



中国铁建

中國鐵建高新裝備股份有限公司

CRCC HIGH-TECH EQUIPMENT CORPORATION LIMITED

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

Stock Code: 1786

2025

Interim Report



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BUSINESS REVIEW AND OUTLOOK

Since the beginning of 2025, the Company has, amid opportunities and challenges, continued to expand its presence in both domestic and international markets driven by deepening reforms and scientific innovation. Drawing upon the new quality productive forces as significant pillar underpinning quality development, the Company maintained an upward momentum in overall development and delivered positive operation results.

In terms of market expansion, the Company has further strengthened its collaboration with China Railway and China Energy while enhancing efforts in urban rail market development and steadily advancing into overseas markets. In terms of technological innovation, the Company has formulated the development roadmaps for the next generation of products and technology in multiple directions while upgrading and empowering existing products. In respect of reform initiatives, the Company has reinforced refined management practices focusing on effective cost control.

During the first half of 2025, the Group recorded a revenue of RMB1,731.93 million, representing a period-on-period increase of 0.55%, and profit attributable to owners of the Group of RMB66.72 million, representing a period-on-period increase of 8.75%.

During the second half of the year, the Company will remain committed to leveraging technology innovation as the driving force for corporate value creation, with focus on breakthroughs in core technologies and key equipment. In addition, we will continuously enhance R&D efficiency and quality, further strengthen our capability in market expansion and operational performance, and strive to achieve all economic targets, thereby advancing high-quality development.

MANAGEMENT DISCUSSION AND ANALYSIS

REVENUE

	For the six months ended 30 June	
	2025 (RMB million)	2024 (RMB million)
Sales of machinery	430.78	744.26
Sales of parts and components	614.74	525.13
Maintenance of railway track maintenance machinery	546.10	340.10
Railway line maintenance services	70.32	48.56
Mechanical design services	56.68	51.60
Revenue from other business	13.32	12.80
Total revenue	1,731.93	1,722.45

During the first half of 2025, the Group remained focused on its principal business of large railway track maintenance machinery, consolidating and strengthening its presence in the railway market. By intensifying marketing efforts and promoting inter-regional collaboration in domestic market, the Group achieved comprehensive improvements in operational quality, resulting in expanded customer base and market share with high-quality products and premium services. During the first half of the year, the Group recorded a revenue of RMB1,731.93 million, representing a period-on-period increase of 0.55%.

Rooted in its principal business of large railway track maintenance machinery, the Group recorded revenue from sales of machinery of RMB430.78 million in the first half of 2025, representing a period-on-period decrease of RMB313.48 million, or 42.12%, as certain products centrally procured by China Railway and overseas projects were in production process and yet to be delivered;

Leveraging its continuous efforts in in-depth cultivation in China's railway market, the Group witnessed a steady increase in sales revenue from parts and components on China Railway Mall platform. During the first half of 2025, the Group achieved a period-on-period increase in sales revenue from parts and components of RMB89.61 million, or 17.06%;

Supported by further enhanced maintenance capabilities, the Group recorded a period-on-period increase of RMB206.00 million, or 60.57%, in orders undertaken by maintenance of railway track maintenance machinery business in the first half of 2025;

MANAGEMENT DISCUSSION AND ANALYSIS

The Group achieved a breakthrough in its cooperation with China Energy Railway Corporation, pursuant to which, the two parties established a comprehensive cooperation model which contributed to a record high in the contract value of the Company from its railway line maintenance services. In the first half of 2025, the Group recorded a period-on-period increase of RMB21.76 million, or 44.81%, in the revenue from the railway line maintenance services;

By enhancing management in its design business segment with increasing business sharing and synergy effect, the Group saw a period-on-period increase of RMB5.08 million, or 9.84%, in the revenue from the mechanical design services in the first half of 2025.

COST OF SALES

The Group's cost of sales increased by RMB23.78 million, or 1.66%, from RMB1,428.41 million for the corresponding period of last year to RMB1,452.19 million for the six months ended 30 June 2025, primarily attributable to the change in revenue mix and increase in revenue for the period.

GROSS PROFIT

The Group's gross profit decreased by RMB14.3 million, or 4.86%, from RMB294.04 million for the corresponding period of last year to RMB279.74 million for the six months ended 30 June 2025. During the first half of 2025, the Group's gross profit margin was 16.15%, representing a decrease of 0.92 percentage points from 17.07% for the corresponding period of last year, mainly due to the change in revenue mix for the period.

OTHER GAINS

The Group's other gains decreased by RMB18.33 million, or 73.06%, from RMB25.09 million for the corresponding period of last year to RMB6.76 million for the six months ended 30 June 2025, primarily due to the decrease in the entitlement under the value-added tax incentive policies for advanced manufacturers for the period.

SELLING EXPENSES

The Group's selling expenses increased by RMB8.88 million, or 16.46%, from RMB53.94 million for the corresponding period of last year to RMB62.82 million for the six months ended 30 June 2025, primarily due to the increase in the sales investment align with the expansion of sales.

MANAGEMENT DISCUSSION AND ANALYSIS

ADMINISTRATIVE EXPENSES

The Group's administrative expenses decreased by RMB16.72 million, or 21.42%, from RMB78.05 million for the corresponding period of last year to RMB61.33 million for the six months ended 30 June 2025, mainly due to the combined effect of the Group's optimized internal management and earnest implementation of the cost reduction and efficiency enhancement measures.

RESEARCH AND DEVELOPMENT EXPENSES

The Group's research and development expenses decreased by RMB50.86 million, or 38.22%, from RMB133.08 million for the corresponding period of last year to RMB82.22 million for the six months ended 30 June 2025. The decrease was mainly attributable to the combined effect of (i) the reassignment of some research and development personnel to on-site technical roles following the joint establishment of site technical teams by our research and development functions and production functions, resulting in reduced staff remuneration for research and development personnel from such reassignment, and (ii) lower material expenses aligned with the actual trial production progress of the Company's projects under development.

FINANCE GAINS

The Group's finance gains decreased by RMB3.05 million, or 30.35%, from RMB10.05 million for the corresponding period of last year to RMB7.00 million for the six months ended 30 June 2025, primarily due to a period-on-period decrease in net foreign exchange gains as a result of fluctuations in exchange rate of US dollars and a period-on-period decrease in interest income resulting from lowered interest rates during the period.

IMPAIRMENT LOSSES

The Group's impairment losses was RMB18.64 million for the six months ended 30 June 2025, primarily attributable to the increase in expected credit impairment losses arising from increase in trade receivables and longer collection cycle for the period.

NET OTHER BUSINESS INCOME

The Group's net other business income increased by RMB0.58 million from RMB0.26 million for the six months ended 30 June 2024 to RMB0.84 million for the six months ended 30 June 2025.

PROFIT BEFORE TAX

The Group's profit before tax increased by RMB7.72 million, or 12.62%, from RMB61.18 million for the corresponding period of last year to RMB68.90 million for the six months ended 30 June 2025, which was attributable to the Group's enhanced marketing efforts and cost reduction and efficiency improvement measures.

MANAGEMENT DISCUSSION AND ANALYSIS

INCOME TAX EXPENSE

The Group's income tax expense increased by RMB2.33 million from RMB-0.19 million for the corresponding period of last year to RMB2.14 million for the six months ended 30 June 2025. The increase in income tax expense was mainly due to the Company's performance of tax obligations based on its operating results according to the tax law.

The Company was entitled to the preferential tax policy of the Western Development and was subject to the preferential enterprise income tax rate of 15%.

Ruiweitong Company was accredited as a high and new technology enterprise in 2024 and received approvals from the relevant government authorities for being entitled to the preferential enterprise income tax rate of 15%.

Other subsidiaries established by the Group in mainland China were subject to the enterprise income tax rate of 25%.

PROFIT ATTRIBUTABLE TO OWNERS OF THE COMPANY

Profit attributable to owners of the Group increased by RMB5.37 million, or 8.75%, from RMB61.35 million for the corresponding period of last year to RMB66.72 million for the six months ended 30 June 2025. The increase in the profit attributable to owners of the Group was mainly due to the combined effects of the Group's enhanced marketing efforts and cost reduction and efficiency improvement measures.

PROFIT ATTRIBUTABLE TO NON-CONTROLLING INTERESTS

For the six months ended 30 June 2025, profit attributable to non-controlling interests was RMB0.03 million, remaining essentially flat as compared to the corresponding period of last year.

BASIC EARNINGS PER SHARE

For the six months ended 30 June 2025, basic earnings per share was RMB0.04, which is basically the same as the same period of last year.

MANAGEMENT DISCUSSION AND ANALYSIS

LIQUIDITY AND SOURCE OF CAPITAL

Cash flows and working capital

The Group's needs for working capital were mainly satisfied by cash generated from operations. For the six months ended 30 June 2025, the closing balance of the Group's cash and cash equivalents amounted to RMB873.36 million, and the net decrease in cash and cash equivalents was RMB174.37 million, which was mainly due to the period-on-period increase in cash paid for the purchase of goods and acceptance of services during the first half of 2025.

Net cash outflow from operating activities

For the six months ended 30 June 2025, the Group's net cash flow from operating activities was RMB-272.35 million, which was mainly due to the increase in cash paid for purchase of goods and acceptance of services.

Net cash outflow from investing activities

For the six months ended 30 June 2025, the Group's net cash flow from investing activities was RMB-2.4 million. The cash outflow from investing activities mainly related to the payment for acquisition of fixed assets, intangible assets and other long-term assets and reflection of the variable component of the terms deposits placed for higher financial gains in the other cash flow payment relating to investing activities.

Net cash outflow from financing activities

For the six months ended 30 June 2025, the Group had no cash flow from financing activities.

Liquidity

The Board considers that the Group has sufficient liquidity to meet the Group's present requirements for liquid funds.

MANAGEMENT DISCUSSION AND ANALYSIS

COMMITMENTS

The Group's commitments as at the dates indicated are set out as follows:

Capital commitments

	30 June 2025 (RMB million)	31 December 2024 (RMB million)
Contracted but not provided for	3.07	2.95

INDEBTEDNESS

The Group had no interest-bearing debts as at 30 June 2025.

PLEDGE

The Group had no pledge as at 30 June 2025.

GEARING RATIO

The Group monitors capital management by using the gearing ratio, which is net debt divided by the adjusted capital plus net debt. Net debt includes bank borrowings and other borrowings, trade and bills payables, financial liabilities included in other payables and accruals less cash and cash equivalents and pledged deposits. Capital includes equity attributable to owners of the Company. The Group's gearing ratio was 19.07% as at 31 December 2024 and 21.45% as at 30 June 2025.

CONTINGENT LIABILITIES

The Group had no material contingent liabilities as of 30 June 2025.

MARKET RISKS

The Group is subject to various market risks, including foreign exchange risks and inflation risks in the course of daily business operation.

MANAGEMENT DISCUSSION AND ANALYSIS

FOREIGN EXCHANGE RISKS

The majority of the Group's businesses are located in the PRC and most of the transactions are settled in RMB, with certain sales, procurement and transactions conducted by our German subsidiaries settled in foreign currencies including Euro and CHF. The fluctuation in exchange rates of these foreign currencies against RMB would have an impact on the operating results of the Group. The Group did not enter into any hedging transactions for the purpose of mitigating its foreign exchange risks as at 30 June 2025.

POLICY RISKS

The Group's products are mainly applied in the national railway, urban railway and national energy markets, and the change in policies applicable for these markets will impact the operating performance of the Company. The Group mitigates or eliminates the potential adverse impacts from policy changes through strengthened macroeconomic analysis, proactive market expansion and other effective measures.

APPOINTMENT AND DISMISSAL OF AUDITORS

Upon resolution at the 2021 annual general meeting of the Company held on 30 June 2022, the auditor of the Company was changed from Deloitte Touche Tohmatsu Certified Public Accountants LLP to BDO China SHU LUN PAN Certified Public Accountants LLP, who is the sole auditor of the Company to audit the financial statements of the Company under the China Accounting Standards for Business Enterprises, and also assumes responsibilities of overseas auditors as required under the Listing Rules. BDO China SHU LUN PAN Certified Public Accountants LLP audited the financial statements of the Company for the year ended 31 December 2022 in accordance with the Auditing Standards for the Certified Public Accountants of China. For details, please refer to the announcement dated 10 May 2022, the circular dated 13 May 2022 and the announcement dated 30 June 2022, respectively published by the Company on the website of the Hong Kong Stock Exchange (www.hkex.com.hk).

Upon resolution at the 2024 second extraordinary general meeting of the Company held on 13 December 2024, the auditor of the Company was changed from BDO China SHU LUN PAN Certified Public Accountants LLP to Grant Thornton Zhitong Certified Public Accountants LLP. Grant Thornton Zhitong Certified Public Accountants LLP becomes the sole auditor of the Company to audit the financial statements of the Company under the China Accounting Standards for Business Enterprises, and also assumes responsibilities of overseas auditors as required under the Listing Rules. Grant Thornton Zhitong Certified Public Accountants LLP audited the financial statements of the Company for the year ended 31 December 2024 in accordance with the Auditing Standards for the Certified Public Accountants of China. For details, please refer to the announcement dated 18 November 2024, the notice dated 25 November 2024 and the announcement dated 13 December 2024, respectively published by the Company on the website of the Hong Kong Stock Exchange (www.hkex.com.hk).

Upon resolution at the 2024 annual general meeting of the Company held on 20 June 2025, the Company re-appointed Grant Thornton Zhitong Certified Public Accountants LLP as the auditor of the Company for 2025 to carry out auditing for the annual financial statements of the Company for 2025 in accordance with the China Accounting Standards for Business Enterprises and to review its 2025 interim financial statements. For details, please refer to the circular dated 30 May 2025 and the announcement dated 20 June 2025 published by the Company on the website of the Hong Kong Stock Exchange (www.hkex.com.hk).

MANAGEMENT DISCUSSION AND ANALYSIS

Save as disclosed above, the Company has not changed its auditor in the past three years.

SUBSEQUENT EVENTS

Save for those disclosed in this report, there was no significant event subject to disclosure subsequent to 30 June 2025 and up to the date of this report that may cast a material impact on the Group's operations and financial performance.

I. CORPORATE GOVERNANCE

1. Corporate Governance

The Company puts strong emphasis on the superiority, stability and rationality of corporate governance mechanism. For the six months ended 30 June 2025 (the “**Reporting Period**”), the Company has fully complied with the code provisions set out in part 2 of the CG Code.

2. Securities Transactions by the Directors and Supervisors

The Company has adopted the Model Code as the code of conduct for governing the securities transactions by the Directors and Supervisors of the Company.

The Company has issued a specific enquiry regarding whether the securities transactions by the Directors and Supervisors are in compliance with the Model Code, and the Company confirmed that all Directors and Supervisors have complied with the standards governing securities transactions by the Directors and Supervisors specified by the Model Code during the Reporting Period.

3. Board of Directors

According to the Articles of Association, the Company shall establish a Board of Directors, which consisted of nine directors, including one chairman and three independent non-executive Directors.

OTHER INFORMATION

As nominated by the nomination committee and considered and approved at the 28th meeting of the second session of the Board and the 2022 first extraordinary general meeting of the Company, Mr. Liu Feixiang, Mr. Tong Pujiang, Mr. Chen Yongxiang and Mr. Luo Jianli were appointed as the executive Directors of the third session of the Board, Mr. Zhao Hui and Mr. Bai Yunfei were appointed as the non-executive Directors of the third session of the Board, and Mr. Wu Yuntian, Mr. Na Pengjie and Ms. Chu Ching were appointed as the independent non-executive Directors of the third session of the Board. As considered and approved at the first meeting of the third session of the Board, Mr. Liu Feixiang was elected as the chairman of the third session of the Board. Due to age reason, Mr. Liu Feixiang tendered his resignation to the Company on 6 July 2023 to resign as an executive Director, chairman of the Board, chairman of the strategy and investment committee, chairman of the nomination committee and member of the remuneration and evaluation committee. As considered and approved at the sixth meeting of the third session of the Board, Mr. Zhao Hui was elected as the chairman of the third session of the Board. On 11 September 2023, the Board received the resignation report from Mr. Luo Jianli. Mr. Luo Jianli resigned as an executive Director of the Company due to work adjustment. As considered and approved at the eighth meeting of the third session of the Board of the Company, Mr. Zhao Hui was re-designated from a non-executive Director to an executive Director and Mr. Tong Pujiang was re-designated from an executive Director to a non-executive Director. As nominated by the nomination committee and considered and approved at the ninth meeting of the third session of the Board and the 2023 first extraordinary general meeting of the Company, Mr. Zhou Huipeng and Mr. Mo Bin were appointed as executive Directors of the third session of the Board. On 31 May 2024, the Board received the resignation reports from Mr. Zhao Hui and Mr. Bai Yunfei, pursuant to which, Mr. Zhao Hui resigned as an executive Director and the chairman of the Board, and Mr. Bai Yunfei resigned as a non-executive Director due to work adjustments. As considered and approved at the 12th meeting of the third session of the Board, Mr. Tong Pujiang was re-designated from a non-executive Director to an executive Director and was appointed as the chairman of the Board. As nominated by the nomination committee and considered and approved at the 12th meeting of the third session of the Board and the 2023 annual general meeting of the Company, Mr. Xiang Daqiang was appointed as an executive Director of the third session of the Board, and Mr. Xie Huagang as a non-executive Director of the Company. On 2 July 2024, the Board received the resignation report from Mr. Zhou Huipeng, pursuant to which, Mr. Zhou Huipeng resigned as an executive Director due to work adjustment. As nominated by the nomination committee and considered and approved at the 13th meeting of the third session of the Board and the 2024 first extraordinary general meeting of the Company, Mr. Lyu Jing was appointed as a non-executive Director of the third session of the Board.

OTHER INFORMATION

As at the date of this report, the Board consisted of nine Directors, including Mr. Tong Pujiang, Mr. Xiang Daqiang, Mr. Chen Yongxiang and Mr. Mo Bin as executive Directors; Mr. Lyu Jing and Mr. Xie Huagang as non-executive Directors; and Mr. Wu Yuntian, Mr. Na Pengjie and Ms. Chu Ching as independent non-executive Directors.

All Directors have entered into service contracts with the Company respectively with a term of three years. A Director may be re-elected and re-appointed at a general meeting after his/her term of office expires.

The Directors strictly complied with their promises, fidelity, integrity, and diligently performed their responsibilities. The number of members and composition of the Board conformed to the requirements of relevant laws and regulations. There was no non-working relationship among the members of the Board, including financial, business, family or other significant relevant relations.

4. Supervisory Committee

As considered and approved at the Company's 2022 first extraordinary general meeting held on 21 October 2022, Mr. Zhong Xiangjun and Mr. Wang Huaming were appointed as shareholder representative Supervisors for a term of three years commencing from the date of approval at the general meeting. Pursuant to the letter dated 29 July 2022 issued by the labor union of the Company, Mr. Liang Zhijian was elected as an employee representative Supervisor of the third session of the Supervisory Committee at the employee congress of the Company.

At the first meeting of the third session of the Supervisory Committee held on 21 October 2022, Mr. Liang Zhijian was elected as the chairman of the third session of the Supervisory Committee for a term commencing from the date of approval at the Supervisory Committee until the expiry of the third session of the Supervisory Committee.

On 6 January 2025, the Company received the written resignation report from Mr. Liang Zhijian, an employee representative Supervisor. Mr. Liang Zhijian tendered his resignation to the Supervisory Committee as an employee representative Supervisor and the chairman of the third session of the Supervisory Committee of the Company due to change in work arrangements. In accordance with the relevant provisions of the Articles of Association, the resignation of Mr. Liang Zhijian became effective upon the election of the new employee representative Supervisor to fill his vacancy at the employee representative meeting of the Company.

OTHER INFORMATION

On 17 January 2025, Mr. Ma Changhua was elected as an employee representative Supervisor of the third session of the Supervisory Committee of the Company at the employee representative meeting of the Company for a term commencing from 17 January 2025 to the expiry date of the term of the third session of the Supervisory Committee of the Company. At the sixth meeting of the third session of the Supervisory Committee of the Company held on 17 January 2025, Mr. Ma Changhua was elected as the chairman of the Supervisory Committee of the Company for a term commencing from the date of election by the Supervisory Committee to the expiry date of the term of the third session of the Supervisory Committee of the Company.

As at the date of this report, the Supervisory Committee consisted of three Supervisors, including Mr. Ma Changhua as the chairman of the Supervisory Committee and an employee representative Supervisor, and Mr. Zhong Xiangjun and Mr. Wang Huaming as shareholder representative Supervisors.

5. Audit and Risk Management Committee

The audit and risk management committee of the Company consisted of three independent non-executive Directors. The members of the audit and risk management committee are Mr. Wu Yuntian, Mr. Na Pengjie and Ms. Chu Ching, of whom Mr. Na Pengjie is the chairman of the audit and risk management committee.

Members of the audit and risk management committee under the third session of the Board were approved at the first meeting of the third session of the Board held on 21 October 2022 for a term commencing from the date of approval until the expiry of the third session of the Board.

The audit and risk management committee of the Company is primarily responsible for supervising the Company's internal control, risk management, financial information disclosure and internal audit matters, making recommendations for the appointments or replacements of the external audit firms, etc.

The audit and risk management committee of the Company has discussed the accounting standards adopted by the Group with the management and reviewed the interim report of the Group for the six months ended 30 June 2025, including the unaudited financial results prepared under the China Accounting Standards for Business Enterprises, and has confirmed that the unaudited results are in compliance with the applicable accounting standards and the relevant regulatory and legal requirements and that sufficient disclosures have been made.

OTHER INFORMATION

6. Changes in Particulars of Directors, Supervisors and Senior Management

On 6 January 2025, the Company received the written resignation report from Mr. Liang Zhijian, an employee representative Supervisor. Mr. Liang Zhijian tendered his resignation to the Supervisory Committee as an employee representative Supervisor and the chairman of the third session of the Supervisory Committee of the Company due to change in work arrangements.

On 17 January 2025, Mr. Ma Changhua was elected as an employee representative Supervisor of the third session of Supervisory Committee of the Company at the employee representative meeting of the Company for a term commencing from 17 January 2025 to the expiry date of the term of the third session of the Supervisory Committee of the Company. At the sixth meeting of the third session of the Supervisory Committee of the Company held on 17 January 2025, Mr. Ma Changhua was elected as the chairman of the Supervisory Committee of the Company for a term commencing from the date of election by the Supervisory Committee to the expiry date of the term of the third session of the Supervisory Committee of the Company.

On 30 July 2025, the Company held the 20th meeting of the third session of the Board. Mr. Qin Xuehe was appointed as the Company's Chief Accountant, with a term commencing from the date of approval of the resolution of the Board, and expiring on the date of the establishment of the Company's fourth session of Board and the appointment of the new senior management.

On 30 July 2025, the Company held the 20th meeting of the third session of the Board. Mr. Wu Yuntian was elected as the convener of the nomination committee, with a term commencing from the date of approval of the resolution of the Board, and ending upon the expiry of the third session of the Board.

As at the date of this report, the composition of the nomination committee is as follows:

Convener: Wu Yuntian

Members: Tong Pujiang, Chu Ching

II. INTERNAL CONTROL

The Company has a sound organization system of internal control. The Board is responsible for the establishment, improvement and effective implementation of the internal control system. The Company has established an audit and supervision department as a management institution with relatively independent functions on internal audit, internal control and risk management. Guided by the audit and risk management committee of the Board, the audit and supervision department carries out risk identification, inspection, supervision and evaluation for internal controls, centering on the significant control areas including financial control, operational control, compliance control and risk management functions, supervises and timely rectifies internal control deficiencies and effectively controls various risks during the operations of the Company.

OTHER INFORMATION

During the Reporting Period, the internal control system of the Company was proved to be stable and reliable, and the Company continued to deepen its risk management practices. In the first half of the year, the Company aimed at management improvement, enhanced the audit value-added services and put great emphasis on the closed-loop management of internal control and ensured the remedial measures for internal control deficiencies were fully implemented. The Company also continued to deepen its risk management and implemented specific measures to tackle and prevent high-risk events. Special audits covering services procurements, system procedures were carried out from multiple perspectives to realize enhancement in management, reduction in costs and boosts in efficiency. The Company is capable of withstanding changes in business and external environment in terms of financial, operational and risk management, so as to ensure the safety of the assets of the Company and the interests of Shareholders.

III. INTERESTS AND SHORT POSITIONS OF DIRECTORS, SUPERVISORS AND GENERAL MANAGER IN SHARES, UNDERLYING SHARES AND DEBENTURES

During the Reporting Period and as at 30 June 2025, none of the Directors, Supervisors and the general manager of the Company or their respective associates had any personal, family, corporate or other interests and 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 Securities and Futures Ordinance) that are required to be notified to the Company and the Hong Kong Stock Exchange pursuant to Part XV of the Securities and Futures Ordinance, or to be entered in the register pursuant to section 352 of the Securities and Futures Ordinance, or to be notified to the Company and the Hong Kong Stock Exchange pursuant to the Model Code.

IV. STRUCTURE OF THE SHARE CAPITAL

The share capital structure of the Company as at 30 June 2025 was as follows:

Shareholders	Class	Number of Shares	Percentage of issued Share capital as at 30 June 2025
China Railway Construction Corporation Limited	Domestic Share	968,224,320	63.70%
China Railway Construction Investment Group Co., Ltd.	Domestic Share	4,939,920	0.325%
China Railway Construction International Group Co., Ltd.	Domestic Share	4,939,920	0.325%
China Civil Engineering Construction Corporation	Domestic Share	4,939,920	0.325%
CRCC China-Africa Construction Limited	Domestic Share	4,939,920	0.325%
Shares in public hands	H Share	531,900,000	35.00%
Total		1,519,884,000	100.00%

OTHER INFORMATION

V. SUBSTANTIAL SHAREHOLDERS

To the knowledge of the Directors, as of 30 June 2025, except for the Directors, Supervisors or chief executive of the Company, the following persons had interests and short positions in the shares and underlying shares of the Company that, pursuant to section 336 of Part XV of the Securities and Futures Ordinance, are required to be entered in the register referred to therein:

Name of substantial Shareholders	Number of Shares held ^{Note 1} (unit: share)	Capacity	Approximate percentage of domestic Share capital	Approximate percentage of H Share capital	Approximate percentage of issued Share capital
China Railway Construction Corporation Limited ^{Note 2}	968,224,320 (L)	Beneficial owner	98.00%	–	63.70%
	19,759,690 (L)	Interest of controlled corporation	2.00%	–	1.30%
China Railway Construction Group Corporation ^{Note 3}	987,984,000 (L)	Interest of controlled corporation	100.00%	–	65.00%
CSR Zhuzhou Electric Locomotive Research Institute (Hong Kong) Co., Limited ^{Note 4}	44,285,500 (L)	Beneficial owner	–	8.33% (L)	2.91%
CRRC Zhuzhou Institute Co., Ltd. ^{Note 4}	44,285,500 (L)	Interest of controlled corporation	–	8.33% (L)	2.91%
CRRC Corporation Limited ^{Note 4}	44,285,500 (L)	Interest of controlled corporation	–	8.33% (L)	2.91%
CRRC Group Co., Ltd. ^{Note 4}	44,285,500 (L)	Interest of controlled corporation	–	8.33% (L)	2.91%

Note 1: L – Long Position, S – Short Position.

Note 2: China Railway Construction Corporation Limited (including held through its wholly-owned subsidiaries, namely China Railway Construction Investment Group Co., Ltd., China Railway Construction International Group Co., Ltd., China Civil Engineering Construction Corporation and CRCC China-Africa Construction Limited) directly or indirectly held a long position of 987,984,000 domestic Shares of the Company.

Note 3: As at 30 June 2025, China Railway Construction Group Corporation directly held approximately 51.23% shares of China Railway Construction Corporation Limited, while China Railway Construction Corporation Limited directly or indirectly held 987,984,000 domestic Shares of the Company. Therefore, China Railway Construction Group Corporation was deemed to be interested in these Shares.

Note 4: As at 30 June 2025, CRRC Zhuzhou Institute Co., Ltd. held 100% equity interest in CSR Zhuzhou Electric Locomotive Research Institute (Hong Kong) Co., Limited and was a wholly-owned subsidiary of CRRC Corporation Limited. CRRC Group Co., Ltd. held 51.45% shares of CRRC Corporation Limited. CSR Zhuzhou Electric Locomotive Research Institute (Hong Kong) Co., Limited held 44,285,500 H Shares of the Company. Thus, CRRC Zhuzhou Institute Co., Ltd., CRRC Corporation Limited and CRRC Group Co., Ltd. were deemed to be interested in these Shares.

OTHER INFORMATION

VI. PURCHASE, REDEMPTION OR SALE OF THE LISTED SECURITIES OF THE COMPANY

During the Reporting Period, there was no purchase, redemption or sale of any listed securities of the Company by the Company or any of its subsidiaries.

VII. DIVIDEND DISTRIBUTION

1. 2024 Final Dividend Distribution Plan and Implementation

As considered and approved at the 2024 annual general meeting of the Company, the Company proposed final cash dividends for 2024 of RMB0.028 per Share (tax inclusive), totaling RMB42.56 million (tax inclusive) based on the total issued Shares capital of 1,519,884,000 Shares. The above proposed final dividends for 2024 were paid by the Company on 22 August 2025.

2. 2025 Interim Dividend Distribution Plan

The Board did not recommend the distribution of interim dividend for the six months ended 30 June 2025.

VIII. EMPLOYEES AND TRAINING

As at 30 June 2025, the Company had a total number of 1,873 employees. Total remunerations (including wages and fringe benefits) for the six months ended 30 June 2025 amounted to approximately RMB221 million. The remuneration policies of the Group are determined based on the position, performance, qualifications and capability of staff members. No share option scheme has been adopted by the Company as of 30 June 2025.

During the Reporting Period, the Company has appointed its legal advisers to explain the relevant knowledge of the Listing Rules to the Directors, Supervisors, senior management and staff from related departments.

REVIEW REPORT

Zhi Tong Shen Zi (2025) No. 110A034069

To the shareholders of CRCC High-Tech Equipment Corporation Limited,

We have reviewed the accompanying financial statements of CRCC High-Tech Equipment Corporation Limited ("CRCCE"), which comprise the consolidated and Company balance sheets as at 30 June 2025, and the consolidated and Company income statement, the consolidated and Company cash flow statement and the consolidated and Company statement of changes in shareholders' equity for the six months ended 30 June 2025, and the notes to the financial statements. It is the responsibility of the management of CRCCE to prepare the financial statements in accordance with the China Accounting Standards for Business Enterprises, and our responsibility is to issue a report on review of the financial statements based on our review.

We conducted our review in accordance with China Certified Public Accountants Review Standard No. 2101 – Review of Financial Statements. This standard requires us to plan and perform the review to obtain limited assurance about whether the financial statements are free from material misstatements. A review is limited primarily to procedures as enquiry of the personnel of the Company and analytical review of procedures applied to the financial information and thus provides less assurance than an audit. We have not performed an audit, and therefore we do not express an audit opinion.

Based on our review, nothing has come to our attention that causes us to believe that the financial statements are not prepared in accordance with the requirements of China Accounting Standards for Business Enterprises and do not, in all material respects, give a fair view of the consolidated and Company financial position as at 30 June 2025, and the consolidated and Company operating results and the consolidated and Company cash flows of CRCCE for the six months ended 30 June 2025.

Grant Thornton Zhitong
Certified Public Accountants LLP

Certified Public Accountant of China

Certified Public Accountant of China

Beijing, the PRC

27 August 2025

CONSOLIDATED AND COMPANY BALANCE SHEET

30 June 2025

Prepared by: CRCC High-Tech Equipment Corporation Limited

Unit: RMB

		30 June 2025 (unaudited)		31 December 2024 (audited)	
Item	Notes	Consolidated	Company	Consolidated	Company
Current assets:					
Cash and bank balances	V-1	1,469,969,136.14	1,318,152,731.49	1,746,956,785.12	1,577,589,176.76
Held-for-trading financial assets					
Bills receivable	V-2	203,262,550.02	197,297,035.47	350,244,218.18	349,947,247.88
Accounts receivable	V-3 XIII-1	2,070,024,632.69	1,830,771,411.46	1,729,218,766.73	1,575,526,829.22
Receivables financing	V-4	109,868,473.50	109,868,473.50	65,414,758.27	58,771,032.37
Prepayments	V-5	47,015,083.46	43,168,271.61	65,341,847.66	63,575,256.32
Other receivables	V-6 XIII-2	47,218,802.70	196,363,109.90	30,297,749.85	174,063,050.38
Including: Interest receivable					
Dividend receivable	V-6 XIII-2	9,800,000.00	9,800,000.00		
Inventories	V-7	2,910,817,417.76	2,625,017,211.52	2,877,622,541.32	2,647,917,012.20
Contract assets	V-8	17,252,713.54	2,366,483.74	15,421,013.38	2,366,483.74
Assets held for sale					
Non-current assets due within one year					
Other current assets	V-9	37,817,982.23	25,777,087.51	11,880,506.61	8,284,996.27
Total current assets		6,913,246,792.04	6,348,781,816.20	6,892,398,187.12	6,458,041,085.14

CONSOLIDATED AND COMPANY BALANCE SHEET

30 June 2025

Prepared by: CRCC High-Tech Equipment Corporation Limited

Unit: RMB

		30 June 2025 (unaudited)		31 December 2024 (audited)	
Item	Notes	Consolidated	Company	Consolidated	Company
Non-current assets:					
Debt investments					
Other debt investments					
Long-term receivables					
Long-term equity investments	XIII-3		417,576,012.32		417,576,012.32
Other equity instrument investments	V-10	417,970,000.00	417,970,000.00	469,616,000.00	469,616,000.00
Other non-current financial assets					
Investment property	V-11	22,956,888.22	22,956,888.22	23,363,374.96	23,363,374.96
Fixed assets	V-12	1,332,747,529.40	1,219,406,553.64	1,379,185,618.18	1,262,989,267.33
Construction in progress	V-13	6,813,911.00	5,899,624.87	6,075,838.08	5,899,624.87
Productive biological assets					
Oil and gas assets					
Right-of-use assets	V-14	14,269,873.97		15,242,819.93	
Intangible assets	V-15	311,242,819.09	168,364,616.29	316,392,668.69	171,163,255.85
Development expenditure					
Goodwill	V-16	12,488,542.97		12,488,542.97	
Long-term deferred expenses	V-17	13,997,038.73		14,760,513.65	
Deferred income tax assets	V-18	8,127,099.68	–	8,271,323.55	
Other non-current assets	V-19	13,080,491.60	12,380,490.00	13,080,491.60	12,380,490.00
Total non-current assets		2,153,694,194.66	2,264,554,185.34	2,258,477,191.61	2,362,988,025.33
Total assets		9,066,940,986.70	8,613,336,001.54	9,150,875,378.73	8,821,029,110.47

CONSOLIDATED AND COMPANY BALANCE SHEET

30 June 2025

Prepared by: CRCC High-Tech Equipment Corporation Limited

Unit: RMB

		30 June 2025 (unaudited)		31 December 2024 (audited)	
Item	Notes	Consolidated	Company	Consolidated	Company
Current liabilities:					
Short-term borrowings					
Held-for-trading financial liabilities					
Bills payable	V-21	397,367,469.86	392,724,998.19	546,907,509.65	548,035,752.35
Accounts payable	V-22	1,990,728,296.03	1,775,980,952.33	1,901,162,903.70	1,800,476,851.70
Advance received	V-23	14,136,924.40	14,136,924.40	427,978.43	427,978.43
Contract liabilities	V-24	405,876,831.59	393,262,043.98	321,860,381.80	315,974,833.17
Employee benefits payable	V-25	11,586,622.47	4,069,857.69	28,144,645.17	20,284,721.12
Taxes payable	V-26	11,474,793.34	7,417,940.40	94,108,890.64	72,027,936.31
Other payables	V-27	96,718,098.88	95,833,235.99	51,548,925.49	50,892,959.95
Including: Interest payable					
Dividend payable	V-27	42,556,752.00	42,556,752.00		
Liabilities held for sale					
Non-current liabilities due within					
one year	V-28	35,167,636.98	32,852,900.88	43,857,470.21	40,684,252.75
Other current liabilities	V-29	17,416,000.00	17,416,000.00	54,573,280.19	54,573,280.19
Total current liabilities		2,980,472,673.55	2,733,694,853.86	3,042,591,985.28	2,903,378,565.97

CONSOLIDATED AND COMPANY BALANCE SHEET

30 June 2025

Prepared by: CRCC High-Tech Equipment Corporation Limited

Unit: RMB

		30 June 2025 (unaudited)		31 December 2024 (audited)	
Item	Notes	Consolidated	Company	Consolidated	Company
Non-current liabilities:					
Long-term borrowings					
Bonds payable					
Lease liabilities	V-30	14,496,638.08		14,283,452.22	
Long-term payables					
Estimated liabilities					
Deferred income	V-31	27,308.56		39,510.45	
Deferred income tax liabilities	V-18	11,510,495.33	11,510,495.33	19,689,250.08	19,689,250.08
Other non-current liabilities					
Total non-current liabilities		26,034,441.97	11,510,495.33	34,012,212.75	19,689,250.08
Total liabilities		3,006,507,115.52	2,745,205,349.19	3,076,604,198.03	2,923,067,816.05

CONSOLIDATED AND COMPANY BALANCE SHEET

30 June 2025

Prepared by: CRCC High-Tech Equipment Corporation Limited

Unit: RMB

Item	Notes	30 June 2025 (unaudited)		31 December 2024 (audited)	
		Consolidated	Company	Consolidated	Company
Shareholders' equity					
Share capital	V-32	1,519,884,000.00	1,519,884,000.00	1,519,884,000.00	1,519,884,000.00
Including: Preferred stock					
Perpetual bonds					
Capital reserve	V-33	3,224,727,994.03	3,271,445,482.07	3,224,727,994.03	3,271,445,482.07
Less: Treasury shares					
Other comprehensive income	V-34	307,766,213.92	299,331,798.71	345,799,495.07	343,722,412.28
Special reserve	V-35				
Surplus reserve	V-36	161,583,676.42	161,583,676.42	161,583,676.42	161,583,676.42
Retained earnings	V-37	811,354,015.67	615,885,695.15	787,189,578.06	601,325,723.65
Total equity attributable to shareholders of parent company		6,025,315,900.04	5,868,130,652.35	6,039,184,743.58	5,897,961,294.42
Non-controlling interests		35,117,971.14		35,086,437.12	
Total shareholders' equity		6,060,433,871.18	5,868,130,652.35	6,074,271,180.70	5,897,961,294.42
Total liabilities and shareholders' equity		9,066,940,986.70	8,613,336,001.54	9,150,875,378.73	8,821,029,110.47

Legal representative of the Company:
Tong Pujiang

CFO of the Company:
Qin Xuehe

Head of the Finance Department of the Company:
Qiu Shusong

CONSOLIDATED AND COMPANY INCOME STATEMENT

January to June 2025

Prepared by: CRCC High-Tech Equipment Corporation Limited

Unit: RMB

Item	Notes	January to June 2025 (unaudited)		January to June 2024 (unaudited)	
		Consolidated	Company	Consolidated	Company
I. Operating revenue	V-38 XIII-4	1,731,934,819.46	1,584,024,077.20	1,722,451,617.94	1,685,137,582.65
Less: Operating cost	V-38 XIII-4	1,452,193,753.07	1,358,453,783.37	1,428,414,098.75	1,425,636,251.14
Taxes and surcharges	V-39	9,411,620.95	8,340,109.97	6,586,590.13	5,728,648.83
Selling expenses	V-40	62,824,482.52	55,752,386.81	53,940,808.24	48,065,843.96
Administrative expenses	V-41	61,334,954.13	38,105,387.06	78,049,574.94	57,243,373.68
Research and development expenses	V-42	82,217,858.62	75,231,277.54	133,077,479.13	126,476,315.28
Finance expenses	V-43	-7,000,762.32	-5,124,871.48	-10,052,469.84	-10,398,454.44
Including: Interest expenses	V-43	240,197.61		266,422.62	
Interest income	V-43	9,946,527.55	9,519,724.93	11,138,533.60	10,883,125.02
Plus: Other income	V-44	6,758,783.23	6,451,973.93	25,094,802.25	24,782,317.87
Investment income ("-" for losses)	V-45 XIII-5	9,800,000.00	16,665,079.27	7,644,000.00	9,412,117.85
Including: Investment income from associates and joint ventures					
Revenue from derecognition of financial assets measured at amortized cost ("-" for losses)					
Net exposure hedging returns ("-" for losses)					
Gain from fair value changes ("-" for losses)					
Credit impairment losses ("-" for losses)	V-46	-18,644,538.95	-19,148,402.84	-3,561,546.02	-5,054,592.02
Impairment losses on assets ("-" for losses)	V-47	-502,299.53	-793,544.22	-606,980.81	-644,246.16
Gains on disposal of assets ("-" for losses)	V-48	-305,468.34	-305,468.34	-82,193.65	-82,715.32

CONSOLIDATED AND COMPANY INCOME STATEMENT

January to June 2025

Prepared by: CRCC High-Tech Equipment Corporation Limited

Unit: RMB

Item	Notes	January to June 2025 (unaudited)		January to June 2024 (unaudited)	
		Consolidated	Company	Consolidated	Company
II. Operating profit ("-" for losses)		68,059,388.90	56,135,641.73	60,923,618.36	60,798,486.42
Plus: Non-operating income	V-49	912,641.31	635,964.71	320,395.17	55,649.19
Less: Non-operating expenses	V-50	76,097.55	-	64,472.71	9,196.27
III. Total profit ("-" for total losses)		68,895,932.66	56,771,606.44	61,179,540.82	60,844,939.34
Less: Income tax expenses	V-51	2,143,209.03	-345,117.06	-192,913.34	-823,687.79
IV. Net profit ("-" for net losses)		66,752,723.63	57,116,723.50	61,372,454.16	61,668,627.13
(I) Classification by continuity of business operation:					
Including: Net profit from continuing operations ("-" for net losses)		66,752,723.63	57,116,723.50	61,372,454.16	61,668,627.13
Net profit from discontinued operations ("-" for net losses)					
(II) Classification by ownership:					
Including: Net profit attributable to shareholders of the parent company ("-" for net losses)		66,721,189.61	57,116,723.50	61,346,082.55	61,668,627.13
Gains or losses attributable to non-controlling interests ("-" for net losses)		31,534.02		26,371.61	

CONSOLIDATED AND COMPANY INCOME STATEMENT

January to June 2025

Prepared by: CRCC High-Tech Equipment Corporation Limited

Unit: RMB

Item	Notes	January to June 2025 (unaudited)		January to June 2024 (unaudited)	
		Consolidated	Company	Consolidated	Company
V. Other comprehensive income after tax		-38,033,281.15	-44,390,613.57	107,287,457.15	108,663,506.94
Other comprehensive income after tax attributable to shareholders of the parent company		-38,033,281.15	-44,390,613.57	107,287,457.15	108,663,506.94
(I) Other comprehensive income that cannot be reclassified subsequently to profit or loss		-43,899,100.00	-43,899,100.00	108,706,500.00	108,706,500.00
1. Changes in remeasurement of the defined benefit plan					
2. Changes in fair value of other equity instrument investments		-43,899,100.00	-43,899,100.00	108,706,500.00	108,706,500.00
(II) Other comprehensive income that will be reclassified subsequently to profit or loss		5,865,818.85	-491,513.57	-1,419,042.85	-42,993.06
1. The amount of financial assets reclassified into other comprehensive income		-484,861.91	-491,513.57	-42,989.78	-42,993.06
2. Translation difference of financial statements in foreign currencies		6,350,680.76		-1,376,053.07	
Other comprehensive income after tax attributable to non-controlling interests					

CONSOLIDATED AND COMPANY INCOME STATEMENT

January to June 2025

Prepared by: CRCC High-Tech Equipment Corporation Limited

Unit: RMB

Item	Notes	January to June 2025 (unaudited)		January to June 2024 (unaudited)	
		Consolidated	Company	Consolidated	Company
VI. Total comprehensive income		28,719,442.48	12,726,109.93	168,659,911.31	170,332,134.07
Total comprehensive income attributable to the shareholders of the parent company		28,687,908.46	12,726,109.93	168,633,539.70	170,332,134.07
Total comprehensive income attributable to non-controlling interests		31,534.02		26,371.61	
VII. Earnings per share	V-52				
(I) Basic earnings per share		0.04		0.04	
(II) Diluted earnings per share					

Legal representative of the Company:
Tong Pujiang

CFO of the Company:
Qin Xuehe

Head of the Finance Department of the Company:
Qiu Shusong

CONSOLIDATED AND COMPANY CASH FLOW STATEMENT

January to June 2025

Prepared by: CRCC High-Tech Equipment Corporation Limited

Unit: RMB

Item	Notes	January to June 2025 (unaudited)		January to June 2024 (unaudited)	
		Consolidated	Company	Consolidated	Company
I. Cash flows from operating activities					
Cash received from sale of goods and rendering of services		1,633,195,265.06	1,499,284,662.05	1,475,373,253.52	1,378,295,609.00
Refund of taxes and surcharges		430,656.00		12,165.53	
Cash received from other operating activities		30,784,424.43	26,293,314.77	25,115,862.64	23,354,039.10
Sub-total of cash inflows from operating activities		1,664,410,345.49	1,525,577,976.82	1,500,501,281.69	1,401,649,648.10
Cash paid for goods purchased and services received		1,411,613,349.63	1,375,631,226.24	1,260,712,230.11	1,263,967,187.19
Cash paid to and for employees		256,686,289.67	183,682,615.81	260,490,351.72	193,532,434.28
Cash paid for taxes and surcharges		107,441,082.73	72,825,113.18	67,608,109.15	50,580,225.15
Cash paid for other operating activities		161,015,325.41	150,238,450.74	158,008,708.15	142,564,014.83
Sub-total of cash outflows from operating activities		1,936,756,047.44	1,782,377,405.97	1,746,819,399.13	1,650,643,861.45
Net cash flow from operating activities		-272,345,701.95	-256,799,429.15	-246,318,117.44	-248,994,213.35
II. Cash flows from investing activities					
Cash received from disinvestment			2,104,637.34		1,768,117.85
Cash received from return on investments					
Net cash received from disposal of fixed assets, intangible assets and other long-term assets		84,000.00	84,000.00	84,841,481.97	84,840,960.30
Net cash received from disposal of subsidiaries and other business units					
Cash received from other investing activities		8,169,285.63			
Sub-total of cash inflows from investing activities		8,253,285.63	2,188,637.34	84,841,481.97	86,609,078.15
Cash paid for acquisition of fixed assets, intangible assets and other long-term assets		5,775,273.78	4,105,880.06	12,709,076.06	6,798,624.47
Cash paid for investment					20,700,000.00
Net cash paid for acquisition of subsidiaries and other business units					
Cash paid for other investing activities		4,878,000.37	4,878,000.37	256,000,000.00	256,000,000.00
Sub-total of cash outflows from investing activities		10,653,274.15	8,983,880.43	268,709,076.06	283,498,624.47
Net cash flows from investing activities		-2,399,988.52	-6,795,243.09	-183,867,594.09	-196,889,546.32

CONSOLIDATED AND COMPANY CASH FLOW STATEMENT

January to June 2025

Prepared by: CRCC High-Tech Equipment Corporation Limited

Unit: RMB

Item	Notes	January to June 2025 (unaudited)		January to June 2024 (unaudited)	
		Consolidated	Company	Consolidated	Company
III. Cash flows from financing activities:					
Cash received from absorbing investments				19,300,000.00	
Including: Cash received from non-controlling interests' investment in subsidiaries					
Cash received from borrowings					
Cash received from bond issuance					
Cash received from other financing activities					
Sub-total of cash inflows from financing activities				19,300,000.00	
Cash paid for repayment of debts					
Cash paid for distribution of dividends, profits or payment of interest					
Including: Payments for distribution of dividends or profit to non-controlling interests by subsidiaries					
Cash paid for other financing activities					
Sub-total of cash outflows from financing activities					
Net cash flows from financing activities				19,300,000.00	
IV. Effect of foreign exchange rate changes on cash and cash equivalents		1,049,326.75	-719,773.40	1,023,503.33	1,263,427.46
V. Net increase in cash and cash equivalents	V-53	-273,696,363.72	-264,314,445.64	-409,862,208.20	-444,620,332.21
Plus: Opening balance of cash and cash equivalents	V-53	1,147,055,380.88	990,559,529.82	1,457,596,638.25	1,353,487,541.40
VI. Closing balance of cash and cash equivalents	V-53	873,359,017.16	726,245,084.18	1,047,734,430.05	908,867,209.19

Legal representative of the Company:
Tong Pujiang

CFO of the Company:
Qin Xuehe

Head of the Finance Department of the Company:
Qiu Shusong

CONSOLIDATED STATEMENT OF CHANGES IN SHAREHOLDERS' EQUITY

January to June 2025

Unit: RMB

Prepared by: CRCC High-Tech Equipment Corporation Limited

January to June 2025 (unaudited)
Equity attributable to shareholders of parent company

Item	Share capital	Capital reserve	Less: Treasury shares	comprehensive income	Other	Special reserve	Surplus reserve	Retained earnings	Non-controlling interests	Total shareholders' equity
I. Closing balance for the last year Plus: Changes in accounting policies Correction of accounting errors in prior period Business combination involving entities under common control Others	1,519,884,000.00	3,224,727,994.03		345,799,495.07		161,583,676.42	161,583,676.42	787,189,578.06	35,086,437.12	6,074,271,180.70
II. Opening balance for the current year										
III. Movements in the current year (decrease is represented by "-")										
(I) Total comprehensive income										
(II) Capital contributed or reduced by shareholders										
1. Ordinary shares contributed by shareholders				-38,033,281.15				24,164,437.61	31,534.02	-13,837,309.52
2. Amount of share-based payment recognized in shareholders' equity				-38,033,281.15				66,721,189.61	31,534.02	28,719,442.48
3. Others										
(III) Profit distribution										
1. Appropriation of surplus reserve								-42,556,752.00		-42,556,752.00
2. Appropriation of profit to shareholders								-42,556,752.00		-42,556,752.00
3. Others										
(IV) Internal carry-over of shareholders' equity										
1. Transfer of capital reserve to share capital						4,284,215.73				4,284,215.73
2. Transfer of surplus reserve to share capital						-4,284,215.73				-4,284,215.73
3. Surplus reserve to cover losses										
4. Other comprehensive income carried forward to retained earnings										
5. Others										
(V) Special reserve										
1. Appropriations in the current period										
2. Utilization in the current period (represented by "-")										
(VI) Others										
IV. Closing balance for the current year	1,519,884,000.00	3,224,727,994.03		307,766,213.92			161,583,676.42	811,354,015.67	35,117,971.14	6,060,433,871.18

Legal representative of the Company: Tong Pujiang

CFO of the Company: Qin Xuehe

Head of the Finance Department of the Company: Qiu Shusong

CONSOLIDATED STATEMENT OF CHANGES IN SHAREHOLDERS' EQUITY

January to June 2025

Prepared by: CRCC High-Tech Equipment Corporation Limited

Unit: RMB

Item	January to June 2024 (unaudited)					Total shareholders' equity
	Share capital	Capital reserve	Less: Treasury shares	Equity attributable to shareholders of parent company	Non-controlling interests	
				Other comprehensive income	Retained earnings	
				Special reserve	Surplus reserve	
I. Closing balance for the last year	1,519,884,000.00	3,224,727,994.03		250,426,152.11	714,911,976.09	5,876,345,242.48
Plus: Changes in accounting policies						
Correction of accounting errors in prior period						
Business combination involving entities under common control						
Others						
II. Opening balance for the current year	1,519,884,000.00	3,224,727,994.03		250,426,152.11	714,911,976.09	5,876,345,242.48
III. Movements in the current year (decrease is represented by "-")						
(I) Total comprehensive income						
(II) Capital contributed or reduced by shareholders						
1. Ordinary shares contributed by shareholders				107,287,457.15	15,749,562.55	142,363,391.31
2. Amount of share-based payment recognized in shareholders' equity				107,287,457.15	61,346,082.55	168,659,911.31
3. Others						19,300,000.00
(III) Profit distribution						19,300,000.00
1. Appropriation of surplus reserve					-45,596,520.00	-45,596,520.00
2. Appropriation of profit to shareholders					-45,596,520.00	-45,596,520.00
3. Others						
(IV) Internal carry-over of shareholders' equity						
1. Transfer of capital reserve to share capital						
2. Transfer of surplus reserve to share capital						
3. Surplus reserve to cover losses						
4. Other comprehensive income carried forward to retained earnings						
5. Others						
(V) Special reserve						
1. Appropriations in the current period				3,573,187.31		3,573,187.31
2. Utilization in the current period (represented by "-")				-3,573,187.31		-3,573,187.31
(VI) Others						
IV. Closing balance for the current year	1,519,884,000.00	3,224,727,994.03		357,713,609.26	730,661,538.64	6,018,708,633.79

Legal representative of the Company: Tong Pujiang CFO of the Company: Qin Xuehe Head of the Finance Department of the Company: Qiu Shusong

STATEMENT OF CHANGES IN SHAREHOLDERS' EQUITY OF THE COMPANY

January to June 2025

Prepared by: CRCC High-Tech Equipment Corporation Limited

Unit: RMB

January to June 2025 (unaudited)

Item	Share capital	Capital reserve	Less: Treasury shares	Other comprehensive income	Special reserve	Surplus reserve	Retained earnings	Total shareholders' equity
I. Closing balance for the last year	1,519,884,000.00	3,271,445,482.07		343,722,412.28		161,583,676.42	601,325,723.65	5,897,961,294.42
Plus: Changes in accounting policies								
Correction of accounting errors in prior period								
Others								
II. Opening balance for the current year	1,519,884,000.00	3,271,445,482.07		343,722,412.28		161,583,676.42	601,325,723.65	5,897,961,294.42
III. Movements in the current year (decrease is represented by "-")								
(I) Total comprehensive income								
(II) Capital contributed or reduced by shareholders								
1. Ordinary shares contributed by shareholders							14,559,971.50	-29,830,642.07
2. Amount of share-based payment recognized in shareholders' equity							57,116,723.50	12,726,109.93
3. Others								
(III) Profit distribution								
1. Appropriation of surplus reserve							-42,556,752.00	-42,556,752.00
2. Appropriation of profit to shareholders							-42,556,752.00	-42,556,752.00
3. Others								
(IV) Internal carry-over of shareholders' equity								
1. Transfer of capital reserve to share capital								
2. Transfer of surplus reserve to share capital								
3. Surplus reserve to cover losses								
4. Other comprehensive income carried forward to retained earnings								
5. Others								
(V) Special reserve								
1. Appropriations in the current period					2,363,122.96			2,363,122.96
2. Utilization in the current period (represented by "-")					-2,363,122.96			-2,363,122.96
(VI) Others								
IV. Closing balance for the current year	1,519,884,000.00	3,271,445,482.07		299,331,798.71		161,583,676.42	615,885,695.15	5,868,130,652.35

Legal representative of the Company:
Tong Pujiang

CFO of the Company:
Qin Xuehe

Head of the Finance Department of the Company:
Qiu Shusong

STATEMENT OF CHANGES IN SHAREHOLDERS' EQUITY OF THE COMPANY

January to June 2025

Prepared by: CRCC High-Tech Equipment Corporation Limited

Unit: RMB

Item	January to June 2024 (unaudited)					Total shareholders' equity
	Share capital	Capital reserve	Less: Treasury shares	comprehensive income	Other	
				Special reserve	Surplus reserve	Retained earnings
I. Closing balance for the last year	1,519,884,000.00	3,271,445,482.07		247,084,605.71	151,251,994.06	553,937,102.46
Plus: Changes in accounting policies						
Correction of accounting errors in prior period						
Others						
II. Opening balance for the current year	1,519,884,000.00	3,271,445,482.07		247,084,605.71	151,251,994.06	553,937,102.46
III. Movements in the current year (decrease is represented by "-")						
(I) Total comprehensive income						
(II) Capital contributed or reduced by shareholders						
1. Ordinary shares contributed by shareholders				108,663,506.94		16,072,107.13
2. Amount of share-based payment recognized in shareholders' equity				108,663,506.94		61,668,627.13
3. Others						
(III) Profit distribution						
1. Appropriation of surplus reserve						-45,596,520.00
2. Appropriation of profit to shareholders						-45,596,520.00
3. Others						
(IV) Internal carry-over of shareholders' equity						
1. Transfer of capital reserve to share capital						
2. Transfer of surplus reserve to share capital						
3. Surplus reserve to cover losses						
4. Other comprehensive income carried forward to retained earnings						
5. Others						
(V) Special reserve						
1. Appropriations in the current period					1,532,040.37	1,532,040.37
2. Utilization in the current period (represented by "-")					-1,532,040.37	-1,532,040.37
(VI) Others						
IV. Closing balance for the current year	1,519,884,000.00	3,271,445,482.07		355,748,112.65	151,251,994.06	570,009,209.59

Legal representative of the Company:
Tong Pujiang

CFO of the Company:
Qin Xuehe

Head of the Finance Department of the Company:
Qiu Shusong

NOTES TO FINANCIAL STATEMENTS

January to June 2025 (Amounts expressed in RMB unless otherwise specified)

I. INFORMATION ABOUT THE COMPANY

CRCC High-Tech Equipment Corporation Limited (formerly known as “Kunming China Railway Large Maintenance Machinery Group Co., Ltd.”, the “**Company**”) is a joint stock company with limited liability registered in Kunming, Yunnan Province, the People’s Republic of China, transformed from Kunming China Railway Large Maintenance Machinery Group Co., Ltd. after an overall restructuring in 2015. On 16 December 2015, the Company issued a total of 531,900,000 H shares with a nominal value of RMB1.00 each in Hong Kong and listed the same on the Main Board of The Stock Exchange of Hong Kong Limited (the “**Hong Kong Stock Exchange**”). As of 30 June 2025, the Company has issued a total of 531,900,000 H shares with a registered capital of RMB1,519,884,000. The registered address of the Company is located at No. 384 Yangfangwang, Jinma Town, China (Yunnan) Pilot Free Trade Zone.

The principal activities of the Company mainly consist of railway rolling stock design, manufacturing, sales and maintenance; railway transportation infrastructure equipment manufacturing; construction project design and construction; construction labour subcontracting; construction professional work; special equipment design, manufacturing, sales, installation, transformation and repair and inspection and testing services; mining of mineral resources (excluding coal mine); railway rolling stock parts manufacturing and sales; urban rail transit equipment manufacturing, rail transit operation and management system development, rail transit special equipment, key systems and components sales, rail transit engineering machinery and components sales; metal products research and development, metal materials manufacturing, metal structures manufacturing, metal products repair, metal structures sales; railway transportation infrastructure equipment sales, railway transportation equipment sales; import and export of goods; import and export of technologies; mineral washing and processing; structural components manufacturing; processing of stone for construction; construction materials sales; earthwork construction; external contracting works; general machinery and equipment installation services; machinery and equipment leasing; labour services (excluding labour dispatch); technical services, technology development, technical consultation, technology exchange, technology transfer, technology promotion; business training (excluding educational training, vocational skills training and other training that requires a permit).

The Company’s parent company is China Railway Construction Corporation Limited and the ultimate controller is China Railway Construction Group Corporation.

These financial statements and the notes to the financial statements were approved at the 21st meeting of the third session of the Board of the Company on 27 August 2025.

NOTES TO FINANCIAL STATEMENTS

January to June 2025 (Amounts expressed in RMB unless otherwise specified)

II. BASIS OF PREPARATION OF FINANCIAL STATEMENTS

These financial statements were prepared in accordance with the Accounting Standards for Business Enterprises and its application guidance, interpretations and other relevant regulations issued by the Ministry of Finance (together referred to as the “**Accounting Standards for Business Enterprises**”). In addition, the Company disclosed relevant financial information in accordance with the relevant provisions of the Hong Kong Companies Ordinance and the Listing Rules of the Hong Kong Stock Exchange.

The financial statements are presented on a going-concern basis. The Company has the going-concern capability for at least 12 months from the end of the current reporting period, and there are no major issues that have an impact on the Company’s going-concern capability.

The Company’s accounting is based on the accrual basis of accounting. The financial statements are measured on the historical cost basis, except for certain financial instruments. If an asset is impaired, a corresponding provision for impairment is made in accordance with relevant regulations.

III. SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES

The Company determines the depreciation of fixed assets, amortisation of intangible assets, and revenue recognition policies based on its own production and operation conditions, the detailed accounting policies are set out in Note III-15, Note III-18 and Note III-25.

1. Statement on compliance with the Accounting Standards for Business Enterprises

The financial statements are in compliance with the requirements of the Accounting Standards for Business Enterprises, and give a true and complete view of both consolidated and the Company’s financial position as at 30 June 2025, both consolidated and the Company’s operating results and cash flows for January to June 2025 and other relevant information.

2. Accounting period

The Company’s accounting period is the calendar year, i.e., from 1 January to 31 December each year. The accounting period in these financial statements is the six months from 1 January 2025 to 30 June 2025.

NOTES TO FINANCIAL STATEMENTS

January to June 2025 (Amounts expressed in RMB unless otherwise specified)

III. SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES (continued)

3. Operating cycle

The Company's operating cycle is 12 months.

4. Functional currency

The Company and its domestic subsidiaries adopt Renminbi (RMB) as functional currency. The overseas subsidiaries of the Company may determine their own functional currencies based on their specific economic environments. The Company adopts RMB to prepare its financial statements.

5. Determination method for materiality criterion and basis for selection

The Company applies the principle of materiality to prepare and present financial statements. An item is material if it is reasonably expected that the omission or misstatement of the item in the financial statements would affect the economic decision made by the user accordingly. When judging the materiality, the Company determined whether the item is material from two aspects, the nature of the item (whether it arises from the Company's normal activities, whether it materially affects the Company's financial position, financial performance, and cash flows, etc) and the amount of the item (the proportion of the amount to the Company's key financial indicators, including revenue, cost of sales, net profit, total assets, total liabilities, total shareholders' equity or the proportion to the amount of specific line item).

NOTES TO FINANCIAL STATEMENTS

January to June 2025 (Amounts expressed in RMB unless otherwise specified)

III. SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES (continued)

6. Accounting treatment of business combinations under common control and not under common control

(1) *Business combinations under common control*

For business combinations under common control, the assets and liabilities of the acquiree acquired by the acquirer in the combination are measured at the carrying value of the acquiree in the consolidated financial statements of the ultimate controlling party at the date of the combination. The difference between the carrying value of the combination consideration (or the total nominal value of the shares issued) and the carrying value of the net assets acquired in the combination is adjusted to capital reserves equity premium, and if capital reserves equity premium is not sufficient to absorb the difference, any excess shall be adjusted against retained earnings.

Business combinations under common control achieved in stages through multiple transactions

Assets and liabilities of the acquiree acquired by the acquirer in the combination are measured at their carrying value in the consolidated financial statements of the ultimate controlling party at the date of the combination; the difference between the sum of the carrying value of investments held before the combination plus the carrying value of new consideration paid at the date of the combination and the carrying value of net assets acquired in the combination is adjusted to the capital reserves equity premium, and if capital reserves are not sufficient to absorb the difference, any excess shall be adjusted against retained earnings. For long-term equity investment held by the acquirer before the control over the acquiree is obtained, profit or loss, other comprehensive income and other owners' equity recognized from the later of the acquisition of the original equity interest and the date when the acquirer and the acquiree are placed under ultimate common control until the date of combination are offset against retained profit at the beginning of the period of the comparative financial statements or profit or loss of the period respectively.

NOTES TO FINANCIAL STATEMENTS

January to June 2025 (Amounts expressed in RMB unless otherwise specified)

III. SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES (continued)

6. Accounting treatment of business combinations under common control and not under common control (continued)

(2) *Business combinations not under common control*

For business combinations not under common control, the cost of combination is the assets paid, the liabilities incurred or committed and fair value of the equity securities issued for acquisition of control over the acquiree on the date of acquisition. At the date of acquisition, the assets, liabilities and contingent liabilities of the acquiree acquired are recognized at fair value.

Where the cost of combination is higher than the fair value of the identifiable net assets acquired from the acquiree in business combination, such difference shall be recognized as goodwill, and shall be subsequently measured at cost less accumulated impairment provisions; where the cost of combination is less than the fair value of the identifiable net assets acquired from the acquiree in business combination, such difference shall be charged to current profit or loss after review.

Business combinations not under common control achieved in stages through multiple transactions

The cost of combination is the sum of the consideration paid on the acquisition date and the acquisition-date fair value of the equity interest held in the acquiree before the acquisition date. For the equity interest held in the acquiree before the acquisition date, it is remeasured at its fair value on the acquisition date, with the difference between the fair value and its book value included in the current investment income; the equity interest held in the acquiree before the acquisition date involving other comprehensive income and changes in other owners' equity is transferred to current income on the acquisition date, except for other comprehensive income arising from changes in net liabilities or net assets due to the remeasurement of the investee's defined benefit plans and other comprehensive income relating to investments in non-trading equity instruments that were originally designated as at fair value through other comprehensive income.

(3) *Treatment of transaction costs in business combination*

The intermediary costs for audit, legal services, evaluation consultation and others incurred for business combination as well as other related administration costs are recorded in current profit and loss when incurred. The transaction costs of equity securities or debt securities issued as consideration of combination are included in the initially recognized amount of the equity securities or debt securities.

NOTES TO FINANCIAL STATEMENTS

January to June 2025 (Amounts expressed in RMB unless otherwise specified)

III. SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES (continued)

7. Standards for judgement of control and preparation method of consolidated financial statements

(1) *Standards for judgement of control*

The scope of consolidation for the consolidated financial statements is determined based on control. Control refers to the power that the Company has over the investee, whereby it enjoys variable returns through participation in the investee's relevant activities and is able to use its power over the investee to affect its return. The Company will reassess when changes in relevant facts and circumstances result in changes to the relevant elements involved in the definition of control.

In determining whether to include a structured entity in the scope of consolidation, the Company evaluates whether to control the structured entity on the basis of a combination of all the facts and circumstances, including an assessment of the purpose and design for which the structured entity was established, the identification of the types of variable returns, and whether it assumes some or all of the variability of the returns through its participation in its related activities.

(2) *Preparation method of consolidated financial statements*

The consolidated financial statements are prepared by the Company based on the financial statements of the Company and its subsidiaries and other relevant information. When preparing consolidated financial statements, the accounting policies and accounting periods of the subsidiaries should be consistent with those established by the Company, and all significant intra-company balances and transactions are eliminated.

Where a subsidiary or business was acquired during the reporting period, through a business combination involving enterprises under common control, the subsidiary or business is deemed to be incorporated into the scope of the combination of the Company from the date on which they come under the control of the ultimate controlling party, and their operating results and cash flows from the date are included in the consolidated income statement and the consolidated cash flow statement, respectively.

Where a subsidiary or business was acquired during the reporting period, through a business combination involving enterprises not under common control, the revenue, expenses and profit of the subsidiary or business after the acquisition date to the end of the reporting period are included in the consolidated income statement, the cash flows are included in consolidated cash flow statement.

NOTES TO FINANCIAL STATEMENTS

January to June 2025 (Amounts expressed in RMB unless otherwise specified)

III. SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES (continued)

7. Standards for judgement of control and preparation method of consolidated financial statements (continued)

(2) *Preparation method of consolidated financial statements (continued)*

The portion of a subsidiary's equity that is not attributable to the parent is treated as noncontrolling interests and presented separately in the consolidated balance sheet within shareholders' equity. The portion of net profit or loss of subsidiaries for the period attributable to non-controlling interests is presented separately in the consolidated income statement below the "net profit" line item as "non-controlling interests". When the amount of loss for the current period attributable to the non-controlling shareholders of a subsidiary exceeds the non-controlling shareholders' share of the opening owners' equity of the subsidiary, the excess is still allocated against the non-controlling interests.

(3) *Purchase of subsidiaries' non-controlling interests*

The difference between the cost of long-term equity investment newly acquired due to the purchase of non-controlling interest and the share of net assets of the subsidiary continuously calculated from the purchase date or merger date according to the newly increased shareholding ratio, and the difference between the disposal price obtained as a result of partial disposal of the equity investment in the subsidiary without loss of control and the share of net assets continuously calculated since the purchase date or the merger date corresponding to the disposal of the long-term equity investment of the subsidiary, should be adjusted to the capital reserve equity premium in the consolidated balance sheet, with any excess adjusted to retained earnings.

(4) *Treatment of loss of control of subsidiaries*

When the Company loses control over a subsidiary because of disposing part of equity investment or other reasons, the remaining part of the equity investment is re-measured at fair value at the date when the control is lost. A gain or loss is recognized in the current period and is calculated by the aggregate of consideration received in disposal and the fair value of remaining part of the equity investment deducting the share of net assets in proportion to previous shareholding percentage in the former subsidiary since acquisition date and the goodwill.

Other comprehensive income related to the equity investment of the former subsidiary shall be accounted for on the same basis as the direct disposal of the relevant assets or liabilities of the former subsidiary at the time of loss of control, and other changes in owner's equity related to the former subsidiary under the equity method of accounting shall be transferred to current profit or loss at the time of loss of control.

NOTES TO FINANCIAL STATEMENTS

January to June 2025 (Amounts expressed in RMB unless otherwise specified)

III. SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES (continued)

8. Recognition criteria for cash and cash equivalents

Cash comprises cash on hand and deposits that can be readily withdrawn on demand. Cash equivalents include short-term, highly liquid investments that are readily convertible to known amounts of cash and are subject to an insignificant risk of change in value.

9. Foreign currency transactions and translation of financial statements denominated in foreign currency

(1) Foreign currency transactions

Foreign currency transactions shall be translated into RMB at the exchange rate on the last day of each quarter.

On the balance sheet date, foreign currency monetary items shall be translated at the spot exchange rate on the balance sheet date. The exchange difference arising from the difference between the spot exchange rate on the balance sheet date and the spot exchange rate upon initial recognition or the last balance sheet date will be recognized in profit or loss for the period. The foreign currency non-monetary items measured at historical cost shall still be measured by the functional currency translated at the spot exchange rate on the date of the transaction. Foreign currency non-monetary items measured at fair value are translated at the spot exchange rate on the date of determination of the fair value. The difference between the amounts of the functional currency before and after the translation will be recognized in profit or loss or other comprehensive income for the period based on the nature of the non-monetary items.

(2) Translation of financial statements denominated in foreign currency

When translating the financial statements denominated in foreign currency of overseas subsidiaries, assets and liabilities on the balance sheet are translated at the spot exchange rate prevailing at the balance sheet date; equity items except for "retained profit" are translated at the spot exchange rates at the dates on which such items arose.

The income and expense items in the income statement are translated at the exchange rate determined by a systematic and reasonable method, which is approximate to the spot exchange rate on the date of transaction.

NOTES TO FINANCIAL STATEMENTS

January to June 2025 (Amounts expressed in RMB unless otherwise specified)

III. SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES (continued)

9. Foreign currency transactions and translation of financial statements denominated in foreign currency (continued)

(2) Translation of financial statements denominated in foreign currency (continued)

All items in the cash flow statements shall be translated at the exchange rate determined by a systematic and reasonable method, which is approximate to the spot exchange rate on the date of transaction. Effects arising from changes of exchange rate on cash shall be presented separately as the “effect of foreign exchange rate changes on cash and cash equivalents” item in the cash flow statements.

The differences arising from translation of financial statements shall be included in the “other comprehensive income” in shareholders’ equity in the balance sheet.

When a foreign operation is disposed of and control is lost, all or a proportionate share of the foreign-currency translation differences related to the foreign operation, as shown under shareholders’ equity in the balance sheet, are transferred to profit or loss for the period in which the foreign operation is disposed of.

10. Financial instruments

A financial instrument is any contract that gives rise to a financial asset of one enterprise and a financial liability or an equity instrument of another enterprise.

(1) Recognition and derecognition of financial instruments

A financial asset or a financial liability is recognized when the Company becomes one of the parties under a financial instrument contract.

Financial asset that satisfied any of the following criteria shall be derecognized:

1. The contractual rights to receive the cash flows from the financial asset has terminated;
2. The financial asset has been transferred and meets the derecognition criteria for the transfer of financial asset as described below.

NOTES TO FINANCIAL STATEMENTS

January to June 2025 (Amounts expressed in RMB unless otherwise specified)

III. SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES (continued)

10. Financial instruments (continued)

(1) *Recognition and derecognition of financial instruments (continued)*

A financial liability (or a part thereof) is derecognized only when the present obligation is discharged in full or in part. If an agreement is entered between the Company (debtor) and a creditor to replace the existing financial liabilities with new financial liabilities, and the contractual terms of the new financial liabilities are substantially different from those of the existing financial liabilities, the existing financial liabilities shall be derecognized and the new financial liabilities shall be recognized.

Conventionally traded financial assets shall be recognized and derecognized at the trading date.

(2) *Classification and measurement of financial assets*

The Company classifies financial assets according to the business model for managing the financial assets and characteristics of the contractual cash flows as follows: financial assets measured at amortised cost, financial assets measured at fair value through other comprehensive income, and financial assets measured at fair value through profit or loss.

Financial assets are measured at fair value at initial recognition. For financial assets at fair value through profit or loss, the relevant transaction costs are directly recognized in profit or loss; for other financial assets, the relevant transaction costs are recognized in their initial recognition amount. For receivables arising from the sale of products or the provision of services that do not contain or take into account a significant financing component, the Company initially recognizes the receivables at the amount of consideration to which it expects to be entitled.

NOTES TO FINANCIAL STATEMENTS

January to June 2025 (Amounts expressed in RMB unless otherwise specified)

III. SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES (continued)

10. Financial instruments (continued)

(2) *Classification and measurement of financial assets* (continued)

Financial assets measured at amortized cost

A financial asset is measured at amortised cost if it meets both of the following conditions and is not designated at fair value through profit or loss:

- The Company's business model of managing the financial assets aims at collecting contractual cash flows;
- The contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

Subsequent to the initial recognition, the effective interest rate method is adopted to measure the amortized cost of such financial assets. Gains or losses arising from financial assets that are measured at amortized cost and are not part of any hedging relationship shall be recorded in the current profit or loss when the financial assets are derecognized, amortized according to the effective interest method or impaired.

Financial assets measured at fair value through other comprehensive income

A financial asset is classified as measured at fair value through other comprehensive income if it meets both of the following conditions and is not designated at fair value through profit or loss:

- The Company's business model of managing the financial asset aims at both collecting contractual cash flows and selling the financial assets;
- The contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

Subsequent to the initial recognition, such financial assets are subsequently measured at fair value. The interest, impairment of credit losses or gain and exchange loss or gain calculated using the effective interest rate method are included in the current profit or loss, while other gains or losses are included in other comprehensive income. When derecognized, the accumulated gains or losses previously recorded in other comprehensive income shall be transferred out from other comprehensive income and recorded in the current profit or loss.

NOTES TO FINANCIAL STATEMENTS

January to June 2025 (Amounts expressed in RMB unless otherwise specified)

III. SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES (continued)

10. Financial instruments (continued)

(2) Classification and measurement of financial assets (continued)

Financial assets measured at fair value through profit or loss

The Company classifies the financial assets other than those measured at amortised cost and measured at fair value through other comprehensive income as financial assets measured at fair value through profit or loss. Upon initial recognition, the Company irrevocably designates certain financial assets that are required to be measured at amortised cost or at fair value through other comprehensive income as financial assets measured at fair value through profit or loss in order to eliminate or significantly reduce accounting mismatch.

Upon initial recognition, such financial assets are measured at fair value. Except for those held for hedging purposes, gains or losses (including interests and dividend income) arising from such financial assets are recognized in the profit or loss for the current period.

However, for non-trading equity instrument investments, the Company irrevocably designates them as financial assets measured at fair value through other comprehensive income at initial recognition. The designation is made based on individual investments and the relevant investments meet the definition of equity instruments from the issuer's perspective.

After initial recognition, such financial assets are subsequently measured at fair value. Dividend income that meets the conditions is included in profit or loss, other gains or losses and changes in fair value are included in other comprehensive income. Upon derecognition, the cumulative gains or losses previously included in other comprehensive income are transferred out of other comprehensive income and included in retained earnings.

The business model of managing financial assets refers to how the Company manages financial assets to generate cash flows. That is, the Company's business model determines whether cash flows will result from collecting contractual cash flows, selling financial assets or both. The Company determines the business model for managing financial assets on the basis of objective facts and specific business objectives for managing financial assets determined by key management personnel.

NOTES TO FINANCIAL STATEMENTS

January to June 2025 (Amounts expressed in RMB unless otherwise specified)

III. SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES (continued)

10. Financial instruments (continued)

(2) *Classification and measurement of financial assets (continued)*

Financial assets measured at fair value through profit or loss (continued)

The Company assesses the characteristics of contractual cash flow characteristics of financial assets to determine whether the contractual cash flows generated by the relevant financial assets on specified dates are solely payments of principal and interest on the principal amount outstanding. The principal refers to the fair value of the financial assets at the initial recognition. Interest includes consideration for the time value of money, for the credit risk associated with the principal amount outstanding during a particular period of time and for other basic lending risks, costs and profits. In addition, the Company evaluates the contractual terms that may result in a change in the time distribution or amount of contractual cash flows from a financial asset to determine whether it meets the requirements of the above contractual cash flow characteristics.

All affected financial assets are reclassified on the first day of the first reporting period following the change in the business model where the Company changes its business model for managing financial assets; otherwise, financial assets shall not be reclassified after initial recognition.

(3) *Classification and measurement of financial liabilities*

At initial recognition, financial liabilities of the Company are classified as: financial liabilities measured at fair value through profit or loss, and financial liabilities measured at amortized cost. For financial liabilities not classified as measured at fair value through profit or loss, relevant transaction costs are included in the amount initially recognized.

Financial liabilities measured at fair value through profit or loss

Financial liabilities measured at fair value through profit or loss include financial liabilities held for trading and financial liabilities designated at fair value through profit or loss upon initial recognition. Such financial liabilities are subsequently measured at fair value, and the gains or losses from the change in fair value and the dividend or interest expenses related to the financial liabilities are included in the profit or loss of the current period.

NOTES TO FINANCIAL STATEMENTS

January to June 2025 (Amounts expressed in RMB unless otherwise specified)

III. SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES (continued)

10. Financial instruments (continued)

(3) Classification and measurement of financial liabilities (continued)

Financial liabilities measured at amortized cost

Other financial liabilities are subsequently measured at amortised cost using the effective interest rate method, and the gains or losses arising from derecognition or amortisation are recognized in profit or loss for the current period.

The distinction between financial liabilities and equity instruments

Financial liabilities refer to liabilities that meet one of the following conditions:

1. A contractual obligation to pay in cash or other financial assets to other parties.
2. A contractual obligation to exchange financial assets or financial liabilities with another party under potentially adverse conditions.
3. A non-derivative contract that has to be settled with or can be settled with the entity's own equity instruments in the future, under which the entity will deliver a variable number of its own equity instruments.
4. A derivative contract that has to be settled with or can be settled with the entity's own equity instruments in the future, except for a derivative contract in which a fixed number of its own equity instruments are to be exchanged for a fixed amount of cash or other financial assets.

An equity instrument is a contract that certifies ownership of the remaining interest in an entity's assets after all liabilities have been deducted.

NOTES TO FINANCIAL STATEMENTS

January to June 2025 (Amounts expressed in RMB unless otherwise specified)

III. SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES (continued)

10. Financial instruments (continued)

(3) *Classification and measurement of financial liabilities (continued)*

The distinction between financial liabilities and equity instruments (continued)

If the Company cannot unconditionally avoid fulfilling a contractual obligation by paying cash or delivering other financial assets, such contractual obligation meets the definition of financial liabilities.

Where a financial instrument must or may be settled with the Company's own equity instruments, the Company's own equity instruments used to settle such instrument should be considered as to whether it is as a substitute for cash or other financial assets or for the purpose of enabling the holder of the instrument to be entitled to the remaining interest in the assets of the issuer after deducting all of its liabilities. For the former, it is a financial liability of the Company; for the latter, it is the Company's own equity instruments.

(4) *Fair value of financial instruments*

The fair value of a financial instrument that is traded in an active market is determined at the quoted price in the active market. The fair value of a financial instrument that is not traded in an active market is determined by using an appropriate valuation technique that is applicable to current circumstances and supported by sufficient available data and other information. When applying valuation techniques, inputs used by market participants in the transactions of the assets or liabilities with similar characteristics would be used and observable inputs would be given priority to the extent possible. Unobservable inputs would only be used when it is impossible or impracticable to obtain relevant observable inputs.

NOTES TO FINANCIAL STATEMENTS

January to June 2025 (Amounts expressed in RMB unless otherwise specified)

III. SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES (continued)

10. Financial instruments (continued)

(5) *Impairment of financial assets*

The Company accounts for impairment on financial assets measured at amortized cost, financial assets measured at fair value through other comprehensive income (debt instruments) and financial guarantee contracts based on expected credit losses (ECLs).

The Company considers reasonable and justifiable information about past events, current conditions and forecasts of future economic conditions and calculates the probability-weighted amount of the present value of the difference between the cash flows receivable from the contract and the cash flows expected to be received based on the risk of default to determine the ECL.

For receivables and contract assets arising from transactions regulated by the Accounting Standards for Business Enterprises No. 14 – Revenue, the Company always measures loss allowance at an amount equal to lifetime ECLs regardless of whether they contain significant financing components.

For lease receivables arising from transactions regulated by the Accounting Standards for Business Enterprises No. 21 – Leases, the Company chooses to always measure loss allowance at an amount equal to lifetime ECLs. For other financial instruments, the Company assesses the changes in credit risk of relevant financial instruments since initial recognition on each balance sheet date.

The Company compares the risk of default on financial instruments as at the balance sheet date with the risk of default as at the date of initial recognition to determine the relative change in the risk of default over the expected life of the financial instruments to assess whether the credit risk of the financial instruments has increased significantly since initial recognition. The Company generally considers that the credit risk of a financial instrument has increased significantly if it is overdue for more than 30 days, unless there is conclusive evidence that the credit risk of the financial instrument has not increased significantly since initial recognition.

NOTES TO FINANCIAL STATEMENTS

January to June 2025 (Amounts expressed in RMB unless otherwise specified)

III. SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES (continued)

10. Financial instruments (continued)

(5) *Impairment of financial assets (continued)*

If the credit risk of a financial instrument is low on the balance sheet date, the Company considers that the credit risk of the financial instrument has not increased significantly since initial recognition.

If the credit risk of the financial instrument has increased significantly since initial recognition, the Company measures its loss allowance at an amount equal to the lifetime ECLs of the financial instrument; if the credit risk of the financial instrument has not increased significantly since initial recognition, the Company measures its loss allowance at an amount equal to the 12-month ECLs of the financial instrument. The increase in or reversal of loss allowance resulting therefrom is included in the current profit or loss as an impairment loss or gain. For financial assets measured at fair value through other comprehensive income (debt instruments), loss allowance is recognized in other comprehensive income, and the impairment loss or gain is included in the current profit or loss, without reducing the carrying amount of the financial assets presented in the balance sheet.

The gross carrying amount of a financial asset is directly written off to the extent that there is no realistic prospect of recovery of the contractual cash flows of the financial asset (either partially or in full).

NOTES TO FINANCIAL STATEMENTS

January to June 2025 (Amounts expressed in RMB unless otherwise specified)

III. SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES (continued)

10. Financial instruments (continued)

(6) *Transfer of financial assets*

Transfer of financial assets refers to the transfer or delivery of financial assets to another party other than the issuer of such financial assets (the transferee).

If the Company transfers substantially all the risks and rewards of ownership of the financial asset to the transferee, the financial asset shall be derecognized. If the Company retains substantially all the risks and rewards of ownership of a financial asset, the financial asset shall not be derecognized.

If the Company neither transfers nor retains substantially all the risks and rewards of ownership of the financial asset, it accounts for the transaction as follows: if the Company does not retain control, it derecognizes the financial asset and recognizes any resulting assets or liabilities; if the control over the financial asset is not waived, the relevant financial asset is recognized according to the extent of its continuing involvement in the transferred financial asset and the relevant liability is recognized accordingly.

Accounting treatment for transfer of financial assets

The Company classifies the transfer of financial assets into a whole transfer and a partial transfer of financial assets. For a whole transfer of a financial asset that qualifies for derecognition, the difference between the two amounts below is recognized in the current profit or loss:

- The carrying amount of the transferred financial asset;
- The sum of the consideration received from the transfer and the accumulated changes in fair value originally directly included in owners' equity (where the financial asset transferred is a financial asset measured at fair value through other comprehensive income (debt instrument)).

NOTES TO FINANCIAL STATEMENTS

January to June 2025 (Amounts expressed in RMB unless otherwise specified)

III. SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES (continued)

10. Financial instruments (continued)

(6) *Transfer of financial assets (continued)*

Accounting treatment for transfer of financial assets (continued)

If the partial transfer of a financial asset meets the conditions for derecognition, the overall carrying amount of the transferred financial assets shall be apportioned according to their respective relative fair values between the part derecognized and the part that is not derecognized, and the difference between the following two amounts shall be included in the current profit or loss:

- The carrying amount of the part derecognized;
- The sum of the consideration for the part derecognized and the amount corresponding to the part derecognized in the accumulated changes in fair value originally and directly included in owners' equity (where the financial asset transferred is a financial asset measured at fair value through other comprehensive income (debt instrument)).

(7) *Offset of financial assets and financial liabilities*

If the Company owns the legitimate rights of offsetting the recognized financial assets and financial liabilities, which are enforceable currently, and the Company plans to realise the financial assets or to clear off the financial liabilities on a net amount basis or simultaneously, the net amount of financial assets and financial liabilities shall be presented in the balance sheet upon offsetting. Otherwise, financial assets and financial liabilities are presented separately in the balance sheet without offsetting.

NOTES TO FINANCIAL STATEMENTS

January to June 2025 (Amounts expressed in RMB unless otherwise specified)

III. SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES (continued)

11. Fair value measurement

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date.

The Company measures the relevant asset and liability at fair value, based on the presumption that the orderly transaction to sell the asset or transfer the liability takes place either in the principal market for the relevant asset or liability, or in the absence of a principal market, in the most advantageous market for relevant the asset or liability. The principal or the most advantageous market must be a trading market accessible by the Company at the measurement date. The Company adopts the presumption that market participants would use when pricing the asset or liability in their best economic interest.

If there exists an active market for a financial asset or financial liability, the Company uses the quotation on the active market as its fair value. If the market for a financial instrument is inactive, the Company uses valuation technique to recognise its fair value.

Fair value measurement of a non-financial asset takes into account a market participant's ability to generate economic benefits by using the asset in its best use or by selling it to another market participant that would use the asset in its best use.

The Company uses valuation techniques that are appropriate in the circumstances and for which sufficient data are available to measure fair value, maximizing the use of relevant observable inputs, and using unobservable inputs only if the observable inputs aren't available or impractical.

Assets and liabilities for which fair value is measured or disclosed in the financial statements are categorised within the fair value hierarchy based on the lowest level input that is significant to the fair value measurement as a whole. Level 1: based on quoted prices (unadjusted) in active markets for identical assets or liabilities obtainable at the measurement date. Level 2: observable inputs for the relevant asset or liability, either directly or indirectly, except for Level 1 input. Level 3: unobservable inputs for the relevant assets or liability.

At each balance sheet date, the Company reassesses assets and liabilities measured at fair value that are recognized in the financial statements on a recurring basis to determine whether transfers have occurred between fair value measurement hierarchy levels.

NOTES TO FINANCIAL STATEMENTS

January to June 2025 (Amounts expressed in RMB unless otherwise specified)

III. SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES (continued)

12. Inventories

(1) *Classification of inventories*

The Company's inventory is divided into raw materials, goods in process, goods in transit, finished goods, low-value consumables, packaging materials, etc.

(2) *Measurement method of cost of inventories*

The Company's inventory is valued at actual cost upon acquisition. Inventories are valued using the weighted average method when delivered.

(3) *Recognition of net realisable value of inventories and provision for inventory impairment*

On the balance sheet date, inventories shall be measured at the lower of cost and net realisable value. Provision for inventory impairment is made when the cost is higher than the net realisable value.

The net realisable value of inventory is the amount after deducting the estimated costs to complete, estimated selling expenses and related taxes from the estimated selling price of the inventory. The net realizable value of inventory is determined based on the conclusive evidence obtained, consideration is also given to the purpose of holding the inventory and the impact of events after the balance sheet date.

Net realizable value of commodity stocks directly held for sale of the Company including finished goods, goods-in-stock and held-for-sale raw materials, during the normal course of production and operation, shall be determined by their estimated selling prices less estimated selling expenses and relevant tax fee; the net realizable value of inventory materials which needed to be processed, during the normal course of production and operation, shall be determined by the estimated selling price of the finished products which are produced during operation less the estimated costs to be incurred upon completion, estimated selling costs and relevant tax fees; the net realizable value of inventories held for fulfillment of the sales contracts or labour contracts shall be calculated based on the contracted price. If the quantity of inventories held exceeds the ordered quantity under the sales contract, the net realizable value of the excess of the inventories is generally calculated based on the normal selling prices. The categories and basis of determination, and different categories of inventories where the Company makes provision for decline in value of inventories on a collective basis.

NOTES TO FINANCIAL STATEMENTS

January to June 2025 (Amounts expressed in RMB unless otherwise specified)

III. SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES (continued)

12. Inventories (continued)

(3) *Recognition of net realisable value of inventories and provision for inventory impairment (continued)*

Inventory	Basis for determination of portfolio	Basis for determining net realizable value
Raw materials	Same category	Estimated selling price less estimated costs to completion, estimated selling expenses and related taxes
Products in progress	Same category	Estimated selling price less estimated costs to completion, estimated selling expenses and related taxes

At the balance sheet date, in case the factors causing inventory impairment no longer exists, the original provision for inventory impairment shall be reversed.

(4) *Inventory stock taking system*

The Company maintains a perpetual inventory system as its inventory stock taking system.

(5) *Amortization methods of low-value consumables and packaging materials*

The Company adopts the one-off write-off method for the amortization of low-value consumables when consumed.

Packaging materials are written off on a one-off basis.

NOTES TO FINANCIAL STATEMENTS

January to June 2025 (Amounts expressed in RMB unless otherwise specified)

III. SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES (continued)

13. Long-term equity investments

Long-term equity investments include equity investments in subsidiaries and equity investments in joint ventures and associates. Associates of the Company are those investees that the Company imposes significant influence over.

(1) Determination of initial investment cost

Long-term equity investments acquired through business combinations: for a long-term equity investment acquired through a business combination involving enterprises under common control, the investment cost shall be the absorbing party's share of the carrying amount of the owners' equity under the consolidated financial statements of the ultimate controlling party on the date of combination. For a long-term equity investment acquired through a business combination involving enterprises not under common control, the investment cost of the long-term equity investment shall be the cost of combination.

Long-term equity investments acquired through other means: for a long-term equity investment acquired by cash payment, the initial investment cost shall be the purchase cost actually paid; for a long-term equity investment acquired by issuing equity securities, the initial investment cost shall be the fair value of equity securities issued.

(2) Subsequent measurement and recognition of profit or loss

Investments in subsidiaries shall be accounted for using the cost method. Except for the investments which meet the conditions of holding for sale, investments in associates and joint ventures shall be accounted for using the equity method.

For a long-term equity investment accounted for using the cost method, the cash dividends or profits declared by the investees for distribution shall be recognized as investment gains and included in profit or loss for the current period, except the case of receiving the actual consideration paid for the investment or the declared but not yet distributed cash dividends or profits which is included in the consideration.

NOTES TO FINANCIAL STATEMENTS

January to June 2025 (Amounts expressed in RMB unless otherwise specified)

III. SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES (continued)

13. Long-term equity investments (continued)

(2) *Subsequent measurement and recognition of profit or loss (continued)*

For a long-term equity investment accounted for using the equity method, where the initial investment cost exceeds the investor's interest in the fair value of the investee's identifiable net assets at the acquisition date, no adjustment shall be made to the investment cost of the long-term equity investment. Where the initial investment cost is less than the investor's interest in the fair value of the investee's identifiable net assets at the acquisition date, adjustment shall be made to the carrying amount of the long-term equity investment, and the difference shall be charged to profit or loss for the current period.

Under the equity method, investment gain and other comprehensive income shall be recognized based on the Company's share of the net profits or losses and other comprehensive income made by the investee, respectively. Meanwhile, the carrying amount of long-term equity investment shall be adjusted. The carrying amount of long-term equity investment shall be reduced based on the Group's share of profit or cash dividend distributed by the investee. In respect of the other movement of net profit or loss, other comprehensive income and profit distribution of investee, the carrying amount of long-term equity investment shall be adjusted and included in the capital reserves (other capital reserves). The Group shall recognise its share of the investee's net profits or losses based on the fair values of the investee's individual separately identifiable assets at the time of acquisition, after making appropriate adjustments thereto according to the accounting policies and accounting periods of the Company.

For additional equity investment made in order to obtain significant influence or common control over investee without resulted in control, the initial investment cost under the equity method shall be the aggregate of fair value of previously held equity investment and additional investment cost on the date of transfer. For investments in non-trading equity instruments that were previously classified as at fair value through other comprehensive income, the cumulative fair value changes associated with them that were previously included in other comprehensive income are transferred to retained earnings upon the change to the equity method of accounting.

NOTES TO FINANCIAL STATEMENTS

January to June 2025 (Amounts expressed in RMB unless otherwise specified)

III. SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES (continued)

13. Long-term equity investments (continued)

(2) *Subsequent measurement and recognition of profit or loss (continued)*

In the event of loss of common control or significant influence over investee due to partial disposal of equity investment, the remaining equity interest after disposal shall be accounted for according to the Accounting Standard for Business Enterprises No. 22 – Recognition and measurement of Financial Instruments. The difference between its fair value and carrying amount shall be included in profit or loss for the current period. In respect of other comprehensive income recognized under previous equity investment using equity method, it shall be accounted for in accordance with the same accounting treatment for direct disposal of relevant asset or liability by investee at the time when equity method was ceased to be used. Movement of other owners' equity related to the previous equity investment shall be transferred to profit or loss for the current period.

In the event of loss of control over investee due to partial disposal of equity investment, the remaining equity interest which can apply common control or impose significant influence over the investee after disposal shall be accounted for using equity method. Such remaining equity interest shall be treated as accounting for using equity method since it is obtained and adjustment was made accordingly. For the remaining equity interest which cannot apply common control or impose significant influence over the investee after disposal, it shall be accounted for using the Accounting Standard for Business Enterprises No. 22 – Recognition and measurement of Financial Instruments. The difference between its fair value and carrying amount as at the date of losing control shall be included in profit or loss for the current period.

If the shareholding ratio of the Company is reduced due to the capital increase of other investors, and as a result, the Company loses the control of but still can apply common control or impose significant influence over the investee, the net asset increase due to the capital increase of the investee attributable to the Company shall be recognized according to the new shareholding ratio, and the difference with the original carrying amount of the long-term equity investment corresponding to the shareholding ratio reduction part that should be carried forward shall be recorded in the profit or loss for the current period; and then it shall be adjusted according to the new shareholding ratio as if equity method is used for accounting when acquiring the investment.

In respect of the transactions between the Company and its associates and joint ventures, the share of unrealised gain or loss arising from internal transactions shall be eliminated by the portion attributable to the Company. Investment gain or loss shall be recognized accordingly. However, any unrealised loss arising from internal transactions between the Company and an investee is not eliminated to the extent that the loss is impairment loss of the transferred assets.

NOTES TO FINANCIAL STATEMENTS

January to June 2025 (Amounts expressed in RMB unless otherwise specified)

III. SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES (continued)

13. Long-term equity investments (continued)

(3) *Basis for determining the common control and significant influence on the investee*

Common control is the contractually agreed sharing of control over an arrangement, which relevant activities of such arrangement must be decided by unanimously agreement from parties who share control. When determining if there is any common control, it should first be identified if the arrangement is controlled by all the participants or the group consisting of the participants, and then determined if the decision on the arranged activity can be made only with the unanimous consent of the participants sharing the control. If all the participants or a group of participants can only decide the relevant activities of certain arrangement through concerted action, it can be considered that all the participants or a group of participants share common control on the arrangement. If there are two or more participant groups that can collectively control certain arrangement, it does not constitute common control. When determining if there is any common control, the relevant protection rights will not be taken into account.

Significant influence is the power of the investor to participate in the financial and operating policy decisions of an investee, but to fail to control or joint control the formulation of such policies together with other parties. When determining if there is any significant influence on the investee, the influence of the voting shares of the investee held by the investor directly and indirectly and the potential voting rights held by the investor and other parties which are exercisable in the current period and converted to the equity of the investee, including the warrants, stock options and convertible bonds that are issued by the investee and can be converted in the current period, shall be taken into account.

When the Company holds directly or indirectly through the subsidiary 20% (inclusive) to 50% of the voting shares of the investee, it is generally considered to have significant influence on the investee, unless there is concrete evidence to prove that it cannot participate in the production and operation decision-making of the investee and cannot pose significant influence in this situation. When the Company owns less than 20% of the voting shares of the investee, it is generally considered that it has not significantly influenced on the investee, unless there is concrete evidence to prove that it can participate in the production and operation decision making of the investee and can impose significant influence in this situation.

(4) *Method of impairment testing and impairment provision*

For the method for making impairment provision for the investment in subsidiaries, associates and joint ventures, please refer to Note III-20.

NOTES TO FINANCIAL STATEMENTS

January to June 2025 (Amounts expressed in RMB unless otherwise specified)

III. SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES (continued)

14. Investment property

Investment property refers to real estate held to earn rentals or for capital appreciation, or both. The investment property of the Company includes leased land use rights, land use rights held for sale after appreciation, and leased buildings and construction.

Investment properties are initially measured at acquisition cost, and depreciated or amortized using the same policy as that for fixed assets or intangible assets.

For the impairment of the investment properties accounted for using the cost model, refer to Note III-20.

Gains or losses arising from the sale, transfer, retirement or disposal of an item of investment property are determined as the difference among the net disposal proceeds, the carrying amount of the item, related taxes and surcharges, and are recognized in profit or loss for current period.

15. Fixed assets

(1) Recognition of fixed assets

Fixed assets represent the tangible assets held by the Company for use in production of goods, use in supply of services, rental or for administrative purposes with useful lives over one accounting year.

Fixed assets are recognized only when its related economic benefits are likely to flow to the Company and its cost can be reliably measured.

The Company's fixed assets are initially measured at the actual cost at the time of acquisition.

Subsequent expenditures incurred for a fixed asset are included in the cost of the fixed asset when it is probable that the associated economic benefits will flow to the Company and the related cost can be reliably measured. The cost of routine repairs of fixed assets that do not qualify as capitalised subsequent expenditure is charged to current profit or loss or included in the cost of the related assets in accordance with the beneficiary object when incurred. The carrying amount of the replaced part is derecognized.

NOTES TO FINANCIAL STATEMENTS

January to June 2025 (Amounts expressed in RMB unless otherwise specified)

III. SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES (continued)

15. Fixed assets (continued)

(2) Depreciation of fixed assets

The Company adopts the straight-line method for depreciation. Provision for depreciation will be started when the fixed asset reaches its expected usable state, and stopped when the fixed asset is derecognized or classified as a non-current asset held for sale. Without regard to the depreciation provision, the Company determines the annual depreciation rate by category, estimated useful lives and estimated residual value of the fixed assets as below:

Category	Useful life (Years)	Residual value rate%	Annual depreciation rate%
House and buildings	20-35	5	4.75-2.71
Engineering equipment	10-25	5	9.50-3.80
Motor vehicles	5-10	5	19.00-9.50
Production equipment	5-10	5	19.00-9.50
Measurement and experimental equipment	5	5	19.00
Other fixed assets	3-5	5	31.67-19.00

In particular, for fixed assets that have been provided for impairment, the depreciation amount is determined based on the book value after deducting the impairment provision in the future period and the remaining useful life.

(3) The impairment test method and impairment provision method of the fixed assets are set out in Note III-20.

(4) The Company will review the useful lives, estimated net residual value and depreciation method of the fixed assets at the end of each year.

When there is any difference between the useful lives estimate and the originally estimated value, the useful lives of the fixed asset shall be adjusted. When there is any difference between the estimated net residual value estimate and the originally estimated value, the estimated net residual value shall be adjusted.

NOTES TO FINANCIAL STATEMENTS

January to June 2025 (Amounts expressed in RMB unless otherwise specified)

III. SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES (continued)

15. Fixed assets (continued)

(5) Disposal of fixed assets

A fixed asset is derecognized on disposal or when it is expected that there shall be no economic benefit arising from using or after disposal. Where the fixed assets are sold, transferred, retired or damaged, the income received after disposal after deducting the carrying amount and related taxes are recognized in profit or loss for the current period.

16. Construction in progress

Construction in progress of the Company is recognized based on the actual construction cost, including all necessary expenditures incurred for construction projects, capitalised borrowing costs for the construction in progress before it has reached the working condition for its intended use, and other related expenses during the construction period.

A construction in progress is reclassified to fixed assets when it has reached the working condition for its intended use.

The method for impairment provision of construction in progress is set out in Note III-20.

17. Borrowing costs

(1) Recognition principle for the capitalisation of the borrowing costs

The borrowing costs incurred by the Company directly attributable to the acquisition, construction or production of a qualifying asset will be capitalised and included in the cost of relevant asset. Other borrowing costs will be recognized as expenses when incurred according to the incurred amount, and included in the profit or loss for the current period. When the borrowing costs meet all the following conditions, capitalisation shall be started:

1. The capital expenditure has been incurred, which includes the expenditure incurred by paying cash, transferring non-cash assets or undertaking interest-bearing liabilities for acquiring, constructing or producing the qualifying assets;
2. Borrowing costs have been incurred;
3. The acquisition, construction or production activity necessary for the asset to be ready for its intended use or sale has been started.

NOTES TO FINANCIAL STATEMENTS

January to June 2025 (Amounts expressed in RMB unless otherwise specified)

III. SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES (continued)

17. Borrowing costs (continued)

(2) Capitalisation period of borrowing costs

When a qualifying asset acquired, constructed or produced by the Company is ready for its intended use or sale, the capitalisation of the borrowing costs shall discontinue. The borrowing costs incurred after a qualifying asset is ready for its intended use or sale shall be recognized as expenses when incurred according to the incurred amount, and included in the profit or loss for the current period.

Capitalisation of borrowing costs shall be suspended during periods in which the acquisition, construction or production of a qualifying asset is interrupted abnormally, when the interruption is for a continuous period of more than 3 months. The capitalisation of the borrowing costs shall be continued in the normal interruption period.

(3) Calculation methods for capitalisation rate and capitalised amount of the borrowing costs

Where funds are borrowed for a specific purpose, the amount of interest to be capitalised shall be the actual interest expense incurred on that borrowing for the period less any bank interest earned from depositing the borrowed funds before being used into banks or any investment income on the temporary investment of those funds. Where funds are borrowed for general purpose, the Company shall determine the amount of interest to be capitalised on such borrowings by applying a capitalisation rate to the weighted average of the excess amounts of cumulative expenditures on the asset over and above the amounts of specific-purpose borrowings. The capitalisation rate shall be the weighted average of the interest rates applicable to the general-purpose borrowings.

During the capitalisation period, exchange differences on a specific purpose borrowing denominated in foreign currency shall be capitalised. Exchange differences related to general purpose borrowings denominated in foreign currency shall be included in profit or loss for the current period.

NOTES TO FINANCIAL STATEMENTS

January to June 2025 (Amounts expressed in RMB unless otherwise specified)

III. SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES (continued)

18. Intangible assets

Intangible assets of the Company include land use rights, non-patented technology, software, etc.

The intangible asset is initially measured at cost, and its useful life is determined upon acquisition. If the useful life is finite, the intangible asset will be amortised over the estimated useful life using the amortisation method that can reflect the estimated realisation of the economic benefits related to the asset, starting from the time when it is available for use. If it is unable to reliably determine the estimated realisation, straight-line method shall be adopted for amortisation. The intangible assets with uncertain useful life will not be amortised.

The amortization method for intangible assets with finite useful lives is as follows:

Item	Useful life (Year)	Basis for determining useful life	Amortization method	Remarks
Land use rights	40-50	Useful life indicated on the land use certificate	Straight-line method	
Software use rights	2-10	Useful life agreed in the contract	Straight-line method	
Non-patented technology	2	Useful life agreed in the contract	Straight-line method	
Others	7-10	Useful life agreed in the contract, etc.	Straight-line method	

The Company reviews the useful life and amortisation method of the intangible assets with finite useful life at the end of each year. If it is different from the previous estimates, the original estimates will be adjusted, and will be treated as a change in accounting estimate.

If it is estimated on the balance sheet date that certain intangible asset can no longer bring future economic benefit to the company, the carrying amount of the intangible asset will be entirely transferred into the profit or loss for the current period.

The impairment method for the intangible assets is set out in Note III-20.

NOTES TO FINANCIAL STATEMENTS

January to June 2025 (Amounts expressed in RMB unless otherwise specified)

III. SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES (continued)

19. Research and development expenses

The Company's research and development expenses are expenses directly related to the Company's research and development activities, including relevant employee compensation for personnel engaged in research and development activities, consumable materials, relevant depreciation and amortisation expenses and other related expenses.

The Company divides expenses for internal research and development projects into expenses in the research phase and expenses in the development phase. Research phase: a phase in which innovative and scheduled investigations and research activities are conducted to obtain and understand new scientific or technological knowledge. Development phase: a phase in which the research outcomes or other knowledge are applied for a plan or a design prior to the commercial production or use in order to produce new or substantially improved materials, devices, and products, etc.

Expenses incurred in the research phase are recognized in profit or loss in the period as incurred.

Expenses incurred in the development phase are capitalised if all of the following conditions are met: the technical feasibility of completing the intangible asset so that it will be available for use or for sale; the intention to complete the intangible asset for use or for sale; how the intangible asset will generate economic benefits including there is evidence that the products produced using the intangible asset has a market or the intangible asset itself has a market; if the intangible asset is for internal use, there is evidence that there exists usage for the intangible asset; the availability of adequate technical, financial and other resources to complete the development and the ability to use or sell the intangible asset; the expenditures attributable to the development of the intangible asset could be reliably measured. Development expenditures that do not meet the above conditions are recognized in profit or loss for the current period.

The Company's research and development projects enter the development phase after being established upon meeting the above conditions and passing the technical feasibility and economic feasibility studies.

If it is impossible to distinguish the expenses at the research phase and the expenses at the development phase, all the research and development expenses incurred shall be included in the current profit or loss.

Capitalized expenses on the development phase are shown as development costs in the balance sheet and transferred to intangible asset from the date on which it reaches the conditions for intended use.

NOTES TO FINANCIAL STATEMENTS

January to June 2025 (Amounts expressed in RMB unless otherwise specified)

III. SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES (continued)

20. Impairment of assets

Impairment of subsidiaries, investment properties subsequently measured at cost, fixed assets, construction in progress, right-of-use assets, intangible assets, goodwill and others (excluding inventories, deferred tax assets and financial assets) is determined as follows:

The Company determines if there is any indication of asset impairment as at the balance sheet date. If there is any evidence indicating that an asset may be impaired, recoverable amount shall be estimated for impairment test. Goodwill arising from business combinations, intangible assets with an indefinite useful life and intangible assets not ready for intended use will be tested for impairment annually, regardless of whether there is any indication of impairment.

The recoverable amount of an asset 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. The Company estimates the recoverable amount of an individual asset. If it is not possible to estimate the recoverable amount of the individual asset, the Company shall determine the recoverable amount of the asset group to which the asset belongs. The determination of an asset group is based on whether major cash inflows generated by the asset group are independent of the cash inflows from other assets or asset groups.

When the recoverable amount of an asset or an asset group is less than its book value, the book value is reduced to its recoverable amount. The reduction amount is charged to profit or loss and an impairment provision is made accordingly.

For the purpose of impairment test of goodwill, the book value of goodwill acquired in a business combination is allocated to the relevant asset groups on a reasonable basis from the acquisition date; where it is difficult to allocate to the related asset groups, it is allocated to the combination of related asset groups. The related asset groups or combination of asset groups are those which can benefit from the synergies of the business combination and are not larger than the reportable segments identified by the Company.

NOTES TO FINANCIAL STATEMENTS

January to June 2025 (Amounts expressed in RMB unless otherwise specified)

III. SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES (continued)

20. Impairment of assets (continued)

In the impairment test, if there is any indication that an asset group or a combination of asset groups related to goodwill may be impaired, the Group first tests the asset group or set of asset groups excluding goodwill for impairment, calculates the recoverable amount and recognizes the corresponding impairment loss. An impairment test is then carried out on the asset group or combination of asset groups containing goodwill by comparing its book value with its recoverable amount. If the recoverable amount is lower than the book value, an impairment loss is recognized for goodwill.

An impairment loss recognized shall not be reversed in a subsequent period.

21. Long-term deferred expenses

Long-term deferred expenses incurred by the Company are measured at actual cost and amortised equally over the expected period of benefit. The amortised value of long-term deferred expenses that are not expected to benefit future periods is included in profit or loss for the current period.

22. Contract liabilities

The Company presents contract assets or contract liabilities in the balance sheet based on the relation between the satisfaction of performance obligations and customer payments. The Company's obligation to transfer goods or provide services to customers for the consideration received or receivable from customers is presented as contract liabilities. Contract assets and contract liabilities under the same contract are presented on a net basis.

NOTES TO FINANCIAL STATEMENTS

January to June 2025 (Amounts expressed in RMB unless otherwise specified)

III. SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES (continued)

23. Employee benefits

(1) *Scope of employee benefits*

Employee benefits refer to all forms of consideration or compensation given by the Company in exchange for service rendered by employees or for the termination of employment relationship. Employee benefits include short-term employee benefits, post-employment benefits, termination benefits and other long-term employee benefits. Benefits provided to the Company's spouse, children, dependents, family members of deceased employees or other beneficiaries are also part of the employee benefits.

Employee benefits are presented as "employee benefits payable" and "long-term employee benefits payable" in the balance sheet, respectively, according to liquidity.

(2) *Short-term staff remuneration*

Employee wages or salaries actually incurred, bonuses, and social insurance contributions such as medical insurance, work injury insurance, maternity insurance, and housing fund, contributed at the applicable benchmarks and rates, are recognized as a liability as the employees provide services, with a corresponding charge to profit or loss or included in the cost of assets where appropriate.

(3) *Post-employment benefits*

Post-employment benefit plans include defined contribution plans and defined benefit plans. Defined contribution plans are post-employment benefit plans under which the Company pays fixed contributions into a separate fund and the Company has no future obligations for payment. Defined benefit plans are post-employment benefit plans other than defined contribution plans.

NOTES TO FINANCIAL STATEMENTS

January to June 2025 (Amounts expressed in RMB unless otherwise specified)

III. SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES (continued)

23. Employee benefits (continued)

(3) *Post-employment benefits (continued)*

Defined contribution plans

Defined contribution plans include basic pension insurance, unemployment insurance and pension plan.

In addition to basic pension insurance, the Company will participate in the corporate annuity scheme and supplementary pension insurance approved by the local government. The Company will make annuity contributions in proportion to its employees' total salaries to the annuity scheme or local social institutes. The payment would be charged into current profit or loss or costs of relevant assets.

During the accounting period in which an employee provides service, the amount payable calculated according to the defined contribution plan is recognized as a liability and included in the profit or loss for the current period or the cost of relevant assets.

Defined benefit plans

For defined benefit plans, the actuarial valuation is conducted by an independent actuary on the annual balance sheet date, and the cost of providing benefits is determined using the expected cumulative benefit unit method. The employee benefits cost arising from the Company's defined benefit plan includes the following components:

1. Service cost, including current service cost, past service cost, and any gain or loss on settlement. In particular, the current service cost refers to the increase in the present value of obligations of defined benefit plans arising from the service provided by staff in the current period; the past service cost refers to the increase or decrease in the present value of obligations of defined benefit plans related to the service of the staff in the previous period arising from the revision of defined benefit plans.

NOTES TO FINANCIAL STATEMENTS

January to June 2025 (Amounts expressed in RMB unless otherwise specified)

III. SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES (continued)

23. Employee benefits (continued)

(3) *Post-employment benefits (continued)*

Defined benefit plans (continued)

2. Net interest on net liabilities or net assets of defined benefit plans, including interest income from the assets under the plans, interest expense arising from the obligations of defined benefit plans, and interest affected by asset caps.
3. Change in remeasurements of the net liabilities or net assets of defined benefit plans.

Unless other accounting standards require or allow employee benefit costs to be included in asset costs, the above item 1 and 2 will be recognized in the current profit and loss. Item 3 will be recognized in other comprehensive income and will not be transferred back to profit or loss in the subsequent accounting period. When the original defined benefit plan is terminated, all the part originally recognized in other comprehensive income will be transferred to retained profit within the scope of equity.

(4) *Termination benefits*

When the Company provides termination benefits to employees, employee benefits liabilities arising from termination benefits are recognized in profit or loss for the current period at the earlier of the following dates: when the Company cannot revoke unilaterally compensation for dismissal due to the cancellation of labour relationship plans and employee redundant proposals; the Company recognizes cost and expenses related to payment of compensation for dismissal and restructuring.

For the early retirement plans, economic compensations before the actual retirement date were classified as termination benefits. During the period from the date of cease of render of services to the actual retirement date, relevant wages and contribution to social insurance for the employees proposed to be paid are recognized in profit or loss on a one-off basis. Economic compensation after the official retirement date, such as normal pension, is accounted for as post-employment benefits.

NOTES TO FINANCIAL STATEMENTS

January to June 2025 (Amounts expressed in RMB unless otherwise specified)

III. SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES (continued)

24. Estimated liabilities

Obligations pertinent to the contingencies which satisfy the following conditions are recognized by the Company as estimated liabilities:

- (1) the obligation is a current obligation borne by the Company;
- (2) It is likely that an outflow of economic benefits from the Company will be resulted from the performance of the obligation;
- (3) the amount of the obligation can be reliably measured.

Estimated liabilities of the Company are initially measured as the best estimate of expenses required for the performance of the relevant present obligations. The Company has had a comprehensive consideration of risks with respect to contingencies, uncertainties and the time value of money. If the time value of money is significant, the best estimate shall be determined after discounting the relevant future outflow of cash. If there is a successive range of the required expenditure, and the likelihood of occurrence of various results within the range is the same, the best estimate is determined by the intermediate value. In other cases, the best estimate is handled as follows:

- Where the contingency is related to individual item, the best estimate should be determined as the most likely amount.
- Where the contingency is related to a number of items, the best estimate should be calculated and determined according to the various possible results and the relevant probabilities.

The Company reviews the book value of the expected liabilities on the balance sheet date, and adjust the book value to reflect the current best estimate.

If all or some expenses incurred for settlement of recognized provisions are expected to be borne by the third party, the compensation amount shall, on a recoverable basis, be recognized as asset separately, and compensation amount recognized shall not be more than the book value of provisions.

NOTES TO FINANCIAL STATEMENTS

January to June 2025 (Amounts expressed in RMB unless otherwise specified)

III. SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES (continued)

25. Revenue

(1) General principles

When the Company has implemented the performance obligation in the contract, namely, when the customer obtains the right to control relevant goods or services, revenues will be recognized.

Where a contract has two or more performance obligations, the Company allocates the transaction price to each performance obligation based on the percentage of respective unit price of goods or services guaranteed by each performance obligation, and recognizes as revenue based on the transaction price that is allocated to each performance obligation.

When one of the following conditions is satisfied, the Company is considered to have fulfilled an obligation within a certain period of time. Otherwise, the Company is considered to have fulfilled an obligation at a certain point in time:

1. At the same time when the Company fulfills the obligation, the customer immediately obtains and consumes the economic benefits brought about by the Company's performance.
2. The customers can control the goods under construction in the course of the Company's performance.
3. Goods produced in the course of the Company's performance are irreplaceable. In addition, during the entire contract period, the Company has the right to collect the payments for the cumulatively completed parts of performance.

For performance obligations performed within a certain period, the Company recognizes revenue by measuring the progress towards completion of that performance obligation within that certain period. When the progress of performance cannot be reasonably determined, if the costs incurred by the Company are expected to be compensated, the revenue shall be recognized at the amount of costs incurred until the progress of performance can be reasonably determined.

NOTES TO FINANCIAL STATEMENTS

January to June 2025 (Amounts expressed in RMB unless otherwise specified)

III. SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES (continued)

25. Revenue (continued)

(1) General principles (continued)

For performance obligation performed at a point of time, the Company recognizes revenue at the point of time at which the customer obtains control of relevant goods or services. To determine whether a customer has obtained control of goods or services, the Company considers the following indications:

1. The Company has the current right to receive payment for the goods, which is when the customer has the current payment obligations for the goods.
2. The Company has transferred the legal title of the goods to the customer, which is when the client possesses the legal title of the goods.
3. The Company has transferred the physical possession of goods to the customer, which is when the customer obtains physical possession of the goods.
4. The Company has transferred all of the substantial risks and rewards of ownership of the goods to the customer, which is when the customer obtain all of the substantial risks and rewards of ownership of the goods to the customer.
5. The customer has accepted the goods or services.
6. Other information indicates that the customer has obtained control of the goods.

NOTES TO FINANCIAL STATEMENTS

January to June 2025 (Amounts expressed in RMB unless otherwise specified)

III. SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES (continued)

25. Revenue (continued)

(2) *Specific methods*

The Company's revenues are mainly derived from the following types of business: sales of mechanical equipment, maintenance of large railway track maintenance machinery, accessories sales, railway line maintenance services and mechanical design services.

Sales of mechanical equipment

For the sales of large railway track maintenance machinery by the Company, the Company recognizes revenue at the time when the control of the good is transferred. The quality assurance obligations related to the sales of machine provided by the Company cannot be purchased separately, aiming to guarantee that the goods sold meet the established standards, the Company therefore accounts for it in accordance with the Accounting Standards for Business Enterprises No. 13 Contingencies.

Maintenance of large railway track maintenance machinery

The revenue from the maintenance of large railway track maintenance machinery of the Company is mainly derived from the maintenance and overhaul of large railway track maintenance machinery. For the maintenance of large railway track maintenance machinery, the Company recognizes revenue when all services are provided to customers and recognized by customers. The quality assurance obligations related to the maintenance of large railway track maintenance machinery provided by the Company cannot be purchased separately, aiming to guarantee that the services rendered meet the established standards, the Company therefore accounts for it in accordance with the Accounting Standards for Business Enterprises No. 13 Contingencies.

NOTES TO FINANCIAL STATEMENTS

January to June 2025 (Amounts expressed in RMB unless otherwise specified)

III. SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES (continued)

25. Revenue (continued)

(2) *Specific methods (continued)*

Accessories sales

The Company's revenue from the sales of accessories is mainly derived from the sales of accessories for large railway track maintenance machinery. For the sales of accessories for large railway track maintenance machinery, the Company recognizes revenue when the control of the goods is transferred, i.e., when the accessories are delivered to customers.

Railway line maintenance services

Revenue from railway line maintenance services is mainly derived from maintenance and construction services for railway lines. For railway line maintenance services, the Company adopts the input method to determine the progress of contract performance and recognizes revenue over time.

Mechanical design services

Revenue from mechanical design services is mainly derived from design services for railway vehicles. For mechanical design services, the Company adopts the output method to determine the progress of contract performance and recognizes revenue over time.

NOTES TO FINANCIAL STATEMENTS

January to June 2025 (Amounts expressed in RMB unless otherwise specified)

III. SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES (continued)

26. Contract costs

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

Incremental costs of obtaining a contract are those costs (e.g., sales commissions, etc.) that the Company incurs to obtain a contract with a customer. The Company recognizes as an asset the incremental costs of obtaining a contract with a customer if it is expected to recover those costs. Other expenses incurred by the Company for obtaining the contract, except for the incremental costs expected to be recovered, are recognized in the current profit and loss when incurred.

If the costs of the Company to fulfil a contract with a customer are not within the scope of inventories or other accounting standards, the Company recognizes an asset from the costs incurred to fulfil a contract only if those costs meet all of the following criteria:

1. the costs relate directly to an existing contract or to a specifically identifiable anticipated contract, including direct labour, direct materials, allocations of overheads (or similar costs), costs that are explicitly chargeable to the customer and other costs that are incurred only because the Company entered into the contract;
2. the costs generate or enhance resources of the Company that will be used in satisfying (or in continuing to satisfy) performance obligations in the future;
3. the costs are expected to be recovered.

Assets recognized for the costs of obtaining a contract and the costs to fulfil a contract (the “**assets related to contract costs**”) are amortised on a systematic basis that is consistent with revenue recognized for the goods or services to which the assets relate and recognized in profit or loss for the period. If the amortization period is less than one year, the costs will be included into the current profit or loss when it incurs.

NOTES TO FINANCIAL STATEMENTS

January to June 2025 (Amounts expressed in RMB unless otherwise specified)

III. SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES (continued)

26. Contract costs (continued)

The Company makes impairment provision and recognizes an impairment loss on the asset for the exceeding part to the extent that the carrying amount of an asset related to contract costs exceeds:

1. remaining amount of consideration that the Company expects to receive in exchange for the goods to which the asset relates;
2. the estimated costs to be incurred to transfer the related goods or services.

27. Government grants

Government grants are recognized when the conditions attached to the government grants are met and the grant can be received.

Government grants in respect of monetary assets are measured at the amount received or receivable. Government grants for non-monetary assets are measured at fair value or, if the fair value cannot be reliably obtained, at the nominal amount of RMB1.

Asset-related government grants are government grants obtained by the Company for the purpose of acquiring or otherwise forming longterm assets; otherwise, they are treated as revenue-related government grants.

For government grants that do not have a specific target in government documents and are able to form long-term assets, the portion of government grants that corresponds to the value of the assets is recognized as asset-related government grants, and the remaining portion is recognized as revenue-related government grants; if it is difficult to distinguish between the two types of government grants, the entire amount of government grants is recognized as revenue-related government grants.

NOTES TO FINANCIAL STATEMENTS

January to June 2025 (Amounts expressed in RMB unless otherwise specified)

III. SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES (continued)

27. Government grants (continued)

Government grants related to assets are offset against the carrying amount of the related asset or recognized as deferred income and recognized in profit or loss on a rational and systematic basis over the useful lives of the related assets. Government grants related to revenues are recognized in profit or loss or offset against related expenses when they are used to compensate for costs or losses that have been incurred, and recognized in deferred income when they are used to compensate for costs or losses that will be incurred in future periods, and are recognized in profit or loss or offset against related expenses in the period in which the costs or losses are recognized. Government grants that are measured at nominal amounts are recognized directly in profit or loss. The Company applies a consistent approach to the same or similar government grants.

Government grants related to ordinary activities are recognized in other income or offset against related costs and expenses based on the nature of the economic activity. Government grants that are not related to ordinary activities are included in non-operating income or offset against non-operating expenses.

When government grants are to be refunded, the carrying amount of the asset is adjusted if the initial recognition of the grant reduces the carrying amount of the asset; if there is a deferred revenue balance, the book balance of deferred revenue is deducted, and the excess is credited to profit or loss for the current period; in other cases, the excess is credited to profit or loss directly for the current period.

28. Deferred income tax assets and deferred income tax liabilities

Income tax comprises current income tax expense and deferred income tax expense, which are included in profit or loss for the current period as income tax expenses, except for deferred tax related to transactions or events that are directly recognized in owners' equity which are recognized in owners' equity, and deferred tax arising from a business combination, which is adjusted against the carrying amount of goodwill.

Temporary differences arising from the difference between the carrying amount of an asset or liability and its tax base at the balance sheet date of the Company shall be recognized as deferred income tax using the balance sheet liability method.

NOTES TO FINANCIAL STATEMENTS

January to June 2025 (Amounts expressed in RMB unless otherwise specified)

III. SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES (continued)

28. Deferred income tax assets and deferred income tax liabilities (continued)

All the taxable temporary differences are recognized as deferred income tax liabilities except for those incurred in the following transactions:

- (1) The initial recognition of goodwill, and the initial recognition of an asset or liability in a transaction which is neither a business combination nor affects accounting profit or taxable profit (or deductible loss) when the transaction occurs (other than single transactions where the initial recognition of assets and liabilities results in the creation of equivalent taxable temporary differences and deductible temporary differences);
- (2) The taxable temporary differences associated with investments in subsidiaries, associates and joint ventures, and the Company 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.

The Company recognizes a deferred income tax asset for the carry forward of deductible temporary differences, deductible losses and tax credits to subsequent periods, to the extent that it is probable that future taxable profits will be available against which the deductible temporary differences, deductible losses and tax credits can be utilised, except for those incurred in the following transactions:

- (1) The transaction is neither a business combination nor affects accounting profit or taxable profit (or deductible loss) when the transaction occurs (other than single transactions where the initial recognition of assets and liabilities results in the creation of equivalent taxable temporary differences and deductible temporary differences);
- (2) The deductible temporary differences associated with investments in subsidiaries, associates and joint ventures, the corresponding deferred income tax asset is recognized when both of the following conditions are satisfied: it is probable that the temporary difference will reverse in the foreseeable future, and it is probable that taxable profits will be available in the future, against which the temporary difference can be utilised.

NOTES TO FINANCIAL STATEMENTS

January to June 2025 (Amounts expressed in RMB unless otherwise specified)

III. SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES (continued)

28. Deferred income tax assets and deferred income tax liabilities (continued)

At the balance sheet date, deferred income tax assets and deferred income tax liabilities are measured at the tax rates that are expected to apply to the period when the asset is realised or the liability is settled, and their tax effect is reflected accordingly.

At the balance sheet date, the Company reviews the book value of a deferred income tax asset. If it is probable that sufficient taxable profits will not be available in future periods to allow the benefit of the deferred tax asset to be utilised, the book value of the deferred tax asset is reduced. Any such reduction in amount is reversed when it becomes probable that sufficient taxable profits will be available.

At the balance sheet date, deferred income tax assets and deferred income tax liabilities are presented on a net basis upon offsetting when both of the following conditions are met:

- (1) The taxable entity within the Company has the legal right to settle current income tax assets and current income tax liabilities on a net basis;
- (2) the deferred income tax assets and deferred income tax liabilities relate to income taxes levied by the same taxing authority on the same taxable entity within the Company.

29. Lease

(1) Identification of leases

On the beginning date of the contract, the Company (as a lessee or lessor) assesses whether the customer in the contract has the right to obtain substantially all of the economic benefits from use of the identified asset throughout the period of use and has the right to direct the use of the identified asset throughout the period of use. If a party of the contract conveys the right to control the use of an identified asset and multiple identified assets for a period of time in exchange for consideration, the Company identifies such contract is, or contains, a lease.

NOTES TO FINANCIAL STATEMENTS

January to June 2025 (Amounts expressed in RMB unless otherwise specified)

III. SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES (continued)

29. Lease (continued)

(2) *The Company as lessee*

On the beginning date of the lease, the Company recognizes right-of-use assets and lease liabilities for all leases, except for short-term lease and low-value asset lease with simplified approach.

The accounting policy for right-of-use assets is set out in Note III-30.

The lease liability is initially measured at the present value of the lease payments that are not paid at the beginning date of the lease using the interest rate implicit in the lease. Where the interest rate implicit in the lease cannot be determined, the incremental borrowing rate is used as the discount rate. Lease payments include fixed payments and in-substance fixed payments, less any lease incentives receivable; variable lease payments that are based on an index or a rate; the exercise price of a purchase option if the lessee is reasonably certain to exercise that option; payments for terminating the lease, if the lease term reflects the lessee exercising that option of terminating; and amounts expected to be payable by the lessee under residual value guarantees. Subsequently, the interest expense on the lease liability for each period during the lease term is calculated using a constant periodic rate of interest and is recognized in profit or loss for the current period. Variable lease payments not included in the measurement of lease liabilities are charged to profit or loss in the period in which they actually arise.

Short-term lease

Short-term leases refer to leases with a lease term of less than 12 months from the commencement date, except for those with a purchase option.

Lease payments on short-term leases are recognized in the cost of related assets or current profit or loss on a straight-line basis over the lease term.

NOTES TO FINANCIAL STATEMENTS

January to June 2025 (Amounts expressed in RMB unless otherwise specified)

III. SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES (continued)

29. Lease (continued)

(2) *The Company as lessee (continued)*

Low-value asset lease

A low-value asset lease is a lease that the value of a single leased asset is relatively low when it is a new asset. The Company treats a single leased asset with a value of no more than RMB100,000.00 when it is a new asset as a low-value asset lease.

Lease payments on low-value asset leases are recognized on a straight-line basis over the lease term, and either included in the cost of the related asset or charged to profit or loss for the current period.

Lease modification

The Company accounts for a lease modification as a separate lease when the modification occurs and the following conditions are met: ① the lease modification expands the scope of lease by adding the right to use one or more of the leased assets; ② the increase in consideration is equivalent to the separate price for the expanded scope of lease adjusted for that contractual situation.

Where a lease modification is not accounted for as a separate lease, at the effective date of the lease modification, the Company reallocates the consideration of the modified contract, redetermines the lease term and remeasures the lease liability based on the present value of the lease payments after the modification and the revised discount rate.

If a lease modification results in a reduction in the scope of the lease or a shortening of the lease term, the Company reduces the book value of the right-of-use asset accordingly and includes in the profit or loss for the period the gain or loss associated with the partial or complete termination of the lease.

Where other lease modifications result in a remeasurement of the lease liability, the Company adjusts the book value of the right-of-use asset accordingly.

NOTES TO FINANCIAL STATEMENTS

January to June 2025 (Amounts expressed in RMB unless otherwise specified)

III. SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES (continued)

29. Lease (continued)

(3) The Company as lessor

When the Company is a lessor, a lease is classified as a finance lease whenever the terms of the lease transfer substantially all the risks and rewards of asset ownership to the lessee. All leases other than financial leases are classified as operating leases.

Finance leases

Under finance leases, the Company accounts for finance lease receivables at the beginning of the lease term at the net lease investment, which is the sum of the unsecured residual value and the present value of the lease receipts outstanding at the commencement date of the lease, discounted at the interest rate implicit in the lease. The Company as lessor calculates and recognizes interest income for each period of the lease term based on a fixed periodic interest rate. Variable lease payments acquired by the Company as lessor that are not included in the net measurement of lease investments are included in profit or loss for the period when they are actually incurred.

Derecognition and impairment of finance lease receivables are accounted for in accordance with the requirements under the Accounting Standard for Business Enterprises No. 22 – Recognition and Measurement of Financial Instruments and the Accounting Standards for Business Enterprises No. 23 – Transfer of Financial Assets.

Operating lease

Lease payments under operating leases are recognized in profit or loss on a straight-line basis over the lease term. Initial direct costs incurred in relation to operating leases are capitalised and amortised over the lease term on the same basis as rental income and recognized in profit or loss for the current period. The variable lease payments obtained in relation to operating leases that are not included in the lease payments are recognized in profit or loss in the period in which they actually incurred.

NOTES TO FINANCIAL STATEMENTS

January to June 2025 (Amounts expressed in RMB unless otherwise specified)

III. SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES (continued)

29. Lease (continued)

(3) *The Company as lessor (continued)*

Lease modification

The Company accounts for a modification in an operating lease as a new lease from the effective date of the modification and the amount of lease receipts received in advance or receivable in respect of the lease prior to the modification is treated as a receipt under the new lease.

The Company accounts for a modification in a finance lease as a separate lease when the change occurs and the following conditions are met: ① the modification expands the scope of lease by adding the right to use one or more of the leased assets; ② the increase in consideration is equivalent to the separate price for the expanded scope of lease adjusted for that contractual situation.

Where a finance lease is modified and not accounted for as a separate lease, the Company accounts for the modified lease in the following circumstances: ① If the modification takes effect on the lease commencement date, the lease will be classified as an operating lease, the Company will account for it as a new lease from the effective date of the lease modification, and use the net lease investment before the effective date of the lease modification; ② If the modification takes effect on the lease commencement date, the lease will be classified as a finance lease, and the Company will conduct accounting treatment in accordance with the Accounting Standards for Business Enterprises No. 22 – Recognition and Measurement of Financial Instruments on modifying or renegotiating contracts.

NOTES TO FINANCIAL STATEMENTS

January to June 2025 (Amounts expressed in RMB unless otherwise specified)

III. SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES (continued)

30. Right-of-use assets

(1) *Recognition conditions of right-of-use assets*

The right-of-use assets are defined as the right to use the underlying assets in the lease term for the Company as a lessee.

On the commencement date of the lease term, right-of-use assets are initially measured at cost. The cost includes: the amount of the initial measurement of the lease liability; the lease payment made on or before the commencement date of the lease term, less any lease incentive received if any; the initial direct costs incurred by the Company as a lessee; an estimate of costs to be incurred by the Company as a lessee in dismantling and removing a leased asset, restoring the site on which it is located or restore the underlying asset to the condition required by the terms and conditions of the lease. The Company as a lessee recognizes and measures the costs of demolition and restoration according to "Accounting Standards for Business Enterprises No.13 – Contingencies", and subsequently adjusts for any remeasurement of lease liability.

(2) *Depreciation method of right-of-use assets*

The Company calculates depreciation on a straight-line basis. Right-of-use assets in which the Company as a lessee is reasonably certain to obtain ownership of the underlying leased assets at the end of the lease term are depreciated over the remaining useful life. Otherwise, right-of-use assets are depreciated over the shorter of the lease term and its remaining useful life.

(3) Methods of impairment testing and provision for impairment for right-of-use assets are set forth in Note III-20.

NOTES TO FINANCIAL STATEMENTS

January to June 2025 (Amounts expressed in RMB unless otherwise specified)

III. SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES (continued)

31. Segment reporting

The Company determines operating segments based on its internal organizational structure, management requirements and internal reporting system, and determines reportable segments and disclose segment information by operating segments.

The operating segments refer to the Company's components that simultaneously meet the following conditions: (1) the components can generate income and incur expenses in daily activities; (2) the Management of the Company can regularly evaluate the operating results of this component to decide the allocatable resources and assess its performance; (3) The Company can obtain relevant accounting information such as the financial positions, operating results and cash flows of this component. If two or more operating segments have similar economic characteristics and meet certain conditions, they can be merged into one operating segment.

32. Safety expense and maintenance expense

The Group provided for safety expense and maintenance expense according to the relevant regulations of the Notice on Printing and Distributing the "Administrative Measures for the Provision and Utilization of Safety production expenses" (Cai Zi [2022] No. 136), issued by the Ministry of Finance.

Provisions for safety production expenses and maintenance expense are included in the cost of related products or profit or loss of the current period and included in the "special reserve" account correspondingly.

When the provisions are utilized within the prescribed scope, if the expenditures are revenue in nature, those expenditures are offset directly against the special reserve; if the fixed assets are formed, the expenditures will be first accumulated in "construction in progress", and transferred to fixed assets when the relevant safety project is completed and ready for its intended use. At the same time, the special reserve is reduced according to the cost of the fixed asset formed and the accumulated depreciation of the same amount is provided. The fixed asset will no longer be depreciated in future periods.

NOTES TO FINANCIAL STATEMENTS

January to June 2025 (Amounts expressed in RMB unless otherwise specified)

III. SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES (continued)

33. Changes in significant accounting policies and accounting estimates

(1) Changes in significant accounting policies

There were no changes in significant accounting policies during the period.

(2) Changes in significant accounting estimates

There were no changes in significant accounting estimates during the period.

IV. TAXES

1. Main taxes and tax rates

Tax types	Tax basis	Tax rate
Value-added tax	Taxable value-added (tax payable is calculated by multiplying the taxable sales by the applicable tax rate less current allowable input tax credits)	6%, 9% and 13%
City maintenance and construction tax	Based on value-added tax paid	5% and 7%
Education surcharge	Based on value-added tax paid	3%
Local education surcharge	Based on value-added tax paid	2%
Enterprise income tax	Based on taxable profits	15% and 25%

NOTES TO FINANCIAL STATEMENTS

January to June 2025 (Amounts expressed in RMB unless otherwise specified)

IV. TAXES (Continued)

2. Tax concession and approvals

(1) *Deduction of research and development expenses incurred*

Pursuant to the Announcement on Further Improving the Policy on Pre-tax Deduction of Research and Development Expenses (Announcement No. 13 of 2021 of the Ministry of Finance and the State Administration of Taxation), starting from 1 January 2021, the Company and its subsidiaries are entitled to a pre-tax deduction of 100% of the actual amount incurred for research and development expenses that meet the aforesaid requirements when calculating taxable income.

(2) *Preferential policy for high and new technology enterprises*

The Company applied to Yunnan Science and Technology Department, Yunnan Finance Department and Yunnan Taxation Bureau of the State Administration of Taxation in 2022, and was recognized as a high-tech enterprise. From November 2022 to November 2025, the Company paid enterprise income tax at the preferential rate of 15%.

The Company's subsidiary, Beijing Ruiweitong Engineering Machinery Co., Ltd., applied to the Beijing Science and Technology Commission, Beijing Municipal Finance Bureau, and Beijing Municipal Tax Service, State Taxation Administration in 2024 and was finally recognized as a high-tech enterprise, and is entitled to a preferential enterprise income tax rate of 15% from December 2024 to December 2027.

NOTES TO FINANCIAL STATEMENTS

January to June 2025 (Amounts expressed in RMB unless otherwise specified)

V. NOTES TO ITEMS IN THE CONSOLIDATED FINANCIAL STATEMENTS

1. Cash and bank balances

Item	30 June 2025	31 December 2024
Cash on hand	16,802.80	20,998.14
Bank deposits	1,432,671,304.44	1,714,724,026.31
Deposit in finance company	29,099,034.07	28,907,766.21
Accrued interest on deposits	8,181,994.83	3,303,994.46
Total	1,469,969,136.14	1,746,956,785.12
Including: Total amount of deposits overseas	61,661,312.72	59,821,004.92

As of 30 June 2025, the Company's cash and bank balances included time deposits of over three months of RMB560,000,000.00 and accrued interest on the deposits of RMB8,181,994.83.

As of 30 June 2025, the Company's restricted cash included security deposits of RMB28,428,124.15.

2. Bills receivable

Category	30 June 2025			31 December 2024		
	Balance of carrying amount	Bad debt provision	Book value	Balance of carrying amount	Bad debt provision	Book value
Bank acceptance bills	1,386,202.54	6,931.02	1,379,271.52	299,970.00	2,999.70	296,970.30
Commercial acceptance bills	202,858,269.85	974,991.35	201,883,278.50	351,685,153.65	1,737,905.77	349,947,247.88
Total	204,244,472.39	981,922.37	203,262,550.02	351,985,123.65	1,740,905.47	350,244,218.18

NOTES TO FINANCIAL STATEMENTS

January to June 2025 (Amounts expressed in RMB unless otherwise specified)

V. NOTES TO ITEMS IN THE CONSOLIDATED FINANCIAL STATEMENTS (continued)

2. Bills receivable (continued)

(1) Closing bills receivable pledged

The Company has no other bills receivable with restricted ownership at the end of the period.

(2) Bills receivable which were endorsed and discounted by the Company at the end of the period but were not due

Category	Derecognized amount on 30 June 2025	Not-yet derecognized amount on 30 June 2025
Commercial acceptance bill		17,416,000.00

(3) Bills transferred to accounts receivable due to non-performance of the drawer

The Company has no bills transferred to accounts receivable due to non-performance of the drawer.

NOTES TO FINANCIAL STATEMENTS

January to June 2025 (Amounts expressed in RMB unless otherwise specified)

V. NOTES TO ITEMS IN THE CONSOLIDATED FINANCIAL STATEMENTS (continued)

2. Bills receivable (continued)

(4) Classified by bad debt provision method

	30 June 2025				
	Balance of carrying amount		Bad debt provision		
Category	Amount	Proportion (%)	Amount	Expected credit loss rate (%)	Book value
Bad debt provision on group	204,244,472.39	100.00	981,922.37	0.48	203,262,550.02
Including:					
Commercial acceptance bills	202,858,269.85	99.32	974,991.35	0.48	201,883,278.50
Bank acceptance bills	1,386,202.54	0.68	6,931.02	0.50	1,379,271.52
Total	204,244,472.39	100.00	981,922.37	0.48	203,262,550.02

Continued:

Category	Balance of carrying amount		31 December 2024		Book value
	Amount	Proportion (%)	Bad debt provision	Expected credit loss	
			Amount	rate (%)	
Bad debt provision on group	351,985,123.65	100.00	1,740,905.47	0.49	350,244,218.18
Including:					
Commercial acceptance bills	351,685,153.65	99.91	1,737,905.77	0.49	349,947,247.88
Bank acceptance bills	299,970.00	0.09	2,999.70	1.00	296,970.30
Total	351,985,123.65	100.00	1,740,905.47	0.49	350,244,218.18

NOTES TO FINANCIAL STATEMENTS

January to June 2025 (Amounts expressed in RMB unless otherwise specified)

V. NOTES TO ITEMS IN THE CONSOLIDATED FINANCIAL STATEMENTS (continued)

2. Bills receivable (continued)

(5) *Accrued, recovered or reversed provision for bad debts in the period*

	Amount of bad debt provision
Balance as at 31 December 2024	1,740,905.47
Provision during the period	993,716.07
Recovery or reversal during the period	1,752,699.17
Balance as at 30 June 2025	981,922.37

3. Accounts receivable

(1) *Accounts receivable disclosed by ageing at revenue recognition date*

Ageing	30 June 2025	31 December 2024
Within 1 year	1,593,694,296.32	1,402,167,063.58
1-2 years	328,497,909.28	173,316,826.23
2-3 years	116,830,397.99	150,621,280.27
3-4 years	69,068,350.00	20,571,027.56
4-5 years	5,275,557.98	14,990,833.55
Over 5 years	53,490,691.33	45,365,601.65
Sub-total	2,166,857,202.90	1,807,032,632.84
Less: Bad debt provision	96,832,570.21	77,813,866.11
Total	2,070,024,632.69	1,729,218,766.73

NOTES TO FINANCIAL STATEMENTS

January to June 2025 (Amounts expressed in RMB unless otherwise specified)

V. NOTES TO ITEMS IN THE CONSOLIDATED FINANCIAL STATEMENTS (continued)

3. Accounts receivable (continued)

(2) Classification by basis of bad debt provisions made

Category	30 June 2025				
	Balance of carrying amount		Bad debt provision		Book value
	Amount	Proportion (%)	Amount	Expected credit loss rate (%)	
Bad debt provision on individual basis	10,221,098.81	0.47	10,221,098.81	100.00	
Bad debt provision on group basis	2,156,636,104.09	99.53	86,611,471.40	4.02	2,070,024,632.69
Including:					
Related party portfolio	310,190,811.58	14.32	310,190.82	0.10	309,880,620.76
Other external entities portfolio	1,846,445,292.51	85.21	86,301,280.58	4.67	1,760,144,011.93
Total	2,166,857,202.90	100.00	96,832,570.21	4.47	2,070,024,632.69

Continued:

	31 December 2024				
	Balance of carrying amount		Bad debt provision		
Category	Amount	Proportion (%)	Amount	Expected credit loss rate (%)	Book value
Bad debt provision on individual basis	10,190,312.00	0.56	10,190,312.00	100.00	
Bad debt provision on group basis	1,796,842,320.84	99.44	67,623,554.11	3.76	1,729,218,766.73
Including:					
Related party portfolio	249,472,003.35	13.81	257,182.95	0.10	249,214,820.40
Other external entities portfolio	1,547,370,317.49	85.63	67,366,371.16	4.35	1,480,003,946.33
Total	1,807,032,632.84	100.00	77,813,866.11	4.31	1,729,218,766.73

NOTES TO FINANCIAL STATEMENTS

January to June 2025 (Amounts expressed in RMB unless otherwise specified)

V. NOTES TO ITEMS IN THE CONSOLIDATED FINANCIAL STATEMENTS (continued)

3. Accounts receivable (continued)

(2) Classification by basis of bad debt provisions made (continued)

Accounts receivable with bad debt provision on individual basis

Name	Balance of carrying amount	Bad debt provision	30 June 2025	Basis for provision
			Expected credit loss rate (%)	
Entity 1	7,160,000.00	7,160,000.00	100	Long ageing
Entity 2	2,174,716.62	2,174,716.62	100	Relatively high expected credit risks
Entity 3	650,111.33	650,111.33	100	Relatively high expected credit risks
Entity 4	193,425.85	193,425.85	100	Relatively high expected credit risks
Entity 5	35,995.88	35,995.88	100	Relatively high expected credit risks
Entity 6	6,849.13	6,849.13	100	Relatively high expected credit risks
Total	10,221,098.81	10,221,098.81	100.00	/

Continued:

Name	Balance of carrying amount	Bad debt provision	31 December 2024	Basis for provision
			Expected credit loss rate (%)	
Entity 1	7,160,000.00	7,160,000.00	100.00	Long ageing
Entity 2	2,174,716.62	2,174,716.62	100.00	Relatively high expected credit risks
Entity 3	650,111.33	650,111.33	100.00	Relatively high expected credit risks
Entity 4	173,243.95	173,243.95	100.00	Relatively high expected credit risks
Entity 5	32,240.10	32,240.10	100.00	Relatively high expected credit risks
Total	10,190,312.00	10,190,312.00	100.00	/

NOTES TO FINANCIAL STATEMENTS

January to June 2025 (Amounts expressed in RMB unless otherwise specified)

V. NOTES TO ITEMS IN THE CONSOLIDATED FINANCIAL STATEMENTS (continued)

3. Accounts receivable (continued)

(3) Accrued, recovered or reversed provision for bad debts in the period

	Amount of bad debt provision
Balance as at 31 December 2024	77,813,866.11
Provision during the period	29,011,222.98
Recovery or reversal during the period	9,992,518.88
Balance as at 30 June 2025	96,832,570.21

4. Receivables financing

Item	30 June 2025	31 December 2024
Bills receivable	110,496,907.51	65,473,809.90
Less: Other comprehensive income – fair value changes	628,434.01	59,051.63
Closing fair value	109,868,473.50	65,414,758.27

The Company discounts and endorses certain bank acceptance bills based on its daily fund management needs; therefore, bank acceptance bills are classified as financial assets at fair value through other comprehensive income.

The Company has no bank acceptance bills with bad debt provision on individual basis. At the end of the period, the Company considers that the bank acceptance bills held by the Company are not exposed to significant credit risk and will not incur significant losses due to bank defaults.

NOTES TO FINANCIAL STATEMENTS

January to June 2025 (Amounts expressed in RMB unless otherwise specified)

V. NOTES TO ITEMS IN THE CONSOLIDATED FINANCIAL STATEMENTS (continued)

4. Receivables financing (continued)

Bills receivable which were endorsed and discounted by the Company at the end of the period but were not due

Category	Derecognized amount on 30 June 2025	Not-yet derecognized amount on 30 June 2025
Bank acceptance bills	21,769,507.42	

The bank acceptance bills used for endorsement are derecognized as they are accepted by banks with high credit ratings, the credit risk and the risk of deferred payment are minimal, and the interest rate risk associated with the bills has been transferred to the banks, so it can be determined that the major risks and rewards of ownership of the bills have been transferred.

5. Prepayments by ageing at date of transaction

Ageing	30 June 2025		31 December 2024	
	Amount	Proportion (%)	Amount	Proportion (%)
Within 1 year	45,773,507.18	97.36	63,854,663.30	97.72
1-2 years	431,180.08	0.92	103,229.65	0.16
2-3 years	7,792.72	0.02	439,317.63	0.67
Over 3 years	802,603.48	1.70	944,637.08	1.45
Total	47,015,083.46	100.00	65,341,847.66	100.00

NOTES TO FINANCIAL STATEMENTS

January to June 2025 (Amounts expressed in RMB unless otherwise specified)

V. NOTES TO ITEMS IN THE CONSOLIDATED FINANCIAL STATEMENTS (continued)

6. Other receivables

Item	30 June 2025	31 December 2024
Dividend receivable	9,800,000.00	
Other receivables	37,418,802.70	30,297,749.85
Total	47,218,802.70	30,297,749.85

(1) Dividend receivable

Item	30 June 2025	31 December 2024
Zhuzhou CRRC Times Electric Co., Ltd.	9,800,000.00	
Sub-total	9,800,000.00	
Less: Bad debt provision		
Total	9,800,000.00	

NOTES TO FINANCIAL STATEMENTS

January to June 2025 (Amounts expressed in RMB unless otherwise specified)

V. NOTES TO ITEMS IN THE CONSOLIDATED FINANCIAL STATEMENTS (continued)

6. Other receivables (continued)

(2) Other receivables

① Other receivables shown by ageing of the transaction dates

Ageing	30 June 2025	31 December 2024
Within 1 year	31,885,115.45	24,262,709.11
1–2 years	3,139,790.86	15,234,270.82
2–3 years	51,464,713.02	39,683,187.55
Over 3 years	2,535,274.03	2,338,855.08
Sub-total	89,024,893.36	81,519,022.56
Less: Bad debt provision	51,606,090.66	51,221,272.71
Total	37,418,802.70	30,297,749.85

② Provision for bad debts

Provision for bad debts in the first stage on 30 June 2025

Category	Balance of carrying amount	Expected credit loss in the next 12 months (%)	Provision for bad debts	Book value
Bad debt provision on individual basis				
Bad debt provision on group basis	40,206,286.37	6.93	2,787,483.67	37,418,802.70
Other external entities	40,206,286.37	6.93	2,787,483.67	37,418,802.70
Total	40,206,286.37	6.93	2,787,483.67	37,418,802.70

On 30 June 2025, the Company did not have any other receivables in the second stage.

NOTES TO FINANCIAL STATEMENTS

January to June 2025 (Amounts expressed in RMB unless otherwise specified)

V. NOTES TO ITEMS IN THE CONSOLIDATED FINANCIAL STATEMENTS (continued)

6. Other receivables (continued)

(2) Other receivables (continued)

② Provision for bad debts (continued)

Provision for bad debt in the third stage on 30 June 2025

Name	Balance of carrying amount	Expected credit loss rate over the lifetime (%)	Provision for bad debts	Book value	Basis of classification
Entity 7	48,815,156.57	100.00	48,815,156.57		High risk of expected recovery
Entity 8	3,450.42	100.00	3,450.42		High risk of expected recovery
Total	48,818,606.99	100.00	48,818,606.99		

Provision for bad debts in the first stage on 31 December 2024

Category	Balance of carrying amount	Expected credit loss in the next 12 months (%)	Provision for bad debts	Book value
Bad debt provision on individual basis				
Bad debt provision on group basis	32,700,415.57	7.35	2,402,665.72	30,297,749.85
Internal related party portfolio	224,000.00	0.50	1,120.00	222,880.00
Other external entities	32,476,415.57	7.39	2,401,545.72	30,074,869.85
Total	32,700,415.57	7.35	2,402,665.72	30,297,749.85

On 31 December 2024, the Company did not have any other receivables in the second stage.

Provision for bad debt in the third stage on 31 December 2024.

NOTES TO FINANCIAL STATEMENTS

January to June 2025 (Amounts expressed in RMB unless otherwise specified)

V. NOTES TO ITEMS IN THE CONSOLIDATED FINANCIAL STATEMENTS (continued)

6. Other receivables (continued)

(2) Other receivables (continued)

② Provision for bad debts (continued)

Name	Balance of carrying amount	Expected credit loss rate over the lifetime (%)	Provision for bad debts	Book value	Basis of classification
Entity 7	48,815,156.57	100.00	48,815,156.57		High risk of expected recovery
Entity 8	3,450.42	100.00	3,450.42		High risk of expected recovery
Total	48,818,606.99	100.00	48,818,606.99		

③ Accrued, recovered or reversed provision for bad debts in the period

Bad debt provision	First stage Expected credit loss in the next 12 months	Second stage Lifetime expected credit loss (not credit-impaired)	Third Stage Lifetime expected credit loss (credit-impaired)	Total
Balance as at 31 December 2024	2,402,665.72		48,818,606.99	51,221,272.71
Balance as at 31 December 2024 in the current Period	2,402,665.72		48,818,606.99	51,221,272.71
Provision during the Period	617,655.61			617,655.61
Reversal during the Period	232,837.66			232,837.66
Balance as at 30 June 2025	2,787,483.67		48,818,606.99	51,606,090.66

NOTES TO FINANCIAL STATEMENTS

January to June 2025 (Amounts expressed in RMB unless otherwise specified)

V. NOTES TO ITEMS IN THE CONSOLIDATED FINANCIAL STATEMENTS (continued)

7. Inventories

(1) Classification of inventories

Category	30 June 2025			31 December 2024		
	Balance of carrying amount	Provision for inventory depreciation	Book value	Balance of carrying amount	Provision for inventory depreciation	Book value
Raw materials	525,512,448.90	26,542,853.43	498,969,595.47	568,879,249.87	25,999,406.03	542,879,843.84
Goods in process	826,950,175.33		826,950,175.33	980,316,587.14		980,316,587.14
Goods in transit	17,203,429.35		17,203,429.35	21,821,702.50		21,821,702.50
Finished products	1,635,259,197.85	67,564,980.24	1,567,694,217.61	1,408,116,118.65	75,511,710.81	1,332,604,407.84
Total	3,004,925,251.43	94,107,833.67	2,910,817,417.76	2,979,133,658.16	101,511,116.84	2,877,622,541.32

(2) Provision for inventory depreciation

Category	31 December 2024	Increase in the current period		Decrease in the current period		30 June 2025
		Provision accrued	Others	Reversal or write-off	Others	
Raw materials	25,999,406.03	543,447.40				26,542,853.43
Finished products	75,511,710.81			7,946,730.57		67,564,980.24
Total	101,511,116.84	543,447.40		7,946,730.57		94,107,833.67

NOTES TO FINANCIAL STATEMENTS

January to June 2025 (Amounts expressed in RMB unless otherwise specified)

V. NOTES TO ITEMS IN THE CONSOLIDATED FINANCIAL STATEMENTS (continued)

8. Contract assets

Item	30 June 2025			31 December 2024		
	Balance of carrying amount	Provision for impairment	Book value	Balance of carrying amount	Provision for impairment	Book value
Quality guarantee deposit	2,378,375.62	11,891.88	2,366,483.74	2,378,375.62	11,891.88	2,366,483.74
Construction projects	14,910,682.59	24,452.79	14,886,229.80	13,120,130.30	65,600.66	13,054,529.64
Total	17,289,058.21	36,344.67	17,252,713.54	15,498,505.92	77,492.54	15,421,013.38

(1) Provision for impairment of contract assets

Category	30 June 2025					31 December 2024				
	Balance of carrying amount		Provision for impairment		Book value	Balance of carrying amount		Provision for impairment		Book value
	Amount	Proportion (%)	Amount	Expected credit loss rate (%)		Amount	Proportion (%)	Amount	Expected credit loss rate (%)	
Bad debt provision on group basis	17,289,058.21	100.00	36,344.67	0.50	17,252,713.54	15,498,505.92	100.00	77,492.54	0.50	15,421,013.38
Including:										
External entities	17,289,058.21	100.00	36,344.67	0.50	17,252,713.54	15,498,505.92	100.00	77,492.54	0.50	15,421,013.38

NOTES TO FINANCIAL STATEMENTS

January to June 2025 (Amounts expressed in RMB unless otherwise specified)

V. NOTES TO ITEMS IN THE CONSOLIDATED FINANCIAL STATEMENTS (continued)

8. Contract assets (continued)

(2) *Accrued, recovered or reversed provision for impairment of contract assets during the Period*

Item	31 December 2024	Accrued in current period	Reversal in current period	Charged off/ written off in current period	30 June 2025
Quality guarantee deposit	11,891.88				11,891.88
Construction projects	65,600.66	17,524.93	58,672.80		24,452.79
Total	77,492.54	17,524.93	58,672.80		36,344.67

9. Other current assets

Item	30 June 2025	31 December 2024
VAT input to be deducted	32,844,279.91	7,096,894.71
Prepaid taxes	4,949,705.07	4,783,611.90
Others	23,997.25	
Total	37,817,982.23	11,880,506.61

NOTES TO FINANCIAL STATEMENTS

January to June 2025 (Amounts expressed in RMB unless otherwise specified)

V. NOTES TO ITEMS IN THE CONSOLIDATED FINANCIAL STATEMENTS (continued)

10. Other equity instrument investments

Item	30 June 2025	31 December 2024
Zhuzhou CRRC Times Electric Co., Ltd.	417,970,000.00	469,616,000.00

As Zhuzhou CRRC Times Electric Co., Ltd. is an investment that the Company plans to hold for a long period of time for strategic purposes, the Company has designated it as a financial asset at fair value through other comprehensive income.

Item	Gains and losses recognized in other comprehensive income for the period	Accumulated gains and losses included in other comprehensive income at the end of the period	Dividend income recognized in the current period	Accumulated gains and losses transferred to retained earnings on derecognition	Reasons for derecognition
Zhuzhou CRRC Times Electric Co., Ltd.	-51,646,000.00	364,998,197.19	9,800,000.00		

NOTES TO FINANCIAL STATEMENTS

January to June 2025 (Amounts expressed in RMB unless otherwise specified)

V. NOTES TO ITEMS IN THE CONSOLIDATED FINANCIAL STATEMENTS (continued)

11. Investment property

Item	Buildings and constructions
I. Original book value	
1. Balance as at 31 December 2024	29,950,393.56
2. Increase in the current period	
3. Decrease in the current period	
4. Balance as at 30 June 2025	29,950,393.56
II. Accumulated depreciation and accumulated amortization	
1. Balance as at 31 December 2024	6,587,018.60
2. Increase in the current period	406,486.74
(1) Provision or amortization	406,486.74
3. Decrease in the current period	
4. Balance as at 30 June 2025	6,993,505.34
III. Provision for impairment	
1. Balance as at 31 December 2024	
2. Increase in the current period	
3. Decrease in the current period	
4. Balance as at 30 June 2025	
IV. Book value	
1. Book value as at 30 June 2025	22,956,888.22
2. Book value as at 31 December 2024	23,363,374.96

12. Fixed assets

Item	30 June 2025	31 December 2024
Fixed assets	1,332,747,529.40	1,379,185,618.18

NOTES TO FINANCIAL STATEMENTS

January to June 2025 (Amounts expressed in RMB unless otherwise specified)

V. NOTES TO ITEMS IN THE CONSOLIDATED FINANCIAL STATEMENTS (continued)

12. Fixed assets (continued)

Fixed assets

Item	Buildings and constructions	Construction machinery	Motor vehicles	Production equipment	Measuring and experimental equipment	Other fixed assets	Total
I. Original book value:							
1. Balance as at 31 December 2024	910,546,725.32	918,260,696.37	30,561,661.33	333,094,320.16	167,725,068.66	132,559,656.74	2,492,748,128.58
2. Increase in the current period	-3,637,891.92	22,345,955.92	-1,028,321.45	4,717,153.41	312,478.32	725,815.74	23,435,190.02
(1) Purchase		2,097,692.48		598,939.28	312,478.32	725,815.74	3,734,925.82
(2) Other increase	-3,637,891.92	20,248,263.44	-1,028,321.45	4,118,214.13			19,700,264.20
3. Decrease in the current period		12,896,161.83		4,381,701.82	1,898,583.68	78,574.98	19,255,022.31
(1) Disposal or retirement				4,381,701.82	1,898,583.68	78,574.98	6,358,860.48
(2) Other decrease		12,896,161.83					12,896,161.83
4. Balance as at 30 June 2025	906,908,833.40	927,710,490.46	29,533,339.88	333,429,771.75	166,138,963.30	133,206,897.50	2,496,928,296.29
II. Accumulated depreciation							
1. Balance as at 31 December 2024	325,420,939.22	288,141,672.17	23,482,905.53	266,434,447.64	73,544,045.45	88,646,548.79	1,065,670,558.80
2. Increase in the current period	12,137,194.21	35,642,593.85	-138,647.72	4,405,250.60	6,295,795.88	2,134,884.11	60,477,070.93
(1) Provision	12,174,287.35	34,611,498.09	892,448.04	4,368,157.46	6,295,795.88	2,134,884.11	60,477,070.93
(2) Other increase	-37,093.14	1,031,095.76	-1,031,095.76	37,093.14			
3. Decrease in the current period		3,879,758.58		4,100,629.81	1,803,654.49	74,771.56	9,858,814.44
(1) Disposal or retirement				4,100,629.81	1,803,654.49	74,771.56	5,979,055.86
(2) Other decrease		3,879,758.58					3,879,758.58
4. Balance as at 30 June 2025	337,558,133.43	319,904,507.44	23,344,257.81	266,739,068.43	78,036,186.84	90,706,661.34	1,116,288,815.29
III. Provision for impairment							
1. Balance as at 31 December 2024		47,891,951.60					47,891,951.60
2. Increase in the current period							
3. Decrease in the current period							
4. Balance as at 30 June 2025		47,891,951.60					47,891,951.60
IV. Book value							
1. Book value as at 30 June 2025	569,350,699.97	559,914,031.42	6,189,082.07	66,690,703.32	88,102,776.46	42,500,236.16	1,332,747,529.40
2. Book value as at 31 December 2024	585,125,786.10	582,227,072.60	7,078,755.80	66,659,872.52	94,181,023.21	43,913,107.95	1,379,185,618.18

NOTES TO FINANCIAL STATEMENTS

January to June 2025 (Amounts expressed in RMB unless otherwise specified)

V. NOTES TO ITEMS IN THE CONSOLIDATED FINANCIAL STATEMENTS (continued)

13. Construction in progress

Item	30 June 2025	31 December 2024
Construction in progress	6,813,911.00	6,075,838.08

14. Right-of-use assets

Item	Buildings and constructions	Production equipment	Total
I. Original book value:			
1. Balance as at 31 December 2024	18,451,298.32	1,007,620.75	19,458,919.07
3. Increase in the current period			
3. Decrease in the current period			
4. Balance as at 30 June 2025	18,451,298.32	1,007,620.75	19,458,919.07
II. Accumulated depreciation			
1. Balance as at 31 December 2024	3,997,781.31	218,317.83	4,216,099.14
2. Increase in the current period	921,521.18	51,424.78	972,945.96
(1) Provision	921,521.18	51,424.78	972,945.96
3. Decrease in the current period			
4. Balance as at 30 June 2025	4,919,302.49	269,742.61	5,189,045.10
III. Provision for impairment			
1. Balance as at 31 December 2024			
3. Increase in the current period			
3. Decrease in the current period			
4. Balance as at 30 June 2025			
IV. Book value			
1. Book value as at 30 June 2025	13,531,995.83	737,878.14	14,269,873.97
2. Book value as at 31 December 2024	14,453,517.01	789,302.92	15,242,819.93

NOTES TO FINANCIAL STATEMENTS

January to June 2025 (Amounts expressed in RMB unless otherwise specified)

V. NOTES TO ITEMS IN THE CONSOLIDATED FINANCIAL STATEMENTS (continued)

15. Intangible assets

Item	Software	Land use right	Non-patented technology	Others	Total
I. Original book value					
1. Balance as at 31 December 2024	53,860,761.78	441,425,134.23	13,293,607.82	6,868,741.95	515,448,245.78
2. Increase in the current period	21,005.99				21,005.99
(1) Purchase	21,005.99				21,005.99
3. Decrease in the current period					
4. Balance as at 30 June 2025	53,881,767.77	441,425,134.23	13,293,607.82	6,868,741.95	515,469,251.77
II. Accumulated amortization					
1. Balance as at 31 December 2024	53,059,871.76	125,833,355.56	13,293,607.82	6,868,741.95	199,055,577.09
2. Increase in the current period	394,252.35	4,776,603.24			5,170,855.59
(1) Provision	394,252.35	4,776,603.24			5,170,855.59
3. Decrease in the current period					
4. Balance as at 30 June 2025	53,454,124.11	130,609,958.80	13,293,607.82	6,868,741.95	204,226,432.68
III. Provision for impairment					
1. Balance as at 31 December 2024					
2. Increase in the current period					
3. Decrease in the current period					
4. Balance as at 30 June 2025					
IV. Book value					
1. Book value as at 30 June 2025	427,643.66	310,815,175.43			311,242,819.09
2. Book value as at 31 December 2024	800,890.02	315,591,778.67			316,392,668.69

NOTES TO FINANCIAL STATEMENTS

January to June 2025 (Amounts expressed in RMB unless otherwise specified)

V. NOTES TO ITEMS IN THE CONSOLIDATED FINANCIAL STATEMENTS (continued)

16. Goodwill

(1) Original book value of goodwill

Name of investee or reason for goodwill	31 December 2024	Increase in the current period		Decrease in the current period		30 June 2025
		Goodwill on business combination	Others	Disposal	Others	
Acquisition of cideon Company	91,368,175.03					91,368,175.03

(2) Provision for impairment of goodwill

Name of investee or reason for goodwill	31 December 2024	Increase in the current period		Decrease in the current period		30 June 2025
		Provision	Others	Disposal	Others	
Acquisition of cideon Company	78,879,632.06					78,879,632.06

In February 2016, the Company acquired three companies, namely CE cideon engineering GmbH&Co.KG in Germany, CE cideon engineering Verwaltungs GmbH and CE cideon engineering Schweiz AG in Switzerland (collectively, the “**CIDEON Company**”), resulting in a goodwill of RMB91,368,175.03.

The goodwill acquired in the business combination has been allocated to the mechanical design services asset group, namely the CIDEON Company asset group (including goodwill), for impairment testing. As at 31 December 2024, the Group assessed the recoverable amount of the asset group. The recoverable amount of the asset group was determined based on the present value of the estimated future cash flows of the asset group. The future cash flows were determined on the basis of financial budgets approved by the management for a five-year period. Key assumptions used in estimating future cash flows are:

NOTES TO FINANCIAL STATEMENTS

January to June 2025 (Amounts expressed in RMB unless otherwise specified)

V. NOTES TO ITEMS IN THE CONSOLIDATED FINANCIAL STATEMENTS (continued)

16. Goodwill (continued)

(2) Provision for impairment of goodwill (continued)

Forecast period of the mechanical design services asset group: 2025-2029, with a discount rate of 9.61%;

Growth rate in the forecast period: 2%; net profit margin in the forecast period: 3.28%;

and growth rate of operating revenue in the stable period: 0%,

As at 30 June 2025, the Company has not identified any further impairment on the CIDEON Company asset group and no impairment provision has been made during the Period. As at 30 June 2025, the accumulated impairment provision for the goodwill is RMB78,879,632.06.

17. Long-term deferred expenses

Item	31 December 2024	Decrease in the current period		30 June 2025
		Increase in the current period	Amortization in the current period Other decrease	
Expenses for renovation project of Baofeng production base	14,760,513.65		763,474.92	13,997,038.73

NOTES TO FINANCIAL STATEMENTS

January to June 2025 (Amounts expressed in RMB unless otherwise specified)

V. NOTES TO ITEMS IN THE CONSOLIDATED FINANCIAL STATEMENTS (continued)

18. Deferred tax assets and deferred tax liabilities

(1) Deferred tax assets and deferred tax liabilities before offset

Item	30 June 2025		31 December 2024	
	Deductible/ taxable temporary differences	Deferred income tax assets/ liabilities	Deductible/ taxable temporary differences	Deferred income tax assets/ liabilities
Deferred tax assets:				
Provision for asset impairment	290,322,268.61	43,952,765.34	279,277,188.81	42,416,692.77
Post-leaving benefits payable	3,097,747.69	464,662.13	4,654,353.99	698,153.09
Quality guarantee deposit	33,330,837.59	4,999,625.64	42,047,682.57	6,307,152.38
Changes in fair value of receivables financing	628,434.01	94,265.11	59,051.63	9,744.64
Unrealized intra-group transactions	8,927,498.87	1,339,124.83	9,255,890.07	1,388,383.51
Lease liabilities	16,333,437.47	4,083,359.36	16,093,239.86	4,023,309.96
Others			306,477.79	45,971.67
Sub-total	352,640,224.23	54,933,802.41	351,693,884.72	54,889,408.02
Deferred tax liabilities:				
Right-of-use assets	14,269,873.97	3,567,468.49	15,242,819.93	3,810,704.98
Changes in fair value of other equity instrument investments	364,998,197.19	54,749,729.57	416,644,197.19	62,496,629.57
Sub-total	379,268,071.16	58,317,198.06	431,887,017.12	66,307,334.55

NOTES TO FINANCIAL STATEMENTS

January to June 2025 (Amounts expressed in RMB unless otherwise specified)

V. NOTES TO ITEMS IN THE CONSOLIDATED FINANCIAL STATEMENTS (continued)

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

(2) Deferred tax assets or deferred tax liabilities presented at net amount after offset

Item	Offset amount between deferred tax assets and liabilities at the end of the current period	Closing balance of deferred tax assets or liabilities after offset	Offset amount between deferred tax assets and liabilities at the end of the previous year	Closing balance of deferred tax assets or liabilities after offset for the previous year
Deferred income tax assets	46,806,702.73	8,127,099.68	46,618,084.47	8,271,323.55
Deferred income tax liabilities	46,806,702.73	11,510,495.33	46,618,084.47	19,689,250.08

19. Other non-current assets

Item	30 June 2025			31 December 2024		
	Balance of carrying amount	Provision for impairment	Book value	Balance of carrying amount	Provision for impairment	Book value
Prepaid land acquisition amount	12,380,490.00		12,380,490.00	12,380,490.00		12,380,490.00
Prepaid construction payment	700,001.60		700,001.60	700,001.60		700,001.60
Total	13,080,491.60		13,080,491.60	13,080,491.60		13,080,491.60

NOTES TO FINANCIAL STATEMENTS

January to June 2025 (Amounts expressed in RMB unless otherwise specified)

V. NOTES TO ITEMS IN THE CONSOLIDATED FINANCIAL STATEMENTS (continued)

20. Assets with restricted ownership or right of use

Item	30 June 2025		
	Balance of carrying amount	Book value	Restriction
Cash and bank balance	28,428,124.15	28,428,124.15	Deposits, etc.

21. Bills payable

Type	30 June 2025	31 December 2024
Bank acceptance bills	397,367,469.86	546,907,509.65

22. Accounts payable

Accounts payable by date of transaction

Ageing	30 June 2025	31 December 2024
Within 1 year (including 1 year)	1,979,118,948.34	1,873,384,037.45
1-2 years (including 2 years)	5,388,337.35	21,234,515.02
2-3 years (including 3 years)	1,470,356.68	1,774,845.71
Over 3 years	4,750,653.66	4,769,505.52
Total	1,990,728,296.03	1,901,162,903.70

NOTES TO FINANCIAL STATEMENTS

January to June 2025 (Amounts expressed in RMB unless otherwise specified)

V. NOTES TO ITEMS IN THE CONSOLIDATED FINANCIAL STATEMENTS (continued)

23. Advance received

Item	30 June 2025	31 December 2024
Rental deposit received in advance	14,136,924.40	427,978.43

24. Contract liabilities

Item	30 June 2025	31 December 2024
Advances from sales of goods	405,876,831.59	321,860,381.80

25. Employee benefits payable

Item	31 December 2024	Increase in the current period	Decrease in the current period	30 June 2025
Short-term benefits	23,490,291.18	240,121,130.01	255,122,546.41	8,488,874.78
Post-employment benefits-defined contribution plans		34,831,350.58	34,831,350.58	
Termination benefits	4,654,353.99	903,445.86	2,460,052.16	3,097,747.69
Total	28,144,645.17	275,855,926.45	292,413,949.15	11,586,622.47

NOTES TO FINANCIAL STATEMENTS

January to June 2025 (Amounts expressed in RMB unless otherwise specified)

V. NOTES TO ITEMS IN THE CONSOLIDATED FINANCIAL STATEMENTS (continued)

25. Employee benefits payable (continued)

(1) Short-term benefits

Item	31 December 2024	Increase in the current period	Decrease in the current period	30 June 2025
Wages or salaries, bonuses, allowances and subsidies	23,091,051.48	158,162,947.34	172,977,328.40	8,276,670.42
Staff welfare		10,101,968.81	10,101,968.81	
Social insurance contributions	91,778.91	18,495,946.87	18,503,204.61	84,521.17
Including: 1. Basic medical insurance	91,778.91	17,216,984.30	17,224,242.04	84,521.17
2. Work-related injury insurance		1,268,568.37	1,268,568.37	
3. Maternity insurance		10,394.20	10,394.20	
Housing provident funds		17,105,878.92	17,105,878.92	
Labor union expenditures and employee education funds	306,477.79	3,169,057.10	3,347,851.70	127,683.19
Other short-term benefits	983.00	33,085,330.97	33,086,313.97	
Total	23,490,291.18	240,121,130.01	255,122,546.41	8,488,874.78

NOTES TO FINANCIAL STATEMENTS

January to June 2025 (Amounts expressed in RMB unless otherwise specified)

V. NOTES TO ITEMS IN THE CONSOLIDATED FINANCIAL STATEMENTS (continued)

25. Employee benefits payable (continued)

(2) Defined contribution plans

Item	31 December 2024	Increase in the current period	Decrease in the current period	30 June 2025
Post-employment benefits		34,831,350.58	34,831,350.58	
Including: Basic pension insurance		21,881,553.16	21,881,553.16	
Unemployment insurance		943,190.84	943,190.84	
Annuity		12,006,606.58	12,006,606.58	
Total		34,831,350.58	34,831,350.58	

The Company's defined contribution plans include basic pension insurance and unemployment insurance managed by local governments, as well as enterprise annuity (supplementary pension insurance) plans. Except for the monthly payment, the Company no longer undertakes further payment obligations. The corresponding expenses are included in the cost of the relevant assets or the current profit and loss when incurred.

During the Period, the Company should pay RMB21,881,553.16 for basic pension insurance; RMB943,190.84 for unemployment insurance; and RMB12,006,606.58 for supplementary pension insurance plan.

NOTES TO FINANCIAL STATEMENTS

January to June 2025 (Amounts expressed in RMB unless otherwise specified)

V. NOTES TO ITEMS IN THE CONSOLIDATED FINANCIAL STATEMENTS (continued)

26. Taxes payable

Tax items	30 June 2025	31 December 2024
House property tax	4,009,004.21	4,040,258.08
Land use tax	2,214,817.39	2,214,747.50
Enterprise income tax	1,593,101.73	2,846,064.51
Value-added tax	645,911.20	70,676,272.60
Individual income tax	149,227.98	254,390.54
City maintenance and construction tax	51,945.26	6,114,607.33
Education surcharge	39,420.18	4,570,804.66
Other taxes	2,771,365.39	3,391,745.42
Total	11,474,793.34	94,108,890.64

27. Other payables

Item	30 June 2025	31 December 2024
Dividend payable	42,556,752.00	
Other payables	54,161,346.88	51,548,925.49
Total	96,718,098.88	51,548,925.49

NOTES TO FINANCIAL STATEMENTS

January to June 2025 (Amounts expressed in RMB unless otherwise specified)

V. NOTES TO ITEMS IN THE CONSOLIDATED FINANCIAL STATEMENTS (continued)

27. Other payables (Continued)

(1) Dividend payable

Item	30 June 2025	31 December 2024
Dividends on ordinary shares	42,556,752.00	

Upon consideration and approval at the 2024 annual general meeting of the Company, the Company declared cash dividend of RMB0.028 (tax inclusive) per share, totalling RMB42,556,752.00 based on the total share capital of 1,519,884,000 on 31 December 2024.

(2) Other payables (breakdown by nature)

Item	30 June 2025	31 December 2024
Deposit	25,672,179.53	27,616,939.99
Others	28,489,167.35	23,931,985.50
Total	54,161,346.88	51,548,925.49

NOTES TO FINANCIAL STATEMENTS

January to June 2025 (Amounts expressed in RMB unless otherwise specified)

V. NOTES TO ITEMS IN THE CONSOLIDATED FINANCIAL STATEMENTS (continued)

28. Non-current liabilities due within one year

Item	30 June 2025	31 December 2024
Estimated liabilities due within one year	33,330,837.59	42,047,682.57
Lease liabilities due within one year	1,836,799.39	1,809,787.64
Total	35,167,636.98	43,857,470.21

29. Other current liabilities

Item	30 June 2025	31 December 2024
Accounts payable not derecognized due to endorsement of commercial acceptance bills	17,416,000.00	54,573,280.19

30. Lease liabilities

Item	30 June 2025	31 December 2024
Lease payment	18,249,431.52	18,249,431.52
Less: Financing charges unrecognized	1,915,994.05	2,156,191.66
Sub-total	16,333,437.47	16,093,239.86
Less: Lease liabilities due within one year	1,836,799.39	1,809,787.64
Total	14,496,638.08	14,283,452.22

The interest expense accrued on lease liabilities amounted to RMB240,197.61 from January to June 2025 and the amount included in finance costs – interest expense was RMB240,197.61.

NOTES TO FINANCIAL STATEMENTS

January to June 2025 (Amounts expressed in RMB unless otherwise specified)

V. NOTES TO ITEMS IN THE CONSOLIDATED FINANCIAL STATEMENTS (continued)

31. Deferred income

Item	31 December 2024	Increase in the current period	Decrease in the current period	30 June 2025	Reason
Government grants	39,510.45	24,795.22	36,997.11	27,308.56	Others

32. Share capital

Item	31 December 2024	Increase (+) or decrease (-) in the current period				Sub-total	30 June 2025
		New shares issued	Bonus shares	Conversion of reserves into shares	Others		
Total shares	1,519,884,000.00						1,519,884,000.00

33. Capital reserve

Item	31 December 2024	Increase in the current period	Decrease in the current period	30 June 2025
Capital premium	1,707,734,850.20			1,707,734,850.20
Other capital reserve	1,516,993,143.83			1,516,993,143.83
Total	3,224,727,994.03			3,224,727,994.03

NOTES TO FINANCIAL STATEMENTS

January to June 2025 (Amounts expressed in RMB unless otherwise specified)

V. NOTES TO ITEMS IN THE CONSOLIDATED FINANCIAL STATEMENTS (continued)

34. Other comprehensive income

Other comprehensive income attributable to the parent company in the balance sheet:

Item	31 December 2024	Amount for the current period		30 June 2025
		Amount after tax attributable to the parent company	Less: amount included in other comprehensive income in the previous period and transferred to retained earnings in the current period	
I. Other comprehensive income that cannot be reclassified into profit or loss	343,765,069.61	-43,899,100.00		299,865,969.61
1. Changes in re-measurement of the defined benefit plan	-10,382,497.94			-10,382,497.94
2. Changes in fair value of other equity instrument investments	354,147,567.55	-43,899,100.00		310,248,467.55
II. Other comprehensive income that will be reclassified into profit or loss	2,034,425.46	5,865,818.85		7,900,244.31
1. The amount of financial assets reclassified into other comprehensive income	-49,306.99	-484,861.91		-534,168.90
2. Translation difference of financial statements in foreign currencies	2,083,732.45	6,350,680.76		8,434,413.21
Total other comprehensive income	345,799,495.07	-38,033,281.15		307,766,213.92

NOTES TO FINANCIAL STATEMENTS

January to June 2025 (Amounts expressed in RMB unless otherwise specified)

V. NOTES TO ITEMS IN THE CONSOLIDATED FINANCIAL STATEMENTS (continued)

34. Other comprehensive income (continued)

Other comprehensive income attributable to the parent company in the income statement:

Item	Pre-tax amount incurred in current period	Amount for the current period		Less: amount after tax attributable to minority shareholders	Amount after tax attributable to the parent company
		Less: amount included in other comprehensive income in the previous period and transferred to profit or loss in the current period	Less: Income tax expenses		
I. Other comprehensive income that cannot be reclassified into profit or loss	-51,646,000.00		-7,746,900.00		-43,899,100.00
1. Changes in re-measurement of the defined benefit plan					
2. Changes in fair value of other equity instrument investments	-51,646,000.00		-7,746,900.00		-43,899,100.00
II. Other comprehensive income that will be reclassified into profit or loss	5,781,298.38		-84,520.47		5,865,818.85
1. The amount of financial assets reclassified into other comprehensive income	-569,382.38		-84,520.47		-484,861.91
2. Translation difference of financial statements in foreign currencies	6,350,680.76				6,350,680.76
Total other comprehensive income	-45,864,701.62		-7,831,420.47		-38,033,281.15

The amount of other comprehensive income, net of tax, for the current period was RMB-38,033,281.15, of which, the amount of other comprehensive income, net of tax, attributable to the shareholders of the parent company for the current period was RMB-38,033,281.15.

NOTES TO FINANCIAL STATEMENTS

January to June 2025 (Amounts expressed in RMB unless otherwise specified)

V. NOTES TO ITEMS IN THE CONSOLIDATED FINANCIAL STATEMENTS (continued)

35. Special reserve

Item	31 December 2024	Increase in the current period	Decrease in the current period	30 June 2025
Production safety expenses		4,284,215.73	4,284,215.73	

36. Surplus reserve

Item	31 December 2024	Increase in the current period	Decrease in the current period	30 June 2025
Statutory surplus reserve	161,583,676.42			161,583,676.42

37. Retained earnings

Item	30 June 2025	31 December 2024	Proportion of appropriation or distribution
Retained earnings at the beginning of the period	787,189,578.06	714,911,976.09	
Plus: Net profit attributable to owners of the parent company in the current period	66,721,189.61	128,205,804.33	
Less: Appropriation of statutory surplus reserve		10,331,682.36	
Dividends payable to ordinary shareholders	42,556,752.00	45,596,520.00	
Retained earnings at the end of the period	811,354,015.67	787,189,578.06	

NOTES TO FINANCIAL STATEMENTS

January to June 2025 (Amounts expressed in RMB unless otherwise specified)

V. NOTES TO ITEMS IN THE CONSOLIDATED FINANCIAL STATEMENTS (continued)

38. Operating revenue and operating cost

(1) Operating revenue and operating cost

Item	January to June 2025		January to June 2024	
	Revenue	Cost	Revenue	Cost
Principal business	1,718,616,076.67	1,441,200,580.99	1,709,650,684.94	1,416,218,311.75
Other business	13,318,742.79	10,993,172.08	12,800,933.00	12,195,787.00
Total	1,731,934,819.46	1,452,193,753.07	1,722,451,617.94	1,428,414,098.75

(2) Breakdown of operating revenue by business (or product type)

Major product type (or business)	January to June 2025	January to June 2024
Principal business:		
Revenue from sales of mechanical equipment	430,779,702.39	744,264,621.23
Revenue from sales of accessories	614,739,707.16	525,127,338.33
Revenue from maintenance of railway track maintenance machinery	546,100,685.76	340,095,719.13
Revenue from railway line construction services	70,317,969.25	48,562,645.14
Revenue from mechanical design services	56,678,012.11	51,600,361.11
Sub-total	1,718,616,076.67	1,709,650,684.94
Other business:	13,318,742.79	12,800,933.00
Total	1,731,934,819.46	1,722,451,617.94

NOTES TO FINANCIAL STATEMENTS

January to June 2025 (Amounts expressed in RMB unless otherwise specified)

V. NOTES TO ITEMS IN THE CONSOLIDATED FINANCIAL STATEMENTS (continued)

38. Operating revenue and operating cost (continued)

(3) Breakdown of operating revenue by the time of transferring goods

Item	January to June 2025	January to June 2024
At a point in time	1,604,938,838.10	1,622,288,611.69
Over time	126,995,981.36	100,163,006.25
Total	1,731,934,819.46	1,722,451,617.94

39. Taxes and surcharges

Item	January to June 2025	January to June 2024
Real estate tax	4,663,090.52	4,785,258.24
Urban land use tax	2,396,548.30	2,394,316.46
Stamp duty	974,477.40	1,094,655.54
Urban maintenance and construction tax	741,183.55	-1,000,102.90
Education surcharge	340,237.08	-427,267.32
Local education surcharge	226,824.49	-284,844.90
Environmental protection tax	22,102.19	4,349.08
Vehicle and vessel tax	20,475.00	19,837.80
Others	26,682.42	388.13
Total	9,411,620.95	6,586,590.13

For details of the criteria for the calculation and payment of taxes and surcharges, please refer to Note IV, Taxes.

NOTES TO FINANCIAL STATEMENTS

January to June 2025 (Amounts expressed in RMB unless otherwise specified)

V. NOTES TO ITEMS IN THE CONSOLIDATED FINANCIAL STATEMENTS (continued)

40. Selling expenses

Item	January to June 2025	January to June 2024
Employee benefits	34,717,466.13	29,072,632.44
Depreciation cost	12,376,677.91	12,249,746.42
Travel expenses	3,511,071.43	4,497,489.44
Entertainment expenses	2,654,718.79	4,165,709.68
Others	9,564,548.26	3,955,230.26
Total	62,824,482.52	53,940,808.24

41. Administrative expenses

Item	January to June 2025	January to June 2024
Employee benefits	39,622,471.90	45,603,992.80
Depreciation and amortization	9,516,570.22	11,143,967.60
Intermediary audit and evaluation fee	2,323,775.73	2,594,905.12
Others	9,872,136.28	18,706,709.42
Total	61,334,954.13	78,049,574.94

NOTES TO FINANCIAL STATEMENTS

January to June 2025 (Amounts expressed in RMB unless otherwise specified)

V. NOTES TO ITEMS IN THE CONSOLIDATED FINANCIAL STATEMENTS (continued)

42. Research and development expenses

Item	January to June 2025	January to June 2024
Employee benefits	43,898,383.06	68,400,755.14
Depreciation cost	14,799,979.11	15,169,784.21
Material, fuel and power expenses	14,297,050.03	38,051,395.99
Other expenses	9,222,446.42	11,455,543.79
Total	82,217,858.62	133,077,479.13

43. Financial costs

Item	January to June 2025	January to June 2024
Interest expenses	240,197.61	266,422.62
Less: Interest income	9,946,527.55	11,138,533.60
Foreign exchange gains and losses	-247,050.74	-2,410,752.30
Handling fee and others	2,952,618.36	3,230,393.44
Total	-7,000,762.32	-10,052,469.84

NOTES TO FINANCIAL STATEMENTS

January to June 2025 (Amounts expressed in RMB unless otherwise specified)

V. NOTES TO ITEMS IN THE CONSOLIDATED FINANCIAL STATEMENTS (continued)

44. Other income

Item	January to June 2025	January to June 2024
Additional deduction of VAT	6,640,889.99	22,269,930.86
Government grants	24,795.22	2,629,000.00
Handling fee for withholding individual income tax	93,098.02	195,871.39
Total	6,758,783.23	25,094,802.25

45. Investment income

Item	January to June 2025	January to June 2024
Dividend income from other equity instrument investments	9,800,000.00	7,644,000.00

46. Credit impairment losses ("-" for losses)

Item	January to June 2025	January to June 2024
Bad debt losses of bills receivable	758,983.10	363,615.26
Bad debt losses of accounts receivable	-19,018,704.10	-4,181,822.19
Bad debt losses of other receivables	-384,817.95	256,660.91
Total	-18,644,538.95	-3,561,546.02

NOTES TO FINANCIAL STATEMENTS

January to June 2025 (Amounts expressed in RMB unless otherwise specified)

V. NOTES TO ITEMS IN THE CONSOLIDATED FINANCIAL STATEMENTS (continued)

47. Losses on impairment of assets ("-" for losses)

Item	January to June 2025	January to June 2024
Loss on impairment of inventories and loss on impairment of contract performance cost	-543,447.40	-584,526.31
Loss on impairment of contract assets	41,147.87	-22,454.50
Total	-502,299.53	-606,980.81

48. Gains on disposal of assets ("-" for losses)

Item	January to June 2025	January to June 2024
Gains on disposal of fixed assets ("-" for losses)	-305,468.34	-82,193.65

49. Non-operating income

Item	January to June 2025	January to June 2024	Amount included in the current non-recurring profit or loss
Income from compensation, liquidated damages and various penalties	543,905.75	54,808.94	543,905.75
Accounts not payable	95,658.96		95,658.96
Government grants	12,201.89	15,520.85	12,201.89
Others	260,874.71	250,065.38	260,874.71
Total	912,641.31	320,395.17	912,641.31

NOTES TO FINANCIAL STATEMENTS

January to June 2025 (Amounts expressed in RMB unless otherwise specified)

V. NOTES TO ITEMS IN THE CONSOLIDATED FINANCIAL STATEMENTS (continued)

50. Non-operating expenses

Item	January to June 2025	January to June 2024	Amount included in the current non-recurring profit or loss
Liquidated damages, compensation and various fines	76,097.55	55,303.72	76,097.55
Loss on destruction or retirement of non-current assets		9,168.99	
Total	76,097.55	64,472.71	76,097.55

51. Income tax expenses

(1) Breakdown of income tax expenses

Item	January to June 2025	January to June 2024
Current income tax calculated in accordance with tax laws and related regulations	2,346,319.44	590,883.31
Deferred income tax expenses	-203,110.41	-783,796.65
Total	2,143,209.03	-192,913.34

NOTES TO FINANCIAL STATEMENTS

January to June 2025 (Amounts expressed in RMB unless otherwise specified)

V. NOTES TO ITEMS IN THE CONSOLIDATED FINANCIAL STATEMENTS (continued)

51. Income tax expenses (continued)

(2) Relationship between income tax expense and total profit

Item	January to June 2025
Total profits	68,895,932.66
Income tax expenses calculated at statutory (or applicable) tax rate (total profits*15%)	10,334,389.90
Effect of other tax rates used by certain subsidiaries	377,112.45
Adjustments of current tax in previous periods	-73,036.18
Non-assessable income (presented with "-")	-1,470,000.00
Costs, expenses and losses not deductible for tax purposes	1,045,451.96
Tax effect of utilising unrecognized deductible losses and deductible temporary differences from previous years (presented with "-")	-305,035.26
Tax effect of unrecognized deductible losses and deductible temporary differences	1,553,769.39
Tax effect of extra tax deductions for research and development costs (presented with "-")	-8,889,000.43
Others	-430,442.80
Income tax expenses	2,143,209.03

NOTES TO FINANCIAL STATEMENTS

January to June 2025 (Amounts expressed in RMB unless otherwise specified)

V. NOTES TO ITEMS IN THE CONSOLIDATED FINANCIAL STATEMENTS (continued)

52. Earnings per share

Basic earnings per share

Basic earnings per share are calculated by dividing the consolidated net profit attributable to the ordinary shareholders of the parent company by the weighted average number of ordinary shares issued by the Company:

Item	January to June 2025	January to June 2024
Consolidated net profit attributable to ordinary shareholders of the parent company	66,721,189.61	61,346,082.55
Weighted average number of ordinary shares issued by the Company	1,519,884,000.00	1,519,884,000.00
Basic earnings per share	0.04	0.04
Including: Basic earnings per share of continuing operations	0.04	0.04
Basic earnings per share of discontinued operations		

The Company had no potentially dilutive ordinary shares in issue and therefore no diluted earnings per share are presented.

NOTES TO FINANCIAL STATEMENTS

January to June 2025 (Amounts expressed in RMB unless otherwise specified)

V. NOTES TO ITEMS IN THE CONSOLIDATED FINANCIAL STATEMENTS (continued)

53. Supplementary information of cash flow statements

(1) Supplementary information of cash flow statements

Supplementary information	January to June 2025	January to June 2024
1. Net profits reconciled to cash flows from operating activities		
Net profit	66,752,723.63	61,372,454.16
Add: Asset impairment provision	502,299.53	606,980.81
Credit impairment losses	18,644,538.95	3,561,546.02
Depreciation of fixed assets and investment properties	60,883,557.67	61,954,035.79
Depreciation of right-of-use assets	972,945.96	974,794.80
Amortization of intangible assets	5,170,855.59	5,336,053.37
Amortization of long-term deferred expenses	763,474.92	
Losses on disposal of fixed assets, intangible assets and other long-term assets ("-" for gains)	305,468.34	82,193.65
Losses from scrapping of fixed assets ("-" for gains)		9,168.99
Financial costs ("-" for gains)	-809,129.14	266,422.62
Investment loss ("-" for gains)	-9,800,000.00	-7,644,000.00
Decreases in deferred income tax assets ("-" for increases)	-203,110.41	18,392,117.43
Decreases in inventories ("-" for increases)	-44,422,184.79	153,623,538.01
Decreases in operating receivables ("-" for increases)	-260,646,475.65	-402,474,828.23
Increases in operating payables ("-" for decreases)	-110,460,666.55	-142,378,594.86
Net cash flow from operating activities	-272,345,701.95	-246,318,117.44
2. Significant investing and financing activities not involving cash receipts and payments:		
3. Net movement in cash and cash equivalents:		
Closing balance of cash	873,359,017.16	1,047,734,430.05
Less: Cash at the beginning of the period	1,147,055,380.88	1,457,596,638.25
Net increase in cash and cash equivalents	-273,696,363.72	-409,862,208.20

NOTES TO FINANCIAL STATEMENTS

January to June 2025 (Amounts expressed in RMB unless otherwise specified)

V. NOTES TO ITEMS IN THE CONSOLIDATED FINANCIAL STATEMENTS (continued)

53. Supplementary information of cash flow statements (continued)

(2) Breakdown of cash and cash equivalents

Item	30 June 2025	31 December 2024
I. Cash	873,359,017.16	1,147,055,380.88
Including: Cash on hand	16,802.80	20,998.14
Unrestricted bank deposits	873,342,214.36	1,147,034,382.74
II. Cash equivalents		
III. Balance of cash and cash equivalents at the end of the period	873,359,017.16	1,147,055,380.88

(3) Cash and bank balances not classified as cash and cash equivalents

Item	30 June 2025	31 December 2024	Reasons for not classified as cash and cash equivalents
Bank deposits	560,000,000.00	560,000,000.00	Time deposits
Accrued interest on deposits	8,181,994.83	3,303,994.46	Interest accrued but not yet due on bank deposits
Bank deposits	28,428,124.15	36,597,409.78	Restricted right of use
Total	596,610,118.98	599,901,404.24	/

NOTES TO FINANCIAL STATEMENTS

January to June 2025 (Amounts expressed in RMB unless otherwise specified)

V. NOTES TO ITEMS IN THE CONSOLIDATED FINANCIAL STATEMENTS (continued)

53. Supplementary information of cash flow statements (continued)

(4) Supplier Financing Arrangement

1. Terms and conditions of the Supplier Financing Arrangement

Supplier Financing Arrangement: reverse factoring. The Company carries out reverse factoring business through the supply chain financial service platform of "China Enterprise Cloud Chain Cloud Trust and CRCC Bank Trust" (hereinafter referred to as Cloud Trust and Bank Trust), providing services to the sellers of electronic debt certificates held by the "Cloud Trust and Bank Trust" platform that are due and payable by the Company. The Company generates electronic debt certificates based on real accounts receivable information and trade background information on the "Cloud Trust and Bank Trust" platform. The Company's performance of its payment obligations under the electronic debt certificates is unconditional and irrevocable, and is not affected by any commercial disputes between the parties involved in the circulation of the electronic debt certificates. The Company does not claim set-off nor does it raises any defense with respect to such payment liability. The Company will transfer an amount equivalent to the amount under the electronic debt certificate on the promised payment date in accordance with the business rules of the "Cloud Trust and Bank Trust" platform. Electronic debt certificates can be transferred, financed and pledged. Upon maturity of an electronic debt certificate, the Company will transfer the corresponding funds to the payment account, and the "Cloud Trust and Bank Trust" platform will then allocate funds to the final holder of the electronic debt certificate based on the "Final Repayment Breakdown".

Items presented in the balance sheet and relevant information

Items presented	30 June 2025
Accounts payable	142,620,934.57
Including: Amount received by the suppliers	6,609,968.31

NOTES TO FINANCIAL STATEMENTS

January to June 2025 (Amounts expressed in RMB unless otherwise specified)

V. NOTES TO ITEMS IN THE CONSOLIDATED FINANCIAL STATEMENTS (continued)

53. Supplementary information of cash flow statements (continued)

(4) *Supplier Financing Arrangement (continued)*

2. *Interval of payment due date*

Item	30 June 2025
Liabilities under such arrangement	Payment in accordance with the terms of the purchase and sales contract
Comparable accounts payable not under such arrangement	Payment in accordance with the terms of the purchase and sales contract

3. *Current changes not involving cash receipts and payments*

The above changes in the financial liabilities of the Company do not include the impact of corporate mergers and exchange rate fluctuations.

54. Foreign currency monetary items

Item	30 June 2025	Exchange rate for conversion	Balance of foreign currency in RMB
Cash and bank balances			
Including: USD	11,071,063.18	7.1586	79,253,312.87
Euro	4,737,010.04	8.4024	39,802,253.17
Hong Kong dollars	33,019,909.55	0.91195	30,112,506.51
Swiss Franc	2,436,337.04	8.9721	21,859,059.55
Accounts receivable			
Including: USD	26,723,745.47	7.1586	191,304,604.29
Euro	4,413,850.54	8.4024	37,086,937.75
Hong Kong dollars	10,121,373.22	0.91195	9,230,186.31
Swiss Franc	392,227.91	8.9721	3,519,108.03

NOTES TO FINANCIAL STATEMENTS

January to June 2025 (Amounts expressed in RMB unless otherwise specified)

V. NOTES TO ITEMS IN THE CONSOLIDATED FINANCIAL STATEMENTS (continued)

55. Lease

(1) As a lessee

Item	January to June 2025	January to June 2024
Interest expense on lease liabilities	240,197.61	266,422.62

The Company's anticipated cash outflows from leases in future years, committed but not commenced, are as follows:

Subsequent to the balance sheet date	30 June 2025
Within 1 year	2,491,210.00
1-2 years	2,491,210.00
2-3 years	2,491,210.00
Over 3 years	12,456,050.00
Total	19,929,680.00

(2) As a lessor

Operating lease

Item	January to June 2025	January to June 2024
Lease income	1,323,810.35	1,513,065.53

NOTES TO FINANCIAL STATEMENTS

January to June 2025 (Amounts expressed in RMB unless otherwise specified)

VI. INTERESTS IN OTHER ENTITIES

Interests in subsidiaries

(1) Group members

Name of subsidiary	Registered capital (RMB0' 000)	Type of legal person	Principal place of business	Place of registration	Nature of business	Shareholding ratio (%)		
						Direct	Indirect	Obtained by
Beijing Ruiweitong Engineering Machinery Co., Ltd.	27,388.02	Wholly owned by legal person	Beijing	Beijing	Industrial manufacturing	100.00		Investment
Beijing Kunweitong Railway Mechanization Engineering Co., Ltd.	6,000.00	Wholly owned by legal person	Beijing	Beijing	Construction	100.00		Investment
Zhengzhou Railway Construction Equipment Technology Co., Ltd.	7,000.00	Limited liability	Zhengzhou	Zhengzhou	Industrial manufacturing	51.00		Investment
CRCC Yukun Limited			Hong Kong	Hong Kong	Holding investment	100.00		Business combination under common control
CE CIDEON Engineering GmbH & Co. KG			Germany	Germany	Mechanical design		100.00	Not under common control
CE CIDEON Engineering Verwaltungs GmbH			Germany	Germany	Mechanical design		100.00	Not under common control
CE CIDEON Engineering Schweiz AG			Switzerland	Switzerland	Mechanical design		100.00	Not under common control

(2) Major non-wholly-owned subsidiaries

Name of subsidiary	Shareholding ratio of minority shareholders (%)	Profit or loss attributable to minority shareholders in the current period	Dividends declared to minority shareholders in the current period	Closing balance of minority interests
Zhengzhou Railway Construction Equipment Technology Co., Ltd.	49.00	31,534.02		35,117,971.14

NOTES TO FINANCIAL STATEMENTS

January to June 2025 (Amounts expressed in RMB unless otherwise specified)

VI. INTERESTS IN OTHER ENTITIES (continued)

Interests in subsidiaries (continued)

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

Name of subsidiary	30 June 2025					
	Current assets	Non-current assets	Total assets	Current liabilities	Non-current liabilities	Total liabilities
Zhengzhou Railway Construction Equipment Technology Co., Ltd.	79,142,753.62	41,442,051.32	120,584,804.94	34,337,605.09	14,496,638.08	48,834,243.17

Continued (1):

Name of subsidiary	31 December 2024					
	Current assets	Non-current assets	Total assets	Current liabilities	Non-current liabilities	Total liabilities
Zhengzhou Railway Construction Equipment Technology Co., Ltd.	85,719,836.20	42,739,221.69	128,459,057.89	42,490,386.20	14,283,452.22	56,773,838.42

Continued (2):

Name of subsidiary	January to June 2025				January to June 2024			
	Operating income	Net profit	Total comprehensive income	Cash flow from operating activities	Operating income	Net profit	Total comprehensive income	Cash flow from operating activities
Zhengzhou Railway Construction Equipment Technology Co., Ltd.	19,757,154.84	64,355.15	64,355.15	-17,488,788.64	13,345,107.25	296,014.56	296,014.56	-2,884,560.99

NOTES TO FINANCIAL STATEMENTS

January to June 2025 (Amounts expressed in RMB unless otherwise specified)

VII. RISK MANAGEMENT OF FINANCIAL INSTRUMENTS

1. Risk management objectives and policies

The Company's financial instruments mainly include cash and bank balances, bills receivable, accounts receivable, receivables financing, other receivables, non-current assets due within one year, other current assets, other equity instrument investments, bills payable, accounts payable, other payables, and lease liabilities. Details of each financial instrument are disclosed in the respective notes. The risks associated with these financial instruments and the risk management policies adopted by the Company to mitigate these risks are described below. The management of the Company manages and monitors these exposures to ensure that the above risks are controlled within limits.

The main risks resulting from the Company's financial instruments are credit risk, liquidity risk and market risk (including foreign exchange risk, interest rate risk and other price risk).

The Company's objective of risk management is to strike an appropriate balance between risks and returns, minimise the negative impact of risks on the Company's operating results and maximise the interests of shareholders and other equity investors. Based on this risk management objective, the Company's basic strategy for risk management is to identify and analyse the various risks to which the Company is exposed, establish an appropriate risk tolerance floor and conduct risk management, and monitor various risks in a timely and reliable manner in order to keep the risks within limits.

The Board of Directors is responsible for planning and establishing the Company's risk management structure, formulating the Company's risk management policies and related guidelines, and supervising the implementation of risk management measures. The Company has developed risk management policies to identify and analyze the risks confronting the Company. These risk management policies clearly stipulate specific risks, covering many aspects such as market risk, credit risk and liquidity risk management. The Company regularly evaluates the market environment and changes in the Company's business activities to determine whether to update the risk management policy and system. The Company's risk management is carried out by the risk management committee in accordance with the policies approved by the Board of Directors. The risk management committee works closely with other business departments of the Company to identify, evaluate and avoid related risks. The internal audit department of the Company conducts regular audits on risk management control and procedures, and reports the audit results to the audit committee of the Company.

NOTES TO FINANCIAL STATEMENTS

January to June 2025 (Amounts expressed in RMB unless otherwise specified)

VII. RISK MANAGEMENT OF FINANCIAL INSTRUMENTS (continued)

1. Risk management objectives and policies (continued)

(1) Credit risk

Credit risk refers to the risk where the counterparty fails to discharge its obligation under the terms of the financial instrument and causes a financial loss to the Group.

The Company manages credit risk on a group basis. Credit risk mainly arises from bank deposits, bills receivable, accounts receivable, receivables financing, contract assets, other receivables, etc.

The Company's bank deposits are mainly placed with reputable financial institutions with high credit ratings, and the Company does not expect its bank deposits to be exposed to significant credit risk.

The Company has policies to limit the credit exposure on bills receivable, accounts receivable, receivables financing, contract assets and other receivables. The Company assesses the credit quality of and sets credit limits on its customers by taking into account their financial position, their credit history and other factors such as current market conditions. The Company monitors the credit history of its customers on a regular basis. In respect of customers with a poor credit history, the Group will use written payment reminders, or shorten or cancel credit periods, to ensure the overall credit risk of the Company is limited to a controllable extent.

NOTES TO FINANCIAL STATEMENTS

January to June 2025 (Amounts expressed in RMB unless otherwise specified)

VII. RISK MANAGEMENT OF FINANCIAL INSTRUMENTS (continued)

1. Risk management objectives and policies (continued)

(2) Liquidity risk

Liquidity risk is the risk that the Company may encounter deficiency of funds in meeting obligations settled with cash or other financial assets delivery.

The Company's policy is to ensure it has sufficient cash to settle the debts when they fall due. The Company's finance department centralized control on liquidity risk. Through monitoring cash balance, readily realizable marketable securities and the rolling forecasts of cash flow for the next 12 months, the finance department will ensure it has sufficient funds to settle its debts under all reasonably foreseeable circumstances. while maintaining sufficient headroom on its undrawn committed borrowing facilities from major financial institutions so that the Group does not breach borrowing limits or covenants on any of its borrowing facilities to meet the short-term and long-term liquidity requirements. Financial liabilities of the Company should be presented at undiscounted contractual cash flows on the maturity date as follows:

Item	30 June 2025					Total
	On demand	Within 1 year	1-2 years	2-5 years	Over 5 years	
Financial liabilities:						
Bills payable		397,367,469.86				397,367,469.86
Accounts payable		1,990,728,296.03				1,990,728,296.03
Other payables		96,718,098.88				96,718,098.88
Other current liabilities (excluding deferred income)		17,416,000.00				17,416,000.00
Lease liabilities		1,836,799.39	1,891,903.38	6,023,114.67	6,581,620.03	16,333,437.47
Total financial liabilities		2,504,066,664.16	1,891,903.38	6,023,114.67	6,581,620.03	2,518,563,302.24

NOTES TO FINANCIAL STATEMENTS

January to June 2025 (Amounts expressed in RMB unless otherwise specified)

VII. RISK MANAGEMENT OF FINANCIAL INSTRUMENTS (continued)

1. Risk management objectives and policies (continued)

(2) Liquidity risk (continued)

Item	On demand	Within 1 year	31 December 2024			Total
			1-2 years	2-5 years	Over 5 years	
Financial liabilities:						
Bills payable		546,907,509.65				546,907,509.65
Accounts payable		1,901,162,903.70				1,901,162,903.70
Other payables		51,548,925.49				51,548,925.49
Other current liabilities (excluding deferred income)		54,573,280.19				54,573,280.19
Lease liabilities		1,809,787.64	1,864,081.27	5,934,539.45	6,484,831.50	16,093,239.86
Total financial liabilities		2,556,002,406.67	1,864,081.27	5,934,539.45	6,484,831.50	2,570,285,858.89

(3) Market risk

Market risk, including interest rate risk, foreign exchange rate risk and foreign currency risk, refers to the risk that the fair value or future cash flow of a financial instrument will fluctuate because of the changes in market price.

Interest rate risk

Interest rate risk refers to the risks of fluctuation in the fair value or future cash flows of financial instruments due to changes in market interest rate. Interest rate risk arises from recognized interest-bearing financial instruments and unrecognized financial instruments (such as certain loan commitments).

Financial liabilities with floating interest rates expose the Company to cash flow interest rate risk, while financial liabilities with fixed interest rates expose the Company to fair value interest rate risk. The Company determines the relative proportions of fixed-rate and floating-rate contracts based on market conditions and maintains an appropriate mix of fixed-rate and floating-rate instruments through regular reviews and monitoring.

As at 30 June 2025 and 31 December 2024, the Group did not have any balance of interest-bearing borrowings.

NOTES TO FINANCIAL STATEMENTS

January to June 2025 (Amounts expressed in RMB unless otherwise specified)

VII. RISK MANAGEMENT OF FINANCIAL INSTRUMENTS (continued)

1. Risk management objectives and policies (continued)

(3) Market risk (continued)

Exchange rate risk

Exchange rate risk refers to the risk that fair value or future cash flows of financial instruments fluctuate due to variations in foreign exchange rate.

The Company continuously monitors the scale of foreign currency transactions and foreign currency assets and liabilities to minimize its exposure to foreign exchange risks. In this regard, the Company may enter into forward foreign exchange contracts or currency swap contracts to avoid exchange rate risks. During the current period and the previous period, the Company did not enter into any forward foreign exchange contracts or currency swap contracts.

The exchange rate risk the Company is exposed to mainly arises from financial assets and financial liabilities denominated in US dollars or Euro. The foreign currency financial assets and liabilities held by the Group were converted to RMB as follows:

Item	30 June 2025			31 December 2024		
	Euro	Other foreign currencies	Total	Euro	Other foreign currencies	Total
Cash and bank balances	39,802,253.17	131,224,878.93	171,027,132.1	39,899,839.34	52,164,544.59	92,064,383.93

As at 30 June 2025, assuming a 5% appreciation or depreciation of Renminbi against foreign currencies with all other variables held constant, the shareholders' equity and net profit of the Company will both increase or decrease by approximately RMB17,517,100 (31 December 2024: approximately RMB15,188,000).

NOTES TO FINANCIAL STATEMENTS

January to June 2025 (Amounts expressed in RMB unless otherwise specified)

VII. RISK MANAGEMENT OF FINANCIAL INSTRUMENTS (continued)

1. Risk management objectives and policies (continued)

(3) Market risk (continued)

Other price risks

Other price risks refer to the risks of fluctuations due to changes in market price other than exchange rate risk and interest rate risk, whether these changes are caused by factors related to individual financial instruments or their issuers, or by factors related to all similar financial instruments traded in the market. Other price risks may arise from changes in commodity prices, stock market indices, equity instrument prices and other risk variables.

Investments in listed equity instruments classified as other equity instrument investments held by the Company are measured at fair value at the balance sheet date. Accordingly, the Company is exposed to the risk of changes in the securities market.

The Company closely monitors the impact of price movements on the price risk of the Company's equity securities investments. The Company has not taken any measures to hedge against other price risk at present. However, the management is responsible for monitoring other price risks and will consider mitigating the price risk of equity securities investments by holding a diversified portfolio of equity securities as and when required.

The effect on the Company's profit or loss and other comprehensive income after tax of a 0.5% change in the price of equity securities investments, with all other variables held constant, is as follows (in RMB):

Item	Increase (decrease) in profit after tax		Increase (decrease) in other comprehensive income	
	January to June 2025	January to June 2024	January to June 2025	January to June 2024
Increase in price of equity securities investments			1,776,372.50	2,056,677.00
Decrease in price of equity securities investments			-1,776,372.50	-2,056,677.00

NOTES TO FINANCIAL STATEMENTS

January to June 2025 (Amounts expressed in RMB unless otherwise specified)

VII. RISK MANAGEMENT OF FINANCIAL INSTRUMENTS (continued)

2. Capital management

The Company's capital management policy is aimed at safeguarding the Company's ability to continue as a going concern, thereby providing returns to shareholders and benefits to other stakeholders.

The Company has set a capital amount that is proportional to the risk. The capital structure is adjusted according to the change of economic environment and the risk characteristics of the target assets. In order to maintain or adjust the capital structure, the Company may adjust the amounts of dividends paid to shareholders, return capital to shareholders, issue new shares or other equity instruments or sell assets to reduce liabilities.

The Company monitors capital using a gearing ratio, which is net debt divided by the adjusted capital plus net debt. Net debt includes net amount of bills payable, accounts payable and other payables minus cash. Capital refers to capital attributable to shareholders of the parent. The Company's gearing ratio at each balance sheet date was as follows:

Item	30 June 2025	31 December 2024
Total debts	3,006,507,115.52	3,076,604,198.03
Less: Cash and cash equivalents	873,359,017.16	1,147,055,380.88
Advance received	14,136,924.40	427,978.43
Contract liabilities	405,876,831.59	321,860,381.80
Employee benefits payable	11,586,622.47	28,144,645.17
Taxes payable	11,474,793.34	94,108,890.64
Non-current liabilities due within one year	33,330,837.59	42,047,682.57
Deferred income	27,308.56	39,510.45
Deferred income tax liabilities	11,510,495.33	19,689,250.08
Adjusted net debt	1,645,204,285.08	1,423,230,478.01
Owners' equity	6,025,315,900.04	6,039,184,743.58
Adjusted capital	6,025,315,900.04	6,039,184,743.58
Gearing ratio	21.45%	19.07%

NOTES TO FINANCIAL STATEMENTS

January to June 2025 (Amounts expressed in RMB unless otherwise specified)

VIII. FAIR VALUE

The fair value hierarchy is classified based on the lowest level of inputs in the fair value measurement which are significant to the measurement as a whole:

Level 1: quoted prices (unadjusted) in active markets for identical assets or liabilities.

Level 2: observable inputs other than quoted market prices for assets or liabilities within Level 1 that are used either directly (i.e. as prices) or indirectly (i.e. derived from prices).

Level 3: assets or liabilities are measured using any inputs that are not based on observable market data (unobservable inputs).

Items measured at fair value and their amounts

As at 30 June 2025, assets and liabilities measured at fair value using the above three levels are presented below:

Item	Measurement of fair value at level 1	Measurement of fair value at level 2	Measurement of fair value at level 3	Total
Continuous measurement at fair value				
(i) Receivables financing		109,868,473.50		109,868,473.50
(ii) Other equity instrument investments	417,970,000.00			417,970,000.00
Total assets with continuous measurement at fair value	417,970,000.00	109,868,473.50		527,838,473.50

The Company's other investments in equity instruments measured at level 1 fair value are publicly issued shares of Zhuzhou CRRC Times Electric Co., Ltd. held by the Company not for short-term trading, and the fair value represents the share price as of 30 June 2025.

The receivables financing measured at the level 2 fair value held by the Company are bills receivable. The discounted cash flow method is used to determine the fair value, and the discount rate of bank acceptance bills for the same period is used as the discount rate.

NOTES TO FINANCIAL STATEMENTS

January to June 2025 (Amounts expressed in RMB unless otherwise specified)

IX. RELATED PARTIES AND RELATED-PARTY TRANSACTIONS

1. Parent company of the Company

Name of parent company	Place of registration	Nature of business	Registered capital (RMB0'000)	Shareholding of the parent company in the Company (%)	Proportion of voting rights of the parent company in the Company (%)
China Railway Construction Corporation Limited	Beijing	Civil engineering construction industry	1,357,954.15	65.0039	65.0039

The ultimate controlling party of the Company is China Railway Construction Group Corporation

2. Information on subsidiaries of the Company

Please refer to Note VI for details of subsidiaries.

NOTES TO FINANCIAL STATEMENTS

January to June 2025 (Amounts expressed in RMB unless otherwise specified)

IX. RELATED PARTIES AND RELATED-PARTY TRANSACTIONS (continued)

3. Information on other related parties of the Company

Name of related parties	Relationship with the Company
CRCC Finance Company Limited	Under common control of the same parent company with the Company
China Railway Materials Group Co., Ltd.	Under common control of the same parent company with the Company
China Railway 11th Bureau Group Co., Ltd.	Under common control of the same parent company with the Company
China Railway 15th Bureau Group Co., Ltd.	Under common control of the same parent company with the Company
China Railway 14th Bureau Group Co., Ltd.	Under common control of the same parent company with the Company
China Railway 16th Bureau Group Co., Ltd.	Under common control of the same parent company with the Company
China Railway 12th Bureau Group Co., Ltd.	Under common control of the same parent company with the Company
China Railway 18th Bureau Group Co., Ltd.	Under common control of the same parent company with the Company
China Railway Construction South China Construction Co., Ltd.	Under common control of the same parent company with the Company
China Railway 24th Bureau Group Co., Ltd.	Under common control of the same parent company with the Company
China Railway 23rd Bureau Group Co., Ltd.	Under common control of the same parent company with the Company
China Railway 20th Bureau Group Co., Ltd.	Under common control of the same parent company with the Company
China Civil Engineering Construction Corporation	Under common control of the same parent company with the Company

NOTES TO FINANCIAL STATEMENTS

January to June 2025 (Amounts expressed in RMB unless otherwise specified)

IX. RELATED PARTIES AND RELATED-PARTY TRANSACTIONS (continued)

3. Information on other related parties of the Company (continued)

Name of related parties	Relationship with the Company
China Railway Construction Heavy Industry Corporation Limited	Under common control of the same parent company with the Company
China Railway Construction Investment Group Co., Ltd.	Under common control of the same parent company with the Company
China Railway Construction Electrification Bureau Group Co., Ltd.	Under common control of the same parent company with the Company
China Railway Construction Development Group Co., Ltd.	Under common control of the same parent company with the Company
China Railway Construction Group Co., Ltd.	Under common control of the same parent company with the Company
China Railway 19th Bureau Group Co., Ltd.	Under common control of the same parent company with the Company
China Railway 25th Bureau Group Co., Ltd.	Under common control of the same parent company with the Company
China Railway 17th Bureau Group Co., Ltd.	Under common control of the same parent company with the Company
Taiyuan Rail Transit Line 1 Construction and Operation Co., Ltd.	Joint venture of the parent company
CRCC Financial Leasing Co., Ltd.	Under common control of the same ultimate controlling party with the Company
China Railway Construction Jinli Assets Management Co., Ltd.	Under common control of the same ultimate controlling party with the Company

NOTES TO FINANCIAL STATEMENTS

January to June 2025 (Amounts expressed in RMB unless otherwise specified)

IX. RELATED PARTIES AND RELATED-PARTY TRANSACTIONS (continued)

4. Related-party transactions

Related-party purchases and sales

1. *Purchase of goods and receipt of services*

Related party	Content of related-party transaction	January to June 2025	January to June 2024
CRCC Financial Leasing Co., Ltd.	Purchase of goods	43,982,300.88	
China Railway Construction Heavy Industry Corporation Limited	Purchase of goods	14,288,197.49	21,268,530.85
China Railway Materials Group Co., Ltd.	Purchase of goods	540,690.28	
China Railway Materials Group Co., Ltd.	Receipt of services	199,116.22	

NOTES TO FINANCIAL STATEMENTS

January to June 2025 (Amounts expressed in RMB unless otherwise specified)

IX. RELATED PARTIES AND RELATED-PARTY TRANSACTIONS (continued)

4. Related-party transactions (continued)

Related-party purchases and sales (continued)

2. *Sale of goods and rendering of services*

Related party	Content of related-party transaction	January to June 2025	January to June 2024
China Railway Construction Group Co., Ltd.	Sale of goods	57,478,718.27	12,234,384.39
China Railway Construction Electrification Bureau Group Co., Ltd.	Sale of goods	20,956,350.24	79,780,104.09
China Railway 18th Bureau Group Co., Ltd.	Sale of goods	9,380,530.97	
China Railway Construction Heavy Industry Corporation Limited	Sale of goods	8,601,500.00	66,308.44
China Civil Engineering Construction Corporation	Sale of goods	1,208,353.10	29,982,300.89
China Railway Materials Group Co., Ltd.	Rendering of services	770,440.24	
Taiyuan Rail Transit Line 1 Construction and Operation Co., Ltd.	Rendering of services	200,229.17	
China Railway 24th Bureau Group Co., Ltd.	Rendering of services	15,506.92	
China Railway 25th Bureau Group Co., Ltd.	Sale of goods	17,699.12	
China Railway 11th Bureau Group Co., Ltd.	Sale of goods		2,459,508.24

NOTES TO FINANCIAL STATEMENTS

January to June 2025 (Amounts expressed in RMB unless otherwise specified)

IX. RELATED PARTIES AND RELATED-PARTY TRANSACTIONS (continued)

5. Accounts receivable from and due to related parties

(1) Accounts receivable from related parties

Item	Related party	30 June 2025		31 December 2024	
		Balance of carrying amount	Bad debt provision	Balance of carrying amount	Bad debt provision
Cash and bank balances	CRCC Finance Company Limited	29,099,034.07		28,907,766.21	
Accounts receivable	China Railway 12th Bureau Group Co., Ltd.	68,662,239.00	68,662.24	68,679,851.00	68,679.85
	China Railway Construction Group Co., Ltd.	66,219,206.57	66,219.21	8,740,488.30	8,740.49
	China Railway Construction Electrification Bureau Group Co., Ltd.	60,676,210.11	60,676.21	57,488,788.48	57,488.78
	China Civil Engineering Construction Corporation	55,367,080.00	55,367.08	54,001,641.00	54,001.64
	China Railway 11th Bureau Group Co., Ltd.	16,900,380.57	16,900.38	17,473,210.98	17,473.21
	China Railway 14th Bureau Group Co., Ltd.	15,855,000.00	15,855.00	22,650,000.00	22,650.00
	China Railway 15th Bureau Group Co., Ltd.	11,309,926.41	11,309.92	11,509,926.41	11,509.92
	China Railway Construction Heavy Industry Corporation Limited	5,939,695.00	5,939.70	110,170.84	110.17
	China Railway 19th Bureau Group Co., Ltd.	3,813,914.00	3,813.91	4,758,364.00	4,758.36
	China Railway 18th Bureau Group Co., Ltd.	2,760,000.00	2,760.00		

NOTES TO FINANCIAL STATEMENTS

January to June 2025 (Amounts expressed in RMB unless otherwise specified)

IX. RELATED PARTIES AND RELATED-PARTY TRANSACTIONS (continued)

5. Accounts receivable from and due to related parties (continued)

(1) Accounts receivable from related parties (continued)

Item	Related party	30 June 2025		31 December 2024	
		Balance of carrying amount	Bad debt provision	Balance of carrying amount	Bad debt provision
	China Railway Construction South China Construction Co., Ltd.	2,103,055.02	2,103.06	2,103,055.02	2,103.06
	Taiyuan Rail Transit Line 1 Construction and Operation Co., Ltd.	554,355.13	554.36	1,927,740.00	9,638.70
	China Railway 20th Bureau Group Co., Ltd.	20,957.00	20.96	20,957.00	20.96
	China Railway 24th Bureau Group Co., Ltd.	8,792.77	8.79	7,810.32	7.81
Receivable financing	China Railway Construction Heavy Industry Corporation Limited	3,880,000.00	18,663.13		
Bills receivable	China Railway Construction Electrification Bureau Group Co., Ltd.	10,000,000.00	10,000.00	2,000,000.00	2,000.00
	China Railway Construction Heavy Industry Corporation Limited			3,130,000.00	3,130.00
Prepayments	China Railway 16th Bureau Group Co., Ltd.			711,117.75	
Other receivables	China Railway Construction Development Group Co., Ltd.			224,000.00	1,120.00

NOTES TO FINANCIAL STATEMENTS

January to June 2025 (Amounts expressed in RMB unless otherwise specified)

IX. RELATED PARTIES AND RELATED-PARTY TRANSACTIONS (continued)

5. Accounts receivable from and due to related parties (continued)

(2) Amounts due to related parties

Item	Related party	30 June 2025	31 December 2024
Accounts payable	China Railway 20th Bureau Group Co., Ltd.	68,662,239.00	80,734,632.67
	China Railway Construction Heavy Industry Corporation Limited	34,891,211.99	19,518,140.17
	Zhuzhou China Railway Electric Materials Co., Ltd.	5,120,608.18	7,414,978.56
	China Railway Materials Group Co., Ltd.	540,690.28	806,340.67
	China Railway 16th Bureau Group Co., Ltd.	237,039.25	
	China Railway 14th Bureau Group Co., Ltd.	155,033.27	155,033.27
	China Railway 23rd Bureau Group Co., Ltd.		477,920.00
Bills payable	China Railway Construction Heavy Industry Corporation Limited	705,446.00	903,843.81
Other payables	China Railway Construction Jinli Assets Management Co., Ltd.	6,000,000.00	6,000,000.00
	China Railway Construction Development Group Co., Ltd.	201,447.80	
	China Railway Construction Investment Group Co., Ltd.	20,000.00	20,000.00
Contract liabilities	China Railway Materials Group Co., Ltd.		25,960.00
	China Railway Materials Group Co., Ltd.	5,851,472.09	5,851,472.09
	China Railway 24th Bureau Group Co., Ltd.	1,769,911.50	1,769,911.50
	China Railway 14th Bureau Group Co., Ltd.	1,592,920.35	1,592,920.35
	China Railway 17th Bureau Group Co., Ltd.	1,221,238.94	1,221,238.94
	China Railway Construction Electrification Bureau Group Co., Ltd.	566,037.74	8,230,088.50
	China Railway 18th Bureau Group Co., Ltd.		6,287,815.97

NOTES TO FINANCIAL STATEMENTS

January to June 2025 (Amounts expressed in RMB unless otherwise specified)

IX. RELATED PARTIES AND RELATED-PARTY TRANSACTIONS (continued)

6. Centralized management of funds

The main contents of the centralized management of funds that the Company participates in and implements are as follows:

The Company imposes centralized management over the funds of the parent company and Group members through the internally established settlement center and finance company in accordance with the requirements of relevant laws and regulations.

Funds collected by the Company to the parent company

Funds not collected to the account of the parent company but instead deposited directly in the finance company

Item	30 June 2025	31 December 2024	
	Balance of carrying amount	Bad debt provision	Balance of carrying amount Bad debt provision
Cash and bank balances	29,099,034.07		28,907,766.21

Funds deposited in the finance company generated interest income of RMB130,668.64 during the current period.

NOTES TO FINANCIAL STATEMENTS

January to June 2025 (Amounts expressed in RMB unless otherwise specified)

X. COMMITMENTS AND CONTINGENCIES

1. Significant Commitments

Contracted but not yet recognized in the financial statements:

Item	30 June 2025	31 December 2024
Commitments to acquire fixed assets	3,068,672.75	2,953,814.75

As of 30 June 2025, the Company has no other commitments subject to disclosure.

2. Contingencies

As of 30 June 2025, the Company has no pending litigation, external guarantees or other contingencies subject to disclosure.

XI. EVENTS AFTER THE BALANCE SHEET DATE

As of 27 August 2025 (the date of approval of the report by the Board), the Company has no events after the balance sheet date subject to disclosure.

XII. OTHER IMPORTANT MATTERS

There were no other important matters during the reporting period.

NOTES TO FINANCIAL STATEMENTS

January to June 2025 (Amounts expressed in RMB unless otherwise specified)

XIII. NOTES TO KEY ITEMS OF FINANCIAL STATEMENTS OF THE PARENT COMPANY

1. Accounts receivable

(1) Accounts receivable shown by ageing of the dates of revenue recognition

Ageing	30 June 2025	31 December 2024
Within 1 year	1,361,679,859.97	1,263,351,060.30
1-2 years	323,167,366.22	162,259,914.31
2-3 years	114,966,333.41	146,842,317.10
Over 3 years	106,452,959.16	58,976,476.34
Sub-total	1,906,266,518.76	1,631,429,768.05
Less: Bad debt provision	75,495,107.30	55,902,938.83
Total	1,830,771,411.46	1,575,526,829.22

(2) Classification of accounts receivable by basis of bad debt provisions made

Category	Balance of carrying amount		Bad debt provision		Book value
	Amount	Proportion (%)	Amount	Expected credit loss rate (%)	
Bad debt provision on individual basis	7,160,000.00	0.38	7,160,000.00	100.00	
Bad debt provision on group	1,899,106,518.76	99.62	68,335,107.30	3.60	1,830,771,411.46
Including:					
Related parties within the scope of consolidation	13,934,907.24	0.73			13,934,907.24
Other related parties	305,209,662.40	16.01	305,209.68	0.10	304,904,452.72
Other external entities	1,579,961,949.12	82.88	68,029,897.62	4.31	1,511,932,051.50
Total	1,906,266,518.76	100.00	75,495,107.30	3.96	1,830,771,411.46

NOTES TO FINANCIAL STATEMENTS

January to June 2025 (Amounts expressed in RMB unless otherwise specified)

XIII. NOTES TO KEY ITEMS OF FINANCIAL STATEMENTS OF THE PARENT COMPANY (continued)

1. Accounts receivable (continued)

(2) Classification of accounts receivable by basis of bad debt provisions made (continued)

Continued:

Category	Balance of carrying amount		31 December 2024 Bad debt provision		Book value
	Amount	Proportion (%)	Amount	Expected credit loss rate (%)	
Bad debt provision on individual basis	7,160,000.00	0.44	7,160,000.00	100.00	
Bad debt provision on group	1,624,269,768.05	99.56	48,742,938.83	3.00	1,575,526,829.22
Including:					
Related parties within the scope of consolidation	8,837,793.13	0.54			8,837,793.13
Other related parties	243,347,386.62	14.92	251,058.34	0.10	243,096,328.28
Other external entities	1,372,084,588.30	84.10	48,491,880.49	3.53	1,323,592,707.81
Total	1,631,429,768.05	100.00	55,902,938.83	3.43	1,575,526,829.22

NOTES TO FINANCIAL STATEMENTS

January to June 2025 (Amounts expressed in RMB unless otherwise specified)

XIII. NOTES TO KEY ITEMS OF FINANCIAL STATEMENTS OF THE PARENT COMPANY (continued)

1. Accounts receivable (continued)

(2) Classification of accounts receivable by basis of bad debt provisions made (continued)

Accounts receivable with bad debt provision on individual basis

Name	Balance of carrying amount	30 June 2025		
		Bad debt provision	Expected credit loss rate (%)	Basis for provision
Entity 1	7,160,000.00	7,160,000.00	100.00	Long outstanding

Continued:

Name	Balance of carrying amount	31 December 2024		
		Bad debt provision	Expected credit loss rate (%)	Basis for provision
Entity 1	7,160,000.00	7,160,000.00	100.00	Long outstanding

NOTES TO FINANCIAL STATEMENTS

January to June 2025 (Amounts expressed in RMB unless otherwise specified)

XIII. NOTES TO KEY ITEMS OF FINANCIAL STATEMENTS OF THE PARENT COMPANY (continued)

1. Accounts receivable (continued)

(3) Accrued, recovered or reversed provision for bad debts in the period

	Amount of bad debt provision
Balance as at 31 December 2024	55,902,938.83
Provision during the period	27,699,483.35
Recovery or reversal during the period	8,107,314.88
Balance as at 30 June 2025	75,495,107.30

2. Other receivables

Item	30 June 2025	31 December 2024
Dividend receivable	9,800,000.00	
Other receivables	186,563,109.90	174,063,050.38
Total	196,363,109.90	174,063,050.38

NOTES TO FINANCIAL STATEMENTS

January to June 2025 (Amounts expressed in RMB unless otherwise specified)

XIII. NOTES TO KEY ITEMS OF FINANCIAL STATEMENTS OF THE PARENT COMPANY (continued)

2. Other receivables (continued)

(1) Dividend receivable

Item	30 June 2025	31 December 2024
Zhuzhou CRRC Times Electric Co., Ltd.	9,800,000.00	
Sub-total	9,800,000.00	
Less: Bad debt provision		
Total	9,800,000.00	

(2) Other receivables

① Other receivables shown by ageing of the transaction dates

Ageing	30 June 2025	31 December 2024
Within 1 year	181,614,293.48	168,214,985.93
1-2 years	2,655,671.14	4,595,876.30
2-3 years	40,838,611.15	39,620,805.64
Over 3 years	1,771,910.05	1,605,859.68
Sub-total	226,880,485.82	214,037,527.55
Less: Bad debt provision	40,317,375.92	39,974,477.17
Total	186,563,109.90	174,063,050.38

NOTES TO FINANCIAL STATEMENTS

January to June 2025 (Amounts expressed in RMB unless otherwise specified)

XIII. NOTES TO KEY ITEMS OF FINANCIAL STATEMENTS OF THE PARENT COMPANY (continued)

2. Other receivables (continued)

(2) Other receivables (continued)

② Bad debt provision

Provision for bad debt in the first stage as at 30 June 2025

Category	Balance of carrying amount	Expected credit loss rate over the next 12 months (%)	Bad debt provision	Book value
Bad debt provision on individual basis				
Bad debt provision on group Related parties within the scope of consolidation	188,607,221.25	1.08	2,044,111.35	186,563,109.90
Other external entities	153,827,968.03			153,827,968.03
	34,779,253.22	5.88	2,044,111.35	32,735,141.87
Total	188,607,221.25	1.08	2,044,111.35	186,563,109.90

As at 30 June 2025, the Company did not have any other receivables in the second stage.

NOTES TO FINANCIAL STATEMENTS

January to June 2025 (Amounts expressed in RMB unless otherwise specified)

XIII. NOTES TO KEY ITEMS OF FINANCIAL STATEMENTS OF THE PARENT COMPANY (continued)

2. Other receivables (continued)

(2) Other receivables (continued)

② Bad debt provision (continued)

Provision for bad debt in the third stage as at 30 June 2025

Category	Balance of carrying amount	Expected credit loss rate over the lifetime (%)	Bad debt provision	Book value	Basis of classification
Entity 7	38,273,264.57	100.00	38,273,264.57		Not expected to be recovered

Provision for bad debt in the first stage as at 31 December 2024

Category	Balance of carrying amount	Expected credit loss rate over the next 12 months (%)	Bad debt provision	Book value
Bad debt provision on individual basis				
Bad debt provision on group	175,764,262.98	0.97	1,701,212.60	174,063,050.38
Related parties within the scope of consolidation	147,338,345.04			147,338,345.04
Other related parties	224,000.00	0.50	1,120.00	222,880.00
Other external entities	28,201,917.94	6.03	1,700,092.60	26,501,825.34
Total	175,764,262.98	0.97	1,701,212.60	174,063,050.38

As at 31 December 2024, the Company did not have any other receivables in the second stage.

NOTES TO FINANCIAL STATEMENTS

January to June 2025 (Amounts expressed in RMB unless otherwise specified)

XIII. NOTES TO KEY ITEMS OF FINANCIAL STATEMENTS OF THE PARENT COMPANY (continued)

2. Other receivables (continued)

(2) Other receivables (continued)

② Bad debt provision (continued)

Provision for bad debt in the third stage as at 31 December 2024

Category	Balance of carrying amount	Expected credit loss rate over the lifetime (%)	Bad debt provision	Book value	Basis of classification
Entity 7	38,273,264.57	100.00	38,273,264.57		Not expected to be recovered

③ Accrued, recovered or reversed provision for bad debts in the period

Bad debt provision	First stage Expected credit loss in the next 12 months	Second stage Lifetime expected credit loss (not credit-impaired)	Third Stage Lifetime expected credit loss (credit-impaired)	Total
Balance as at 31 December 2024	1,701,212.60		38,273,264.57	39,974,477.17
Balance as at 31 December 2024 in the current period	1,701,212.60		38,273,264.57	39,974,477.17
Provision during the period	557,201.12			557,201.12
Reversal during the period	214,302.37			214,302.37
Balance as at 30 June 2025	2,044,111.35		38,273,264.57	40,317,375.92

NOTES TO FINANCIAL STATEMENTS

January to June 2025 (Amounts expressed in RMB unless otherwise specified)

XIII. NOTES TO KEY ITEMS OF FINANCIAL STATEMENTS OF THE PARENT COMPANY (continued)

3. Long-term equity investment

Item	30 June 2025			31 December 2024		
	Balance of carrying amount	Provision for impairment	Book value	Balance of carrying amount	Provision for impairment	Book value
Investment in subsidiaries	417,576,012.32		417,576,012.32	417,576,012.32		417,576,012.32

Investment in subsidiaries

Investee	Book value as at 31 December 2024	Movements in the current period			Others	Book value as at 30 June 2025
		Adding investment	Decreasing investment	Provision for impairment		
Beijing Kunweitong Railway Mechanization Engineering Co., Ltd.	60,000,000.00					60,000,000.00
Beijing Ruiweitong Engineering Machinery Co., Ltd.	321,876,012.32					321,876,012.32
Zhengzhou Railway Construction Equipment Technology Co., Ltd.	35,700,000.00					35,700,000.00
CRCC Yukun Limited						
Total	417,576,012.32					417,576,012.32

NOTES TO FINANCIAL STATEMENTS

January to June 2025 (Amounts expressed in RMB unless otherwise specified)

XIII. NOTES TO KEY ITEMS OF FINANCIAL STATEMENTS OF THE PARENT COMPANY (continued)

4. Operating revenue and operating cost

Item	January to June 2025		January to June 2024	
	Revenue	Cost	Revenue	Cost
Principal business	1,569,842,987.47	1,346,408,819.06	1,672,506,883.07	1,413,440,464.14
Other business	14,181,089.73	12,044,964.31	12,630,699.58	12,195,787.00
Total	1,584,024,077.20	1,358,453,783.37	1,685,137,582.65	1,425,636,251.14

5. Investment income

Item	January to June 2025	January to June 2024
Long-term equity investment accounted for by cost method	6,865,079.27	1,768,117.85
Dividend income from other equity instrument investments	9,800,000.00	7,644,000.00
Total	16,665,079.27	9,412,117.85

CRCC High-Tech Equipment Corporation Limited
27 August 2025

BASIC CORPORATE INFORMATION

Name in Chinese	中國鐵建高新裝備股份有限公司
Name in English	CRCC HIGH-TECH EQUIPMENT CORPORATION LIMITED
Authorized representatives	Chen Yongxiang (陳永祥) Law Chun Biu (羅振彪)
Joint company secretaries	Li Wanqing (李萬清) Law Chun Biu (羅振彪)
Registered office	No. 384, Yangfangwang Jinma Town, Kunming Yunnan Province, the PRC
Telephone	+86 871 63831988
Fax	+86 871 63831000
Website	http://www.crcce.com.cn
Principal place of business in Hong Kong	23/F, Railway Plaza 39 Chatham Road South Tsim Sha Tsui Kowloon Hong Kong
Listing information	H share The Stock Exchange of Hong Kong Limited Stock Code: 1786 Stock Abbreviation: CRCCE
H share registrar	Computershare Hong Kong Investor Services Limited Shops 1712-1716, 17th Floor Hopewell Centre 183 Queen's Road East Wanchai Hong Kong

BASIC CORPORATE INFORMATION

Legal advisers

Baker & McKenzie
14th Floor, One Taikoo Place
979 King's Road
Quarry Bay
Hong Kong

Jia Yuan Law Offices
F408, Ocean Plaza
158 Fuxing Men Nei Street Xicheng District
Beijing, the PRC

Auditor

Grant Thornton Zhitong Certified Public Accountants LLP
5th Floor, Scitech Place
22 Jianguomen Wai Avenue, Chaoyang District
Beijing, the PRC

DEFINITIONS

"Articles of Association"	the Company's articles of association
"Board" or "Board of Directors"	the board of Directors of the Company
"CG Code"	the Corporate Governance Code set out in Appendix C1 of the Listing Rules
"Company"	CRCC High-Tech Equipment Corporation Limited (中國鐵建高新裝備股份有限公司), a joint stock company incorporated in the PRC with limited liability
"Company Law"	Company Law of the People's Republic of China, as amended and adopted by the Standing Committee of the Tenth National People's Congress on 27 October 2005 and effective on 1 January 2006, as amended, supplemented or otherwise modified from time to time, subsequently amended on 28 December 2013 and effective on 1 March 2014, subsequently amended and effective on 26 October 2018, and subsequently amended on 29 December 2023 and effective on 1 July 2024
"CRCC"	China Railway Construction Corporation Limited (中國鐵建股份有限公司), the controlling shareholder of the Company
"CRCCG"	China Railway Construction Group Corporation (中國鐵道建築集團有限公司), the indirect controlling shareholder of the Company
"Director(s)"	the directors of the Company
"Grant Thornton"	Grant Thornton Zhitong Certified Public Accountants LLP
"Group"	the Company and its subsidiaries
"H Share(s)"	overseas listed foreign share(s) in the share capital of the Company with a nominal value of RMB1.00 each, which are subscribed for and traded in HK dollars and are listed on the Hong Kong Stock Exchange
"Hong Kong Stock Exchange" or "Stock Exchange"	The Stock Exchange of Hong Kong Limited

DEFINITIONS

"Listing Rules"	the Rules Governing the Listing of Securities on the Hong Kong Stock Exchange
"Model Code"	the Model Code for Securities Transactions by Directors of Listed Issuers set out in Appendix C3 of the Listing Rules
"PRC"	the People's Republic of China
"Ruiweitong Company"	Beijing Ruiweitong Engineering Machinery Co., Ltd. (北京瑞維通工程機械有限公司), a wholly-owned subsidiary of the Company
"Shareholder(s)"	holder(s) of shares of the Company
"Supervisor(s)"	the supervisor(s) of the Company
"Supervisory Committee"	the supervisory committee of the Company