 years	6,689,418	1,929,896	28.85
Over 3 years	2,923,092	1,656,520	56.67
Total	309,619,544	39,110,888	

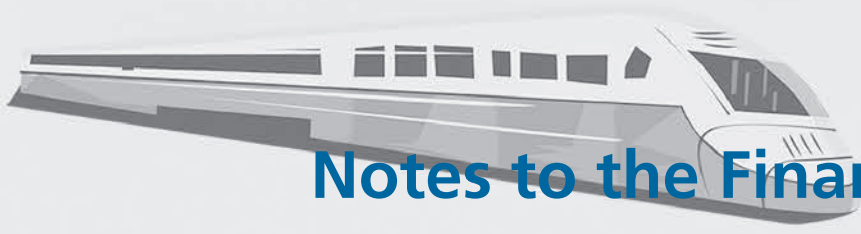
2022

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	642,175,112	22,465,821	

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

Applicable Not applicable



Notes to the Financial Statements

For the year ended 31 December 2023
Renminbi Yuan

XVII. NOTES TO KEY ITEMS OF THE COMPANY'S FINANCIAL STATEMENTS (continued)

1. Accounts receivable (continued)

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

Provisions for bad and doubtful debts based on the general model of ECL

Applicable Not applicable

Basis of stage classification and percentage of provision for bad and doubtful debts:

Loss allowances for trade receivables are measured at an amount equal to lifetime ECL.

The description of significant changes in the carrying amount of accounts receivable for which a change in the allowance for losses occurred during the period:

Applicable Not applicable

(3) Credit loss allowance of accounts receivable

Applicable Not applicable

Unit: Yuan Currency: RMB

Category	Opening balance	Provision	Changes for the period				Closing balance
			Transferred to credit-impaired losses	Recoveries or reversal	Resell or write-off	Other changes (Note 1)	
Lifetime ECL (not credit-impaired)	89,998,713	99,006,980	-14,668,435	-	-	-14,785,749	159,551,509
Lifetime ECL (credit-impaired)	72,328,029	119,930,734	14,668,435	-	-	-	206,927,198
Total	162,326,742	218,937,714	-	-	-	-14,785,749	366,478,707

Significant recoveries or reversals during the current period:

Applicable Not applicable

Other information

Note 1: The decrease was caused by the Company's capital investment to Hunan CRRC Electric Drive with accounts receivable.

Notes to the Financial Statements

For the year ended 31 December 2023
Renminbi Yuan

XVII. NOTES TO KEY ITEMS OF THE COMPANY'S FINANCIAL STATEMENTS (continued)

1. Accounts receivable (continued)

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

Applicable Not applicable

(5) Top five accounts receivable at the end of the year categorised by debtor:

2023

Unit: Yuan Currency: RMB

Entity name	Closing balance of accounts receivable	Closing balance of contract assets	Closing balance of accounts receivable and contract assets	Proportion to total accounts receivable and contract assets (%)	Closing provision for credit loss
Customer 93000	864,541,018	-	864,541,018	9.98	-
Customer 100507	574,050,217	9,998,557	584,048,774	6.74	12,725,586
Customer 103233	467,345,628	111,265,818	578,611,446	6.68	71,267,546
Customer 99083	392,826,084	-	392,826,084	4.53	-
Customer 100979	344,248,085	22,176,721	366,424,806	4.23	8,994,109
Total	<u>2,643,011,032</u>	<u>143,441,096</u>	<u>2,786,452,128</u>	<u>32.16</u>	<u>92,987,241</u>

The closing balance of contract assets includes contract assets shown in "other non-current assets".

Other information

Applicable Not applicable



Notes to the Financial Statements

For the year ended 31 December 2023
Renminbi Yuan

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
Interest receivable	—	—
Dividends receivable	284,000,000	266,056,100
Other receivables	744,279,958	365,870,951
Total	<u>1,028,279,958</u>	<u>631,927,051</u>

Other information:

Applicable Not applicable

Interest receivable

(1) Classification of interest receivable

Applicable Not applicable

(2) Significant overdue interest

Applicable Not applicable

(3) Disclosure by bad debt accrual method

Applicable Not applicable

(4) Provision for bad debts

Applicable Not applicable

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

Applicable Not applicable

Notes to the Financial Statements

For the year ended 31 December 2023
Renminbi Yuan

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
CRRC Times Software	284,000,000	–
Baoji CRRC Times	–	178,271,100
Ningbo CRRC Transducer	–	86,000,000
Shanghai CRRC Rail Transit	–	1,581,000
Lanzhou CRRC Times	–	204,000
Total	284,000,000	266,056,100

(2) Significant dividends receivable with ageing over 1 year

Applicable Not applicable

(3) Disclosure by bad debt accrual method

Applicable Not applicable

Provision for bad debts by general model of expected credit losses

Applicable Not applicable

Basis of stage classification and percentage of provision for bad debts:

None

Explanation of significant changes in the carrying amount of dividends receivable for which changes in the allowance for losses occurred during the period:

Applicable Not applicable

(4) Provision for bad debts

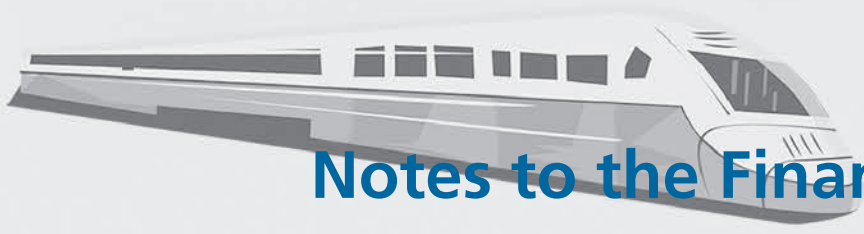
Applicable Not applicable

Significant amount of bad debt provision recovered or reversed during the period:

Applicable Not applicable

Other information:

None



Notes to the Financial Statements

For the year ended 31 December 2023
Renminbi Yuan

XVII. NOTES TO KEY ITEMS OF THE COMPANY'S FINANCIAL STATEMENTS (continued)

2. Other receivables (continued)

Dividends receivable (continued)

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

Applicable Not applicable

Significant write-offs of dividends receivable:

Applicable Not applicable

Description of write-offs:

Applicable Not applicable

Other information:

Applicable Not applicable

Other receivables

(1) Other receivables disclosed by ageing

Applicable Not applicable

Unit: Yuan Currency: RMB

Ageing	Closing balance	Opening balance
Within 1 year		
Including: subitems within 1 year		
Within 6 months	561,052,857	135,216,545
6 months to 1 year	2,688,213	79,068,544
Subtotal within 1 year	563,741,070	214,285,089
1 to 2 years	111,392,511	37,234,329
2 to 3 years	31,235,602	2,423,114
Over 3 years	45,287,460	113,497,489
Less: Credit loss allowance for other receivables	7,376,685	1,569,070
Total	744,279,958	365,870,951

Notes to the Financial Statements

For the year ended 31 December 2023
Renminbi Yuan

XVII. NOTES TO KEY ITEMS OF THE COMPANY'S FINANCIAL STATEMENTS (continued)

2. Other receivables (continued)

Other receivables (continued)

(2) Classification of other receivables by nature

Applicable Not applicable

Unit: Yuan Currency: RMB

Item	Closing balance	Opening balance
Amounts due from subsidiaries	581,400,957	249,103,758
Deposits and guarantees	63,923,644	52,569,540
Subscribed capital receivable	50,000,000	50,000,000
Others	56,332,042	15,766,723
Total	751,656,643	367,440,021

(3) Provision for credit loss of other receivables is as follows:

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	1,569,070	-	-	1,569,070
Balance at 1 January 2023 during this period	-	-	-	-
Additions during the period	6,264,304	-	-	6,264,304
Reversals during the period	-456,689	-	-	-456,689
Transfer out during the period	-	-	-	-
Written-off during the period	-	-	-	-
Other changes	-	-	-	-
Balance at 31 December 2023	7,376,685	-	-	7,376,685

Basis of stage classification and percentage of provision for bad debts:

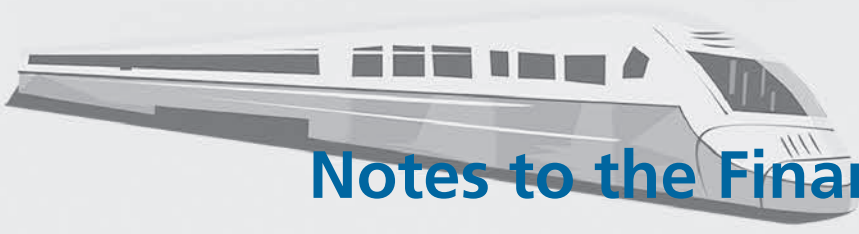
As at 31 December 2023, the Group had no other receivables that were at the phase 2 and phase 3.

Explanation of significant changes in the carrying amount of other receivable for which changes in the allowance for losses occurred during the period:

Applicable Not applicable

Disclose the basis of the provision of bad debts and the assessment regarding whether there is a significant increase in the credit risk of financial instruments:

Applicable Not applicable



Notes to the Financial Statements

For the year ended 31 December 2023
Renminbi Yuan

XVII. NOTES TO KEY ITEMS OF THE COMPANY'S FINANCIAL STATEMENTS (continued)

2. Other receivables (continued)

Other receivables (continued)

(4) Provision for bad debts

Applicable Not applicable

Unit: Yuan Currency: RMB

Item	Opening balance	Provision	Change during the period			Closing balance
			Recoveries or reversal	Written-off or Transfers out	Other changes	
Bad debt provision for other receivables	1,569,070	6,264,304	-456,689	-	-	<u>7,376,685</u>

Significant amount of bad debt provision recovered or reversed during the period:

Applicable Not applicable

Other information:

None

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

Applicable Not applicable

Significant write-offs of other receivable:

Applicable Not applicable

Description of other receivable write-offs:

Applicable Not applicable

Notes to the Financial Statements

For the year ended 31 December 2023
Renminbi Yuan

XVII. NOTES TO KEY ITEMS OF THE COMPANY'S FINANCIAL STATEMENTS (continued)

2. Other receivables (continued)

Other receivables (continued)

(6) Top five other receivables categorised by debtors

Applicable Not applicable

2023

Unit: Yuan Currency: RMB

Name of the entity	Closing gross carrying value	Proportion to total closing balance of other receivables (%)	Nature	Ageing	Closing balance of provision for credit loss
Customer 202021	171,613,661	22.83	Others	Within 1 year and 1 to 2 years	–
Customer 99001	155,315,200	20.66	Others	Within 1 year and over 5 years	–
Customer 99013	136,291,870	18.13	Others	Within 1 year	–
Customer 99308	62,630,268	8.33	Others	Within 1 year	–
Customer 99069	50,000,000	6.65	Others	Within 1 year	–
Total	575,850,999	76.60	/	/	–

(7) Presented in other receivables due to centralized management of funds

Applicable Not applicable

Other information:

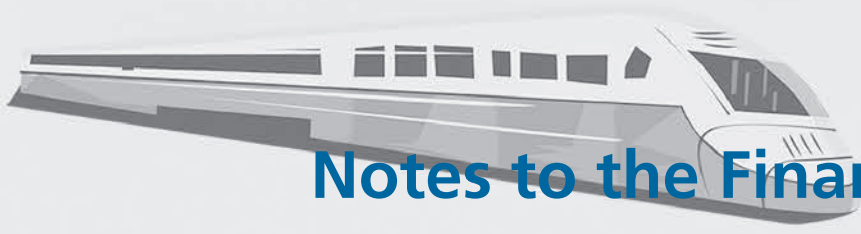
Applicable Not applicable

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	10,944,115,191	450,771,551	10,493,343,640	9,027,602,926	450,771,551	8,576,831,375
Investments in joint ventures and associates	303,218,906	–	303,218,906	294,556,682	–	294,556,682
Total	11,247,334,097	450,771,551	10,796,562,546	9,322,159,608	450,771,551	8,871,388,057



Notes to the Financial Statements

For the year ended 31 December 2023
Renminbi Yuan

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
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	320,000,000	-	549,000,000	-	-
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	650,000,000	-	720,000,000	-	-
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 Electric Drive System Co., Ltd.	150,000,000	-	-	150,000,000	-	-
Hunan CRRC Electric Drive		832,974,944		832,974,944		
Total	9,027,602,926	1,920,574,944	4,062,679	10,944,115,191	-	-450,771,551

Notes to the Financial Statements

For the year ended 31 December 2023
Renminbi Yuan

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

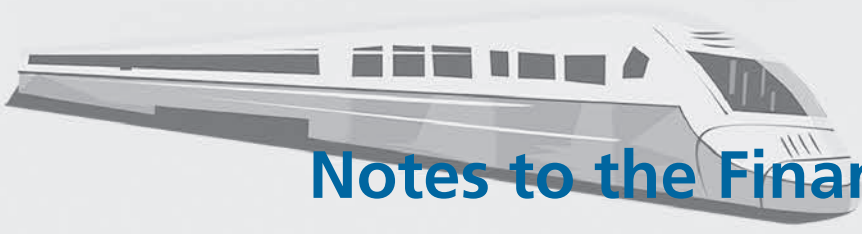
Name of investee	Opening balance	Changes for the period				Closing balance	Closing balance of impairment provision
		Investment income or loss recognised under equity method	Other equity changes	Cash dividend or profits declared	Provision for impairment		
I. Joint ventures							
Shiling	106,377,120	3,004,447	-	-	-	109,381,567	-
LANP Electrical	13,782,339	-4,725,161	-	-	-	9,057,178	-
Shanghai shenzhong	9,014,247	-667,353	-	100,000	-	8,246,894	-
Zhengzhou Times	8,782,600	4,981,084	-	-	-	13,763,684	-
Sub-total	137,956,306	2,593,017	-	100,000	-	140,449,323	-
II. Associates							
Zhuzhou Siemens	46,719,865	336,615	-	-	-	47,056,480	-
Guoxin Technology	50,165,681	3,070,609	-	-	-	53,236,290	-
Times Wabtec	15,820,180	530,916	-	-	-	16,351,096	-
CRRC India	15,264,370	-3,222,075	-	-	-	12,042,295	-
Wuxi Times	21,855,251	3,817,860	-	-	-	25,673,111	-
Foshan Zhongshi	6,775,029	1,635,282	-	-	-	8,410,311	-
Sub-total	156,600,376	6,169,207	-	-	-	162,769,583	-
Total	294,556,682	8,762,224	-	100,000	-	303,218,906	-

(3) Impairment testing of long-term equity investment

Applicable Not applicable

Other information:

None



Notes to the Financial Statements

For the year ended 31 December 2023
Renminbi Yuan

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	Income	Cost of sales
Principal operating activities	14,593,166,281	11,459,649,547	12,955,534,004	10,393,118,403
Other operating activities	516,115,099	469,036,068	936,901,336	838,090,032
Total	15,109,281,380	11,928,685,615	13,892,435,340	11,231,208,435

Notes to the Financial Statements

For the year ended 31 December 2023
Renminbi Yuan

XVII. NOTES TO KEY ITEMS OF THE COMPANY'S FINANCIAL STATEMENTS (continued)

4. Revenue and cost of sales (continued)

(2) Revenue from contracts

Applicable Not applicable

Unit: Yuan Currency: RMB

Contract classification	Current period	Prior period
By geographic areas of sales		
Chinese Mainland	14,971,274,089	13,832,284,505
Other countries and regions	138,007,291	60,150,835
Total	15,109,281,380	13,892,435,340

Other information of revenue from contracts:

Applicable Not applicable

(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. And the Company recognizes revenue from maintenance service upon acceptance by customer.



Notes to the Financial Statements

For the year ended 31 December 2023
Renminbi Yuan

XVII. NOTES TO KEY ITEMS OF THE COMPANY'S FINANCIAL STATEMENTS (continued)

4. Revenue and cost of sales (continued)

(4) Descriptions of allocated remaining performance obligations

Applicable Not applicable

(5) Significant changes in contracts or significant adjustments to transaction prices

Applicable Not applicable

Other information:

None

5. Investment income

Applicable Not applicable

Unit: Yuan Currency: RMB

Item	Current period	Prior period
Gains from long-term equity investments under the equity method	8,762,224	14,457,877
Gains on disposal of held-for-trading financial assets	57,043,873	46,175,160
Gain (loss) arising from derecognition of financial assets measured at amortised cost	–	-15,604,257
Gain (loss) on derecognition of receivables financing	-24,755,202	-2,257,418
Dividend income from other equity instrument investments during the holding period	360,000	315,100
Gains from long-term equity investments under cost method	1,381,334,350	2,294,410,735
Gains (losses) from disposal of subsidiaries	–	–
Investment income from disposal of held-for-trading financial liabilities	-1,498,019	5,568,914
Total	1,421,247,226	2,343,066,111

Other information:

None

6. Others

Applicable Not applicable

Notes to the Financial Statements

For the year ended 31 December 2023
Renminbi Yuan

XVIII. SUPPLEMENTARY INFORMATION

1. Breakdown of non-recurring profit or loss for the current period

Applicable Not applicable

Unit: Yuan Currency: RMB

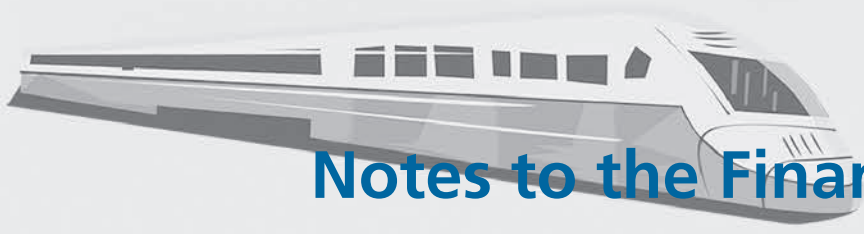
Item	Amount	Note
Profit or loss on disposal of non-current assets, including elimination of provision for impairment of assets	26,630,703	/
Government grants recognized in profit or loss (other than grants which are closely related to the Company's business and are either in fixed amounts or determined under quantitative methods in accordance with the national standard)	391,077,595	/
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	138,058,062	/
Reversal of provision for accounts receivable that are tested for impairment losses individually	4,232,453	/
Other non-operating income or expenses other than the above	42,162,259	/
Subtotal	602,161,072	/
Less: Tax effect of non-recurring profit or loss	80,043,792	/
Effects of non-recurring profit or loss attributable to minority interests	11,768,319	/
Total	510,348,961	/

Reason for defining items as significant non-recurring gain or loss items according to unlisted 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

Other information:

Applicable Not applicable



Notes to the Financial Statements

For the year ended 31 December 2023
Renminbi Yuan

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	8.70	2.19	2.19
Net profit after deduction of non-recurring profit or loss attributable to ordinary shareholders of the Company	7.27	1.83	1.83

2022

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	7.61	1.80	1.80
Net profit after deduction of non-recurring profit or loss attributable to ordinary shareholders of the Company	5.95	1.41	1.41

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: 28 March 2024

Modification Information

Applicable Not applicable

Section XIII Five-year Financial Summary

CONSOLIDATED STATEMENT OF PROFIT AND LOSS AND OTHER COMPREHENSIVE INCOME

Unit: Yuan Currency: RMB

Item	2023	2022	2021	2020	2019
Revenue	21,798,940,776	18,033,778,561	15,121,167,406	16,033,898,624	16,304,206,791
Cost of sales	14,417,684,487	12,139,166,025	10,019,418,812	10,053,446,232	9,965,727,450
Tax and surcharges	122,480,328	116,172,989	116,396,054	112,010,083	150,692,177
Selling expenses	1,578,587,533	1,098,172,993	1,050,331,762	1,120,965,514	1,121,102,310
Administrative expenses	1,041,223,187	889,981,843	813,021,020	760,727,754	849,892,120
Research and development expenses	2,020,996,010	1,761,914,969	1,690,047,967	1,686,836,761	1,606,529,489
Finance costs	-257,819,007	-190,899,478	-73,805,176	2,993,873	4,435,925
Asset impairment gain (loss)	-81,089,712	73,345,052	-161,869,899	-234,409,991	-85,706,513
Credit impairment gain (loss)	-260,002,087	-61,637,487	121,825,631	85,645,821	-169,814,348
Investment income	57,177,847	-41,999,539	33,608,925	43,181,140	94,980,320
Profit (loss) on fair value changes	74,602,203	166,033,744	71,130,766	2,327,307	5,776,761
Profit (loss) on disposal of assets	2,778,146	4,077,357	-2,072,439	6,440,830	-272,649
Other income	648,174,414	572,207,370	533,085,368	577,466,089	450,494,528
Operating profit	3,317,429,049	2,931,295,717	2,101,465,319	2,777,569,603	2,901,285,419
Non-operating income	43,256,243	11,348,934	24,630,560	65,923,604	33,452,306
Non-operating expenses	1,093,984	1,096,078	3,012,417	6,554,910	2,124,938
Total profit	3,359,591,308	2,941,548,573	2,123,083,462	2,836,938,297	2,932,612,787
Income tax expense	209,497,353	349,575,746	88,476,513	340,381,369	275,053,426
Net profit	3,150,093,955	2,591,972,827	2,034,606,949	2,496,556,928	2,657,559,361
Net profit attributable to shareholders of the Parent	3,105,703,645	2,555,823,375	2,017,694,796	2,475,454,606	2,659,163,867
Profit or loss attributable to non-controlling interests	44,390,310	36,149,452	16,912,153	21,102,322	-1,604,506
Basic earnings per share	2.19	1.80	1.63	2.11	2.26
Diluted earnings per share	2.19	1.80	1.63	2.11	2.26

TOTAL CONSOLIDATED ASSETS AND LIABILITIES

Unit: Yuan Currency: RMB

Item	2023	2022	2021	2020	2019
Total assets	53,404,847,387	48,509,554,784	44,150,745,227	33,865,721,258	32,985,615,356
Total liabilities	15,688,316,505	13,213,823,602	10,858,100,789	9,606,130,854	10,789,336,199
Total equity	37,716,530,882	35,295,731,182	33,292,644,438	24,259,590,404	22,196,279,157



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