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中國鐵路通信信號股份有限公司

China Railway Signal & Communication Corporation Limited*

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

(Stock Code: 3969)

ANNUAL RESULTS ANNOUNCEMENT FOR THE YEAR ENDED 31 DECEMBER 2025

The board of directors (the "**Board**") of China Railway Signal & Communication Corporation Limited* (中國鐵路通信信號股份有限公司) (the "**Company**") hereby announces the audited annual results of the Company and its subsidiaries for the year ended 31 December 2025. This announcement is in compliance with the relevant requirements of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the "**Hong Kong Stock Exchange**") in relation to information to accompany the preliminary announcement of annual results.

PUBLICATION OF THE ANNUAL RESULTS ANNOUNCEMENT AND ANNUAL REPORT

This results announcement is published on the HKExnews website of the Hong Kong Stock Exchange at www.hkexnews.hk and the website of the Company at www.crsc.cn.

The 2025 annual report will be published in due course on the aforesaid websites of the Company and the Hong Kong Stock Exchange.

By order of the Board
China Railway Signal & Communication Corporation Limited*
LOU Qiliang
Chairman

Beijing, the People's Republic of China
24 March 2026

As at the date of this announcement, the executive directors of the Company are Mr. LOU Qiliang and Mr. Dong Baoliang, the independent non-executive directors of the Company are Mr. YAO Guiqing, Mr. YAO Cho Fai Andrew and Mr. FU Junyuan, and the non-executive director of the Company is Ms. LUO Jing (employee director).

* *For identification purpose only*

IMPORTANT NOTICE

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

II. THE COMPANY MADE NO PROFIT AT THE TIME OF LISTING AND HAS NOT BEEN YET PROFITABLE

☐ Yes ☑ No

III. WARNING OF SIGNIFICANT RISKS

For the description of relevant risks, please refer to SECTION IV "MANAGEMENT DISCUSSION AND ANALYSIS AND REPORT OF THE DIRECTORS" of this report.

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

V. BDO CHINA SHU LUN PAN CERTIFIED PUBLIC ACCOUNTANTS LLP ISSUED A STANDARD UNQUALIFIED AUDIT REPORT FOR THE COMPANY.

VI. LOU QILIANG, PERSON-IN-CHARGE OF THE COMPANY, LI LIANQING, CHIEF ACCOUNTANT, AND LIU HUAFENG, HEAD OF THE FINANCIAL DEPARTMENT (PERSON IN CHARGE OF ACCOUNTING), CONFIRM THAT THE FINANCIAL REPORT IN THIS ANNUAL REPORT IS TRUE, ACCURATE AND COMPLETE.

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

As considered by the 35th meeting of the fourth session of the Board of the Company, the Company plans to distribute cash dividend of RMB1.7 (including tax) to all Shareholders for every 10 shares based on the total share capital of 10,589,819,000 shares on 31 December 2025, totaling RMB1,800,269,230. The profit distribution plan needs to be considered and approved by the Company's 2025 annual general meeting.

The parent company has accumulated losses

☐ Applicable ☑ Not Applicable

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

☐ Applicable ☑ Not Applicable

IX. DISCLAIMER OF FORWARD-LOOKING STATEMENTS

☑ Applicable ☐ Not Applicable

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

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

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

No

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

No

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

No

XIII. OTHERS

☐ Applicable ☑ Not Applicable

CONTENTS

SECTION I	DEFINITIONS	2
SECTION II	CHAIRMAN'S STATEMENT	4
SECTION III	BASIC CORPORATE INFORMATION AND KEY FINANCIAL INDICATORS	6
SECTION IV	MANAGEMENT DISCUSSION AND ANALYSIS AND REPORT OF THE DIRECTORS	15
SECTION V	CORPORATE GOVERNANCE, ENVIRONMENT AND SOCIETY	129
SECTION VI	SIGNIFICANT EVENTS	204
SECTION VII	CHANGES IN SHARES AND PARTICULARS OF SHAREHOLDERS	243
SECTION VIII	PARTICULARS OF BONDS	258
SECTION IX	FINANCIAL REPORT	266
SECTION X	FIVE-YEAR FINANCIAL SUMMARY	630

Documents Available for Inspection	The financial statements signed and stamped by the person-in-charge of the Company, chief financial officer and the person in charge of accounting of the Company.
	Original copies of audit report signed and stamped by the accounting firm and certified public accountants.
	Original copies of all documents and announcements of the Company disclosed publicly during the Reporting Period.

SECTION I DEFINITIONS

I. DEFINITIONS

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

Definitions of Common Words

ATO	Automatic Train Operation, the automatic train operation system, a system that automatically adjusts the speed and operation status of trains to automatically control a train's operation
ATP	Automatic Train Protection, the automatic train protection equipment that automatically brakes train when it exceeds speed limits
Board	the board of directors of the Company
CBTC	Communication Based Train Control System, train control system for urban transit, the wireless communication-based automatic train control system, a wireless communication system for urban transit that enables bidirectional communication between vehicle and ground facilities to control the operation of trains
China or the PRC	the People's Republic of China, which for the purposes of this report excludes Hong Kong, Macau and Taiwan
CNRG	China National Railway Group Co., Ltd.
CRSC or the Company or Company	China Railway Signal & Communication Corporation Limited
CRSC Group	China Railway Signal and Communication (Group) Corporation Limited, the controlling shareholder of the Company
CSRC	China Securities Regulatory Commission
CTCS	Chinese Train Control System, developed by China for ensuring the safe operation of trains, which is divided into 0 to 4 levels based on function and equipment configuration according to the operational requirements of different lines. The higher the level, the faster the train speed applied and the higher the technical difficulty
EPC	Engineering Procurement Construction, the whole process or certain stages of the contract entrusted by the owner to the Company to carry out the design, procurement, construction, and trial operation of the construction project in accordance with the contract
Group	the Company and its subsidiaries

Hong Kong Stock Exchange	The Stock Exchange of Hong Kong Limited
RBC	Radio Blocking Center is the ground core equipment of the CTCS-3 system to generate control information on the driving permission, line description and temporary speed limit for the controlled train according to the train status provided by the train ATP, the interlock path status provided by the interlock device, the track occupation status, and the temporary line speed limit command provided by the TSRS and transmit such information to the on-board ATP through the GSM-R network to control the driving status of the train.
Reporting Period	the year ended 31 December 2025
SASAC	State-owned Assets Supervision and Administration Commission of the State Council
SSE	the Shanghai Stock Exchange
TACS	Train Autonomous Circumambulation System is the automatic train operation system, which is a signal system for a train to realise autonomous resource management and active interval protection based on the operation plan and real-time location of the train.

Note: In this report, figures shown as totals in different ways may not be an arithmetic aggregation of the figures preceding them, which are due to rounding adjustments. Unless otherwise specified, the currency of the amounts listed in this report is RMB.

SECTION II CHAIRMAN' S STATEMENT

The year 2025 marks the conclusion of the 14th Five-Year Plan and serves as a pivotal year bridging past achievements with future development in the new era. CRSC thoroughly implemented the important directives of General Secretary Xi Jinping regarding the work of central enterprises, studied and applied the guiding principles of the 20th CPC National Congress and successive plenary sessions, the Central Economic Work Conference, and the meeting of central enterprise leaders. The Company resolutely implemented the State-owned Assets Supervision and Administration Commission's requirements to enhance core functions and competitiveness of central enterprises. By upholding strategic, technological, and industrial thinking, insisting on driving development through technology, promoting progress through practical work, seeking breakthroughs through innovation, and forging new paths through responsibility, CRSC advanced major tasks and focused on enhancing five key value dimensions, promoting the stable improvement in development quality and efficiency.

Over the past year, we concentrated on our core responsibilities, continuously strengthening independent innovation capabilities. We intensified efforts in pioneering technological research, overcoming core challenges in cloud-based operation control and low-altitude intelligent management systems. The domestically developed C3+ATO equipment helped maintain CR450's world-leading operational speed, while breakthroughs were made in railway operation control technologies for extreme plateau and frigid conditions. The world's first trial operation of a 35,000-ton heavy-haul train group control system was successfully conducted. Our EU-compliant onboard solutions for railway interoperability gained access to core European markets. Major technological achievements including the new Qinghai-Tibet Railway operation control system, BeiDou-based positioning control system, and regional rail transit coordination systems were successively deployed. Advanced R&D progressed in space-based operation control satellite communications, ultrasonic guided wave detection, UAV electrostatic detection, multimodal perception models, scenario-specific algorithms, and dynamic resource allocation for transportation systems.

Over the past year, we have served national strategies by fostering the coordinated development of "rail transit + low-altitude economy". We implemented major national strategies such as building a strong transportation network and promoting regional coordinated development. We participated in 22 key domestic railway construction projects, delivered 1,232 km of high-speed rail lines, and won 1 Luban Award along with 14 provincial- and ministerial-level high-quality projects. We advanced high-quality Belt and Road cooperation, with the Serbia section of the Hungary-Serbia Railway being fully put into operation. The Massi Railway in Guinea's Simandou iron ore mining area also commenced official operation. We cultivated strategic emerging industries by contributing to policy and standard formulation for national ministries, launching the "one network unified flight" low-altitude operation service platform, and deploying the ID Space intelligent low-altitude airspace management system in Jilin Province, Xiongan, and other regions. Our "One Tower, One City" communication solution underwent pilot applications in Nujiang, Baotou, and Nanjing, creating new scenarios such as high-altitude agricultural transport in Nujiang and inter-island logistics in Zhoushan.

Over the past year, we deepened comprehensive reforms, with endogenous momentum and development vitality reinforcing each other. We continued to advance the reform and enhancement initiatives, with all five major categories of tasks and 233 specific measures deployed being completed as scheduled. Optimized the division of labor in the "Four Intelligences" industries and refined the full-chain work systems for both traditional and strategically emerging industries, concentrating efforts to accelerate industrial transformation and upgrading. Coordinated efforts to build world-class enterprises and establish professional leading demonstration enterprises, fully accomplishing the value creation initiatives. We enhanced capital operation capabilities, implemented the dual-drive development strategy of "industry + capital", and steadily advanced joint ventures and investment acquisitions with a focus on dual business tracks. Established CRSC Zijin Company, Nujiang Grand Canyon Low-Altitude Company, Inner Mongolia Transportation Investment Joint Venture, and Greater Bay Area Low-Altitude Research Institute to accelerate industrial implementation. We continued to deepen the reform of the three institutional systems, enhanced the quality and coverage of tenure-based and contract-based management, institutionalized the adjustment of underperforming managers and exit of incompetent personnel, improved talent exchange channels between group headquarters and subsidiaries, and refined a differentiated and precise compensation mechanism that balances incentives with constraints while prioritizing both efficiency and fairness to invigorate development momentum. Aligned with the transformation needs of the "Four Intelligences" industrial upgrade, we deepened organizational reforms at group headquarters through competitive recruitment, providing structural and talent support for industrial layout adjustments.

Over the past year, we have reinforced our commitment to responsibility, driving the steady and long-term high-quality development of the enterprise. Adhering to the development philosophy of "people-oriented, safety first, and excellence through sincerity", we actively explored technology-driven environmental solutions to promote green and low-carbon transformation. The R&D of electromagnetic induction heating switch snow-melting systems significantly improved electrical-to-thermal conversion efficiency, while fully automated flexible marshalling technology contributed to reduced traction energy consumption. We advanced green manufacturing and supply chain development, establishing green factories. Four affiliated companies were recognized as green factories, including one at the national level and three at the provincial or ministerial level. We deepened the reform of industrial workforce development, leveraging the leading role of model worker innovation studios to foster an ecosystem that respects, nurtures, and empowers talent. Empowering rural revitalization and regional coordinated development, we leveraged our technological and industrial strengths to explore innovative smart agriculture models through the low-altitude intelligent connectivity platform. It facilitated the establishment of a characteristic mugwort industry chain to boost local employment, with its agricultural support projects being featured in the Blue Book on Rural Revitalization by Central State-Owned Enterprises. We continued to enhance corporate transparency and brand influence. Its 2024 ESG Report secured the 17th position in the "ESG Pioneer 100" index for companies listed in China and ranked 10th among central state-owned enterprises.

In 2026, CRSC will continue to adhere to the guidance of Xi Jinping Thought on Socialism with Chinese Characteristics for a New Era, anchoring its strategic positioning as a "global leader in intelligent control industries". It will deepen its focus on two core industrial domains, rail transit and low-altitude economy, while expanding its four intelligent system businesses: smart rail transit, smart low-altitude, smart city, and intelligent operations. It will also develop the intelligent terminal equipment industry, striving to forge "major national asset" in the field of intelligent control and lay a solid foundation for high-quality development during the 15th Five-Year Plan period.

On this occasion, I would like to extend, on behalf of the Board, our deepest gratitude to shareholders for their support in the Company's reform and development, as well as to all friends from various sectors who have shown concern and support for the Company.

Lou Qiliang
Chairman

Beijing, China
24 March 2026

SECTION III BASIC CORPORATE INFORMATION AND KEY FINANCIAL INDICATORS

I. CORPORATE INFORMATION

Chinese name of the Company	中國鐵路通信信號股份有限公司
Chinese abbreviation	中國通號
English name of the Company	China Railway Signal & Communication Corporation Limited
English abbreviation	CRSC
Legal representative of the Company	LOU Qiliang
Registered office of the Company	20/F, CRSC Building A 1 Compound, Automobile Museum South Road Fengtai District, Beijing, China
Historical change of registered office of the Company	In November 2017, the Company's registered office was changed from B 49 Xisihuan South Road, Fengtai District, Beijing, China to 20/F, CRSC Building A 1 Compound, Automobile Museum South Road Fengtai District, Beijing, China
Principal place of business	CRSC Building 1 Compound, Automobile Museum South Road Fengtai District, Beijing, China
Postal code of principal place of business	100070
Website of the Company	www.crsc.cn
E-mail	ir@crsc.cn
Principal place of business in Hong Kong	40th Floor, Dah Sing Financial Centre, No. 248 Queen's Road East, Wanchai, Hong Kong

II. CONTACT PERSONS AND CONTACT METHODS

	Board Secretary and Joint Company Secretary
Name	LI Lianqing
Correspondence address	19/F, CRSC Building A 1 Compound, Automobile Museum South Road Fengtai District, Beijing, China
Telephone	+86 010-50809286
Fax	+86 010-50809075
E-mail	ir@crsc.cn

III. INFORMATION DISCLOSURE AND PLACE OF INSPECTION

Media and website designated by the Company for annual report disclosure	China Securities Journal (www.cs.com.cn), Shanghai Securities News (www.cnstock.com), Securities Times (www.stcn.com) and Securities Daily (www.zqrb.cn)
The website of the stock exchange where the Company discloses its A share annual report	www.sse.com.cn
Website designated by the Hong Kong Stock Exchange for publishing the H share annual report of the Company	www.hkexnews.hk
Place of inspection of the annual report of the Company	Board Office of the Company

LANGUAGE AND MEANS OF RECEIPT OF CORPORATE COMMUNICATIONS

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

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

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

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

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

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

i. Basic information of shares of the Company

☑ Applicable ☐ Not applicable

Basic information of shares of the Company

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

ii. Basic information of depositary receipts of the Company

☐ Applicable ☑ Not applicable

V. OTHER RELEVANT INFORMATION

Accounting firm engaged by the Company	Name	BDO China SHU LUN PAN Certified Public Accountants LLP
	Office address	20/F, Tower A, China Overseas International Centre, Building 7, 5 Anding Road, Chaoyang District, Beijing, China
	Name of signing accountants	GUO Jian, WANG Xiaoyan

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

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

i. Key accounting data

Unit: Yuan Currency: RMB

Key accounting data	2025	2024	Change as compared with the corresponding period of last year (%)	2023
Revenue	34,552,792,545.42	32,473,033,766.06	6.40	37,002,229,438.89
Total profit	4,908,185,866.07	4,730,781,456.12	3.75	4,690,285,601.76
Net profit attributable to shareholders of the listed company	3,686,410,571.89	3,494,725,837.36	5.48	3,477,326,647.54
Net profit deducting non-recurring profit or loss attributable to shareholders of the listed company	3,420,779,222.23	3,268,375,928.61	4.66	3,266,204,579.74
Net cash flow generated from operating activities	-1,294,106,603.18	5,236,128,730.31	-124.71	2,058,033,862.99

	At the end of 2025	Change as compared with the end of last year (%)	At the end of 2024	At the end of 2023
Net assets attributable to shareholders of the listed company	49,843,067,278.35	48,025,007,375.97	3.79	46,812,051,906.86
Total assets	118,321,690,651.90	117,890,875,515.13	0.37	118,990,487,731.74

ii. Key accounting data

Key accounting data	2025	2024	Change as compared with the corresponding period of last year (%)	2023
Basic earnings per share (RMB/share)	0.34	0.32	6.25	0.32
Diluted earnings per share (RMB/share)	0.34	0.32	6.25	0.32
Basic earnings per share after deduction of non-recurring profit or loss (RMB/share)	0.32	0.30	6.67	0.30
Weighted average rate of return on net assets (%)	7.53	7.34	Increased by 0.19 percentage point	7.54
Weighted average rate of return on net assets after deduction of non-recurring profit or loss (%)	6.99	6.86	Increased by 0.13 percentage point	7.08
R&D investment as a percentage of revenue (%)	6.49	6.28	Increased by 0.21 percentage point	5.51

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

☑ Applicable ☐ Not applicable

The net cash flows generated from operating activities decreased by 124.71% as compared with the corresponding period of last year, which was mainly attributable to a significant decrease in the net increase in customer deposits and deposits from banks and other financial institutions, as well as a decrease in cash receipts from the sale of goods and the provision of services as compared with the corresponding period of last year.

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

i. Differences in net profit and net assets attributable to shareholders of the listed company in the financial reports disclosed under IAS and CAS

☐ Applicable ☑ Not applicable

ii. Differences in net profit and net assets attributable to shareholders of the listed company in the financial reports disclosed under overseas accounting standards and CAS

☐ Applicable ☑ Not applicable

iii. Explanation of differences in domestic and foreign accounting standards:

☐ Applicable ☑ Not applicable

VIII. MAIN QUARTERLY FINANCIAL DATA FOR 2025

Unit: Yuan Currency: RMB

	The first quarter (January to March)	The second quarter (April to June)	The third quarter (July to September)	The fourth quarter (October to December)
Revenue	6,700,423,651.41	7,964,267,807.31	7,082,947,288.33	12,805,153,798.37
Net profit attributable to shareholders of the listed company	561,678,908.50	1,058,830,865.90	663,601,698.58	1,402,299,098.91
Net profit deducting nonrecurring profit or loss attributable to shareholders of the listed company	556,904,183.25	1,001,607,657.02	644,701,770.93	1,217,565,611.03
Net cash flow generated from operating activities	-3,996,015,804.00	-409,420,503.68	654,999,826.88	2,456,329,877.62

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

☐ Applicable ☑ Not applicable

IX. NON-RECURRING PROFIT OR LOSS ITEMS AND AMOUNTS

☑ Applicable ☐ Not applicable

Unit: Yuan Currency: RMB

Non-recurring profit or loss items	Amount of 2025	Amount of 2024	Amount of 2023
Profit and loss on disposal of non-current assets, including the portion offset from the provision for impairment of assets	79,370,923.60	42,198,751.70	21,116,503.45
Government grants recognised in profit and loss for the current period, except for government grants closely related to the Company's normal operating business, in compliance with national policies and in accordance with defined criteria, and having a continuous impact on the Company's profit or loss	217,994,020.95	219,165,283.24	223,894,550.70
Reversal of impairment provision for receivables which are tested individually for impairment	20,965.31	4,626,471.42	–
Profit or loss on debt restructuring	2,176,982.45	2,347,193.67	–
Other non-operating income and expenses apart from the aforesaid items	85,087,654.98	41,308,656.73	24,845,786.43
Other gain or loss items falling within the definition of extraordinary items	–	–	–
Less: Effect of income tax	96,608,415.77	45,499,788.83	43,864,184.99
Effect of minority interest (after tax)	22,410,781.86	37,796,659.18	14,870,587.79
Total	265,631,349.66	226,349,908.75	211,122,067.80

For items not listed in the Explanatory Announcement No. 1 on Information Disclosure of Publicly Issued Securities Companies – Non-recurring Gains and Losses and classified by the Company as non-recurring gains and losses with significant amounts, as well non-recurring gains and losses listed in the Explanatory Announcement No. 1 on Information Disclosure of Publicly Issued Securities Companies – Non-recurring Gains and Losses defined as recurring gains and losses, reasons should be explained.

☐ Applicable ☑ Not applicable

X. COMPANIES WITH EQUITY INCENTIVES OR EMPLOYEE STOCK OWNERSHIP PLANS MAY CHOOSE TO DISCLOSE NET PROFIT AFTER DEDUCTING THE IMPACT OF SHARE-BASED PAYMENTS

☐ Applicable ☑ Not applicable

XI. FINANCIAL INDICATORS OF NON-ENTERPRISE ACCOUNTING STANDARDS

☑ Applicable ☐ Not applicable

Unit: Yuan Currency: RMB

	Amount of current period	Amount of last period
Accounting indicator: Net cash flow from operating activities	-1,294,106,603.18	5,236,128,730.31
Adjustment item: Net increase in customer deposits and interbank deposits	-1,966,515,284.64	2,863,121,898.20
Non-GAAP financial indicator: Net cash flow from operating activities excluding net increase in customer deposits and interbank deposits	672,408,681.46	2,373,006,832.11

Reasons for selecting this non-GAAP financial indicator

The main reason for the Company to choose to exclude the net increase in customer deposits and interbank deposits from net cash flow from operating activities is that the net increase in customer deposits and interbank deposits reflects the changes in deposits taken by the Company's holding subsidiary, CRSC Financial, from its controlling shareholder, CRSC, and its subsidiaries. Excluding the impact of this item can better reflect the net cash flow from operating activities generated by the Company's core businesses, and help investors more accurately understand the Company's cash inflow from operating activities.

Explanation of changes in selected non-GAAP financial indicators or adjustment items compared to the previous year

☐ Applicable ☑ Not applicable

Reasons for the increase or decrease of this non-GAAP financial indicator in the current period

In 2025, the Company's net cash flow from operating activities after excluding the net increase in customer deposits and interbank deposits was RMB672,408,681.46, a decrease of 71.66% over the same period of the previous year. The decrease was mainly due to a year-on-year decrease in cash received from sales of goods and provision of services during the period, coupled with an increase in cash payments for goods and services compared to the same period last year, as the Company actively fulfilled its responsibilities as a central enterprise by stepping up payments to small and medium-sized suppliers.

XII. ITEMS MEASURED AT FAIR VALUE

☑ Applicable ☐ Not applicable

Unit: Yuan Currency: RMB

Name of Project	Opening balance	Closing balance	Current change	Amount of impact on current profits
Receivables for financing	775,835,849.40	795,707,159.42	19,871,310.02	–
Other equity instrument investments	1,212,543,806.03	1,397,735,606.02	185,191,799.99	–
Total	1,988,379,655.43	2,193,442,765.44	205,063,110.01	–

XIII. EXPLANATION OF DISCLOSURE SUSPENSIONS AND WAIVERS DUE TO STATE SECRETS, TRADE SECRETS, ETC.

☐ Applicable ☑ Not applicable

SECTION IV MANAGEMENT DISCUSSION AND ANALYSIS AND REPORT OF THE DIRECTORS

I. MAJOR BUSINESSES, OPERATION MODE AND INDUSTRY INFORMATION OF THE COMPANY DURING THE REPORTING PERIOD

I. Major businesses, major products or services

Since its establishment, the Company has undertaken the responsibility of developing national industries and technologies. It has long focused on the research and exploration of rail transit control system technologies and their derivative applications. As a core enterprise ensuring the safe operation of national rail transit, the Company continuously provides high-quality, integrated services across the entire industrial chain of rail transit control systems to global customers. The Company attaches great importance to the accumulation of technology and continuous innovation, and takes innovation as the eternal theme and the first driving force for the sustainable development of CRSC. In active response to the frontier of world science and technology, the Company accelerates scientific and technological innovation and transformation of achievements, leads the technological development of the industry, and strives to maintain the leading position in the industry. While providing safe and efficient core technical support for the operation of national rail transportation, the Company continues to utilise profound technological accumulation to expand new market, and support the national modernisation and digital development construction.

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

During the Reporting Period, adhering to the development philosophy of "people-oriented, safety first, and excellence for long-term success", and anchored to the strategic positioning of "a global leader in intelligent control industries", the Company deepened its presence in the two industrial sectors of "rail transit + low-altitude economy", deployed four intelligent system businesses in areas such as smart rail transit, smart low-altitude economy, smart cities, and intelligent operations, developed the intelligent terminal equipment industry, and forged five pillars including "Technological CRSC, Lean CRSC, Safe CRSC, Value CRSC, and Dynamic CRSC" to build a "major national asset" in the field of intelligent control and become a world-class intelligent control enterprise. The Company continued to optimise and upgrade the rail transit control system industry, accelerating the digital and intelligent upgrade of the signal industry and promoting the systematic development of product portfolios. It further consolidated its integrated advantages in the rail transit "three-in-one" full industrial chain. Meanwhile, it actively expanded into strategic emerging industries, accelerating its entry into the new track of low-altitude economy. In terms of technological R&D, the Company collaborated with academician teams to build a "1+4" joint innovation system, with "low-altitude airspace control" as the core and four areas of "low-altitude communication, perception countermeasures, digital infrastructure, and drones" working in synergy. This led to three technological breakthroughs: the Intelligent Low-Altitude Airspace Control System (ID-Space), the "One Tower, One City" low-altitude communication private network, and the perception and countermeasure system. In terms of application scenarios, the Company actively expanded into typical use cases such as rail transit inspection, high-altitude agricultural logistics, inter-island logistics in Zhoushan, and the "air-rail intermodal" service between Zhanjiang and Haikou. It also pioneered the "village supermarket + low altitude" new business model in Rongjiang, Guizhou, while continuously extending its reach

to emergency rescue, urban governance, and low-altitude cultural tourism scenarios. In terms of innovation platform development, the Company was recognized as the "Beijing Key Laboratory of Intelligent Low-Altitude Airspace Control" and entered into a strategic cooperation agreement with Hunan University. It also recruited Academician Wang Yaonan as a station expert and officially established the Low-Altitude Transportation Branch under the China Association of Metros.

During the Reporting Period, the Company's core business remained to be rail transit control systems and its derivative business, with no significant changes in the business composition.

Newly added significant non-core business operations

☐ Applicable ☑ Not applicable

ii. Main business model

The Company has focused on the field of rail transportation control system in China, and has a deep understanding of China's railway and urban rail transit policy, operating model, market environment and other market elements. The business model adopted is fully adapted to the market environment, which is stable and efficient. The Company fully utilises its first-mover technological advantages in intelligent control and resource synergy capabilities, extending intelligent control technologies into the low-altitude economy sector. It continuously optimises technological innovation and system solutions in the low-altitude field and has innovatively proposed the "rail + low-altitude" integrated development model, where two pathways work together and develop synergistically.

The Company mainly acquires orders through public bidding, while the procurement of production raw materials primarily follows a centralised procurement model. In the rail transit sector, the Company relies on efficient and well-proven business models in design integration, equipment manufacturing, and system delivery to provide customers with comprehensive or customised professional services in rail transit control systems. In the low-altitude economy sector, the Company has been offering customers product research and development and applications for low-altitude airspace control systems, manufacturing and sales of drone-related equipment, and scenario operation services in industrial inspection, low-altitude logistics, and manned transportation. In the field of smart cities, the Company provides clients with system products and services related to urban governance. In the field of intelligent operations, it focuses on businesses such as smart railway stations and yards, smart logistics parks, and smart mining operations, offering clients products and services in these areas.

1. Sales model

The Company is active in the purchasing by invitation to bid of domestic users as well as in the purchasing activities of foreign users. The market operations division of the Company, as the centralised management department of marketing and sales, is responsible for formulating and perfecting systems and formulating marketing management regulations, and supervising and inspecting the marketing and sales activities at all levels of the Company. Giving full play to its core technology and brand influence in the industry and adhering to the philosophy of providing safe and highly reliable products and high-efficiency services oriented at customer needs, the Company obtains orders for products and services through market-oriented methods such as bidding and business negotiations.

2. Production and service mode

In order to comply with the overall operation mode of railway and urban transit system in the PRC, the Company has established a mature and stable production and service model for design and integration, equipment manufacturing and system implementation etc. Relying on its strong technical strength, it can provide customised production and services according to the specific needs of domestic and foreign owners. The Company provides relevant products and services in strict accordance with the contract requirements on schedule and quality. The engineering technical division of the Company, as the centralised production and service management department for design and integration and system implementation, and the science and technology innovation and information department, as the centralised production and service management department for equipment manufacturing, are responsible for formulating relevant production and service management systems and for supervising and inspecting production and service activities at all levels of the Company, respectively.

3. Procurement model

All procurement activities of the Company were conducted in strict compliance with relevant national laws and regulations and the Administrative Measures for the Procurement in China Railway Signal & Communication Corporation Limited. The Company selected procurement methods including public tender, tender invitation and competitive negotiation according to the specific conditions to ensure procurement efficiency. The Company mainly implements a centralised procurement system, under which the Company's market operation division acts as the centralised management department for procurement activities and is responsible for formulating and revising the relevant system of procurement management, monitoring and reviewing the procurement activities at various levels of the Company. The centralised procurement system is carried out at two levels, including two modes, namely the centralised procurement by the Company's headquarters and the centralised procurement by subordinate secondary enterprises. Secondary enterprises also have a sound procurement management system, under which the procurement activities of subordinate enterprises are independently and centrally managed by the specialised procurement department.

4. Management model

The Company implements a market operation and management system with the headquarters of the joint-stock company taking the lead, secondary enterprises responsible for operation and tertiary enterprises responsible for implementation, to build a coherent, coordinated, scientific and efficient internal organisation system. By improving the management structure system of "headquarters – secondary enterprises – tertiary enterprises" and realizing the coordination of "strategy leading and control center – business operation and profit center – execution center and cost center," the headquarters highlight the six orientations of strategic decision-making, resource allocation, safety and quality supervision, science and technology innovation coordination, industrial incubation and risk management and control, and give play to strategic control, integration of scientific and technological resources, new industry incubation, etc., to build a stronger headquarters featuring "strategic + operational control." Positioned at the seven orientations of strategy execution, market development, business operation, income and profit, science and technology innovation, safety and quality management, and talent cultivation, secondary enterprises give play to the main role of operation, innovation and industry to achieve common enhancement of business and economic efficiency. Positioned at business execution and cost control, tertiary enterprises provide support for business, level up fine management, and increase efficiency and effectiveness, to create a more optimal input-output ratio.

iii. Industry overview

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

Seen from the perspective of global rail transit industry, according to Oxford Economics' forecast on investment in infrastructure construction for all regions of the world, total investment amount in railroad around the globe is expected to grow from USD382 billion in 2020 to USD565 billion in 2040, at a compound annual growth rate of 1.88%. In terms of cumulative investment amount, cumulative investment in railroad infrastructure is expected to reach USD5,137 billion during the 21 years from 2020 to 2040 around the globe, excluding China. In addition to China, Europe is still the top destination of future investment in railroad infrastructure. From 2020 to 2040, cumulative investment in railroad in Europe will reach USD2,385 billion, with Asia (excluding China) ranking the second with an estimated investment of USD1,602 billion, followed by the Americas with an estimated investment of USD823 billion, Australia with an estimated investment of USD169 billion and Africa with an estimated investment of USD158 billion. Railroad infrastructure construction will maintain a relatively high growth momentum around the globe. According to SCI Verkehr data projections, by 2026, the annual capacity of the global rail transit market will grow to approximately EUR236,000 million (equivalent to RMB1,960,000 million), with a compound annual growth rate of 4.3%. From a regional growth potential perspective, South and Central America, Africa and the Middle East, and the CIS regions stand out, with expected annual growth rates of 8.2%, 6.4%, and 5.9% respectively, emerging as new growth poles for global rail transit construction. Asia (3.2%) and Europe (4.2%) maintain steady development momentum, continuing to contribute incremental scale with their mature market foundations. In terms of global urban rail transit, according to statistics from the China Association of Metros, as of the end 2024, urban rail transit systems have been launched in 562 cities across 79 countries and regions worldwide, with a total operating mileage of 44,730.14 kilometers, indicating a positive industry development trend. In terms of regional distribution of newly added mileage, subway and tram systems were primarily concentrated in Asia, while light rail expansions were predominantly in North America. The gap in tram operational mileage between Asia and Europe is rapidly narrowing, with Asia demonstrating remarkable growth in tram network construction.

Domestically, the railway sector saw three consecutive years of growth in fixed-asset investment from 2023 to 2025, with year-on-year increases of 5.01%, 13.95%, and 5.98% respectively. By the end of 2025, the total fixed-asset investment in China's railway infrastructure reached RMB901,500 million. Railway fixed-asset investment is expected to maintain substantial scale and intensity. As of the end of 2025, China's total railway operational mileage reached 165,000 kilometers, including 50,000 kilometers of high-speed rail, reflecting continuous expansion in network coverage. Based on projected railway commissioning timelines, the annual average of newly constructed high-speed rail during the "15th Five-Year Plan" period is expected to exceed 2,000 kilometers, maintaining an overall high level. In 2025, China's railway passenger traffic reached 4.601 billion, representing a year-on-year increase of 6.7%. Total railway freight volume nationwide amounted to 5.277 billion tons, up 2.0% year-on-year. The rapid growth in passenger volume and steady development of freight operations have sustained the railway system's busy operations, which is expected to positively drive new and replacement demand for communication and signaling systems. With the continuous growth of China's railway operating mileage, investments in railway renovation and operation and maintenance have shown an increasing trend.

More than 10,000 kilometers of high-speed railroads opened to traffic in early stages of the "11th Five-Year Plan" and "12th Five-Year Plan" have entered the stage of overhaul and renovation. For general speed railroads, as the new mileage increases gradually, focus will be on the electrification, upgrading, capacity expansion and renovation of existing lines. Reconstruction and expansion of other railway projects is also underway. Therefore, the domestic railway industry is in a development stage that focuses equally on both new construction and upgrading and renovation.

Seen from the perspective of the domestic urban rail transit industry, as of the end of 2025, 58 cities in China had opened 382 urban rail transit lines with a total operational mileage of 13,000 kilometers. Among these, Shanghai and Beijing are projected to each establish urban rail transit networks exceeding 1,000 kilometers. In 2025, 911 kilometers of urban rail lines were put into operation nationwide, with the new urban rail market expected to maintain a moderated growth trend. The demand for medium- and small-capacity urban rail systems, such as suburban rapid transit, cross-sitting monorails, and automated guided rail transit, will gradually be released. As of the end of 2025, approximately 1,400 kilometers of urban rail lines had been in operation for over 15 years, while more than 2,000 kilometers had been operational for 10 to 15 years. The renovation and upgrading of early metro lines will also be accelerated. It is expected that China's urban rail transit industry will remain in a period of stable development.

The rail transportation control system industry features high access barrier in terms of the core technology and there are extremely high requirements for the safety, reliability, stability and sustainability of the products and services provided by enterprises, which requires relevant suppliers to have strong technology R&D capabilities, sophisticated industry technology capabilities, full-fledged product development and testing and verification capabilities and possess strong anti-risk ability and ability to rapidly respond to demand to consistently provide reliable and high-quality products and services in the long run. It also has significant cyclical characteristic in the industry, which is determined by the nature of rail transit construction and maintenance itself and the iterations of the core components of the related product systems. According to the requirements of relevant technical specifications and industry practices, the life cycle of high-speed rail transportation control system is generally about 10 to 15 years, while certain outdoor equipment systems are subject to shorter update cycles due to environmental factors.

The low-altitude economy has been included in the government work report for two consecutive years. In 2025, it was proposed to promote the safe and healthy development of emerging industries such as commercial space and the low-altitude economy. The Ministry of Industry and Information Technology, the Ministry of Science and Technology, the Ministry of Finance, and the Civil Aviation Administration of China issued the General Aviation Equipment Innovation and Application Implementation Plan (2024–2030), which aims to promote the formation of a trillion-level market for the low-altitude economy by 2030. Currently, the low-altitude economy is in a stage of development from point to area, facing practical challenges such as cross-regional connectivity, interconnection among multiple supply entities, and regional integration of flight operations. The Company, with its deep technical accumulation and resource integration capabilities, is fostering the development of the low-altitude economy. This is not only a necessary requirement for fulfilling the responsibilities and mission of a central enterprise and serving the country's major strategies, but also an objective need to align with the new round of technological revolution and industrial transformation. More importantly, it is a practical choice for its

own high-quality development. In response to the industry pain point of "if you cannot control it, you cannot fly," the Company has formed a joint innovation team consisting of industry, academia, research, and application, and innovatively launched a low-altitude airspace intelligent control system. Based on speed differential stratification and group flight control technologies, the system provides customers with safe, flexible, efficient, and intelligent low-altitude airspace control products and services.

2. Analysis of relevant industrial status and changes thereof

Although the market landscape is constantly changing and competition is becoming increasingly fierce, the Company, as a world-class provider of rail transit control system solutions, continues to maintain its leading position in the industry. As of the end of 2025, the cumulative contracted mileage covered by the Company's core products and services of high-speed railway control system continued to rank the first in the world. The Company's market share continued to occupy the leading position in the industry in terms of the domestic high-speed railway control system integration projects as well as the core equipment of track circuit, centralised traffic control system, computer interlocking, CTCS-3 on-board ATP system, RBC, train control center and other products. In the field of domestic urban transit, the Company's core products of urban transit control system have covered more than 190 routes in over 40 cities of the PRC which have been in operation and completed the bidding of control system, continuing to be in the leading position of the industry. By accelerating its overseas business layout, continuing to strengthen investment in overseas market resources and making full use of the high-quality opening and advancement of overseas projects such as the Hungary-Serbia High-Speed Railway and the Jakarta-Bandung High-Speed Railway, the Company has won a good reputation, so as to strongly enhance its brand power and influence in the global rail transit market, and is gradually becoming an important player in the field of international rail transportation control systems.

The Company is actively planning for strategic emerging industries and fostering its entry into the low-altitude economy sector. Leveraging its core technological expertise in rail transit control systems, the Company has gradually established competitive advantages in the low-altitude economy domain. Its self-developed intelligent low-altitude airspace control system has been deployed across multiple municipal platforms, while its perception and countermeasure systems are widely utilised in railway networks, airports, and key urban areas. Concurrently, the Company is actively exploring applications in low-altitude inspection, urban governance, logistics transportation, and emergency response scenarios, continuously enhancing its industry influence and brand recognition.

The Company will continue to grasp the favorable trends and opportunities in the development of the industry in the future, insist on the technology-led, innovation-driven, digitally empowered and capital-assisted principle to forge a "major national asset" in the field of intelligent control, develop into an "innovative, technology-based, digitally intelligent and international" enterprise featuring more advanced technology innovation, more reliable and safe system, more rational industry layout, more optimised business structure, more advanced management, better quality and efficiency, and more trustworthy brand image.

3. *Development of new technology, new industry, new business type and new mode during the Reporting Period and future development trend*

In the intelligent rail transit sector, China's rail transit communication and signaling systems are entering a new phase of high-quality development. At the policy level, the Chinese government has outlined the objective of establishing a modern integrated transportation system through documents such as the "Program of Building National Strength in Transportation", promoting the intelligent, green, and international development of rail transit. The "dual carbon" goals have accelerated the electrification of railways and the adoption of multimodal transport, driving technological upgrades in communication and signaling systems, while the new infrastructure policy facilitates their digital and intelligent transformation. China's rail transit sector is witnessing parallel development of high-speed rail and urban rail, with equal emphasis on existing infrastructure and new capacity expansion. The high-speed rail network leads globally in scale, with the CR450 project and high-speed maglev technology continuously pushing speed limits. Urban rail transit focuses on intelligent maintenance and the "four-network integration", while intelligent upgrades of existing systems and the development of new formats proceed simultaneously. The industry still faces numerous challenges, including enhancing the efficiency of high-speed rail networks, optimising capacity for heavy-haul and conventional-speed railways, ensuring equipment reliability in extreme environments, as well as addressing cybersecurity and interoperability across multiple formats. Meanwhile, the large-scale deployment of 5G-R, AI-powered scheduling optimisation through large models, and lightweight technologies are presenting significant opportunities for system upgrades. Future competition will shift from standalone products to ecosystem capabilities. Enterprises must integrate full lifecycle service competencies encompassing "hardware + software + services", building systematic solutions that cover regional collaborative dispatching and multimodal transport platforms, driving high-quality industry development through innovative models and ecosystem aggregation.

In the intelligent low-altitude sector, an end-to-end smart system encompassing "infrastructure – UAVs – safety" is gradually taking shape, providing core technological safeguards for high-safety, high-efficiency airspace management and multi-scenario scaled operations. Low-altitude airspace management systems are demonstrating intelligent and collaborative development trends, with various informatisation technologies like AI and big data being widely applied to specialised areas such as air traffic flow management and conflict detection/resolution. Heterogeneous UAV swarm autonomous operations and manned/unmanned aerial vehicle cooperative combat technologies are advancing rapidly, accelerating progress in low-altitude control technologies. Low-altitude communication systems are intensifying R&D in 6G and other technologies to construct communication networks meeting requirements for "high uplink, low latency, and integrated 3D networking." The UAV perception and countermeasure system will evolve towards "omnidirectional perception, intelligent coordination, and precise control", exhibiting development trends of all-domain detection range, precision countermeasures, and instantaneous system response. The low-altitude micro-meteorological service system will achieve high spatial resolution and seamless meteorological services with short-cycle rolling updates across "monitoring, nowcasting, short-range, and medium-range" phases, while possessing precise support capabilities for different types of airspace, routes, and aircraft. The low-altitude operation service system leverages digital twin and edge computing technologies to build an operational foundation combining high-precision simulation with real-time control. It employs generative AI and reinforcement learning to achieve millisecond-level response and optimised resource allocation, driving end-to-end lean operations and scaled development.

In the smart city sector, guided by national strategies such as the "Action Plan for Promoting Full-Domain Digital Transformation in Smart Cities", the field of citywide perception is entering an accelerated period of technological breakthroughs and industrial transformation. This manifests in continuous emergence of new technologies, rapid formation of new industries, constant appearance of new business formats, and innovative breakthroughs in new models. Technologically, perception systems are evolving towards integrated "air-space-ground-sea" capabilities. The integrated application of technologies such as ubiquitous IoT sensing, high-resolution satellite remote sensing, drone aerial surveying, and edge computing has become increasingly mature. Among these, the fusion technology of surveillance video and geographic information serves as a critical breakthrough in bridging the "isolated islands" of video data with the "base map" of geography. By establishing high-precision bidirectional mapping between video pixel coordinates and geographic coordinates, combined with digital elevation models and deep learning algorithms, it has achieved a leap from "visibility" to "comprehension and precise positioning", providing core technical support for the spatial integration of multi-source sensing data.

In the field of intelligent operations, driven by socio-economic development, various sectors require continuous enhancement of operational technologies and capabilities to achieve goals such as improved efficiency, reduced costs, and strengthened safety. In the railway freight market, there is a demand for faster, safer, and more efficient freight operations. As critical nodes in railway transportation, railway yards' advancement in intelligent and unmanned development is of significant importance for enhancing railway transport efficiency, optimising resource allocation, strengthening safety assurance, and reducing operational costs. This progress is pivotal in driving the high-quality development of the railway transportation industry. In the field of smart logistics, policies have been introduced to promote logistics development and achieve cost reduction and efficiency enhancement. There is a growing demand for advancing the digital transformation of traditional logistics infrastructure and accelerating the development of new facilities such as smart highways, smart ports, smart logistics hubs, and smart logistics parks. In coal mining operations, the State mandates that all types of coal mines should achieve basic intelligentisation by 2035, establishing a coal mine intelligent system that integrates multiple industrial chains and systems, and building an intelligent coal mine system capable of intelligent perception, decision-making, and automated execution. In port and shipping operations, the State has clearly outlined the need to build a modern port and waterway system, with increasing requirements for intelligent and smart port and shipping operations. Relevant policy directions have been established, focusing on clear policy guidance, core content, extensive technological applications, and emphasis on security safeguards.

II. DISCUSSION AND ANALYSIS OF BUSINESS OPERATIONS

In 2025, adhering to the "1241" development strategy, the Company fully drove industrial transformation and upgrading, further concentrated on its main responsibilities, core business, and key sectors, expanding new drivers for economic development and striving to avert significant operational risks. In 2025, the total amount of new contracts signed by the Company was RMB44.140 billion, representing a year-on-year decrease of 11.84%. Specifically: in the railway sector, RMB25.713 billion, an increase of 0.3% year on year; in the urban rail transit sector, RMB10.503 billion, an increase of 4.97% year on year; in the overseas sector, RMB3.912 billion, a decrease of 33.9% year on year; in the low-altitude economy sector, RMB0.165 billion; and in the engineering, procurement and construction and other sectors, RMB3.847 billion, a decrease of 54.74% year on year. By the end of 2025, the Company had a total order backlog of RMB115.86 billion.

In the railway market, the Company pursued both optimisation of existing operations and breakthroughs in new growth areas, achieving steady progress in the value of newly signed contracts. The Company successively secured over ten key high-speed rail weak current system integration projects, including the Zhuhai-Zhaoqing, Shenzhen-Shantou, Shijiazhuang-Xiong'an, Hefei-Zhanjiang, Tongzhou-Suzhou-Jiaxing-Ningbo, and Guangzhou-Xintang Lines 5 & 6, maintaining its leading position. It also undertook several key projects such as the Sanshangliang special railway lines, the interlocking, train control and communication system overhaul works of the Shijiazhuang-Taiyuan Passenger Dedicated Line, the capacity expansion renovation of Bai'a Railway, the safety standard demonstration line construction on the Wuhan-Guangzhou section of the Beijing-Guangzhou High-speed Railway, the capacity expansion renovation of Hami East Station, the customer service system of the Shiheng-Canggang Railway (Hengshui-Huanghua Port section), and the customer service system of the Northeast Ring Line for Beijing Suburban Railway, achieving diversified breakthroughs.

In the urban rail transit market, amid continued slowdown in construction investment, the Company strengthened operational accountability at all levels and stimulated internal momentum, achieving counter-trend growth in the value of newly signed contracts. It successively secured over 10 urban rail transit signaling system integration projects including Nanjing Line 1 renovation, Chengdu S5 Meishan Line, Shanghai Line 1 renovation, Xiamen Line 9, Beijing-Xiong'an Express Line, Shanghai Line 19 and Shanghai Line 23, further expanding its leading edge. It also undertook specialised engineering works in Beijing, Shanghai, Wuhan and Changchun, consolidating its fundamental market share in urban rail transit. The volume of renovation projects contracted more than doubled, enabling the Company to further seize the market opportunities.

In overseas markets, the Company optimised its market network layout and enhanced development quality by securing major projects such as Dubai Blue Line, Algiers Metro Line 1, Mexico City STE Light Rail, Perth HCS renovation in Australia and Riyadh KAFD Monorail in Saudi Arabia, maintaining a sound momentum of steady growth.

In the EPC and other markets, the Company steadily advanced the work related to exiting municipal and building construction businesses while focusing on business structure optimisation. At the same time, it focused on optimising its business structure, vigorously promoted the expansion of intelligent control technologies, and facilitated the transformation and upgrading of its subsidiary companies towards sectors such as rail transit, closely related industries, intelligent low-altitude applications, smart cities, and smart operations. As a result, the quality of the contracts undertaken was improved.

The Group actively explored the domestic low-altitude economy market and continuously improved its core product portfolio and business scenarios. During the Reporting Period, the low-altitude airspace management and control system completed deployment at municipal platforms in Qingdao, Shijiazhuang and Xiong'an New Area. The perception and countermeasure systems were successively deployed along Beijing-Shanghai and Qinghai-Tibet Railways, in key cities including Xiong'an New Area, Qingdao, Dali and Wushan, as well as critical areas such as Guangzhou Baiyun Airport and Fuzhou Zhuqi Airport. In the expansion of typical low-altitude economy scenarios, significant progress has been made in low-altitude inspection services. During the Reporting Period, the Company secured 10 projects, including urban rail transit network inspections in Chongqing and Hefei, the Hengxi Expressway inspection, and drone inspection services for smart salt fields in Qinghai. In urban governance, the Company's government "one network unified flight" system has been deployed in over 50 locations in Nanjing, Qingdao, Shanghai, and Rongjiang. For low-altitude logistics and passenger transport, the Company achieved commercial aerial transport operations for tsao-ko in Nujiang Prefecture, partnered with China Post to launch an "inter-island logistics" demonstration in Zhoushan, and collaborated with CITIC Group to establish a cross-sea "air-rail intermodal" route from Zhanxi Station to Haikou Station, accumulating initial experience in passenger operations. In low-altitude cultural tourism, the Company developed the low-altitude sightseeing project at the Dongying Yellow River Estuary Ecotourism Area and won the bid for the Huaihua Low-altitude Cultural Tourism Reception Hall project in Hunan Province, marking a breakthrough in low-altitude cultural tourism scenarios.

In 2026, the Company will focus on building a new development framework of "12415," with technological innovation as the strategic pillar, to continuously drive industrial restructuring and upgrading. In the rail transit business, the new construction market is expected to decline further, while the renovation market will become the primary growth driver. The Company will leverage its full lifecycle operational advantages in new construction, maintenance, and renovation projects to stabilise the new construction market and seize opportunities in the renovation market. In overseas operations, the Company will closely follow the national "Belt and Road" strategy, further optimise its overseas market network, target high-potential regions with precision, enhance localised operations, and strengthen its market competitiveness. In the EPC and other sectors, the Company will continue its orderly exit from municipal and building construction businesses, focusing instead on smart low-altitude, smart cities, and intelligent operations to cultivate new growth drivers.

Analysis and outlook on changes in financial indicators of non-enterprise accounting standards

☑ Applicable ☐ Not applicable

In 2025, the Company's net cash flow from operating activities after excluding the net increase in customer deposits and interbank deposits was RMB672,408,681.46, representing a decrease of 71.66% over the same period of the previous year. The decline was mainly due to the decrease in cash received from sales of goods and rendering of services during the period, coupled with the Company's proactive fulfillment of its responsibilities as a central state-owned enterprise by increasing payments to small and medium-sized suppliers, which led to an increase in cash paid for goods purchased and services received compared with the same period of the previous year.

Looking ahead, the Company will continue to monitor local governments' debt resolution progress, intensify efforts in accounts receivable collection, and remain focused on its main responsibilities and core businesses. It will increase investments in strategic emerging industries to drive continuous improvement in business structure, comprehensively enhance operational capabilities, elevate value creation levels, secure more profitable revenue and profit with cash flow, and steadily strengthen its ability to generate cash flows from operating activities, thereby creating sustained value for investors.

III. ANALYSIS OF THE CORE COMPETITIVENESS DURING THE REPORTING PERIOD

i. Core competitiveness analysis

☑ Applicable ☐ Not applicable

1. Leading market position

As the main force of China's rail transit construction, the Company provides products and services for the rail transit construction of CNRG, 18 Railway Administrations, more than 50 cities and many factories and mining enterprises. The Company enjoys a good reputation all over the country and is the most trusted expert of rail transit control system. The Company provides core train control technology and equipment for the majority of high-speed railways that have been opened and are operational in China. It holds approximately 40% of the domestic market share for urban rail transit control systems. The Company's full industrial chain services, including design, integration, products, and construction of urban rail transit control systems, cover more than 80% of the operational and under-construction lines across the country. It is a leading provider of urban rail transit control system solutions in China. The exceptionally high market share has also laid a solid foundation for the Company's future efforts to update, transform and operate and maintain the market.

2. Outstanding comprehensive technological innovation strength and core technology reserves

The Company has adhered to independent innovation with over 6,000 registered patents and realised the absolute independent ownership of intellectual property rights and 100% domestic production of products for the core technologies of train operation control, thus helping its new rail transportation control technologies regarding all rail transit sectors such as high-speed railways, normal-speed railways, local railways, heavy haul railways, urban rail, urban (suburban), maglev and special tourist lines, automatic unmanned train operation technology, satellite-based mobile block signalling train control system, coordinated transportation and management for regional freight, train traffic control automation technology, safe computer platform technology, fully electronic computer interlocking control technology, train control integration technology, intelligent detection, operation and maintenance technology of rail transportation, rail transportation simulation test technology, turnout switch technology and railway video analysis technology hold a leading position among peers. Relying on the world-leading comprehensive research and development strength, the Company has developed core technologies of rail transportation control system with independent intellectual property rights and its products and services have been widely used in fields including railway and urban rail transit, which has established the Company's leading position in the industry.

As the entity responsible for general affairs of each of the Communication and Signalling Technical Sub-committee under the National Railway Transportation Electrical Equipment and System Standardisation Technical Committee (in relation to national standards) and the Communication and Signalling Technical Sub-committee under the Railway Industry Electrical Equipment and System Standardisation Committee (in relation to industry standards, being the original entity responsible for the management of equipment standards, technical standards and product standards in relation to rail transportation control system in China), the Company has promoted the establishment of the national technical standards system and railway industry technical standards system for the rail transit communication and signalling in China, and has led the establishment of the most important, advanced and fundamental technical standards for railway and urban transit control systems in the PRC, such as CTCS and CBTC. The Company has extremely rich experience in the construction and operation of high-speed railway control systems, complex railway hub revamping experience, existing line upgrading and revamping experience, customisation experience to meet transportation needs in different regions, and construction and maintenance experience for all forms of urban rail transit including urban rail, subway, maglev and tram. In addition, the Company also has advanced research and development ("**R&D**"), experiment and test institutions. The completeness and scale of its laboratory facilities are in a leading position in the world.

The Company has built a high-level innovation platform and technical support capabilities, vigorously promoted innovation platform and demonstration construction, gathered innovation elements, optimised the allocation of innovation resources, and formed a leading sci-tech innovation platform and demonstration pattern, including 4 postdoctoral workstations, 3 academician workstations, 16 national and industry innovation platforms, 25 national innovation demonstrations, and 38 provincial and ministerial innovation platforms providing strong platform support for the realisation of high-quality innovation and development of enterprises.

3. Extensive engineering project management experience

Over the years, the Company has served the construction of national railway and urban rail transit, implemented the strategy on the building of national strength in transportation and regional coordinated development strategy, successively participated in the construction of major domestic high-speed railway projects, and deeply participated in the speed increase of national railway for six times. It has experience in many projects involving long mileage, high altitude, alpine region and heavy-haul trains with capacity of over 10,000 tons. Many projects have been ranked "first" in China and even the world, and the standardised management of engineering services has become the industry benchmark, which has improved the weak current process standard and image of China's rail transit, and established and maintained the Company's leading position in the industry. Leveraging the Company's full industrial chain advantages in the rail transit control sector, innovative breakthroughs have been made in the factory-based pre-configuration of communication signal equipment. The first typical case in this field has been created nationwide, achieving a comprehensive innovation in factory-based production that integrates elements such as engineering design, process organisation, key technologies, new materials, and integrated management. The level of engineering construction in the rail transit control sector has continued to improve.

4. One-stop service capabilities for the entire industrial chain

The Company professionally provides integrated services covering investment and financing, design and integration, equipment manufacturing, system implementation, supporting project construction and repair and maintenance for rail transportation control system. As a company with the most comprehensive technology mix and the most system products in the domestic industry, it has over ten modern production bases all over the country, creating a complete industrial chain in the field of rail transit control. It is the only company in the world that can provide one-stop services for the entire industrial chain from investment and financing to R&D and design, equipment manufacturing, engineering services and operation and maintenance. The one-stop services can effectively reduce the construction, operation and management costs of customers and the system compatibility related risk in complex lines, and minimise the impact of renovation projects on normal operations. While adapting to common requirements, it can also provide customers with a flexible combination of different products and services based on the actual needs of customers; with the Company's internal efficient and accurate information-based management, such one-stop services can help to effectively reduce marketing cost, and lay a good foundation for tracking and carrying out maintenance, repair and upgrading business.

5. Highly reliable and safe core services and products

The Company establishes classified enterprise standards according to relevant international, national and industrial standards, implements strict and prudent quality and safety control measures, so as to ensure the high reliability and safety of rail transportation control system solutions and core products, and provide support for the safe and efficient operation of national rail transportation. The Company focuses on its main responsibilities and businesses, deeply analyses the business development model, establishes system management thinking, deepens system integration, improves operational efficiency and builds a whole industrial chain safety and quality control system. The Company's quality management follows the requirements of ISO9001: 2015 Standard, establishes quality control rules and system process, with quality management systems to maintain continuous improvement and meet the requirements of standards. All subordinate enterprises of the Company which engage in the fields of R&D and design, system integration and industrial manufacturing have passed the ISO/TS22163: 2017 (the upgraded standard of International Railway Industry Standard (IRIS)) certification; all subordinate enterprises of the Company engaged in the field of R&D and design have passed the maturity assessment and certification of CMMI software. The Company's rail transportation control system products meet the European EN50126 standard for railway product safety, and the Company strengthens the supervision of product safety and security, and effectively strengthens the control of new product development process and existing product change process and meets the generally accepted international quality requirements regarding safety, reliability, availability and maintenance.

6. Stimulating innovation and vitality and promoting development through scientific research

The Company implements the innovation-driven development strategy and accelerates the training of innovative talents through multiple channels. The Company makes good use of existing human resources, increases the training of expert-level leading talents and key researchers, facilitates the career development of scientific and technological talents, and improves the incentive and evaluation system for result transformation to stimulate the innovation and vitality of researchers. The Company improves quality, increases efficiency, and achieves upgrade and sustainable and healthy development under the support and guidance of technology innovation. The Company unswervingly takes the road of independent innovation, truly contributing to promoting corporate transformation and upgrading.

5,085 employees of the Company are engaged in technological research and development, accounting for 26.49% of the total employees, 46.73% of whom have graduate degrees or above. The excellent talent team has laid a solid foundation for the Company to develop core technologies and maintain technical advantages.

ii. Events which have a serious impact on the Company' s core competitiveness, impact analysis and measures during the Reporting Period

☐ Applicable ☑ Not applicable

iii. Core technologies and R&D progress

1. Core technology and its leading edges and changes during the Reporting Period

The Company focuses on technology research & development, and promotes sustainable development of its overall business by technology innovations. Since its establishment, the Company has been working in the field of rail transportation control system, and owned many industry-leading core technologies leveraging on its outstanding technology innovation strength. As of now, the Company has 6,032 authorised patents in China, including 3,873 authorised invention patents, which protect its core technologies. Meanwhile, the Company signed special confidentiality agreements with relevant technicians regarding core technologies to ensure that core technologies would not be disclosed or spread.

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

No	Core technology	Source of technology	Technical level and degree of application
1	Train operation control technology	Independently researched and developed	Train operation control technology has been widely used in HS Rs, ICR s and urban transit, which provides core technical guarantee for safe and high- efficient operation of rail transportation. Responding to the demand for highly safe and reliable operation of rail transportation, this technology has addressed certain significant technology issues such as dynamical control curve model of train, precise positioning of train, speed and distance detecting of train, on board fully functional seamless switch, wireless redundancy coverage of multiple doubling railways, moving blocking and railway network connectivity.
2	Automatic unmanned train operation technology	Independently researched and developed	Automatic unmanned train operation technology has been successfully applied in the fields of HSRs, ICRs and urban transit. Based on train control system, by using this technology, automatic train operation is realised; through advanced automatic driving control algorithm, certain significant technology issues such as calculation of desired speed curve of train operation, the algorithm of precise stop of train, intelligent control of multiple objects, perception of status in complex operation environment, remote safe control have been addressed, and multiple indicators such as punctuality rate of operation and train parking accuracy and ride comfort and operation consumption have been improved.
3	Integrated automation technology of freight railway	Independently researched and developed	Integrated automation technology of freight railway has been widely used in many marshalling yards in national railway and dispatch centers of railway bureaus, which provides core technology guarantee in improving railway freight efficiency, benefit and safety. The technology has addressed some significant technology issues such as intelligent calculation of freight traffic, intelligent adjustment of running line of railway wagons, intelligent preparation of locomotive usage plan and shunting plan, smart issuance of periodical maintenance and repair plan of vehicles, source control of train operation, as a result, the railway freight efficiency and intellectualisation level have been improved.

No	Core technology	Source of technology	Technical level and degree of application
4	Train traffic control automation technology	Independently researched and developed	Train traffic control automation technology has been widely used in HSRs, ICRs, urban transit and some normal-speed railways. This technology integrates computer technology, network technology and control technology, forms a closed-loop system of train operation dispatch and instruction, addresses technology issues such as train tracing, automatic control for hump rolling routes, prevention and control of mistaken receiving- departure at multi- directional hub station, train dispatch management and control at sectional station and intermediate station and intelligent adjustment of operation plan, as a result, automation level of operation instruction and emergent handling level under fault conditions have been improved.
5	Intelligent detection, operation and maintenance technology of rail transportation	Independently researched and developed	Intelligent detection, operation and maintenance technology of rail transportation has been successfully used in the fields of HSRs, normal-speed railways, urban transit. This technology has used big data system and cloud service technology to promote the development of rail transit inspection operation and maintenance to the direction of digitisation, intelligence and informatisation. With the technologies such as diverse integration of intelligent perception, multi-drive engines integration of analysis and judgement, Big Data health assessment analysis as breakthrough points, through expert system, mode identification, trend analysis, comprehensive appraisal, comprehensive positioning and mobile internet, it has realised the advance prediction of rail transit operation risks, active maintenance and health management of key equipment during whole lifetime based on all factors such as personnel, equipment, environment and operation and maintenance processes, improved the maintenance efficiency of equipment, effectively shortened breakdown time, and significantly decreased the failure rate of equipment.

No	Core technology	Source of technology	Technical level and degree of application
6	Train control integration technology	Independently researched and developed	The train control integration technology has been widely used in the fields of HSRs, ICRs, urban transit. Through the integrated engineering software design platform integrating data platform technology and graphic software technology, the technology has been applied to make engineering design, data allocation, automatic compiling an organic entirety, resulting in the improvement of software integration; by summarizing features of domestic hub and utilisation scenario, an integration process of site installation, commissioning, test and construction standardisation has been built. This technology is appropriate for the connectivity of different modes of equipment with various operation grades at newly-built routes, reconstructed routes and complex hubs.
7	Safe computer platform technology	Independently researched and developed	The safe computer platform technology has been widely used at the train operation control system centers, stations, onboard safe control devices, which provides a very safe, reliable, high-performed and expandable basic software and hardware platform for products. This technology has addressed some core technology issues such as safe drive and collection based on electronic components, clock level multi-machine synchronous comparison, operation fault detection and fast redundancy switch, and it has been granted highest grade safety certification of International Functional Safety Standard.
8	Mobile frequency key control signal safety modulation technology	Independently researched and developed	Mobile frequency key control signal safety modulation technology has been widely used in the fields of HSRs, ICRs and normal-speed railways. This technology has built a set of fault-safety rail circuit system with mobile frequency key control signal as power and rail as conductor, addressed contactless safety signal source technology, mobile frequency key control signal digital spectrum analysis technology, all-region at transmission channel detection technology, and realised safe and core functions covering rail section occupancy-idling detection, transmitting information to train through rail, and real-time detection of completeness of rails.

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

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

No	Core technology	Source of technology	Technical level and degree of application
14	Comprehensive video monitoring technology for rail transportation	Independently researched and developed	Comprehensive video monitoring technology for rail transportation has been widely used in the transportation fields such as HSRs and ICRs, which provides comprehensive management system containing video monitoring, Big Data display and visualization for safe operation of rail transportation. Aiming at the demand for all-weather and full-coverage monitoring of rail transportation, this technology has addressed the technology issues such as decoding and forwarding of high definition video stream, concurrent read-write, unity and connect of railway three-stage platform, massive video retrieval, intelligent face recognition and certification, intelligent operation and maintenance, clustering of platform management, dynamic load balance of storage resource and engineering, thus, leading the development of comprehensive video monitoring technology for rail transportation.
15	Collaborative transportation and service technology of regional rail transportation	Independently researched and developed	Collaborative transportation and service technology of regional rail transportation focuses on the operation and collaborative linkage of trunk railways, ICRs, urban (suburb) railway s and urban rail transportation network in city clusters/metropolitan areas to improve the overall regional transportation capacity, and makes breakthroughs in technologies such as refined prediction of passenger low in composite road networks, preparation and dynamic adjustment of collaborative transportation plans, global safety situation control and emergency linkage command, intelligent station safety management, and passenger information service in the whole trip chain to improve the overall regional transportation capacity, enhance emergency response and operation and maintenance efficiency, and shorten cross-mode travel time of passengers.

No	Core technology	Source of technology	Technical level and degree of application
16	Intelligent transportation and control technology of light rail transit	Independently researched and developed	With train control as the core, intelligent transportation and control technology of light rail transit, based on cloud computing, sets a unified rail transit cloud platform which is deeply interconnected with and intelligently integrates trains, passengers, environment, facilities, equipment, resources and other information, to realise the functions integrating independent train operation control, comprehensive automation, intelligent travel services, and collaborative transport and emergency command. The intelligent transportation and control system applies to a variety of light rail transit systems such as medium and low speed maglev lines, mountain rail transit, and special tourist lines, presenting the trend of data synthesis and business integration of each professional system equipment and guiding the technical development and application direction of the rail transit systems.
17	Train autonomous operation technology	Independently researched and developed	Train autonomous operation technology has realised autonomous resource management and active interval protection for the train through three key innovations, namely the optimization of platforms, the streamlining of systems and the refinement of resources. With a simplified structure of the system from a complex one and easily-driven complicated functional applications, it achieved full-process and comprehensive protection. It may apply for rail side resources and achieve direct communication among trains based on the tasks on train operation. With on-board autonomous computing and mobile authorization, it improved the utilization rate of rail side resources. The capability on the real-time handling of key businesses and accurate speed detecting and positioning improved the efficiency of train operation. It may formulate corresponding handling mechanisms based on different business demands and meet the demand for the upgrading of different systems.

No	Core technology	Source of technology	Technical level and degree of application
18	BeiDou navigation system-based train autonomous operation control technology	Independently researched and developed	With BeiDou Navigation Satellite System as the basis, Bei Dou navigation system-based train autonomous operation control technology has applied diverse integration and train autonomous positioning technology, integrated longitudinal dynamics models, multi-particle longitudinal dynamics models and safety braking models of trains, combined inspection technologies with high safety, autonomy and completeness on wind pressure, location and speed information and applied the block dynamic swift technology with traffic control as the centre and the dynamic railway capacity allocation strategy, achieving the highly-efficient operation of trains, the simplification of rail side equipment and the centralization of central equipment. It shortened train tracking interval and improved the freight transport capacity.
19	Full-electronic computer interlocking control technology	Independently researched and developed	All-electronic execution unit for full-electronic computer interlocking control technology has applied safe output, safe cut-off, turnout safety control, safe design of self-inspection on modulo conversion, the structure of double two out of two, network redundancy structure and other technology. Full electronic interlock system and electronic modules have passed third-party safety assessment with the level of safety completeness reaching level SIL4, meeting the requirements on the high safety and reliability of the rail transit signal interlock system and being characterised by small size, easy construction, high reliability, high maintainability and high safety.

No	Core technology	Source of technology	Technical level and degree of application
20	CTCS2+ATO automatic turn-back technology	Independently researched and developed	CTCS2+ATO automatic turn-back technology can be widely applied in urban railways to improve the services in the "as-frequent-as-buses" operation of urban railways. The technology addressed technology issues such as safety communication between head and tail of trains, rapid automatic starting, on-site automatic end change and automatic turn-back after reaching the destination. It achieved automatic turnback in 3 minutes after reaching the destination and on-site automatic end change in 20 seconds, which can effectively cut down the interval time for turnback, further shorten the tracking interval of trains, reduce the average waiting time of passengers, meet the public travelling demand for "high speed, high density and as-frequent-as-buses services" and relieve urban traffic jam.
21	Video intelligent analysis technology	Independently researched and developed	Video intelligent analysis technology adopted intelligent analysis algorithm, allowing the video system to automatically adapt to all-weather lighting conditions with different density, improving the capacity of resisting disturbance under complicated video background and effectively enhancing the comprehensive analysis performance. It adopted the deep learning technology in artificial intelligence sector and developed a professional algorithm exercise platform through long-term accumulation and improvement of intelligent algorithm sample database for railways, which can flexibly and rapidly meet customised demands under complicated scenarios and achieve automatic empowerment of relevant businesses through accurate judgment, dynamic analysis and ancillary decision-making.

No	Core technology	Source of technology	Technical level and degree of application
22	400MHz wireless dispatching and communication technology of railway digital trains	Independently researched and developed	Leveraging on digital and wireless advantages, the 400 MHz wireless dispatching and communication technology of railway digital trains addresses technical issues such as the bridging of wire SIP communication and wireless PDR communication and business guarantee under failure and weakened conditions. It adopted a professional and integrated hardware platform and fully combined the demand in the wireless dispatching business, achieving data transmission in joint control of trains and railways and reliable communication in voice cluster for wireless dispatching, providing a safe, reliable, effective and convenient means of communication for rail transit, improved the driving safety, transportation efficiency and management and enhanced the quality of wireless communication services.
23	Full automatic flexible train formation technology	Independently researched and developed	Fully automatic and flexible train formation technology can adjust the train formation according to the characteristics of passenger flow in different zone s and time periods, and achieve the best synergy between passenger demand and vehicle capacity in accordance with the traffic plan, which has the advantages of improving the level of operation service, reducing the energy consumption of traction power supply, reducing the cost of vehicle maintenance, and improving the ability to cope with the uncertainty of passenger flow, etc., and can effectively solve the problem of unbalanced passenger flow in different operation phases, operation time periods and different regions. It can effectively solve the problem of unbalanced passenger flow in different operation phases, different operation periods and different regions, and help to achieve the "cost-effective" train operation.

No	Core technology	Source of technology	Technical level and degree of application
24	Heavy-haul train group operation control system technology	Independently researched and developed	Heavy-haul train group operation control system achieves information transmission based on train-ground wireless communication and train-train communication, with advanced functions such as efficient matching of train and hump rolling routes, optimal control strategy of automatic driving, and cooperative driving of multiple vehicles. The system can effectively improve transportation efficiency, decrease labor intensity of drivers, reduce transportation energy consumption, and greatly improve comprehensive efficiency of freight railway transportation.
25	Train control system technology for higher speeds (CR450)	Independently researched and developed	Higher-speed train control system technology breaks through the bottleneck of the reliability of safety control and equipment supporting 450 km/h high-speed operation, overcomes the difficulty of excessive speed difference between main and backup systems, improves the automatic driving ability of high-speed railway ATO system, enriches and expands the basic theory and engineering practice experience of high-speed railway train control technology in China, which will further enhance the full independence of China's railway science and technology, consolidate China's leading position in the global high-speed railway industry and strongly promote the upgrading and transformation of China's railway network in scale.
26	High-speed maglev/low vacuum pipeline (tunnel) train control system technology	Independently researched and developed	High-speed maglev train control system technology supports train operation and control of ultra-high speed maglev trains with a speed of 600 km/hour or higher, which can be divided into on-board operation control, sectionalised operation control, central operation control and positioning and speed measurement subsystem. Different from the traditional high speed rail operation control system, the system architecture has overcome various technical difficulties, such as positioning and speed measurement, vehicle-ground communication, levitation guidance and electromagnetic compatibility, and is of great significance to the research of ultrahigh speed transportation technology in China.

No	Core technology	Source of technology	Technical level and degree of application
27	Digital integrated management and control technology of freight yard	Independently researched and developed	Digital integrated management and control technology of freight yard can manage the whole process of goods from mobilization to unloading, transshipment, inspection, loading and exit in the freight yard, build a digital integrated management and control system of freight yard for centralised scheduling of container handling/ transshipment equipment such as IGV automatic guided vehicles in the freight yard, improve the automation and intelligent level of key equipment such as front loading and unloading equipment, horizontal transport vehicles, security monitoring in the freight yard, and enhance the efficiency of goods transshipment in the yard.
28	Safety railway intelligent signal display technology	Independently researched and developed	Based on the safety railway intelligent signal display technology, a series of equipment, including intelligent LED annunciator of SIL4 safety level, lighting detection unit and lighting alarm devices, are developed. The intelligent LED annunciator can replace the existing incandescent annunciator and is characterised by high energy-efficiency, high safety, long service life and adjustability, which is an upgraded product of existing railway signal display equipment.
29	System RAM modelling and evaluation technology	Independently researched and developed	System RAM modelling and evaluation technology is to model the system and its components from the perspective of the cognition of system law, estimate and evaluate the reliability, maintainability and usability of the system based on the accumulated product data, structural characteristics and composition of the system, as well as the working environment of the system and other factors, and also identify the main factors affecting the reliability, maintainability and usability of the system, locate key points, and provide a basis for design and iterative optimization; it can help shorten the equipment validation cycle of train control systems and guarantee the performance quality of the product.

No	Core technology	Source of technology	Technical level and degree of application
30	Integrated technology on "factory-based" construction in railway signaling & communication projects	Independently researched and developed	Based on BIM modeling, with the target of factory preassembly and fabricated on-site construction and through modularization, unification, plugging and splicing, clustering and fabrication, the integrated technology on "factory-based "construction in railway signaling & communication projects brings forward operation with high on-site labor intensity and high-quality requirements at traditional construction sites to the curing process at the factory preassembly stage, which significantly reduces the workload of on-site operation, on-site labor, technical difficulties in on-site construction as well as risks and hidden hazards and improves the quality of projects.
31	Video analysis technology in high-speed railway tunnels	Independently researched and developed	Video analysis technology in high-speed railway tunnels adapts to special conditions such as low illumination level, high temperature and humidity, strong vibration and high wind pressure in tunnels, forming video analysis algorithms such as intelligent disaster prevention and detection, target detection in dark light, front/background separation for the line patrol of the track maintenance division, which provides basic support for the application of integrated video monitoring system in high-speed railway tunnels and guarantees the safety of railway transportation.
32	Vision networking fusion algorithm warehouse technology	Independently researched and developed	With the vision networking fusion algorithm warehouse technology, a ware house is formed to manage algorithm models, centralise the management of all AI algorithm models and provide AI analysis service capabilities, to realise the rapid integration of multiple manufacturers and multi-versions of algorithms, improve the management capabilities of the lifecycle of the algorithm, enhance the intelligent analysis capabilities of vision networking fusion video and other related products, and boost the performance improvement of the product.

No	Core technology	Source of technology	Technical level and degree of application
33	Multimode signal system integration technology	Independently researched and developed	The multimode signal system integration technology has made breakthrough in integration technologies such as urban transit electronic map data, onboard GPS, movement authority limit, onboard human-machine interaction, ATS driving monitoring, rail side equipment control and display and digital track circuits, innovated the set of technology system of "multi-mode integration of signal system", and achieved a set of onboard technology, two systems and seamless integration, providing users with a new model for extending and renovating signal systems of quasi-mobile blocked lines to meet requirements for the interconnection and network-based operation between different signal system lines.
34	Highly safe, resilient and reliable control technology in fully automatic operation	Independently researched and developed	By applying the calculation correctness real-time detection theories and formal methods of key equipment to train safety, it adopts error checking, error correction, fault tolerance and fault oriented safety technologies with a combination of system equipment failure modes and operational safety requirements, makes breakthrough in key technologies such as highly intelligent fully automatic operation control, regional joint defense, adaptive tolerance to operational anomalies and remote failure recovery, and develops distinctive fully automatic functions, including train sleep-wake static-dynamic commissioning, remote garage door closing operations, fully automatic obstacle avoidance and evacuation protection, automatic recovery after train derailment, remote restart and remote updating of onboard/rail side equipment data, achieving safe operation, adaptive failure tolerance, efficient failure recovery and intelligent operation and maintenance for fully automatic operations.

No	Core technology	Source of technology	Technical level and degree of application
35	Control technology of smart rail full-axle steering	Independently researched and developed	Based on the theory and technology of full-axle control, the trajectory tracking control technology integrated with high-precision navigation positioning aims directly minimum trajectory tracking errors. Through model prediction control and feedback control, it researches and develops full-axle steering control system with high performance, reliability and safety, turning trajectory tracking and safety control for electronically guided rubber-tyred smart rail train into reality.
36	Online automatic deployment technology of control platforms	Independently researched and developed	Full electronic interlock system adopts intelligent maintenance and distributed design, featuring the distribution of configuration/data/software, researches and develops automated deployment technology and launches tools allowing automated deployment. Leveraging connections to the internet, the tool ensures the absence of command output or disruption to another system's normal operation during in system programming, thus improving the efficiency and accuracy of on-site software upgrading.
37	Centralised and efficient management technology for train operation behaviour	Independently researched and developed	By leveraging the causal relationships between behavior s and data, an identification model is developed for operation behavior scenarios that are linked to changes in equipment status, route status, and alarm log information. This model particularly targets high-risk operation behaviors outlined in actual management practices. Utilising this model, the operation behaviors represented by the corresponding data are accurately identified, and pertinent information regarding these behavior scenarios is captured. This approach facilitates centralised management of train operation behaviors, enhances management efficiency and quality, promotes the standardization of train operation behaviors while minimising management costs, and fortifies the standardization and safety of train operations.

No	Core technology	Source of technology	Technical level and degree of application
38	Rail breakage inspection technology in ranges	Independently researched and developed	The coupling resonance acquisition analysis of inductance, impedance, and capacitance characteristics of rails and ballast is carried out through single-node devices. Multi-physical, multidimensional state feature extraction is used to integrate massive storage data. Based on the analysis of multi-dimensional feature data, multiscale physical phenomena in different stages such as health and rail fracture are studied, as well as the change characteristics under strong interference and high pulse. A rail health status model is established to evaluate the current rail health status, and a rail health status big data platform is established. Combined with historical data, the rail status evolution trend curve is formed to achieve the function of rail breakage inspection.
39	Electromagnetic environmental effects of rail transportation and electromagnetic safety technology	Independently researched and developed	Electromagnetic environment effect and electromagnetic safety technology of rail transportation is the key to guarantee the safety and reliability of on-rail running equipment, and it has overcome difficulties such as high-power (high voltage, high current output at the same time), multiphysical quantity controllable off-line electromagnetic discharge technology of pantograph network, simulation technology of electromagnetic environment effect of vehicle-ground-network coordination, and forward design technology of electromagnetic compatibility, to support the research and development and optimization of the rail transit signal infrastructure and to guarantee the high-efficiency, safe and stable operation of on-rail products.

No	Core technology	Source of technology	Technical level and degree of application
40	Disaster monitoring technology for rail transit with multi-modal perception across the whole region	Independently researched and developed	The disaster monitoring technology for rail transit with multi-modal perception across the whole region utilises various multi-dimensional and multi-modal means such as video analysis and radar monitoring. It innovatively utilises deep learning-based projection and codec algorithms to achieve deep alignment and fusion analysis of effective information contained in video images, video encodings, and radar echoes. Based on customised and optimised algorithms such as foreground extraction, object detection/filtering, specific area segmentation, and difference detection, and supported by advanced technologies such as hardware acceleration, small sample detection, and multi-dimensional three-dimensional visualization, this technology solves the problem of complex environmental interference along the rail transit line, achieving product performance improvement and cost optimization in multiple business directions from large-scale railroads, subways, to smart cities.
41	Key technology for the overhaul and renovation of high-speed railway signal systems	Independently researched and developed	Based on the characteristics of China's high-speed railway signal system, this technology uses both quantitative and qualitative analysis methods to conduct a comprehensive analysis of the design, system integration, construction installation, and engineering acceptance of overhaul and renovation projects. It has developed a Prognostics and Health Management (PHM) assessment standard system for key equipment of high-speed railway signal systems. The technology also masters performance enhancement techniques for high-speed railway signal systems, builds a comprehensive digital platform for high-speed railway signal equipment, and supports the digital transformation and upgrading of maintenance for high-speed railway signal systems. This has led to the development of indoor integrated digital technology for high-speed railway signal systems and "seamless major overhaul" system integration technology, reducing the impact of major repairs and renovations on operations. It also provides early planning and layout for the renovation and upgrading of high-speed railway signal system equipment, promoting the high-quality and sustainable development of high-speed railways.

No	Core technology	Source of technology	Technical level and degree of application
42	Comprehensive intelligent technology for marshalling yards	Independently researched and developed	The comprehensive intelligent technology for marshalling yards is based on well-proven integrated automation technology and applies new technologies such as artificial intelligence. It integrates the intelligent demands of marshalling yards, enhancing various processes ranging from plan preparation and route arrangement to outdoor execution. The system achieves intelligent phase plan preparation, automatic station capacity determination, full-area signal control within the station, hump bowl closed-loop control, and automatic driving of switcher locomotives, among other intelligent functions. This improves the overall operational efficiency of marshalling yards and provides the core foundation for the gradual realisation of intelligent marshalling yards.
43	Urban rail transit signal control and transportation organisation technology under complex and harsh environments	Independently researched and developed	The urban rail transit signal control and transportation organisation technology under complex and harsh environments deeply analyses risk factors such as rain, snow, fog, and frost. It dynamically evaluates key train operation parameters, including adhesion conditions and available braking rates, under special environmental conditions. By integrating perception, artificial intelligence, automatic protection, and autonomous driving technologies, the system enhances the urban rail transit signal system's ability to sense and adapt to complex and harsh environments. It enables rapid adjustments to safety control and autonomous driving strategies, expands the safety protection boundaries of the signal system, and helps create the "safest subway."

No	Core technology	Source of technology	Technical level and degree of application
44	5G key technology for rail transit	Independently researched and developed	The 5G key technology for rail transit has established efficient, real-time, and secure data transmission channels, enabling the transmission and exchange of a large amount of audio and video data within the railway system. This technology supports reliable and secure audio and video dispatching in station areas, facilitates the connection of a large number of terminal devices in station areas and along the railway line, effectively reduces railway operating costs, improves operational efficiency, and significantly promotes the intelligent upgrading and sustainable development of railways.
45	General-purpose visual large model intelligent analysis technology for railways	Independently researched and developed	Based on artificial intelligence-powered visual large model intelligent analysis technology, a general-purpose visual large model for the railway sector has been developed. This model enables functions such as object detection in open categories within the railway sector, target attribute and location identification based on intelligent semantic prompt information, and more. Centred around the visual large model architecture for the railway sector, it extracts effective information obtained through multimodal methods, optimises functions such as image-text multimodal feature alignment and adaptive feature matching metrics, and develops dedicated large model algorithms, systems, and intelligent analysis devices for abnormal railway intrusion monitoring and alerting. This allows for the search and identification, as well as intelligent monitoring, of station personnel, lost items, railway equipment status, natural disasters, and other related aspects.
46	Visualisation monitoring technology based on 3D modelling and digital twins	Independently researched and developed	The visualisation monitoring technology based on 3D modelling and digital twins uses Web3D modelling technologies such as HTML5 and WebGL to create more detailed and accurate models, including equipment location, orientation, equipment panel details, and more. Coupled with real-time data obtained through digital twin technology, this enables true “scene restoration” and achieves comprehensive environmental awareness based on 3D visualisation technology.

No	Core technology	Source of technology	Technical level and degree of application
47	Trajectory synchronisation technology for inspection robots based on spatial coordinate mapping	Independently researched and developed	The trajectory synchronisation technology for inspection robots based on spatial coordinate mapping, built on 3D modelling and intelligent inspection, calibrates the inspection positions of intelligent inspection robots using spatial coordinate mapping technology. This enables real-time synchronisation of the robot's trajectory in the 3D model view with the trajectory in the real-world scene.
48	Key technology for train-network-ground monitoring and diagnostics in high-speed railway train control systems	Independently researched and developed	The technology supports automatically collecting various monitoring data and log files from the train network-ground monitoring system and equipment. By aligning information such as track, frequency points, time slots, mileage markers, and train numbers, multi-source data correlation is achieved. This enables multi-angle analysis of both complete and partial datasets, supporting comprehensive fault diagnosis, safety verification, and integrated remote maintenance. Ultimately, it enhances analytical accuracy and further optimises the monitoring scope and depth of the train-network-ground control system.
49	Integration of Rail Transit Dispatch and Control and Connecting Transportation Service Technology	Independently researched and developed	To target the rail transit "control-dispatch–service" business, aim at "autonomous operation control, intelligent comprehensive dispatch, connecting transportation services, integrated dispatch and control, and precise supply and demand matching", and make a breakthrough in technical and system limitations on high-speed and high-automation rail transit theoretical and technical research, system equipment development and demonstration engineering application, to realise the integrated operation from "passenger flow to wheels".
50	Two-level train control system technology based on trackside digital intelligence	Independently researched and developed	By adopting a next-generation train control system architecture, the technology promotes functional innovation and efficient collaboration of the train control system, significantly improving operation and maintenance quality and efficiency, and breaking through in the traditional development model of train control systems.

No	Core technology	Source of technology	Technical level and degree of application
51	Train frozen coal interface heating technology	Independently researched and developed	Based on electromagnetic induction heating technology, high-efficiency and precise heating of frozen coal wagons is achieved through high-power induction power supplies and customised coils. This reduces frozen coal residue on the wagons and improves coal unloading and cleaning efficiency. Intelligent temperature detection technology is used to monitor key areas of the wagons in real time, and advanced PID control algorithms dynamically adjust the heating power output based on the temperature readings, achieving green energy-saving effects.
52	Early warning analysis and diagnostic technology based on multi-drive engine integration	Independently researched and developed	Powered by a variety of technologies, including waveform analysis, inference analysis, fault tree analysis, big data analysis, and machine self learning, this technology enables real-time warning analysis and diagnostics through a hybrid-driven engine. By leveraging this analytical approach, it enables automatic early warnings for potential equipment risks, precise fault localisation, and in-depth data pattern analysis.
53	Equipment full-lifecycle management technology	Independently researched and developed	Based on the full lifecycle quality monitoring and evaluation technology of equipment, it intelligently predicts and recommends equipment maintenance cycles and service life. By assessing the real quality of equipment and incorporating maintenance plans, it dynamically and intelligently proposes maintenance and repair schedules, assisting in proactive maintenance decision-making. This ensures high equipment reliability while improving the quality and efficiency of maintenance work.
54	Interlocking parameter visualisation tracking technology	Independently researched and developed	By adopting a unique interlocking software design method, the system can provide real-time online reading of interlocking logic variables and intermediate variables. Users can view interlocking logic formulas and the values of variables through maintenance and diagnostic equipment provided by the trackside equipment control system. This ensures that the interlocking software is open, real-time, and transparent, making it easier for project implementation and maintenance, and solving the problem of real-time tracking of the status of all system variables.

No	Core technology	Source of technology	Technical level and degree of application
55	Algorithm management technology based on container orchestration	Independently researched and developed	Relying on microservices architecture and container cluster management technology, the system achieves pooled management and scheduling of computing resources, as well as lightweight integration and management of massive algorithms. Based on scheduling strategies, algorithm instances are dispatched to corresponding nodes for execution, enabling dynamic allocation and effective utilisation of cluster computing resources.
56	Railway 5G-R interface monitoring system and its key technologies	Independently researched and developed	Primarily used for monitoring the main interfaces of the 5G-R wireless network, it enables the recording, analysis, and correlation of signalling and business data related to train control vehicle-to-ground communication and dispatch communication processes. This provides data support for the operation and maintenance, fault analysis, and trend warning of the 5G-R wireless network and train control system.
57	Electrical intelligent operation and maintenance platform technology	Independently researched and developed	With the goal of "managing assets, managing processes, and managing personnel", this technology aims to comprehensively enhance railway operations and maintenance efficiency and quality, and promote the digitalisation and intelligent transformation of railway electrification: researching equipment lifecycle management technology, using equipment master records, technical documentation, and on-site images as the foundation, to automatically associate equipment alarm information, fault information, maintenance information, and monitoring and testing data, thereby achieving comprehensive lifecycle management of equipment; researching full-process supervision and control technologies for operations, studying closed-loop management of the entire operational process, including planning, approval, execution, closure, evaluation, and assessment, to achieve automatic generation of plans and work orders, intellectualize data flow between business nodes, and improve operational efficiency.

No	Core technology	Source of technology	Technical level and degree of application
58	Embedded real-time operating system framework technology	Independently researched and developed	It provides a unified framework for embedded realtime operating systems for products using MCU processors, addressing the issue of needing to adapt to multiple different vendor drivers with varying interfaces and usage methods during software development for various equipment. The unified driver framework enables real-time operating system support, protocol stack support, remote upgrades, anomaly detection, and a unified BSP driver interface, providing a foundational support for the digitalisation and intelligentisation of train control equipment.
59	Multi-source train positioning technology integrated with BeiDou	Independently researched and developed	It adopts a multi-source fusion positioning method based on BeiDou satellite navigation, wheel speed sensors, acceleration information, and a small number of ground-based passive transponders to achieve high-precision autonomous positioning of trains.
60	Fully automatic online coupling and decoding technology	Independently researched and developed	Combining train automatic control technology and fault-safe analysis theory, principles for setting up train coupling zones, management of the fully automatic train coupling process based on “train automatic protection”, calculation of coupling authorisation for moving trains, and safety identification of coupled trains are proposed. Through unified management of trains participating in coupling operations and coupled trains, an automated control process for train coupling operations is achieved, enhancing the safety and flexibility of train coupling and formation operations.
61	Equipment health autonomous analysis technology	Independently researched and developed	It establishes a closed-loop system of “self-learning, case accumulation, and capability evolution”. Through a large model-driven intelligent analysis engine, it effectively addresses core pain points such as the long accumulation cycle of expert experience and low system iteration efficiency, enabling equipment anomaly identification and health analysis to continuously self-evolve and providing precise decision-making support for complex maintenance scenarios.

No	Core technology	Source of technology	Technical level and degree of application
62	Fault emergency organization guidance technology	Independently researched and developed	It establishes a dynamic response mechanism of "knowledge update-scenario matching-intelligent generation", achieving intelligent collaboration in personnel division, maintenance guidance, tool reminders, and passenger broadcast generation during fault emergencies. Leveraging the large model's multi-modal understanding capabilities, it ensures comprehensive coverage of the maintenance solution database while dynamically adapting to personalised scenarios, effectively resolving the contradiction between fragmented maintenance experience and precise guidance requirements, and significantly improving emergency response quality.
63	Multi-modal large model intelligent analysis technology	Independently researched and developed	Rooted in the rail transit and smart city scenarios, it integrates visual and text-based multimodal perception capabilities, aligning with human values and thinking patterns as a new-generation vertical domain large model, and constructs a "perception-inferencedecision-making" full-chain intelligent system. Through modular design, it integrates visual perception, language processing, text and image retrieval, and multimodal question-answering components, which are lightweight and flexibly combinable, to pioneer new paradigms for AI application empowerment across multiple fields such as station passenger services, line disaster monitoring, station area intelligent operations, urban street governance, and natural environment protection.
64	Multi-source data fusion artificial intelligence analysis technology	Independently researched and developed	It integrates multi-dimensional, multi-modal data from different times, regions, or information processing stages. Through spatio-temporal alignment, decision-making model structure construction, and the application of reasoning and intelligent algorithms, it synthesises analysis results from different models to form unified, comprehensive analysis outcomes.

No	Core technology	Source of technology	Technical level and degree of application
65	Video surveillance system digitalization application technology	Independently researched and developed	Relying on dynamic device identity management technology, it achieves trusted authentication of railway video front-end devices, addresses the risk of device hijacking in complex environments, and establishes a dynamic trusted authentication mechanism; relying on high-concurrency, low-latency streaming media processing technology, it enables efficient video resource access to support thousands of concurrent terminal accesses, meeting the realtime access needs of multiple railway departments; it constructs a standardised third-party AI integration framework, seamlessly connecting large models and intelligent analysis systems through open protocol interfaces, achieving closed-loop interaction between video semantics and intelligent business operations.
66	Fusion of monitoring video and geographic information technology	Independently researched and developed	It establishes a connection between the camera pixel coordinate system and the world coordinate system, enabling accurate mapping of target information in videos onto maps and vice versa, thereby bridging the gap between video/image information and geographic information. This provides technical empowerment for refined governance and intelligent decision-making in core smart city domains such as smart urban management, smart emergency response, and smart water management.
67	Equipment quality assessment technology	Independently researched and developed	It develops equipment quality assessment methodology through the organic integration and complementary advantages of the Analytic Hierarchy Process and Fuzzy Comprehensive Evaluation Method. The Analytic Hierarchy Process (AHP) is a multi-criteria decision-making method that combines qualitative and quantitative analysis; the Fuzzy Comprehensive Evaluation Method is an approach that utilises the principle of fuzzy relation synthesis to conduct comprehensive assessments of the membership status of evaluated objects based on multiple factors. By integrating these two methods, effective health assessment of equipment and systems can be achieved.

No	Core technology	Source of technology	Technical level and degree of application
68	Fault prediction and health management technology for signaling control equipment	Independently researched and developed	It covers core signaling control equipment for vehicles, tracks, and networks, including system-level safety product diagnostic twin technology, product-level abnormal trend fault prediction functions, equipment-layer fault prediction solutions, and device interface health assessment models. These enable predictive fault diagnosis and health assessment functions for signaling control equipment.
69	Signaling-specific large model technology	Independently researched and developed	Built upon high-performance open-source general-purpose large model platforms such as DeepSeek and Qwen, infused with domain-specific knowledge in signaling systems to enhance the model's comprehension and reasoning capabilities for specialised tasks. Meanwhile, dedicated datasets are constructed for practical application scenarios such as code generation and testing, with continuous iterative optimisation of model performance. Ultimately, through the demonstration application of typical signaling products, the practical implementation and validation of intelligent technologies in rail transit signaling systems are achieved, driving the intelligent upgrade and industrial application of rail transit signaling R&D and testing processes.
70	Railway 5G dedicated mobile communication (5G-R) system mc technology	Independently researched and developed	A core technology customised for mission-critical communication requirements in the railway industry, based on the 3GPP Mission Critical (MC) standard framework. This technology adopts the unified MC architecture, leveraging MCPTT, MCVideo, and MCData to deliver comprehensive service capabilities encompassing voice, video, and data transmission. While fulfilling fundamental functions such as group calling, priority preemption, and dynamic regrouping, it is deeply tailored to railway-specific operational needs. It supports intelligent network features including functional addressing, location-based addressing, location-based group calling, and emergency calls, while meeting the communication continuity requirements in high-speed mobility scenarios. With notable system scalability, it provides critical communication support for intelligent railway construction.

No	Core technology	Source of technology	Technical level and degree of application
71	Integrated intelligent dispatching and control technology for dedicated railways	Independently researched and developed	This solution integrates traditionally separate management and control systems by establishing a unified center, shared equipment, and common database to simultaneously achieve dispatch management, train operation command, and signaling control. It standardises and streamlines processes while functionally integrating scheduling plans, freight marketing, operation command, construction management, rolling stock, station operations, route control, and statistical analysis for local and dedicated railways. The system synthesizes, summarizes, and archives transportation production process information, enabling more efficient and orderly management of local and dedicated railway operations while ensuring safety. It drives digital transformation of dispatch command and production operations, providing a unified command platform for operators to enhance transportation efficiency and achieve workforce optimisation and cost reduction.
72	Intelligent vessel transportation organisation and scheduling technology based on railway-port-shipping coordination	Independently researched and developed	It conducts theoretical and methodological research on digital resource interaction systems, transportation resource forecasting, shipping planning, and vessel scheduling, develops and constructs a shipping data middle platform, a collaborative road-port-shipping operational situation prediction and simulation system, a virtual coal shipping transportation operation system, and a shipping cloud brain platform to achieve logistics progress forecasting for road-port-shipping, vessel operational efficiency prediction, intelligent cargo-vessel matching, and intelligent recommendations for sailing speed and routes, further enhancing the intelligent level of shipping production.
73	Railway electronic map positioning technology	Independently researched and developed	It utilises high-precision satellite positioning technology and a railway electronic map positioning algorithm that integrates interlocking code information, improving the accuracy of train position tracking and assisting in determining whether track circuit sections exhibit poor shunting conditions.

No	Core technology	Source of technology	Technical level and degree of application
74	Early warning technology integrating video surveillance with railway electronic mapping	Independently researched and developed	By integrating the electronic map of railway geographic information with the coverage areas of trackside camera surveillance, this technology enables train drivers and ground monitoring personnel to promptly access real-time on-site conditions. It reduces communication costs, expands functional application scenarios, and enhances the system's usability and scalability.
75	Train autonomous perception technology	Independently researched and developed	Through the spatiotemporal fusion algorithm of AI vision and LiDAR point clouds, the technology overcomes the global challenge of stable detection for small targets and low-contrast obstacles under complex lighting, weather, and track scenarios. It has established an integrated architecture for train active collision prevention and interval protection based on the "perception-decision-control" closed loop, which can serve as a safety redundancy to take over train control in case of signaling system failure.

The Company actively deployed innovation chain surrounding industrial chain, and was dedicated to transformation and industrialization of core technology achievements. It applied its core technology to rail transportation core systems such as train control system of railway, train control system of ICRs, train control system of urban transit, freight automation system, operation command automation and detection system and communication information system.

During the Reporting Period, the Company added several core technologies, including equipment quality assessment technology, fault prediction and health management technology for signaling control equipment, signaling-specific large model technology, railway 5G dedicated mobile communication (5G-R) system mc technology, integrated intelligent dispatching and control technology for dedicated railways, intelligent vessel transportation organisation and scheduling technology based on railway-port-shipping coordination, railway electronic map positioning technology, early warning technology integrating video surveillance with railway electronic mapping, and train autonomous perception technology.

The development of core businesses such as design and integration, equipment manufacturing, system implementation of rail transportation operation and control system of the Company will fully depend on its core technology. During the Reporting Period, no material changes in the core technology occurred.

Details of awards for the National Technology Award

☑ Applicable ☐ Not applicable

Name of awards	Year of awards	Name of project	Level of awards
National Award for Science and Technology Progress	2002	Integrated technology and equipment for projects related to raising the speed of China's railways	First Prize
National Award for Science and Technology Progress	2006	Model ZPW-2000A jointless frequency shift automatic blocking system	Second Prize
National Award for Science and Technology Progress	2007	Comprehensive Technology and Application of Heavy Haul Transportation for the DatongQinhuangdao Railway Line	First Prize
National Award for Science and Technology Progress	2008	Qinghai-Tibet Railway Engineering Project	Grand Prize
National Award for Science and Technology Progress	2009	Key technology and application of onboard safety control system under complex and high-speed conditions	Second Prize
National Award for Science and Technology Progress	2010	Research and application of key technology for the Suining-Chongqing ballastless track	First Prize
National Award for Science and Technology Progress	2012	Beijing-Tianjin Intercity Railway Project	First Prize
National Award for Science and Technology Progress	2015	Beijing-Shanghai High-Speed Railway Project	Grand Prize

Awards of China Patent Award

No	Name of patents	Name of awards	Year of award	Awarding entity
1	A method for dynamically tracking train position in the urban rail transit signal system	Excellent Award under the 17th China Patent Award	2015	China National Intellectual Property Administration
2	A computer interlocking system with centralised control function	Excellent Award under the 18th China Patent Award	2016	China National Intellectual Property Administration
3	A data collection, transmission and processing equipment for the railway CTC system	Excellent Award under the 19th China Patent Award	2017	China National Intellectual Property Administration
4	An on-board device and rail transit train for the automatic operation of CTCS-3 level trains	Excellent Award under the 19th China Patent Award	2017	China National Intellectual Property Administration
5	A track circuit transmitter and the method for realising fault – oriented safety	Silver Award under the 20th China Patent Award	2018	China National Intellectual Property Administration
6	Train operation control method and device, on-board equipment and train control system	Silver Award under the 21st China Patent Award	2019	China National Intellectual Property Administration
7	Methods and devices for realising shunting route control by combining STP and CTC	Excellent Award under the 22nd China Patent Award	2021	China National Intellectual Property Administration
8	A track circuit	Excellent Award under the 23rd China Patent Award	2021	China National Intellectual Property Administration
9	A method for realising wheel diameter calibration by satellite positioning	Excellent Award under the 23rd China Patent Award	2022	China National Intellectual Property Administration
10	A method and device for online fault detection of track circuit cables	Silver Award under the 24th China Patent Award	2023	China National Intellectual Property Administration
11	A method for implementing flexible train formation operation in urban rail transit	Silver Award under the 24th China Patent Award	2023	China National Intellectual Property Administration
12	Train coupling control method within the area controller based on single train automatic protection	Excellent Award under the 25nd China Patent Award	2024	China National Intellectual Property Administration

Recognition of the national specialised and sophisticated "little giant" enterprise and the Model Enterprise of the Manufacturing Industry

☑ Applicable ☐ Not applicable

Title awarded	Year of recognition	Name of products/name of companies
Single Champion Enterprise in the Manufacturing Industry	2020	Complete sets of equipment for rail transit control system
Single Champion Enterprise in the Manufacturing Industry	2020	Development and integration of complete sets of equipment for rail transportation control system
Single Champion Enterprise in the Manufacturing Industry	2021	Rail transit signal infrastructure
Single Champion Enterprise in the Manufacturing Industry	2021	Train operation control system
Single Champion Enterprise in the Manufacturing Industry	2023	Xi'an Railway Signal Co., Ltd. (Railway Electric Junction Switch Equipment)
Single Champion Product in Manufacturing Industry	2022	Railway signal relay
National specialised and sophisticated "little giant" enterprise	2022	Casco Signal (Beijing) Ltd.
National specialised and sophisticated "little giant" enterprise	2022	Tianjin Railway Signal Co., Ltd.
National specialised and sophisticated "little giant" enterprise	2022	CRSC Wanquan Signal Equipment Co., LTD.
National specialised and sophisticated "little giant" enterprise	2023	CRSC Communication & Information Group Shanghai Company Ltd.
National specialised and sophisticated "little giant" enterprise	2024	Beijing Railway Signal Co., Ltd.
Single Champion Enterprise in the Manufacturing Industry	2025	Tianjin Railway Signal Co., Ltd. (urban rail transit switch equipment)
National specialised and sophisticated "little giant" enterprise	2025	Shanghai Railway Communication Co., Ltd.

2. Research and development achievements during the Reporting Period

During the Reporting Period, in terms of foundational and forward-looking research, the Company completed the construction of a railway electromagnetic environment effect research and testing platform, laying an important foundation for conducting pantograph-overhead line offline effect tests and protection technology validation. The Company overcame the technical challenges of high-power (high voltage, high current) simultaneous output and controllable multi-physical quantity pantograph overhead line offline discharge technology, and built the first domestic 1:1 large-scale test platform. Research was conducted on the electromagnetic characteristics and testing methods of pantograph overhead line offline interference under power frequency high-voltage large current conditions, as well as research on signal system anti-interference technology under the electromagnetic environment of high-speed rail operating at 400 km/h. For high-speed maglev/low-vacuum tube (tunnel) high-speed train operation control systems, dynamic levitation tests under low-vacuum conditions were conducted for the first time internationally. The Company initiated research on superconducting high-speed maglev trains and key studies, completing scenario plan reviews. The "Electromagnetic Environment Effects and Electromagnetic Safety Railway Industry Engineering Research Centre" and the "High-Speed Railway Operational Environment Intelligent Monitoring Railway Industry Engineering Research Centre" were recognised by the National Railway Administration as railway industry technology innovation bases. The Company conducted research on SIL4-level safety cloud platform technology and completed the development of the core functions of virtualization software for the safety cloud platform, and successfully passed DAKKS EN50129 SIL4 functional safety certification and IEC62443 SL3 industrial information security certification. The Company has established a large model sample database for observation and balance perception, with over 100,000 open category target detection datasets and more than 150,000 graphic datasets annotated with high quality. The Company achieved the lightweight transformation of large-scale visual modules, with related algorithms forming a radar-vision fusion perception mode, and successfully deployed at six railway stations including Harbin Station and Guangzhou Jiangcun Station, with continuous optimisation and upgrades, enabling detection of open-category targets and identification of target attributes and locations based on semantic prompt information. A high-quality sample library for the large model was created, enabling functions such as abnormal behaviour monitoring of station personnel, cross-scenario personnel trajectory analysis, and large-scale lost item retrieval. This enhanced safety monitoring capabilities along the railway line and within stations. Through intelligent video analysis technology, potential safety hazards were identified in a timely manner, effectively reducing the incidence of safety accidents. Related products have been deployed and applied at Kunming Station, Kunming South Station, Yabuli Station, Harbin Station, Harbin West Station and others, receiving multiple user reports.

In terms of supporting overseas engineering projects, the China-Indonesia practical cooperation "flagship project", the Jakarta-Bandung High-Speed Railway, equipped with the independent CTCS3 train control system, has successfully become operational. This project laid a solid foundation for the operation of China's full high-speed rail system, all components, and the entire industrial chain overseas, serving as an excellent demonstration for China's railway signal standards going global. The full opening of all stations along the Padma Bridge Railway, built through the cooperation between China and Bangladesh, further highlighted China's communication and signal solutions. The completion and acceptance of the PCC control centre renovation project for Mexico City's Lines 1-6, followed by its trial operation, contributed to the safe and efficient operation of the Mexico City subway, showcasing China's strength in supporting the project. The completion of the Serbia laboratory supported the deployment of the ETCS

train control system ground equipment based on Baseline 3 on the Serbian section of the Budapest–Belgrade railway. The Company completed DeBo certification for Serbian signal machines and INDUSI responders, obtaining DeBo certification and applying the signal machines in Serbia. Additionally, DeBo certification for level crossing control equipment and LED safety-type signal machines was completed for Hungary, along with expanded DeBo certification for responders and station computer interlocking equipment. MAV functional acceptance and on-site commissioning were completed for interlocking, CTC and level crossing software. The train-mounted ETCS-400T system for five European countries completed field tests for Germany's Baseline 2 and Baseline 3 lines, obtaining new safety certificates and reports. The ETCS-400T onboard equipment completed NoBo and AsBo assessments, as well as ETCS testing on Serbian mainlines, meeting application conditions in Austria, Serbia, Turkey and other countries. The completion of the Thailand laboratory, along with the development of computer interlocking and CTC systems for the Thailand project, contributed to the SIL4 evaluation of Thailand's interlocking equipment, supporting the completion of factory acceptance tests for 29 stations and providing strong support for the railway signal system renovation project in Thailand. The satellite-based mobile block train control system secured a commercial contract for the Morébaya-Simandou Railway in Guinea and its branch lines, marking another breakthrough for China's railway technology and equipment in the international market. The system features functions such as moving block, point-based backup, and heavy-haul control. The Company successfully obtained the Bogota Metro Line 1 fully automated driverless (GoA4 level) operation scenario and system integration consulting project, further demonstrating its global service capabilities. It also secured the Dubai Blue Line communication signal system integration contract project, achieving a breakthrough in the Gulf market and injecting new momentum into the global development of intelligent rail transit.

In supporting the country's major strategic initiatives, the Company contributed to the "CR450 Technological Innovation Project," proposing train control system solutions for two application scenarios: The construction of high-speed railways with speeds over 400 km/h and the speed-up renovation of existing high-speed rail lines. Key technological equipment was developed, and the interface type tests for 400 km/h trains on the Wuhan-Yichang high-speed railway was completed, supporting the Chengdu-Chongqing Central Line communication and signaling project and system integration innovation. In the area of 30,000-ton heavy freight train group operation control technology, the Company completed theoretical and technological innovations in coordinated train control and efficient station arrival/departure operations. The Company also completed the construction of an off-site data collaboration laboratory and a field testing centre, completed the second phase of testing, and conducted the world's first 35,000-tonne heavy-haul group train control system trial operation.

In the field of integrated multi-dimensional transportation systems, the Company developed a coordinated operation technology framework for intercity/regional rail transit networks and an autonomous regional rail transit integrated dispatching command and train operation control system, developed a train autonomous operation control system supporting multi-standard interoperability, along with a regional rail transit operation and service big data cloud platform, dynamic intelligent timetable generation system, regional network integrated dispatching system, and intelligent passenger service system, developed an integrated system equipment combining dispatching command and train operation control, and completed experimental verification for the integrated operation of regional rail transit networks. The Company also completed research on the C2+ATO train control onboard system for suburban railways, and successfully launched operations on 27 December 2024, on the Shanghai Suburban Railway Airport Link Line. Additionally, the Company won the signal system procurement

projects for the Shanghai Metro Suburban Jiamin Line, Demonstration Zone Line, and Nanhui Branch Line. The Company designed the fully automated rail transit line with a speed of up to 100 km/h, the Suzhou Metro Line 11, which was successfully launched and operated. This line seamlessly connects with Shanghai Metro Line 11, creating a typical demonstration for further advancing inter-regional integration of urban rail transit in China.

In promoting the development of industry technology in the railway sector, the Company completed the design plan for typical high-speed railway signal system overhauls and renovation projects. It also developed the health assessment standard system for key signal system equipment and the health assessment plan, as well as the integrated implementation plan for typical high-speed railway signal system overhauls and renovations. Additionally, the Company completed the performance enhancement technology plan for high-speed railway train control systems, laying the foundation for guiding future high-speed rail overhaul and renovation projects. The Company Completed the development of a digital twin design platform for four-electrical systems and demonstrated its application at the Kaiyuan South Station under Chengdu Railway Bureau, achieved on-site demonstration of the "trinity" digital design for urban rail at Beijing Metro Line 5's Datunlu East to Beiyuan North sections, and implemented the design-construction workflow demonstration for Mayang Station under Guangzhou Railway Bureau. The C3 train control intelligent analysis system was successfully developed, enabling the full-chain monitoring data and intelligent diagnostics of the "train-network-ground" C3 train control system, with a successful demonstration application. The Company developed 5G-R compatible train control equipment and completed field trials on the Hefei-Anqing Line. The Company also completed the field demonstrations for the new train control system based on BeiDou satellite positioning. with the digital integrated management technology for freight yards entering trial operation at Zhengzhou International Land Port. It initiated the demonstration application of a cloud-based two-layer train control system based on trackside digital intelligence in regional railways. The Company developed the integrated management and control system for passenger transport hubs, constructing "three platforms" for centralised scheduling, comprehensive sharing, and new technology applications. It achieved five intelligent functions: Train operation organisation, shunter operation, passenger transport operations, maintenance operations, and emergency handling. The Company deployed research on key 5G-R technology for rail transit, developing a prototype device based on full-service 5G CIR functionality and creating a lightweight 5G base station. Demonstrations were carried out at Chengdu North Station. The development of the 400MHz train digital wireless dispatch communication system was completed, meeting the conditions for promotion in the national railway market. We have conducted research and development on key intelligent technologies and equipment for marshalling yards, successfully developing a prototype and launching field trials. Additionally, we designed the module architecture and core functionalities of the Video Network Fusion Analysis Platform, completing the development and packaging of general algorithms and deploying the system on-site. Our efforts in integrated video surveillance systems have led to containerized video solutions, successfully validated through performance testing. The new-standard railway integrated video surveillance system became the first to pass CRCC certification and has been deployed in key national railway projects, including core node upgrades for China Railway Group, as well as the regional node upgrades of Beijing, Shanghai and Guangzhou bureaus, Tianjin-Qinhuangdao video, Shantou-Shanwei video, Chizhou-Huangshan video, Ganzhou-Shenzhen video, Guangzhou-Shantou video, Guiyang-Guangzhou railway transformation, Huzhou-Hangzhou video, and Dali-Baoshan video. These implementations have enabled the integration of video cloud platforms with 3D video, providing enhanced global monitoring capabilities and more dynamic scene visualization, continuously leading the industry in application innovation. The Company

conducted research on a general-purpose basic framework for video, completed a joint project with China Railway Group, and completed a network flattening design suitable for railway scenarios, thereby improving the level of information security transmission for video and obtaining 35114C-level certification issued by the First Research Institute of the Ministry of Public Security. It developed railway intelligent application scenarios including a digital-intelligent video core platform, video semantic extraction platform, resource localisation sharing system, PHM system framework prototype, and intelligent video interaction system. It also conducted research on 5G-R networks and terminal data management systems, which have been put into use on the Hefei-Xinyi High-Speed Railway. Furthermore, we developed an intelligent railway communication equipment room management system, integrating smart perception, digital twin technology, and data visualization. This system has been successfully implemented at Meilong High-Speed Railway's Wuhua Station and Xinning South Station. We also pioneered the BIM-based industrialized construction technology for railway communication and signaling projects. This approach was successfully applied at Ningguo South Station on the Xuanji Railway, where prefabricated components were assembled on-site. The system passed rigorous third-party inspections–including six tests for signalling and four for communication– along with functional testing led by the China Academy of Railway Sciences. This ensured the station's smooth approval through initial assessment, static acceptance, dynamic acceptance, and official commissioning. Additionally, we hosted an industry exchange session on high-speed railway communication and signalling prefabrication technology, organized by the Engineering Management Centre of China Railway Group, further driving innovation and technological advancement in the sector.

In promoting the construction of intelligent urban rail, the Company unveiled its groundbreaking "Xihe" digital urban rail solution, focusing on enhancing operational safety and resilience. Based on the independently developed open digital foundation for rail transit and scalable signal control professional models, the Company has built two major platforms: Intelligent operation control and intelligent maintenance. These platforms integrate a series of intelligent application products to support the industry's digital and intelligent transformation and upgrading. The high-reliability train-to-train communication and highly trusted train-to-ground collaboration-based high-efficiency Qiji train autonomous control system (TACS) commenced passenger service on Shanghai Metro Lines 3/4 on 27 December 2025, marking China's first TACS application in high-passenger-density lines and opening a new chapter for the industry's most complex metro signal system upgrade and renovation. The Company completed the TACS onboard and existing communications-based train control (CBTC) compatibility field verification tests, confirming the feasibility of interoperating trains on CBTC and TACS lines, expanding new possibilities for the application of multi-mode train control systems, and providing a new solution for large-scale urban rail transit signal system overhauls. This development is of milestone significance for promoting the industry's sustainable development. The Company has also completed the autonomous environmental perception TAPS system for driverless trains, featuring extended detection range and richer perception data, successfully launched on Ningbo Metro Line 7 on 29 August 2025, leading technological innovation in the industry. It has pioneered research on key technologies for fully automated flexible train shunting, breaking through traditional operational organisation models in train control systems, and contributing to energy-saving and carbon reduction. The system was put into passenger service on Beijing Metro Line 12, leading innovation in green, low-carbon urban rail transit technologies. The "Multi-Mode Compatible Signal System for Network Integration" was successfully deployed on Changchun Metro Line 4. Through the evaluation by the China Association of Metros on technological achievements, this system extended the existing line, which uses a digital track circuit signal system, with CBTC systems for the extended line. The system's compatibility devices met the full-

line operational requirements. The Company independently developed a new generation of networked intelligent train control system (NiTC), which obtained SIL4-class product certification. This system integrates the core functions of the TACS system while maintaining the traditional degradation backup mode. The system has completed field trials on the test line of CRCC Changchun Railway Vehicles Co., Ltd. and delivered to the pilot section in Hefei S1. The Company completed the research on signal control and transportation organisation schemes for urban rail transit under complex and harsh environments. It designed a multi-level braking rate parameter protection adjustment and train operation organisation scheme suitable for complex environments, applying AI-based algorithms to dynamically identify parameters in different complex environments. The SIL4-level snow and rain functional module was developed and certified, expanding the safety protection boundaries of the signal system. The Company is developing a two-level architecture urban train control system based on trackside digital intelligence, completing the logic centralised deployment system (LCS) migration, forming a system prototype, and carrying out on-site testing of the complete system. The Company won the bid for the Riyadh Monorail signaling system project in Saudi Arabia, marking the first overseas deployment of the independently developed FAO system. The urban rail transit video surveillance system the Company developed has been applied in Changchun Metro Line 6. The Company assisted in the official upgrade of Shanghai Metro Line 2 to become the world's first metro line with a "dual signal system". The CBTC+TBTC "dual signal system" will significantly enhance the system's intelligence and safety, achieving a "zero" breakthrough in the seamless renovation of the entire line for continuous operation during peak passenger flows. The Company successfully completed the first-flight scenario verification for the UAV AI inspection and emergency command system, achieving multi-drone collaborative high-efficiency inspections, intelligent monitoring of foreign object encroachment, and system integration for coordinated control. This has created new capabilities for building intelligent transportation solutions from the ground to low altitude. The "Full-Space Intelligent Perception Inspection System" has been successfully selected as one of the "Top Ten Benchmark Demonstration Scenarios in Anhui Province for 2024 (2024年度安徽省十大標杆示範場景)", further deepening the integration of "low-altitude economy + rail transit" demonstration scenarios. The Company conducted industry application research on comprehensive domain-wide perception based on multi-source data fusion, completed breakthroughs in artificial intelligence analysis technology for multi-source data fusion and massive IoT technology, overcame technical bottlenecks in the access and management of massive heterogeneous devices across multiple environments and protocols, achieved stable connectivity and efficient data access for hundreds of thousands of devices, and deployed applications in comprehensive perception projects such as Eryuan in Dali, Gejiu in Honghe, and Shuhe Ancient Town in Lijiang.

In terms of basic equipment and materials development, the full electronic interlocking equipment software and system integration passed CURC certification, obtaining the first Urban Rail Transit Equipment Certification in the industry. This marked the first breakthrough in full electronic interlocking for urban rail transit sector qualification and industry recognition. The Company completed the system testing and confirmation of the station digital track circuit and obtained SIL4 safety certification. It has been put into operation at Dalongcun Station and Mengyuan Station. The Company also completed the trial use of locomotive onboard relays and received an operational report. The development and trial use of onboard relays were completed, passing third-party IEC standard-type testing and obtaining the mandatory guidance certificate. The Company successfully developed a high-frequency digital AC power supply module and completed the prototype testing for the lightweight power system, including standard temperature and high/low-temperature tests, and established small-batch trial production capabilities. The development of long-distance information transmission axle counting

equipment was completed, and the relay-type station axle counting equipment obtained SIL4 safety certification. The Company also completed the development of axle counting and track circuit shared cable transmission equipment, which obtained SIL4 safety certification. Additionally, the ZPW-2000 section track circuit outdoor monitoring system (split-type), junction switch intelligent diagnostic system, junction rail breakage monitoring system, electromagnetic heating junction snow-melting system, associated DC four-wire dual-electric switch machine control circuits (ZD9 type), AC dual-machine parallel ZDJ9 switch machine and the ZDJ9 switch machine full-stroke monitoring system underwent trial tests and were promoted for application. The safety-type LED signal machine obtained certification in Serbia, completing the first evaluation. The trial use at the southern section of Baotou North Station was successfully completed, passing the trial assessment. It completed the first batch of deliveries of the switch machine for the Tanzania project, improved the sealing performance of the JM-type close inspection device; achieved independent networking of the QJY notch monitoring system, completed the expansion function design of the notch monitoring system, and realised oil pressure, oil level, and current monitoring functions; the long-distance information transmission type axle counting device obtained the SIL4 safety assessment certificate, passed the CRCC certification, and is ready for small-scale trial production.

Regarding the Company's core technologies and main products, the newly applied patents during the year increased by 1,561, including 1,435 applied invention patents; newly authorised patents increased by 815, including 693 invention patents. The invention "Train Coupling Control Method within an Area Controller Based on Single Train Automatic Protection" also won the Excellence Award at the 25th China Patent Awards. The Company-led projects "Research and Application of Big Data Intelligent Service Platform for Heavy Haul Railway Transportation" and "Research on Key Technologies of Multi-system Integrated Track Circuit Safety Perception and Application of Complete Equipment" won the First Prize at the China Communication and Transportation Association Science and Technology Awards; "Key Technologies and Applications of Autonomous Train Operation" was awarded the First Prize of Outstanding Research Achievements by the Ministry of Education; the Company-led "CRSC Air Traffic Surveillance and Protection System" secured first place in the "Low, Slow, Small" Countermeasure Sub-Competition of the Armed Police Force Equipment Department's Zhiwei Cup-2025 Unmanned System Challenge; the participated projects "Research and Application of Key Technologies for Safety-Trusted Testing of Rail Transit Control Systems" and "Comprehensive Evaluation System and Key Technologies for the Fitness-for-Duty Status of Commercial Vehicle and Vessel Operators" also received the First Prize at the China Communication and Transportation Association Science and Technology Awards. The Company has undertaken 18 national-level projects supported by ministries and 20 projects supported by industry authorities, as well as more than 50 national and industry-level standard formulation tasks. One expert received the International Electrotechnical Commission (IEC) "IEC 1906 Award in 2023", and six international standards, led by the Company, were officially published. As the host organisation of the authoritative journal in the rail transit control industry, Railway Signalling & Communication Engineering, the Company regularly publish research and application results in authoritative industry journals, including Railway Signalling and Communication, hosted by China Railway, and Journal of the China Railway Society and Railway Signalling and Communication Engineering Technology, both hosted by the China Railway Society. In April 2025, the Company officially established the Communications and Signalling Subcommittee of the Standardisation Technical Committee of the China Urban Rail Transit

Association (中國城市軌道交通協會標準化技術委員會通信信號分技術委員, CAMET/TC/SC15, hereinafter referred to as the "Communications and Signalling Subcommittee"), which will leverage the advantages of group standards to provide a solid foundation for standardisation in the field of communications and signalling for urban rail transit in China, and to realise "smart urban rail transit", "green urban rail transit", "integrated urban rail transit"and "domestic innovation urban rail transit".

List of intellectual property rights obtained during the Reporting Period

	Increase for the year		Accumulative number	
	Number of applications	Number of approvals	Number of applications	Number of approvals
Invention patent	1,435	693	8,316	3,873
Utility model patent	118	110	3,062	2,001
Design patent	8	12	205	158
Software copyright	315	311	3,009	2,865
Others	0	0	4	4
Total	1,876	1,126	14,596	8,901

3. *Research and development investment*

Unit: Yuan Currency: RMB

	This year	Last year	Change range (%)
Expensed research and development expenditure	2,005,663,654.64	1,912,373,179.29	4.88
Capitalised research and development expenditure	236,717,960.73	125,814,389.08	88.15
Total research and development investment	2,242,381,615.37	2,038,187,568.37	10.02
Percentage of total research and development expenditure in revenue (%)	6.49	6.28	Increased by 0.21 percentage point
Percentage of capitalised research and development expenditure (%)	10.56	6.17	Increased by 4.39 percentage points

Reasons for the material change in total research and development investment as compared to last year

☐ Applicable ☑ Not applicable

Reasons for the material change in percentage of capitalised research and development expenditure and its rationality

☐ Applicable ☑ Not applicable

4. *Projects under development*

☑ Applicable ☐ Not applicable

Unit: '0,000 Yuan Currency: RMB

No	Name of Project	Estimated total investment	Investment amount in the current period	Cumulative investment amount	Progress or phased achievements	Intended goal	Technical level	Specific application prospects
1	Research and development of a new generation of centralised traffic control system	18,858.06	4,067.06	16,589.29	The intelligent CTC system featuring functions such as automatic timetable adjustment, integrated train dispatching and power regulation, and disaster monitoring has been successfully demonstrated on the Beijing-Shanghai High-Speed Railway. A dispatch emergency decision support system was developed, integrating various information including CTC station displays, train schedules, and dispatching orders, achieving intelligent fault identification, rapid regulation queries, automated handling procedures, and controlled key steps, which has been piloted at Jinan Bureau. The smart hub system based on the CTC3.0 system for major stations has been further extended to key hubs including Jinan EMU Depot, Dalang Passenger Depot, Hankou Station, and Zhengzhou East Station.	To complete the research and development of a new generation of centralised traffic control system and apply it in engineering practice.	The new generation of centralised traffic control system adopts the principle of intelligent decentralised and self discipline design to realise the unified control of train and shunting operation, and realise the safety management and card control of station level operation. The technology has reached domestically leading standards.	It can be applied to railway

No	Name of Project	Estimated total investment	Investment amount in the current period	Cumulative investment amount	Progress or phased achievements	Intended goal	Technical level	Specific application prospects
2	Research and application of high-density automatic operation control technology for ad-hoc network of heavy-haul trains	25,000.00	6,650.97	21,781.36	China Shenhua's heavy-haul train formation operation control system successfully completed Phase II trials, marking the first successful operation test of a 35,000-ton heavy-haul formation train control system.	Aiming at the development needs of heavy-haul railways to breakthrough capacity limits through group operation, theoretical technical objectives, system equipment objectives, and application demonstration objectives have been set. Ultimately, the engineering demonstration was completed, achieving the operation of a 35,000-tonne group train, and supporting the application of related positioning technologies.	Based on China's high-speed rail control and autonomous driving technology, the project aims to improve the efficiency and safety of heavy-haul freight rail transportation. The technology has reached the domestic leading level.	It can be applied to the domestic heavy-haul railways
3	Development of train fully autonomous operation and control system	34,776.96	6,666.08	30,761.49	The system has been put Into commercial operation On Shenzhen Metro Line 20, Becoming the first TACS system In the industry to operate commercially. It has officially commenced passenger operations on Shanghai Metro Lines 3/4 on 27 December, marking China's first TACS retrofit project and the inaugural application of TACS systems in high-capacity, high-density rail lines.	To assemble the train fully autonomous operation and operation system.	It completed the development of the first Train Autonomous Circumambulate System (TACS system) based on vehicle-to-vehicle communication in China, which has reached the advanced level in the world.	It can be applied to urban rail transit

No	Name of Project	Estimated total investment	Investment amount in the current period	Cumulative investment amount	Progress or phased achievements	Intended goal	Technical level	Specific application prospects
4	Basic technology research	25,000.00	5,930.66	23,143.54	The station digital track circuit and related supporting tools has been Completed and the SIL4 certification was passed, along with system testing confirmation and on-site testing. Dalongcun Station and Mengyuan Station have been opened. The safety type LED signal machine received certification in Serbia and its first evaluation was completed.	To complete the fundamental and deep-level scientific mechanism research on lightning protection and electromagnetic compatibility of signal products in complex environment to provide scientific basis for subsequent product research and development.	The research aims to improve the safety and reliability of rail side signal equipment of railway and develop digital track circuit and railway safety signal display equipment, which has reached the leading level in the industry.	It can be applied to the field of railway and urban rail transit
5	Integrated development and certification of onboard systems in five European nations	3,148.00	177.84	2,517.42	Completed NoBo and AsBo assessments for the ETCS-400T onboard equipment, finalized ETCS mainline testing in Serbia, and achieved operational readiness for deployment in Austria, Serbia, Turkey, and other countries.	To develop ETCS onboard system applicable to the operation requirements of five European nations, and complete safety certification, NoBo certification and DeBo certification, so as to support the promotion and application of our ETCS onboard products in European core markets.	It meets the B3R2 technical standard of the highest version of ETCS baseline 3, supports E2 and E1 operation levels, meets the local functional requirements of five European nations and the non-stop operation requirements of transnational interconnection, and boasts the world-class level.	It can be applied in the railways in five European nations (Germany, Austria, Switzerland, Hungary, Slovakia)

No	Name of Project	Estimated total investment	Investment amount in the current period	Cumulative investment amount	Progress or phased achievements	Intended goal	Technical level	Specific application prospects
6	Development and application of intelligent subway operation and maintenance	10,864.84	1,294.49	9,812.32	Completed commissioning and trial operation of Shanghai Metro Longde Road Operation and Maintenance Center, meeting operational readiness requirements. Leveraging the digital foundation, released Intelligent Operation and Maintenance Platform V2.0.0, establishing a platform-based and configurable system generation upgrade. Key developments include automated inspection replacement, maintenance operation supervision and control, proactive maintenance handling based on operational impact analysis, and panoramic operation and maintenance cockpit functions, driving the transformation towards condition-based equipment maintenance models.	To realise the condition maintenance based on intelligent operation and maintenance system, comprehensively improve equipment reliability, prolong equipment service life, greatly improve maintenance efficiency and greatly save labour cost.	The proposed digital operation and maintenance theory of the whole life cycle of train control system, adopts technologies such as train control multi-source digital perception, multi engine intelligent analysis and diagnosis, and health management based on cloud platform, which are at domestically and internationally leading level.	It can be applied to the field of railway and urban rail transit

No	Name of Project	Estimated total investment	Investment amount in the current period	Cumulative investment amount	Progress or phased achievements	Intended goal	Technical level	Specific application prospects
7	Development of rail side target controller	14,000.00	1,446.34	12,012.56	The system was released, and applied into Shenzhen Metro Line 20. For the Baoshan Road renovation project on Shanghai Metro Lines 3/4, the development and deployment of the supporting target controller system were completed. It added the slow-release function for the new signal machine module, which has been deployed on the Neijiang-Liupanshui Line, and completed the integration of the switch monitoring and acquisition module ACS, planned for use on the Shanghai Chongming Line. It optimised product functionalities based on field feedback from Guiyang South/Shengang and finalised discussions on the target controller solution for Phase II of Shenzhen Metro Line 20.	We have achieved the safe drive and collection of trackside signal equipment (including turnouts, signal machines, track circuits, code-encoded equipment, and miscellaneous equipment), creating a rail side intelligent target controller, and adapted various control systems based on the application scenarios.	As the direct control unit of rail side signal equipment, the target controller adopts the architecture of double two out of two, which has the characteristics of high safety, high reliability, high integration and intelligence, and greatly reduces the workload of installation, commissioning and maintenance. The electronic module can be flexibly applied to each signal system.	It can be applied to the field of railway and urban rail transit
8	Research on high-speed maglev/low vacuum pipeline (tunnel) high-speed train operation control system and production of equipment	6,525.00	460.80	5,912.76	The project is researching a low-vacuum tube tunnel high-speed maglev control system and equipment, and has completed dynamic suspension tests on the Datong Yanggao test line in Shanxi Province. It has also completed the world's first dynamic suspension test under low-vacuum conditions, and completed the laboratory renovation for the high-speed maglev control system.	To establish the train control system and equipment with proprietary intellectual property rights and supporting high-speed maglev with a speed of 600 km/hour and low- vacuum pipeline (tunnel) high-speed train with a speed of 1,000 km/hour.	It filled the blankness in the rail transportation system with a speed of 600-1,000 km/hour, which is the first in China at an internationally leading level.	It can be applied to high-speed maglev.

No	Name of Project	Estimated total investment	Investment amount in the current period	Cumulative investment amount	Progress or phased achievements	Intended goal	Technical level	Specific application prospects
9	Development of interlock equipment in Thailand	1,412.30	200.00	1,181.73	Completed the development and test on interlock equipment and projects in Thailand and obtained the safety authentication certificate.	To complete the development of interlock equipment applicable to Thailand and obtain the SIL4 safety authentication certificate. It will be applied in railway projects in Thailand.	The interlock equipment in Thailand developed has outstanding operation performance with excellent electromagnetic compatibility and lightning protection performances. With a reasonable design on the structure of the application software, it is conducive to expansion and realising its functions.	It will be applied in railway projects in Thailand
10	Development of autonomous perception system of trains	5,987.66	1,645.43	5,156.16	Completed the full-process development of TAPS and obtained ISA certification. Ningbo Metro Line 7 was successfully opened on 29 August 2025, featuring enhanced recognition distance and richer perception capabilities. Continued promotion of the TAPS system, securing contracts for Dubai and Shenzhen regional projects.	To achieve perception and protection of obstacles along railway tracks, assist in train safety operations, and provide manual intervention functions for dispatchers.	It utilises obstacle detection devices such as laser radars to detect trains ahead and identify signal lights in advance, ensuring safe railway operations and maintaining industry-leading standards.	It can be applied to the field of urban rail transit

No	Name of Project	Estimated total investment	Investment amount in the current period	Cumulative investment amount	Progress or phased achievements	Intended goal	Technical level	Specific application prospects
11	Research and application of train control systems for Zhunchi Railway	6,350.00	782.32	5,734.57	To complete the research on integrated key technology for the BDS-based train control system for normal railways; to complete the R&D of on-board and ground equipment for train control systems of heavy-haul railways and civil defence systems and equipment for on-road operation. The on-site trial of Zhunchi Railway has been completed and on-site trials are prepared to be conducted.	To complete the research on integrated key technology for the BDS-based train control system for normal railways; to complete the R&D of on-board and ground equipment for train control systems of heavy-haul railways and civil defines systems and equipment for on-road operation; to complete on-site trials of Zhunchi Railway.	It laid solid safety foundations for the construction of intelligent heavy-haul railways, developed a set of BDS based train control systems for heavy-haul railways with easy implementation and renovation and low cost and reliance by fully leveraging on the basis of existing signal equipment and met the demands for application and interconnection in projects with a leading level in the industry.	It can be applied in the fields of normal-speed railways, heavy- haul railways and local railways for special uses

No	Name of Project	Estimated total investment	Investment amount in the current period	Cumulative investment amount	Progress or phased achievements	Intended goal	Technical level	Specific application prospects
12	Train Control System Research of Western Railway	2,000.00	200.35	681.38	Completed the release of draft standards for public consultation, including the General Technical Specifications for Railway Train Control Systems, among 10 standards, and developed prototype models for 5 products such as onboard ATP, ATO, and TSRS through adaptive R&D.	To develop the overall technical program, system architecture and key technical program of communication and signal system with high reliability, low maintenance and comprehensive safety for Western Railway	In light of the problems and challenges of reliable communication, operation control, equipment maintenance, disaster perception and decision-making of the communication signal system caused by the extremely complex working conditions of the Western Railway, it develops the high reliability technology of trackside equipment under extreme application conditions, the construction of efficient and safe braking model with multiple complex factors and automatic driving technology, disaster holographic perception technology, multilevel redundancy and high toughness mobile communication technology emergency monitoring, dispatching and command with comprehensive linkage of multiple disciplines and other key technologies.	For use in Western Railway

No	Name of Project	Estimated total investment	Investment amount in the current period	Cumulative investment amount	Progress or phased achievements	Intended goal	Technical level	Specific application prospects
13	Research on train control systems of high-speed rail with higher speed	1,367.00	84.15	1,215.70	The research report on the overall plan of the train control system for higher speeds, software and PVI of ground and onboard equipment, and adaptability of switch conversion equipment has been formed. The development of the large-size responder prototype and the study on the impact of electromagnetic environments on the control system have been completed, along with system laboratory verification. The system laboratory verification has been completed, and the CR450 onboard system has been released, and conducted interface type tests for 400 km/h trains on the Wuhan-Yichang high-speed railway.	To study solutions on train control systems under two application scenarios, namely the construction of new high-speed rail with a speed of over 400 km/h and the speed increase and transformation of existing high-speed rail with outstanding conditions, and to develop key technology and equipment.	It achieved breakthroughs in the difficulty on safety control and equipment reliability in the high-speed operation supported with the existing C3 system with a speed of 450 km/h and further diversified and expanded the basic theory of train control technology and engineering practice experience in high-speed rail in China with a leading level in the industry.	It can be applied in high-speed rail with a speed of over 400 km/h
14	Research on digital control technology for freight yards	3,000.00	492.04	2,927.50	The solution research and equipment development have been completed. An on-site application demonstration was conducted at the Mohan freight yard of the China-Laos Railway, and an application certification has been obtained.	To set up digital control systems on freight yards with intelligent equipment, digital business, information-based operation and integrated control to assist in freight and production at railway stations, the improvement of operational efficiency, the standardisation of basic management and the enhancement of safety guarantee.	It improved the automatic and intelligent operation of loading and unloading equipment at the front of wharfs, horizontal transportation vehicles, loading and unloading machinery at yards and other key equipment and improved the efficiency of reloading operation of goods at the wharf.	It can be applied in the field of freight railways

No	Name of Project	Estimated total investment	Investment amount in the current period	Cumulative investment amount	Progress or phased achievements	Intended goal	Technical level	Specific application prospects
15	New-generation network based and intelligent train control system	13,200.00	1,508.44	10,426.41	Overall technical plan on the new-generation network-based and intelligent train control system was completed, R&D and indoor testing of sample machines with key technical principle of high-performance reaction were completed and the field test of the key technology for high- performance reaction was completed. The highest SIL4 safety certification has been obtained, integrating the core functions of the TACS system, including reverse capability, while retaining the traditional degradation backup mode. The system completed the development and certification of TACS engineering prototype, conducted field tests on CRRC's test line, and achieved full-function TACS verification in the engineering demonstration section of Hefei S1 Line.	To conduct independent innovation in the network-based train control systems for urban rail transit based on the new-generation communications and artificial intelligence technology with the focus on the strategy on the building of national strength in transportation. To innovate the flexible formation, the re-fined resources control, the intelligent transportation organisation based on traffic demand and the multi-dimensional data analysis theories, achieve breakthroughs in intensive system and structures, high- performance reaction, intelligent train control, smart dispatching, intelligent operation and maintenance as well as other key technologies, promote the network-based, intelligent, green, digital and rapid development of urban rail transit and improve the dispatch, command and emergency response capability and the intelligent dispatch, operation and maintenance of urban rail transit.	While achieving high-efficient operation through the adoption of the simplified systems and structures, it retained the complete degrading model, innovated the preparation, adjustment and simulation of the network-level operation plan, the automatic linkage of emergency proposals on train dispatch, the resources refinement and coordinate control of on-board active routes, the control on energy-saving operation, the decisions on active repair alarming and other advanced rail transit technologies and develop an efficient and intensive urban rail transit signal system towards green and intelligent urban rail transit. Core technologies can achieve integrated application with existing systems with the technology reaching the advanced level in the world.	It can be applied to CBTC, FAO and other new and renovated lines in urban rail transit

No	Name of Project	Estimated total investment	Investment amount in the current period	Cumulative investment amount	Progress or phased achievements	Intended goal	Technical level	Specific application prospects
16	As-frequent-as-buses and networking train dispatching system for urban railways	7,572.47	1,411.91	5,885.01	The suburban railway airport link has obtained the project-level third-party safety certification. The suburban railway airport link began its initial operations on 27 December 2024. The Company successfully signed contracts for the procurement of signal systems for the Shanghai Rail Transit Municipal Jiamin Line, Demonstration Area Line, and Nanhui Branch Line.	To achieve the self-organised dispatching, interoperable and optimised dispatching, multilayered active and coordinated dispatching as well as emergency linkage and dispatching of networking trains for extra-large urban railways; to improve the emergency response efficiency and the emergency handling capacity in scheduling and command and guarantee the operation safety and efficiency of extra-large networking urban railways.	It can establish analysis models on the travelling network of passenger flows and their evolution mechanism as well as analysis models on disturbance correlation and passenger flow coupling and mutual feedback mechanism under network-based operation. For different levels of operation disturbances of network, it can establish models on the adjustment of operation plans based on active control as well as automatic matching models and algorithm at the bottom of trains to rapidly solve and generate scheduling adjustment plans with high optimisation and availability. The technology will reach the domestic leading level.	It can be applied in the field of urban railways

No	Name of Project	Estimated total investment	Investment amount in the current period	Cumulative investment amount	Progress or phased achievements	Intended goal	Technical level	Specific application prospects
17	Comprehensive automation system on the operation of urban rail transit for train traffic control	8,342.75	1,301.80	3,708.10	The intelligent operation control system based on the Zhixing platform has achieved cross-disciplinary coordination and platform integration, enabling flexible configuration of emergency plans with high adaptability to evolving management requirements. It features enhanced operational-maintenance collaboration, cross-system data integration, efficient coordination, real-time modeling, universal interfaces, and comprehensively upgraded real-time monitoring capabilities. The system also realizes comprehensive automation of pre-operation preparations, significantly improving preparation efficiency. The system is currently undergoing debugging on Xiamen Metro Line 4.	To build multidisciplinary, integrated and coordinated engines with train traffic as the core and achieve the effective integration and coordinated linkage of train traffic control, supervision on power supply, environment and equipment, safety protection, passenger service, wireless communications as well as multidisciplinary systems.	It can accurately track the location and operation conditions of trains in a real-time manner by leveraging on the train operation control system, decide the generation of the best transdisciplinary linkage proposals and apply the integrated communication and linkage execution technologies based on distributed message bus and real-time database to conduct real-time driving and coordinated control on multidisciplinary systems and equipment in the full process and effectively improve the accuracy, timeliness and safety of trans-disciplinary linkage. The technology will reach the domestic leading level.	It can be applied to urban rail transit
18	Research on the technology of intelligent diagnosis and safety monitoring for train control system of high-speed railway	1,000.00	140.74	892.13	It completed field applications including C3 intelligent analysis, onboard monitoring device DRU, GSM-R network No.7 signaling monitoring, and RBC interface monitoring IRD, with relevant user certifications obtained. Gradually being promoted for wider application.	To complete the benchmark product for intelligent diagnosis and intelligent maintenance of train control system for C2/C3 lines, to provide all-round maintenance support for signalling system.	Products may include train control, computer interlocking, temporary speed limitation server, wireless blocking centre, and other core signalling products, to provide comprehensive intelligent maintenance support. The technology has reached advanced level in China.	It can be applied the fields of C2/C3 and overseas rail transit

No	Name of Project	Estimated total investment	Investment amount in the current period	Cumulative investment amount	Progress or phased achievements	Intended goal	Technical level	Specific application prospects
19	Research and equipment development of the multimode interoperable train control system	2,700.00	1,339.29	2,194.67	Completed prototype development, test environment setup, and functional self-testing for integrated onboard equipment, GOA3/4 onboard equipment, and TIS equipment; finalized trial production for industrialization and drawing releases, as well as trial production of test tooling; developed GOA4-level automatic shunting solution; secured the Four-Network Integration Project at Guangzhou Railway Polytechnic with the train operation control system compatible with both CTCS2+ATO and CBTC.	This project involves the Development of integrated onboard ATP/ATO equipment, compatible train safety control centre equipment, as well as research on multi-mode interoperable train control system solutions and on-site testing and verification, to meet the various application needs of urban railways.	This project aims to research an urban train control system based on the CTCS technical framework. The system will be built on the foundation of moving block technology, with network communication as the backbone, and will focus on lightweight, intelligent, and green equipment. The goal is to develop an urban train control system solution that supports multi-mode interoperability between CBTC and CTCS systems, meeting the requirements of urban railways for commuter service, high speed, multi-mode operation, flexible train formation, high density, and bus-like service.	Urban (suburban) railway train control systems

No	Name of Project	Estimated total investment	Investment amount in the current period	Cumulative investment amount	Progress or phased achievements	Intended goal	Technical level	Specific application prospects
20	The satellite-based train control system solution and key technology research	1,420.00	172.83	1,352.58	Completion of the overall technical solution for the space-based train control system, technical specifications for the space-based train control system, and a prototype of the train-ground communication system based on the space-based system.	The project aims to research the key technologies for a satellite-based train control system that is low cost, easy to maintain, and quick to deploy and develop a prototype of the communication equipment.	Focusing on the global technological frontier, the Company aims to seize the direction of satellite-based positioning and communication, reduce the complexity of train control systems, minimize onsite maintenance, and lower construction costs. This approach will significantly improve transportation efficiency without relying on a large amount of ground infrastructure.	Low-density lines in central and western regions, and local railways

No	Name of Project	Estimated total investment	Investment amount in the current period	Cumulative investment amount	Progress or phased achievements	Intended goal	Technical level	Specific application prospects
21	Research on a two-level train control system based on trackside digital intelligence	4,400.00	1,656.76	2,559.69	Completed safety certification for digital signal machines, universal AC/DC input/output control units, and AC switch machine control units; finalized laboratory prototypes of digital signal machines, developed switch machines, and industrialized switch machine control and diagnostic units; achieved safety certification and industrialization of track circuits, axle counters, and centralized logic deployment, while completing platform door control unit development, as well as phased safety certification and industrialization of intelligent LEUs. Completed the industrialization and launch of communication controllers and integrated modules, and finalized verification testing for the endogenous safety modules of the two-level train control system. Achieved safety certification for the two-level train control systems in urban rail and local railways, completed engineering deployment and application design, and initiated on-site demonstration work at Tanggongta.	The project intends to develop a "trackside-centre" collaborative train control system and equipment based on trackside digitalisation and centralised logic deployment. The two-level architecture urban rail train control system has been applied on-site in the Dujiangyan-Siguniangshan mountain rail transit project. The two-level architecture interlocking system and trackside equipment have been applied on-site in local railways.	The development of a new generation of train control system architecture fully promotes the functional innovation and efficient collaboration of the train control system, significantly improving operation and maintenance quality and efficiency, and breaking through the traditional development model of train control systems.	It can be used in the new construction and renovation market for national mainline railways and subways

No	Name of Project	Estimated total investment	Investment amount in the current period	Cumulative investment amount	Progress or phased achievements	Intended goal	Technical level	Specific application prospects
22	Research on the Comprehensive Intelligent System CIPS2.0 for Marshalling Yards	2,316.00	1,059.34	1,321.15	It is currently undergoing onsite testing applications and being optimised based on user requirements to further expand applicability.	The project is designated to create an intelligent marshalling yard to achieve intelligent phase plan preparation, automatic generation of decision-making indicators, full-area signal control of the station area, automatic uncoupling at the hump peak, precise control of hump shunting, automatic driving of shunting locomotives, and intelligent drone inspection.	Research has been conducted on existing marshalling yard systems to achieve intelligent indoor operations and mechanised outdoor operations, which are at the leading level domestically.	It can be used for railway marshalling yards and sections with automated hump yards
23	Satellite-based Mobile Block Train Control System	8,770.00	5,091.52	7,589.13	The satellite-based mobile block train control system has entered the international market, securing a commercial contract for the signal and train operation control system for the Morebaya-Simandou Railway Railway in Guinea, and has completed the release of Version V1.0.0.0 for the Mali project application, featuring functionalities including moving block, intermittent backup, and heavy haul control.	The project aims to tailor a safe, efficient, and cost effective mobile block signal system solution for freight railways. It utilizes a complete autonomous platform with essential features like moving block signaling, virtual formation, and autonomous driving.	By leveraging advanced technologies such as multisource fusion for autonomous train positioning, fully electronic target control, SIL4 train integrity checks, heavy-load control, vehicle-to-vehicle communication, and autonomous driving, it significantly enhances the efficiency and safety of freight railway transportation, achieving an internationally leading technological standard.	It can be applied to freight railways

No	Name of Project	Estimated total investment	Investment amount in the current period	Cumulative investment amount	Progress or phased achievements	Intended goal	Technical level	Specific application prospects
24	"Xihe" digital urban rail solution	6,459.13	2,930.01	5,932.71	Officially launched Digital Urban Rail Solution V1.1.0 and completed full-feature laboratory validation. Successfully secured two major projects for Xiamen Metro Line 6 (Jimei to Tong'an Section): Huaqiao University Station to Binhai West Avenue Station and Jiageng Gymnasium Station to Tongxiang High-Tech New Town Station, achieving practical application of intelligent dispatching, operation maintenance, train control, and depot management functionalities.	Focused on enhancing operational safety and resilience, based on independently developed open rail transit digital foundations and scalable signaling professional models, two major platforms for intelligent operation control and intelligent maintenance have been constructed, integrating a range of intelligent application products to drive the industry's digitization and intelligent transformation.	Leveraging the open rail transit digital foundations, the core platforms of intelligent operation control and intelligent maintenance have been established, forming the "smart brain" and "health steward" to safeguard train operations. Through the deep integration of advanced technologies such as multi – source ubiquitous perception, reliable artificial intelligence, big data, and the Internet of Things, innovative and optimized allocation of production elements in various stages of train operations and maintenance is achieved. Characterized by innovation, high technology, safety, efficiency, sustainability, this solution significantly reduces labor and management costs while providing passengers with more efficient, safer, and reliable travel services.	It can be applied to urban rail transit

No	Name of Project	Estimated total investment	Investment amount in the current period	Cumulative investment amount	Progress or phased achievements	Intended goal	Technical level	Specific application prospects
25	Research and application of general-purpose visual large models in the railway sector	1,300.00	382.50	1,110.65	Completed the development of dedicated large model algorithms, systems, and intelligent analysis equipment for railway abnormal intrusion detection and alarm; completed the design and construction of the radar point cloud module; finalized the calibration of radar-vision systems and the development of result fusion logic, forming a railway abnormal intrusion monitoring and alarm system along with a multi-modal fusion large model-based solution for railway intrusion detection. Deployed for trial at Guangzhou Jiangcun Station, with user evaluation reports obtained. Platform boundary intrusion detection, station closure inspection, and train progress monitoring algorithms based on universal visual computing have been deployed for trial use at Kunming Station, Kunming South Station, Harbin Station, and Harbin West Station.	Centred around the visual large model architecture for the railway sector, the project intends to further extract effective information obtained through multimodal methods. The Company has developed a dedicated large model algorithm, system, and intelligent analysis equipment for railway anomaly intrusion monitoring and alarm. This has resulted in a railway anomaly intrusion detection solution based on multi-modal fusion large models.	By fully leveraging the visual large model's existing general object categories, more than ten railway-specific object categories have been added. This has addressed the issue of target detection for specific objects in railway scenarios, including problems related to small or even zero-sample training. Additionally, it solves the challenges of cross-scenario and cross – modal matching and retrieval for railway personnel, objects, and other entities. In the vertical application domain of visual large models for rail transit, this solution is at an industry leading level.	It can be applied in the field of rail transit

No	Name of Project	Estimated total investment	Investment amount in the current period	Cumulative investment amount	Progress or phased achievements	Intended goal	Technical level	Specific application prospects
26	Research on key 5G technologies for rail transit and equipment development	2,400.00	1,133.91	2,059.30	The lightweight 5G base station laboratory joint debugging and external testing have been completed, and the test report has been formed. The field trials for the lightweight 5G base station field is currently underway.	The project intends to develop key core 5G communication equipment, including lightweight 5G base stations, private network terminals, and private network core networks, forming a complete set of 5G communication equipment for rail transit.	Based on public 5G technology, 5G-R technology and equipment suitable for China Railway's private network are developed to promote the intelligent and green development of China's railway sector.	It can be used at rail transit stations and along the lines
27	R&D and application of signal system equipment for the Hungarian section of the Hungary-Serbia railway	6,000.00	3,505.02	4,758.27	Completed the development of Hungary's full set of signaling system equipment, obtained DeBo certification for level crossing control systems and LED signal machines as new products in Hungary, and secured supplementary certifications for interlocking, CTC, and transponders. Functional acceptance tests were successfully conducted for interlocking, level crossing, and CTC systems in the Hungary project.	The adaptation development for the Hungarian computer interlocking system, the wireless block centre, and the level crossing control system has been completed. The on-site laboratory has been set up, and full support has been provided to ensure the success of the Hungary section of the Hungary Serbia Railway project.	This marks the first time that Chinese railway signal products have entered the EU market on a large scale and systematically, fully demonstrating their role as a model and laying the foundation for expanding into other EU countries. The products are at an internationally advanced level.	It can be used at overseas market

No	Name of Project	Estimated total investment	Investment amount in the current period	Cumulative investment amount	Progress or phased achievements	Intended goal	Technical level	Specific application prospects
28	Research on Overhaul Technical Solutions and Equipment Upgrades for High-Speed Railway Signal Systems	1,130.00	501.59	533.16	Completed the development of a conversion adapter compatible with existing relay interface circuits; completed the development of an automatic conversion tool for product data configuration files and submitted the test request form; other progress includes: optimizing and improving key technical solutions for engineering design and system integration; completed a prototype for a comprehensive digital platform; and completed indoor integrated design software for high-speed rail interlocking and train control center equipment.	Aiming at the overhaul and upgrade market for high-speed railway signal systems, this research focuses on developing a Prognostics and Health Management (PHM) assessment standard system for key equipment, performance enhancement technologies for signal systems, a comprehensive digital platform for high-speed railway signal equipment, indoor integrated digital design technologies for interlocking and train control center equipment, and "seamless major overhaul" system integration technology. The goal is to achieve safe, efficient, fast, easy-to-implement, and comprehensive technical upgrades in high-speed railway renovation and reconstruction, thereby promoting the high-quality development of high-speed railways.	As a technological leader in the field of railway signaling, we are responsible for the formulation of high-speed railway signal system standards, engineering design, product development, and system integration. This enables us to take a holistic approach not only at the design and product levels but also to propose requirements from a system-wide perspective, ensuring that the needs are comprehensive, accurate, and forward-looking. Our capabilities remain at the forefront of technology in China.	Focusing on the overhaul and modernization market of high-speed railway signal systems

No	Name of Project	Estimated total investment	Investment amount in the current period	Cumulative investment amount	Progress or phased achievements	Intended goal	Technical level	Specific application prospects
29	Research on Key Technology for Train network-ground Monitoring and Diagnostics in High-speed Railway Train Control Systems	500.00	376.26	380.96	1. Completed research on onboard fault analysis technology, and conducted functional optimization research and prototype testing of the onboard Aelog analysis. 2. Completed research on GSM-R network No. 7 signaling interface data monitoring technology, and carried out the development and prototype testing of E/G and L interface monitoring functions. 3. Completed research on the underlying RBC train-to-ground communication protocol and high-speed data acquisition technology, and developed and tested the prototype for E1 channel low-level data monitoring functionality.	Conduct research on comprehensive monitoring and integrated diagnostic technologies for high-speed railway train control systems, aiming to further optimize the monitoring scope and depth of the train-network-ground control system. The goal is to integrate fault diagnosis, safety verification, and remote maintenance.	Optimize and enhance the intelligent integrated diagnostic capabilities for faults on the onboard, network, and ground sides, improving fault location accuracy, reducing fault impact duration, and further advancing the automation and intelligence of train control system operation and maintenance. The technology has reached a leading level domestically	National Railway Market

No	Name of Project	Estimated total investment	Investment amount in the current period	Cumulative investment amount	Progress or phased achievements	Intended goal	Technical level	Specific application prospects
30	Research on Key Operation Control Technologies and Equipment Development for Superconducting High-Speed Maglev Transportation – Superconducting High-speed Maglev	2,000.00	1,309.95	1,309.95	Completion of the overall technical solution for high-temperature superconducting maglev transportation control, preparation of high-temperature superconducting system requirements, development of equipment prototypes, and completion of debugging and testing on the CRRC Changchun test line.	A 600 km/h superconducting high-speed maglev transportation system solution has been developed, and prototypes of the onboard operation control system, zonal operation control system, central operation control system, as well as positioning and speed measurement systems for high-temperature superconducting maglev have been completed. Installation, commissioning, and field testing have been carried out on the CRRC Changchun test line.	Promote the comprehensive development of the 600 km/h superconducting high-speed maglev transportation industry chain. Through the transformation and application of technological achievements, drive industrial upgrading and enhance overall technology maturity, laying a solid foundation for larger-scale testing, validation, and future commercial deployment.	It can be used at new-type Rail Transit Market

No	Name of Project	Estimated total investment	Investment amount in the current period	Cumulative investment amount	Progress or phased achievements	Intended goal	Technical level	Specific application prospects
31	Development and Field Testing of 5G-R Equipment Adapted for Train Control and Related Devices	2,434.38	1,421.09	1,421.09	Completed adaptation of 5G-R compatible ATP, RBC, network interface monitoring, RBC interface monitoring, and new field trials.	Overcame technical challenges such as dual-mode dual-channel redundant train-to-ground communication, cross-network dynamic matching of onboard mobile addresses, and dual active switching of train control interface units. Developed 5G-R adapted train control onboard equipment (ATP) and ground equipment (RBC), enabling high-speed trains to operate seamlessly across GSI-R and 5G-R networks. This significantly enhances the reliability of train-to-ground communication in train control systems and promotes the entry of high-speed railway control systems into the 5G era.	Developed train control onboard equipment (ATP) and ground equipment adapted to 5G-R; gained a deeper understanding of the overall 5G-R architecture and operational requirements, and developed a 5G-R network interface monitoring system. The technology has reached an advanced domestic level.	Designed for 5G-R Railway Line

No	Name of Project	Estimated total investment	Investment amount in the current period	Cumulative investment amount	Progress or phased achievements	Intended goal	Technical level	Specific application prospects
32	Research on urban railway signal systems based on integration of "the four networks" – trunk, intercity, suburban, and urban railways	14,787.88	4,692.77	9,514.53	Completed software development for integrated subsystems including dispatching, onboard, interlocking, and train control systems, as well as system-level indoor integration testing and validation testing between different subsystems, meeting the requirements for initiating field testing.	The urban railway signaling system solution based on integration of "the four networks" is intended to address issues arising from functional inconsistencies, non-uniform standards, and incompatible interfaces when connecting lines with different signaling systems. It aims to enable trains to operate seamlessly across different signaling standards on various lines, allowing passengers to reach their destinations directly without transferring.	After analyzing the differences and characteristics of CTCS2 + ATO and CBTC systems, similar products from both standards were integrated, simplifying the system architecture and improving operational efficiency. Through the integration and modification of onboard and wayside signaling systems, innovative development was achieved in unified dispatching, onboard dual-standard seamless switching technology, and wayside collaborative control technology. This will enable the first domestic implementation and position us at the industry's forefront.	It can be applied in cross-mode operations of integration of "the four networks" in urban (suburban) railways

No	Name of Project	Estimated total investment	Investment amount in the current period	Cumulative investment amount	Progress or phased achievements	Intended goal	Technical level	Specific application prospects
33	Research and application of an intelligent video core platform	1,406.00	760.42	760.42	The development of the digital-intelligent video core platform was completed, along with video semantic extraction platform. The PHM system framework and functional prototype have been completed, the localized resource sharing system has been developed, and the development of railway intelligent application scenarios for the intelligent video interaction system has been completed.	By introducing emerging technologies such as information security, artificial intelligence, and large models, the video system will be restructured and upgraded to form a series of video business products, including the intelligent video core platform, intelligent video semantic extraction platform, full-business video PHM system, localized resource sharing system, and information innovation intelligent interactive video system. This is expected to drive the railway video system toward network flattening, business modularization, and fully intelligent interactive operation and maintenance, promote a comprehensive upgrade of video data security levels, and advance the overall intelligent and digital transformation of video business operations.	Relying on high-concurrency, low-latency streaming media processing technology, achieve efficient video resource access to support concurrent access by thousands of terminals, meeting the real-time retrieval needs of multiple railway departments. Build a standardized third-party AI integration framework that seamlessly connects large models and intelligent analysis systems through open protocol interfaces, enabling closed-loop interaction between video semantics and intelligent operations, and achieving an industry-leading level.	It can be applied in the field of rail transit.

No	Name of Project	Estimated total investment	Investment amount in the current period	Cumulative investment amount	Progress or phased achievements	Intended goal	Technical level	Specific application prospects
34	Industry applications of full-domain integrated perception based on multisource data fusion	829.00	758.54	758.54	Completed the upgrade of the Video AI Cockpit Application Platform System across modules including alarm center, drone dispatch, equipment maintenance, and AI algorithm empowerment. Finalized the development of Video AI Cockpit Application Platform System V2.1 and three vertical industry application systems: Intelligent Urban Comprehensive Management Supervision, Emergency Intelligent Monitoring Management, and Smart Reservoir & River Monitoring System.	Based on the integration of surveillance video and geographic information, multisource data fusion AI analysis, and 3D simulation technologies, develop a video AI cockpit application platform system as well as systems for intelligent urban management supervision, emergency intelligent monitoring, and smart reservoir and river monitoring. These systems enable intelligent monitoring, analysis, and management across multiple domain scenarios, helping to enhance the intelligence level of urban governance, emergency response, and water resource management.	It can integrate multi-dimensional and multi-modal data using multisource data fusion AI analysis technology to generate unified analytical results, and leverage 3D simulation technology to model and predict scenarios such as rivers and reservoirs. It can provide a technical framework encompassing a video AI cockpit application platform and intelligent systems for urban management, emergency response, and water resources. It can enable unified management of multi-source data, intelligent analysis, and multi-scenario applications, supporting advanced capabilities in fulldomain perception and cross industry integrated applications.	It can be used in the smart city sector.

No	Name of Project	Estimated total investment	Investment amount in the current period	Cumulative investment amount	Progress or phased achievements	Intended goal	Technical level	Specific application prospects
35	Research on the application of new technologies in key components of switch machines, and upgrades and replacements of complete units	1,246.00	956.44	956.44	Completed the scheme design and mechanism design of redundant contact groups for ZD(J)9 switch machines, finalized prototype development and testing, and initiated trial operation on Beijing Metro. Finalized the AC five-wire parallel circuit design for dual-machine traction turnouts using ZDJ9 switch machines, passing expert technical review panel evaluation. Completed prototype development and testing of AC dual-machine parallel ZDJ9 switch machines, now under trial operation at Suide Signaling Depot.	To accelerate the research on the application of new technologies in key components of switch machines and upgrades and replacements of complete units to develop new types of contact groups through optimization of materials, structures, and control circuits; to improve the reliability of key components and expand product application scenarios; and to promote the development of fault self-diagnosis, fault prediction, health management, and intelligent operation and maintenance capabilities for switch machines	It can enhance the reliability of key components of switch machines and expand product application scenarios; It can extend the functionality of monitoring products for turnout conversion equipment, improve product market competitiveness, and achieve an advanced level within the industry.	It can be applied in railway and urban rail transit
36	Research and development of railway signaling intelligent fault prediction and health management platforms (I-PHM)	3,500.00	113.86	113.86	Preliminary establishment of an intelligent fault prediction and health management platform (I-PHM) for railway signaling systems, with field applications deployed on the Beijing-Shanghai line.	With the goal of "managing assets, managing processes, and managing personnel", this technology aims to promote the digitalisation and intelligent transformation of railway electrification: using equipment master records, technical documentation, and on-site images as the foundation, to automatically associate equipment alarm information, fault information, maintenance information, and monitoring and testing data, thereby achieving comprehensive lifecycle management of equipment.	It can comprehensively enhance railway operation and maintenance efficiency and quality to attain industry-leading standards.	It can be applied in the railway sector

No	Name of Project	Estimated total investment	Investment amount in the current period	Cumulative investment amount	Progress or phased achievements	Intended goal	Technical level	Specific application prospects
37	Research and application demonstration of intelligent vessel transportation organisation and scheduling technology based on railway-port-shipping coordination	5,000.00	2,592.85	2,592.85	Completed the installation and deployment of the shipping data middle platform, currently undergoing data integration governance. Developed the operational situation prediction simulation system for coordinated road-port-shipping operations, the virtual operation system for coal shipping transportation, and the shipping cloud brain platform, which have been piloted at China Energy Group and are gradually being put into application.	It conducts theoretical and methodological research on digital resource interaction systems, transportation resource forecasting, shipping planning, and vessel scheduling, develops and constructs a shipping data middle platform, a collaborative road-port-shipping operational situation prediction and simulation system, a virtual coal shipping transportation operation system, and a shipping cloud brain platform.	It can achieve logistics progress prediction for road-port-shipping operations, vessel operational energy efficiency prediction, intelligent cargo-vessel matching, and intelligent recommendation of sailing routes and speeds, further enhancing the intelligent level of shipping production, with technological capabilities reaching domestic advanced standards.	It can be applied in railway ports, shipping production and operations, and dispatching and command
38	Construction and application of signaling-specific large model	1,710.42	500.00	500.00	Completed the architectural design and preliminary version of the signaling-specific large model framework, established the initial version of a universal dataset for standardized documents such as rail transit signaling systems, implemented internal trial deployment of the signaling large model with auxiliary code generation testing and intelligent white-box testing applications, and finalized the large model evaluation framework including knowledge assessment for signaling expertise.	Leveraging the foundation of general large models, this initiative deeply integrates specialized knowledge in rail transit signaling to address digitalization and intelligent development needs. It constructs a full-process digital support platform covering "design-R&D-testing-manufacturing-integration & maintenance" powered by large models.	It can achieve practical implementation and validation of AI technology in rail transit signaling systems, driving intelligent upgrades with industry-leading technical capabilities.	It can be applied in railway sector

No	Name of Project	Estimated total investment	Investment amount in the current period	Cumulative investment amount	Progress or phased achievements	Intended goal	Technical level	Specific application prospects
39	Key technology R&D of "observation and balance" perception large model	3,342.08	667.33	667.33	Completed the calibration of radar-vision fusion in the visual module with hardware acceleration, achieving perimeter detection for vehicle bodies and trackside status awareness; finalized core functionalities of the image-text retrieval and Q&A modules, with on-site deployment and joint debugging implemented in smart station projects; accomplished functional development of the smart station system, followed by deployment and debugging at relevant stations.	Targeting smart city and rail transit sectors, the project leverages model distillation, reinforcement learning, and algorithm fusion technologies to develop a high-performance vertical-domain multimodal large model capable of high-sensitivity perception and deep reasoning analysis for small, blurred, and occluded targets in video surveillance. It enables the deployment of this large model in multi-scenario intelligent inspection systems for railway stations, typical smart city scenarios, as well as railway and low-altitude inspection applications.	The vertical-domain high-performance multimodal large model supports differentiated demands and practical applications across industries including smart cities, rail transit, and low-altitude inspection, achieving technologically leading standards.	It can be applied in railway, smart city, and low-altitude inspection scenarios
Total	/	262,055.93	66,383.70	208,726.71	/	/	/	/

Explanation

For all rail transit sectors such as high-speed railway, normal-speed railway, local railway, heavy- haul railway, urban rail transit, urban (suburban) railway, maglev and special tourist line, the Company analysed the corresponding scenarios and special demands, carried out research and development activities oriented to market targets and developed advanced technologies leading the industry, such as automatic unmanned train operation, train autonomous circumambulation, coordinated transportation and management for regional passenger traffic, train traffic control automation, safe computer platform, full-electronic computer interlocking control, intelligent detection, operation and maintenance of rail transportation, rail transit simulation test, turnout switch and electromagnetic shielding. It developed control systems and fundamental equipment applicable to target scenarios with complete functions and outstanding performance, such as the independent CTCS-3 train control system, the new train control system based on BDS, the train control system for normal railways, the high-density automatic operation control system for ad-hoc network of heavy-haul trains, the two-level train control system based on trackside digital intelligence, the new generation of centralised traffic control system, the intelligent passenger traffic analysis system, the integrated analysis system of Internet of Videos, the integrated video monitoring system, the "Xihe" digital urban rail solutions, the high-efficiency Qiji train autonomous circumambulate system (TACS), the unmanned train environmental autonomous perception systems (TAPS), the train autonomous circumambulation control system, the CBTC system based on full-electronic interlocking, the intelligent light rail transit control system, the suburban railway signaling systems based on "four-network integration", the intelligent urban rail dispatching system, the railway signaling intelligent fault prediction and health management platforms (I-PHM), the intelligent diagnosis system on turnout switch, the integrated train control interlocking equipment, the full-electronic interlocking equipment, the satellite-based mobile block signalling train control system, the rail breakage monitoring system of turnouts, video AI cockpit application platform, video AI-enabled analysis platform, integrated information security management system, the cloud application management platform for videos, the three-dimensional real-scene video system of railway stations and array computing vision system. It also conducted demonstration, opening and application in domestic and overseas markets, vigorously supporting the rapid market expansion of the Company in the rail transit sector.

5. *Research and development personnel*

Unit: '0,000 Yuan Currency: RMB

Basic Information

	Amount for the current period	Amount for the corresponding period of last year
Number of research and development personnel in the Company (person)	5,085	5,064
Percentage of total research and development personnel in total personnel of the Company (%)	26.49	26.65
Total remuneration for research and development personnel	154,962	142,977
Average remuneration for research and development personnel	30.47	28.23

Educational background of research and development personnel

Educational background	Number (person)
Doctoral degree	123
Master's degree	2,253
Bachelor's degree	2,518
Junior college diploma	191

Age structure of research and development personnel

Age band	Number (person)
Under 30 years old (excluding 30)	1,043
30-40 years old (including 30, excluding 40)	2,458
40-50 years old (including 40, excluding 50)	1,276
50-60 years old (including 50, excluding 60)	305
60 years old and above	3

Reasons for material change on composition of research and development personnel and the impact on the future development of the Company

☐ Applicable ☑ Not applicable

6. *Other explanation*

☐ Applicable ☑ Not applicable

IV. RISK FACTORS

i Risk of not yet achieving profitability

☐ Applicable ☑ Not applicable

ii Risk of sharp decline or loss of results

☐ Applicable ☑ Not applicable

iii Core competitiveness risk

☑ Applicable ☐ Not applicable

The rail transit control system industry in which the Company operates is still in a healthy development stage. New-generation information technologies are gradually merging with traditional control systems. The drive of emerging technologies, along with new demands arising from railways and urban rail transit, may lead to upgrades and replacements of the Company's main system equipment, posing new and higher requirements for the Company's technological innovation. If the research progress of new technologies is slow, it will affect the development pace of the next-generation system products and hinder the Company's efforts to maintain its leading position in innovation.

Response measures: Based on the long-term development needs of the industry and the Company, key technological issues will be refined, emerging technologies will be identified, and new industry demands will be focused on. Key research projects will be formulated, strategic forces will be deployed, innovation resources will be coordinated, and project management for new technology research and development will be strengthened. Resources for new technology and product R&D projects will be allocated effectively to ensure the completion of established R&D tasks. The integration of technological research and market operations will be strengthened, with a focus on the conversion of scientific and technological achievements. Market targeting will be precise, user-specific demand response speed will be improved, and R&D strategies will be adjusted in a timely manner. This will help the Company maintain its leading edge in technological innovation and support its sustained, healthy, and high-quality development.

iv Operational risk

☑ Applicable ☐ Not applicable

First, affected by factors such as the slowdown in macroeconomic growth, the construction of new urban rail transit lines in China is tightening, and market competition has further intensified. Second, in some overseas target project countries (regions), political instability or factors such as financial conditions have weakened investment willingness, making it more difficult to expand in overseas markets. Third, the nature of the industry sectors where the Company operates determines the possibility of liability compensation or government penalties arising from the design, research and development, manufacturing, installation, testing, maintenance, and sales of products or services.

Response measures: First, it will strengthen technological innovation, promote the digital transformation of traditional industries, implement industrial foundation reconstruction projects and major technology and equipment research projects, strengthen digital empowerment, and optimise the upgrade and layout of industries. Second, it will continuously optimise the reliability, availability, and safety of in-service equipment, improve the operational quality of in-service equipment, and enhance user recognition and satisfaction. Third, it will explore overseas market opportunities, enhance the ability and efficiency of international resource allocation, conduct in-depth research on country-specific markets, strengthen project due diligence and risk assessment, and improve the risk management and operational level of overseas businesses.

v Financial risk

☑ Applicable ☐ Not applicable

Some of the railway, urban rail, and infrastructure construction projects undertaken by the Company have characteristics such as long construction periods, large investments, slow settlement, and delayed recovery. Some contract assets or receivables have long settlement and recovery periods, which may adversely affect the current cash flow from operating activities and profits.

Response measures: Strictly implement the guiding opinions on project contracting to improve the quality of contract acquisition and mitigate project risks at the source. Actively adopt various effective measures to proactively resolve existing risks, and advance the collection of receivables and capital withdrawal through multiple initiatives. Conduct regular analysis and dynamic monitoring of key project contract assets and receivables, rationally utilize debt resolution tools, reinforce incentives and constraints, and promote fund recovery through regular and detailed management.

vi Industry risk

☑ Applicable ☐ Not applicable

First, local governments continue to intensify efforts to control and reduce debt, leading to further tightening of investment plans in the urban rail transit market. Second, the construction of new lines in the railway market continues to decline, and the progress of the equipment renewal and transformation market has fallen short of expectations. Third, the transformation and upgrading of the low-altitude economy industry has not yet matured and stabilized, and the results will take some time to materialise.

Response measures: The Company will be strategically oriented to consolidate and expand its advantages in the entire rail transit industrial chain. Leveraging its leading intelligent control core technologies, it will actively develop four key businesses, intelligent rail transit, intelligent low-altitude, smart cities, and intelligent operations, while extending into the intelligent terminal equipment industry. By adopting a "self-sustaining growth + capital operations" model, the Company will deepen synergistic development across the upstream and downstream industrial chains. This will form a diversified industrial pattern with a reasonable structure, scientific layout, and efficient collaboration.

vii Macroeconomic environment risk

☑ Applicable ☐ Not applicable

Currently, the global political and economic landscape is undergoing profound changes, with escalating trade frictions and intensifying competition for technological supremacy worldwide, alongside accelerated restructuring of industrial and supply chains. While China's economic performance demonstrates structural optimization and improving quality and efficiency, it still faces multiple challenges, including persistently insufficient effective demand, significant operational pressures on enterprises, heightened risks in key sectors, inadequate smoothness in the domestic circulation, and markedly increased complexity, severity, and uncertainty in the macro-environment.

Response measures: The Company will anchor its strategy to national priorities and global industrial transformation trends, further focusing on its core responsibilities and businesses. Guided by industrial transformation, centered on technological support, driven by market expansion, and grounded in security safeguards, it will fully promote the maturation and standardization of its four intelligent systems businesses, strengthen and expand the intelligent terminal equipment industry, accelerate overseas market and industrial deployment, actively integrate into the global competitive landscape, and establish an integrated industrial ecosystem encompassing technology R&D, capital operations, and industrial chain collaboration.

viii. Risks related to depositary receipts

☐ Applicable ☑ Not applicable

ix. Other major risks

☐ Applicable ☑ Not applicable

V. MAIN OPERATIONS DURING THE REPORTING PERIOD

In 2025, focused on enhancing core functions and improving core competitiveness, and in accordance with the "1241" development philosophy, the Company shouldered responsibilities and took proactive initiatives, vigorously promoting industrial transformation and upgrading. The industrial development continued to present a sound momentum of "one improvement, one advancement and one withdrawal", with economic benefits remaining stable with an improving trend and development resilience being further consolidated. During the Reporting Period, the Company achieved operating revenue of RMB34,553 million, representing a year-on-year increase of 6.40%, net profits attributable to owners of the parent company of RMB3,686 million, representing a year-on-year increase of 5.48%, and net profits attributable to owners of the parent company deducting non-recurring profit and loss of RMB3,421 million, representing a year-on-year increase of 4.66%. At the end of the Reporting Period, the Company's total assets amounted to RMB118,322 million, representing an increase of 0.37% over the beginning of the year, and the equity attributable to owners of the parent company amounted to RMB49,843 million, representing an increase of 3.79% over the beginning of the year.

a) Core business analysis

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

Unit: Yuan Currency: RMB

Items	Amount for the current period	Amount for the corresponding period of last year	Change ratio (%)
Revenue	34,552,792,545.42	32,473,033,766.06	6.40
Operating cost	24,573,291,774.15	22,985,410,426.71	6.91
Selling expenses	865,531,112.10	851,578,354.01	1.64
Administrative expenses	2,427,134,552.82	2,388,915,418.98	1.60
Finance costs	-55,992,119.13	-236,406,851.53	N/A
Research and development expenses	2,005,663,654.64	1,912,373,179.29	4.88
Net cash flow generated from operating activities	-1,294,106,603.18	5,236,128,730.31	-124.71
Net cash flows generated from investing activities	-2,125,084,487.18	-586,694,694.38	N/A
Net cash flows generated from financing activities	2,175,595,534.56	-4,259,989,540.67	N/A

Explanation on reasons for changes in revenue: Mainly due to revenue growth in the equipment manufacturing, design and integration segments.

Explanation on reasons for changes in operating costs: Mainly due to the increase in operating costs resulting from the increase in revenue.

Explanation on reasons for changes in selling expenses: Mainly due to an increase in employee compensation within selling expenses, driven by business growth.

Explanation on reasons for changes in administrative expenses: Mainly due to an increase in employee compensation within administrative expenses, driven by business growth.

Explanation on reasons for changes in financial expenses: Mainly due to the increase in interest expenses arising from additional borrowings and the decrease in interest income resulting from a decrease in average daily deposits during the period, leading to higher financial expenses.

Explanation on reasons for changes in research and development expenses: The continued increase in R&D investment led to a rise in research and development expenses for the period.

Explanation on reasons for changes in net cash flow from operating activities: Primarily due to a significant decrease in the net increase of customer deposits and interbank placements, coupled with a decrease in cash received from the sale of goods and provision of services compared to the same period last year.

Explanation on reasons for changes in net cash flow from investing activities: Primarily due to the increase in time deposits with maturities exceeding three months that are unencumbered and not restricted for use, leading to an increase in cash outflows from investing activities and a decrease in net cash flow from investing activities.

Explanation on reasons for changes in net cash flow from financing activities: Primarily due to an increase in cash received from borrowings during the period, leading to an increase in net cash flow from financing activities.

Particulars of material changes in business type, profit composition or source of the Company in the current period

☐ Applicable ☑ Not applicable

ii. Analysis of revenue and cost

☑ Applicable ☐ Not applicable

(1) Performance of main businesses by industry, product, region and sales model

Unit: Yuan Currency: RMB

Main Businesses by Industry

By segment	Revenue	Operating Cost	Change Ratio (%)	Increase/ decrease in revenue as compared to the last year (%)	Increase/ decrease in operating cost as compared to the last year (%)	Increase/decrease in gross profit margin as compared to the last year (%)
Rail transit control system	31,906,694,437.52	22,335,270,150.71	30.00	7.97	8.73	Decreased by 0.49 percentage points
Equipment manufacturing	6,884,598,142.66	4,362,951,523.98	36.63	4.27	4.82	Decreased by 0.33 percentage points
Design and integration	14,011,133,901.57	8,489,158,754.75	39.41	14.33	14.48	Decreased by 0.08 percentage point
System implementation	11,010,962,393.29	9,483,159,871.98	13.88	2.96	5.79	Decreased by 2.30 percentage points
Construction contracting	2,351,454,586.54	2,136,380,472.58	9.15	-12.55	-9.74	Decreased by 2.83 percentage points
Others	294,643,521.36	101,641,150.86	65.50	26.90	33.24	Decreased by 1.64 percentage points

Main Businesses by Terminal Market

By product	Revenue	Operating Cost	Change Ratio (%)	Increase/ decrease in revenue as compared to the last year (%)	Increase/ decrease in operating cost as compared to the last year (%)	Increase/decrease in gross profit margin as compared to the last year (%)
Railway	21,473,174,569.59	15,067,002,285.53	29.83	13.67	13.86	Decreased by 0.12 percentage points
Urban transit	8,076,291,009.26	5,304,820,092.24	34.32	-1.75	-3.00	Increased by 0.85 percentage points
Overseas businesses	2,357,228,858.67	1,963,447,772.94	16.71	-3.45	6.68	Decreased by 7.90 percentage points
Construction contracting	2,351,454,586.54	2,136,380,472.58	9.15	-12.55	-9.74	Decreased by 2.83 percentage points
Others	294,643,521.36	101,641,150.86	65.50	26.90	33.24	Decreased by 1.64 percentage points

Main Businesses by Region

By region	Revenue	Operating Cost	Change Ratio (%)	Increase/ decrease in revenue as compared to the last year (%)	Increase/ decrease in operating cost as compared to the last year (%)	Increase/decrease in gross profit margin as compared to the last year (%)
China	32,195,563,686.75	22,609,844,001.21	29.77	7.21	6.93	Increased by 0.18 percentage points
Other countries and regions	2,357,228,858.67	1,963,447,772.94	16.71	-3.45	6.68	Decreased by 7.90 percentage points

Explanation on performance of main businesses by industry, terminal market and region

In terms of operating income, the Company remained focused on its core businesses. Revenue from rail transit control systems increased by 7.97% year on year, with revenue from the design and integration segment rising by 14.33%. The design and integration units of the Company accelerated project implementation and expanded sales scale, driving significant growth in this sector. Revenue from the construction contracting segment decreased by 12.55% year on year, primarily due to the Company's proactive withdrawal from municipal and civil construction businesses. Revenue from the railway segment increased by 13.67% year on year, mainly attributable to the accelerated construction progress of the Company's railway projects in the second half of the year.

In terms of gross profit margin, the Company's overall gross profit margin remained largely flat compared to the same period last year. The gross profit margin of overseas operations declined significantly, primarily because the overseas projects undertaken by the Company in the same period last year, such as the Hungary section of the Hungary-Serbia Railway project and the Guadalajara Line 4 project in Mexico, had higher gross profit margins.

(2) Production and sales analysis table

☑ Applicable ☐ Not applicable

Main product	Unit	Production output	Sales volume	Inventory level	Increase/ decrease in production output as compared to the last year (%)	Increase/ decrease in sales volume as compared to the last year (%)	Increase/ decrease in inventory level as compared to the last year (%)
Track circuit equipment	Set	32,421	34,963	15,471	-24.15	26.06	-14.11
Train control and chain system equipment	Set	2,784	2,532	425	34.23	16.25	145.66
Signal relay	10,000 sets	61	58	9	17.31	-1.69	50.00
Turnout switch equipment	Set	17,610	16,291	2,405	26.49	14.31	121.45
Transponder device	Station/Unit	31,430	36,543	21,531	-37.46	-11.85	-19.19

Explanation of output and sales volume None

(3) The performance of the material procurement contract and material sales contract

☐ Applicable ☑ Not applicable

(4) Cost analysis table

Unit: Yuan Currency: RMB

By segment

By industry	Cost item	Amount for the current period	Percentage of amount for the current period in total cost (%)	Amount for the corresponding period of the last year	Percentage of amount for the corresponding period of the last year in total cost (%)	Change of the amount for the current period as compared to that for the corresponding period of last year (%)	Situation description
Equipment manufacturing	Raw material, subcontracting costs, labour cost, etc.	4,362,951,523.98	17.76	4,162,381,332.66	18.11	4.82	
Design and integration	Raw material, subcontracting costs, labour cost, etc.	8,489,158,754.75	34.55	7,415,408,915.11	32.26	14.48	
System implementation	Raw material, subcontracting costs, labour cost, etc.	9,483,159,871.98	38.59	8,964,483,016.57	39.00	5.79	
Construction contracting	Raw material, subcontracting costs, labour cost, etc.	2,136,380,472.58	8.69	2,366,850,330.61	10.30	-9.74	
Others	Labor cost, subcontracting costs, etc.	101,641,150.86	0.41	76,286,831.76	0.33	33.24	

By terminal market

By product	Cost item	Amount for the current period	Percentage of amount for the current period in total cost (%)	Amount for the corresponding period of the last year	Percentage of amount for the corresponding period of the last year in total cost (%)	Change of the amount for the current period as compared to that for the corresponding period of last year (%)	Situation description
Railway	Raw material, subcontracting costs, labour cost, etc	15,067,002,285.53	61.32	13,232,732,861.99	57.57	13.86	
Urban transit	Raw material, subcontracting costs, labour cost, etc.	5,304,820,092.24	21.59	5,469,053,993.93	23.79	-3.00	
Overseas businesses	Raw material, subcontracting costs, labour cost, etc.	1,963,447,772.94	7.99	1,840,486,408.42	8.01	6.68	
Construction contracting	Raw material, subcontracting costs, labour cost, etc.	2,136,380,472.58	8.69	2,366,850,330.61	10.30	-9.74	
Others	Labor cost, subcontracting costs, etc.	101,641,150.86	0.41	76,286,831.76	0.33	33.24	

Other explanations of cost analysis

Operating cost in 2025 was RMB24,573 million, representing an increase of 6.91% which was 0.51 percentage points higher than the increase in revenue, as compared to RMB22,985 million in the corresponding period of last year. The cost of the equipment manufacturing sector was RMB4,363 million, an increase of 4.82% compared to the same period last year. The cost of the design integration sector was RMB8,489 million, an increase of 14.48% compared to the same period last year. The cost of the system delivery service sector was RMB9,483 million, an increase of 5.79% compared to the same period last year. The cost of the general contracting sector was RMB2,136 million, a decrease of 9.74% compared to the same period last year.

(5) *Changes in the scope of consolidation due to changes in the equity of major subsidiaries during the Reporting Period*

☐ Applicable ☑ Not applicable

(6) *Information about significant changes in or adjustments to the Company's business, products or services during the Reporting Period*

☐ Applicable ☑ Not applicable

(7) *Major sales customers and key suppliers overview*

Customers or suppliers under common control are presented on a combined basis, except for those under the de facto control of the same state-owned assets supervision and administration authority.

Explanation on the combined presentation of the following customer and supplier information under the same control basis

The Company presents customers or suppliers under common control on a combined basis, except for those under the de facto control of the same state-owned assets supervision and administration authority.

A. Information about main customers of the Company

☑ Applicable ☐ Not applicable

Sales to the top five customers amounted to RMB18,484,702,000, accounting for 53.50% of the total annual sales. Among which, sales to related parties among the top five customers were RMB0, representing 0% of the total annual sales.

Top five customers of the Company

☑ Applicable ☐ Not applicable

Unit: '0,000 Yuan Currency: RMB

No	Name of customer	Sales	Percentage of annual total sales (%)	Whether there is a related party Relationship with the listed company
1	China National Railway Group Co., Ltd.	1,270,826.62	36.78	No
2	China Railway Engineering Group Company Limited	219,993.96	6.37	No
3	China Railway Construction Corporation	146,597.33	4.24	No
4	Shanghai Jiushi Company Limited	115,096.03	3.33	No
5	Beijing Infrastructure Investment Co., Ltd.	95,956.26	2.78	No
Total	/	1,848,470.20	53.50	/

Circumstances where the sales to a single customer exceeded 50% of the total sales, there were new customers among the top 5 customers or there was heavy reliance on a few customers during the Reporting Period

☐ Applicable ☑ Not applicable

During the year 2025, none of the Directors, their close associates or Shareholders of the Company (which to the knowledge of the directors owns more than 5% of the issued shares of the Company (excluding treasury shares)) had any interests in the top five customers of the Group.

Top five sales customers of trading business with revenue accounting for over 10% of total operating revenue during the Reporting Period

☐ Applicable ☑ Not applicable

B. Company's key suppliers overview

☑ Applicable ☐ Not applicable

Purchases from the top five customers amounted to RMB1,823,459,800, representing 7.42% of total annual purchases. Purchases from related parties included in the top five customers amounted to RMB0, representing 0% of total annual purchases.

Top five suppliers of the Company

☑ Applicable ☐ Not applicable

Unit: '0,000 Yuan Currency: RMB

No	Name of supplier	Purchase amount	Percentage of annual total purchase amount (%)	Whether there is a related party Relationship with the listed company
1	China Railway Engineering Group Company Limited	54,676.31	2.23	No
2	Zhongtian Technology Group Co., Ltd.	38,171.62	1.55	No
3	China National Railway Group Co., Ltd.	32,478.45	1.32	No
4	Alstom Ltd.	29,333.56	1.19	No
5	China State Construction Group Limited	27,686.04	1.13	No
Total	/	182,345.98	7.42	/

Circumstances where the purchases from a single supplier exceeded 50% of the total amount, there were new suppliers among the top five suppliers or there was a heavy reliance on a few suppliers during the Reporting Period

☐ Applicable ☑ Not applicable

Top five suppliers of trading business with revenue accounting for over 10% of total operating revenue during the Reporting Period

☐ Applicable ☑ Not applicable

C. The Company generated revenue from trading business during the Reporting Period

☐ Applicable ☑ Not applicable

iii. Expenses

☑ Applicable ☐ Not applicable

Explanation on reasons for changes in selling expenses: Mainly due to an increase in employee compensation within selling expenses, driven by business growth.

Explanation on reasons for changes in administrative expenses: Mainly due to an increase in employee compensation within administrative expenses, driven by business growth.

Explanation on reasons for changes in financial expenses: Mainly due to the increase in interest expenses arising from additional borrowings and the decrease in interest income resulting from a decrease in average daily deposits during the period, leading to higher financial expenses.

Explanation on reasons for changes in research and development expenses: The continued increase in R&D investment led to a rise in research and development expenses for the period.

iv. Cash flow

☑ Applicable ☐ Not applicable

Explanation on reasons for changes in net cash flow from operating activities: Primarily due to a significant decrease in the net increase of customer deposits and interbank placements, coupled with a decrease in cash received from the sale of goods and provision of services compared to the same period last year.

Explanation on reasons for changes in net cash flow from investing activities: Primarily due to the increase in time deposits with maturities exceeding three months that are unencumbered and not restricted for use, leading to an increase in cash outflows from investing activities and a decrease in net cash flow from investing activities.

Explanation on reasons for changes in net cash flow from financing activities: Primarily due to an increase in cash received from borrowings during the period, leading to an increase in net cash flow from financing activities.

b) Explanation on material changes in profit due to non-main businesses

☐ Applicable ☑ Not applicable

c) Analysis of assets and liabilities

☑ Applicable ☐ Not applicable

1. Assets-Liabilities analysis table

Unit: Yuan Currency: RMB

Name of Project	Amount at the end of the current period	Percentage of amount at the end of the current period to the total assets (%)	Amount at the end of last period	Percentage of amount at the end of last period to the total assets (%)	Change of the amount at the end of the current period as compared to that of last period (%)
Bills receivable	1,464,349,227.45	1.24	1,105,165,396.54	0.94	32.50
Accounts receivable	25,001,461,400.76	21.13	26,973,365,116.63	22.88	-7.31
Contract assets	32,848,758,789.78	27.76	32,470,218,198.16	27.54	1.17
Development expenditure	307,502,933.27	0.26	154,044,752.34	0.13	99.62
Accounts payable	39,220,108,544.27	33.15	42,735,743,855.81	36.25	-8.23
Deposits received and interbank deposits	1,035,278,439.21	0.87	3,001,258,120.80	2.55	-65.51
Non-current liabilities due within one year	489,815,377.77	0.41	189,549,251.32	0.16	158.41
Long-term borrowings	7,515,803,923.00	6.35	3,333,970,469.20	2.83	125.43
Deferred revenue	203,625,846.33	0.17	120,135,472.93	0.10	69.50

Other explanation

Increase in bills receivable: Mainly due to a decrease in cash collections from sales and an increase in collections through bills receivable during the period.

Increase in development expenditure: Mainly due to an increase in R&D investment expenditures.

Decrease in Deposits received and interbank deposits: Mainly due to a decrease in deposits from non-listed entities of CRSC Group at the finance company.

Increase in non-current liabilities due within one year: Mainly due to an increase in long-term borrowings maturing within the next year.

Increase in long-term borrowings: Mainly due to an additional RMB4,000 million in entrusted loans from CRSC Group.

Increase in deferred revenue: Mainly due to the addition of new subsidy projects during the period that have not yet been amortized and recognized as revenue.

Reasons for the Company's lack of profitability and its impact on the Company

☐ Applicable ☑ Not applicable

2. *Information of overseas assets*

☐ Applicable ☑ Not applicable

3. *Major assets subject to restriction by the end of the Reporting Period*

☑ Applicable ☐ Not applicable

Unit: Yuan Currency: RMB

Item	Closing book value
Monetary funds	542,779,025.99
Bills receivable	269,808,807.17
Accounts receivable	812,083,256.38
Long-term receivables	228,850,000.00
Other non-current assets	4,720,800,585.00
Intangible assets	84,289,048.63
Construction in progress	327,820,102.20

4. *Other explanation*

☐ Applicable ☑ Not applicable

d) Industry operational information analysis

☑ Applicable ☐ Not applicable

For detailed information, please refer to the Company's "SECTION IV MANAGEMENT DISCUSSION AND ANALYSIS AND REPORT OF THE DIRECTORS".

e) Investment situation analysis

Overall analysis of investment in external equities

☑ Applicable ☐ Not applicable

Unit: Yuan Currency: RMB

Investment Amount during the Reporting Period (RMB)	Investment Amount for the Same Period Last Year (RMB)	Magnitude of Change
3,579,400,090.29	3,019,245,621.94	18.55%

i. Material equity investment

☐ Applicable ☑ Not applicable

ii. Material non-equity investment

☐ Applicable ☑ Not applicable

iii. Financial assets measured at fair value

☑ Applicable ☐ Not applicable

Unit: Yuan Currency: RMB

Assets category	Opening balance	Gain/loss on fair value changes for the period	Accumulated changes in fair value recognised in equity	Impairment accrued for the period	Amount purchased for the period	Amount sold/ redeemed for the period	Other changes	Closing balance
Others	1,212,543,806.03	–	-170,192,501.91	–	355,384,301.90	–	–	1,397,735,606.02
Total	1,212,543,806.03	–	-170,192,501.91	–	355,384,301.90	–	–	1,397,735,606.02

Securities investment

☐ Applicable ☑ Not applicable

Derivatives investment

☐ Applicable ☑ Not applicable

iv. Private equity fund investment

☐ Applicable ☑ Not applicable

v. Details about the progress of significant asset restructuring and integration during the Reporting Period

☐ Applicable ☑ Not applicable

vi Major asset and equity sales

☐ Applicable ☑ Not applicable

vii Analysis of major holding and associated companies

☑ Applicable ☐ Not applicable

For details, please refer to "VII. (XVII) to Items in the Consolidated Financial Statements" and "X. Interests in Other Entities" of Section IX Financial Report.

viii Status of the structured entity controlled by the Company

☐ Applicable ☑ Not applicable

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

I. Industry landscape and trends

☑ Applicable ☐ Not applicable

In 2025, China's railway industry maintained steady development across three core areas: network construction, investment scale, and passenger/freight transportation. The railway network continued to expand, fixed asset investments effectively supported stable growth, and transport volumes showed steady increases, collectively demonstrating high-quality development. This has created substantial demand for supporting industries such as railway control systems. The overall competitive landscape of China's rail transit industry is not expected to change significantly in the short term. Due to qualification and performance thresholds, the high-speed rail weak current system integration business will continue to see competition mainly from CRSC and China Railway Electrification Bureau, China Railway Wuhan Electrification Bureau, and China Railway Construction Electrification Bureau, along with other subsidiaries of China Railway Engineering Group and China Railway Construction Group. In the core railway control system sector, companies like China Academy of Railway Sciences and HollySys will continue to intensely compete with CRSC in one or more subsystem products. However, for the foreseeable future, CRSC's market leadership position remains secure.

In the field of urban rail transit, with continuous expansion of metro lines and stations, steadily growing passenger flows, and increasingly complex network structures, the industry faces mounting pressures in construction, operation, and maintenance. High operational costs have become a widely recognized industry "pain point," making intelligent upgrades a systematic solution to achieve cost reduction and efficiency improvement in metro operations. In the field of urban rail control system, from the perspective of overall market performance in recent years, the Company has demonstrated a clear competitive advantage in signal system renewal and transformation. At the same time, the market remained dominated by the leading enterprises. The market share of each enterprise may fluctuate to some extent as the demand for investment drive in some cities gradually increases and new competitors continue to emerge.

Internationally, companies in the rail transit control system sector are gradually consolidating. In recent years, Alstom has acquired Bombardier's railway business, and Hitachi has acquired Thales' ground transportation systems business, both of which have enhanced their integration capabilities and competitive strength. It is foreseeable that in the near term, companies such as Siemens, Alstom, and Hitachi, which have been deeply entrenched in the global market for many years, will maintain their leading position. However, China State Railway Group (CRSC), supported by the national "Belt and Road" policy, world-class technological levels, and rich project implementation experience, will continue to enhance its brand recognition and global influence as its operational layout improves and operational capabilities grow.

ii. Corporate development strategy

☑ Applicable ☐ Not applicable

Adhering to the development philosophy of "people-oriented, safety first, and excellence for long-term success", and anchored to the strategic positioning of "a global leader in intelligent control industries", the Company will deepen its presence in the two industrial sectors of "rail transit + low-altitude economy", deploy four intelligent system businesses in areas such as smart rail transit, smart low-altitude economy, smart cities, and intelligent operations, develop the intelligent terminal equipment industry, and forge five pillars including "Technological CRSC, Lean CRSC, Safe CRSC, Value CRSC, and Dynamic CRSC" to build a "major national asset" in the field of intelligent control and become a world-class enterprise with outstanding contributions to technological innovation, industrial control, and safety support.

iii. Business plan

☑ Applicable ☐ Not applicable

In 2026, CRSC will adhere to the principle of stability, seeking progress while maintaining stability. The Company will focus on its ultimate goal of becoming a "major national asset" in the field of intelligent control. The focus will be on the two industrial sectors of "rail transit + low-altitude economy", consolidating and deepening the new advantages of the full industrial chain of rail transit through digital intelligence empowerment. The Company will accelerate the shaping of the "three industries and one ecosystem" industrial structure for the low-altitude economy through effective market implementation. It will adhere to the principle of achieving success through quality while leveraging the economies of scale. The Company will fully strive to achieve all business targets for 2026, laying a solid foundation for the business development and start of the 15th Five-Year Plan.

iv. Others

☐ Applicable ☑ Not applicable

VII. OTHER DISCLOSURES

(I) Environmental Policies and Performance of the Company

Information regarding the environmental policies and performance of the Company is set out in Section V "Environmental, Social Responsibility and Other Corporate Governance" of this report.

Further details of the environmental policies and performance of the Company will be contained in the "Environmental, Social and Governance Report" to be published simultaneously with the date of this annual report of the Company 2025.

(II) Compliance with Laws and Regulations

As the principal business of the Group is to provide customers with one-stop professional services for the design and integration, equipment manufacturing and system delivery of rail transit control systems, the Group is regulated by the policies and relevant laws and regulations of the PRC, such as the Railway Law of the People's Republic of China, the Work Safety Law of the People's Republic of China, and other competent government authorities. Such laws, regulations and policies mainly govern the operation and management relating to the railway industry. In addition, the Group is also required to comply with the provisions of general laws and regulations on quality, work safety, environmental protection, intellectual property rights, labor and personnel. Breach of such laws and regulations may result in penalties including warnings, fines and orders, which may adversely affect the business operations and future development of the Group.

Furthermore, pursuant to the relevant laws and regulations, the design and integration, product manufacturing and system delivery services businesses of the Group are required to obtain and maintain valid permits, licenses, certificates and approvals from various government authorities or institutions. To maintain the permits, licenses, certificates and approvals of the Group, the Group is required to comply with the restrictions and conditions imposed by government authorities at all levels. If the Group fails to comply with or meet any of the statutory requirements or conditions necessary for maintaining the permits, licenses, certificates and approvals, the permits, licenses, certificates and approvals of the Group may be temporarily suspended or even revoked, and the renewal of such permits, licenses, certificates and approvals upon expiry may be delayed or refused, thereby having a material adverse effect on the business, financial position and operating results of the Group.

As a joint stock limited company incorporated in the PRC and listed on The Stock Exchange of Hong Kong Limited and the Science and Technology Innovation Board of the Shanghai Stock Exchange, the Company is required to comply with the Company Law, the Work Safety Law of the People's Republic of China, the Guidelines for Comprehensive Risk Management of Central Enterprises issued by the State-owned Assets Supervision and Administration Commission of the State Council and other relevant domestic laws and regulations, as well as the Listing Rules and other securities regulatory rules of The Stock Exchange of Hong Kong Limited and the Shanghai Stock Exchange. The Group has implemented internal controls to ensure compliance with such laws and regulations. Having reviewed the business of the Group, the Board is of the opinion that the Group has complied in all material respects with the requirements of the relevant laws and regulations.

As the Group's principal business is to provide customers with one stop professional services for the design and integration, equipment manufacturing and system delivery of rail transit control systems, it is regulated by the policies and relevant laws and regulations of the People's Republic of China, including the Railway Law of the People's Republic of China and the Work Safety Law of the People's Republic of China, as well as other competent government authorities. Such laws, regulations and policies primarily govern the operation and management of the railway industry. In addition, the Group is required to comply with general laws and regulations governing quality, work safety, environmental protection, intellectual property rights, labor and personnel matters. Violation of such laws and regulations may result in sanctions including warnings, fines and orders, which could adversely affect the Group's business operations and future development.

Furthermore, under applicable laws and regulations, the Group's design and integration, product manufacturing and system delivery services businesses must obtain and maintain valid permits, licenses, certificates and approvals from various government authorities or agencies. To maintain the Group's permits, licenses, certificates and approvals, the Group must comply with the restrictions and conditions imposed by government authorities at all levels. If the Group fails to comply with or satisfy any of the statutory requirements or conditions necessary for maintaining such permits, licenses, certificates and approvals, they may be temporarily suspended or even revoked, and renewal upon expiry may be delayed or refused, thereby having a material adverse effect on the Group's business, financial position and operating results.

As a joint stock limited company incorporated in the People's Republic of China and listed on The Stock Exchange of Hong Kong Limited and the Science and Technology Innovation Board of the Shanghai Stock Exchange, the Company is required to comply with the Company Law, the Work Safety Law of the People's Republic of China, the Guidelines for Comprehensive Risk Management of Central Enterprises issued by the State-owned Assets Supervision and Administration Commission of the State Council and other relevant domestic laws and regulations, as well as the Listing Rules and other securities regulatory rules of The Stock Exchange of Hong Kong Limited and the Shanghai Stock Exchange. The Group has implemented internal controls to ensure compliance with such laws and regulations. Having reviewed the Group's business, the Board is of the opinion that the Group has complied in all material respects with the requirements of the relevant laws and regulations.

(III) Results and Distributions

The annual results of the Group for the year ended 31 December 2025 and the financial position of the Group as at 31 December 2025 are set out in Section XI "Financial Report" of this report".

Details of the implementation of the cash dividend policy of the Company during the Reporting Period are set out in Section V "Corporate Governance, Environment and Society" of this report.

(IV) Proposed Dividend Distribution and Dividend Policy

The proposed dividend distribution and dividend policy of the Company are set out in Section V "Corporate Governance, Environment and Society" of this report.

(V) Issued Share Capital

As at 31 December 2025, the total share capital of the Company was RMB10,589,819,000, divided into 10,589,819,000 shares with a nominal value of RMB1.00 each. Details of the movements in the share capital of the Company during the Reporting Period are set out in note VII. (LV) to the Financial Report in Section IX of this report.

(VI) Purchase, Sale or Redemption of Listed Securities of the Company

Save as disclosed in this report, neither the Company nor its subsidiaries purchased, sold or redeemed any of the Company's listed securities (including the sale of treasury shares (as defined in the Listing Rules of The Stock Exchange of Hong Kong Limited)) during the Reporting Period pursuant to the Listing Rules of The Stock Exchange of Hong Kong Limited.

As at 31 December 2025, neither the Company nor its subsidiaries held any treasury shares of the Company.

(VII) Property, Plant and Equipment

Details of the property, plant and equipment of the Group for the year 2025 are set out in note VII. (XXI) to the Financial Report in Section IX of this report.

As at the end of the Reporting Period, the Group did not own any investment properties or properties held for development and/or sale in respect of which one or more of the percentage ratios (as defined in Rule 14.04(9) of the Listing Rules of The Stock Exchange of Hong Kong Limited) exceeded 5%.

(VIII) Taxation

Details of the taxation of the Group for the year 2025 are set out in note VI to the Financial Report in Section IX of this report.

(IX) Events After the Balance Sheet Date

Details of the events after the balance sheet date of the Group are set out in note XVII to the Financial Report in Section IX of this report.

(X) Capital Reserve, Surplus Reserve and Special Reserve

Details of the capital reserve, surplus reserve and special reserve of the Group for the year 2025 are set out in note VII. (LVII), (LXI), (LX) to the Financial Report in Section IX of this report.

(XI) Distributable Reserves

The distributable reserves of the Company as at 31 December 2025 are set out in note VII. (LXII) to the Financial Report in Section IX of this report.

(XII) Employees

Employees are key to the sustainable development of the Group. Information regarding the employees of the Group is set out in Section V "Corporate Governance, Environment and Society" of this report.

(XIII) Bank Borrowings and Other Borrowings

As at 31 December 2025, details of the bank borrowings and other borrowings of the Group are set out in note VII. (XXXII), (XLVII) to the Financial Report in Section IX of this report.

(XIV) Donations

For details of the donations made by the Company for the year 2025, please refer to Section V "Corporate Governance, Environment and Society" of this report.

(XV) Directors and Senior Management

Information regarding the directors and senior management of the Company is set out in Section V "Corporate Governance, Environment and Society" of this report.

(XVI) Changes in Directors and Senior Management

Details of changes in the directors and senior management of the Company are set out in Section V "Corporate Governance, Environment and Society" of this report.

(XVII) Directors' Service Contracts

Each director has entered into a service contract with the Company. The principal terms of the service contracts include: (1) the term of office commences from the date of appointment and ends on the date of expiry of the current term of the Board; and (2) the contract may be terminated in accordance with the terms of the respective contract.

Save as disclosed above, none of the directors has entered into, nor proposes to enter into, any service contract with any member of the Group (other than contracts expiring within one year or terminable by the employer within one year without payment of any compensation (other than statutory compensation)).

Save for the service contracts, the Company has not entered into, nor is there existing, any management and administrative contract in respect of all or any material part of the business.

(XVIII) Remuneration of Directors and Senior Management

Remuneration of the directors of the Company is paid in the form of fees, salaries, contributions to retirement benefit schemes, discretionary bonuses, housing and other allowances and benefits in kind.

Details of the remuneration of the directors, supervisors and the five highest paid individuals of the Company are set out in note XIV. (V) to the Financial Report in Section IX of this report.

During the Reporting Period, details of the remuneration bands of the senior management whose biographies are set out in this report (excluding Dr. Wei Weifeng, one of the joint company secretaries of the Company, who is a director and chief executive officer of Fangyuan Corporate Services Group (Hong Kong) Limited) are set out in Section V "Corporate Governance, Environment and Society" of this report.

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

During the Reporting Period, the Group has not directly or indirectly entered into any material transactions, arrangements or contracts which were entered into during the year or remained in force at the end of the year, in which any director or supervisor or an entity connected with them had a material interest and which were related to the business of the Company.

1. Interests of Directors in Competing Businesses

During the Reporting Period, save as disclosed in this report, none of the directors and their respective associates had any competing interests in any business which competes or may compete, directly or indirectly, with the business of the Company.

2. Directorships of Directors in Competing Businesses

The Group has a competitive relationship with part of the businesses of CRSC Group. During the Reporting Period, Mr. Lou Qiliang, Executive Director, and Mr. Zhang Quan, former Executive Director of the Company devoted substantially all of their time to the management of the daily operations of the Company. Details of the directors of the Company holding positions in CRSC Group are set out in Section V "Corporate Governance, Environment and Society" of this report.

Save as disclosed in this report, none of the directors, supervisors and associates of the Company had any interests in any business which competes or may compete with the business of the Group, or any other conflicts of interest with the Group. The Company further confirms that save as disclosed above, as at the date of this report, the senior management of the Company are not involved in the daily operations of the businesses of CRSC Group which compete with the business of the Group.

(XX) Interests and Short Positions of Directors and the Chief Executive of the Company in the Shares, Underlying Shares and Debentures of the Company and its Associated Corporations

As at 31 December 2025, none of the directors and the chief executive of the Company had any interests and/or short positions in the shares, underlying shares or debentures of the Company or its associated corporations (as defined in Part XV of the Securities and Futures Ordinance) which are required to be notified to the Company and The Stock Exchange of Hong Kong Limited pursuant to Divisions 7 and 8 of Part XV of the Securities and Futures Ordinance (including interests or short positions deemed or treated as held pursuant to the relevant provisions of the Securities and Futures Ordinance), or which are required to be entered in the register referred to in section 352 of the Securities and Futures Ordinance, or which are required to be notified to the Company and The Stock Exchange of Hong Kong Limited pursuant to the Model Code for Securities Transactions by Directors of Listed Issuers set out in Appendix C3 to the Listing Rules of The Stock Exchange of Hong Kong Limited (the "**Model Code**").

(XXI) Rights of Directors to Purchase Shares or Debentures

None of the directors or their respective associates has been granted any rights by the Company or its subsidiaries to purchase shares or debentures of the Company or any other body corporate, or exercised any such rights.

(XXII) Financial, Business and Kinship Relationships between Directors and Senior Management

As at the date of this report, there are no financial, business or kinship relationships between the directors and senior management of the Company.

(XXIII) Directors' Insurance and Permitted Indemnity Provisions

As at the date of this report, the Company has taken out valid directors' insurance in respect of its directors, and the directors of the Company may be indemnified out of the assets and profits of the Company against all actions, costs, charges, losses, damages and expenses which may be incurred by them in the performance of their duties.

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

Information regarding the shareholdings of substantial shareholders in the Company is set out in Section VII " Changes in Shares and Particulars Of Shareholders" of this report.

(XXV) Pre-emptive Rights, Share Schemes

For the year 2025, the Company did not have any pre-emptive rights or share schemes; neither the PRC laws nor the articles of association of the Company contain express provisions regarding pre-emptive rights.

(XXVI) Public Float

As at the date of this report, based on the publicly available information of the Company and so far as the directors of the Company are aware, the Company has sufficient public float to meet the minimum public float requirement under Rule 8.08 of the Listing Rules of The Stock Exchange of Hong Kong Limited.

(XXVII) Connected Transactions

Details of the connected transactions of the Company are set out in Section VI "Material Matters" of this report.

(XXVIII) Related Party Transactions

During the Reporting Period, the Group entered into certain transactions with parties regarded as "related parties" in accordance with applicable accounting standards. Details of the related party transactions entered into by the Group during the Reporting Period are disclosed in note XIV to the financial statements. Save as disclosed in this report, the related party transactions disclosed in note XIV are not regarded as connected transactions as defined in the Listing Rules of The Stock Exchange of Hong Kong Limited, or are exempt from the requirements of notification, announcement and shareholders' approval pursuant to the Listing Rules of The Stock Exchange of Hong Kong Limited. Matters which constitute connected transactions under Chapter 14A of the Listing Rules of The Stock Exchange of Hong Kong Limited have complied with the disclosure requirements of Chapter 14A of the Listing Rules of The Stock Exchange of Hong Kong Limited.

(XXIX) Non-Exempt Connected Transactions

Save as disclosed in this report, the Company has not entered into any other non-exempt connected transactions as defined in the Listing Rules of The Stock Exchange of Hong Kong Limited with connected persons during the Reporting Period.

(XXX) Audit and Risk Management Committee

The Audit and Risk Management Committee of the Company has reviewed the annual results and annual report of the Company for the year ended 31 December 2025, and the audited consolidated financial statements of the Group for the year ended 31 December 2025.

(XXXI) Accounting Policies

Details of changes in the accounting policies of the Company are set out in **Section VI "Material Matters" of this report**.

(XXXII) Auditors

On 9 June 2023, the Company's shareholders' meeting reviewed and approved the reappointment of BDO China Shu Lun Pan Certified Public Accountants LLP as the auditor of the Company's financial statements and internal control for the year 2023, with a term of one year. The total audit fee amounted to RMB6.36 million, of which the internal control audit fee was RMB0.30 million.

On 13 June 2024, the Company's shareholders' meeting reviewed and approved the appointment of BDO China Shu Lun Pan Certified Public Accountants LLP as the auditor of the financial statements and internal control for the year 2024, with a term of one year. The total audit fee amounted to RMB6.65 million, of which the internal control audit fee was RMB0.34 million.

On 23 June 2025, the Company's shareholders' meeting reviewed and approved the appointment of BDO China Shu Lun Pan Certified Public Accountants LLP as the auditor of the financial statements and internal control for the year 2025, with a term of one year. The total audit fee amounted to RMB6.7 million, of which the internal control audit fee was RMB0.34 million.

(XXXIII) Retirement Benefit Plans

Post-employment Benefits

The Group classifies post-employment benefit plans into defined contribution plans and defined benefit plans. A defined contribution plan is a post-employment benefit plan under which the Group pays fixed contributions into an independent fund and will have no legal or constructive obligation to pay further amounts. A defined benefit plan is a post-employment benefit plan other than a defined contribution plan. During the Reporting Period, the principal post-employment benefits of the Group that are defined contribution plans are basic endowment insurance, enterprise annuities and unemployment insurance contributions made for employees; the principal post-employment benefits that are defined benefit plans are supplementary retirement benefits.

1. Basic Endowment Insurance

Pursuant to the relevant regulations of the PRC, employees of the Group participate in the social basic endowment insurance organized and implemented by the local labor and social security authorities.

The Group contributes endowment insurance premiums to the local social basic endowment insurance authorities at the base and percentage for social basic endowment insurance contributions stipulated locally. The social basic endowment insurance contributions above are charged to profit or loss in the period in which they are incurred on an accrual basis. After the retirement of employees, the local labor and social security authorities pay social basic pensions to the retired employees.

2. Enterprise Annuities

Employees of the Group participate in the Enterprise Annuity Plan of China Railway Signal & Communication Corporation Limited (the "**Annuity Plan**") established by the Group pursuant to the relevant policies of the national enterprise annuity system on the basis of participating in the social basic endowment insurance. The Group contributes to the Annuity Plan at a certain percentage of the total wages of employees, and the corresponding expenses are charged to profit or loss in the period in which they are incurred.

3. Supplementary Retirement Benefits

The Group provides supplementary retirement benefits beyond the insurance system stipulated by the state for domestic employees who retired on or before December 31, 2012. Such supplementary retirement benefits are defined benefit plans. The obligation of the Group in respect of supplementary retirement benefits is calculated by actuarially estimating the amount of benefits promised by the Group to employees after their retirement. As at the end of the Reporting Period, the relevant obligation is discounted at the yield of similar Chinese government bonds for the period. Service costs and net interest related to supplementary retirement benefits are recognized in profit or loss, while remeasurements are recognized in other comprehensive income. Pursuant to the requirements of accounting standards, the Group conducts actuarial valuations in respect of its defined benefit plans and makes provisions for liabilities. However, there are no plan assets used for the defined benefit plans, and there was no funding in respect thereof as at 31 December 2025.

(XXXIV) Share Linked Agreements

The Company has not entered into any share linked agreements.

(XXXV) Contingent Liabilities

As at 31 December 2025, the Group had no material contingent liabilities.

(XXXVI) Material Acquisitions and Disposals of Assets, Subsidiaries, Associates and Joint Ventures

During the Reporting Period, the Group had no other material acquisitions and disposals of assets, subsidiaries, associates and joint ventures.

(XXXVII) Future Plans for Material Investments or Acquisition of Capital Assets

As at the date of this report, the Group had no other future plans for material investments or acquisition of capital assets.

(XXXVIII) Material Investments

During the Reporting Period, the Group had no material investments.

By Order of the Board
China Railway Signal & Communication Corporation Limited
LOU Qiliang
Chairman

SECTION V CORPORATE GOVERNANCE, ENVIRONMENT AND SOCIETY

I. RELEVANT EXPLANATIONS ON CORPORATE GOVERNANCE

☑ Applicable ☐ Not applicable

During the Reporting Period, the Company adhered to the guidance of Xi Jinping Thought on Socialism with Chinese Characteristics for a New Era, studied and implemented the spirit of the important instructions delivered by General Secretary Xi Jinping on the work of central enterprises, and implemented the Several Opinions of the State Council on Strengthening Regulation, Preventing Risks and Promoting the High-Quality Development of the Capital Market (《國務院關於加強監管防範風險推動資本市場高質量發展的若干意見》) as well as the work requirements of the China Securities Regulatory Commission (CSRC) and the State-owned Assets Supervision and Administration Commission (SASAC) for improving corporate governance. The Company continued to improve its corporate governance mechanism featuring statutory powers and responsibilities, transparent authority and accountability, coordinated operation and effective checks and balances. The Company strengthened the fundamental role of the articles of association in corporate governance, and revised the Articles of Association together with the Rules of Procedure for the Shareholders' meeting, Rules of Procedure for the Board of Directors, Detailed Working Rules for the Audit and Risk Management Committee of the Board of Directors, Detailed Working Rules for the Nomination Committee of the Board of Directors, and Measures for the Implementation of Board Diversity and Employee (including Senior Management) Diversity, to ensure clear responsibilities and standardized procedures. The Company strengthened market value management by issuing the Market Value Management System. It strived to improve the quality of development, and studied on lawfully and regulatory employed such measures as mergers and acquisitions, equity incentives, share repurchases and increases, cash dividends, investor relations management and information disclosure to enhance the investment value of the listed company and protect investors' rights and interests. The Company strictly complied with the Company Law, the Securities Law, the Corporate Governance Code for Listed Companies and other laws and regulations, as well as the rules of the Shanghai Stock Exchange and The Stock Exchange of Hong Kong Limited. Directors and senior management performed their duties in accordance with the law with diligence and loyalty, and the building of the board of directors of subsidiaries continued to be deepened.

The Company has adopted the Corporate Governance Code (the "**Corporate Governance Code**") set out in Appendix C1 to the Listing Rules of the Hong Kong Stock Exchange as its corporate governance code. During the Reporting Period, save as provided in this section "VII. Board of Directors – 3. Chairman and President", the Company has complied with all applicable code provisions as set out in the Corporate Governance Code and, where applicable, adopted recommended best practices.

Whether there is any significant difference between corporate governance and laws, administrative regulations and relevant requirements of the CSRC on listed company governance; if there is a significant difference, the reasons shall be explained.

☐ Applicable ☑ Not applicable

II. SPECIFIC MEASURES ADOPTED BY CONTROLLING SHAREHOLDERS AND ACTUAL CONTROLLER OF THE COMPANY TO ENSURE INDEPENDENCE WITH RESPECT TO ASSETS, PERSONNEL, FINANCE, INSTITUTIONS, BUSINESS, ETC., AND SOLUTIONS, WORK PROGRESS AND FOLLOW-UP WORK PLANS ADOPTED TO AVOID IMPACT ON INDEPENDENCE OF THE COMPANY

☐ Applicable ☑ Not applicable

The controlling shareholders, actual controllers and other entities under their control are engaged in the same or similar business as the Company, as well as the impact of horizontal competition or major changes in horizontal competition on the Company, the resolution measures that have been taken, the progress of the resolution and the follow-up resolution plan

☐ Applicable ☑ Not applicable

The controlling shareholders, actual controllers and other entities under their control are engaged in horizontal competition that has a significant adverse impact on the Company

☐ Applicable ☑ Not applicable

For other policies and arrangements relating to investor relations, please refer to the section in Section VI of the "Environmental, Social Responsibility and Other Corporate Governance – IV. Other Corporate Governance Conditions (II) Investor Relations and Protection" of the Company.

III. SHAREHOLDER'S RIGHTS

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

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

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

1. Convening of extraordinary shareholders' meeting on requisition by shareholders

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

i. Shareholders who individually or jointly hold 10% or more of the voting Shares at the proposed meeting may make a proposal to the Board on holding an extraordinary shareholders' meeting by signing one or several written requests with same contents in the same format and define the meeting topic. The above shareholders shall guarantee that the contents of the proposal shall be in compliance with the laws, regulations and the Articles of Association of the Company. Within 10 days after receiving the aforesaid written request, the Board shall provide written feedback indicating whether it agrees or disagrees to convene an extraordinary shareholders' meeting, and shall not unreasonably delay such response. The aforesaid number of shares shall be calculated as of the close of the date on which such Shareholders request to convene the meeting in writing or, if it falls on a non-trading date, the prior trading date on which such shareholders request to convene the meeting in writing;

ii. If the Board is unable to or fails to perform its duty of convening an extraordinary shareholders' meeting, the audit and risk management committee shall convene and preside over such meeting in a timely manner; if the audit and risk management committee cannot convene and preside over such meeting, shareholders who individually or jointly hold more than 10% of the Company's shares for more than 90 consecutive days may independently convene and preside over such meeting.

2. Putting forward proposals at shareholders' meetings

According to the Articles of Association of the Company, in the event the Company convenes a shareholders' meeting, the Board, the audit and risk management committee and shareholders individually or jointly holding more than 1% of the Company's shares are entitled to submit proposals in writing to the Company. Shareholders individually or jointly holding more than 1% of the Company's shares may submit ad hoc proposals to the convener in writing ten days prior to the shareholders' meeting. The convener shall issue a supplementary notice of the shareholders' meeting and announce the content of such ad hoc proposals within two days after receipt thereof, and submit such proposal to the shareholders' meeting for consideration, except where the ad hoc proposal violates the provisions of laws, administrative regulations, or the Articles of Association, or falls outside the scope of authority of the shareholders' meeting. Except as provided above, the convener shall not amend the proposals set out in the notice of the shareholders' meeting or add any new proposals subsequent to the issue of the notice of the shareholders' meeting. The shareholders' meeting shall not carry out the voting and adopt resolutions on the proposals that are not stated in the notice of the shareholders' meeting or fail to meet the requirements under the Articles of Association of the Company.

3. Communication with shareholders and investors/investors relations

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

To promote effective communication, the Company establishes its website and posts latest information and updates on the Company's business operations and developments, financial information, corporate governance practices and other data for public access. The Company has implemented the above shareholders communication policy and believed that it was adequate and effective.

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

☐ Applicable ☑ Not applicable

V. CORPORATE GOVERNANCE OF RED-CHIP STRUCTURE

☐ Applicable ☑ Not applicable

VI. DIRECTORS AND SENIOR MANAGEMENT

I. The changes in shareholding and remunerations of current and resigned Directors, Senior Management and core technicians during the Reporting Period

☑ Applicable ☐ Not applicable

Unit: Share

Name	Position	Gender	Age	Start Date of Term of Office	Termination Date of Term of Office	Shareholding at the Beginning of the Reporting Period	Shareholding at the End of the Reporting Period	Changes in Shareholding During the Reporting Period	Reason for Changes	Total Before-tax Remuneration Obtained from the Company During the Reporting Period (RMB0'000)	Whether to Receive Any Remuneration from Any Related Party of the Company
LOU Qiliang	Executive Director	Male	62	October 2023	The date of rotation for this board of directors	–	–	–	–	112.95	No
	Chairman			February 2024	The date of rotation for this board of directors	–	–	–	–		No
DONG Baoliang	Executive Director	Male	53	March 2026	The date of rotation for this board of directors	–	–	–	–	–	No
	President			February 2026	–	–	–	–	–		No
YAO Guiqing	Independent Non-executive Director	Male	70	August 2018	The date of rotation for this board of directors	–	–	–	–	10	No

Name	Position	Gender	Age	Start Date of Term of Office	Termination Date of Term of Office	Shareholding at the Beginning of the Reporting Period	Shareholding at the End of the Reporting Period	Changes in Shareholding During the Reporting Period	Reason for Changes	Total Before-tax Remuneration Obtained from the Company During the Reporting Period (RMB0'000)	Whether to Receive Any Remuneration from Any Related Party of the Company
YAO Cho Fai Andrew	Independent Non-executive Director	Male	60	February 2022	The date of rotation for this board of directors	–	–	–	–	11.9	No
FU Junyuan	Independent Non-executive Director	Male	64	February 2022	The date of rotation for this board of directors	–	–	–	–	8	No
LI Lianqing	Chief Accountant	Male	57	June 2022	–	–	–	–	–	105.33	No
	Secretary to the Board			July 2022	–						
ZHANG Zhihui	Vice President	Male	50	December 2018	–	–	–	–	–	107.18	No
	Chief Engineer			October 2016	–						
WAN Baohua	Vice President	Male	52	May 2022	–	–	–	–	–	107.10	No
CHEN Shikui	General Legal Adviser, Chief Compliance Officer	Male	54	October 2022	–	–	–	–	–	64.30	No
ZHANG Quan	Executive Director (resigned)	Male	55	August 2022	June 2025	–	–	–	–	22.5	No
ZHAO Xiaodong	Vice President (resigned)	Male	51	December 2018	March 2025	–	–	–	–	94.97	No
LUO Jing	Employee Director	Female	47	March 2025	The date of rotation for this board of directors	–	–		–	111.48	No

Name	Position	Gender	Age	Start Date of Term of Office	Termination Date of Term of Office	Shareholding at the Beginning of the Reporting Period	Shareholding at the End of the Reporting Period	Changes in Shareholding During the Reporting Period	Reason for Changes	Total Before-tax Remuneration Obtained from the Company During the Reporting Period (RMB0'000)	Whether to Receive Any Remuneration from Any Related Party of the Company
	Chairwoman of CRSC Research & Design Institute Group Co., Ltd. (CRSCD)			January 2025	-						
FU Gang	Director of the Safety Supervision and Management Department of China Railway Signal & Communication Corporation Limited	Male	45	July 2022	-	-	-	-	-	63.15	No
JIANG Ming	Deputy chief engineer of CRSC Research & Design Institute Group Co., Ltd. (CRSCD)	Male	48	February 2017	-	-	-	-	-	136.24	No
LIU Zhen	Deputy general manager, Chief engineer of the Basic Equipment Technology Research Institute of CRSC Research & Design Institute Group Co., Ltd. (CRSCD)	Male	44	June 2020	-	-	-	-	-	111.71	No
DENG Hongyuan	Deputy general manager and chief engineer of CRSC Urban Rail Transit Technology Co., Ltd	Male	51	May 2018	-	-	-	-	-	97.13	No

Name	Position	Gender	Age	Start Date of Term of Office	Termination Date of Term of Office	Shareholding at the Beginning of the Reporting Period	Shareholding at the End of the Reporting Period	Changes in Shareholding During the Reporting Period	Reason for Changes	Total Before-tax Remuneration Obtained from the Company During the Reporting Period (RMB0'000)	Whether to Receive Any Remuneration from Any Related Party of the Company
JIANG Jianhua	Affiliated enterprise dedicated external director	Male	59	January 2011	–	–	–	–	–	39.75	No
CUI Ke	Chief engineer of the Research & Design Institute of CASCO Signal Ltd.	Male	55	January 2018	–	–	–	–	–	158.78	No
LI Hongyan	Product manager of the R&D Centre of CRSC Communication & Information Group Company Ltd.	Male	47	June 2020	–	–	–	–	–	42.73	No
WANG Xiangtao	Consultant of Technology of CRSC Railway Vehicles Co., Ltd.	Male	61	May 2015	–	–	–	–	–	–	No
Total	/	/	/	/	/				/	1,405.2	/

Notes:

(1) Total pre-tax remuneration includes the regular salary paid by the Company in 2025, the payout of the previous year's performance bonus, and the payout of the term incentives for the 2022-2024 period. It excludes the payout of the previous year's performance bonus and the term incentives for the 2022-2024 period paid by other entities.

(2) Total pre-tax remuneration of Lou Qiliang includes regular monthly remuneration paid by the Company from January to December 2025, the payout of performance bonus for the term from January to December of the previous year, and term incentives for the period from September 2023 to December 2024.

(3) Dong Baoliang did not receive any remuneration from the Company for the year ended 31 December 2025.

(4) Total pre-tax remuneration of Li Lianqing includes regular monthly remuneration paid by the Company from January to December 2025, the payout of performance bonus for the term from January to December of the previous year, and part of term incentives for the period from June 2022 to December 2024.

(5) Total pre-tax remuneration of Zhang Zhihui includes regular monthly remuneration paid by the Company from January to December 2025, the payout of performance bonus for the term from January to December of the previous year, and part of term incentives for the period from April 2022 to December 2024.

(6) Total pre-tax remuneration of Wan Baohua includes regular monthly remuneration paid by the Company from January to December 2025, the payout of performance bonus for the term from January to December of the previous year, and part of term incentives for the period from April 2022 to December 2024.

(7) Total pre-tax remuneration of Zhang Quan includes regular monthly remuneration paid by the Company from January to June 2025.

(8) Total pre-tax remuneration of Zhao Xiaodong includes regular monthly remuneration paid by the Company from January to February 2025, the settlement of remuneration for the term from January to December of the previous year, and term incentives for the period from January 2022 to December 2024.

(9) Total pre-tax remuneration of Luo Jing includes regular monthly remuneration paid by the Company from January to December 2025 and the settlement of remuneration for the term from January to December of the previous year.

(10) Investors are advised to note that the remuneration of enterprise responsible persons disclosed in the above table is different from that disclosed on the Company's official website due to differences in statistical bases of the year, remuneration and personnel.

Name	Major Working Experience
LOU Qiliang	He has served as the executive Director since October 2023, and chairman since February 2024, and served as the president of the Company since September 2023 to September 2024. He has served as a director of China Railway Signal & Communication Co., Ltd. since September 2023, and as the chairman since January 2024. From September 2023 to September 2024, he served as the general manager of China Railway Signal & Communication (Group) Corporation Limited. Mr. LOU previously served as the deputy manager of CRRC Nanjing Puzhen Rolling Stock Plant, manager and deputy secretary of the party committee, executive director, general manager and deputy secretary of the party committee of Puzhen Company, standing committee member of the party committee of CRRC Group, and standing committee member of the party committee and vice president of CRRC Corporation Limited. From May 2015 to September 2019, he was a standing committee member of the party committee and vice president of CRRC Corporation Limited (stock code 601766.SH, 01766.HK). From September 2019 to October 2019, he served as the deputy secretary of the party committee of CRRC Group Co., Ltd. From October 2019 to December 2019, he served as the deputy secretary of the party committee and employee director of CRRC Group Co., Ltd., and the deputy secretary of the party committee of CRRC Corporation Limited. From December 2019 to July 2021, he served as the deputy secretary of the party committee and employee director of CRRC Group Co., Ltd., and the deputy secretary of the party committee and executive director of CRRC Corporation Limited. He successively served as the deputy secretary of the Party Committee, director and general manager of CRRC Group Co., Ltd., and the deputy secretary of the Party Committee and executive director of CRRC Corporation Limited from July 2021 to August 2021. From August 2021 to September 2023, he served as the deputy secretary of the party committee, director and general manager of CRRC Group Co., Ltd., and the deputy secretary of the party committee, executive director and president of CRRC Corporation Limited.

Name	Major Working Experience
DONG Baoliang	Mr. DONG Baoliang, born in 1972, is a Chinese national with no right of abode overseas. Mr. DONG graduated from Xidian University with a bachelor's degree in Computer Science and Applications, and is a senior engineer. He is currently the deputy secretary of the Party Committee, director and general manager of China Railway Signal and Communication (Group) Corporation Limited (中國鐵路通信信號集團有限公司), as well as the deputy secretary of the Party Committee, executive director and the President of China Railway Signal & Communication Corporation Limited*. From August 1996 to March 2002, he served as an assistant engineer at the 15th research institute of the Ministry of Electronics Industry (the Ministry of Information Industry). From March 2002 to July 2021, Mr. DONG held various positions at the 15th research institute of China Electronics Technology Group Corporation Limited (CETC), including engineer, deputy director of the special equipment technology research office, executive deputy director of the command and control systems department, director of system division IV and deputy director. From July 2021 to February 2023, Mr. DONG served as director of the second military department of CETC. From February 2023 to March 2024, Mr. DONG served as chairman and secretary of the Party Committee of China Electronics Technology Cyber Security Co., Ltd. (中國電子科技網絡信息安全有限公司), as well as the secretary of the Party Committee of the 30th research institute of CETC. From March 2024 to April 2024, Mr. DONG served as chairman of China Electronics Technology Cyber Security Co., Ltd. (中國電子科技網絡信息安全有限公司). From April 2024 to February 2026, Mr. DONG served as full-time external director for central state-owned enterprises. From June 2024 to February 2026, Mr. DONG was an external director of China Eastern Airlines Holding Company Limited (中國東方航空集團有限公司). From July 2024 to February 2026, Mr. DONG served as an external director of China FAW Group Corporation Limited (中國第一汽車集團有限公司) and an external director of China Automotive Technology and Research Center Co., Ltd. (中國汽車技術研究中心公司).

Name	Major Working Experience
YAO Guiqing	He has served as an independent non-executive Director of the Company since August 2018. He served as a director of China General Technology Group Co., Ltd. (中國通用技術集團有限公司) from November 2018 to January 2025. He successively held several positions in China Railway from February 1990 to March 2018, including office director of the Party Committee, deputy secretary of the Party Committee of Jianchang Engineering Bureau, vice chairman of Major Bridge Engineering, vice chairman of China Railway Sixth Bureau, chairman of China Railway Ninth Bureau, and deputy secretary of the Party Committee, general manager and vice chairman of China Railway Engineering Corporation. From September 2007 to March 2018, Mr. YAO served in several positions in China Railway Group Ltd. (listed on the Hong Kong Stock Exchange, stock code: 0390; listed on the Shanghai Stock Exchange, stock code: 601390), including serving as its vice president, deputy secretary of the Party Committee, chairman of the labour union, chairman of the supervisory committee and vice chairman; and he served as its executive director from August 2010 to March 2018. From December 1971 to February 1990, Mr. YAO served as the head of the Organisational Department of the committee of the Communist Youth League of China and the secretary to the committee of the Communist Youth League of China in Engineering No.3 Bureau of the Ministry of Railway (中國鐵道部第三工程局).
YAO Cho Fai Andrew	He has been an independent non-executive Director of the Company since February 2022. He is currently the Chairman and chief executive officer of Hong Kong Shanghai Alliance Holdings Limited, as well as the member of the National People's Congress. Since 1994, he has served in several positions in Hong Kong Shanghai Alliance Holdings Limited (listed on the Hong Kong Stock Exchange, stock code: 1001), including serving as executive director, chief executive officer, and Chairman, as well as the chairman of the nomination committee, a member of the remuneration committee and director of some subsidiaries of Hong Kong Shanghai Alliance Holdings Limited. Since 2004, Mr. YAO has served as independent non-executive director of Kader Holdings Company Limited (listed on the Hong Kong Stock Exchange, stock code: 0180). He has served as director of China COSCO Shipping Corporation Limited. since May 2022. From 2015 to 2020, he served as independent non-executive director of Shanghai Dazhong Public Utilities (Group) Co., Ltd. (listed on the Hong Kong Stock Exchange, stock code: 1635; listed on the Shanghai Stock Exchange, stock code: 600635). Mr. Yao's public services include being a member of the 12th, 13th and 14th National People's Congress of Hong Kong, Chairman of Federation of Hong Kong-Shanghai Association, Chairman of the School Council of Lingnan University in Hong Kong, vice Chairman of the Chinese General Chamber of Commerce, and a member of the council of Fudan University.

Name	Major Working Experience
FU Junyuan	He has been an independent non-executive Director of the Company since February 2022. and a director of China Information and Communication Technology Group Co., Ltd. since November 2021. Since March 2023, Mr. FU has served as the independent non-executive director of Seacon Shipping Group Holdings Ltd. (listed on the Hong Kong Stock Exchange, stock code: 2409). He served as a member of the Standing Committee of the Party Committee and chief accountant in China Poly Group Corporation Ltd. from August 2018 to September 2021. From September 1996 to September 2018, he served in several positions in China Communications Construction Group Corporation Limited, including serving as interim member of the Party committee and chief accountant in China Communications Construction Group Corporation Limited from December 2005 to August 2006. From August 2006 to November 2006, he served as interim member of the Party committee and director in China Communications Construction Group Corporation Limited, during which he served as executive director and chief accountant in China Communications Construction Company Limited. (listed on the Hong Kong Stock Exchange, stock code: 1800; listed on the Shanghai Stock Exchange, stock code: 601800) from September 2006 to August 2018. From October 1998 to December 2005, he served as chief accountant in China Harbour Engineering Company (Group), during which he served as deputy chief accountant in China Harbour Engineering Company (Group) from September 1997 to October 1998. Prior to that, Mr. FU worked for more than ten years in the Department of Finance of the Ministry of Transport and the CNAO's Transportation Audit Office.

Name	Major Working Experience
LI Lianqing	He has served as a member of the Standing Committee of the Party Committee and chief accountant of the Company since June 2022, secretary to the Board of the Company since July 2022, chairman of labour union of the Company since February 2026, a member of the Standing Committee of the Party Committee of China Railway Signal and Communication (Group) Corporation Limited since May 2022, and chairman of labour union of China Railway Signal and Communication (Group) Corporation Limited since February 2026. Mr. Li served as a member of the Party Committee and chief accountant of China Academy of Machinery Science and Technology Group Co., Ltd. (中國機械科學研究總院集團有限公司) from November 2017 to May 2022 and the chief accountant of Academy of Machinery Science and Technology (機械科學研究總院) from February 2017 to November 2017. From August 2012 to February 2017, he served as the group deputy chief accountant and director of the Strategic Development Department of China Iron & Steel Research Institute Group (中國鋼研科技集團公司). From September 2007 to August 2012, he served as the group deputy chief accountant and director of the Finance Department of China Iron & Steel Research Institute Group. From January 1999 to September 2007, he successively served as the deputy director of the Finance and Economics Department, the director of the Finance and Economics Department, the person in charge of finance, the director of the Planning and Finance Department, the chief financial officer, the assistant to the president, and a member of the Party Committee of Advanced Technology & Materials Co., Ltd. (安泰科技股份有限公司). From December 1998 to January 1999, he served as the deputy director of the Finance and Economics Department of Central Iron & Steel Research Institute of the Ministry of Metallurgy (冶金部鋼鐵研究總院). From September 1993 to December 1998, he served as an accountant of Beijing Metallurgical Steel Economic and Technological Development Corporation (Asset Evaluation Centre of the Ministry of Metallurgical Industry) (北京冶鋼經濟技術開發總公司(冶金工業部資產評估中心)). From July 1992 to September 1993, he successively served as assistant accountant and deputy director of the state-owned assets management office of Central Iron & Steel Research Institute of the Ministry of Metallurgical Industry (冶金工業部鋼鐵研究總院).
ZHANG Zhihui	He has served as a vice president of the Company since January 2019 and served as a member of the Standing Committee of the Party Committee of the Company since December 2018. He has been a member of the Standing Committee of the Party Committee of China Railway Signal and Communication (Group) Corporation Limited since April 2022. Mr. ZHANG has been the chief engineer of the Company since October 2016. From November 2015 to October 2016, he served as the deputy chief engineer of the Company and the chief engineer of CRSCD. From March 2012 to November 2015, he served as the chief engineer and director of CRSCD. From June 2015 to November 2015, he also served as the dean of CRSCD Electrification Design Institute. From January 2005 to March 2012, he served as the director of CRSCD Signal Station.

Name	Major Working Experience
WAN Baohua	He has served as a vice president of the Company since May 2022. He has been a member of the Standing Committee of the Party Committee of China Railway Signal and Communication (Group) Corporation Limited since April 2022. From August 2021 to date, he has served as the general manager of the Operation Business Department (Marketing Department, Engineering Department, International Cooperation Department, Traffic Readiness Office) of China Railway Signal & Communication Corporation Limited (during which: he studied in the training class of young cadres of the Party School of the Central Committee of C. P. C from September to December 2021). He served as the secretary of the party committee and chairman of the Board of directors of CRSC Engineering Group Company Ltd., the general manager of Tianjin Engineering Branch of China Railway Signal & Communication Corporation Limited (中國鐵路通信信號股份有限公司天津工程分公司), and the general manager of Beijing Engineering Branch of China Railway Signal & Communication Corporation Limited (中國鐵路通信信號股份有限公司北京工程分公司) from April 2020 to September 2021. He successively served as the deputy secretary of the party committee, director, general manager, secretary of the party committee and chairman of China Railway Signal & Communication Shanghai Engineering Bureau Group Co., Ltd. (during which: he participated in the special seminar on innovation and development of central enterprises at China Executive Leadership Academy Pudong in September 2017) from March 2016 to April 2020. He successively served as the deputy director of the Electrification Engineering Department of China Railway Signal & Communication Corporation Limited and the deputy general manager of CRSC (Zhengzhou) Electrification Bureau Co., Ltd. from October 2014 to March 2016. He served as a senior engineer of Beijing National Railway Research & Design Institute of Signal & Communication Co., Ltd. from August 2014 to October 2014. He successively served as the deputy general manager, a member of the party committee, senior engineer, vice chairman, general manager, deputy secretary of the party committee and executive director (legal representative) of China Railway 25th Bureau Group Corporation Electric Engineering Co., Ltd. (中鐵二十五局集團電務工程有限公司) from July 2004 to August 2014. He successively served as assistant engineer, director and deputy manager of the Communication Technology Department of Guangzhou Railway Changsha Electric Engineering Company (廣州鐵路長沙電務工程公司) from July 1995 to July 2004.

Name	Major Working Experience
CHEN Shikui	He currently serves as the General Legal Adviser and Chief Compliance Officer of the Company. He served the employee representative supervisor of the Company from August 2018 to February 2022. Since July 2020, he has been the director of risk management centre of the Company. He has been the head of the Legal Compliance Department of the Company since July 2018. He has been a director of CRSC Construction Group Co., Ltd. (通號建設集團有限公司) since August 2016. He has served as the director of CRSC Communication & Information Group Company Ltd. (通號通信信息集團有限公司) from February 2016 to October 2021. He has served as a supervisor of CRSC (Zhengzhou) Electrification Bureau Co., Ltd. (通號(鄭州)電氣化局有限公司) since May 2015. From November 2015 to July 2018, Mr. CHEN worked as the deputy head of the Legal Affairs Department of the Company. From January 2010 to November 2015, Mr. CHEN served in several positions in Beijing National Railway Research & Design Institute of Signal & Communication Co., Ltd., including deputy general counsel, head of legal archives of the enterprise development and Legal Affairs Department and head of enterprise development and Legal Affairs Department. From August 2013 to November 2015, he was an assistant in the Legal Affairs Department of the Company. From July 2007 to January 2010, he served as the assistant economist and economist of the eastern China Region Operation & Command Department of China Railway 22nd Bureau Group Co., Ltd. From May 1997 to July 2007, Mr. CHEN worked in the People's Court of Heze City, Shandong Province and the People's Court of Mudan District, Heze City, Shandong Province.

Name	Major Working Experience
LUO Jing	She has served as the Employee Director of the Company since March 2025, and Party Secretary and Chairman of CRSC Research & Design Institute Group Co., Ltd. since January 2025. From April 2020 to December 2024, she served as Party Secretary and Chairperson of CRSC Communication & Information Group Company Ltd. She was Chairman of CRSC Institute of Smart City Research & Design Co., Ltd. from April 2018 to April 2020, and Vice Chairman of the same from January 2016 to April 2018. From June 2013 to January 2016, she served as the deputy general manager and chief engineer of CRSC Information Industry Co., Ltd. From July 2009 to June 2013, she was an associate researcher of China Academy of Urban Planning & Design. From July 2007 to July 2009, she conducted post-doctoral research in the field of architecture at Tsinghua University and served as Assistant Researcher.
FU Gang	He has served as the Director of the Safety Supervision and Management Department of the Company since July 2022. He served the deputy secretary of the Party Committee and a director of Beijing CRSC Research & Design Institute Group Co., Ltd. (CRSCD), a wholly-owned subsidiary of the Company from April 2020 to July 2022. He has served as the deputy secretary of the Party Committee (responsible for the work of the Party Committee), a director and the deputy general manager of CRSCD from April 2020 to September 2021. From July 2018 to April 2020, he served as a director, the deputy general manager and chief engineer of CRSCD. From February 2017 to July 2018, he served as assistant to general manager of CRSCD. He served as the senior engineer of CRSCD from January 2017 to February 2017; as the secretary to the General Party Branch and dean of the Signal & Communication Design Institute of CRSCD from May 2016 to January 2017; as the dean of the Signal & Communication Design Institute and the secretary to the General Party Branch of the Signal & Communication Institute of CRSC Research & Design Institute Group Co., Ltd. from July 2015 to May 2016; as the dean of the Signal & Communication Design Institute and the secretary to the General Party Branch of the Signal & Communication Institute of Beijing National Railway Research & Design Institute of Signal & Communication Co., Ltd. from October 2014 to July 2015; and as engineer, deputy director and director of the Technology Management Centre, deputy dean, among other roles, of the Signal & Communication Design Institute of Beijing National Railway Research & Design Institute of Signal & Communication Co., Ltd. from March 2011 to October 2014.

Name	Major Working Experience
JIANG Ming	He has served as deputy chief engineer of CRSC Research & Design Institute Group Co., Ltd., a wholly-owned subsidiary of the Company, since February 2017. Mr. JIANG served as chief engineer of Security Control Institute of CRSC Research & Design Institute Group Co., Ltd. from May 2016 to November 2018; as chief engineer of Research Institute of CRSC Research & Design Institute Group Co., Ltd. from July 2015 to May 2016; as chief engineer of Research Institute of Beijing National Railway Research & Design Institute of Signal & Communication Co., Ltd. from March 2012 to July 2015; he served as the dean of Research Institute of Beijing National Railway Research & Design Institute of Signal & Communication Co., Ltd. from December 2012 to October 2013; as engineer, senior engineer, chief engineer and among other roles of the R & D Centre of CRSC Research & Design Institute from August 2007 to March 2012.
LIU Zhen	He has been the deputy general manager of the Basic Equipment Technology Research Institute of CRSC Research & Design Institute Group Co., Ltd., a wholly-owned subsidiary of the Company, since August 2024. He served as the dean, chief engineer, director of the electronic equipment technology institute of the Basic Equipment Technology Research Institute of CRSC Research & Design Institute Group Co., Ltd. from June 2017 to August 2024; as the senior engineer of CRSC Research & Design Institute Group Co., Ltd. from January 2017 to June 2017; as the deputy director of the Hardware Research Institute of Security Control Institute of CRSC Research & Design Institute Group Co., Ltd. from May 2016 to January 2017; as the deputy director of the Hardware Research Institute of Research Institute of CRSC Research & Design Institute Group Co., Ltd. from January 2016 to May 2016 and as senior engineer of CRSC Research & Design Institute Group Co., Ltd. from December 2012 to January 2016.

Name	Major Working Experience
DENG Hongyuan	Since May 2018, he has served as a the deputy general manager and chief engineer of CRSC Urban Rail Transit Technology Co., Ltd., a wholly-owned subsidiary of the Company. From May 2018 to October 2021, he served as a director of the Company's wholly-owned subsidiary, CRSC Urban Rail Transit Technology Co., Ltd. From January 2017 to May 2018, he served as the deputy general manager and chief engineer of Beijing National Railway Research & Design Institute of Signal & Communication Co., Ltd. From April 2016 to January 2017, he served as the deputy chief engineer of Beijing National Railway Research & Design Institute of Signal & Communication Co., Ltd., during which he also served as the deputy general manager and chief engineer of Beijing Urban Transit Technology Co., Ltd. (北京通號國鐵城市軌道技術有限公司). From October 2014 to January 2015, he was the director of the Integration Centre of Beijing National Railway Research & Design Institute of Signal & Communication Co., Ltd. He served successively as the deputy chief engineer, the chief engineer, the deputy branch dean, and the dean of the City Traffic Branch of Beijing National Railway Research & Design Institute of Signal & Communication (北京全路通信信號研究設計院城交分院) from September 2007 to December 2014, during which he also served as deputy general manager and deputy director of the Integration Centre.
JIANG Jianhua	Since July 2024, he has been a dedicated external director of the Company's affiliated enterprises. From January 2011 to July 2024, he has served as the vice president of technology of the R&D Centre of CASCO Signal Ltd., a subsidiary controlled by the Company. Since August 2019, he has served as a provisional member of the Party Committee of CASCO Signal Ltd. Since August 2015, he has served as the vice president of technology of the Research & Design Institute of CASCO Signal Ltd. (卡斯柯信號有限公司研究設計院). From July 1998 to January 2011, he served successively as the deputy chief engineer and the chief engineer of CASCO Signal Ltd. From July 1988 to July 1998, he served successively as a software engineer, the deputy department manager and the department manager of the software department of CASCO Signal Ltd.
CUI Ke	Since January 2018, he has served as the chief engineer of the Research & Design Institute of CASCO Signal Ltd., a subsidiary controlled by the Company. From January 2014 to December 2017, he served as the urban rail product director of Urban Rail System Development Department of CASCO Signal Ltd.; from August 2010 to December 2013, he served as the urban rail technical director of R&D Department of CASCO Signal Ltd.; and from August 2000 to July 2010, he served as the department manager of the R&D Department of CASCO Signal Ltd.

Name	Major Working Experience
LI Hongyan	Since June 2020, he has served as the product manager of R&D Centre of CRSC Communication & Information Group Company Ltd., a wholly-owned subsidiary of the Company. From April 2017 to June 2020, he has been the chief engineer of Security Technology Branch of CRSC Communication & Information Group Company Ltd. (通號通信信息集團有限公司安防技術分公司). From July 2015 to April 2017, he served as the chief engineer of Beijing Research Institute of CRSC Communication & Information Group Company Ltd. (通號通信信息集團有限公司北京研究院). From January 2014 to July 2015, he served as the deputy chief engineer of CRSC Communication & Information Group Company Ltd. From September 2013 to July 2015, he served as the dean of Beijing Research Institute of CRSC Communication & Information Group Company Ltd. From January 2010 to September 2013, he served successively as the deputy manager and manager of the Technology Development Research Department of Beijing Guotie Huachen Communication Technology Co., Ltd. (北京國鐵華晨通信技術有限公司). From June 2006 to January 2010, he served successively as an engineer of the Engineering Technology Department (工程技術部) and the manager of Research & Development Department (研究開發部) of Beijing Nera Stentofon Communication Equipment Co., Ltd.
WANG Xiangtao	Technical consultant. Since August 2020, he has served as a director, the deputy general manager and chief engineer of CRSC Railway Vehicles Co., Ltd. Since May 2015, he has served as the deputy general manager of technology of CRSC Railway Vehicles Co., Ltd. From November 2016 to December 2020, Mr. WANG has been a director of CRSC Airbus Co., Ltd., a subsidiary invested by the Company. From May 2011 to April 2015, he severed as the deputy general manager of technology of Xiangtan Electric Urban Rail Vehicle Co., Ltd. (湘電城軌車輛有限公司). From May 2009 to May 2011, he served as the deputy general manager of technology of Xiangtan Electric Urban Rail Equipment Co., Ltd. (湘電城軌裝備有限公司). From August 2007 to May 2011, he served as the institute director of the Vehicle Research Institute of Xiangtan Electric Heavy Equipment Co., Ltd. (湘電重型裝備有限公司車輛研究所), and as a supervisor of the same company. From June 2001 to August 2007, he served as the institute director of the Vehicle Research Institute of Xiangtan Electric Co., Ltd. From July 1985 to June 2001, he served as an engineer of the Technical Centre of Xiangtan Electric Plant (湘潭電機廠技術中心).

The Company has adopted a code of conduct no less exacting than that as provided in the Model Code as the code of conduct for all the Directors and Supervisors trading securities of the Company (the "**Code of Conduct**"). After specific inquiries to all Directors and Supervisors, all the Directors and Supervisors (and, for Supervisors, for the period from the beginning of the Reporting Period to 21 November 2025) of the Company have confirmed that they have complied with the standards as stipulated by the code of conduct for the year ended 31 December 2025.

Other explanations

☐ Applicable ☑ Not applicable

ii. Positions held by current and resigned Directors and Senior Management during the Reporting Period

1. Positions held in shareholder entities

☑ Applicable ☐ Not applicable

Name	Name of Shareholder Entity	Position Held in the Shareholder Entity	Start Date of Term of Office	Termination Date of Term of Office
LOU Qiliang	China Railway Signal and Communication (Group) Corporation Limited	Secretary of the Party Committee and Chairman	February 2024	–
		Director	September 2023	–
DONG Baoliang	China Railway Signal and Communication (Group) Corporation Limited	Deputy secretary of the Party Committee and director	February 2026	–
		General manager	February 2026	–
LI Lianqing	China Railway Signal and Communication (Group) Corporation Limited	A member of the Standing Committee of the Party Committee	May 2022	–
		Chairman of labour union	February 2026	–
ZHANG Zhihui	China Railway Signal and Communication (Group) Corporation Limited	A member of the Standing Committee of the Party Committee	April 2022	–
WAN Baohua	China Railway Signal and Communication (Group) Corporation Limited	A member of the Standing Committee of the Party Committee	April 2022	–
ZHANG Quan (resigned)	China Railway Signal and Communication (Group) Corporation Limited	Deputy secretary of the Party Committee and employee representative director	July 2022	June 2025
ZHAO Xiaodong (resigned)	China Railway Signal and Communication (Group) Corporation Limited	A member of the Standing Committee of the Party Committee	December 2018	February 2025
Explanation on positions held in Shareholder entities	None			

2. *Positions held in other entities*

☑ Applicable ☐ Not applicable

Name	Name of Other Entities	Positions Held in Other Entities	Start Date of Term of Office	Termination Date of Term of Office
YAO Cho Fai Andrew	Hong Kong Shanghai Alliance Holdings Limited (滬港聯合控股有限公司)	Chairman and chief executive officer	July 1999	–
	Kader Holdings Company Limited (開達集團有限公司)	Independent non-executive director	September 2004	–
	China COSCO Shipping Corporation Limited	Director	May 2022	–
	Legislative Council of the Hong Kong Special Administrative Region	Member	January 2026	–
FU Junyuan	China Information and Communication Technology Group Co., Ltd.	Director	November 2021	October 2027
	Seacon Shipping Group Holdings Limited	Independent non-executive director	March 2023	
Explanation on positions held in other entities				

iii. Remuneration of Directors, Senior Management and core technical personnel

☑ Applicable ☐ Not applicable

Unit: '0,000 Yuan Currency: RMB

The decision-making procedure for the remunerations of Directors and senior management	The Remuneration and Evaluation Committee of the Board makes recommendations to the Board on the remunerations of Directors and Senior Management of the Company. The Board shall make decision on remuneration and awards for senior management, and the shareholders' meetings shall make decision on remuneration matters for Directors.
Whether a director shall abstain from voting when the Board discusses the remuneration matters concerning the director.	No
The recommendations made by Remuneration and Evaluation Committee or a special meeting of the Independent Directors on the remuneration matters concerning Directors and Senior Management.	The recommendations made to the Board by Remuneration and Evaluation Committee of the Board on the remunerations of Directors and Senior Management of the Company.
The basis for determining remunerations of Directors and senior management	The remunerations of the Company's Directors and senior management are determined in accordance with the Articles of Association of China Railway Signal & Communication Corporation Limited and relevant rules.
Actual payment of remunerations of Directors and Senior Management	The remuneration of Directors and senior management shall be paid by the Company in accordance with relevant rules.
Total actual remunerations received by all Directors and senior management at the end of the Reporting Period	664.23
Total actual remunerations received by core technical personnel at the end of the Reporting Period	760.97
The assessment criteria and completion status of actual remunerations received by all Directors and senior management at the end of the Reporting Period	The regulations related to the remuneration management of persons-in-charge and external directors of central enterprises under the State-owned Assets Supervision and Administration Commission of the State Council and the internal remuneration evaluation management of the Company
Deferred payment arrangements for actual remunerations received by all Directors and senior management at the end of the Reporting Period	Not applicable
Circumstances of clawback of actual remunerations received by all Directors and senior management at the end of the Reporting Period	Not involved

iv. The changes in the Company' s Directors, Senior Management and core technical personnel

☑ Applicable ☐ Not applicable

Name	Position Held	Changes	Reason of Changes
DONG Baoliang	Executive Director	Election	Election
	President	Appointment	Appointment
LUO Jing	Employee Director	Election	Election
ZHANG Quan	Executive Director	Resignation	Personal reason
ZHAO Xiaodong	Vice President	Resignation	Job change

Note: Due to a change in personnel, Mr. ZHANG Quan ceased to serve as an executive director of the Company effective 27 June 2025.

v. Explanation on penalties imposed by securities regulatory authorities in the recent three years

☐ Applicable ☑ Not applicable

vi. Others

☐ Applicable ☑ Not applicable

VII. BOARD OF DIRECTORS

1. Composition of the Board

As at the end of the Reporting Period, the Board of Directors comprised Mr. Lou Qiliang as executive director, Ms. Luo Jing as non-executive director, and Mr. Yao Guiqing, Mr. Yao Cho Fai Andrew and Mr. Fu Junyuan as independent non executive directors.

On 14 March 2025, the Company's employee representative meeting elected Ms. Luo Jing as the employee director and non-executive Director of the Company's fourth board of directors. Ms. Luo Jing has obtained the legal opinion referred to in Rule 3.09D of the Rules Governing the Listing of Securities on the Hong Kong Stock Exchange on 14 March 2025 and confirmed that she understands her responsibilities as a director of the Company.

On 27 June 2025, Mr. Zhang Quan, the executive director of the Company, ceased to serve as the executive director and member of the nomination committee of the Board of Directors. Mr. Zhang Quan was no longer hold any position in the Company after the resignation.

The Directors shall hold office for a term of three years each from the date of their appointment until the expiry of that session of Board. For details of the term of office of the Directors of the Company, please refer to the Corporate Governance chapter of this report.

There is no relationship (including financial, business, family or other material/relevant relationship(s)) among the members of the Board. Biographies of the Directors are set out in "VII. Directors, Supervisors and Senior Management" of this section.

2. Independent non-executive Directors

For the year ended 31 December 2025, the Board had complied with the requirements of the Listing Rules of the Hong Kong Stock Exchange relating to the appointment of at least three independent non-executive Directors with at least one independent non-executive Director possessing appropriate professional qualifications or accounting or related financial management expertise.

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

All independent non-executive Directors have confirmed their independence pursuant to the factors set out in Rule 3.13 of the Listing Rules. The Company is of the view that all independent non-executive Directors are independent in accordance with the independence guidelines set out in the Listing Rules of the Hong Kong Stock Exchange.

3. Chairman of the Board and president

According to Code Provision C.2.1 set out in the Corporate Governance Code, the roles of the chairman and the chief executive officer should be separate and should not be performed by the same individual.

Mr. Lou Qiliang was appointed as the president of the Company by the Board of Directors on 15 September 2023 and and was elected by the Board of Directors as the chairman of the fourth session of the Board of Directors of the Company on 21 February 2024. On 13 September 2024, Mr. Lou Qiliang resigned from his position as president of the Company due to work adjustments, and the position of president of the Company became vacant, which deviates from Code Provision C.2.1 of Corporate Governance Code. The Company appointed Mr. Dong Baoliang as the president on 26 February 2026. Thereby, the Company has complied with the requirements of Section C.2.1 of the Corporate Governance Code.

4. Nomination, appointment and removal of Directors

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

5. Duties of the Board

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

(1) to convene shareholders' meetings and to report on its work to the shareholders' meeting;

(2) to implement the resolutions of the shareholders' meeting;

(3) to decide on the business plans and investment plans of the Company;

(4) to formulate the annual financial budgets and final accounts of the Company;

(5) to formulate the profit distribution plans and plans for making up losses of the Company;

(6) to formulate plans for the increase or reduction of the registered capital of the Company;

(7) to formulate plans for the issuance of corporate bonds, any class of Shares, warrants and other similar securities;

(8) to formulate plans for significant acquisition by the Company, repurchase of Shares of the Company or merger, division, reorganisation or dissolution of the Company and changes in the corporate form of the Company;

(9) to decide on the provision by the Company of any external guarantee other than those to be approved by the shareholders' meeting as required by the Articles of Association;

(10) to decide on significant acquisition or disposal within one year by the Company of assets not more than 30% of the latest audited total assets of the Company;

(11) to decide on connected transactions other than those to be approved by the shareholders' meeting as required by laws and regulations and regulatory rules in the place where Shares of the Company are listed;

(12) to decide on significant investment projects of the Company with the single amount not more than 30% of the latest audited net assets of the Company;

(13) to decide on entrusted wealth management and asset mortgages or pledges with the accumulated amount not more than 30% of the latest audited net assets of the Company;

(14) to decide on extra costs and expenses with the single amount not more than 10% of the latest audited net assets of the Company;

(15) to decide on plans of external donation and sponsorship of the Company with the single amount not more than RMB10 million;

(16) to formulate amendments to the Articles of Association, the Rules of Procedure for the shareholders' meeting and the Rules of Procedure for the Board;

(17) to engage or dismiss the Company's president and secretary to the Board; to engage or dismiss vice presidents, the chief accountant, the general counsel and other senior management of the Company, as proposed by the president, and decide on matters relating to their remuneration, rewards and punishments;

(18) to decide on the establishment of the Company's internal management organisation;

(19) to decide on the establishment of each special committee under the Board and to consider and approve resolutions proposed by each special committee under the Board;

(20) to formulate the basic management systems of the Company;

(21) to formulate development strategies, long and medium-term development plans and corporate culture development plans, and to monitor the implementation of such plans;

(22) to establish and improve internal supervision and risk control systems, and strengthen internal compliance management; to decide on the Company's risk management system, internal control system, accountability system for illegal operations and investments, and legal compliance management system, and conduct overall monitoring and evaluation of the Company's risk management, internal control, and legal compliance management systems and their effective implementation;

(23) to propose to the shareholders' meeting the appointment, removal or termination of reappointment of an accounting firm;

(24) to listen to the work reports of the Company's president and inspect the work of the president and other Senior Management members;

(25) to perform duties of corporate governance and to evaluate and improve the corporate governance of the Company regularly in accordance with the regulatory rules in the place where Shares of the Company are listed;

(26) to formulate equity incentive scheme;

(27) to manage the Company's information disclosure matters; and

(28) other duties and powers provided in laws and regulations, regulatory rules in the place where Shares of the Company are listed or specified in the Articles of Association or granted by the shareholders' meeting.

Resolutions by the Board on the matters mentioned above shall, be passed by the affirmative vote of more than one half of all the Directors with the exception of resolutions on the matters referred to in items (6), (8), (16) and (26), which shall require the affirmative vote of at least two-thirds of all the Directors for adoption. Besides the affirmative vote of more than one half of all the Directors, the affirmative vote of at least two-thirds of all the Directors present is also required when the matters referred to in item (9) are considered by the Board. The abovementioned duties and powers of the Board as well as any transaction or arrangement of the Company shall be proposed at the shareholders' meeting for approval as prescribed by the regulatory rules in the place where Shares of the Company are listed.

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

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

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

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

(1) to formulate, review and make recommendations on the corporate governance policies and practices of the Company;

(2) to review and monitor the training and continuous professional development of Directors and Senior Management;

(3) to review and monitor the Company's policies and practices with regard to complying with laws and regulatory requirements;

(4) to formulate, review and monitor the code of conduct and compliance manual (if any) applicable to employees and Directors;

(5) to review the Company's compliance with the Corporate Governance Code and disclosures made in the Corporate Governance Report (the Corporate Governance section of this report) of the annual report of the Company.

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

6. Mechanism for directors to obtain independent views and opinions

The Company has a mechanism in place to ensure that independent views and opinions are available to the Board, including but not limited to reviewing from time to time that independent non-executive Directors have appropriate qualifications and professional skills and have committed sufficient time to the Group, and that the number of independent non-executive Directors has complied with the Listing of Securities on the Hong Kong Stock Exchange, and has established channels (including but not limited to questionnaires or the Board meetings) to evaluate the contributions and opinions of independent non-executive Directors. The Board has reviewed the implementation and effectiveness of the mechanism and believes that the Board is highly independent.

VIII. PERFORMANCE OF DUTIES OF DIRECTORS

I. Directors' attendance at the Board meetings and shareholders' meetings

		Attendance at the Board meeting						Attendance at the shareholders' meetings
Name of Director	Independent director or not	Number of required attendances at the Board meeting during the Reporting Period	Number of attendances in person	Number of attendances by means of telecommunications	Number of attendances by proxy	Number of absences	Failure to attend meetings in person for two consecutive times	Number of attendances at the shareholders' meeting
LOU Qiliang	No	7	7	1	0	0	No	2
YAO Guiqing	Yes	7	7	1	0	0	No	2
YAO Cho Fai Andrew	Yes	7	6	1	1	0	No	2
FU Junyuan	Yes	7	7	1	0	0	No	2
LUO Jing	No	6	5	1	0	1	No	2
ZHANG Quan (resigned on 27 June 2025)	No	3	1	0	2	0	Yes	0

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

☐ Applicable ☑ Not applicable

Number of the Board meetings held for the year	7
Including: number of meetings held onsite	–
Number of meetings held by means of telecommunications	1
Number of meetings held onsite and by means of telecommunications simultaneously	6

ii. Objections raised by Directors against relevant matters of the Company

☐ Applicable ☑ Not applicable

iii. Other

☑ Applicable ☐ Not applicable

During the Reporting Period, the Board focused on the continuous professional development of Directors and actively encouraged and organised Directors to participate in the trainings. In order to keep their knowledge and skills up to date as well as improve their capacities of duty performance, all members of the Board of Directors continued to learn all kinds of regulatory information and the latest regulatory requirements in their daily duties, including relevant laws and regulations and regulatory documents in relation to corporate governance and Listing Rules of the Hong Kong Stock Exchange, meanwhile they read industry, professional books and publications. During the Reporting Period, all Directors (including Mr. LOU Qiliang, Mr. Yao Guiqing, Mr. YAO Cho Fai Andrew, Mr. FU Junyuan and Ms. LUO Jing) attended the seminar on the construction of the board of directors of central enterprises conferences held by the State-owned Assets Supervision and Administration Commission of the State Council, the training on regulatory services organised by the Listed Companies Association of Beijing and the relevant training organised by the SSE, etc. All Directors further understood the regulations of domestic and overseas regulatory institutions, code of conduct for the performance of duties as directors and requirements for information disclosure which A + H listed companies should follow.

IX. THE SPECIAL COMMITTEES UNDER THE BOARD OF DIRECTORS

☑ Applicable ☐ Not applicable

i. The special committees under the Board of Directors

The Company has established five special committees under the Board of Directors, including the Strategy and Investment Committee, the Remuneration and Evaluation Committee, the Nomination Committee, the Audit and Risk Management Committee, and the Quality and Safety Committee. Members of the Remuneration and Evaluation Committee and the Audit and Risk Management Committee are all held by external directors, ensuring that external directors fully express their opinions and perform their duties efficiently.

Categories of Special Committees	Member Name
Strategy and Investment Committee	LOU Qiliang, DONG Baoliang[1], YAO Guiqing, YAO Cho Fai Andrew, FU Junyuan
Audit and Risk Management Committee	FU Junyuan, YAO Cho Fai Andrew, YAO Guiqing
Nomination Committee	YAO Guiqing, YAO Cho Fai Andrew, LUO Jing
Remuneration and Evaluation Committee	YAO Guiqing, YAO Cho Fai Andrew, FU Junyuan
Quality and Safety Committee	LOU Qiliang, DONG Baoliang[1], YAO Guiqing

Note:

1. On 24 March 2026, Mr. Dong Baoliang was appointed as the member of the Strategy and Investment Committee and the member of the Quality and Safety Committee.

ii. The Strategy and Investment Committee held two meetings during the Reporting Period

Time of Meeting	Content of Meeting	Important Comments and Recommendations	Other Performance of Duties
26 August 2025	1. Considered the resolution on the extension and modification of certain fundraising investment projects on the STAR Market 2. Considered the resolution on the change in the use of funds raised from H-shares	Agreed.	–
28 October 2025	This meeting had no items for consideration. Reports were heard on the overall progress of the 15th Five-Year Plan formulation, investment execution status, and the advancement of key investment/merger and acquisition projects.	Not involved.	Reports were heard on the overall progress of the 15th Five-Year Plan formulation, investment execution status, and the situation regarding key investment and merger and acquisition projects.

During the Reporting Period, the Strategy and Investment Committee comprised executive Director Mr. Lou Qiliang, and independent non-executive Directors Mr. Yao Guiqing, Mr. Yao Cho Fai Andrew and Mr. Fu Junyuan. The Strategy and Investment Committee is accountable to the Board of Directors and is mainly responsible for studying the Company's development strategies and plans, and making recommendations on major investments and capital operation decisions.

During the Reporting Period, the attendance of each member at the meetings of the Strategy and Investment Committee is as follows:

Name of Director	Number of attendances	Number of actual attendances	Number of absences
Mr. Lou Qiliang	2	2	–
Mr. Yao Guiqing	2	2	–
Mr. Yao Cho Fai Andrew	2	2	–
Mr. Fu Junyuan	2	2	–

iii. The Audit and Risk Management Committee held five meetings during the Reporting Period

Time of Meeting	Content of Meeting	Important Comments and Recommendations	Other Performance of Duties
20 January 2025	1. Considered the resolution on the 2024 Final Accounts Audit Plan 2. Considered the resolution on the 2025 Major Risk Forecast Assessment Report 3. Considered the resolution on the 2025 Internal Audit Plan	Agreed.	Received reports from the Legal Compliance Department and Audit Department on key tasks for the 2024 fiscal year.
27 March 2025	1. Considered the resolution on the 2024 Financial Statements Audit and Internal Control Audit 2. Considered the resolution on Payment of 2024 Audit Fees and Engagement of External Audit Firm for 2025 3. Considered the resolution on Key Tasks for Legal Compliance Work in 2025 4. Considered the resolution on the Report on Quality Assessment of CRSC's 2024 Internal Audit Work 5. Considered the resolution on the Internal Control Evaluation Report for the Year 2024	Agreed.	–

Time of Meeting	Content of Meeting	Important Comments and Recommendations	Other Performance of Duties
29 April 2025	1. Considered the resolution on the First Quarter Report for the Year 2025 2. Considered the resolution on the Major Risk Monitoring Report for the First Quarter of 2025 of CRSC 3. Considered the resolution on the Key Tasks for Accountability in Violations of Business and Investment Operations for the Year 2025 of CRSC	Agreed.	–
27 August 2025	1. Considered the resolution on the 2025 Interim Review by BDO China SHU LUN PAN Certified Public for China Railway Signal & Communication Corporation Limited 2. Considered the resolution on the Monitoring Report on Significant Risks of China Railway Signal & Communication Group Co., Ltd. for the Second Quarter of 2025	Agreed.	Received a report from the Audit Department on the findings of mid-term economic responsibility audits for the legal representatives of certain subsidiaries.
28 October 2025	1. Considered the resolution on the Third Quarter Report for 2025 of China Railway Signal & Communication Corporation Limited 2. Considered the resolution on the Monitoring Report on Significant Risks of China Railway Signal & Communication Corporation Limited for the Third Quarter of 2025 3. Considered the resolution on the Financial Services Framework Agreement between CRSC Group Finance Limited and China Railway Signal and Communication (Group) Corporation Limited and Related Party Transactions 4. Considered the resolution on the Forecast of Routine Related Party Transactions of China Railway Signal & Communication Corporation Limited for the Period 2026–2028	Agreed.	–

During the Reporting Period, the Audit and Risk Management Committee comprised of independent non-executive Directors Mr. FU Junyuan, Mr. YAO Cho Fai Andrew, and Mr. YAO Guiqing (Mr. YAO Guiqing, an independent non-executive Director, was resolved to serve as a member of the Audit and Risk Management Committee at the 30th meeting of the fourth session of the board of directors of the Company held in August 2025) serving as members. In particular, Mr. FU Junyuan, who has rich knowledge and experience in accounting, served as the chairman. The Audit and Risk Management Committee was mainly responsible for proposing the selection and replacement of the Company's external audit firm; supervising the Company's internal audit system; the communication, supervision and verification of the Company's internal and external

audit; reviewing the financial information and its disclosure; reviewing risk management and internal systems; reviewing the Company's risk management strategies and solutions; risk control, management, supervision and evaluation of major decisions, major events, and important business processes. During the Reporting Period, the Audit and Risk Management Committee strictly complied with the requirements of the Company's Working Rules for the Audit and Risk Management Committee of the Board of Directors and the Working Rules for the Annual Report of the Audit and Risk Management Committee of the Board of Directors and other system requirements, performed the duties of the committee independently and objectively, and actively carried out work centring on auditing and supervision, financial monitoring, internal control system construction and comprehensive risk management. It considered several proposals on financial reports such as the periodic reports of the Company, carefully studied the contents of the proposals, and repeatedly checked and studied the financial information disclosed in the reports and financial statements of the Company. During the Reporting Period, the Audit and Risk Management Committee has reviewed the annual results of the Company for the year ended 31 December 2024, the unaudited interim results of the Company for the six months ended 30 June 2025 and the quarterly results of the Company for the three months ended 31 March 2025 and for the nine months ended 30 September 2025. They regularly listened to the reports of the Legal Compliance Department and Audit Department on major risk assessment, major risk monitoring, major risk events, corporate compliance management, corporate system building, internal control evaluation, internal audit work quality assessment, internal audit work, and execution of internal audit. The Audit and Risk Management Committee has discussed the accounting policies and practices adopted by the Company, internal control and financial reporting matters with the senior management of the Company, and has reviewed the effectiveness of the accounting policies and practices adopted by the Group, financial control, the risk management and internal control system and the internal audit function of the Group for five times, and considers that the Group's risk management and internal control system and the operation of the internal audit department remain effective. Meanwhile, the Audit and Risk Management Committee had three meetings with external auditors. The Audit and Risk Management Committee has also reviewed the compliance of the Company with the Corporate Governance Code and the Corporate Governance Report (the Corporate Governance section of this report) of the Company. Following consideration and approval at the 2025 first extraordinary general meeting of the Company held on 21 November 2025, the Company has abolished the Supervisory Committee, with its relevant powers and functions to be exercised by the Audit and Risk Management Committee.

During the Reporting Period, the attendance of each committee member at the meetings of the Audit and Risk Management Committee is as follows:

Name of Director	Number of attendances	Number of actual attendances	Number of absences
Mr. Yao Cho Fai Andrew	5	5	–
Mr. Fu Junyuan	5	5	–
Mr. Yao Guiqing	1	1	–

Note: Mr. Yao Guiqing has been appointed as a member of the Audit and Risk Management Committee since 27 August 2025.

iv. The Nomination Committee held two meetings during the Reporting Period

Time of Meeting	Content of Meeting	Important Comments and Recommendations	Other Performance of Duties
14 March 2025	Resolution on the Nomination of Candidates for Directors (Employee Director) of the Fourth Session of the Board of Directors of the Company	Agreed.	–
27 October 2025	Resolution on the Amendments to the Board Member Diversity Policy and the Employee Diversity Policy (including Senior Management)	Agreed.	–

From January to June 2025, the Nomination Committee comprised independent non-executive Directors Mr. Yao Guiqing and Mr. Yao Cho Fai Andrew, Executive Director Mr. ZHANG Quan (resigned on 27 June 2025) as members, with Mr. Yao Guiqing as the chairman. Since 27 August 2025, following consideration and approval at the 30th meeting of the fourth session of the board of directors of the Company, Ms. LUO Jing, the employee director, was appointed as a member of the Nomination Committee. The Nomination Committee was primarily responsible for selecting and making recommendations regarding the candidates, selection criteria, and procedures for the Directors and senior management of the Company, and was accountable to the Board of Directors. In reviewing the size and composition of the Board of Directors, identifying and nominating candidates for Directors, the Nomination Committee shall consider relevant factors to achieve the diversity of the Board members according to the business model and specific demands of the Company.

On 14 March 2025, the Nomination Committee held a meeting to consider and approve the "Proposal on Nominating Employee Directors".

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

i. The Company shall actively study the Company's demands for new Directors and senior management members and prepare written materials;

ii. The Company shall search for candidates for Directors and senior management members in the Company and its wholly-owned and holding (joint-stock) enterprises and the talent market;

iii. The Company shall gather information of preliminary candidates, including occupation, education, job title, detailed work experience and all part-time jobs, and prepare written materials;

iv. The Company shall seek the consent of the nominees for nomination;

v. The Company shall convene a meeting of the Nomination Committee to conduct a qualification check of the preliminary candidates based on the appointment criteria for Directors and senior management members;

vi. The Company shall submit to the Board its recommendations on the candidates for Directors and senior management members and relevant materials prior to the election of new Directors or the appointment of new senior management members; and

vii. The Company shall implement other follow-up work in accordance with the decisions and feedback of the Board.

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

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

In determining the optimal composition structure of the Board, the Company shall strike an appropriate balance among these factors where practicable. The appointment of Board members shall take into account the above factors on a case-by-case basis, having regard to the Company's actual circumstances as well as its business operations, development and strategies. Having duly considered the benefits that relevant candidates would bring to the diversity of the Board, the final decision shall be made based on their strengths and the contributions they can make to the Board. One female director has been appointed to the Board of the Company (Ms. Luo Jing was appointed as a Director representing the employees of the Company on 14 March 2025). Upon the election of Ms. Luo Jing as the employee representative director of the Company, the Company has complied with the requirements of Rule 13.92 of the Listing Rules of the Hong Kong Stock Exchange relating to gender diversity of the Board. We understand the particular importance of gender diversity and therefore will strive to enhance the gender diversity of the Board. When selecting and recommending suitable candidates for the Board, the Company will take opportunities to increase the proportion of female members on the Board and enhance the level of gender diversity in accordance with shareholder expectations and recommended best practices. The Company plans to promote gender diversity in the recruitment of middle and senior management staff, so that the Company has more potential successors for female senior management and Board members.

During its review of the composition of the Board of Directors, the Nomination Committee, having assessed the skills and experience of the directors and their suitability to the Company's business, considered the Company's existing Board structure to be reasonable and have a balance of skills, experience and expertise appropriate to the requirements of the Company's business.

During the Reporting Period, the attendance of each committee member at the meetings of the Nomination Committee is as follows:

Name of Director	Number of attendances	Number of actual attendances	Number of absences
Mr. Yao Guiqing	2	2	–
Mr. Yao Cho Fai Andrew	2	2	–
Mr. Zhang Quan[1]	1	0	1
Ms. Luo Jing[2]	1	1	–

Note: 1. From 27 June 2025, Mr. Zhang Quan ceased to serve as a member of the Nomination Committee.

2. Ms. Luo Jing has been appointed as a member of the Nomination Committee since 27 August 2025.

v. The Remuneration and Evaluation Committee held one meeting during the Reporting Period

Time of Meeting	Content of Meeting	Important Comments and Recommendations	Other Performance of Duties
15 September 2025	Implementation Plan for the 2024 Annual Remuneration and 2022–2024 Term Incentive Income of Executives of China Railway Signal & Communication Corporation Limited	Agreed.	–

During the Reporting Period, the Remuneration and Evaluation Committee consisted of independent non-executive Directors Mr. YAO Guiqing, Mr. FU Junyuan, and Mr. YAO Cho Fai Andrew serving as members. Mr. YAO Guiqing served as the chairman. The Remuneration and Evaluation Committee was mainly responsible for formulating and assessing the evaluation standards of the Company's directors and senior management; formulating and reviewing the remuneration policies and plans of the Company's directors and senior management, and was accountable to the Board of Directors. During the Reporting Period, the Remuneration and Evaluation Committee of the Board of Directors strictly complied with the Company's Working Rules for the Remuneration and Evaluation Committee of the Board of Directors and other system requirements, and performed the duties of the committee independently and objectively.

During the Reporting Period, the attendance of each committee member at the meetings of the Remuneration and Evaluation Committee is as follows:

Name of Director	Number of attendances	Number of actual attendances	Number of absences
Mr. Yao Guiqing	1	1	–
Mr. Yao Cho Fai Andrew	1	1	–
Mr. Fu Junyuan	1	1	–

vi. The Quality and Safety Committee held two meetings during the Reporting Period

Time of Meeting	Content of Meeting	Important Comments and Recommendations	Other Performance of Duties
20 January 2025	1. Resolution on 2025 Key Quality and Safety Work Arrangements of China Railway Signal & Communication Corporation	Agreed.	Heard the Report on Quality and Safety Work for 2024
24 December 2025	1. Resolution on 2026 Key Quality and Safety Work Arrangements of China Railway Signal & Communication Corporation	Agreed.	Heard the Report on Quality and Safety Work for 2025

During the Reporting Period, the Quality and Safety Committee comprised executive Director Mr. LOU Qiliang and independent non-executive Director Mr. YAO Guiqing serving as members and Mr. Lou Qiliang as the chairman. On 24 March 2026, following consideration and approval at the 2026 second extraordinary shareholders' meeting, Mr. DONG Baoliang was elected as an executive Director of the Company. Mr. DONG concurrently serves as a member of the Quality and Safety Committee of the Company. The Quality and Safety Committee of the Company was accountable to the Board of Directors and was mainly responsible for researching the Company's major quality and safety decisions, researching the Company's long-term quality and safety mechanism construction, and reviewing the Company's annual key work on quality and safety.

On 20 January 2025, the Quality and Safety Committee held a meeting to hear a report on the quality and safety work of the Company in 2024, and considered and approved the proposal on the "Key Work Arrangements for Quality and Safety of China Railway Signal & Communication Corporation Limited in 2025".

On 24 December 2025, the Quality and Safety Committee held a meeting to hear a report on the quality and safety work of the Company in 2025, and considered and approved the proposal on the "Key Work Arrangements for Quality and Safety of China Railway Signal & Communication Corporation Limited in 2026".

During the Reporting Period, the attendance of each committee member at the meetings of the Quality and Safety Committee is as follows:

Name of Director	Number of attendances	Number of actual attendances	Number of absences
Mr. Lou Qiliang	2	2	–
Mr. Yao Guiqing	2	2	–

vii. The details of objections

☐ Applicable ☑ Not applicable

X. SUPERVISORY COMMITTEE

☑ Applicable ☐ Not applicable

From the beginning of the Reporting Period up tp 21 November 2025, the Supervisory Committee of the Company consisted of 3 members, namely Mr. KONG Ning, Ms. LI Tienan and Ms. YANG Yang with Mr. KONG Ning serving as the chairman. Starting from 21 November 2025, the Company ceased to establish the Supervisory Committee and supervisors, and the Audit and Risk Management Committee under the Board of Directors exercises the powers of the Supervisory Committee as stipulated by the Company Law.

From the beginning of the Reporting Period up tp 21 November 2025, the main tasks completed by the Supervisory Committee include supervising the performance of directors and managers, as well as the legal operation of the Company, reviewing the regular reports prepared by the Board of Directors, reviewing the Company's financial statements and implementing daily supervision, and closely monitoring potential risks in the Company's business process.

XI. EXPLANATION OF THE AUDIT COMMITTEE ON DISCOVERY OF THE COMPANY'S RISKS

☐ Applicable ☑ Not applicable

The audit committee had no objection to the supervision matters during the Reporting Period.

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

I. Employee

Number of in-service employees of the parent company	130
Number of in-service employees of major subsidiaries	19,069
Total number of in-service employees	19,199
Number of resigned and retired employees with expenses borne by the parent company and major subsidiaries	0

Professional composition

Category	Number
Production personnel	5,543
Sales personnel	1,309
Technical personnel	9,715
Financial personnel	654
Administrative personnel	1,978
Total	19,199

Educational background

Category	Number (person)
Doctoral degree	141
Master's degree	3,338
Bachelor's degree	11,144
Associate degree	2,950
High school or below	1,626
Total	19,199

The Board values diversity (including gender diversity) at all levels of the Group. As at 31 December 2025, the Company managed to attract female talent. As at 31 December 2025, the ratio of male to female employees (including senior management) of the Company was approximately 75:25, which is in line with the Group's employee diversity policy. The Group considers a number of factors when hiring employees, including but not limited to gender, age, cultural and educational background, qualifications, ethnicity, professional experience, skills, knowledge and years of service, and the Group will ensure gender diversity across the workforce.

ii. Remuneration policy

☑ Applicable ☐ Not applicable

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

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

The remuneration policy of Directors and Supervisors of the Company is as follows:

1. The remuneration and benefit standards for executive Directors: total pre-tax remunerations (including basic salaries and performance-based salaries) + social insurances ("insurances and housing provident fund" paid by the Company for individuals) + annuity (supplementary pension insurance paid by the Company for individuals).

2. Total pre-tax remunerations for independent non-executive Directors consist of basic remunerations, allowances for attending Board meetings, allowances for attending meetings of special committees under the Board, of which basic pre-tax annual remunerations for Directors of special committees and other independent non-executive Directors are RMB100,000 and RMB80,000, respectively; and pre-tax allowances for attending Board meetings and meetings of special committees are RMB3,000/time and RMB2,000/time, respectively.

3. The remuneration standards for an independent non-executive Director served by a person-in-charge of a central enterprise leaving his current post, including leaders of state-owned enterprises, state-owned financial enterprises and other units and their internal institutions and subsidiaries, shall be implemented in accordance with the Notice on Salary Allowances for External Directors Served by Persons-in-charge of Central Enterprises Leaving Their Current Posts (Guo Zi [2016] No. 531)《(關於退出現職的中央企業負責人擔任外部董事發放工資補貼有關事項的通知》(國資[2016]531號)) and Notice on Adjusting the Work Allowances Standards for Retired Persons in Charge of Central Enterprises as Outside Directors (Guoziting Kao Fen [2020] No. 187) (關於調整退出現職的中央企業負責人擔任外部董事工作補貼標準的通知》(國資廳考分[2020]187號)). The pre-tax work allowance is pre-paid at RMB5,000/month per person. When the annual performance evaluation result is determined, it will be cleared and cashed according to the corresponding standards. If the annual performance evaluation result is excellent, the pre-tax work allowance standard is RMB100,000/year; if the evaluation result is good, the pre-tax work allowance standard is RMB80,000/year; and if the evaluation result is basically competent or below, the pre-tax work allowance standard is RMB60,000/year, and no meeting allowance in any form is received.

iii. Training plan

☑ Applicable ☐ Not applicable

In 2025, the Company conducted a survey on training needs and formulated the annual training plan for the Company, improving the comprehensive implementation plan for training coverage. Trainings were carried out for all employees classified by cadre sequence, technical sequence, skill sequence, functional sequence, marketing sequence and project manager sequence. In 2025, the Party Committee of the Company placed great emphasis on the selection and cultivation of outstanding young cadres and young professionals. It organized systematic training programs for these groups. A total of 530 outstanding young cadres and young professionals from across the system participated in specialized training courses under the "Qihang Programme" and the "Voyage Plan". These programs, conducted with a focus on digitalization and lean management, aimed to strengthen political awareness, deepen education in political loyalty and Party spirit, enhance professional capabilities and digital empowerment, and foster a correct understanding of performance. This initiative injects new vitality and momentum into the Company's high-quality development. The "Qihang Programme" was scientifically formulated based on the Company's actual reform and development needs, providing targeted empowerment to facilitate the growth of outstanding young cadres and professionals. The goal is to cultivate and forge a contingent of middle-aged and young management and professional talents who are politically steadfast, meet the requirements of the new era, and possess the capability to lead modernization efforts. Building on the foundation of the "Qihang Programme", the Company also organized the "Voyage Plan" Digital Empowerment Training Course specifically for the development of outstanding young cadres and young professionals. This represents a critical initiative by the Company to vigorously cultivate young talent and support its strategic transformation. All departments of the headquarters have carried out trainings according to the plan to strengthen the business training of the Group and the trainings on management ability and professional ability of the headquarters staff, and enhance the management and control ability of the Group.

iv. Labour outsourcing

☑ Applicable ☐ Not applicable

Total number of working hours of outsourced labour *(RMB'0,000)*	2,808
Total remuneration paid to outsourced labour *(RMB'0,000)*	113,325

XIII. PROFIT DISTRIBUTION PLAN OR RESERVES-TO-EQUITY TRANSFER PLAN

I. Formulation, implementation or adjustment of cash dividend policy

☑ Applicable ☐ Not applicable

1. Formulation of cash dividend policy

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

2. Implementation of cash dividend policy during the Reporting Period

On 23 June 2025, the 2024 shareholders' meeting of the Company reviewed and approved the profit distribution plan for 2024. Calculated based on the total share capital of 10,589,819,000 shares (after the listing and issue of A Shares of the Company), cash dividends of RMB1.7 (tax inclusive) per ten shares were distributed, which had been completed.

3. Explanation of profit distribution plan for 2025

The Company held the 35th meeting of the fourth session of the Board on 24 March 2026. The meeting reviewed and approved the Annual Profit Distribution Plan for 2025 with five affirmative votes, zero dissenting vote and zero vote abstaining from voting, and agreed to submit the profit distribution plan to the Company's 2025 annual general meeting for review. The plan decides that a cash dividend of RMB1.7 (tax inclusive) will be paid to all shareholders for every ten shares, of which domestic shareholders will be paid in RMB and H shareholders will be paid in Hong Kong dollars. The exchange rate of Hong Kong dollars will be calculated in accordance with the average closing price published by the People's Bank of China for the three working days before the day when the dividend distribution announcement is made. As of 31 December 2025, the total share capital of the Company was 10,589,819,000 shares. Based on this calculation, the total cash dividend to be distributed is RMB1,800.27 million, accounting for 48.84% of net profit attributable to shareholders of listed companies in the 2025 consolidated statement of the Company.

If the above profit distribution plan is reviewed and approved by the Company's annual general meeting, the cash dividends are expected to be distributed on or before 31 August 2026. When the specific time is determined for convening the annual general meeting, the Company will separately announce further details including the closure of the registration of members of the H shares and the expected cash dividend payment date, if updated, in respect of the relevant cash dividend distribution. The time arrangement such as the record date and the cash payment date for Shanghai-Hong Kong Stock Connect and Shenzhen-Hong Kong Stock Connect investors is in line with that for H shareholders of the Company.

ii. Special explanation of cash dividend policy

☐ Applicable ☑ Not applicable

iii. Provided that the Company has made profits and the parent company's profits distributable to shareholders are positive, but no plan for distribution of profits by cash has been proposed during the Reporting Period, the Company shall disclose in details the reasons therefore and use and plan of usage of the undistributed profit

☐ Applicable ☑ Not applicable

iv. Plan for profit distribution or reserves-to-equity transfer for the Reporting Period

☑ Applicable ☐ Not applicable

Unit: Yuan Currency: RMB

Number of bonus shares to be distributed for every ten shares (share)	–
Amount to be distributed for every ten shares (RMB) (tax inclusive)	1.70
Number of shares to be converted into share capital for every ten shares (share)	–
Amount of cash dividend (tax inclusive)	1,800,269,230.00
Net profit attributable to ordinary shareholders of the listed company in the consolidated financial statement	3,686,410,571.89
Percentage of the amount of cash dividend to the net profit attributable to ordinary shareholders of the listed company in the consolidated financial statement (%)	48.84
Amount of repurchase of shares under cash offer included in cash dividend	–
Total amount of dividend (tax inclusive)	1,800,269,230.00
Total amount of dividend as a percentage of the net profit attributable to ordinary shareholders of the listed company in the consolidated financial statement (%)	48.84%

v. Cash dividend distribution in the most recent three financial years

☑ Applicable ☐ Not applicable

Unit: Yuan Currency: RMB

Net profit attributable to ordinary shareholders of the listed company in the consolidated financial statement of the most recent financial year	3,686,410,571.89
Undistributed profit at year-end in the parent company's financial statement of the most recent financial year	2,239,878,314.26
Total cash dividends distributed over the past three financial years (tax inclusive) (1)	5,400,807,690.00
Total amount repurchased and cancelled over the past three financial years (2)	–
Total of cash dividends distributed and amount repurchased and cancelled over the past three financial years (3) = (1) + (2)	5,400,807,690.00
Average annual net profit over the past three financial years (4)	3,552,821,018.93
Cash dividend payout ratio over the past three financial years (%) (5) = (3)/(4)	152.01
Total R&D investment over the past three financial years	6,318,445,782.13
Total R&D investment as a percentage of cumulative revenue over the past three financial years (%)	6.07

XIV. RISK MANAGEMENT AND INTERNAL CONTROL

i. Accountability and Audit

Directors acknowledge their responsibility for preparing the consolidated financial statements of the Company for the year ended 31 December 2025. The Directors consider that the Group has adequate resources to continue in business for the foreseeable future and are not aware of material uncertainties that may cast significant doubt on the Company's ability to continue as a going concern.

ii. Risk Management and Internal Control Systems

1. Risk management and internal control management responsibilities

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

2. Risk management and internal control management systems and procedures

The Company has formulated the Measures for the Administration of Overall Risk Management and Internal Control of the Company and the Measures for the Administration of Risk Evaluation of the Company. In accordance with the regulations, the legal compliance department of the Company conducts a comprehensive risk evaluation on the whole system of the Company at the beginning of each year to examine the effectiveness of overall risk management and control in the previous year and identify the major risks that will be faced in the next year and the countermeasures taken by it. The audit department of the Company conducts an internal control assessment at the beginning of each year to assess the effectiveness of internal control of the whole system for the previous year, identify any internal control defects and implement the rectification of internal control defects. The legal compliance department and audit department of the Company report to the Audit and Risk Management Committee on risk management and internal control, including but not limited to the effectiveness and defects of internal control of the Company, overall risk evaluation results and management and control measures. The key features of our Company's risk management and internal control systems and procedures include a comprehensive framework, a clear division of responsibilities, routine operations, and well-defined reporting channels.

3. Non-compliance report policy and procedure

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

4. Key business risks and internal control

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

5. *Overall situation of risk management and internal control for 2025*

In 2025, the legal compliance department and the audit department of the Company organised all functional departments and enterprises of all levels to conduct overall risk evaluations, internal control assessments, rationalise internal control system and procedure, and continue to improve the internal control system, conduct investigations on special risk, track the implementation of major risk control measures, and give risk warning at the beginning of the year in accordance with the regulations and the requirements of the Board of Directors and management of the Company and organised special risk evaluations on and took countermeasures against each major project in order to improve the Company's overall risk management and internal control management system and ensure that the Company's risks are controllable, the internal control system and procedure continue to be effective and internal control measures are effectively implemented. For the year ended 31 December 2025, the Board has reviewed the risk management and internal control system of the Company and its subsidiaries for 5 times through the legal compliance department and the audit department, and considers that the system is still effective and sufficient.

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

6. *Handling and releasing inside information*

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

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

I. General information of Share Incentive Plan

☐ Applicable ☑ Not applicable

ii. Relevant incentive events disclosed in the temporary announcements and with no progress or change in subsequent implementation

☐ Applicable ☑ Not applicable

Other explanations

☐ Applicable ☑ Not applicable

Employee stock ownership plan

☐ Applicable ☑ Not applicable

Other incentive measures

☐ Applicable ☑ Not applicable

iii. The equity incentives granted to the Directors, senior management and core technicians during the Reporting Period

1. Stock option

☐ Applicable ☑ Not applicable

2. The first type of restricted stocks

☐ Applicable ☑ Not applicable

3. The second type of restricted stocks

☐ Applicable ☑ Not applicable

iv. Establishment and implementation of evaluation and incentive mechanisms for senior management during the Reporting Period

☐ Applicable ☑ Not applicable

XVI. CONSTRUCTION AND IMPLEMENTATION OF INTERNAL CONTROL SYSTEM DURING THE REPORTING PERIOD

☑ Applicable ☐ Not applicable

The Company continuously advanced the development of its internal control system, establishing a framework led by the Articles of Association that covers all levels, ensuring top-down coordination, orderly interaction, clear processes, and smooth interfacing. The internal control system is aligned with the Company's strategy, operational scale, business scope, competitive landscape, and risk profile, and is adjusted in a timely manner in response to changes in internal and external environments. Each year, a plan for system development is issued and its implementation is tracked monthly. In 2025, the Company formulated and revised 32 systems. Internal control supervision and evaluation have been standardised, with a focus on key areas, major operations, and critical processes. Thorough reviews are conducted to identify internal control deficiencies in business management, and continuous follow-up on rectification efforts is carried out to facilitate the ongoing optimisation of the internal control system.

Explanation of any significant defects in internal control during the Reporting Period

☐ Applicable ☑ Not applicable

XVII. MANAGEMENT AND CONTROL OVER SUBSIDIARIES DURING THE REPORTING PERIOD

☑ Applicable ☐ Not applicable

The Company further optimised its financial shared services system, treasury system, and integrated finance and operations platform to comprehensively enhance the efficiency and quality of financial management. Through the financial shared services system, centralised data processing and sharing have been realised, improving financial workflows and operational efficiency. The treasury system integrates capital management functions to optimise capital structure, reduce financing costs, and strengthen risk prevention and control. The integrated finance and operations platform promotes in-depth alignment between business and financial information, enhances automation, and enables the financial department to participate more actively in business planning, accelerating innovation and transformation. The application of these tools and platforms has strengthened the Company's financial management capabilities, providing subsidiaries with comprehensive services and support, facilitating their sound development, mitigating risks, and jointly advancing the sustainable development of the group.

Risk warning regarding abnormal management control over subsidiaries

☐ Applicable ☑ Not applicable

XVIII. RELEVANT INFORMATION ABOUT AUDIT REPORT ON INTERNAL CONTROL

☑ Applicable ☐ Not applicable

The Report on Internal Control Evaluation for 2025 (《2025年度內部控制評價報告》) and the Audit Report for 2025 of BDO China SHU LUN PAN Certified Public Accountants LLP on the Internal Control of China Railway Signal & Communication Corporation Limited《(立信會計師事務所(特殊普通合夥)關於中國鐵路通信信號股份有限公司2025年度內部控制審計報告》) have been disclosed on the designated websites of the Shanghai Stock Exchange(www.sse.com.cn) and the Stock Exchange (www.hkexnews.hk) and the official website of the Company (www.crsc.com.cn) together with this report.

Whether to disclose the audit report of internal control: Yes

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

Whether a non-standard audit opinion on internal control was issued for the Reporting Period or the preceding financial year

☐ Yes ☑ No

XIX. SELF-EXAMINATION AND RECTIFICATION OF LISTED COMPANY GOVERNANCE SPECIAL ACTIONS

With reference to the Special Self-examination List of Corporate Governance for Listed Companies, the Company carefully reviewed and inspected the setting of corporate organisations, the establishment of system, the operation and decision-making of organisations, controlling shareholders, actual controllers and related parties, the internal control management, the information disclosure, the circumstances of investors and other aspects. It set rectification targets, made elaborate arrangements and promptly made rectifications in an organised way. All problems were fully rectified. During the Reporting Period, the Company further improved the corporate governance system, refined the governance structure, strengthened regulated operations, enhanced the governance efficiency and promoted the high-quality corporate development.

XX. JOINT COMPANY SECRETARIES

During the Reporting Period and to the date of this report, Mr. LI Lianqing and Dr. NGAI Wai Fung have been the joint company secretaries of the Company. Dr. NGAI Wai Fung serves as a director and chief executive officer of SWCS Corporate Services Group (Hong Kong) Limited (a professional corporate service provider), and his main contact person in the Company is Mr. LI Lianqing. Mr. LI Lianqing also serves as a member of Standing Committee of the Party Committee, the chief accountant and secretary to the Board of the Company.

Mr. LI Lianqing and Dr. NGAI Wai Fung undertook no less than 15 hours of relevant professional training for the year ended 31 December 2025.

XXI. AUDITOR' S REMUNERATION AND MATTERS RELATING TO THE AUDITOR

The particulars of the Company's auditors are set out in Section VII "Significant Events" in the annual report.

XXII. CORPORATE CULTURE

1. Mission and Vision

Develop the national industry of national train control technology, lead the advancement of global rail transit technology, and protect people's beautiful travel.

2. Core Values

Our core values are: People-Oriented, Innovation & Progress, Safety-First, and Joint Value Creation

Human capital is the Company's most significant asset. We view our employees as the enterprise's primary resource, adhering to a people-first and joint development philosophy. We treat our employees with the utmost respect, safeguarding their essential interests; we centre our operations around our customers, initiating with their needs and concluding with their satisfaction; we honour our partnerships, embracing mutual benefit and collaborative success.

Innovation fuels our growth. The Company is committed to technological innovation, aiming at the technological advancement of national industries; we embrace management innovation, empowering our enterprise to strengthen, optimise, and expand. Technological and management innovations are the twin engines of our enterprise's growth. Our dedication to continual innovation ensures a relentless drive towards sustainable development.

Quality and safety form the cornerstone of our development. We deliver safe, reliable, and robust technology and products to our customers, thereby ensuring the safety of rail transport and protecting public life and property, which stands as our foremost political, economic, and social duty. "Quality as our essence, safety as our creed" encapsulates our core pursuit.

Value creation is our unwavering ambition. Our role in the socioeconomic landscape carries significant political, economic, and social responsibilities. Creating value transcends improving economic returns, mitigating operational risks, and enhancing developmental capabilities. It involves fulfilling our political and social duties effectively, generating and sharing value with shareholders, customers, and the community at large.

3. Corporate Spirit

Our corporate spirit are: Realism, Innovation, Endeavor and Dedication

We adhere to a disciplined approach, honour scientific principles, follow regulations, and aim for tangible achievements.

We advocate for open collaboration, aspire to new heights, pursue excellence, and strive for unparalleled quality.

Remaining humble in success and resilient in failure, we tackle challenges head-on with selflessness and bravery.

We commit wholeheartedly to our duties, embrace responsibility, strive for effective governance, and dedicate our efforts to the nation through our industry.

XXIII. STATEMENT ABOUT ESG FROM THE BOARD OF DIRECTORS

The Board of Directors of the Company assumes ultimate responsibility for the Environmental, Social and Governance (ESG) matters, fully integrating ESG into the corporate strategy and business management. The Board of Directors fulfills its duties of ESG decision-making, supervision, and disclosure in accordance with the law, improving the governance structure, managing ESG risks, implementing green development, safeguarding employee rights, and fulfilling social responsibilities, thereby driving the Company's long-term value enhancement through sustainable development. The Board of Directors commits that the Company's ESG information disclosure is true, accurate, and complete.

XXIV. ESG OVERALL PERFORMANCE

☑ Applicable ☐ Not applicable

During the year, the Company deeply studied and implemented the guiding principles from the 20th National Congress of the Communist Party of China and its plenary sessions. Adhering to the "1241" development strategy, it made every effort to enhance the "five values". It forged ahead courageously in technological innovation, collaborated closely in industrial synergy, and diligently fulfilled its social responsibilities. Through concrete actions and tangible results, it took solid strides towards the goal of becoming a world-class enterprise.

The Company deeply integrated ESG principles into the entire process of corporate governance and operations, continuously improved the modern enterprise system with Chinese characteristics and steadily strengthened its compliance management and risk prevention and control systems. Our efforts were recognized with a Grade A evaluation in the 2024 and the 2022–2024 tenure assessments of the operational performance of central enterprise leaders.

Focusing deeply on the dual tracks of "rail transit + low-altitude economy", the Company achieved synergistic breakthroughs across its four core businesses: intelligent rail transit, intelligent low-altitude operations, smart cities, and intelligent worksites. Core technologies were successfully industrialized, international markets saw growth in multiple regions, and the competitiveness of the entire industry chain was continuously fortified.

Committed to innovation-driven development, the Company built robust high-level innovation platforms and talent teams, overcoming several key core technologies. During the year, the Company added three national manufacturing champions and two railway industry science and technology innovation bases. It obtained 815 new authorized patents, including 693 invention patents, continuously unleashing its innovative momentum.

The Company actively pursued green and low-carbon development, implementing the national "dual carbon" strategy. All subsidiaries obtained ISO14001 environmental management system certification. The Company intensified efforts in energy conservation, consumption reduction, and resource recycling. Four subsidiaries were recognized as green factories, further highlighting our commitment to green development.

Upholding a people-oriented approach and prioritizing safety above all else, the Company strengthened accountability for work safety and deepened the development of industrial workforce. It made solid progress in designated paired-up assistance. Our performance in this area received the highest rating of "Excellent" from the SASAC. Leveraging its volunteer service brand, the Company carried out public welfare initiatives, with 1,887 volunteer participations and 7,950 hours of volunteer service. Through dedicated actions, the Company demonstrated its commitment to sustainable value creation.

(1) Industry-specific ESG practices in the current year

☑ Applicable ☐ Not applicable

During the year, leveraging its expertise in the rail transit and intelligent equipment industries, the Company deeply embedded ESG principles throughout the entire process of technological innovation, industrial upgrading, and project construction, establishing a distinctive sustainability practice with high industry recognition.

In terms of governance and industrial characteristics, the Company utilized high-quality Party building to guide modern corporate governance with Chinese characteristics. Focusing on the dual tracks of "rail transit + low-altitude economy", it promoted the synergistic development of its four core sectors: intelligent rail transit, intelligent low-altitude operations, smart cities, and intelligent worksites. By deeply integrating compliance management and risk prevention with its core businesses, the Company enhanced its corporate governance and value creation capabilities through high-end, intelligent, and international development.

Regarding innovation and technological distinctiveness, the Company remained committed to technological self-reliance, concentrating on breakthroughs in core technologies within the rail transit and low-altitude sectors. It drove the industrialization of core technologies such as intelligent low-altitude airspace management and cell-free communications. Through robust technological innovation, it empowered the construction of green, low-carbon, safe, and efficient new infrastructure, forming a unique industry ESG advantage characterized by "technological innovation + green enablement + safety and reliability".

In the domain of green development and social responsibility, leveraging the inherent low-carbon attributes of rail transit and comprehensive project lifecycle management, the Company fully implemented green design, green manufacturing, and green construction, achieving complete coverage of its environmental management system. Simultaneously, it integrated work safety, industrial workforce development, and designated paired-up assistance with the specific contexts of rail transit construction and operation. This led to the establishment of a responsibility system built on the principles of "safety as the foundation, talent as the cornerstone, and public welfare as an enabler", continuously improving its ESG governance level and sustainable development capabilities. These efforts provide solid support for building a country with strong transportation networks and technological prowess.

(2) Current year ESG rating performance

☑ Applicable ☐ Not applicable

ESG Rating system	ESG Rating organization	Company's rating result for the current year	Rating result for the previous year
MSCI ESG Ratings	Morgan Stanley Capital International Company (MSCI)	BBB	BBB
Wind ESG Ratings	Wind	BBB	BBB
China Media Group ESG Ratings	China Media Group	Ranked 17th in the "China ESG Listed Companies Pioneer 100"	17th
China Media Group ESG Ratings	China Media Group	Ranked 10th in the "China ESG Listed Central Companies Pioneer 100"	–
CSI ESG Rating	Shanghai CSI Index Information Service Co.	A	A

(3) Tracking by ESG thematic index funds during the year

☑ Applicable ☐ Not applicable

CRSC is a constituent of the CSI 300 ESG Benchmark Index and the CSI Central State-Owned Enterprises ESG 50 Index. According to the fourth-quarter 2025 report of the Rongtong CSI Chengtong Central State-Owned Enterprises ESG Exchange-Traded Fund (Fund Code: 560810), the fund holds 6,230,200 shares of CRSC.

XXV. THE ENVIRONMENTAL INFORMATION OF LISTED COMPANIES AND THEIR MAJOR SUBSIDIARIES INCLUDED IN THE LIST FOR ENVIRONMENTAL INFORMATION DISCLOSURE BASED ON LAW

☑ Applicable ☐ Not applicable

The number of enterprises included in the list for environmental information disclosure according to law (unit) 1

No.	Name	Index for environmental information disclosure report based on law
1	Chengdu Railway Communication Equipment Co., Ltd.	Enterprise environmental information disclosure system based on law (Sichuan Province) (http://103.203.219.138:8082/eps/index/enterprise-search)

Other explanations

☐ Applicable ☑ Not applicable

XXVI. SOCIAL RESPONSIBILITY WORK

I. Social contribution of the main business and key indicators of the industry

The Company adheres to its core businesses of rail transit and intelligent equipment, proactively serves national strategies, and demonstrates the social value of a central enterprise through scientific and technological innovation and industrial upgrading. Focusing on the dual tracks of "Rail + Low-Altitude", the Company promotes the coordinated development of intelligent rail transit, intelligent low-altitude economy, smart city, intelligent operation and other businesses. Its core technologies have been industrialized and put into application, continuously consolidating its leading position in the industry. The Company effectively safeguards the security and stability of the rail transit industrial and supply chains, providing critical support for building a country with strong transportation and developing new-type infrastructure. In 2025, CRSC Engineering System had 849 projects under construction, 25 new projects commenced, and 340 projects completed and delivered. It successfully completed 10 Level-I construction openings and 49 Level-II construction openings on railway operating lines, implemented 45 extra-hazardous and large-scale projects and 134 hazardous and large-scale projects. The total mileage of high-speed railways and passenger dedicated lines opened reached 1,232.156 kilometers.

The Company pursues self-reliance and self-improvement in science and technology, strengthens the development of innovation platforms, and continuously makes breakthroughs in key core technologies. The quality and quantity of patents have grown steadily, and multiple achievements have reached advanced industry levels, empowering high-quality development of the industry through technological innovation. The Company strictly adheres to the bottom line of workplace safety, improves its safety management system, fully guarantees the safety of project construction and operation, and earnestly safeguards public interests.

The Company actively practices green development, fully promotes green design, green manufacturing, energy conservation and carbon reduction, achieving full coverage of environmental management systems and supporting the achievement of the "dual carbon" goals. It earnestly fulfills social responsibilities, steadily advances targeted assistance and public welfare volunteer services, stabilizes employment positions, and cultivates skilled and scientific talents. The Company continues to play an important role in ensuring people's livelihood, driving industrial development and promoting common prosperity.

ii. Promoting scientific and technological innovation

The Company gives full play to its role as a national strategic scientific and technological force and a mainstay of technological innovation. Centering on the goals of achieving high-level self-reliance and self-improvement in science and technology, building a modern industrial system, and developing new-quality productive forces, it has established a strategic framework under the overall leadership of the Company's Party Committee. Focusing on fulfilling its core role in scientific and technological innovation, the Company has adopted the "1241" development philosophy to define its dual-track layout of "Rail Transit + Low-Altitude Economy" and implemented a management model featuring parallel business and innovation lines, injecting strong impetus into high-quality development.

In terms of innovation chains and supporting safeguards, CRSC strengthens the supply of high-quality technologies, covering the entire process from basic and forward-looking research to achievement transformation. Relying on national-level innovation platforms and cooperation mechanisms with academician teams, the Company promotes deep integration of science, technology and industrial innovation. In terms of operational mechanisms, the Company has introduced mechanisms such as "project bidding for leading talents" and "competitive evaluation", and built an ecosystem for deep integration of industry, academia, research and application. It continues to improve its scientific and technological innovation system, consolidates the innovation foundation for its dual-track strategy, and constantly drives the innovation and upgrading of products and services. With a focused goal of building "national key equipment" in the field of intelligent control, the Company underpins the strategy of building a strong transportation country through scientific and technological self-reliance and self-improvement.

iii. Abiding by scientific and technological ethic

The Company is not engaged in tech ethics-sensitive industries such as life sciences and artificial intelligence.

iv. Data security and privacy protection

CRSC strictly complies with the Data Security Law of the People's Republic of China, the Personal Information Protection Law of the People's Republic of China and other laws and regulations. The Company adopts a unified customer information management system and has set up a dedicated department responsible for the protection of customer data, so as to ensure that customer information and data are not leaked and effectively protect the rights and interests of customers.

v. Types and contributions of charitable activities

Type	Amounts	Explanation
External donations		
Including: Funds *(RMB'0,000)*	55.00	Used for public welfare relief and public welfare undertakings
Goods converted into money *(RMB'0,000)*	13.90	Donation of support materials to designated assistance areas
Commonweal projects		
Including: Funds *(RMB'0,000)*	22.50	Used to support the development of environmental protection, cultural education and other undertakings
Number of people rescued (persons)	–	Actual number of beneficiaries cannot be counted due to channel issues
Rural revitalisation		
Including: Funds *(RMB'0,000)*	32.50	Donation to designated assistance areas for rural revitalization
Goods converted into money *(RMB'0,000)*	13.90	Donation of support materials to designated assistance areas
Number of people assisted in employment (persons)	–	Actual number of beneficiaries cannot be counted due to channel issues

1. Details of public charitable activities

☑ Applicable ☐ Not applicable

Relying on its "Building Dreams Together" volunteer service brand, the Company carries out a wide range of public welfare volunteer activities, including voluntary tree planting, elderly care and assistance, care for left-behind children and autistic children. During the year, the cumulative number of participants in volunteer activities reached 1,887 person-times, with a total service duration of 7,950 hours. With concrete actions, the Company conveys warmth, fulfills social responsibilities, and continuously builds a corporate force for good and progress. In the course of overseas business expansion, the Company actively participates in community development and helps improve the local economy and people's livelihood. The Mali Railway Project Department in Guinea has carried out community outreach and consolation activities locally, achieving the common development of overseas business and local social well-being.

2. *Details on consolidating and expanding the achievements of shaking off poverty and rural revitalisation*

☑ Applicable ☐ Not applicable

Poverty Alleviation and Rural Revitalisation Projects	Number/Content	Explanation
Total inputs *(RMB'0,000)*	46.40	Donations to designated assistance areas for rural revitalization
Including: Funds *(RMB0'000)*	32.50	Donations to designated assistance areas for rural revitalization
Goods converted into money *(RMB0'000)*	13.90	Donation of relief materials to designated assistance areas
Number of people benefited *(person)*	–	Actual number of beneficiaries cannot be counted due to channel issues
Forms of alleviation *(such as poverty alleviation through industry, poverty alleviation through employment, poverty alleviation through education, etc.)*	Poverty alleviation through industry, poverty alleviation through education	Support the development of local characteristic industries, improve basic education and teaching facilities, and enhance the effectiveness of comprehensive assistance.

Specific explanation

☐ Applicable ☑ Not applicable

vi. Information about the protection of equity of shareholders and creditors

The Company attached great importance to the protection of the equity of shareholders and creditors, actively performed its duties as a listed company, faithfully undertook its responsibilities as a national pillar and displayed its role as a central government-owned enterprise. The Company actively safeguards all legitimate interests of shareholders. The Company attaches importance to the return to shareholders and strictly implements the pro t distribution in accordance with the relevant provisions of the CSRC and the SSE. On 23 June 2025, the 2024 shareholders' meeting was held to review and approve the Resolution on Profit Distribution Plan for 2024. It is recommended to distribute the cash dividend of RMB1.70 (tax inclusive) per 10 shares, and the cash dividend distributed amounted to approximately RMB1.8 billion, ranking the top of listed companies in the same industry with the same size. The Company attaches great importance to the right of shareholders to participate in the corporate governance and guarantees the rights of investors to participate in the shareholders' meeting of shareholders. To facilitate small and medium-sized investors to participate in corporate governance, the shareholders' meeting of the Company is generally convened in a relatively fixed time and location through the combination of on-site and online means. In addition, the chairman, president and other major leaders of the Company will directly respond to investors' concerns face-to-face through setting up a shareholders' question and answer session in shareholders' meeting. The Company pays great attention to information disclosure. Oriented to the demands of shareholders, the Company comprehensively strengthened two-way communications with shareholders and disclosed important information about the Company in a true, accurate, complete, timely, fair, brief, and clear manner so as to ensure their right to know.

The Company faithfully safeguards all legitimate rights and interests of all creditors. Through signing contracts and making regular payments, the Company actively clears the debts owed to creditors, especially private enterprises, to prevent overdue, delayed, and non-payments and fully ensure the payment of migrant workers' wages. In addition, strictly complying with the requirements of bond issuance, the Company will timely repay the financing principal and interest on schedule to ensure the legal interests of bond holders.

vii. Information about the protection of the interests of employees

1. Occupational Health

CRSC strictly complies with the Law of the People's Republic of China on the Prevention and Control of Occupational Diseases and other laws and regulations. The Company has improved its occupational disease prevention and control mechanism, supervised its affiliated enterprises to fully implement the primary responsibility for occupational disease prevention and control, and completed classified management files for occupational disease hazards. It has continuously carried out third-party testing and monitoring of workplaces with occupational disease hazards and occupational health examinations for employees engaged in occupational disease related operations, successfully achieving all control objectives for occupational health and occupational disease prevention and control.

In 2025, all 234 occupational hazard work sites of CRSC were qualified, representing a 100% compliance rate. No cases of occupational diseases or suspected occupational diseases were identified.

2. Employee Care

CRSC has continued to hold a variety of activities to enrich employees' leisure life, relieve work pressure and enhance collective cohesion. In 2025, the Company held more than 80 events covering 15,000 employee participations, fostering a positive, harmonious and cohesive working environment

3. Employee Support

CRSC attaches great importance to the support and care of employees in need, and carries out targeted assistance and relief. The Company regularly provides care visits to frontline employees, conducts festival visits, and offers care activities for retired employees, fostering a harmonious, stable and supportive atmosphere.

Employee stock ownership	
Number of employees with stock ownership (person)	N/A
Proportion of employees with stock ownership in total number of employees of the Company (%)	N/A
Number of shares held by employees (10,000 shares)	N/A
Proportion of shares held by employees in total share capital (%)	N/A

viii. Information about the protection of the interests of suppliers, customers and consumer

The Company strengthens controls over key links including bidding and procurement, supplier selection and contract signing, embeds compliance risk management into all links and the entire process of the supply chain, and forms a comprehensive and effective supply chain management and control system. The Company effectively prevents integrity risks, implements the requirements and standards for the standardized "blacklist" management of suppliers, and clarifies that suppliers that violate integrity requirements or professional ethics will be included in the "blacklist", and all products and services provided by them will be prohibited from procurement and use. The Company benchmarks and learns from the experience of advanced enterprises in building digital procurement platforms, and gradually improves the functions of the "CRSC Procurement" platform to achieve open business, controlled processes, full online operation and permanent traceability.

The Company strictly complies with the Consumer Rights Protection Law of the People's Republic of China and other laws and regulations, and strictly follows applicable service and product labeling provisions. Taking user demand as the orientation and keeping pace with market demand, the Company continuously improves user recognition. A dedicated department is set up to be responsible for after-sales service and complaint resolution, adopting a three-level management model to strive to meet customer needs with high quality. The project department structure remains after the project is opened and delivered, and cooperates with customers on site to complete guarantee, defect elimination and other work, and most after-sales services are resolved at this stage; affiliated enterprises supervise and manage projects under their responsibility, coordinate resources within their scope to solve corresponding problems; the Company headquarters coordinates and manages after-sales service and complaint resolution, supervises and controls key projects at its level and across the system, and coordinates relevant resources across the system to solve issues when necessary according to customer needs.

ix. Product safety and security

☑ Applicable ☐ Not applicable

Led by the "Powerful Country in Quality" strategy, CRSC has established a "five-in-one" quality management system covering the entire life cycle of R&D, design, manufacturing, project delivery and operation and maintenance, namely strategy-driven, standard-led, digital-enabled, risk-forward and continuous-improvement. Relying on international standards such as ISO 9001, IRIS and EN 50126/8/9, the Company has organically coordinated quality objectives with core ESG issues including carbon neutrality, safe production and supply chain responsibility. Through the Quality Management System (QMS) and relying on systems such as MES and PLM, the Company has strengthened process control and closed-loop improvement, achieving zero major quality accidents in the past three years. This has supported the localization rate of high-speed rail train control systems to increase to 100%, effectively guaranteeing the essential safety and green low-carbon operation of the national rail transit. In 2025, 9 enterprises of CRSC completed the integration of security systems and IRIS systems, 1 enterprise obtained the IRIS gold certification, 7 enterprises obtained the silver certification, and 4 enterprises obtained the CMMI Level 5 certification. CRSC attaches great importance to safety education and training, comprehensively improving the safety literacy and performance ability of all staff, and promoting enterprises to fulfill the main responsibility of safe production and improve the level of essential safety. In 2025, CRSC held a safe production education and training session themed "Everyone Talks About Safety, Everyone Knows How to Respond to Emergencies", with more than 1,200 participants. It carried out the examination and certification for railway safety management personnel, with 1,287 people passing the examination and a pass rate of 90.8%. It carried out the training and certification for safety management personnel, with 146 people obtaining certificates. It organized and carried out the penetrating management training and examination and certification for construction principals and "four types of staff and one foreman" in the company, with 114 people completing the training and passing the assessment.

CRSC has established a safe production risk management process. Through risk identification, risk prevention, risk monitoring and screening, risk handling, reporting and system improvement, the Company has continuously optimized the risk list and prevention and control plans, and comprehensive built a safe and healthy working environment.

x. IPR (intellectual property protection)

CRSC upholds building a solid "defense moat" for core technologies through a patent pool. It has established a coordinated protection mechanism for patents and technical secrets, a pre-patent-application assessment mechanism, a patent navigation implementation mechanism, and a dynamic assessment mechanism for patent quality, and evaluates the validity of intellectual property rights as well as intellectual property management and incentive mechanisms. It has formed high-density patent clusters around key areas, avoids infringement risks through digital systems, identifies patent risks in advance during technological research and development and market expansion, and continuously strengthens the planning and layout of overseas patents.

xi. Other commitments of social responsibility

☐ Applicable ☑ Not applicable

XXVII. OTHER CORPORATE GOVERNANCE

I. Party' s building

☑ Applicable ☐ Not applicable

CRSC takes Party building as the guide for development, focuses on fostering core competitive advantages under the "dual-track" strategy, effectively strengthens core functions and enhances core competitiveness, and makes every effort to promote high-quality development of the Company.

1. Deepen theoretical arming. A three-level coordination mechanism has been established featuring "overall planning by the leading group, dedicated promotion by the office, and coordinated implementation by primary-level Party organizations". The Company has improved the long-term mechanism of the "Four Learnings", held special Party lectures together with warning education meetings and summary meetings, and relevant practices have been published and promoted by official platforms including the State-owned Assets Supervision and Administration Commission and People's Daily Online Party Building Channel.

2. Consolidate organizational foundation. The Company guides the Party organizations of its affiliated enterprises to optimize their setup, supervises the general election of affiliated enterprises, develops Party members with high quality, and continuously enhances the construction of posts, areas, teams and the creation of Party building brands.

3. Integrate Party building with business development. Party building empowers core businesses to improve quality and efficiency, and the Company promotes special tasks including high-quality implementation of the "First Topic", supervision of important matters of the Party Committee, and deepening reform and improvement initiatives. The Company has carried out a special action to strengthen and empower Party building, promoted more than 80 primary-level Party organizations to carry out joint construction, and 11 achievements have been selected as excellent cases of Party building in state-owned enterprises.

4. Strengthen Party conduct and clean governance. The Company thoroughly implements the deployment requirements of the State-owned Assets Supervision and Administration Commission and the discipline inspection and supervision team stationed therein, formulates the Measures for the Normalization and Long-term Effectiveness of Party Discipline Education, revises the Measures for the Administration of Clean Government Archives for Leading Cadres, urges members of the leading bodies to report the performance of the "dual responsibilities for one post" in exercising full and strict governance over the Party, conducts research by leading body members, and achieves full coverage of inspections and disciplinary inspections.

ii. Investor relationships and protection

Type	Number	Related information
Convening the results presentation meetings	3	The Company has held the results presentation meeting for the year 2024 and the first quarter of 2025, an online results presentation meeting for the first half of 2025, and an online results presentation meeting for the third quarter of 2025.
Carrying out investor relationships management activities through new media	–	The Company replied to investors' recent concerns or doubts through the SSE e-Interaction platform in time to help investors better understand, recognise and trust the Company. The Company set up the WeChat Official Account to present recent news of the Company, demonstrate the Company through more channels and better transmit the voice of the Company, allowing investors to enter the Company more conveniently and deeply understand the Company.
Setting up an investor relationships column on the official website	☑ Yes ☐ No	

Details of investor relationship management and protection

☑ Applicable ☐ Not applicable

The Company attached great importance to investor relationship management and protection. The Company always adheres to the principle of fair disclosure and makes disclosure on the Shanghai Stock Exchange and the Hong Kong Stock Exchange simultaneously since its listing. Given the different regulatory requirements between the two places, the Company disclosed information in accordance with the more stringent regulatory requirements. It conducted information disclosure in compliance with laws and regulations, guaranteed the quality of information disclosure, promoted investors to understand and recognise the Company and established the image of respecting investors. To further enhance investors' understanding of the Company, reduce information asymmetry to the maximum extent and better demonstrate the Company's strength to investors, the Company organised results presentation meetings in a timely manner after the disclosure of regular reports. To facilitate small and medium-sized investors to better participate in activities and improve the efficiency of communications, the Company carried out online activities and communicated and interacted with domestic and overseas investors on issues such as industry trends, development strategies, production and operation, financial conditions, dividend distribution, risks and difficulties and other general concerns of investors through channels such as live streaming, telephone questions and text interaction. It allowed investors to better understand the Company, recognise the corporate culture and trust the corporate development, thereby realising the value of the capital market and safeguarding shareholders' rights and interests. In addition, the Company conducted on-site research for regulatory authorities, institutional investors, securities analysts, small and medium-sized investors, and the media to showcase the remarkable achievements made by the Company in recent years in R&D of advanced technology, high-end equipment manufacturing, and emerging industries. This effort aimed to enhance the Company's positive image in the capital market and gained recognition from a wide range of investors.

Information about other ways of engagements with investors

☑ Applicable ☐ Not applicable

The Company carries out investors' relations management through various channels. We keep in touch with institutional investors and small and medium-sized investors through various forms such as the Company's investors' hotline, investors' email, regularly accept the consultation of investors.

iii. Transparency of information disclosure

☑ Applicable ☐ Not applicable

The Company effectively fulfilled the information disclosure obligations as a public company, strictly complied with the published and implemented relevant information reporting and disclosure systems of the CSRC, the SSE, the Stock Exchange and the Company. It focused on high-quality information disclosure principles, specified the responsibilities of information disclosure subjects and solidified the reporting and disclosure procedures on internal significant information and guaranteed investors' timely and equally access to key information disclosed by the Company. In addition, on the basis of the established information disclosure in accordance with laws and regulations, the Company further enhanced the transparency of its information disclosure through voluntary disclosure, social responsibility report, etc., so that investors could understand the Company's situation more deeply, share the achievements of the Company's development and realise value investment. For three consecutive years, CRSC has received "A-level" in Shanghai Stock Exchange's information disclosure evaluation.

iv. Institutional investors' participation in corporate governance

☑ Applicable ☐ Not applicable

The Company attached great importance to the opinions and suggestions of institutional investors and supported more institutional investors to participate in corporate governance. The Company revised its working rules of special committees to ensure clear delineation of responsibilities and standardised meeting procedures. The Company regularly held teleconferences with institutional investors to address inquiries and actively solicited their opinions and suggestions on significant matters of common concern in the capital market, such as the Company's development strategy, production and operation, financial condition, dividend distribution, and employee incentives. It also organised relevant departments for discussions to address and resolve issues from multiple perspectives, truly incorporating investor voices into the Company. The Company meticulously ensured the performance of independent directors by establishing a multi-channel and normalised communication mechanism. The Chairman and President engaged in frequent communication and exchange with independent directors on major issues such as corporate development strategy, deepening reforms, innovative development, and risk prevention and control, and provided independent directors with updates on production and operation information, financial data, progress on major projects, and risk management. Additionally, they actively invited independent directors to participate in Annual Work Conferences and conduct field research at subsidiaries and project sites, facilitating a timely understanding of the Company's operational development, strategic implementation, resolution execution, and technological innovation. Through diversified corporate governance, the Company further improved its governance structure, elevated governance standards, and enhanced governance effectiveness, thereby contributing to the high-quality development of the Company.

v. Operation of anti-commercial bribery and anti-corruption mechanisms

☑ Applicable ☐ Not applicable

CRSC strictly implements the systems and regulations governing anti-commercial bribery and anti-corruption. With institutional development as the core, the Company strengthens integrity management, improves supporting control mechanisms, and fortifies the line of defense for integrity-based operation and management. In accordance with the Work Rules for Supervision and Enforcement of Discipline by Disciplinary Inspection Organs of the Communist Party of China, the Interim Measures for Supervision and Enforcement of Discipline and other relevant requirements, the Company accurately handles case clues, promotes the application of the Handbook on Supervision and Enforcement of Discipline, continuously standardizes workflows including clue handling, review and hearing, and enhances the quality of supervision and discipline enforcement. The Company earnestly implements internal supervision systems such as the Measures for the Supervision and Administration of Bidding, the Interim Measures for the Supervision and Inspection of Patrol Rectification Work, and the Opinions on Further Strictly Enforcing Disciplinary Requirements for Rectifying the Misconduct of "Feeding on Enterprises". It continues to improve the working mechanism of the Coordination Group for the Construction of Party Conduct, Clean Governance and Anti-Corruption Work, convenes regular meetings of the Coordination Group, and makes full use of the Handbook on the Prevention and Control of Integrity Risks to ensure full-coverage supervision with no blind spots.

vi. Other corporate governance

☑ Applicable ☐ Not applicable

The Company follows the principles of hierarchical, categorised, and centralised risk management, and has established a comprehensive risk management organisational structure tailored to its own characteristics. This includes the Party Committee, Board of Directors, Audit and Risk Management Committee, management, risk and internal control departments, internal audit department, other functional departments, and subsidiaries. Each entity performs its risk prevention and control duties in accordance with the Articles of Association and internal rules.

The Company organised the annual risk information collection, quantitative evaluation, and the formulation of risk management strategies and countermeasures, and compiled the Major Business Risk Forecast and Assessment Report of CRSC. To address major business risks at subsidiaries, a differentiated risk monitoring indicator system–"one table for one enterprise"– was established, with major risk management monitored quarterly. The Company compiled and published the Headquarters Department Position Compliance Responsibilities List, forming a compliance constraint guide covering critical domains, key operations, vital positions, and pivotal processes. The Company revised and issued its List of Controlled Powers and Headquarters Authority Management Manual to further clarify the division of responsibilities between headquarters and subsidiaries, standardising approval process authorities.

XXVIII. OTHER

☑ Applicable ☐ Not applicable

From 15 July 2022 up to the date of disclosure of this report, Mr. Li Lianqing and Mr. Ngai Wai Fung have been the Joint Company Secretaries of the Company. Mr. Ngai Wai Fung is a director and Group Chief Executive Officer of Fangyuan Corporate Services Group (Hong Kong) Limited, a professional corporate services provider. The principal contact person of the Company for Mr. Ngai Wai Fung is Mr. Li Lianqing. Mr. Li Lianqing also serves as a Member of the Standing Committee of the Party Committee and Chief Accountant of the Company.

Directors' responsibilities for the accounts

Each of Directors has acknowledged their responsibility for preparing the consolidated financial statements of the Group for the year ended 31 December 2025.

The Board is responsible for presenting a clear and understandable assessment of annual and interim reports, price sensitive information and other disclosures required under the Listing of Securities on the Hong Kong Stock Exchange and other regulatory requirements. The management has provided such explanation and information to the Board as necessary to enable the Board to make an informed assessment of the financial information and position of the Group put forward to the Board for approval.

I. PERFORMANCE OF UNDERTAKINGS

I. Undertakings during or carried forward to the Reporting Period by the Company's actual controller, shareholders, related parties, acquirers and the Company and other relevant parties providing undertakings

☑ Applicable ☐ Not applicable

Background of undertakings	Contents of undertaking	Party providing undertakings	Contents of undertakings	Time and term of undertakings	Is there a term for performance	Term of undertakings	Whether or not timely and strictly performed	If the undertaking fails to be performed timely, please explain the specific reasons for the failure	If the undertaking fails to be performed timely, please state the plan for the next step
Undertakings associated with the initial public offering	Profit distribution	CRSC	CRSC has made the following undertakings in respect of profit distribution policies: The Company will distribute profits to shareholders in strict accordance with the profit distribution policies stipulated by relevant laws and regulations, the Articles of Association of China Railway Signal & Communication Corporation Limited, and Dividend Distribution Plan within the Three Years after the Initial Public Offering and Listing of A Shares of CRSC (2019–2021), and strictly implement the review procedures for the profit distribution plan. If the violation of the above undertakings causes losses to the investors, the Company shall be liable to the investors according to law.	Time of undertakings: 15 April 2019	No	Long-term effective	Yes	–	–

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

Background of undertakings	Contents of undertaking	Party providing undertakings	Contents of undertakings	Time and term of undertakings	Is there a term for performance	Term of undertakings	Whether or not timely and strictly performed	If the undertaking fails to be performed timely, please explain the specific reasons for the failure	If the undertaking fails to be performed timely, please state the plan for the next step
			and conditions. (4) If CRSC and its holding enterprises waive the above new business opportunities and CRSC Group or its holding enterprises engage in these competitive businesses, CRSC and its holding enterprises have the right to acquire any equity, assets and other interests in the abovementioned competitive business from CRSC Group or its holding enterprises at one or multiple times at any time, or choose to entrust operation, lease or contract to operate the assets or business of the above-mentioned competitive business in accordance with the PRC laws and regulations. (5) If CRSC Group or its holding enterprises intend(s) to transfer, sell, lease, licence or otherwise transfer or permit to use the asset and business which competes or is likely to compete, directly or indirectly, with the principal business of CRSC and its holding enterprises, CRSC Group and its holding enterprises will provide priority transfer rights to CRSC and its holding enterprises. (6) CRSC Group will indemnify CRSC and its holding enterprises against all actual losses, damages and expenses suffered/occurred for CRSC Group or its holding enterprises' breach of any terms in the letter of undertaking. (7) The letter of undertakings takes effect from the date of issuance, and is terminated upon the occurrence of the following circumstances (whichever is earlier): CRSC Group is no longer the controlling shareholder of CRSC; CRSC terminates its listing (except for the temporary suspension of trading of CRSC's stock for any reason).					

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

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

Background of undertakings	Contents of undertaking	Party providing undertakings	Contents of undertakings	Time and term of undertakings	Is there a term for performance	Term of undertakings	Whether or not timely and strictly performed	If the undertaking fails to be performed timely, please explain the specific reasons for the failure	If the undertaking fails to be performed timely, please state the plan for the next step
	Other	CRSC Group	CRSC Group has made the following undertakings in respect of restraints on failure to comply with relevant public undertakings: (1) CRSC Group will strictly implement the public undertakings made by CRSC Group in the prospectus for this issue and actively accept public supervision. (2) If CRSC Group fails to fulfil its undertakings, confirms that it is unable to perform or fails to perform as scheduled, its undertakings (except for the objective reasons beyond the control of the Group such as changes in relevant laws and regulations and policies, natural disasters and other force majeure), CRSC Group will take the following measures: 1) It shall publicly explain the specific reasons for the failure to perform, inability to perform or to perform as scheduled, the undertakings in the media designated by the CSRC. 2) It shall make supplementary or substitute undertakings to CRSC and its shareholders to protect the rights and interests of CRSC and its shareholders as much as possible. 3) In case of any gains (if any) due to the failure to perform the relevant undertakings, the gains shall be owned by CRSC. 4) If the public investors suffer losses due to their reliance on the undertakings of CRSC Group in transactions, CRSC Group will compensate them in the way and amount determined by the securities regulatory authorities or judicial authorities. (3) In the event that CRSC Group fails to perform its undertakings, confirms that it is unable to perform or fails to perform as scheduled its undertakings due to objective reasons beyond the control of CRSC Group such as changes in relevant laws and regulations and policies, natural disasters and other force majeure, CRSC Group will take the following measures: 1) publicly explain the specific reasons for the failure to perform, inability to perform or to perform as scheduled, the undertakings in the media designated by the CSRC. 2) It shall make supplementary or substitute undertakings to CRSC and its shareholders to protect the rights and interests of CRSC and its shareholders as much as possible.	Time of undertakings: 15 April 2019	No	Long-term effective	Yes	–	–

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

Background of undertakings	Contents of undertaking	Party providing undertakings	Contents of undertakings	Time and term of undertakings	Is there a term for performance	Term of undertakings	Whether or not timely and strictly performed	If the undertaking fails to be performed timely, please explain the specific reasons for the failure	If the undertaking fails to be performed timely, please state the plan for the next step
			undertakings or to compensate for the loss caused to CRSC and its shareholders by my unfulfilled undertakings (3) In the event that I fail to perform my undertakings, confirm that I am unable to perform or fail to perform as scheduled, my undertakings due to objective reasons beyond my control such as changes in relevant laws and regulations and policies, natural disasters and other force majeure, I will take the following measures: 1) I will publicly explain the specific reasons for the failure to perform, inability to perform or to perform as scheduled, the undertakings in the media designated by the CSRC. 2) It shall make supplementary or substitute undertakings to CRSC and its shareholders to protect the rights and interests of CRSC and its shareholders as much as possible.						
Other undertakings	Non-competition undertakings	CRSC Group	On 20 July 2015, CRSC Group issued to us a letter of non-competition undertakings, which is effective in the Relevant Period (as defined in the H share prospectus). Pursuant to the letter of non-competition undertakings, CRSC Group has confirmed that, as at the date of the letter of non-competition undertakings, CRSC Group has not engaged in or participated in any form of business activities which, directly or indirectly, compete with the Company's principal businesses. For further details of the letter of non-competition undertakings, please refer to the H share prospectus of the Company.	Time of undertakings: 20 July 2015	Yes	Term: The letter of undertakings takes effect from the date of issuance, and is terminated upon the occurrence of the following circumstances (whichever is earlier): CRSC Group is no longer the controlling shareholder of CRSC; CRSC terminates its listing (except for the suspension of trading of CRSC's stock for any reason).	Yes	–	–

Background of undertakings	Contents of undertaking	Party providing undertakings	Contents of undertakings	Time and term of undertakings	Is there a term for performance	Term of undertakings	Whether or not timely and strictly performed	If the undertaking fails to be performed timely, please explain the specific reasons for the failure	If the undertaking fails to be performed timely, please state the plan for the next step
	Other	CRSC	The Company undertook to the Hong Kong Stock Exchange that the Company would not use the proceeds from the global offering, as well as any other funds raised through the Hong Kong Stock Exchange, to finance or assist any activities or business, directly or indirectly, (i) relating to or with the target of any sanction, or relating to, with, or in any countries subject to sanctions administered by the U. S., the E. U., Hong Kong, Australia or the U. N. authorities, or (ii) relating to CRSC International, one of the Company's subsidiaries, considering the amount of its annual revenue related to projects in Iran during the Track Record Period. In addition, the Company also undertook to the Hong Kong Stock Exchange that the Company would not undertake any sanctionable transactions that would expose the relevant persons or us to risk of being sanctioned.	Time of undertakings: 28 July 2015	No	Term: Long-term effective	Yes	–	–

ii. If the Company has made profit forecasts for its assets or projects and the Reporting Period is still in the profit forecast period, explanation made by the Company in regard to whether the assets or projects have reached the profit forecasts and the reasons thereof

☐ Reached ☐ Not reached ☑ Not applicable

iii. Performance commitments

☐ Applicable ☑ Not applicable

Changes in performance commitments

☐ Applicable ☑ Not applicable

Other explanation

☐ Applicable ☑ Not applicable

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

☐ Applicable ☑ Not applicable

III. GUARANTEES IN VIOLATION OF REGULATIONS

☐ Applicable ☑ Not applicable

IV. EXPLANATION OF THE BOARD ON ISSUANCE OF A "NON-STANDARD AUDITING REPORT" BY ACCOUNTING FIRMS

☐ Applicable ☑ Not applicable

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

I. The Company's analysis and explanation on the reasons for and impacts of changes of accounting policies and accounting estimates

☐ Applicable ☑ Not applicable

ii. The Company's analysis and explanation on the reasons for and impacts of corrections of significant accounting errors

☐ Applicable ☑ Not applicable

iii. Communication with the former accounting firm

☐ Applicable ☑ Not applicable

iv. Approval procedures and other explanations

☐ Applicable ☑ Not applicable

VI. APPOINTMENT AND REMOVAL OF ACCOUNTING FIRM

Unit: '0,000 Yuan Currency: RMB

	Appointed currently
Name of the domestic accounting firm	BDO China Shu Lun Pan Certified Public Accountants LLP
Remuneration for the domestic accounting firm	523
Service year limit of the domestic accounting firm	4 years
Name of certified public accountant of the domestic accounting firm	GUO Jian, WANG Xiaoyan
Service year limit of certified public accountant of the domestic accounting firm	4 years

	Name	Remuneration
Internal control audit accounting firm	BDO China Shu Lun Pan Certified Public Accountants LLP	34

Explanation on appointment and removal of accounting firms

☑ Applicable ☐ Not applicable

Upon the deliberation and approval at the shareholders' meeting of shareholders of the Company, it was resolved to appoint BDO China Shu Lun Pan Certified Public Accountants LLP (Special General Partnership) as the reviewer for the 2025 interim review, the auditor for the annual financial final accounts and the auditor for internal control for the year 2025, with a term of appointment of one year. The total audit fees amount to RMB6.7 million, of which the internal control audit fee is RMB340,000.

Explanation on change in the accounting firms during the auditing period

☐ Applicable ☑ Not applicable

Explanation of the decrease of 20% or more in the audit fee as compared with the previous year

☐ Applicable ☑ Not applicable

VII. EXPOSURE TO DELISTING

I. The reasons for warning of delisting

☐ Applicable ☑ Not applicable

ii. The countermeasures to be adopted by the Company

☐ Applicable ☑ Not applicable

iii. Exposure to termination of listing and reasons therefor

☐ Applicable ☑ Not applicable

VIII. EVENTS REGARDING BANKRUPTCY AND RESTRUCTURING

☐ Applicable ☑ Not applicable

IX. MATERIAL LITIGATION AND ARBITRATION

☐ The Company was involved in material litigation or arbitration in the year

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

X. PUNISHMENTS AND RECTIFICATIONS INVOLVED BY THE LISTED COMPANY, ITS DIRECTORS, SENIOR MANAGEMENT, CONTROLLING SHAREHOLDER AND ACTUAL CONTROLLER FOR VIOLATION OF LAWS AND REGULATIONS

☐ Applicable ☑ Not applicable

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

☐ Applicable ☑ Not applicable

XII. MATERIAL RELATED PARTY TRANSACTIONS

I. The related party transactions in relation to the ordinary operations

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

☐ Applicable ☑ Not applicable

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

☐ Applicable ☑ Not applicable

3. Events not disclosed in temporary announcements

☐ Applicable ☑ Not applicable

ii. Related party transactions arising from acquisition or disposal of assets or equity interests

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

☐ Applicable ☑ Not applicable

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

☐ Applicable ☑ Not applicable

3. Events not disclosed in temporary announcements

☐ Applicable ☑ Not applicable

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

☐ Applicable ☑ Not applicable

iii. Significant related party transactions on the joint external investment

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

☐ Applicable ☑ Not applicable

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

☐ Applicable ☑ Not applicable

3. Events not disclosed in temporary announcements

☐ Applicable ☑ Not applicable

iv. Claims and liabilities between related parties

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

☐ Applicable ☑ Not applicable

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

☐ Applicable ☑ Not applicable

3. Events not disclosed in temporary announcements

☐ Applicable ☑ Not applicable

v. Financial business between the Company and the related financial company or between the financial company controlled by the Company and the related parties

☑ Applicable ☐ Not applicable

1. *Deposit business*

☑ Applicable ☐ Not applicable

Unit: Yuan Currency: RMB

Related Party	Related party relationship	Maximum daily limit of deposits	Interest rate range of deposit	Opening balance	Amount incurred during the period: Total deposited amount during the period	Amount incurred during the period: Total withdrawal amount during the period	Closing balance
China Railway Signal and Communication (Group) Corporation Limited and its subsidiaries	The controlling shareholder of the Company and its subsidiaries	9,600,000,000.00	0.10%-2.20%	3,001,024,492.94	6,527,490,638.00	8,494,005,922.64	1,034,509,208.30
Total	/	/	/	3,001,024,492.94	6,527,490,638.00	8,494,005,922.64	1,034,509,208.30

2. *Loan business*

☑ Applicable ☐ Not applicable

Unit: Yuan Currency: RMB

Related Party	Related party relationship	Loan limit	Loan interest rate range	Opening balance	Amount incurred during the period: Total loan amount during the period	Amount incurred during the period: Total repayment amount during the period	Closing balance
China Railway Signal and Communication (Group) Corporation Limited and its subsidiaries	The controlling shareholder of the Company and its subsidiaries	200,000,000.00	2.11%-3.50%	-	-	-	-
Total	/	/	/	-	-	-	-

3. *Credit or other financial business*

☑ Applicable ☐ Not applicable

Unit: Yuan Currency: RMB

Related Party	Related party relationship	Type of business	Total amount	Actual amount incurred
China Railway Signal and Communication (Group) Corporation Limited and its subsidiaries	The controlling shareholder of the Company and its subsidiaries	Other financial services (including but not limited to the provision of advisory, agency, settlement, transfer, settlement and sale of foreign exchange, investment, letter of credit, online banking, entrusted loan, underwriting, bill acceptance, etc.)	–	–

4. *Other explanations*

☐ Applicable ☑ Not applicable

vi. Other

☑ Applicable ☐ Not applicable

Non-exempt continuing connected transactions

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

Purchases and Sales Framework Agreement between the Company and CRSC Group

The Company entered into 2023－2025 CRSC Group Purchases and Sales Framework Agreement with CRSC Group on 23 May 2023 (after trading hours). The 2023－2025 CRSC Group Purchases and Sales Framework Agreement shall be effective from 1 January 2023 to 31 December 2025 for a term of three years.

Principal terms:

(1) Pricing policy (see below);

(2) Except for public tender, both parties must confirm the demand schedule for the next year or the demand adjustment schedule of the current year on a stipulated date of each year;

(3) The Group and CRSC Group and/or its associates must enter into specific agreements to stipulate specific terms and conditions, including specific products, quality standards and payment methods, in respect of the relevant products under the 2023–2025 CRSC Group Purchases and Sales Framework Agreement; and

(4) The 2023–2025 CRSC Group Purchases and Sales Framework Agreement shall be effective from 1 January 2023 to 31 December 2025 and may be renewed with mutual consent after negotiation.

Pricing policy:

The pricing of each of the products under the 2023–2025 CRSC Group Purchases and Sales Framework Agreement will be determined on the basis of market prices, together with purchasing costs of materials, labour costs, manufacturing costs, management costs, financial costs, transportation and packaging costs incurred by sales, tax burdens and profitability standards. The pricing of products provided by the Group to CRSC Group and/or its associates will be determined by reference to and subject to the contractual terms agreed between CRSC Group and/or its associates and the contractual party of the overseas project. CRSC Group will purchase products from the Group at the price agreed between itself and the contractual party of the overseas project and supply the same to the contractual party of the overseas project without making any profit. The pricing of the products purchased by the Group from CRSC Group and/or its associates will be determined based on a cost-plus method by adding reasonable profit, with reference to average level in the industry, relevant reasonable costs including purchasing costs of materials, labour costs, manufacturing costs, management costs, transportation and packaging costs incurred. The net profit margin ranges from approximately 10% to 15%. To ensure that the pricing of the products provided by CRSC Group will be no less favourable than those offered to our Group by independent third parties, the Group will collect and review quotes offered by at least two other independent third parties for products of the same type or similar quality for comparison.

CRSC Group and the Group have a long-term stable business relationship, familiar with each other's business needs and capable to supply each other with the products needed for production. The Directors believe that maintaining a stable and high-quality business relationship with CRSC Group is beneficial for the current and future production and operation of the Group. Based on the past business experience between the Group and CRSC Group and/or its associates, the Directors believe that the Group and CRSC Group can effectively meet each other's stable and high-quality needs for related business, and maintaining business between two parties is in line with the interests of the Group and shareholders as a whole.

Unit: '0,000 Yuan Currency: RMB

Connected Transaction Party	Connected Relationship	Category of Connected Transaction	Contents of Connected Transaction	Pricing principle for connected transactions	Amount of connected transaction	Maximum amount of Connected transaction
CRSC Group	Controlling shareholder	Selling goods	Selling, among others, raw materials, excipients, accessories, components and parts, packaging materials, semi-finished products, finished products, commodities and related products	Determined on the basis of market price and by reference to the price agreed between the contractual parties of the Overseas Project	11.90	200.00
CRSC Group	Controlling shareholder	Purchasing goods	Purchasing, among others, raw materials, excipients, accessories, components and parts, packaging materials, semi-finished products, finished products, commodities and related products	Determined on the basis of market price, together with costs and various factors	5,702.12	7,000.00

Description of connected transaction: The aforesaid transaction was the performance of the 2023–2025 CRSC Group purchases and sales framework agreement entered into between the Company and CRSC Group during the Reporting Period. The agreement is valid for three years. The transaction and the total transaction amount involved were within the decision-making authority of the Board of Directors of the Company and have been considered and approved by the same. In the meantime, the transaction satisfied the partial waiver level under the Hong Kong Stock Exchange Listing Rules and was exempted from the approval by independent shareholders.

Construction Contracting Framework Agreement between the Company and CRSC Group

The Company entered into the 2023–2025 Construction Contracting Framework Agreement with CRSC Group on 23 May 2023 (after trading hours). The 2023–2025 Construction Contracting Framework Agreement shall be effective from 1 January 2023 to 31 December 2025 for a term of three years.

Principal terms:

(1) Pricing policy (see below);

(2) Except for public tender, both parties must confirm the service demand schedule for the next year or the service demand adjustment schedule of the current year on a stipulated date of each year;

(3) The Group and CRSC Group and/or its associates must enter into specific agreements to stipulate specific terms and conditions, including, among others, specific scope of engineering construction and ancillary services, service methods and payment methods, in respect of the engineering construction and ancillary services under the 2023–2025 Construction Contracting Framework Agreement; and

(4) The 2023–2025 Construction Contracting Framework Agreement shall be effective from 1 January 2023 to 31 December 2025 and may be renewed with mutual consent after negotiation.

Pricing policy:

Pursuant to the 2023–2025 Construction Contracting Framework Agreement, the service fees for providing engineering construction and ancillary services by the Group to CRSC Group and/or its associates will be determined after arm's length negotiations with CRSC Group and/or its associates with reference to following major factors: (1) availability and cost of raw materials and equipment and machinery, labor, and subcontractors; (2) local guidance prices for the various raw materials and other construction costs provided by the Housing and Urban-Rural Development Bureaus; (3) project progress plans, complexity and scale of the construction project, and the potential adjustment of the scope of work; (4) the geographical location and environmental conditions of the project; and (5) for competitive bidding, assessment and analysis of the relevant functional departments of the Group based on relevant information of the competitors and specific project demand and the impact of the project on the Company's macro strategy.

In order to ensure that the service fees charged by the Group for the provision of engineering contracting services are fair and reasonable and in line with the prevailing market prices, the Group will keep abreast of the current market rates and market conditions, and review the pricing through an independent third-party consulting agency. In addition, the Group will also refer to the fees previously charged for providing similar engineering contracting services to independent third-party customers.

Considering that: (1) the contracts related to engineering construction and ancillary services that the Group has already entered into with CRSC Group and/or its associates will continue to be executed, and will bring revenue and profits to the Group; (2) based on the project reserves of CRSC Group and/or its associates, it is expected that CRSC Group and its associates will have new demands for engineering construction and ancillary services in the future, which will continue to bring revenue and profits to the Group; (3) the pricing of the engineering construction and ancillary services provided by the Group to CRSC Group and/or its associates is fair and on general commercial terms; and (4) CRSC Group has a long-term and stable business relationship with the Group, and CRSC Group has strong credit capabilities and will prioritize the payment of service fees to the Group in the future.

Unit: '0,000 Yuan Currency: RMB

Connected Transaction Party	Connected Relationship	Category of Connected Transaction	Contents of Connected Transaction	Pricing principle for connected transactions	Amount of connected transaction	Maximum amount of Connected transaction
CRSC Group	Controlling shareholder	Providing Services	Providing, among others, project construction and ancillary services, including but not limited to project design and general contracting of construction	Third-party construction cost consulting agency reviews the charged fee in light of the market conditions and refer to the fees for providing services to third-party	9,043.48	20,000.00

Description of connected transaction: The aforesaid transactions was the performance of the 2023–2025 Construction Contracting Framework Agreement entered into between the Company and CRSC Group during the Reporting Period. The agreement is valid for three years. The transaction and the total transaction amount involved were within the decision-making authority of the Board of Directors of the Company and have been considered and approved by the same. In the meantime, the transaction satisfied the partial waiver level under the Listing Rules of the Hong Kong Stock Exchange and was exempted from the approval by independent shareholders.

Financial Services Framework Agreement between Finance Company and CRSC Group

CRSC Group Finance Limited ("Finance Company"), a subsidiary of the Company, entered into the Financial Services Framework Agreement with CRSC Group on 23 May 2023 (after trading hours). The Agreement is valid from 1 January 2023 to 31 December 2025.

Principal terms:

(1) Finance Company shall provide deposit services to CRSC Group in the form of demand deposits, time deposits, call deposits, agreement deposits, etc. If Finance Company fails to repay the deposits to CRSC Group in full and on time, CRSC Group has the right to terminate the Agreement and offset the deposits payable by Finance Company to CRSC Group against the loans provided by CRSC Group to Finance Company in accordance with the laws and regulations of China;

(2) Finance Company shall provide credit services to CRSC Group, including loans, bill discounting, buyer's credit, accounts receivable factoring, various types of non-financing guarantees, acceptance of bills, etc. If CRSC Group fails to repay Finance Company in full and on time the debts arising from the abovementioned credit services business, Finance Company has the right to terminate the Agreement and offset the debts due to Finance Company by CRSC Group against CRSC Group's deposits with Finance Company in accordance with the laws and regulations of China; and

(3) Finance Company shall provide other financial services to CRSC Group (including but not limited to the provision of advisory, agency, settlement, transfer, settlement and sale of foreign exchange, letter of credit, online banking, entrusted loan, bond underwriting, etc.) and charges CRSC Group for the services. Subject to compliance with the Agreement, the parties shall enter into specific agreements for the provision of the relevant specific financial services to agree on the specific terms of the transaction.

Pricing policy:

(1) For deposit services, the interest rate for deposits offered by Finance Company to CRSC Group shall be determined with reference to the benchmark interest rate for the same period promulgated by the People's Bank of China for the same type of deposits, and shall not be higher than the interest rate for the same period determined by banking financial institutions in the PRC for the same type of deposits taken from CRSC Group or equivalent third parties;

(2) For credit services, the interest rate or fee rate for the credit services provided by Finance Company to CRSC Group shall be determined with reference to the benchmark interest rate or fee rate for the same period promulgated by the People's Bank of China for the same type of business, and shall be no less than the interest rate or fee rate for the same period determined by banking financial institutions in the PRC for the same type of credit business to CRSC Group or equivalent third parties; and

(3) For other financial services, the service fees charged by Finance Company to CRSC Group shall be in compliance with the relevant standards for the relevant types of services issued by the People's Bank of China or the National Administration of Financial Regulation, if any, and shall be determined with reference to the fees charged by major commercial banks in the PRC for similar financial services.

(4) The entering into of the New Financial Services Framework Agreement between the Finance Company and CRSC Group will be beneficial for strengthening the Group's fund management, expanding financing channels, reducing financing costs, improving the efficiency of fund utilization, expanding business scale, and enhancing profitability.

Unit: '0,000 Yuan Currency: RMB

Connected Transaction Party	Connected Relationship	Category of Connected Transaction	Contents of Connected Transaction	Pricing principle for connected transactions	Amount of connected transaction	Maximum amount of Connected transaction
CRSC Group	Controlling shareholder	Providing Services	Providing credit services	Determining based on the benchmark interest rate or rate set by the People's Bank of China for the same type of business during the same period	9,043.48	20,000

Confirmation by Independent Non-executive Directors

The independent non-executive Directors of the Company have reviewed the aforesaid continuing connected transactions and have confirmed that the 2023–2025 Purchases and Sales Framework Agreement, and the 2023–2025 and 2026–2028 Construction Contracting Framework Agreement have been entered into in the ordinary and usual course of the Group's business; on normal commercial or better terms; on conditions no less favourable to the Company than those available to or from (as the case may be) independent third parties, if it was not practical to make such judgement based on comparable transactions as to whether such transactions have been carried out on normal commercial terms; and in accordance with relevant agreements whose terms are fair and reasonable and in the interest of the shareholders of the Company as a whole. In respect of the Financial Services Framework Agreement, although it is not in the ordinary and usual course of business of the Company, the terms of the Financial Services Framework Agreement are fair and reasonable and in the interests of the Company and the shareholders of the Company as a whole.

Auditor's Letter

In accordance with Rule 14A.56 of the Listing Rules of the Hong Kong Stock Exchange, the Company has engaged its auditor, BDO China Shu Lun Pan Certified Public Accountants LLP ("**BDO**"), to report on the Group's continuing connected transactions in accordance with Hong Kong Standards on Assurance Engagements 3000 "Assurance Business Other Than Audits or Reviews of Historical Financial Information" and Practice Note 740 "Auditor's Letter on Continuing Connected Transactions under the Hong Kong Listing Rules" issued by the Hong Kong Institute of Certified Public Accountants. Based on its work, BDO has provided the Board with a letter confirming that, with respect to the aforesaid continuing connected transactions:

(a) nothing has come to BDO's attention that causes it to believe that the aforesaid continuing connected transactions have not been approved by the Board;

(b) in relation to the transactions involving products and services supplied by the Group, nothing has come to BDO's attention that causes it to believe that the transactions have not followed the Group's pricing policy in any material aspect;

(c) nothing has come to BDO's attention that causes it to believe that the transactions have not been carried out in any material aspect in accordance with the relevant agreements;

(d) in relation to the aggregate amounts for each of the aforesaid continuing connected transactions, nothing has come to BDO's attention that causes it to believe that the actual transaction amount of any of the aforesaid continuing connected transactions has exceeded the cap determined by the Company for the year.

XIII. MAJOR CONTRACTS AND PERFORMANCE

I. Trusteeship, Contracting and Leasing Matters

1. Trusteeship

☐ Applicable ☑ Not applicable

2. Contracting

☐ Applicable ☑ Not applicable

3. Leasing

☐ Applicable ☑ Not applicable

ii. Guarantees

☑ Applicable ☐ Not applicable

Unit: Yuan Currency: RMB

External guarantees provided by the Company (excluding guarantees provided for its subsidiaries)	
Total balance of guarantee provided during the Reporting Period (excluding those provided to subsidiaries)	–
Total balance of guarantee as at the end of the Reporting Period (A) (excluding those provided to subsidiaries)	–
Guarantees provided by the Company and its subsidiaries to its subsidiaries	
Total guarantee to its subsidiaries incurred during the Reporting Period	310,170,459.57
Total balance of guarantee to subsidiaries as at the end of the Reporting Period (B)	933,585,097.90
Aggregate guarantee of the Company (including those provided to subsidiaries)	
Aggregate guarantee (A+B)	933,585,097.90
Percentage of aggregate guarantee to net assets of the Company (%)	1.87
Including:	
Amount of guarantee provided for shareholders, actual controller and their related parties (C)	–
Amount of debts guarantee directly or indirectly provided to guaranteed parties with gearing ratio over 70% (D)	636,421,597.02
Excess amount of aggregate guarantee over 50% of net assets (E)	–
Aggregate amount of the above three categories (C+D+E)	636,421,597.02
Statement on the contingent joint and several liability in connection with unexpired guarantee	

Statement on guarantee	Percentage of the total guarantee amount to net assets of the Company = total guarantee amount/equity attributable to owners of the parent company. As of 31 December 2025, the balance of guarantee amounted to RMB934 million, accounting for 1.87% of the Company's net assets, of which, the balance of guarantees for wholly-owned subsidiaries was RMB934 million; the balance of guarantees for controlling subsidiaries was RMB0. The Company did not provide any guarantee for any of its controlling shareholders, actual controllers or related parties. As at the end of the Reporting Period, the balance of guarantee provided by the Company for its subsidiaries with an asset-liability ratio of more than 70% amounted to RMB636 million.

iii. Entrusted Cash Asset Management

1. Entrusted wealth management

(1) Overview picture about entrusted wealth management

☑ Applicable ☐ Not applicable

Unit: Yuan Currency: RMB

Category	Risk characteristics	Outstanding balance	Overdue amount
Cash management products of bank	Idle proceeds	270,000	-

Other information

☐ Applicable ☑ Not applicable

(2) Individual entrusted wealth management

☐ Applicable ☑ Not applicable

Other information

☑ Applicable ☐ Not applicable

(3) Provision for impairment of entrusted wealth management

☐ Applicable ☑ Not applicable

2. Entrusted loans

(1) Overall picture about entrusted loans

☐ Applicable ☑ Not applicable

Other information

☐ Applicable ☑ Not applicable

(2) Individual entrusted loan

☐ Applicable ☑ Not applicable

Other information

☐ Applicable ☑ Not applicable

(3) Provision for impairment of entrusted loans

☐ Applicable ☑ Not applicable

3. Other information

☐ Applicable ☑ Not applicable

iv. Other Material Contracts

☐ Applicable ☑ Not applicable

XIV. EXPLANATION ON PROGRESS IN USE OF PROCEEDS

☑ Applicable ☐ Not applicable

i. Overall Use of Proceeds

☑ Applicable ☐ Not applicable

Unit: Yuan Currency: RMB

Source of Proceeds	Fund availability date	Total proceeds	Net proceeds (1)	Total promised investment amounts out of proceeds in the prospectus (2)	Total amounts out of excessive proceeds (3) = (1) – (2)	Accumulated investment amount as of the end of the Report Period (4)	Total cumulated investment amounts of excessive proceeds as of the end of the Reporting Period (5)	Process of accumulated investment of proceeds as of the end of the Reporting Period (6) = (4)/(1)	Process of accumulated investment of excessive proceeds as of the end of the Reporting Period (7) = (5)/(3)	Investment amount for the year (8)	Proportion of the investment amount for the year (%) (9)= (8)/(1)	Total amount of proceeds for changing purposes
The initial public offering	16 July 2019	10,530,000,000.00	10,354,342,373.23	10,354,342,373.23	0	6,019,876,627.11	0	58.14	–	174,019,289.46	1.68	2,474,650,000
Total	/	10,530,000,000.00	10,354,342,373.23	10,354,342,373.23	0	6,019,876,627.11	0	/	/	174,019,289.46	/	2,474,650,000

Other information

☐ Applicable ☑ Not applicable

ii. Details of the investment project

☑ Applicable ☐ Not applicable

1. Details of the use of proceeds

☑ Applicable ☐ Not applicable

Unit: '0,000 Yuan Currency: RMB

Source of Proceeds	Project name	Project nature	Is it a promised investment project in the prospectus	Whether the change is involved	Total planned proceeds investment (1)	Amount invested in the year	Accumulated investment amount as of the end of the Report Period (2)	Accumulated investment as of the end of the Report Period (%) (3)=(2)/(1)	Date of which projects reached expected available status	Closed or not	Whether process of investment is in line with plan progress	Specific reasons for process of investment not achieved	Efficiency achieved in the year	Efficiency achieved or R&D results of this project	Whether feasibility of projects changes significantly, if yes, please specify	Amount of savings
The initial public offering	Advanced and intelligent technology research and development projects	R&D	Yes	No	460,000.00	0.00	269,330.89	58.55	December 2026	No	Yes	-	-	Please refer to the notes after this table for details	No	-
The initial public offering	Advanced and Intelligent Manufacturing Base Project (Changsha Industrial Park	Production and Construction	Yes	Yes, this project has been cancelled.	2,535.00	-	2,535.00	100	-	Yes	Yes	-	-	-	Following consideration and approval by the shareholders' meeting, the Company has terminated the continued investment of raised funds into this project.	-
The initial public offering	Information construction project	Operational management	Yes	No	30,000.00	11,337.80	24,464.24	81.55	June 2026	No	Yes	-	-	-	-	-

Source of Proceeds	Project name	Project nature	Is it a promised investment project in the prospectus	Whether the change is involved	Total planned proceeds investment (1)	Amount invested in the year	Accumulated investment amount as of the end of the Report Period (2)	Accumulated investment as of the end of the Report Period (%) (3)=(2)/(1)	Date of which projects reached expected available status	Closed or not	Whether process of investment is in line with plan progress	Specific reasons for process of investment not achieved	Efficiency achieved in the year	Efficiency achieved or R&D results of this project	Whether feasibility of projects changes significantly, if yes, please specify	Amount of savings
The initial public offering	Replenishment of Liquid Capital	Replenishing working capital and repaying loans	Yes	No	295,434.24	-	299,593.40	100	-	Yes	Yes	-	-	-	-	-
The initial public offering	Digital and Intelligent Transformation Project for the Autonomous R&D and Manufacturing Base for Basic Rail Transit Control System Equipment of Shenyang Signal Company, Xi'an Industrial Group	Production and Construction	No	Yes, this is a new project	17,000.00	2,950.03	2,950.03	17.35	March 2028	No	Yes	-	-	-	-	-
The initial public offering	Intelligent and Green Technology Upgrade and Transformation Project for the Production Line of Series Cables for Rail Transit Use	Production and Construction	No	Yes, this is a new project	21,800.00	3,114.10	3,114.10	14.28	May 2027	No	Yes	-	-	-	-	-
The initial public offering	Intelligent Transformation and Upgrade Project for Traditional Production Lines of Xi'an Industrial Group	Production and Construction	No	Yes, this is a new project	22,752.00	0.00	0.00	-	-	No	Yes	-	-	-	-	-
The initial public offering	Rail Transit Signalling System Pilot Base Project	Production and Construction	No	Yes, this is a new project	8,596.76	-	-	0	April 2027	No	Yes	-	-	-	-	-
Total	/	/	/	/	858,118.00	17,401.93	601,987.66	/	/	/	/	/		/	/	

Note 1: The benefits or research and development outcomes achieved from Advanced and Intelligent Technology R&D Projects are as follows: The regional collaborative transport service system has been demonstrated in Chongqing. The autonomous CTCS-3 level train control system was successfully implemented on the Jakarta-Bandung High-Speed Railway. The ETCS train control system ground equipment based on Baseline 3 has been launched on the Serbia section of the Hungarian-Serbia Railway. The integrated railway dispatching information system was applied on the Shenhua Railway's Baotou-Shenmu Line and Shenmu-Shuozhou Line. The Beidou satellite positioning-based mobile block system was demonstrated on the entire system on Jingbian-Shenmu Railway, and it is being promoted throughout the line. The Beidou satellite positioning-based new train control system and integrated train control and interlocking equipment has completed field trials on the Ruoqiang-Hetian Line and were launched. The CBTC system based on fully electronic interlocking was launched on the Changchun Line 3 extension and Changsha Line 6. The smart light rail traffic control system was launched on the Fenghuang Maglev. The autonomous train operation control system was launched on the Shenzhen Metro Line 20 and conducted trial operations on Shanghai Metro Lines 3/4. The intelligent passenger analysis system has been applied on-site in the Fenghuang Maglev and Taizhou City Rail S1 Line. The low-vacuum tube ultra-high-speed maglev operation control system achieved the world's first dynamic levitation test under low vacuum conditions. The heavy-duty freight train self-organizing network high-density automatic operation control system completed theoretical innovations in train coordination and efficient station dispatching, along with the research and development of system equipment, installation, and commissioning. Successful field trials were conducted, including static testing of the system on the trial segment, the first-phase comprehensive system test on the three stations and two sections of Baotou-Shenmu Line, and the second-phase ATO and tail-end function verification. The large station CTC 3.0 system, based on train control operation integration, will be deployed and applied in the Jinan Railway Bureau and Taiyuan Railway Bureau. The 400 MHz digital railway communication system for dedicated communications completed on-site demonstration trials. The locomotive onboard relay system has been trialed on the track. The railway comprehensive video surveillance system, meeting the new standards, has been applied to the core node upgrades of the China Railway, including the Tianjin-Qinhuangdao video, Shantou-Shanwei video, Guangzhou-Shantou video, and Guiyang- Guangzhou renovations. The satellite positioning-based mobile block train control system secured a commercial contract for the Guinea-Masi Railway. Products such as the ZPW-2000 track circuit outdoor monitoring system (split type), switch conversion intelligent diagnostic system, switch rail breakage monitoring system, ZD6 dustproof sealed electric switch machine, and GW-SH type external locking device completed trial tests and were promoted for application.

Note 2: The Advanced and Intelligent Technology R&D Project has invested RMB2,693.31 million as of the end of the Reporting Period. Among them, RMB2,047.88 million was invested in the research of advanced rail transit control system and key technologies, RMB174.87 million was invested in the research of intelligent integrated operation and maintenance system and technology for rail transit, RMB358.41 million was invested in the research of intelligent city and industry communication information system, RMB13.72 million was invested in the research of chip technology applicable to rail transit, and RMB98.42 million (The tail number is generated by rounding) was invested in the research of intelligent construction technology for rail transit.

Note 3: As of 31 December 2025, in the comparison table of the use of proceeds, the actual amount invested in the replenishment of liquid capital was RMB2,995.93 million, which included the total initial committed investment of RMB2,954.34 million and the demand interest generated in the corresponding special bank account of RMB41.59 million.

Note 4: The discontinuation of the "Advanced and Intelligent Manufacturing Base Project" and the continued use of the raised funds were approved by the 30th meeting of the fourth session of the board of directors and the 2025 first extraordinary shareholders' meeting of the Company. A portion of the remaining raised funds from the "Advanced and Intelligent Manufacturing Base Project" was repurposed for the implementation of new investment projects (the new projects were separately approved by the 30th meeting of the fourth session of the board of directors and the 2025 first extraordinary shareholders' meeting of the Company, as well as the 33rd meeting of the fourth session of the board of directors and the 2026 first extraordinary shareholders' meeting of the Company). The remaining raised funds will continue to be managed in the original special accounts for raised funds and will be invested in new projects as opportunities arise. For details, please refer to the "Announcement on the Postponement and Change of Certain Fundraising Projects" disclosed by the Company on 27 August 2025, and the "Announcement on the Proposed Addition of An A-share Fundraising Project" disclosed on 23 January 2026.

2. *Details of the use of excessive proceeds*

☐ Applicable ☑ Not applicable

3. *Specific circumstances regarding the re-evaluation of fundraising investment projects during the Reporting Period*

☑ Applicable ☐ Not applicable

Upon consideration and approval at the 31st meeting of the fourth session of the board of directors of the Company, the Advanced and Intelligent Technology R&D Project and Information construction project were reviewed. It was concluded that these projects align with the Company's strategic planning and possess both the necessity and feasibility for investment. The Company shall proceed with their implementation.

iii. Changes in or termination of fund-raising investments during the Reporting Period

☑ Applicable ☐ Not applicable

Unit: '0,000 Yuan Currency: RMB

Project name prior to change	Date of change (date of initial announcement disclosure)	Type of change	Total investment amount of raised funds for project prior to change/ termination	Total amount of raised funds already invested in project prior to change/termination	Project name after change	Reason for change/termination	Amount of raised funds used for working capital after change/ termination	Explanation of decision-making procedures and information disclosure
Advanced and Intelligent Manufacturing Base Project	28 August 2025	This project has been cancelled	250,000	2,535	Digital and Intelligent Transformation Project for the Autonomous R&D and Manufacturing Base for Basic Rail Transit Control System Equipment of Shenyang Signal Company, Xi'an Industrial Group, Intelligent and Green Technology Upgrade and Transformation Project for the Production Line of Series Cables for Rail Transit Use, Intelligent Transformation and Upgrade Project for Traditional Production Lines of Xi'an Industrial Group, and Rail Transit Signalling System Pilot Base Project, the remaining raised funds shall continue to be deposited in the designated fundraising account, with proper management of the raised funds carried out in accordance with relevant regulations.	Owing to rapid market development and changes in the external environment, the conditions for project implementation have shifted from previous expectations. The development and market prospects of the tram industry have fallen short of projections. Following assessment, it is deemed that if the project be completed, the risks of failing to achieve performance targets and of yields falling below originally anticipated benefits are elevated. Consequently, project investment and implementation progress have been delayed. To better safeguard the interests of the Company and its investors while enhancing the efficiency of raised funds utilisation, and following prudent deliberation in light of the Company's latest development strategy and business layout, it is proposed to cease the continued use of raised funds for this project. The remaining portion of raised funds allocated to the Advanced and Intelligent Manufacturing Base Project shall be redirected towards implementing newly proposed investment projects. The balance of raised funds shall remain deposited in the original raised funds management account for continued administration, with subsequent investment in new projects to be undertaken at appropriate times.	0	2025 first extraordinary shareholders' meeting dated 21 November 2025; 2026 first extraordinary shareholders' meeting dated 12 February 2026

iv. Other use of the raised funds during the Reporting Period

1. *Early investment and replacement regarding the investment projects with the raised funds*

☐ Applicable ☑ Not applicable

2. *Temporary replenishment of liquid capital with the idle raised funds*

☐ Applicable ☑ Not applicable

3. *Use of idle raised funds for cash management and investment in relevant products*

☑ Applicable ☐ Not applicable

Unit: '0,000 Yuan Currency: RMB

Date of deliberation by the Board of Directors	Effective deliberation amount of raised funds used for cash management	Start date	End date	Cash management balance at the end of the Reporting Period	Does the maximum balance for the period exceed the authorised amount
30 July 2025	270,000	30 July 2025	29 July 2026	270,000	No

Other explanations

The Company held the 29th meeting of the fourth session of the Board of Directors and the 20th meeting of the fourth session of the Supervisory Committee, and considered and passed the Proposal on the Use of Temporarily Idle Raised Funds to Conduct Cash Management, agreeing that the Company shall use the idle raised funds of up to RMB2.7 billion (inclusive) in cash management products under the condition that such utilisation does not impact the progress of the capital investment plan, disrupt normal business operations, or compromise fund security. The funds will be invested in highly secure, liquid, and principal-protected financial instruments, including but not limited to principal guaranteed structured deposits, time deposits, large denomination certificates of deposit, and call deposits, with a usage period not exceeding 12 months. The details are subject to the resolution of the Board of Directors.

4. *Other*

☑ Applicable ☐ Not applicable

The proceeds raised from H shares amounted to approximately RMB9,104 million. As of 1 January 2025, the remaining proceeds raised from H shares of the Company amounted to RMB568 million. As of 31 December 2025, a total of RMB8,536 million of proceeds raised from H shares have been used, of which RMB2,731 million was used in long-term research and development, including the construction of the CRSC Railway Transportation Research Centre and technology research projects; RMB1,821 million was used in the fixed asset investments, including the technical overhaul of CRSC Xi'xin production base,

the Company's subsidiary, and Changsha Industrial Park; RMB108 million was used in general equity acquisition; RMB1,253 million was used in investment of Tianshui Tramcar project and other PPP projects related to railway transportation; and RMB2,623 million was used to supplement working capital (On 12 June 2020, the Company convened the shareholders' meeting and considered and approved the Resolution on Change in the Use of Proceeds Raised from H Shares, according to which the Company intends to change the portion of the proceeds of RMB1,713 million allocated for general domestic and overseas acquisition to general domestic and overseas purposes (supplementing working capital)). The Company confirms that, apart from RMB1,713 million allocated for general domestic and overseas acquisition, the proposed usage plan of the aforesaid proceeds is consistent with the use of proceeds as disclosed in the prospectus. Aside from the aforementioned fund usage, as of 31 December 2025, the remaining RMB568 million of the Company's H-share raised funds, and was originally planned to be used up by 31 December 2025. In view of the tightening of policies on PPP investment projects in recent years, the Company planned to convert these remaining funds for general purposes both domestically and internationally (i.e., to supplement the Company's working capital). On 21 November 2025, upon approval by the 2025 first extraordinary shareholders' meeting of the Company, the remaining net proceeds from the Share Offer of H Shares of RMB568 million, originally intended for investment in PPP projects related to rail transit, has been revised to be used for general purposes both inside and outside the PRC (i.e. to supplement the working capital of the Company). Such funds are planned to be fully utilised by August 2026.

v. Conclusive opinions of intermediary agency on the special verification and authentication of the storage and use of proceeds

☑ Applicable ☐ Not applicable

BDO CHINA SHU LUN PAN CERTIFIED PUBLIC ACCOUNTANTS LLP (Special General Partnership) is of the opinion that the Report on the Deposit and Actual Utilization of Proceeds Raised by CRSC has been prepared in accordance with the Regulations on the Supervision of Raised Funds of Listed Companies issued by the China Securities Regulatory Commission and the Self-Regulatory Guidelines for Listed Companies on the STAR Market of the Shanghai Stock Exchange No. 1 – Standard Operation, and fairly presents, in all material respects, the deposit and actual utilization of the raised funds of CRSC as at 31 December 2025.

The Sponsor is of the opinion that: As of 31 December 2025, CRSC has placed raised funds in special accounts and used them for designated purposes, and has fulfilled its information disclosure obligations. There has been no disguised change in the use of raised funds, no impairment to the interests of shareholders, and no irregular use of raised funds. The sponsor has no objection to the special report on the annual deposit and actual use of raised funds disclosed by the board of directors of CRSC.

Relevant explanations on checking for abnormal conditions

☐ Applicable ☑ Not applicable

vi. Subsequent rectification of unauthorised change in the use of proceeds and appropriation of proceeds

☐ Applicable ☑ Not applicable

XV. TAX AND TAX REDUCTION AND EXEMPTION

Cash dividend income tax applicable to overseas shareholders

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

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

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

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

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

- For individual H shareholders whose country (region) of domicile is a country (region) which has entered into a tax treaty with the PRC stipulating a tax rate of less than 10%, the Company will temporarily withhold and pay individual income tax at the rate of 10% on behalf of these individual H shareholders in the distribution of the cash dividend. If relevant individual H shareholders would like to apply for a refund of the excess amount of tax withheld and paid, the Company will handle, on their behalf, the applications for tax preferential treatments under relevant tax treaties according to the Tax Notice. Qualified Shareholders please submit in time a letter of entrustment and all application materials as required under the Tax Notice to the Company's H Share Registrar, Computershare Hong Kong Investor Services Limited. The Company will then submit the above documents to the competent tax authorities and, after their examination and if and when the documents are approved, the Company will assist in refunding the excess amount of tax withheld and paid;

- For individual H shareholders whose country (region) of domicile is a country (region) which has entered into a tax treaty with the PRC stipulating a tax rate of more than 10% but less than 20%, the Company will withhold and pay individual income tax at the effective tax rate stipulated in the relevant tax treaty on behalf of these individual H shareholders in the distribution of the cash dividend; and

- For individual H shareholders whose country (region) of domicile is a country (region) which has entered into a tax treaty with the PRC stipulating a tax rate of 20%, or a country (region) which has not entered into any tax treaties with the PRC, or under any other circumstances, the Company will withhold and pay individual income tax at the rate of 20% on behalf of these individual H shareholders in the distribution of the cash dividend.

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

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

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

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

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

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

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

Shareholders of the Company's H shares are advised to consult their own tax advisors regarding the tax implications of holding and disposing of the Company's H shares under the laws of China, Hong Kong, and other countries (or regions).

XV. EXPLANATION ON OTHER SIGNIFICANT MATTERS THAT HAVE A SIGNIFICANT IMPACT ON THE INVESTORS' VALUE JUDGMENT AND INVESTMENT DECISIONS

☐ Applicable ☑ Not applicable

SECTION VII CHANGES IN SHARES AND PARTICULARS OF SHAREHOLDERS

I. THE MOVEMENTS IN SHARE CAPITAL

i. Table of changes in shares

1. Table of changes in shares

During the Reporting Period, there were no changes in the total number of shares or the share capital structure of the Company.

2. Explanation on changes in shares

☐ Applicable ☑ Not applicable

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

☐ Applicable ☑ Not applicable

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

☐ Applicable ☑ Not applicable

ii. Changes in shares subject to trading moratorium

☐ Applicable ☑ Not applicable

II. SECURITIES ISSUE AND LISTING

i. Issue of Securities as at the Reporting Period

☐ Applicable ☑ Not applicable

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

☐ Applicable ☑ Not applicable

ii. Changes in the total number of shares and shareholders structure of the Company and changes in the Company's assets and liabilities structure

☐ Applicable ☑ Not applicable

III. SHAREHOLDERS AND ACTUAL CONTROLLERS

i. Total number of shareholders

Total number of ordinary shareholders as at the end of the Reporting Period (account)	61,754
Total number of ordinary shareholders at the end of the previous month before the disclosure date of the annual report (account)	61,589
Total number of shareholders of preference shares with restored voting rights as at the end of the Reporting Period (account)	N/A
Total number of shareholders of preference shares with restored voting rights at the end of the previous month before the disclosure date of the annual report (account)	N/A
Total number of shareholders holding special voting shares as at the end of the Reporting Period (account)	N/A
Total number of shareholders holding special voting shares at the end of the previous month before the disclosure date of the annual report (account)	N/A

Note: The total number of ordinary shareholders (61,754) as of the end of the Reporting Period is the total number of A-shareholders; in addition, the Company has another 198 H-shareholders.

Number of depositary receipt holders

☐ Applicable ☑ Not applicable

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

Unit: Share

Particulars of Shareholdings of the Top Ten Shareholders (Excluding Shares Lent Through Refinancing)

Name of shareholder (Full name)	Change of shareholding during the Reporting Period	Number of shares held at the end of the Reporting Period	Percentage (%)	Number of shares held subject to trading moratorium	Shares pledged, marked, or frozen		Shareholder' s nature
					Share status	Amounts	
China Railway Signal and Communication (Group) Corporation Limited note 1	–	6,614,216,000	62.46	0	None	–	State-owned legal person
HKSCC NOMINEES LIMITED note 2	26,750	1,967,821,700	18.58	0	Unknown	–	Overseas legal person
China Merchants Securities Co., Ltd. – ChinaAMC SSE STAR 50 ETF	-70,181,721	100,798,429.00	0.95	0	Unknown	–	Other
Hong Kong Securities Clearing Company Ltd. (HKSCC)	-57,963,304	99,039,080.00	0.94	0	Unknown	–	Other
Industrial and Commercial Bank of China Limited – E Fund SSE STAR 50 ETF	-13,995,465	94,237,111.00	0.89	0	Unknown	–	Other
China National Machinery Industry Co., Ltd.	–	63,507,192.00	0.60	0	Unknown	–	State-owned legal person
Industrial and Commercial Bank of China Limited – Huatai-PineBridge CSI 300 Exchange-Traded Fund	-1,508,247	43,054,685.00	0.41	0	Unknown	–	Other
China Railway Investment Co., Ltd.	–	34,188,000.00	0.32	0	Unknown	–	State-owned legal person
China Construction Bank Corporation – E Fund CSI 300 Exchange-Traded Fund (Initiator)	-334,128	30,479,059.00	0.29	0	Unknown	–	Other
Hunan Rail Transit Holding Group Co., Ltd.*	–	23,677,500.00	0.22	0	Unknown	–	State-owned legal person

Particulars of shareholdings of the top ten Shareholders not subject to trading moratorium (Excluding Shares Lent Through Refinancing)

Unit: Share

Name of shareholder	Number of circulating shares held not subject to trading moratorium	Type and number of shares	
		Type	Amounts
China Railway Signal and Communication (Group) Corporation Limited	6,614,216,000	RMB ordinary shares	6,614,216,000
HKSCC NOMINEES LIMITED	1,967,821,700	Overseas-listed foreign shares	1,967,821,700
China Merchants Securities Co., Ltd.-ChinaAMC SSE STAR 50 ETF	100,798,429.00	RMB ordinary shares	100,798,429.00
Hong Kong Securities Clearing Company Ltd. (HKSCC)	99,039,080.00	RMB ordinary shares	99,039,080.00
Industrial and Commercial Bank of China Limited-E Fund SSE STAR 50 ETF	94,237,111.00	RMB ordinary shares	94,237,111.00
China National Machinery Industry Co., Ltd.	63,507,192.00	RMB ordinary shares	63,507,192.00
Industrial and Commercial Bank of China Limited – Huatai-PineBridge CSI 300 Exchange-Traded Fund	43,054,685.00	RMB ordinary shares	43,054,685.00
China Railway Investment Co., Ltd.	34,188,000.00	RMB ordinary shares	34,188,000.00
China Construction Bank Corporation – E Fund CSI 300 Exchange-Traded Fund (Initiator)	30,479,059.00	RMB ordinary shares	30,479,059.00
Hunan Rail Transit Holding Group Co., Ltd.*	23,677,500.00	RMB ordinary shares	23,677,500.00
Explanation on the special account for repurchase of the top ten shareholders	–		
Explanation on the above shareholders who entrusted, be entrusted with or waived voting rights	–		
Explanation on the related party relationship or acting-inconcert arrangement among the above shareholders	China Railway Signal and Communication (Group) Corporation Limited, the largest shareholder, does not have any related party relationship with the other shareholders nor is it a person acting in concert with them. The Company is not aware whether the other shareholders have related party relationship or acting-in-concert arrangement.		
Explanation on the shareholders of preference shares with restored voting right and their shareholdings	–		

Note 1: As of 31 December 2025, apart from 6,614,216,000 A shares, China Railway Signal and Communication (Group) Corporation Limited also holds 34,302,000 H shares of the Company.

Note 2: H shares held by HKSCC NOMINEES LIMITED are held on behalf of various clients.

Note 3: Apart from information set out in note 1 and note 2, shares held by shareholders in the table above are all A shares of the Company.

Particulars of shareholders holding more than 5%, the top ten shareholders, and the top ten shareholders of circulating shares held not subject to trading moratorium lent through refinancing

☐ Applicable ☑ Not applicable

The changes in the top ten shareholders and the top ten shareholders of circulating shares held not subject to trading moratorium compared to the previous period due to lending through refinancing/repurchase transactions

☐ Applicable ☑ Not applicable

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

☐ Applicable ☑ Not applicable

Particulars of the top ten domestic depositary receipt holders of the Company as at the end of the Reporting Period

☐ Applicable ☑ Not applicable

Particulars of holders of depositary receipts holding more than 5%, the top ten holders of depositary receipts, and the top ten holders of tradable unrestricted depositary receipts participating in the share lending business through refinancing

☐ Applicable ☑ Not applicable

Changes in the top ten holders of depositary receipts and the top ten holders of tradable unrestricted depositary receipts compared to the previous period due to lending through refinancing/repurchase transactions

☐ Applicable ☑ Not applicable

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

☐ Applicable ☑ Not applicable

iii. Particulars of the top ten shareholders with voting tights as at the end of the Reporting Period

☐ Applicable ☑ Not applicable

iv. Strategic investors or general legal persons who become top ten shareholders due to the placing of new shares/depositary receipts

☐ Applicable ☑ Not applicable

v. Strategic placement of IPO

☑ Applicable ☐ Not applicable

1. Particulars of shareholdings of the senior management and core employees participating in the strategic placement of IPO through the establishment of a special asset management plan

☑ Applicable ☐ Not applicable

Unit: Share

Name of Shareholder/holder	Number of Allocated Shares/ Depositary Receipts	Time of Public Offering	Changes of Number in the Reporting Period	Number of Holdings of Shares/Depositary Receipts including Those Lent Through Refinancing at the End of the Reporting Period
CICC-Guangfa Bank-CICC Feng Zhong No. 1 collective assets management plan for employee participation in STAR MARKET strategic allotment	18,901,500	22 July 2020	-23,546	1,609,952
CICC-Guangfa Bank-CICC Feng Zhong No. 2 collective assets management plan for employee participation in STAR MARKET strategic allotment	44,713,112	22 July 2020	-237,468	3,477,467
CICC-Guangfa Bank-CICC Feng Zhong No. 3 collective assets management plan for employee participation in STAR MARKET strategic allotment	34,227,038	22 July 2020	-505,504	3,248,721
CICC-Guangfa Bank-CICC Feng Zhong No. 4 collective assets management plan for employee participation in STAR MARKET strategic allotment	1,621,102	22 July 2020	-15,974	193,701
CICC-Guangfa Bank-CICC Feng Zhong No. 5 collective assets management plan for employee participation in STAR MARKET strategic allotment	9,270,248	22 July 2020	-36,832	995,874

2. *Particulars of shareholdings of relevant subsidiaries of sponsors participating in the strategic placement of IPO*

☑ Applicable ☐ Not applicable

Unit: Share

Name of Shareholder	Relationship with the sponsor	Number of Allocated Shares/ Depositary Receipts	Time of Public Offering	Changes of Number in the Reporting Period	Number of Holdings of Shares/ Depositary Receipts including Those Lent Through Refinancing at the End of the Reporting Period
China CICC Wealth Management Securities Company Limited (Formerly known as China Investment Securities Company Limited)	A wholly-owned subsidiary of the sponsor	36,000,000	22 July 2021	–	–

vi. Interests and short positions of substantial shareholders in shares and underlying shares of the Company

As at 31 December 2025, so far as is known to the Directors, the following persons (other than the directors or chief executives of the Company) had interests or short positions in the shares or underlying shares of the Company which would be required to be disclosed to the Company under the provisions of Divisions 2 and 3 of Part XV of the Securities and Futures Ordinance (the "**SFO**") and which were entered in the register required to be kept by the Company pursuant to section 336 of the SFO:

Name of Shareholder	Class of Shares	Capacity	Number of Shares Held	Approximate Percentage of Shares in the Relevant Class of Shares of the Company	Approximate percentage of shares in the total issued shares of the Company
China Railway Signal and Communication (Group) Corporation Limited [2]	A shares	Beneficial owner	6,614,216,000 (Long position)	76.72%	62.45%
Shanghai Zhenhua Heavy Industries Co., Ltd. [3][4]	H shares	Beneficial owner	114,896,000 (Long position)	5.84%	1.08%
Shanghai Zhenhua Port Machinery (Hong Kong) Company Limited [3][4]	H shares	Beneficial owner	114,896,000 (Long position)	5.84%	1.08%
China Railway Group Investment (Hong Kong) Limited [5]	H shares	Beneficial owner	123,063,000 (Long position)	6.25%	1.16%
China Railway Engineering Corporation [5]	H shares	Interests in a controlled corporation	123,063,000 (Long position)	6.25%	1.16%
China Railway Group Limited [5]	H shares	Interests in a controlled corporation	123,063,000 (Long position)	6.25%	1.16%
China Railway International Group Co., Limited [5]	H shares	Interests in a controlled corporation	123,063,000 (Long position)	6.25%	1.16%
Shanghai Ningquan Asset Management Co., Ltd. (上海寧泉資產管理有限公司)	H shares	Investment manager	235,845,000 (Long position)	11.98%	2.22%
China Post Life Insurance Company Limited	H shares	Beneficial owner	119,120,000 (Long position)	6.05%	1.12%

Notes:

1. As at 31 December 2025, the number of issued shares of the Company was 10,589,819,000 shares, of which 1,968,801,000 shares were H shares and 8,621,018,000 shares were A shares.

2. As at 31 December 2025, China Railway Signal and Communication (Group) Corporation Limited held 6,614,216,000 A shares and 34,302,000 H shares of the Company, for a total of 6,648,518,000 shares, representing 62.78% of the total share capital.

3. Shanghai Zhenhua Heavy Industries Co., Ltd. had interests in such shares through Shanghai Zhenhua Port Machinery (Hong Kong) Company Limited.

4. As at 24 July 2025, Shanghai Zhenhua Heavy Industries Co. Ltd. disposed 8,167,000 H shares. After such disposal, Shanghai Zhenhua Heavy Industries Co. Ltd. held 114,896,000 H shares of the Company, representing approximately 5.84% of the Company's H shares and approximately 1.08% of the total issued shares of the Company.

5. China Railway Engineering Corporation had interests in such shares through China Railway Group Limited, China Railway International Group Co., Limited and China Railway Group Investment (Hong Kong) Limited.

Save as disclosed above, as at 31 December 2025, the Directors were not aware of any persons (other than the directors, the supervisors or chief executives of the Company) who had interests and/or short positions in the shares and/or underlying shares of the Company which would be required to be disclosed to the Company under the provisions of Divisions 2 and 3 of Part XV of the SFO and which were entered in the register required to be kept by the Company pursuant to section 336 of the SFO.

IV. THE CONTROLLING SHAREHOLDER AND ACTUAL CONTROLLER

i. Controlling shareholder

1. Legal person

☑ Applicable ☐ Not applicable

Name	China Railway Signal and Communication (Group) Corporation Limited
Leader or legal representative	LOU Qiliang
Date of establishment	7 January 1984

Main business	Business scope: General business: rail transit communication signal system development, rail transit operation management system development; artificial intelligence application software development; artificial intelligence infrastructure software development; software development; intelligent control systems integration; information system integration services; application system integration services for the artificial intelligence industry; technical services, technological development, technological consultation, technological exchange, technological transfer, and technological promotion; manufacturing of high-speed railway equipment and accessories; manufacturing of urban rail transit equipment; manufacturing of electrical signal equipment devices; manufacturing of telecommunication equipment; manufacturing of mechanical and electrical equipment; manufacturing of electronic components; manufacturing of power facility and equipment; manufacturing of Internet equipment; manufacturing of railway-dedicated measuring or inspection instruments; manufacturing of electronic (gas) physical equipment and other electronic equipment; manufacturing of electronic special equipment; manufacturing of industrial automatic control system devices; manufacturing of industrial control computers and systems; manufacturing of intelligent unmanned aerial vehicles; manufacturing of radar and supporting equipment; manufacturing of special-purpose robots; engineering management services; engineering and technical research and experimental development; auxiliary activities for railway transportation; sales of telecommunications equipment; information system operation and maintenance services; sales of electrical signal equipment devices; sales of railway transportation infrastructure; sales of rail transit special equipment, key systems, and components; software sales; sales of mobile communications equipment; engineering and technical services (excluding planning management, surveying, design, and supervision); digital technology services; sales of air transport equipment; sales of civil aviation materials; information technology consultation services; data processing services; aviation business services; aviation operations support services; domestic freight forwarding; overseas engineering contracting; import and export of goods; import and export of technology; procurement agency services; import and export agency services; bidding and tender agency services; business training (excluding educational training, vocational skills training, and other training requiring a license); leasing of non-residential real estate.

	Licensed business: manufacturing of railway transportation infrastructure equipment; construction project surveying; construction project design; construction project contracting; construction project supervision; electrical installation services; design of building intelligent systems; design and production of civil aircraft parts; civil aircraft maintenance; operation of commercial non-transport, private, and large aircraft by operators and aircraft custodians; general aviation services; surveying and mapping services; inspection and testing services. (projects subject to approval according to laws shall be launched to carry out business activities with approval of the competent authorities and based on the content of the approval, and the specific business activities are subject to the approval documents or licenses issued by the competent authorities) (business activities of the forbidden and restricted projects as required by the national and municipal industry policies are not allowed.)
Equity in other domestic and overseas listed companies controlled and invested during the Reporting Period	In July 2025, China Railway Signal and Communication (Group) Corporation Limited transferred 31,055,900 ordinary shares (representing approximately 0.18% of its total share capital) of Power Construction Corporation of China, Ltd. (Stock Code: 601669) via secondary market competitive bidding. In December 2025, it transferred 36,686,852 ordinary shares (representing approximately 0.18% of its total share capital) of Tianjin Keyvia Electric Co., Ltd (Stock Code: 300407) via an agreement transfer.
Other explanations	

2. *Natural person*

☐ Applicable ☑ Not applicable

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

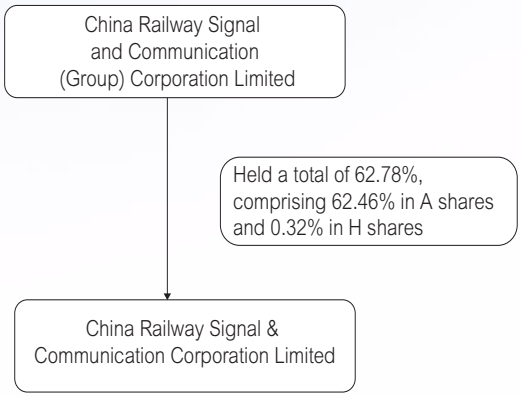
☐ Applicable ☑ Not applicable

4. *Explanation for changes in controlling shareholder during the Reporting Period*

☐ Applicable ☑ Not applicable

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

☑ Applicable ☐ Not applicable



ii. Actual controller

1. Legal person

☐ Applicable ☑ Not applicable

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

2. Natural person

☐ Applicable ☑ Not applicable

3. Special explanation for absence of the Company's actual controller

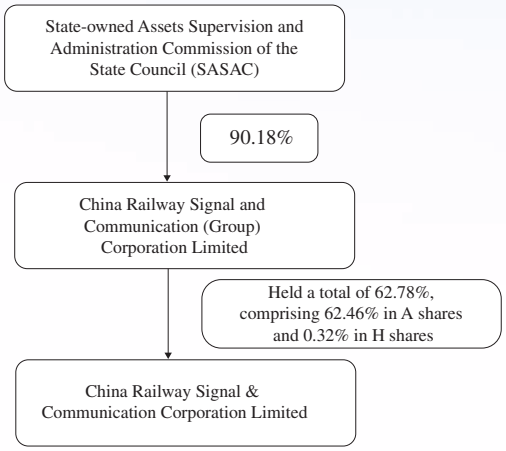
☐ Applicable ☑ Not applicable

4. Explanation for changes in control of the Company during the Reporting Period

☐ Applicable ☑ Not applicable

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

☑ Applicable ☐ Not applicable



6. The control of the Company by the actual controller through trust or other asset management methods

☐ Applicable ☑ Not applicable

iii. Other Information about the Controlling Shareholder and the Actual Controller

☐ Applicable ☑ Not applicable

V. THE CUMULATIVE NUMBER OF PLEDGED SHARES OF THE CONTROLLING SHAREHOLDERS OR THE LARGEST SHAREHOLDER OF THE COMPANY AND THE PERSON ACTING IN CONCERT WITH THEM ACCOUNTS FOR MORE THAN 80% OF THE SHARES OF THE COMPANY HELD BY THEM

☐ Applicable ☑ Not applicable

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

☐ Applicable ☑ Not applicable

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

☐ Applicable ☑ Not applicable

VIII. IMPLEMENTATION OF THE SHARE REPURCHASE DURING THE REPORTING PERIOD

☐ Applicable ☑ Not applicable

Save as disclosed herein, during the Reporting Period, the Company and its subsidiaries did not purchase, sell or redeem any of the Company's listed securities (including sales of treasury shares (as defined in the Rules Governing the Listing of Securities on the Hong Kong Stock Exchange)) under the Rules Governing the Listing of Securities on the Hong Kong Stock Exchange. As of 31 December 2025, the Company did not hold any treasury shares.

IX. PARTICULARS OF PREFERENCE SHARES

☐ Applicable ☑ Not applicable

I. CORPORATE BONDS (INCLUDING ENTERPRISE BONDS) AND DEBT FINANCING INSTRUMENTS OF NON-FINANCIAL ENTERPRISES

☑ Applicable ☐ Not applicable

i. Corporate bonds (including enterprise bonds)

☑ Applicable ☐ Not applicable

1. Basic information of corporate bonds

Unit: Yuan Currency: RMB

Bond name	Abbreviation	Code	Issue date	Interest start date	Next put option date after 30 April 2026	Maturity date	Bond balance	Interest rate (%)	Repayment method	Trading venue	Lead underwriters	Trustee	Investor Suitability arrangement	Trading mechanism	Risk of delisting
Public offering of tech-innovation renewable corporate bonds of China Railway Signal & Communication Corporation Limited to professional investors in 2024 (first tranche) (variety one)	CRSC YK01	242097. SH	6 December 2024 to 9 December 2024	9 December 2024	9 December 2029	9 December 2029	1,500,000,000.00	2.2	Interest Payment: If the issuer does not exercise the right to defer interest payments, the bond will accrue simple interest, and interest will be paid annually. Redemption Amount: If the issuer chooses to redeem the bond in full in any renewal year of the bond's renewal option, the principal will be repaid in full.	Shanghai Stock Exchange	GuChina Reform Securities Co., Ltd., CITIC Securities Co., Ltd.	GuChina Reform Securities Co., Ltd.	Qualified Investors	Matched Transaction, Click Transaction, Inquiry Transaction, Auction Transaction, Negotiated Transaction	No

Bond name	Abbreviation	Code	Issue date	Interest start date	Next put option date after 30 April 2026	Maturity date	Bond balance	Interest rate (%)	Repayment method	Trading venue	Lead underwriters	Trustee	Investor Suitability arrangement	Trading mechanism	Risk of delisting
Public offering of technological innovation renewable corporate bonds of China Railway Signal & Communication Corporation Limited to professional investors in 2024 (first tranche) (variety two)	CRSC YK02	242098. SH	6 December 2024 to 9 December 2024	9 December 2024	9 December 2034	9 December 2034	1,000,000,000.00	2.4	Interest Payment: If the issuer does not exercise the right to defer interest payments, the bond will accrue simple interest, and interest will be paid annually. Redemption Amount: If the issuer chooses to redeem the bond in full in any renewal year of the bond's renewal option, the principal will be repaid in full.	Shanghai Stock Exchange	GuoChina Reform Securities Co., Ltd., CITIC Securities Co., Ltd.	GuoChina Reform Securities Co., Ltd.	Qualified Investors	Matched Transaction, Click Transaction, Inquiry Transaction, Auction Transaction, Negotiated Transaction	No

Measures adopted by the Company for the risk of terminating the public offering of bonds

☐ Applicable ☑ Not applicable

Overdue and outstanding bonds

☑ Applicable ☐ Not applicable

Name of bonds	Explanation on interest payments and redemption
China Railway Signal & Communication Corporation Limited 2024 Public Offering of Sci-Tech Innovation Renewable Corporate Bonds for Professional Investors (Tranche I, Type 1)	The Company paid bond interest of RMB33 million on schedule.
China Railway Signal & Communication Corporation Limited 2024 Public Offering of Sci-Tech Innovation Renewable Corporate Bonds for Professional Investors (Tranche I, Type 2)	The Company paid bond interest of RMB24 million on schedule.

2. *The triggering and implementation of the corporate or investor option terms and the investor protection terms*

☐ Applicable ☑ Not applicable

3. *Intermediaries providing services for bond issuance and business subsisting*

Name of intermediary	Address	Name(s) of the signing accountant(s) (if applicable)	Contact person(s)	Contact number(s)
China Reform Securities Co., Ltd.	PICC Life Insurance Building, No. 18 Chaoyangmen North Street, Chaoyang District, Beijing, the PRC	N/A	ZHONG Ruoqian	+86 010-85556311
China Securities Co., Ltd	Taikang Group Building, Building 1, No. 16 Jinghui Street, Chaoyang District, Beijing, the PRC	N/A	GUO Yongxing	+86 010-56051910
Zhong Lun Law Firm	22-31/F, Building 3, South Tower of CP Centre, No. 20 Jin He East Avenue, Chaoyang District, Beijing, the PRC	N/A	CHENG Jinsong	+86 010-59572288
BDO China Shu Lun Pan Certified Public Accountants LLP	17-20/F, Tower A, China Overseas International Centre, Building 7, No. 5 Anding Road, Chaoyang District, Beijing, the PRC	GUO Jian, WANG Xiaoyan	LU Jiayu	+86 010-56730088
Ernst & Young Hua Ming LLP (Special General Partnership)	Level 17, Ernst & Young Tower, Oriental Plaza, No. 1 East Chang'an Avenue, Dongcheng District, Beijing, the PRC	ZHANG Xiaoliang, HE Qiongyi	ZHANG Xiaoliang	+86 010-58153000

Changes in the above intermediaries

☐ Applicable ☑ Not applicable

4. Adjustment of credit rating results

☐ Applicable ☑ Not applicable

Other explanations

☐ Applicable ☑ Not applicable

5. Implementation and changes in guarantees, debt repayment plans and other repayment guarantees during the Reporting Period and their impact

☐ Applicable ☑ Not applicable

ii. Corporate bond fundraising

☐ The corporate bonds involved the use or rectification of proceeds during the Reporting Period

☑ None of the Company's bonds involved the use or rectification of proceeds during the Reporting Period

(1). Use of proceeds for specific projects

☐ Applicable ☑ Not applicable

iii. Other matters to be disclosed for special purpose corporate bonds

☑ Applicable ☐ Not applicable

1. The Company is an issuer of exchangeable corporate bonds

☐ Applicable ☑ Not applicable

2. The Company is an issuer of green corporate bonds

☐ Applicable ☑ Not applicable

3. *The Company is an issuer of renewable corporate bonds*

☑ Applicable ☐ Not applicable

Unit: RMB100 million Currency: RMB

Bond code	242097.SH, 242098.SH
Bond abbreviation	CRSC YK01, CRSC YK02
Outstanding balance	25.00
Renewal status	Not applicable
Step-up interest rate	Not applicable
Interest deferral	Not applicable
Mandatory interest payment	Not applicable
Whether still recognised as equity and related accounting treatment	Classified as other equity instruments
Other matters	Not applicable

4. *The Company is an issuer of poverty alleviation corporate bonds:*

☐ Applicable ☑ Not applicable

5. *The Company is an issuer of rural revitalisation corporate bonds:*

☐ Applicable ☑ Not applicable

6. *The Company is an issuer of Belt and Road corporate bonds:*

☐ Applicable ☑ Not applicable

7. *The Company is an issuer of technology innovation or innovation and entrepreneurship corporate bonds*

☑ Applicable ☐ Not applicable

Unit: RMB100 million Currency: RMB

Category of issuers applicable to the bond	☑ Scientific and technological innovation enterprise ☐ Scientific and technological innovation upgrading enterprise ☐ Scientific and technological innovation investment enterprise ☐ Scientific and technological innovation incumbent enterprise ☐ Financial institution
Bond code	242097.SH, 242098.SH
Bond abbreviation	CRSC YK01, CRSC YK02
Outstanding balance	25.00
Progress related to technology innovation projects or financial institutions' investment of raised funds in technology innovation sectors	Not applicable
Outcomes supporting technological innovation development	Not applicable
Operation of fund products (if any)	Not applicable
Other matters	Not applicable

8. *The Company is an issuer of low-carbon transition (linked) corporate bonds*

☐ Applicable ☑ Not applicable

9. *The Company is an issuer of relief corporate bonds*

☐ Applicable ☑ Not applicable

10. The Company is an issuer of SME-support corporate bonds

☐ Applicable ☑ Not applicable

11. Other matters related to special purpose corporate bonds

☐ Applicable ☑ Not applicable

iv. Other important matters related to corporate bonds during the Reporting Period

☐ Applicable ☑ Not applicable

1. Change in the management system of information disclosure during the Reporting Period

☐ Changed ☑ Unchanged

v. Debt financing instruments for non-financial enterprises in the interbank bond

☐ Applicable ☑ Not applicable

vi. Losses in the consolidated statements exceeding 10% of the net assets as at the end of the previous year during the Reporting Period

☐ Applicable ☑ Not applicable

vii. Default on payment of interest-bearing debts excluding bonds as at the end of the Reporting Period

☐ Applicable ☑ Not applicable

viii. Influence of violations of laws and regulations, the Articles of Association, the management system for information disclosure, and the agreements or undertakings in the bond prospectus on the rights and interests of bond investors during the Reporting Period

☐ Applicable ☑ Not applicable

ix. Accounting data and financial indicators of the Company for the last two years as of the end of the Reporting Period

☑ Applicable ☐ Not applicable

Unit: Yuan Currency: RMB

Major indicators	2025	2024	Change as compared with the corresponding period of last year (%)	Reason of changes
Net profits attributable to shareholders of the listed company after deducting non-recurring profit and loss	3,420,779,222.23	3,268,375,928.61	4.66	/
Current ratio	1.56	1.44	8.33	/
Quick ratio	0.89	0.84	5.95	/
Gearing ratio (%)	55.65	57.22	-1.57	/
Debt-to-EBITDA ratio	0.72	1.58	-54.43	/
Interest coverage ratio	57.56	125.08	-53.98	/
Cash interest coverage ratio	-6.80	156.51	-104.34	/
EBITDA interest coverage ratio	66.57	144.88	-54.05	/
Loan repayment ratio (%)	100.00	100.00	–	/
Interest coverage ratio (%)	100.00	100.00	–	/

Note: The gearing ratio is the ratio of total liabilities to total assets.

II. CONVERTIBLE COMPANY DEBENTURES

☐ Applicable ☑ Not applicable

SECTION IX FINANCIAL REPORT

I. AUDIT REPORT

☑ Applicable ☐ Not Applicable

AUDITOR'S REPORT

Xin Kuai Shi Bao Zi [2026] NO.ZG10186

To the Shareholders of China Railway Signal & Communication Corporation Limited:

I. Opinion

We have audited the accompanying financial statements of China Railway Signal & Communication Corporation Limited ("CRSC"), which comprise the consolidated and company's balance sheets as at 31 December 2025, the consolidated and company's income statements, the consolidated and company's statements of cash flows, and the consolidated and company's statements of changes in owners' equity for the year then ended, and notes to the financial statements.

In our opinion, the accompanying financial statements present fairly, in all material respects, the consolidated and company's financial position as at 31 December 2025 and the consolidated and company's financial performance and cash flows for the year then ended in accordance with the requirements of Accounting Standards for Business Enterprises.

II. Basis for Opinion

We conducted our audit in accordance with China Standards on Auditing ("CSAs"). Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are independent of CRSC in accordance with the "Chinese Standards on Independence No. 1 – Independence Requirements for Financial Statement Audits and Review Engagements" and the Code of Ethics for Professional Accountants of the Chinese Institute of Certified Public Accountants ("CICPA Code"), and we have fulfilled our other ethical responsibilities in accordance with the CICPA Code. We have complied with the independence requirements applicable to audits of public interest entities. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

I. AUDIT REPORT (CONTINUED)

III. Key Audit Matters

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

We identified the following key audit matters in our audit:

Key Audit Matters	How these matters were addressed in the audit
(I) Revenue Recognition The revenue of CRSC is mainly derived from construction contracts for which CRSC recognises revenue according to performance progress. Recognition of revenue in accordance with performance progress may involve significant Management judgements and estimates, including estimated contract revenue, estimated contract costs, and work progress. When conditions change, the relating judgements and estimates may vary. During the execution of contracts, the Management of CRSC evaluated and revised the estimated contract revenue and estimated contract costs based on factors such as scope of contract delivery and estimated cost to completion. The revenue of CRSC is mainly derived from construction contracts for which CRSC recognises revenue according to performance progress. The accounting policies and disclosure information for the recognition of revenue from construction contracts are set out in the notes "V. (XXXI)" and Note "VII. (LXIII)" to the financial statements.	Method of audit 1. We obtained an understanding of, tested and evaluated CRSC's internal controls over the recognition of construction contract revenue. 2. We obtained major construction contracts, reviewed key contract terms and evaluated the rationality of the Management's estimation on estimated contract revenue and estimated contract costs. 3. We performed sampling inspection of relevant documents to review contract costs incurred; recalculated the performance progress and revenue based on incurred costs and estimated contract costs. 4. We carried out cut-off test procedures to check whether relevant contract costs are recorded in the appropriate accounting period; and underwent an analytical review process for the gross profit margin of major construction contracts. 5. We evaluated the sufficiency of the Management's disclosur e of recognition of revenue from construction contracts in the financial statements.

I. AUDIT REPORT (CONTINUED)

III. Key Audit Matters (Continued)

Key Audit Matters	How these matters were addressed in the audit
(II) Impairment of accounts receivable and contract assets CRSC recognises provision for impairment of accounts receivable and contract assets based on expected credit losses, which involves significant judgements and estimations of the Management. Specific factors considered by the Management in its recoverability analysis include ageing, customers'repayment plans, historical settlement records, credit ratings and historical repayment records, and other qualitative and quantitative data available to the Management. The Management also evaluated the expected changes in the credit risk of the debtor based on the above data combined with economic policies, macroeconomic indicators, industry risks and other factors, and considered forward-looking information. The balance of accounts receivable and contract assets of CRSC was significant, and the impairment of accounts receivable and contract assets had significant impacts on the financial statements. The accounting policies and disclosure requirements for impairment provisions on accounts receivable and contract assets are detailed in Note V(XI), Note VII(V), and Note VII(VI) to the financial statements.	Method of audit 1. We tested and evaluated the internal controls over CRSC's process for recognizing impairment provisions on accounts receivable and contract assets. 2. Reviewed management's analysis and assessment of historical accounts receivable data as well as their analysis of historical settlement patterns for contract assets; examined supporting documentation for selected samples and evaluated the accuracy of accounts receivable aging. 3. For individual recognition of impairment provision for receivables and contract assets, we understood the reasons for the Management's judgement and evaluated the rationality of the Management's impairment provision. 4. For the recognition of impairment provision for receivables and contract assets by reference to the credit risk portfolio, we reviewed the Management's settings for the credit risk portfolio, evaluated the rationality of the impairment loss rate in combination with the consideration of historical audit experience and forward-looking information, and reviewed relevant documents for the selected samples to evaluate the rationality of the Management's credit risk portfolio classification and impairment provision. 5. We evaluated the sufficiency of the Management's disclosure of provision for impairment of accounts receivable and contract assets.

AUDIT REPORT (CONTINUED)

I. AUDIT REPORT (CONTINUED)

IV. Other Information

Management of CRSC ("Management") is responsible for the other information. The other information comprises all the information included in the 2025 annual report of CRSC, other than the financial statements and our auditor's report thereon.

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

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

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

V. Responsibilities of Management and Those Charged with Governance for the Financial Statements

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

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

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

AUDIT REPORT (CONTINUED)

I. AUDIT REPORT (CONTINUED)

VI. Auditor's Responsibilities for the Audit of the Financial Statements

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

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

(1) Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. override of internal control. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the

(2) Obtain an understand of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances.

(3) Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.

(4) Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on CRSC's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause CRSC to cease to continue as a going concern.

(5) Evaluate the overall presentation (including the disclosures), structure and contents of the financial statements, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

AUDIT REPORT (CONTINUED)

I. AUDIT REPORT (CONTINUED)

VI. Auditor's Responsibilities for the Audit of the Financial Statements (Continued)

(6) Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within CRSC to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

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

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

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

BDO CHINA Shu Lun Pan Certified Public Accountants LLP

Certified Public Accountant of China:
GUO Jian
(Engagement Partner)

Shanghai, China

Certified Public Accountant of China:
WANG Xiaoyan

24 March 2026

CONSOLIDATED BALANCE SHEET

31 December 2025

II. FINANCIAL STATEMENTS

Prepared by:China Railway Signal & Communication Corporation Limited

Unit: Yuan Currency: RMB

ITEM	Note	31 December 2025	31 December 2024
Current assets:			
Monetary funds	VII. (I)	**22,386,114,359.53**	22,577,015,997.32
Settlement reserves		**–**	–
Lending fund		**–**	–
Trading financial assets	VII. (II)	**–**	–
Held-for-trading financial assets	VII. (III)	**–**	–
Notes receivable	VII. (IV)	**1,464,349,227.45**	1,105,165,396.54
Accounts receivable	VII. (V)	**25,001,461,400.76**	26,973,365,116.63
Receivables for financing	VII. (VII)	**795,707,159.42**	775,835,849.40
Prepayments	VII. (VIII)	**1,208,649,645.23**	1,161,308,397.54
Premiums receivable		**–**	–
Reinsurance accounts receivable		**–**	–
Deposits receivable from reinsurance treaty		**–**	–
Other receivables	VII. (IX)	**1,527,850,387.21**	1,612,679,459.07
Including: Interest receivable		**–**	–
Dividends receivable		**9,391,355.40**	5,808,000.00
Financial assets held under resale agreements		**–**	–
Inventories	VII. (X)	**3,351,523,808.99**	3,453,911,412.70
Wherein: data resources		**–**	–
Contract assets	VII. (VI)	**32,848,758,789.78**	32,470,218,198.16
Assets held for sale	VII. (XI)	**–**	–
Non-current assets due within one year	VII. (XII)	**152,977,852.67**	149,226,076.22
Other current assets	VII. (XIII)	**829,838,967.18**	826,820,561.00
Total current assets		**89,567,231,598.22**	91,105,546,464.58

CONSOLIDATED BALANCE SHEET (CONTINUED)

31 December 2025

ITEM	Note	31 December 2025	31 December 2024
Loans and advances to customers		–	–
Debt investment	VII. (XIV)	**273,172,183.50**	273,172,183.50
Other debt investments	VII. (XV)	–	–
Long-term receivables	VII. (XVI)	**7,988,247,006.24**	7,165,732,307.23
Long-term equity investments	VII. (XVII)	**2,181,664,484.27**	1,806,701,815.91
Other equity instrument investments	VII. (XVIII)	**1,397,735,606.02**	1,212,543,806.03
Other non-current financial assets	VII. (XIX)	–	–
Investment properties	VII. (XX)	**329,849,682.53**	348,943,627.62
Fixed assets	VII. (XXI)	**4,901,045,878.62**	4,957,256,807.77
Construction in progress	VII. (XXII)	**974,657,001.76**	809,309,770.26
Productive biological assets	VII. (XXIII)	–	–
Oil and gas assets	VII. (XXIV)	–	–
Right-of-use assets	VII. (XXV)	**161,241,008.57**	128,007,364.54
Intangible assets	VII. (XXVI)	**2,571,968,066.64**	2,626,900,101.76
Wherein: data resources		–	–
Development expenditure	VIII. (II)	**307,502,933.27**	154,044,752.34
Wherein: data resources		–	–
Goodwill	VII. (XXVII)	**262,891,028.58**	262,891,028.58
Long-term prepaid expenses	VII. (XXVIII)	**26,633,710.67**	36,901,102.20
Deferred tax assets	VII. (XXIX)	**725,268,590.96**	611,526,035.66
Other non-current assets	VII. (XXX)	**6,652,581,872.05**	6,391,398,347.15
Total non-current assets		**28,754,459,053.68**	26,785,329,050.55
Total Assets		**118,321,690,651.90**	117,890,875,515.13

CONSOLIDATED BALANCE SHEET (CONTINUED)

31 December 2025

ITEM	Note	31 December 2025	31 December 2024
Current liabilities:			
Short-term borrowings	VII. (XXXII)	**170,476,451.50**	143,465,431.83
Borrowings from central bank		**–**	–
Placements from banks and other financial institutions		**–**	–
Financial liabilities held for trading	VII. (XXXIII)	**–**	–
Derivative financial liabilities	VII. (XXXIV)	**–**	–
Bills payable	VII. (XXXV)	**1,691,264,511.61**	1,775,609,143.61
Accounts payable	VII. (XXXVI)	**39,220,108,544.27**	42,735,743,855.81
Advance receipts	VII. (XXXVII)	**–**	–
Contract liabilities–	VII. (XXXVIII)	**9,651,753,046.43**	10,260,720,800.40
Financial assets sold for repurchase	VII. (XXXIX)	**16,950,121.15**	–
Customers deposits and deposits from banks and other financial institutions	VII. (XL)	**1,035,278,439.21**	3,001,258,120.80
Amount paid for agency securities trading		**–**	–
Amount paid for agency securities underwriting		**–**	–
Employee benefits payable	VII. (XLI)	**770,638,841.26**	908,745,583.60
Tax payable	VII. (XLII)	**1,181,460,870.29**	1,278,865,585.35
Other payables	VII. (XLIII)	**2,199,881,519.41**	1,973,997,368.12
Including: Interest payable		**–**	–
Dividends payable		**11,764,619.61**	12,169,644.46
Fees and commissions payable		**–**	
Reinsurance accounts payable		**–**	
Liabilities held for sale	VII. (XLIV)	**–**	–
Non-current liabilities due within one year	VII. (XLV)	**489,815,377.77**	189,549,251.32
Other current liabilities	VII. (XLVI)	**967,002,635.13**	955,934,519.04
Total current liabilities		**57,394,630,358.03**	63,223,889,659.88

CONSOLIDATED BALANCE SHEET (CONTINUED)

31 December 2025

ITEM	Note	31 December 2025	31 December 2024
Non-current liabilities:			
Insurance contract reserve		**–**	–
Long-term borrowings	VII. (XLVII)	**7,515,803,923.00**	3,333,970,469.20
Bonds payable	VII. (XLVIII)	**–**	–
Including: Preference shares		**–**	–
Perpetual bonds		**–**	–
Lease liabilities	VII. (XLIX)	**99,902,212.83**	78,393,367.34
Long-term payables	VII. (L)	**47,316,374.84**	45,383,366.45
Long-term employee benefits payable	VII. (LI)	**511,685,000.00**	575,630,000.00
Estimated liabilities	VII. (LII)	**25,882,337.23**	28,012,118.60
Deferred income	VII. (LIII)	**203,625,846.33**	120,135,472.93
Deferred tax liabilities	VII. (XXIX)	**51,992,843.93**	49,658,734.97
Other non-current liabilities	VII. (LIV)	**–**	–
Total non-current liabilities		**8,456,208,538.16**	4,231,183,529.49
Total liabilities		**65,850,838,896.19**	67,455,073,189.37
Shareholders' equity:			
Share capital	VII. (LV)	**10,589,819,000.00**	10,589,819,000.00
Other equity instruments	VII. (LVI)	**2,500,000,000.00**	2,500,000,000.00
Including: Preference shares		**–**	–
Perpetual bonds		**2,500,000,000.00**	2,500,000,000.00
Capital reserve	VII. (LVII)	**15,960,437,437.48**	15,959,738,219.63
Less: treasury stocks	VII. (LVIII)	**–**	–
Other comprehensive income	VII. (LIX)	**-360,257,233.13**	-300,033,350.13
Special reserve	VII. (LX)	**397,214,776.82**	348,771,551.18
Surplus reserve	VII. (LXI)	**2,694,162,333.16**	2,482,496,646.28
General risk reserve		**167,899,693.10**	101,496,079.94
Retained earnings	VII. (LXII)	**17,893,791,270.92**	16,342,719,229.07
Total equity attributable to Shareholders of the parent company		**49,843,067,278.35**	48,025,007,375.97
Non-controlling interests		**2,627,784,477.36**	2,410,794,949.79
Total Shareholders' equity		**52,470,851,755.71**	50,435,802,325.76
Total liabilities and Shareholders' equity		**118,321,690,651.90**	117,890,875,515.13

Person-in-charge of the Company: Lou Qiliang | Chief Financial Officer: Li Lianqing | Head of Accounting Department: Liu Huafeng

PARENT COMPANY'S BALANCE SHEET

31 December 2025

Prepared by:China Railway Signal & Communication Corporation Limited

Unit: Yuan Currency: RMB

ITEM	Note	31 December 2025	31 December 2024
Current assets:			
Monetary funds		**9,065,328,872.09**	8,048,980,731.22
Trading financial assets		**–**	–
Held-for-trading financial assets		**–**	–
Notes receivable		**4,985,000.00**	887,330.00
Accounts receivable	XX. (I)	**1,169,535,970.32**	1,376,291,632.16
Receivables for financing		**5,232,319.18**	–
Prepayments		**262,680,979.74**	204,119,039.99
Other receivables	XX. (II)	**6,920,188,246.68**	7,170,426,565.52
Including: Interest receivable		**–**	–
Dividends receivable		**354,835,070.73**	309,922,930.31
Inventories		**12,623,770.00**	27,260,241.98
Wherein: data resources		**–**	–
Contract assets		**1,341,508,413.82**	1,431,308,274.41
Assets held for sale		**–**	–
Non-current assets due within one year		**57,680,881.19**	59,302,900.53
Other current assets		**64,584,344.23**	94,445,348.78
Total current assets		**18,904,348,797.25**	18,413,022,064.59

PARENT COMPANY'S BALANCE SHEET (CONTINUED)

31 December 2025

ITEM	Note	31 December 2025	31 December 2024
Non-current assets:			
Debt investment		**273,172,183.50**	273,172,183.50
Other debt investments		**–**	–
Long-term receivables		**2,320,056,183.56**	2,155,416,819.31
Long-term equity investments	XX. (III)	**20,305,023,751.02**	19,893,735,946.73
Other equity instrument investments		**514,670,772.91**	515,834,914.35
Other non-current financial assets		**–**	–
Investment properties		**1,309,054,162.41**	1,346,561,270.16
Fixed assets		**488,661,396.95**	496,844,755.33
Construction in progress		**–**	–
Productive biological assets		**–**	–
Oil and gas assets		**–**	–
Right-of-use assets		**–**	103,083.49
Intangible assets		**601,822,204.45**	568,162,329.29
Wherein: data resources		**–**	–
Development expenditure		**–**	–
Wherein: data resources		**–**	–
Goodwill		**–**	–
Long-term prepaid expenses		**–**	–
Deferred tax assets		**47,429,442.08**	44,311,468.29
Other non-current assets		**37,130,595.82**	42,676,458.17
Total non-current assets		**25,897,020,692.70**	25,336,819,228.62
Total Assets		**44,801,369,489.95**	43,749,841,293.21

PARENT COMPANY'S BALANCE SHEET (CONTINUED)

31 December 2025

ITEM	Note	31 December 2025	31 December 2024
Current liabilities:			
Short-term borrowings		–	2,000,000,000.00
Financial liabilities held for trading		–	–
Derivative financial liabilities		–	–
Bills payable		**30,167,209.19**	29,165,996.75
Accounts payable		**2,671,209,356.22**	3,349,901,616.94
Advance receipts		–	–
Contract liabilities–		**781,785,045.57**	876,659,021.30
Employee benefits payable		**18,961,324.44**	24,925,432.09
Tax payable		**3,709,269.45**	4,766,041.59
Other payables		**2,694,359,761.63**	3,107,395,777.36
Including: Interest payable		–	–
Dividends payable		–	–
Liabilities held for sale		–	–
Non-current liabilities due within one year		–	399,999.98
Other current liabilities		**42,090,867.80**	56,225,501.46
Total current liabilities		**6,242,282,834.30**	9,449,439,387.47
Non-current liabilities:			
Long-term borrowings		**4,000,000,000.00**	–
Bonds payable		–	–
Including: Preference shares		–	–
Perpetual bonds		–	–
Lease liabilities		–	–
Long-term payables		–	–
Long-term employee benefits payable		**49,593,000.00**	55,638,000.00
Estimated liabilities		**686,646.49**	686,646.49
Deferred income		**4,010,494.06**	4,010,494.06
Deferred tax liabilities		–	–
Other non-current liabilities		–	–
Total non-current liabilities		**4,054,290,140.55**	60,335,140.55
Total liabilities		**10,296,572,974.85**	9,509,774,528.02

PARENT COMPANY'S BALANCE SHEET (CONTINUED)

31 December 2025

ITEM	Note	31 December 2025	31 December 2024
Shareholders' equity:			
Share capital		**10,589,819,000.00**	10,589,819,000.00
Other equity instruments		**2,500,000,000.00**	2,500,000,000.00
Including: Preference shares		**–**	–
Perpetual bonds		**2,500,000,000.00**	2,500,000,000.00
Capital reserve		**16,475,988,505.31**	16,475,484,417.81
Less: treasury stocks		**–**	–
Other comprehensive income		**-15,862,065.45**	-16,955,100.80
Special reserve		**20,810,427.82**	17,065,439.52
Surplus reserve		**2,694,162,333.16**	2,482,496,646.28
Retained earnings		**2,239,878,314.26**	2,192,156,362.38
Total Shareholders' equity		**34,504,796,515.10**	34,240,066,765.19
Total liabilities and Shareholders' equity		**44,801,369,489.95**	43,749,841,293.21

Person-in-charge of the Company:	Chief Financial Officer:	Head of Accounting Department:
Lou Qiliang	Li Lianqing	Liu Huafeng

CONSOLIDATED STATEMENT OF PROFIT OR LOSS

January to December 2025

Unit: Yuan Currency: RMB

ITEM		Note	2025	2024
I.	Total revenue		**34,677,342,703.76**	32,643,648,716.87
	Including: Revenue	VII. (LXIII)	**34,552,792,545.42**	32,473,033,766.06
	Interest income		**123,842,611.16**	170,614,950.81
	Premiums earned		**–**	–
	Fees and commissions income		**707,547.18**	–
II.	Total cost of sales		**30,103,929,134.97**	28,198,501,537.42
	Including: Cost of sales	VII. (LXIII)	**24,573,291,774.15**	22,985,410,426.71
	Interest expenses		**4,075,388.53**	14,722,529.24
	Fees and commissions expense		**148,292.11**	58,120.79
	Surrenders		**–**	–
	Net payments for insurance claims		**–**	–
	Net provisions for insurance contract reserve		**–**	–
	Policy dividend expenses		**–**	–
	Reinsurance costs		**–**	–
	Taxes and surcharges	VII. (LXIV)	**284,076,479.75**	281,850,359.93
	Selling and distribution expenses	VII. (LXV)	**865,531,112.10**	851,578,354.01
	General and administrative expenses	VII. (LXVI)	**2,427,134,552.82**	2,388,915,418.98
	Research and development expenses	VII. (LXVII)	**2,005,663,654.64**	1,912,373,179.29
	Finance costs	VII. (LXVIII)	**-55,992,119.13**	-236,406,851.53
	Including: Interest expenses		**86,781,518.21**	38,126,835.89
	Interest income		**168,852,122.91**	306,805,350.71
	Add: Other income	VII. (LXIX)	**403,746,038.64**	417,774,607.65
	Investment income (with "-" for loss)	VII. (LXX)	**119,537,569.84**	128,583,023.70
	Including: Share of profits of associates and joint ventures		**106,954,319.46**	115,630,269.91
	Derecognition of income from financial assets at amortized cost		**–**	–
	Exchange gain (loss, indicated by "-")		**–**	–
	Net gains from hedging exposure (with "-" for loss)	VII. (LXXI)	**–**	–
	Gains from changes in fair value (with "-" for loss)	VII. (LXXII)	**–**	–
	Credit impairment losses (with "-" for loss)	VII. (LXXIII)	**-379,187,881.58**	-324,105,898.50
	Assets impairment losses (with "-" for loss)	VII. (LXXIV)	**24,411,022.08**	-22,109,209.59
	Gains from disposal of assets (with "-" for loss)	VII. (LXXV)	**79,370,923.60**	42,198,751.70

CONSOLIDATED STATEMENT OF PROFIT OR LOSS (CONTINUED)

January to December 2025

ITEM		Note	2025	2024
III.	Operating profit (with "-" for loss)		**4,821,291,241.37**	4,687,488,454.41
	Add: Non-operating income	VII. (LXXVI)	**97,626,443.24**	55,836,270.00
	Less: Non-operating expenses	VII. (LXXVII)	**10,731,818.54**	12,543,268.29
IV.	Total profits (with "-" for total losses)		**4,908,185,866.07**	4,730,781,456.12
	Less: Income tax expenses	VII. (LXXVIII)	**661,323,470.77**	661,836,908.15
V.	Net profit (with "-" for net loss)		**4,246,862,395.30**	4,068,944,547.97
	(I) Classified by continuity of operation			
	1. Net profit from continuing operations (with "-" for net loss)		**4,246,862,395.30**	4,068,944,547.97
	2. Net profit from discontinued operations (with "-" for net loss)		**–**	–
	(II) Classified by the ownership			
	1. Net profit attributable to the owners of the parent company (with "-" for net loss)		**3,686,410,571.89**	3,494,725,837.36
	2. Net profit attributable to non-controlling interests (with "-" for net loss)		**560,451,823.41**	574,218,710.61
VI.	Other comprehensive income, net of tax	VII. (LIX)	**-60,198,250.66**	-96,558,256.66
	(I) Other comprehensive income attributable to the owners of the parent company, net of tax		**-60,223,883.00**	-96,547,660.78
	1. Other comprehensive income that may not be reclassified into profit or loss		**-88,461,574.28**	-97,434,859.93
	(1) Changes of re-measurement of defined benefit plans		**39,139,000.00**	-89,375,000.00
	(2) Other comprehensive income that cannot be transferred to profit or loss under equity method		**–**	–
	(3) Changes in fair value of other equity instrument investments		**-127,600,574.28**	-8,059,859.93
	(4) Changes in fair value of the Company's own credit risk		**–**	–

CONSOLIDATED STATEMENT OF PROFIT OR LOSS (CONTINUED)

January to December 2025

ITEM	Note	2025	2024
2. Other comprehensive income reclassified to profit or loss		**28,237,691.28**	887,199.15
(1) Other comprehensive income that can be transferred to profit or loss under equity method		**–**	–
(2) Changes in fair value of other debt investments		**–**	–
(3) Amount of financial assets reclassified into other comprehensive income		**–**	–
(4) Credit impairment provisions for other debt investments		**–**	–
(5) Hedging reserve arising from cash flows		**29,346,580.67**	456,607.80
(6) Exchange differences on translation of foreign operations		**-1,173,245.84**	884,487.18
(7) Others		**64,356.45**	-453,895.83
(II) Other comprehensive income attributable to non- controlling interests, net of tax		**25,632.34**	-10,595.88
VII. Total comprehensive income		**4,186,664,144.64**	3,972,386,291.31
(I). Total comprehensive income attributable to Shareholders of the parent company		**3,626,186,688.89**	3,398,178,176.58
(II). Total comprehensive income attributable to non- controlling interests		**560,477,455.75**	574,208,114.73
VIII. Earnings Per Share:			
(I). Basic earnings per share (RMB/share)	VII. (LXXIX)	**0.34**	0.32
(II) Diluted earnings per share (RMB/share)	VII. (LXXIX)	**0.34**	0.32

In the current period, if there is a business combination under common control, the net profit realized by the acquiree before the merger amounts to RMB0, and the net profit realized by the acquiree in the previous period is RMB0.

Person-in-charge of the Company:	Chief Financial Officer:	Head of Accounting Department:
Lou Qiliang	Li Lianqing	Liu Huafeng

PARENT COMPANY INCOME STATEMENT

January to December 2025

Unit: Yuan Currency: RMB

ITEM		Note	2025	2024
I.	Operating Revenue	XX. (IV)	**1,658,342,004.00**	2,319,813,596.04
	Less: Operating Costs	XX. (IV)	**1,453,572,070.90**	2,098,959,274.13
	Taxes and surcharges		**35,647,106.97**	39,491,602.37
	Selling and distribution expenses		**3,594,006.94**	7,766,962.31
	General and administrative expenses		**218,747,648.39**	236,484,353.08
	Research and development expenses		**88,382,089.23**	54,919,659.82
	Finance costs		**1,641,020.14**	-63,682,024.31
	Including: Interest expenses		**115,189,044.01**	106,684,257.50
	Interest income		**116,283,097.79**	164,286,350.20
	Add: Other income		**2,304,953.96**	1,459,749.73
	Investment income (with "-" for loss)	XX. (V)	**2,276,049,880.87**	2,148,053,145.42
	Including: Share of profits of associates and joint ventures		**37,508,660.18**	41,762,423.77
	Derecognition of income from financial assets at amortized cost		**–**	–
	Net gains from hedging exposure (with "-" for loss)		**–**	–
	Gains from changes in fair value (with "-" for loss)		**–**	–
	Credit impairment losses (with "-" for loss)		**-11,348,907.60**	-57,374,416.49
	Assets impairment losses (with "-" for loss)		**-180,824.71**	1,562,058.75
	Gains from disposal of assets (with "-" for loss)		**-523,516.00**	1,493.94
II.	Operating profit (with "-" for loss)		**2,123,059,647.95**	2,039,575,799.99
	Add: Non-operating income		**140,716.11**	11,741,802.26
	Less: Non-operating expenses		**212,579.21**	202,943.75
III.	Total profits (with "-" for total losses)		**2,122,987,784.85**	2,051,114,658.50
	Less: Income tax expenses		**6,330,916.09**	36,129,071.68
IV.	Net profit (with "-" for net loss)		**2,116,656,868.76**	2,014,985,586.82
	1. Net profit from continuing operations (with "-" for net loss)		**2,116,656,868.76**	2,014,985,586.82
	2. Net profit from discontinued operations (with "-" for net loss)		**–**	–

PARENT COMPANY INCOME STATEMENT (CONTINUED)

January to December 2025

ITEM		Note	2025	2024
VI.	Other comprehensive income, net of tax		**1,093,035.35**	9,337,981.27
	(I) Other comprehensive income attributable to the owners of the parent company		**1,634,893.92**	9,029,511.01
	(1) Changes of re-measurement of defined benefit plans		**2,508,000.00**	-1,988,000.00
	(2) Other comprehensive income that cannot be transferred to profit or loss under equity method		**–**	–
	(3) Changes in fair value of other equity instrument investments		**-873,106.08**	11,017,511.01
	(4) Changes in fair value of the Company's own credit risk		**-**	–
	(II) Other comprehensive income that will be reclassified into profit or loss		**-541,858.57**	308,470.26
	(1) Other comprehensive income that can be transferred to profit or loss under equity method		**–**	–
	(2) Changes in fair value of other debt investments		**–**	–
	(3) Amount of financial assets reclassified into other comprehensive income		**–**	–
	(4) Credit impairment provisions for other debt investments		**–**	–
	(5) Hedging reserve arising from cash flows		**–**	–
	(6) Exchange differences on translation of foreign operations		**-541,858.57**	308,470.26
	(7) Others		**–**	–
VI.	Total comprehensive income		**2,117,749,904.11**	2,024,323,568.09
VII.	Earning per share:			
	(I). Basic earnings per share (RMB/share)		**–**	–
	(II) Diluted earnings per share (RMB/share)		**–**	–

Person-in-charge of the Company: Lou Qiliang | Chief Financial Officer: Li Lianqing | Head of Accounting Department: Liu Huafeng

CONSOLIDATED STATEMENT OF CASH FLOWS

January to December 2025

Unit: Yuan Currency: RMB

ITEM		Note	2025	2024
I.	**Cash flows generated from operating activities:**			
	Cash received from the sale of goods or rendering of services		**33,175,923,115.92**	34,540,806,445.43
	Net increase in customer deposits received and interbank deposits		**-1,966,515,284.64**	2,863,121,898.20
	Net increase in borrowings from central bank		**–**	–
	Net increase in placements from other financial institutions		**–**	–
	Cash received from original insurance contract premium		**–**	–
	Net cash received from reinsurance business		**–**	–
	Net increase in savings and investment funds		**–**	–
	Interests, service charges and commission received		**117,834,855.13**	173,524,145.34
	Net increase in placements from banks and other financial institutions		**–**	–
	Net increase in returned business capital		**16,920,331.15**	–
	Net cash received from accounts payables to brokerage clients		**–**	–
	Refunds of tax		**355,953,881.07**	251,536,649.73
	Cash received relating to other operating activities	VII. (LXXXII)	**834,787,486.64**	709,794,589.63
	Subtotal of cash inflows from operating activities		**32,534,904,385.27**	38,538,783,728.33
	Cash paid for goods and services		**23,131,787,101.78**	22,989,116,620.42
	Net increase in loans and advances to customers		**–**	–
	Net increase in deposits with the central bank and interbank funds		**-67,436,365.89**	217,174,019.14
	Cash paid for original insurance contract compensation		**–**	–
	Net increase in placements with banks and other financial institutions		**–**	–
	Interests, service charges and commission paid		**3,658,287.59**	14,635,402.11
	Cash paid for bonus of guarantee slip		**–**	–
	Cash paid to and on behalf of employees		**6,347,032,980.30**	5,928,373,418.11
	Cash paid for all taxes		**2,593,918,249.40**	2,421,557,354.54
	Cash paid relating to other operating activities	VII. (LXXXII)	**1,820,050,735.27**	1,731,798,183.70
	Subtotal of cash outflows from operating activities		**33,829,010,988.45**	33,302,654,998.02
Net cash flows generated from operating activities		VII. (LXXXIII)	**-1,294,106,603.18**	5,236,128,730.31

CONSOLIDATED STATEMENT OF CASH FLOWS (CONTINUED)

January to December 2025

ITEM		Note	2025	2024
II.	**Cash flows generated from investing activities:**			
	Cash received from disposal of investments		**–**	–
	Cash received from return on investment		**52,077,402.04**	35,383,497.94
	Net cash received from disposal of fixed assets, intangible assets and other long-term assets		**94,276,076.55**	146,463,667.48
	Decrease in unsecured/pledged and unrestricted time deposits with maturity over three months		**–**	446,027,028.98
	Net cash from disposal of subsidiaries and other operating units		**–**	–
	Cash received relating to other investing activities	VII. (LXXXII)	**219,456,429.73**	106,712,832.20
	Subtotal of cash inflows from investing activities		**365,809,908.32**	734,587,026.60
	Cash paid for acquisition of fixed assets, intangible assets and other long-term assets		**770,270,172.42**	858,930,104.64
	Cash paid for investments		**657,069,001.90**	195,068,248.34
	Increase in unsecured/pledged and unrestricted time deposits with maturity over three months		**1,020,848,821.18**	–
	Net increase in pledged loan		**–**	–
	Net cash paid on acquisition of subsidiaries and other operating units		**–**	–
	Cash paid relating to other investing activities	VII. (LXXXII)	**42,706,400.00**	267,283,368.00
	Subtotal of cash outflows from investing activities		**2,490,894,395.50**	1,321,281,720.98
Net cash flows generated from investing activities			**-2,125,084,487.18**	-586,694,694.38

CONSOLIDATED STATEMENT OF CASH FLOWS (CONTINUED)

January to December 2025

ITEM		Note	2025	2024
III.	**Cash flows generated from financing activities:**			
	Cash received as capital contributions		**19,250,000.00**	97,000,000.00
	Including: Cash received by subsidiaries from minority shareholders' investment		**19,250,000.00**	97,000,000.00
	Cash received from borrowings		**4,678,918,644.86**	467,451,978.03
	Cash received relating to other financing activities	VII. (LXXXII)	**280,020,576.84**	2,798,070,000.00
	Subtotal of cash inflows from financing activities		**4,978,189,221.70**	3,362,521,978.03
	Cash paid on repayments of borrowings		**101,191,111.11**	2,202,149,546.48
	Cash paid for distribution of dividends or profits and for interest expenses		**2,431,255,960.30**	2,429,743,089.62
	Including: Dividend and profit of minority shareholder paid by subsidiaries		**407,566,641.63**	420,950,786.39
	Cash paid relating to other financing activities	VII. (LXXXII)	**270,146,615.73**	2,990,618,882.60
	Subtotal of cash outflows from financing activities		**2,802,593,687.14**	7,622,511,518.70
Net cash flows generated from financing activities			**2,175,595,534.56**	-4,259,989,540.67
IV.	**Effect of fluctuations in exchange rate on cash and cash equivalents**		**159,894.00**	-3,687,514.99
V.	**Net increase in cash and cash equivalents**	VII. (LXXXIII)	**-1,243,435,661.80**	385,756,980.27
	Add: Balance of cash and cash equivalents at the beginning of the period	VII. (LXXXIII)	**16,405,869,676.39**	16,020,112,696.12
VI.	**Balance of cash and cash equivalents at the end of the period**	VII. (LXXXIII)	**15,162,434,014.59**	16,405,869,676.39

Person-in-charge of the Company: Lou Qiliang | Chief Financial Officer: Li Lianqing | Head of Accounting Department: Liu Huafeng

STATEMENT OF CASH FLOWS OF THE PARENT COMPANY

January to December 2025

Unit: Yuan Currency: RMB

ITEM	Note	2025	2024
I. Cash flows generated from operating activities:			
Cash received from the sale of goods or rendering of services		**1,596,351,371.24**	2,622,781,688.95
Refunds of tax		**12,082,769.34**	58,581,175.66
Cash received relating to other operating activities		**656,474,829.30**	564,601,512.80
Subtotal of cash inflows from operating activities		**2,264,908,969.88**	3,245,964,377.41
Cash paid for goods and services		**1,880,030,396.95**	2,469,719,748.50
Cash paid to and on behalf of employees		**165,526,045.37**	195,888,870.86
Cash paid for all taxes		**63,209,113.89**	194,304,809.87
Cash paid relating to other operating activities		**773,456,955.75**	633,844,274.63
Subtotal of cash outflows from operating activities		**2,882,222,511.96**	3,493,757,703.86
Net cash flows generated from operating activities		**-617,313,542.08**	-247,793,326.45
II. Cash flows generated from investing activities:			
Cash received from disposal of investments		**–**	–
Cash received from return on investment		**2,044,833,486.72**	1,881,473,801.45
Net cash received from disposal of fixed assets, intangible assets and other long-term assets		**130,574.96**	306,800.00
Decrease in unsecured/pledged and unrestricted time deposits with maturity over three months		**–**	–
Net cash from disposal of subsidiaries and other operating units		**–**	–
Cash received relating to other investing activities		**1,935,023,539.41**	1,103,219,113.07
Subtotal of cash inflows from investing activities		**3,979,987,601.09**	2,984,999,714.52
Cash paid for acquisition of fixed assets, intangible assets and other long-term assets		**156,604,229.24**	110,626,078.81
Cash paid for investments		**373,384,301.90**	410,462,900.00
Increase in unsecured/pledged and unrestricted time deposits with maturity over three months		**10,848,821.18**	14,822,397.57
Net cash paid on acquisition of subsidiaries and other operating units		**–**	–
Cash paid relating to other investing activities		**1,969,244,675.41**	1,551,749,060.29
Subtotal of cash outflows from investing activities		**2,510,082,027.73**	2,087,660,436.67
Net cash flows generated from investing activities		**1,469,905,573.36**	897,339,277.85

STATEMENT OF CASH FLOWS OF THE PARENT COMPANY (CONTINUED)

January to December 2025

ITEM		Note	2025	2024
III.	**Cash flows generated from financing activities:**			
	Cash received as capital contributions		**–**	–
	Cash received from borrowings		**4,000,000,000.00**	2,000,000,000.00
	Cash received relating to other financing activities		**16,900,000.00**	2,498,070,000.00
	Subtotal of cash inflows from financing activities		**4,016,900,000.00**	4,498,070,000.00
	Cash paid on repayments of borrowings		**2,000,000,000.00**	2,000,000,000.00
	Cash paid for distribution of dividends or profits and for interest expenses		**1,904,640,700.51**	1,924,566,114.24
	Cash paid relating to other financing activities		**–**	2,800,423,900.00
	Subtotal of cash outflows from financing activities		**3,904,640,700.51**	6,724,990,014.24
Net cash flows generated from financing activities			**112,259,299.49**	-2,226,920,014.24
IV.	**Effect of fluctuations in exchange rate on cash and cash equivalents**		**-593,250.82**	2,233,014.79
V.	**Net increase in cash and cash equivalents**		**964,258,079.95**	-1,575,141,048.05
	Add: Balance of cash and cash equivalents at the beginning of the period		**5,302,768,166.35**	6,877,909,214.40
VI.	**Balance of cash and cash equivalents at the end of the period**		**6,267,026,246.30**	5,302,768,166.35

Person-in-charge of the Company: Lou Qiliang | Chief Financial Officer: Li Lianqing | Head of Accounting Department: Liu Huafeng

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

January to December 2025

Unit: Yuan Currency: RMB

ITEM	2025														
	Equity attributable to owners of the parent Company														
		Other equity instruments													
	Paid-in capital (or share capital)	Preference shares	Perpetual bonds	Others	Capital reserve	Less: treasury stocks	Other comprehensive income	Special reserve	Surplus reserve	General risk reserve	Retained earnings	Others	Subtotal	Non-controlling interests	Total owners' equity
I. Closing balance of last year	10,589,819,000.00	-	2,500,000,000.00	-	15,959,738,219.63	-	-300,033,350.13	348,771,551.18	2,482,496,646.28	101,496,079.94	16,342,719,229.07	-	48,025,007,375.97	2,410,794,949.79	50,435,802,325.76
Plus: changes in accounting policies	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Correction of errors in prior period	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Others	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
II. Opening balance of the year	10,589,819,000.00	-	2,500,000,000.00	-	15,959,738,219.63	-	-300,033,350.13	348,771,551.18	2,482,496,646.28	101,496,079.94	16,342,719,229.07	-	48,025,007,375.97	2,410,794,949.79	50,435,802,325.76
III. Increase/(decrease) during the period (with "-" for decrease)	-	-	-	-	699,217.85	-	-60,223,883.00	48,443,225.64	211,665,686.88	66,403,613.16	1,551,072,041.85	-	1,818,059,902.38	216,989,527.57	2,035,049,429.95
(I) Total comprehensive income	-	-	-	-	-	-	-60,223,883.00	-	-	-	3,686,410,571.89	-	3,626,186,688.89	560,477,455.75	4,186,664,144.64
(II) Capital contributions and withdrawals by	-	-	-	-	6 99,217.85	-	-	-	-	-	-	-	699,217.85	59,220,000.00	59,919,217.85
1 · Common shares contributed by shareholders1	-	-	-	-	-	-	-	-	-	-	-	-	-	49,220,000.00	49,220,000.00
2 · Capital contributed by holders of other equity	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
3 · Share-based payment recorded in owners' equity	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
4 · Others	-	-	-	-	699,217.85	-	-	-	-	-	-	-	699,217.85	10,000,000.00	10,699,217.85
(III) Profit distribution	-	-	-	-	-	-	-	-	211,665,686.88	66,403,613.16	-2,135,338,530.04	-	-1,857,269,230.00	-407,161,616.78	-2,264,430,846.78
1 · Appropriation of surplus reserve	-	-	-	-	-	-	-	-	211,665,686.88	-	-211,665,686.88	-	-	-	-
2 · Accrual of general risk reserves	-	-	-	-	-	-	-	-	-	66,403,613.16	-66,403,613.16	-	-	-	-
3 · Distribution to owners (or shareholders)	-	-	-	-	-	-	-	-	-	-	-1,800,269,230.00	-	-1,800,269,230.00	-407,161,616.78	-2,207,430,846.78
4 · Others	-	-	-	-	-	-	-	-	-	-	-57,000,000.00	-	-57,000,000.00	-	-57,000,000.00

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY (CONTINUED)

January to December 2025

ITEM	2025															
	Equity attributable to owners of the parent Company															
	Paid-in capital (or share capital)	Other equity instruments			Capital reserve	Less: treasury stocks	Other comprehensive income	Special reserve	Surplus reserve	General risk reserve	Retained earnings	Others	Subtotal	Non-controlling interests	Total owners' equity
		Preference shares	Perpetual bonds	Others											
(IV) Internal transfer of owners' equity	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
1 - Transfer of capital reserve into capital (or share capital)	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
2 - Transfer of surplus reserve into capital (or share capital)	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
3 - Recover of loss by surplus reserve	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
4 - Changes in defined benefit plan transferred to retained earnings	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
5 - Other comprehensive income transferred to retained earnings	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
6 - Others	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
(V) Special reserve	-	-	-	-	-	-	-	48,443,225.64	-	-	-	-	48,443,225.64	4,453,688.80	52,896,914.24
1 - Appropriated in current period	-	-	-	-	-	-	-	261,711,648.74	-	-	-	-	261,711,648.74	15,200,083.85	276,911,732.59
2 - Use in current period	-	-	-	-	-	-	-	-213,268,423.10	-	-	-	-	-213,268,423.10	-10,746,395.25	-224,014,818.35
(VI) Others	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
IV Closing balance during the period	10,588,819,000.00	-	2,500,000,000.00	-	15,960,437,487.48	-	-360,257,233.13	397,214,776.62	2,694,162,333.16	167,899,693.10	17,893,791,270.92	-	49,849,067,278.35	2,627,784,477.36	52,470,851,755.71

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY (CONTINUED)

January to December 2025

2024

ITEM	Equity attributable to owners of the parent Company														
	Other equity instruments														
	Paid-in capital (or share capital)	Preference shares	Perpetual bonds	Others	Capital reserve	Less: treasury stocks	Other comprehensive income	Special reserve	Surplus reserve	General risk reserve	Retained earnings	Others	Subtotal	Non-controlling interests	Total owners' equity
I. Closing balance of last year	10,589,819,000.00	-	2,796,935,660.38	-	15,964,182,695.10	-	-203,485,689.35	299,764,318.80	2,280,998,087.60	39,397,794.27	15,044,440,040.06	-	46,812,051,906.86	2,062,783,123.04	48,874,835,029.90
Plus: changes in accounting policies	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Correction of errors in prior period	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Others	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
II. Opening balance of the year	10,589,819,000.00	-	2,796,935,660.38	-	15,964,182,695.10	-	-203,485,689.35	299,764,318.80	2,280,998,087.60	39,397,794.27	15,044,440,040.06	-	46,812,051,906.86	2,062,783,123.04	48,874,835,029.90
III. Increase/(decrease) during the period (with "-" for decrease)	-	-	-296,935,660.38	-	-4,444,475.47	-	-96,547,660.78	49,007,232.38	201,498,558.68	62,098,285.67	1,298,279,189.01	-	1,212,955,469.11	348,011,826.75	1,560,967,295.86
(I) Total comprehensive income	-	-	-	-	-	-	-96,547,660.78	-	-	-	3,494,725,837.36	-	3,398,178,176.58	574,208,114.73	3,972,386,291.31
(II) Capital contributions and withdrawals by	-	-	-296,935,660.38	-	-4,444,475.47	-	-	-	-	-	-	-	-301,380,135.85	199,293,905.06	-102,086,230.79
1· Common shares contributed by shareholders1	-	-	-	-	-	-	-	-	-	-	-	-	-	199,898,339.28	199,898,339.28
2· Capital contributed by holders of other equity	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
3· Share-based payment recorded in owners' equity	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
4· Others	-	-	-296,935,660.38	-	-4,444,475.47	-	-	-	-	-	-	-	-301,380,135.85	-604,434.22	-301,984,570.07
(III) Profit distribution	-	-	-	-	-	-	-	-	201,498,558.68	62,098,285.67	-2,196,446,648.35	-	-1,932,849,804.00	-430,101,515.54	-2,362,951,319.54
1· Appropriation of surplus reserve	-	-	-	-	-	-	-	-	201,498,558.68	-	-201,498,558.68	-	-	-	-
2· Accrual of general risk reserves	-	-	-	-	-	-	-	-	-	62,098,285.67	-62,098,285.67	-	-	-	-
3· Distribution to owners (or shareholders)	-	-	-	-	-	-	-	-	-	-	-1,800,269,230.00	-	-1,800,269,230.00	-392,034,689.54	-2,192,303,919.54
4· Others	-	-	-	-	-	-	-	-	-	-	-132,580,574.00	-	-132,580,574.00	-38,066,826.00	-170,647,400.00

ITEM		2024															
		Equity attributable to owners of the parent Company															
			Other equity instruments					Other			General						
		Paid-in capital (or share capital)	Preference shares	Perpetual bonds	Others	Capital reserve	Less: treasury stocks	comprehensive income	Special reserve	Surplus reserve	risk reserve	Retained earnings	Others	Subtotal	Non-controlling interests	Total owners' equity
(IV)	Internal transfer of owners' equity	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
	1 · Transfer of capital reserve into capital (or share capital)	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
	2 · Transfer of surplus reserve into capital (or share capital)	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
	3 · Recover of loss by surplus reserve	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
	4 · Changes in defined benefit plan transferred to retained earnings	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
	5 · Other comprehensive income transferred to retained earnings	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
	6 · Others	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
(V)	Special reserve	-	-	-	-	-	-	-	49,007,232.38	-	-	-	-	49,007,232.38	4,611,322.50	53,618,554.88
	1 · Appropriated in current period	-	-	-	-	-	-	-	358,241,749.12	-	-	-	-	358,241,749.12	30,284,642.71	388,526,391.83
	2 · Use in current period	-	-	-	-	-	-	-	-309,234,516.74	-	-	-	-	-309,234,516.74	-25,673,320.21	-334,907,836.95
(VI)	Others	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
IV	Closing balance during the period	10,589,819,000.00	-	2,500,000,000.00	-	15,959,738,219.63	-	-300,033,350.13	348,771,551.18	2,482,496,646.28	101,496,079.94	16,342,719,229.07	-	48,025,007,375.97	2,410,794,949.79	50,435,802,325.76

Person-in-charge of the Company: Lou Qiliang

Chief Financial Officer: Li Lianqing

Head of Accounting Department: Liu Huafeng

STATEMENT OF CHANGES IN EQUITY OF THE PARENT COMPANY

January to December 2025

Unit: Yuan Currency: RMB

ITEM	2025										
		Other equity instruments									
	Paid-in capital (or share capital)	Preference shares	Perpetual bonds	Others	Capital reserve	Less: treasury stocks	Other comprehensive income	Special reserve	Surplus reserve	Retained earnings	Total owners' equity
I. Closing balance of last year	10,589,819,000.00	-	2,500,000,000.00	-	16,475,484,417.81	-	-16,955,100.80	17,065,439.52	2,482,496,646.28	2,192,156,362.38	34,240,066,765.19
Plus: changes in accounting policies	-	-	-	-	-	-	-	-	-	-	-
Correction of errors in prior period	-	-	-	-	-	-	-	-	-	-	-
Others	-	-	-	-	-	-	-	-	-	-	-
II. Opening balance of the year	10,589,819,000.00	-	2,500,000,000.00	-	16,475,484,417.81	-	-16,955,100.80	17,065,439.52	2,482,496,646.28	2,192,156,362.38	34,240,066,765.19
III. Increase/(decrease) during the period (with "-" for decrease)	-	-	-	-	504,087.50	-	1,093,035.35	3,744,988.30	211,665,686.88	47,721,951.88	264,729,749.91
(I) Total comprehensive income	-	-	-	-	-	-	1,093,035.35	-	-	2,116,656,868.76	2,117,749,904.11
(II) Capital contributions and withdrawals by	-	-	-	-	504,087.50	-	-	-	-	-	504,087.50
1· Common shares contributed by shareholders1	-	-	-	-	-	-	-	-	-	-	-
2· Capital contributed by holders of other equity	-	-	-	-	-	-	-	-	-	-	-
3· Share-based payment recorded in owners' equity	-	-	-	-	-	-	-	-	-	-	-
4· Others	-	-	-	-	504,087.50	-	-	-	-	-	504,087.50
(III) Profit distribution	-	-	-	-	-	-	-	-	211,665,686.88	-2,068,934,916.88	-1,857,269,230.00
1· Appropriation of surplus reserve	-	-	-	-	-	-	-	-	211,665,686.88	-211,665,686.88	-
2· Distribution to owners (or shareholders)	-	-	-	-	-	-	-	-	-	-1,800,269,230.00	-1,800,269,230.00
3· Others	-	-	-	-	-	-	-	-	-	-57,000,000.00	-57,000,000.00

STATEMENT OF CHANGES IN EQUITY OF THE PARENT COMPANY (CONTINUED)

January to December 2025

ITEM	2025											
	Paid-in capital (or share capital)	Other equity instruments			Capital reserve	Less: treasury stocks	Other comprehensive income	Special reserve	Surplus reserve	Retained earnings	Total owners' equity
		Preference shares	Perpetual bonds	Others							
(IV) Internal transfer of owners' equity	-	-	-	-	-	-	-	-	-	-	-
1 · Transfer of capital reserve into capital (or share capital)	-	-	-	-	-	-	-	-	-	-	-
2 · Transfer of surplus reserve into capital (or share capital)	-	-	-	-	-	-	-	-	-	-	-
3 · Recover of loss by surplus reserve	-	-	-	-	-	-	-	-	-	-	-
4 · Changes in defined benefit plan transferred to retained earnings	-	-	-	-	-	-	-	-	-	-	-
5 · Other comprehensive income transferred to retained earnings	-	-	-	-	-	-	-	-	-	-	-
6 · Others	-	-	-	-	-	-	-	-	-	-	-
(V) Special reserve	-	-	-	-	-	-	-	3,744,988.30	-	-	3,744,988.30
1 · Appropriated in current period	-	-	-	-	-	-	-	13,104,798.54	-	-	13,104,798.54
2 · Use in current period	-	-	-	-	-	-	-	-9,359,810.24	-	-	-9,359,810.24
(VI) Others	-	-	-	-	-	-	-	-	-	-	-
IV Closing balance during the period	10,589,819,000.00	-	2,500,000,000.00	-	16,475,988,595.31	-	-15,862,065.45	20,810,427.82	2,694,162,333.16	2,239,878,314.26	34,504,796,515.10

STATEMENT OF CHANGES IN EQUITY OF THE PARENT COMPANY (CONTINUED)

January to December 2025

ITEM	2024										
		Other equity instruments									
	Paid-in capital (or share capital)	Preference shares	Perpetual bonds	Others	Capital reserve	Less: treasury stocks	Other comprehensive income	Special reserve	Surplus reserve	Retained earnings	Total owners' equity
I. Closing balance of last year	10,589,819,000.00	-	2,796,935,660.38	-	16,356,470,432.63	-	-26,293,082.07	26,363,291.27	2,280,998,087.60	2,265,184,657.44	34,289,478,047.25
Plus: changes in accounting policies	-	-	-	-	-	-	-	-	-	-	-
Correction of errors in prior period	-	-	-	-	-	-	-	-	-	-	-
Others	-	-	-	-	-	-	-	-	-	-	-
II. Opening balance of the year	10,589,819,000.00	-	2,796,935,660.38	-	16,356,470,432.63	-	-26,293,082.07	26,363,291.27	2,280,998,087.60	2,265,184,657.44	34,289,478,047.25
III. Increase/(decrease) during the period (with "-" for decrease)	-	-	-296,935,660.38	-	119,013,985.18	-	9,337,981.27	-9,297,851.75	201,498,558.68	-73,028,295.06	-49,411,282.06
(I) Total comprehensive income	-	-	-	-	-	-	9,337,981.27	-	-	2,014,985,586.82	2,024,323,568.09
(II) Capital contributions and withdrawals by	-	-	-296,935,660.38	-	119,013,985.18	-	-	-	-	-	-177,921,675.20
1 · Common shares contributed by shareholders1	-	-	-	-	124,008,324.80	-	-	-	-	-	124,008,324.80
2 · Capital contributed by holders of other equity	-	-	-	-	-	-	-	-	-	-	-
3 · Share-based payment recorded in owners' equity	-	-	-	-	-	-	-	-	-	-	-
4 · Others	-	-	-296,935,660.38	-	-4,994,339.62	-	-	-	-	-	-301,930,000.00
(III) Profit distribution	-	-	-	-	-	-	-	-	201,498,558.68	-2,094,727,788.68	-1,893,229,230.00
1 · Appropriation of surplus reserve	-	-	-	-	-	-	-	-	201,498,558.68	-201,498,558.68	-
2 · Distribution to owners (or shareholders)	-	-	-	-	-	-	-	-	-	-1,800,269,230.00	-1,800,269,230.00
3 · Others	-	-	-	-	-	-	-	-	-	-92,960,000.00	-92,960,000.00

ITEM		2024										
			Other equity instruments									
		Paid-in capital (or share capital)	Preference shares	Perpetual bonds	Others	Capital reserve	Less: treasury stocks	Other comprehensive income	Special reserve	Surplus reserve	Retained earnings	Total owners' equity
(IV)	Internal transfer of owners' equity	-	-	-	-	-	-	-	-	-	-	-
	1 · Transfer of capital reserve into capital (or share capital)	-	-	-	-	-	-	-	-	-	-	-
	2 · Transfer of surplus reserve into capital (or share capital)	-	-	-	-	-	-	-	-	-	-	-
	3 · Recover of loss by surplus reserve	-	-	-	-	-	-	-	-	-	-	-
	4 · Changes in defined benefit plan transferred to retained earnings	-	-	-	-	-	-	-	-	-	-	-
	5 · Other comprehensive income transferred to retained earnings	-	-	-	-	-	-	-	-	-	-	-
	6 · Others	-	-	-	-	-	-	-	-	-	-	-
(V)	Special reserve	-	-	-	-	-	-	-	-9,297,851.75	-	-	-9,297,851.75
	1 · Appropriated in current period	-	-	-	-	-	-	-	20,024,118.55	-	-	20,024,118.55
	2 · Use in current period	-	-	-	-	-	-	-	-29,321,970.30	-	-	-29,321,970.30
(VI)	Others	-	-	-	-	-	-	-	-	-	6,713,906.80	6,713,906.80
IV	Closing balance during the period	10,589,819,000.00	-	2,500,000,000.00	-	16,475,484,417.81	-	-16,955,100.80	17,065,439.52	2,482,496,646.28	2,192,156,362.38	34,240,066,765.19

Person-in-charge of the Company: Lou Qiliang

Chief Financial Officer: Li Lianqing

Head of Accounting Department: Liu Huafeng

III. CORPORATE INFORMATION

1. Company Profile

☑ Applicable ☐ Not Applicable

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

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

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

III. CORPORATE INFORMATION (CONTINUED)

(I) Company Profile (Continued)

As of 31 December 2025, the Company has accumulatively issued a total issued share capital of 10,589,819,000 shares with the accumulated share capital amounting RMB10,589,819,000.

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

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

The financial statements were approved by resolution by the Board of Directors of the Company on 24 March 2026.

III. CORPORATE INFORMATION (CONTINUED)

(II) Scope of consolidated financial statements

As of 31 December 2025, the subsidiaries of the Company within the scope of consolidated financial statements are as follows:

No.	Level	Name of subsidiary	Abbreviation of subsidiary
1	2	Beijing CRSC Research & Design Institute Group Co., Ltd.	CRSCD
2	2	CRSC Cables Company Ltd.	CRSC Cables
3	2	CRSC Jishou Huatai Pipeline Project Management Co., Ltd.	CRSC Huatai
4	2	CRSC Jishou Tengda Project Management Co., Ltd.	CRSC Tengda
5	2	CRSC (Beijing) Materials Co., Ltd.	Beijing Materials
6	2	CRSC (Xi' an) Rail Industry Group Co., Ltd.	CRSC Xi'an Industry Group
7	2	CRSC (Changsha) Rail Transit Control Technology Company Limited	CRSC Changsha Railway
8	2	Tonghao (Zhengzhou) Electrification Bureau Group Co., Ltd.	Electrification Bureau
9	2	CASCO Signal Co., Ltd.	CASCO
10	2	CRSC International Holdings Company Limited	CRSC International Holdings
11	2	CRSC (Jiangsu) Smart City Construction & Development Co., Ltd.	CRSC Jiangsu Smart
12	2	CRSC Innovation Investment Co., Ltd.	Innovation Investment
13	2	CRSC Engineering Group Company Ltd.	CRSCE
14	2	CRSC Construction Group Co., Ltd.	CRSC Construction
15	2	CRSC Communication & Information Group Company Ltd.	CRSCC
16	2	CRSC Urban Rail Transit Technology Co., Ltd.	Urban Rail Transit
17	2	China Railway Signal & Communication Shanghai Engineering Bureau Group Co., Ltd.	Shanghai Engineering Bureau
18	2	CRSC Group Finance Limited	CRSC Finance
19	2	CRSC Low-Altitude Intelligent Technology Co., Ltd.	CRSC Low-Altitude Intelligent
20	2	CRSC (Suzhou) Transportation Technology Co., Ltd.	CRSC Suzhou

For relevant details of subsidiaries of the Company, please refer to Note "X. Interests in Other Entities".

For details of changes in the scope of consolidation during the Reporting Period, please refer to Note "IX. Changes on Scope of Consolidation".

IV. BASIS OF PREPARATION OF FINANCIAL STATEMENTS

(I) Basis of preparation

The Company prepares financial statements in accordance with the Accounting Standards for Business Enterprises – Basic Standards and all the specific accounting standards, Application Guidance to the Accounting Standards for Business Enterprises, the interpretation of the Accounting Standards for Business Enterprises and other relevant provisions (hereinafter referred to as the "Accounting Standards for Business Enterprises"), as well as the relevant provisions of the Rules for the Compilation and Submission of Information Disclosure by Companies Offering Securities to the Public No.15 – General Requirements for Financial Reports issued by the China Securities Regulatory Commission. Furthermore, the financial statements also comply with the applicable disclosure provisions of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited and the applicable disclosure requirements of the Hong Kong Companies Ordinance.

(II) Going concern

☑ Applicable ☐ Not Applicable

The financial statements are prepared on a going concern basis.

It is evaluated that the Company has no significant event, which may raise any serious doubt about the going-concern ability, within 12 months from the end of the reporting period.

V. SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES

Tips for specific accounting policies and accounting estimates:

☑ Applicable ☐ Not Applicable

The following disclosures have covered the specific accounting policies and estimates formulated by the Company according to its actual production and operation features.

(I) Statement on compliance with the Accounting Standards for Business Enterprises

The financial statements meet the requirements of the Accounting Standards for Business Enterprises issued by the Ministry of Finance, and truly and completely reflect the consolidated and the company's financial position of the Company as at December 31, 2025, and the consolidated and the company's financial performance and cash flows for the year then ended.

(II) Accounting period

The accounting year is from January 1 to December 31 in calendar year.

V. SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES (CONTINUED)

(III) Operating cycle

☑ Applicable ☐ Not Applicable

The Company's operating cycle is 12 months.

(IV) Functional currency

RMB is adopted as the Company's functional currency.

(V) Method for determining materiality criteria and selection basis

☑ Applicable ☐ Not Applicable

Item	Materiality criteria
Material accounts receivable with bad debt provision on individual basis	Individual accounts receivable and other receivables exceed 1% of net assets.
Material accounts payable aged over 1 year or overdue	Top five accounts payable with aging over one year or overdue
Material contract liabilities aged over 1 year	Top five contract liabilities with aging over one year
Other material payables aged over 1 year	Top five other payables with aging over one year
Material construction in progress	Cumulative investment amount in a single project exceeding RMB100 million
Cash received from material investing activities	Individual investment amount exceeding 1% of net assets
Cash payments relating to material investing activities	Individual investment amount exceeding 1% of net assets
Significant non-wholly owned subsidiaries	Net assets of a subsidiary exceeding 3% of the Group's net assets
Significant joint ventures or associates	Long-term equity investment in a single investee exceeding 1% of net assets

V. SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES (CONTINUED)

(VI) Accounting treatment methods for business combinations under and not under common control

☑ Applicable ☐ Not Applicable

Business combination under common control: Assets and liabilities acquired from business combination by the acquirer (including the goodwill formed by the ultimate controller's acquisition of the acquiree) are measured at the carrying amount of assets and liabilities of the acquiree in the financial statements of the ultimate controller on the combination date. Capital stock premium in the capital reserves should be adjusted according to the difference between the carrying amount of net asset acquired from the combination and that of consideration (total face value of the shares issued) paid for the combination. In case the capital stock premium is not enough, the retained earnings need to be adjusted.

For the business combination not under common control, the combination costs are the fair value, on the acquisition date, of any assets acquired, any liabilities incurred or assumed, and any equity securities issued by the acquirer, in exchanges for the right of control over the acquiree. The Company shall recognize the difference of the combination costs in excess of the fair value of the identifiable net assets acquired from the acquiree as goodwill. The Company shall recognize the difference of the combination costs in short of the fair value of the identifiable net assets acquired from the acquiree in the current profit or loss. The identifiable assets, liabilities and contingent liabilities of the acquiree that are obtained from combination and satisfying the recognition criteria shall be measured at their fair values.

Direct expenses arising from the business combination shall be included in current profit or loss on the occurrence date. Transaction expenses on equity or debt securities issued by the acquirer for the purpose of the combination consideration shall be included in the initially recognized amount of equity or debt securities.

V. SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES (CONTINUED)

(VII) Judgment criteria of control and preparation method of consolidated financial statements

☑ Applicable ☐ Not Applicable

1. Judgment criteria of control

The scope of consolidation for the consolidated financial statements of the Company is determined based on control, including the Company and all its subsidiaries. Control means the Company has the power over the investee and enjoys the variable return through participating in activities related to the investee, and has the ability to the Company's return by using the power over the investee.

2. Consolidation procedure

The Company deems the whole enterprise group as a single accounting entity and prepares consolidated financial statements in accordance with unified accounting policies to reflect the overall financial position, operating results and cash flows. The influence of internal transactions between the Company and its subsidiaries and between subsidiaries shall be offset. When internal trading indicates that related assets are impaired, they will be fully recognized. If the accounting policy and the accounting period adopted by a subsidiary are inconsistent with that of the Company, in preparing consolidated financial statements, necessary adjustments shall be made in accordance with the Company's accounting policy and accounting period.

The share of shareholders' equity, current net profit or loss, and current comprehensive income of subsidiaries attributable to non-controlling interests shall be respectively and separately listed in the shareholders' equity of the consolidated balance sheet, the net profit and the total comprehensive income item of the consolidated income statement. If the share of the current losses attributable to the non-controlling interests of a subsidiary exceeds the share of the shareholders' equity attributable to non-controlling interests of the subsidiary at the beginning of the period, the balance is allocated against the non-controlling interests.

(1) Increase of subsidiaries or business

During the Reporting Period, if a subsidiary or business is included as a result of a business combination under the same control, the operating results and cash flows of the subsidiary or business combination from the beginning of the period to the end of the reporting year are included in the consolidated financial statements, while the beginning of the consolidated financial statements and the related items in the comparative statements are adjusted as if the consolidated reporting entity had existed since the point when the ultimate controller began to control it.

V. SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES (CONTINUED)

(VII) Judgment criteria of control and preparation method of consolidated financial statements

2. Consolidation procedure (Continued)

(1) Increase of subsidiaries or business (Continued)

If the Company is able to exercise control over an investee under the same control due to additional investment, etc., equity investments held before the control over the combinee is obtained, the related gains and losses, other comprehensive income as well as other changes in net assets recognized from the later of the date when the original equity is obtained or the date when the acquirer and the acquiree are under the same control, to the combination date will respectively write down the retained earnings or current profit or loss in the comparative statements.

During the Reporting Period, if the Company acquires subsidiaries or business from the business combination not under common control, such subsidiaries or business shall be included in consolidated financial statements from the acquisition date at the fair value of identifiable assets, liabilities and contingent liabilities determined on the acquisition date.

If there is control over the investee not under the common control due to additional investments or other reasons, for the equity of the acquiree held before the acquisition date, the Company will re-measure the equity on the acquisition date at its fair value and include the difference between the fair value and carrying amount in current investment income. Other comprehensive income and other changes in shareholders' equity under the equity method that are involved in the equity of the acquiree held prior to the acquisition date and can be reclassified into profit or loss later are transferred to investment income of the period to which the acquisition date belongs.

(2) Disposal of subsidiaries

① General method of disposal

For the remaining equity investments after the disposal, the Company will re-measure the same at the fair value on the date when it loses control over the investee due to disposal of partial equity investment or other reasons. The sum of the consideration of equity disposal and the fair value of the remaining equity, less the sum of the share of net assets of the subsidiary attributable to the Company calculated continuously since the acquisition date or the combination date according to the original shareholding ratio and the goodwill, shall be included in the investment income for this period when the control is lost. Other comprehensive income and other changes in shareholders' equity under the equity method that are related to the equity investment of original subsidiaries and can be reclassified into profit or loss later are transferred to investment income for this period upon the loss of control power.

V. SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES (CONTINUED)

(VII) Judgment criteria of control and preparation method of consolidated financial statements

2. Consolidation procedure (Continued)

(2) Disposal of subsidiaries (Continued)

② Disposal of subsidiaries by stages

Where the Company disposes the equity investments in subsidiary through multiple transactions and by stages until it loses the control, if the effect of the disposal on the terms and conditions of all transactions of equity investments in subsidiary and economic effect meet one or more of the following circumstance, it usually indicates that the multiple transactions should be accounted for as a package deal:

i. The transactions are concluded at the same time or under the consideration of mutual effect;

ii. The transactions as a whole can reach a complete business result;

iii. The occurrence of a transaction depends on that of at least one other transactions;

iv. A single transaction is uneconomical but it is economical when considered together with other transactions.

If the transactions for the disposal of equity investment in subsidiaries that leads to the loss of control are under a package of transactions, the Company treats all such transactions as one transaction through which the Company disposes of its equity in the subsidiary and loses its control over such subsidiary; the difference between the proceeds from each transaction before the Company loses its control over the subsidiary and the corresponding share in the net assets of the subsidiary of the disposed-of investment shall be recognized as other comprehensive income in the consolidated financial statements, and shall be included into the loss and profit in this period when the Company loses its control over the subsidiary.

If the transactions are not package transactions, before the control loses, related policies governing the partial disposal of equity investments in subsidiaries without losing control will apply; when the control loses, general accounting method for the disposal of subsidiaries will govern.

V. SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES (CONTINUED)

(VII) Judgment criteria of control and preparation method of consolidated financial statements

2. Consolidation procedure (Continued)

(3) Purchase of non-controlling interests of subsidiary

The difference between long-term equity investments acquired by the Company through purchase of minority interest and the subsidiary's identifiable net assets attributable to the Company calculated continuously from the acquisition date (or the combination date) in accordance with the increased shareholding ratio shall be charged against stock premium within capital reserves in the consolidated balance sheet; when stock premium within capital reserves is insufficient to offset, the retained earnings shall be adjusted.

(4) Partial disposal of equity investments in subsidiaries without losing control

Share premium in the capital reserve under the consolidated balance sheet will be adjusted at the difference between the proceeds achieved from the partial disposal of equity investments in subsidiaries and the share of net assets of subsidiaries attributable to the Company corresponding to the disposal of long-term equity investments and calculated constantly from the acquisition date or combination date without losing the control rights. Where the share premium in capital reserve is insufficient to offset, retained earnings will be adjusted.

V. SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES (CONTINUED)

(VIII) Classification of joint venture arrangements and accounting treatment methods of joint operation

☑ Applicable ☐ Not Applicable

Joint venture arrangements are classified into joint operation and joint venture.

Joint operation refers to those joint venture arrangements under which the joint venturer is entitled to relevant assets and be responsible for relevant liabilities.

The Company recognizes the following items relating to the interests share in joint operation:

(1) Assets it solely holds and its share of jointly-held assets based on its percentage;

(2) Liabilities it solely assumes and its share of jointly-assumed liabilities based on its percentage;

(3) Incomes from sale of output enjoyed by it from the joint operation;

(4) Income from selling the production of the joint operation recognized based on the shares held by the Company ;

(5) Separate costs and costs for the joint operation based on the shares held by the Company.

The Company's investments in its joint ventures are calculated under the equity method. For details, please refer to "Note V. (XIX) Long-term equity investments".

V. SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES (CONTINUED)

(IX) Recognition criteria of cash and cash equivalents

Cash refers to the Company's cash on hand and the unrestricted deposits. Cash equivalents refer to the short-term and highly liquid investments that are readily convertible to known amounts of cash and which are subject to an insignificant risk of change in value.

(X) Foreign currency transactions and translation of foreign currency financial statements

☑ Applicable ☐ Not Applicable

1. Foreign currency transactions

Foreign currency transactions are converted into RMB for recording purpose at the spot exchange rate prevailing on the transaction date.

The balance of foreign currency monetary items as at the balance sheet date are translated at the spot exchange rate on the balance sheet date and the exchange differences arising therefrom shall be included in the current profit or loss, except those exchange differences arising from the special borrowings of foreign currency related to the acquired and constructed assets qualified for capitalization that will be capitalized at the borrowing expenses.

2. Conversion of foreign currency financial statements

The assets and liability items in the balance sheet shall be converted at the spot exchange rates on the balance sheet date. For shareholders' equity items, except for the item of "retained earnings", other items are translated at the spot exchange rates when the transactions occur. The income and expenses in the income statement are translated at the spot exchange rate prevailing on the date when transactions occur.

Where the Company disposes of an overseas business, it shall transfer the exchange difference relating to the overseas business to the current profit or loss.

V. SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES (CONTINUED)

(XI) Financial instruments

☑ Applicable ☐ Not Applicable

When the Company becomes a party to a financial instrument, it shall recognize a financial asset or financial liability or an equity instrument.

1. Classification

Based on the business model of managing financial assets and the contractual cash flow characteristics of financial assets, the Company classifies upon initial recognition financial assets into financial assets measured at amortized cost, financial assets measured at fair value through other comprehensive income, and financial assets measured at fair value through current profit or loss.

The Company classifies financial assets that are not designated as those measured at fair value through current profit or loss as financial assets measured at amortized cost if they both meet the following conditions:

– A business model is to collect contractual cash flows;

– The contractual terms are only payments of principal and interest based on the outstanding principal.

The Company classifies as financial assets at fair value through other comprehensive income financial assets (debt instruments) that are not designated those measured at fair value through current profit or loss if they meet the following criteria:

– The business model is both to collect the contractual cash flows and to sell the financial asset;

– The contractual terms are only payments of principal and interest based on the outstanding principal.

For investments in equity instrument not held for trading, the Company will upon initial recognition designate them as financial assets (equity instrument) measured at fair value through other comprehensive income. This designation is made on an individual investment basis and the related investment meets the definition of an equity instrument from the perspective of the issuer.

V. SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES (CONTINUED)

(XI) Financial instruments (Continued)

1. Classification (Continued)

The Company classifies financial assets except financial assets measured at amortized cost and financial assets measured at fair value through other comprehensive income, as financial assets measured at fair value through current profit or loss. On initial recognition, if it can eliminate or significantly reduce accounting mismatch, the Company irrevocably designates some financial assets that should be measured at amortized cost or at fair value through other comprehensive income as financial assets at fair value through current profit or loss.

Financial liabilities at their initial recognition, are divided into the financial liabilities measured at fair value through current profit or loss and financial liabilities measured at amortized cost.

Financial liabilities meeting one of the following conditions can, at the time carrying out the initial recognition, be designated to the financial liabilities measured at fair value through the current profit or loss:

1) The designation eliminates or significantly reduces accounting mismatches.

2) Management and performance evaluation of the financial liability portfolio or portfolio of financial assets and financial liabilities on a fair value basis in accordance with the enterprise risk management or investment strategy as set out in a formal written document, and reporting to key officers on this basis within the Company.

3) The financial liability contains embedded derivative needed to be separated.

V. SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES (CONTINUED)

(XI) Financial instruments (Continued)

2. Recognition basis and measurement method

(1) Financial assets measured at amortized cost

Financial assets measured at amortized cost include notes receivable, accounts receivable, other receivables, long-term receivables, and debt investments, etc., which are initially measured at fair value, and related transaction expenses are included in the amount upon initial recognition; accounts receivable that do not contain a significant financing component and that the Company decides not to consider those with a financing component not exceeding one year are initially measured at the contract transaction price.

During the holding period, the interest calculated with the effective interest method shall be included in the current profit or loss.

Upon recovery or disposal, the difference between the purchase price obtained and the carrying amount of such financial asset is included in current profit or loss.

(2) Financial assets (debt instruments) measured at fair value through other comprehensive income

Financial assets (debt instruments) measured at fair value through other comprehensive income include financing of accounts receivable, other debt investments, etc., which are initially measured at fair value, and related transaction expenses are included in the initial recognition amount. The financial assets are subsequently measured at fair value. Changes in fair value, except for interest calculated with the effective interest method, impairment or gains and exchange gains and losses, shall be included in other comprehensive income.

At derecognition, the accumulated gains or losses previously included in other comprehensive income will be transferred from the other comprehensive income to current profit or loss.

V. SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES (CONTINUED)

(XI) Financial instruments (Continued)

2. Recognition basis and measurement method (Continued)

(3) Financial assets (equity instruments) measured at fair value through other comprehensive income

Financial assets (equity instruments) measured at fair value through other comprehensive income, including investments in other equity instruments are initially measured at fair value, and related transaction expenses are included in the initial recognition amount. The financial assets are subsequently measured at fair value. Changes in fair value shall be included in other comprehensive income. The dividends obtained are included in the current profit or loss.

When a financial asset is derecognized, the accumulated gains or losses previously included in other comprehensive income shall be transferred from other comprehensive income and included in retained earnings.

(4) Financial assets measured at fair values through current profit or loss

Financial liabilities measured at fair value through current profit or loss include financial liabilities held for trading, derivative financial liabilities and other non-current financial assets, and are measured at fair value upon initial recognition, with the related transaction expenses being included into current profit or loss. The financial assets are subsequently measured at fair value. Changes in fair value shall be included in current profit or loss.

(5) Financial liabilities measured at fair value through current profit or loss

Financial liabilities measured at fair value through current profit or loss include financial liabilities held for trading, derivative financial liabilities etc., which are initially measured at fair value, and related transaction expenses are included in current profit or loss. The financial liabilities are subsequently measured at fair value. Changes in fair value shall be included in current profit or loss.

Difference between the fair value and the consideration paid is included in investment income upon derecognition.

V. SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES (CONTINUED)

(XI) Financial instruments (Continued)

2. Recognition basis and measurement method (Continued)

(6) Financial liabilities measured at amortized cost

Financial assets measured at amortized cost include short-term borrowings, notes receivable, accounts receivable, other receivables, long-term borrowings, bonds payable, long-term payables, etc., which are initially measured at fair value, and related transaction expenses are included in the amount upon initial recognition.

During the holding period, the interest calculated with the effective interest method shall be included in the current profit or loss.

Difference between the consideration paid and the fair value of such financial liabilities is included in current profit or loss upon derecognition.

3. Recognition basis and measurement method of derecognition and transfer of financial assets

The Company will terminate the recognition of the financial assets if:

– Where the contractual rights for collecting the cash flow of the said financial asset are terminated;

– The financial asset has been transferred, and nearly all the risks and rewards associated with ownership of the financial assets have been transferred to the transferee;

– The financial asset has been transferred and the company has neither transferred nor retained nearly all the risks and rewards associated with the ownership of the financial asset but does not retain the control over the financial asset.

In the event of a transfer of financial asset, the Company shall not de-recognize the financial asset if nearly all the risks and rewards associated with the ownership of the financial assets are retained.

V. SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES (CONTINUED)

(XI) Financial instruments (Continued)

3. Recognition basis and measurement method of derecognition and transfer of financial assets (Continued)

The principle of substance over form is adopted to determine whether a financial asset meets the above de-recognition conditions for the financial asset.

The transfer of a financial asset of the Company is classified into the entire transfer and the partial transfer of financial asset. If the entire transfer of financial asset satisfies the criteria for de-recognition, the difference between the amounts of the following two items shall be included in the current profit or loss:

(1) The carrying amount of the financial asset transferred;

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

If the partial transfer of financial asset satisfies the criteria for derecognition, the entire carrying amount of the transferred financial asset shall be split into the derecognized and recognized parts according to their respective fair values and the difference between the amounts of the following two items shall be included in the current profit or loss:

(1) The carrying amount of derecognized part;

(2) The sum of the consideration received from the derecognition and the amount of the derecognized part in the accumulated amount of the changes in fair value originally and directly included in shareholders' equity (where the financial asset transferred is a financial asset (debt instrument) measured at fair value through other comprehensive income is involved).

Where the financial assets transfer does not meet the derecognition conditions, the financial asset will be recognized and the consideration received is recognized as a financial liability.

V. SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES (CONTINUED)

(XI) Financial instruments (Continued)

4. Derecognition of financial liabilities

A financial liability shall be wholly or partly derecognized if its present obligations are wholly or partly dissolved. Where the Company enters into an agreement with a creditor so as to substitute the existing financial liabilities with any new financial liability, and the new financial liability is substantially different from the contractual stipulations regarding the existing financial liability, it shall derecognize the existing financial liability, and recognize a new one at the same time.

Where substantive changes are made to the contractual terms of an existing financial liability in whole or in part, the existing financial liability or part thereof will be derecognized, and the financial liability the terms of which have been modified will be recognized as a new financial liability.

Where financial liabilities are de-recognized in whole or in part, the difference between the carrying amount of the financial liabilities derecognized and the consideration paid (including non-cash assets transferred out or new financial liabilities borne) shall be included in the current profit or loss.

Where the Company repurchases part of a financial liability, the entire carrying amount of the financial liability shall be split into the derecognized part and continuously-recognized part according to their respective relatively fair values on the repurchase date. The difference between the carrying amount of the derecognized part and the consideration paid (including non-cash assets surrendered or new financial liabilities assumed) shall be included in the current profit or loss.

5. Determination method for the fair value of financial assets and financial liabilities

Fair value of a financial instrument having an active market is determined on the basis of quoted prices in the active market. The fair value of a financial instrument, for which there is no active market, is determined by using valuation techniques. At the time of valuation, the Company adopts the valuation techniques that are applicable in the current situation and supported by enough available data and other information, selects the input values that are consistent with the features of assets or liabilities as considered by market participants in relevant asset or liability transactions, and gives priority to use relevant observable inputs. Unobservable input values are used only when relevant observable input values cannot be available or such values obtained are infeasible.

V. SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES (CONTINUED)

(XI) Financial instruments (Continued)

6. Testing method and accounting treatment of depreciation of financial assets

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

The Company considers reasonable and reliable information, including relevant past events, current conditions, and forecasts of future economic conditions, weights the probability of default, calculates the probability-weighted present value of the difference between the contractual cash flows receivable and the expected cash flows to be received, and recognizes expected credit losses.

For trade receivables and contract assets arising from transactions within the scope of Accounting Standards for Business Enterprises No. 14 – Revenue, regardless of whether they contain a significant financing component, the Company always measures the loss allowance at an amount equal to the expected credit losses over the entire contractual term.

For lease receivables arising from transactions within the scope of Accounting Standards for Business Enterprises No. 21 – Leases, the Company elects to always measure the loss allowance at an amount equal to the expected credit losses over the entire contractual term.

For other financial instruments, the Company assesses the changes in credit risk of the relevant financial instruments since initial recognition on each balance sheet date.

The Company determines the relative change in the default risk of the financial instrument over its expected life by comparing the default risk of the financial instrument on the balance sheet date with that on the initial recognition date, so as to assess whether the credit risk of the financial instrument has increased significantly since initial recognition. Generally, if a financial instrument is overdue for more than 30 days, the Company considers that the credit risk of such financial instrument has increased significantly, unless there is conclusive evidence proving that the credit risk of the financial instrument has not increased significantly since initial recognition.

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

V. SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES (CONTINUED)

(XI) Financial instruments (Continued)

6. Testing method and accounting treatment of depreciation of financial assets

If the credit risk of the financial instrument has increased significantly since initial recognition, the Company measures the loss allowance at an amount equal to the expected credit losses over the entire contractual term of the financial instrument; if the credit risk of the financial instrument has not increased significantly since initial recognition, the Company measures the loss allowance at an amount equal to the expected credit losses within the next 12 months of the financial instrument. The increase or reversal of the loss allowance arising therefrom is recognized as impairment loss or gain in profit or loss for the current period. For financial assets measured at fair value through other comprehensive income (debt instruments), the loss allowance is recognized in other comprehensive income, and the impairment loss or gain is recognized in profit or loss for the current period without reducing the carrying amount of the financial asset presented in the balance sheet.

Except for the aforementioned trade receivables for which bad debt allowances are provided on an individual basis, the Company classifies the remaining financial instruments into several groups based on credit risk characteristics and determines the expected credit losses on a group basis. The group categories and determination bases for the Company to accrue expected credit losses for notes receivable, accounts receivable, accounts receivable financing, other receivables, contract assets, long-term receivables, etc., are as follows:

Item	Portfolio category	Basis for determination
Accounts receivable, other receivables, contract assets, long-term receivables, etc.	Ageing portfolio	Expected credit losses are calculated based on historical credit loss experience, adjusted for current conditions and forecasts of future economic conditions, by applying the default exposure and the expected credit loss rate over the entire lifetime
Bill receivables, receivables financing	Bill type	Expected credit losses are calculated based on historical credit loss experience, adjusted for current conditions and forecasts of future economic conditions, by applying the default exposure and the expected credit loss rate over the entire lifetime

When the Company no longer reasonably expects the contractual cash flows of a financial asset to be recovered in whole or in part, it directly writes down the gross carrying amount of that financial asset.

V. SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES (CONTINUED)

(XII) Bill receivables

☑ Applicable ☐ Not Applicable

Portfolio categories and basis for determining loss allowance measured on a portfolio basis according to credit risk characteristics

☑ Applicable ☐ Not Applicable

For details of the portfolio categories and the basis for determining the loss allowance measured on a portfolio basis according to credit risk characteristics, please refer to Note (XI) "Financial Instruments" in Section V "Significant Accounting Policies and Accounting Estimates" of Section IX "Financial Report" in this report.

Ageing calculation method for portfolios with credit risk characteristics determined based on ageing

☑ Applicable ☐ Not Applicable

For details of the ageing calculation method for portfolios with credit risk characteristics determined based on ageing, please refer to Note (XI) "Financial Instruments" in Section V "Significant Accounting Policies and Accounting Estimates" of Section IX "Financial Report" in this report.

Criteria for assessing loss allowance on an individual basis

☑ Applicable ☐ Not Applicable

For details of the criteria for assessing loss allowance on an individual basis, please refer to Note (XI) "Financial Instruments" in Section V "Significant Accounting Policies and Accounting Estimates" of Section IX "Financial Report" in this report.

V. SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES (CONTINUED)

(XIII) Accounts receivable

☑ Applicable ☐ Not Applicable

Portfolio categories and basis for determining loss allowance measured on a portfolio basis according to credit risk characteristics

☑ Applicable ☐ Not Applicable

For details of the portfolio categories and the basis for determining the loss allowance measured on a portfolio basis according to credit risk characteristics, please refer to Note (XI) "Financial Instruments" in Section V "Significant Accounting Policies and Accounting Estimates" of Section IX "Financial Report" in this report.

Ageing calculation method for portfolios with credit risk characteristics determined based on ageing

☑ Applicable ☐ Not Applicable

For details of the ageing calculation method for portfolios with credit risk characteristics determined based on ageing, please refer to Note (XI) "Financial Instruments" in Section V "Significant Accounting Policies and Accounting Estimates" of Section IX "Financial Report" in this report.

Criteria for assessing loss allowance on an individual basis

☑ Applicable ☐ Not Applicable

For details of the criteria for assessing loss allowance on an individual basis, please refer to Note (XI) "Financial Instruments" in Section V "Significant Accounting Policies and Accounting Estimates" of Section IX "Financial Report" in this report.

V. SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES (CONTINUED)

(XIV) Receivables financing

☑ Applicable ☐ Not Applicable

Portfolio categories and basis for determining loss allowance measured on a portfolio basis according to credit risk characteristics

☑ Applicable ☐ Not Applicable

For details of the portfolio categories and the basis for determining the loss allowance measured on a portfolio basis according to credit risk characteristics, please refer to Note (XI) "Financial Instruments" in Section V "Significant Accounting Policies and Accounting Estimates" of Section IX "Financial Report" in this report.

Ageing calculation method for portfolios with credit risk characteristics determined based on ageing

☑ Applicable ☐ Not Applicable

For details of the ageing calculation method for portfolios with credit risk characteristics determined based on ageing, please refer to Note (XI) "Financial Instruments" in Section V "Significant Accounting Policies and Accounting Estimates" of Section IX "Financial Report" in this report.

Criteria for assessing loss allowance on an individual basis

☑ Applicable ☐ Not Applicable

For details of the criteria for assessing loss allowance on an individual basis, please refer to Note (XI) "Financial Instruments" in Section V "Significant Accounting Policies and Accounting Estimates" of Section IX "Financial Report" in this report.

V. SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES (CONTINUED)

(XV) Other receivables

☑ Applicable ☐ Not Applicable

Portfolio categories and basis for determining loss allowance measured on a portfolio basis according to credit risk characteristics

☑ Applicable ☐ Not Applicable

For details of the portfolio categories and the basis for determining the loss allowance measured on a portfolio basis according to credit risk characteristics, please refer to Note (XI) "Financial Instruments" in Section V "Significant Accounting Policies and Accounting Estimates" of Section IX "Financial Report" in this report.

Ageing calculation method for portfolios with credit risk characteristics determined based on ageing

☑ Applicable ☐ Not Applicable

For details of the ageing calculation method for portfolios with credit risk characteristics determined based on ageing, please refer to Note (XI) "Financial Instruments" in Section V "Significant Accounting Policies and Accounting Estimates" of Section IX "Financial Report" in this report.

Criteria for assessing loss allowance on an individual basis

☑ Applicable ☐ Not Applicable

For details of the criteria for assessing loss allowance on an individual basis, please refer to Note (XI) "Financial Instruments" in Section V "Significant Accounting Policies and Accounting Estimates" of Section IX "Financial Report" in this report.

V. SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES (CONTINUED)

(XVI) Inventories

☑ Applicable ☐ Not Applicable

1. Classification and cost of inventories

☑ Applicable ☐ Not Applicable

Inventories are classified into stock commodities, contract performance cost, dispatched goods, etc.

Inventories are initially measured at cost, and the inventory cost includes the procurement cost, processing cost and other expenses arising from making the inventory at their present location and condition.

2. Measurement method of dispatched inventories

☑ Applicable ☐ Not Applicable

Inventories that belong to contract performance costs (expenses incurred for unfinished business information services and Internet technology services) are measured at the specific method; Stock commodities and dispatched commodities are measured at the individual measurement method and the weighted average method.

3. Inventory system

☑ Applicable ☐ Not Applicable

Perpetual inventory system is adopted.

4. Amortization methods for low-cost consumables and packaging materials

☑ Applicable ☐ Not Applicable

(1) Low-cost consumables: lump-sum amortization method;

(2) Packaging materials are amortized at lump-sum method.

V. SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES (CONTINUED)

(XVI) Inventories (Continued)

5. Recognition basis of the net realizable value of different types of inventories

☑ Applicable ☐ Not Applicable

On the balance sheet date, the inventories shall be valuated at the lower of their costs or net realizable values. When the inventory costs are higher than the net realizable values, the provision for inventory depreciation reserves shall be made. The net realizable values of inventories refer to the amounts of the estimated selling prices of inventories minus the estimated costs to completion, estimated selling expenses and relevant taxes and surcharges.

In normal operation process, for merchandise inventories held directly for sale, including finished goods, stock commodities and held-for-sale materials, their net realizable values are determined at the estimated selling prices minus the estimated selling expenses and relevant taxes and surcharges; in normal production and operation process, for material inventories that need further processing, their net realizable values are determined at the estimated selling prices of finished goods minus estimated costs to completion, estimated selling expenses and relevant taxes and surcharges; for inventories held to execute sales contract or service contract, their net realizable values are calculated on the basis of contract price. If the quantities of inventories held by the Company are more than those specified in sales contracts, the net realizable value of the excess portion of inventories are calculated on the basis of general selling prices.

After the provisions for the inventory depreciation are made, the factors causing any write-down of inventory value have disappeared, leading to the net realizable values of inventories higher than its carrying amount, the amount of write-down shall be resumed and be reversed from the original provision for inventory devaluation with the reversal being included in current profit or loss.

V. SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES (CONTINUED)

(XVII) Contract assets

☑ Applicable ☐ Not Applicable

1. Recognition method and standards for contractual assets

☑ Applicable ☐ Not Applicable

The Company presents contractual assets or contractual liabilities in the balance sheet based on the relationship between its performance of fulfillment obligations and customer payments. If the Company has transferred the right to receive consideration for goods transferred or services provided to customers and the right depends on factors other than the passage of time, it is presented as a contract asset. Contractual assets and contractual liabilities under the same contract are presented by their net amounts. The Company's unconditional (only subject to the passage of time) rights to receive consideration from customers are individually presented as receivables.

2. Determination method and accounting treatment of expected credit losses of contractual assets

☑ Applicable ☐ Not Applicable

The method of determining expected credit losses and accounting treatment for contract assets are detailed in Note "V(XI)6. Methods of testing and accounting for impairment of financial assets".

Ageing calculation method for portfolios with credit risk characteristics determined based on ageing

☐ Applicable ☑ Not Applicable

Criteria for assessing loss allowance on an individual basis

☐ Applicable ☑ Not Applicable

V. SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES (CONTINUED)

(XVIII) Assets held for sale and Discontinued operations

☑ Applicable ☐ Not Applicable

Criteria for classification and accounting treatment of non-current assets classified as held for sale or disposal groups

☑ Applicable ☐ Not Applicable

Where the Company recovers the carrying amount of any non-current asset or disposed asset portfolio mainly through selling (including the exchange of non-monetary assets with commercial essence) but not continuously using the same, such non-current asset or disposed asset portfolio shall be divided into assets held for sale.

The Company recognizes non-current assets or disposed asset portfolios meeting the following conditions at the same time as assets held for sale:

(1) According to the general practice for selling such kind of asset or disposed asset portfolio in the similar transaction, the asset or portfolio can be immediately sold in the prevailing circumstance;

(2) The sale of the asset or portfolio is very likely to happen, which means that the Company has made a resolution for one selling plan and has acquired the decided purchase commitment, and it is estimated that the sale will be completed within one year. Where the sale is subject to the approval of relevant authorities or regulatory authorities of the Company according to relevant provisions, the approval has been obtained.

For any non-current asset (excluding financial assets, deferred tax assets and the assets arising from employee compensation) or disposed asset portfolio classified assets as held for sale, where its carrying amount is higher than the net amount of its fair value less the selling expense, the carrying amount shall be written down to the net amount of the fair value less the selling expense, and the amount written down shall be recognized as the losses from asset impairment and included in the current profit or loss, while the provision for impairment of assets held for sale is made.

V. SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES (CONTINUED)

(XVIII) Assets held for sale and Discontinued operations (Continued)

Criteria for classification and accounting treatment of non-current assets classified as held for sale or disposal groups

☑ Applicable ☐ Not Applicable

Discontinued operations refer to the component meeting any of the following conditions that can be separately distinguished and that has been disposed by the Company or classified as held for sale by the Company:

(1) The component represents an independent major business or a sole major business area;

(2) The component is a part of a related plan on intended disposal of an independent major business or a sole major business area; or

(3) The component is a subsidiary acquired only for re-sale.

Profit or loss from continued operation and profit or loss from discontinued operation are listed respectively in the income statement. Loss from discontinued operation, reversed amount and other profit or loss from operation as well as the profit or loss from disposal are presented as the profit or loss from discontinued operation. For the discontinued operation presented in the current period, the Company presents the information which has originally presented as the profit or loss from continued operation as the profit or loss from discontinued operation for the comparable accounting period in the financial statements for the current period.

(XIX) Long-term equity investments

☑ Applicable ☐ Not Applicable

1. Judgment criteria for joint control and significant influence

Common control refers to the control shared over an arrangement in accordance with the relevant stipulations, and the decision-making of related activities of the arrangement should not be made before the party sharing the control right agrees the same. Where the Company and other investors exert common control over the investee and the Company is entitled to net assets of the investee, the investee is the joint venture of the Company.

Significant influence refers to the power to participate in making decisions on the financial and operating policies of the investee, but not the power to control, or jointly control, the formulation of such policies with other parties. Where the Company is able to have significant influences on an investee, the investee is its associate.

V. SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES (CONTINUED)

(XIX) Long-term equity investments (Continued)

2. Determination of initial investment costs

(1) A long-term equity investment as a result of business combination

For long-term equity investments acquired from business combinations under common control, the investment initial cost thereof shall be recognized at the share of carrying amount of the shareholders' equity of the acquiree in the consolidated financial statements of the ultimate controller on the acquisition date. The capital premium in the capital reserve is adjusted according to the difference between the initial investment cost of long-term equity investment and the carrying amount of consideration. If the capital premium in the capital reserves is insufficient to cover the difference, the retained earnings shall be adjusted. In case the Company can exercise control over the investee under common control for additional investment or other reasons, the share premium will be adjusted at the difference between the initial investment cost of long-term equity investments recognized in accordance with the above principles and the sum of the carrying amount of long-term equity investments before the combination plus the carrying amount of the new consideration paid for further acquisition of shares on the combination date. If the share premium is insufficient to offset, retained earnings will be offset.

For long-term equity investment as a result of business combination not under common control, the Company determines the combination cost determined on the purchase date as the initial cost of long-term equity investments. Where additional investment or other reasons make the control over the investee not under the same control possible, the initial investment cost will be the sum of the carrying amount of the equity investments previously held and the newly increased investment costs.

(2) Long-term equity investments obtained by means other than business combination

For long-term equity investments acquired from cash payment, the initial investment cost is the actually paid purchasing cost.

For a long-term equity investment acquired from issuance of equity securities, its initial cost is the fair value of the issued equity securities.

V. SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES (CONTINUED)

(XIX) Long-term equity investments (Continued)

3. Subsequent measurement and recognition of gains and losses

(1) Long-term equity investments calculated under cost method

Long-term equity investments of the Company in its subsidiaries are accounted for at cost, unless the investments meet the conditions for holding for sale. Except for the actual price paid for acquisition of investment or the cash dividends or profits contained in the consideration which have been declared but not yet distributed, the Company recognizes the investment income in the current year at the cash dividends or profits declared by the investee.

(2) Long-term equity investments calculated under equity method

The Company's long-term equity investments in its associates and joint ventures are calculated under the equity method. If the cost of initial investment is in excess of the proportion of the fair value of the net identifiable assets in the investee when the investment is made, the difference will not be adjusted to the initial investment cost of long-term equity investment; if the cost of initial investment is in short of the proportion of the fair value of the net identifiable assets in the investee when the investment is made, the difference will be included in the current profit or loss, meanwhile the costs of long-term equity investments will be adjusted.

The Company shall recognize the investment income and other comprehensive income at the shares of net profit or loss and other comprehensive income realized by the investee which the Company shall enjoy or bear and adjust the carrying amount of long-term equity investments at the same time; the Company shall calculate the shares according to profits or cash dividends declared by the investee and correspondingly reduce the carrying amount of long-term equity investments; the carrying amount of long-term equity investments shall be adjusted according to the investee's other changes in shareholders' equity other than net profit or loss, other comprehensive income and Distribution of profits, which should be included in shareholders' equity.

V. SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES (CONTINUED)

(XIX) Long-term equity investments (Continued)

3. Subsequent measurement and recognition of gains and losses (Continued)

(2) Long-term equity investments calculated under equity method (Continued)

The share of the investee's net profit or loss, other comprehensive income and changes in other shareholders' equity should be recognized after adjustments are made to Net profit and other comprehensive income of the investee based on the fair value of identifiable net assets of the investee upon acquisition of investments and according to accounting policies and accounting period of the Company.

The Company shall write off the part of incomes from internal unrealized transactions between the Company and associates and joint ventures which are attributable to the Company according to the corresponding ratio and recognize the profit or loss on investments on such basis except that the assets invested or sold constitute business. Where the losses from internal transactions between the Company and the investee fall into the scope of assets impairment loss, the full amount of such losses should be recognized.

For Net loss incurred by joint ventures or associates, the Company shall, in addition to its obligation to bear additional losses, write down to zero the carrying amount of long-term equity investments and other long-term equity that essentially constitutes net investment in such joint ventures or associates. If a joint venture or an associate realizes net profits in the future, the Company shall resume recognizing its share of profits after the share of profits makes up for the share of unrecognized losses.

(3) Disposal of long-term equity investments

For disposal of long-term equity investments, the difference between the carrying amount and the actual price shall be included in the current investment income.

For partial disposal of long-term equity investments accounted for under the equity method, if the remaining equity is still accounted for under the equity method, other comprehensive income originally accounted for and recognized under the equity method shall be carried forward in proportion on the basis same as that for the direct disposal of related assets or liabilities by the investee, and other changes in shareholders' equity shall be carried forward to current profit or loss in proportion.

V. SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES (CONTINUED)

(XIX) Long-term equity investments (Continued)

3. Subsequent measurement and recognition of gains and losses (Continued)

(3) Disposal of long-term equity investments (Continued)

In case the joint control or significant influence over the investee is lost for disposing of equity investments or other reasons, other comprehensive income recognized from original equity investments by using the equity method shall be subject to accounting treatment on the basis same as that for the direct disposal of related assets or liabilities by the investee when the equity method is terminated, and other changes in shareholders' equity shall be transferred to current profits or losses when the equity method is terminated.

Where the Company loses the control over the investee due to disposal of partial equity investments or other reasons, when it prepares individual financial statements, if the remaining equity can exercise joint control or significant influence on the investee, such investments should be changed to be accounted for under the equity method and the remaining equity should be deemed to have been accounted for by adopting the equity method on acquisition and adjusted; other comprehensive income recognized before the control of the investee is obtained will be carried forward on the basis same as that for the direct disposal of related assets or liabilities by the investee, and other changes in owner's equity accounted for and recognized under the equity method will be carried forward to current profits or losses in proportion; if the remaining equity cannot exercise joint control or significant influence on the investee, such equity will be recognized as financial assets, and the difference between fair value and carrying amount on the date of loss of the control should be included in current profits or losses; other comprehensive income and other changes in owner's equity recognized before the control of the investee is obtained will be carried forward.

Where the Company disposes of equity investments in subsidiaries through multiple transactions and by stages until loss of the control, if the above transactions belong to a package deal, accounting treatment shall be made on the transactions as a transaction to dispose equity investments of subsidiaries and lose the control. The difference between each disposal cost and the carrying amount of long-term equity investments corresponding to disposed equities before the loss of the control should be firstly recognized as other comprehensive income in individual financial statements and then transferred into the current profit or loss at the loss of the control. If the transactions are not under a package of transactions, each transaction shall be subject to accounting treatment separately.

V. SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES (CONTINUED)

(XX) Investment properties

An investment property is a property held to earn rentals or for capital appreciation or for both purposes. It includes buildings held for lease.

Subsequent expenditures incurred for such investment properties are included in the cost of the investment properties when it is probable that economic benefits associated with an investment property will flow to the company and the cost can be measured reliably. Otherwise, they are recognised in profit or loss for the period in which they are incurred.

The company uses the cost model for subsequent measurement of investment properties, and adopts a depreciation or amortisation policy for the investment properties which is consistent with that for buildings and land use rights.

(XXI) Fixed assets

1. Recognition and initial measurement of fixed assets

☑ Applicable ☐ Not Applicable

Fixed assets refer to the tangible assets of the Company held for the purpose of business management with useful lives exceeding one accounting year. Fixed assets are recognized when the following criteria are satisfied simultaneously:

(1) It is probable that the economic benefits relating to the fixed assets will flow into the Company; and

(2) The costs of the fixed asset can be measured reliably.

A fixed asset shall be initially measured at its cost with the consideration of the expected discard expenses.

The subsequent expenditures relating to fixed assets shall be included in the costs of fixed assets when the relevant economic interests are much likely to flow in the Company and their costs may be measured reliably; as for the party replaced, the carrying amount shall be derecognized; all other subsequent expenditures shall be included in the current profit or loss when incurred.

V. SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES (CONTINUED)

(XXI) Fixed assets (Continued)

2. Depreciation method

☑ Applicable ☐ Not Applicable

Fixed assets will be depreciated by using the straight line method by category and the depreciation rate shall be recognized according to the category, estimated useful lives and estimated net residual value rate of fixed assets. For the fixed assets with provision for impairment made, the amount of depreciation will be determined according to the carrying amount after deduction of the provision for impairment and the remaining useful life in the future. Where various components of fixed assets are different in useful lives or provide economic benefits for the enterprise in different ways, then different depreciation rates or methods are chosen to separately provide for depreciation.

Depreciation method, depreciation life, residual value rate and annual depreciation rate of various fixed assets are as follows:

Type	Depreciation method	Depreciation life *(year)*	Residual value rate *(%)*	Annual depreciation rate *(%)*
Buildings and constructions	Straight-line method	20-40	3-10	2.25-4.85
Electronic equipment	Straight-line depreciation	5-10	3-10	9.00-19.40
Transportation facilities	Straight-line depreciation	5-8	3-10	11.25-19.40
Electronic equipment and others	Straight-line depreciation	3-10	3-10	9.00-32.33

The useful life and depreciation method of fixed assets with limited useful lives will be reviewed. If it is necessary, the useful life and depreciation method will be adjusted.

3. Disposal of fixed assets

When fixed assets are disposed of or are expected to fail to generate economic benefits after the use or disposal, the fixed assets shall be derecognized. The difference of the income from sales, transfer, retirement or damage of fixed assets deducting the carrying amount and related taxes should be included in the current profit or loss.

V. SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES (CONTINUED)

(XXII) Construction in progress

☑ Applicable ☐ Not Applicable

Construction in progress is recognised based on the actual construction expenditures incurred. It includes all types of expenditures necessary to be incurred during the construction period, capitalised borrowing costs on related borrowings before the asset is ready for intended use, and other relevant expenditures. Construction in progress is transferred to fixed assets, intangible assets, investment properties or long term prepaid expenses when the asset is ready for its intended use.

(XXIII) Borrowing costs

☑ Applicable ☐ Not Applicable

1. Recognition criteria of capitalization of borrowing costs

Borrowing costs of the Company that are directly attributable to the acquisition, construction or production of qualifying assets should be capitalized and included in the costs of related assets. Other borrowing costs are recognized as expenses at the amount on occurrence and are charged to the current profit or loss.

Assets meeting the capitalization requirements refers to fixed assets, investment properties and inventories, etc. that need to be purchased, constructed or produced for a long time to be available for intended use or sale.

2. Capitalization period for borrowing costs

Capitalization period refers to the period from commencement of capitalization of borrowing costs to its cessation. The period of capitalization suspension of borrowing costs is excluded.

Capitalization should commence when all the following three conditions are satisfied:

(1) asset disbursements, which include those incurred by cash payment, the transfer of non-cash assets or the undertaking of interest-bearing debts for acquiring and constructing or producing assets eligible for capitalization, have already been incurred;

(2) borrowing costs have occurred;

(3) purchase, construction or manufacturing activities that are necessary to prepare the assets for their intended use are in progress.

Capitalization of borrowing costs should be ceased when the acquired and constructed or produced assets eligible for capitalization have reached their intended use or sale condition.

V. SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES (CONTINUED)

(XXIII) Borrowing costs (Continued)

3. Period of capitalization suspension

If the acquisition and construction or production activities of assets eligible for capitalization are abnormally interrupted and such condition lasts for more than three months, the capitalization of borrowing costs should be suspended; if the interruption is necessary procedures for the acquired, constructed or produced assets eligible for capitalization to reach their intended use or sale status, the borrowing costs continue to be capitalized. Borrowing costs incurred during the interruption are recognized as the current profit or loss and continue to be capitalized until the acquisition, construction or production of the asset restarts.

4. Calculation method of capitalization rate and capitalization amount of borrowing costs

As for special borrowings borrowed for acquiring and constructing or producing assets eligible for capitalization, borrowing costs of special borrowing actually incurred in this period less the interest income of the borrowings unused and deposited in bank or return on temporary investment shall be recognized as the capitalization amount of borrowing costs.

As for general borrowings used for acquiring and constructing or producing assets eligible for capitalization, the interest of general borrowings to be capitalized should be calculated by multiplying the weighted average of asset disbursements of the part of accumulated asset disbursements exceeding special borrowings by the capitalization rate of used general borrowings. The capitalization rate is determined via the calculation at the weighted average actual interest rate of general borrowings.

During capitalization period, exchange differences of principal and interest on foreign currency special borrowings shall be capitalized and included in the cost of assets eligible for capitalization. Exchange differences arising from the principal and interest of foreign currency borrowings other than special foreign currency borrowings are included in current profits or losses.

(XXIV) Intangible assets

1. Measurement method of intangible assets

☑ Applicable ☐ Not Applicable

(1) The Company initially measures intangible assets at cost upon acquisition

The costs of externally acquired intangible assets include their purchase prices, related taxes and surcharges and any other directly attributable expenditure incurred to prepare the asset for its intended use.

V. SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES (CONTINUED)

(XXIV) Intangible assets (Continued)

1. Measurement method of intangible assets (Continued)

(2) Subsequent measurement

The useful lives of intangible assets are analyzed on acquisition.

As for intangible assets with limited useful life, they will be amortized during the period when the intangible assets generate economic benefit for enterprise; if the period when the intangible assets generate economic benefit for enterprise cannot be predicted, the intangible assets will be deemed as those with indefinite useful life and should not be amortized.

2. Estimate of the useful life of the intangible assets with definite useful lives

☑ Applicable ☐ Not Applicable

Item	Estimated useful life *(year)*	Amortization method	Residual value rate *(%)*	Basis
Land-use Right	50	Straight-line method	0.00%	Legal useful life
patent right	5-8	Straight-line method	0.00%	Estimated actual useful life
Software	5	Straight-line method	0.00%	Estimated actual useful life
Unfinished contracts	2-3	Straight-line method	0.00%	Estimated actual useful life
Customer relationship	5-9	Straight-line method	0.00%	Estimated actual useful life

Land use rights obtained by the company are usually accounted for as intangible assets. The land use rights of the self-developed buildings including plants are measured as intangible assets and buildings are measured as fixed assets, respectively. With respect to the land use rights purchased together with buildings, the acquisition cost is allocated between the two parts proportionately, or otherwise, is wholly accounted for as fixed assets.

Intangible assets with the useful lives are amortised over their useful lives using the straight-line method. the company reviews the useful lives and the amortisation method for intangible assets with the useful lives at least once at each year-end, and makes adjustments when necessary.

V. SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES (CONTINUED)

(XXIV) Intangible assets (Continued)

3. *Judgement base of intangible assets with indefinite useful lives and review procedure of useful lives*

☑ Applicable ☐ Not Applicable

The Company had no intangible assets with indefinite useful lives.

4. *Scope of research and the development expenditures*

Expenditures incurred in the course of research and development conducted by the company include employee compensation related to personnel engaged in research and development activities, consumable materials, related depreciation and amortization expenses, and other related expenditures, and are summarized as follows:

Employee compensation related to personnel engaged in research and development activities mainly refers to employee compensation related to personnel directly engaged in research and development activities as well as management personnel and direct service personnel closely related to research and development activities, consumable materials mainly refers to material costs actually incurred for the implementation of research and development activities, and related depreciation and amortization expenses mainly refers to depreciation expenses of instruments and equipment used for research and development activities.

5. *Specific criteria for classifying research and development stages*

Expenditure on an internal research and development project shall be classified into expenditure on the research phase and expenditure on development phase.

Research stage: it is the stage when creative and planned investigation and research activities are conducted to acquire and understand new scientific or technological knowledge.

Development phase: development phase is the stage when the research achievements and other knowledge are applied to a plan or design, prior to the commercial production or use, so as to produce any new or substantially improved material, device or product.

V. SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES (CONTINUED)

(XXIV) Intangible assets (Continued)

6. Capitalization conditions of expenditures in the development stage

The expenditures in research phase will be included in current profit or loss on occurrence. Expenditures in the development stage will be recognized as intangible assets only when the following conditions are simultaneously satisfied, and included in current profit or loss if the following conditions are not satisfied:

(1) It is feasible technically to finish intangible assets for use or sale;

(2) It is intended to finish and use or sell the intangible assets;

(3) The usefulness of methods for intangible assets to generate economic benefits shall be proved, including being able to prove that there is a potential market for the products manufactured by applying the intangible assets or there is a potential market for the intangible assets themselves or the intangible assets will be used internally;

(4) It is able to finish the development of the intangible assets and able to use or sell the intangible assets, with the support of sufficient technologies, financial resources and other resources; and

(5) The expenditure attributable to the intangible asset during its development phase can be measured reliably.

Where the research expenditures and the development expenditures are indistinguishable, the Company shall include research expenditures and development expenditures incurred in current profit or loss.

Where the research expenditures and the development expenditures are indistinguishable, the Company shall include research expenditures and development expenditures incurred in current profit or loss.

V. SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES (CONTINUED)

(XXV) Long-term assets impairment

☑ Applicable ☐ Not Applicable

For long-term equity investments, fixed assets, construction in progress, use-of-right assets, intangible assets with definite service life, and other long-term assets, if there are signs of impairment, an impairment test will be conducted on the balance sheet date. If the result of the impairment test shows that the recoverable amount of the asset is lower than its carrying amount, the provision for impairment shall be made and included in impairment loss. The recoverable amounts of intangible assets are the higher of their fair values less costs to sell and the present values of the future cash flows expected to be derived from the assets. The asset impairment provision shall be calculated and recognized on the basis of single asset, if it is difficult to estimate the recoverable amount of the individual asset, the Company shall estimate the recoverable amount of the asset group that the individual asset belongs to. Asset group is the minimum combination of assets that can independently generate cash inflows.

Intangible assets that have not been ready for intended use are tested for impairment each year.

The Company has conducted impairment test for goodwill. The carrying amount of goodwill acquired in a business combination is allocated from the acquisition date on a reasonable basis to each of the related asset groups; if it is difficult to allocate to the related asset groups, it is allocated to each of the related set of asset groups. Each of the related asset groups or set of asset groups is an asset group or set of asset groups that is able to benefit from the synergies of the business combination.

In testing an asset group or a set of asset groups including goodwill for impairment, if there is indication of impairment, the Company shall first test the asset group or the set of asset groups excluding goodwill for impairment, calculate the recoverable amount and compare it with the related carrying amount and recognise the corresponding impairment loss. After that, the Group shall test the asset group or set of asset groups including goodwill for impairment. The carrying amount of the related asset group or set of asset group is compared to its recoverable amount. If the recoverable amount of the asset group or set of asset groups is lower than its carrying amount, an impairment loss is first reduced by the carrying amount of the goodwill allocated to the asset group or set of asset groups and then, the carrying amount of other assets (excluding goodwill) within the asset group or set of asset groups pro rata based on the carrying amount of each asset. The above losses from assets impairment will not be reversed in subsequent accounting periods once recognized. The above losses from assets impairment will not be reversed in subsequent accounting periods once recognized.

V. SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES (CONTINUED)

(XXVI) Long-term deferred expenses

☑ Applicable ☐ Not Applicable

Long-term deferred expenses refer to the expenses which have been already incurred but will be borne in this period and in the future with an amortization period of over 1 year.

The amortisation period is as follows:

Item	Amortisation method	Estimated useful life(years)
Costs of improvements to fixed assets under operating leases	straight-line basis	2-5

(XXVII) Contract liabilities

☑ Applicable ☐ Not Applicable

The Company presents contractual assets or contractual liabilities in the balance sheet based on the relationship between its performance of fulfillment obligations and customer payments. The Company's obligation to transfer goods or provide services to customers for consideration receivable for goods received is presented as contract liabilities. Contractual assets and contractual liabilities under the same contract are presented by their net amounts.

(XXVIII) Employee compensation

1. Accounting treatment of short-term compensation

☑ Applicable ☐ Not Applicable

During the accounting period in which employees provide service to the Company, the short-term compensation actually incurred is recognized as liabilities and charged to the current profit or loss or the relevant assets cost.

The social insurance premiums and housing fund paid for employees by the Company, as well as the labor union expense and employee education expense accrued according to the provisions, shall be calculated according to the stipulated contribution base and proportion to determine the amount of corresponding employee compensation during the accounting period of employees providing services to the Company.

Employee benefits incurred by the Company are charged to current income or loss or the cost of related assets based on the actual amount incurred, of which non-monetary benefits are measured at fair value.

V. SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES (CONTINUED)

(XXVIII) Employee compensation (Continued)

2. Accounting treatment of post-employment benefits

☑ Applicable ☐ Not Applicable

(1) Defined contribution plan

The Company pays the basic endowment insurance premiums and unemployment insurance for employees according to the relevant provisions of the local governments. During the accounting period when employees serve the Company, the paid amount which is calculated based on the payment base and proportion as stipulated in the provisions of the local place is recognized as liabilities and included in the current profit or loss or costs associated with assets.

In addition, the employees of the company join in the Enterprise Annuity Plan of China Railway Signal & Communication Corporation Limited established by the company according to the state enterprise annuity system, the Company makes payments to the local social insurance institutions in a certain proportion to the total employee wage, with corresponding expense included in the current profit or loss or related asset cost. the company may not utilize any forfeited contributions to reduce the current contributions.

(2) Defined benefit scheme

The Company shall attribute the welfare obligations under the defined benefit scheme in accordance with the estimated accrued benefit method to the service period of relevant employee, and record the obligation in current profit or loss or costs of relevant assets.

The deficit or surplus generated from the present value of obligations of the defined benefit scheme minus the fair value of the assets of defined benefit scheme is recognized as net liabilities or net assets. When the defined benefit scheme has surplus, the Company will measure the net assets of the defined benefit scheme at the lower of the surplus of defined benefit scheme and the upper limit of the assets.

All defined benefit plans obligations, including the expected duty of payment within 12 months after the end of annual Reporting Period during which the staff provided service, were discounted based on the bond market yield of sovereign bond matching the term of defined benefit plans obligations and currency or corporate bonds of high quality in the active market on the balance sheet date.

V. SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES (CONTINUED)

(XXVIII) Employee compensation (Continued)

2. Accounting treatment of post-employment benefits (Continued)

(2) Defined benefit scheme (Continued)

The service cost incurred by defined benefit scheme and the net interest of the net liabilities and net assets of the defined benefit scheme would be charged into the current profits and loss or relevant costs of assets. The changes generated from the re-measurement of the net liabilities or net assets of the defined benefit scheme would be included in the other comprehensive income and are not reversed to profit or loss in a subsequent accounting period. The portion originally included in other comprehensive income is carried forward to unallocated profit to the extent of equity upon termination of the original defined benefit schemes.

When the defined benefit scheme is settled, the gain or loss is recognized based on the difference between the present value of obligations and the settlement price of the defined benefit scheme as at the balance sheet date.

3. Accounting treatment of dismissal benefits

☑ Applicable ☐ Not Applicable

As to providing employees dismissal benefits, employee compensation incurred from dismissal benefits should be recognized as liabilities and included in the current profit or loss at the date when the Company is unable to unilaterally withdraw the dismissal benefits provided in the plan on the cancellation of labor relationship or the layoff proposal or when the Company recognizes the cost related to restructuring concerning payment of dismissal benefits (whichever is earlier).

4. Accounting methods for other long-term employee benefits

☑ Applicable ☐ Not Applicable

V. SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES (CONTINUED)

(XXIX) Provisions

☑ Applicable ☐ Not Applicable

Where the obligation related to contingency meets all the following conditions simultaneously, it may be recognized as provisions by the Company:

(1) This obligation is a present obligation of the Company;

(2) The performance of such obligation is likely to result in outflow of economic benefits from the Company; and

(3) The amount of the obligation can be measured reliably.

Provisions of the Company are initially measured as the best estimate of expenses required for the performance of relevant present obligations.

When determining the best estimates, the Company comprehensively considers the risks, uncertainties, time value of money, and other factors relating to the contingencies. 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 continuous range for the necessary expenses, and probabilities of occurrence of all the outcomes within this range are equal, the best estimate shall be determined at the median range within the range; in other cases, the best estimate shall be accounted for as follows in different circumstances:

- If contingencies involve a single item, the best estimate shall be determined at the amount most likely incurred.

- If contingencies involve multiple items, the best estimate shall be calculated and determined at possible outcomes and related probabilities.

When all or part of the expenses necessary for the settlement of an estimated liability of the Company is expected to be compensated by a third party, the compensation should be separately recognized as an asset only when it is virtually certain that the compensation will be received. The amount recognized for the compensation should not exceed the carrying amount of the estimated liability.

On the balance sheet date, the carrying amount of provisions shall be reviewed. If there is conclusive evidence that the best estimate cannot be reflected, the carrying amount shall be adjusted based on the current best estimate.

V. SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES (CONTINUED)

(XXX) Other financial instruments such as preference shares and perpetual bonds

☑ Applicable ☐ Not Applicable

In accordance with the terms of the contract and the economic substance of the issued perpetual bonds reflected therein rather than in legal form only, the Company classifies the financial instrument or its components as financial assets, financial liabilities or equity instruments upon initial recognition.

Financial instruments such as perpetual bond/preferred share issued by the Company meeting one of the following conditions, shall be classified as financial liabilities as a whole or its components at initial recognition:

(1) The Company cannot unconditionally avoid contractual obligations performing by delivering cash or other financial assets;

(2) Contract obligations including delivery of variable number of own equity instruments for settlement;

(3) It includes derivative instruments that are settled by their own equity (eg. share conversion rights), and the derivative instruments cannot exchange fixed amount of cash or other financial assets with fixed amount of their own equity instruments for settlement;

(4) There are contract terms that indirectly form contractual obligations;

(5) When the issuer liquidates, the perpetual bonds are in the same order as the ordinary bonds and other debts issued by the issuer.

Financial instruments such as perpetual bonds that do not meet any of the above conditions shall be classified as equity instruments at initial recognition.

The perpetual bonds issued by the company have no maturity date. After the maturity date, the company has the right to make unlimited renewals. For coupon interest of perpetual bonds, the company has the right to make deferred payment. Those that the company has no contractual obligation to pay cash or other financial assets shall be classified as equity instruments.

V. SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES (CONTINUED)

(XXXI) Revenue

1. Accounting policies adopted for income recognition and measurement

☑ Applicable ☐ Not Applicable

The Company recognizes the income when its performance obligations as stipulated in the contract are fulfilled, that is, when the customer obtained control of the related goods or services. The acquisition of control over the related goods or services is defined as the ability to dominate the use of the goods or services and derive substantially all of the economic benefits therefrom.

Where the contract contains two or more performance obligations, the Company will, on the contract start date, allocate the transaction price to each individual performance obligation in the proportion of the individual selling price of the goods or services for which each individual performance obligation is committed. The Company measures revenue based on the transaction price apportioned to each individual performance obligation.

The transaction price is the amount of consideration to which the Company expects to be entitled as a result of the transfer of goods or provision of services to the customer, excluding amounts collected on behalf of third parties and amounts that the Company expects to refund to the customer. The Company determines the transaction price based on the terms of the contract, taking into account its past customary practice, and considers the impact of variable consideration, the existence of significant financing components in the contract, non-cash consideration, and consideration payable to the customer in determining the transaction price. The Company determines the transaction price that includes variable consideration by an amount not exceeding the amount for which it is highly probable that there will be no material reversal of the cumulative recognized revenue at the time the relevant uncertainty is removed. For contracts with a significant financing component, the Company determines the transaction price based on the amount payable in cash assuming that the customer will pay for the goods or services as soon as control is obtained, and amortizes the difference between this transaction price and the contract consideration over the term of the contract using the effective interest rate method. If the Company meets one of the following conditions, it is deemed to fulfill the performance obligations within a certain period of time; otherwise, it is deemed to so at a certain point of time:

- The customer obtains and consumes the economic benefits brought by the Company's performance while the Company is performing the contract.
- The customer can control the commodities under construction during the Company's performance.

V. SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES (CONTINUED)

(XXXI) Revenue (Continued)

1. Accounting policies adopted for income recognition and measurement (Continued)

- The commodities produced by the Company during the performance of the contract have irreplaceable uses, and the Company has the right to receive payment for the accumulated performance of the contract so far throughout the contract period.

For performance obligations to be performed within a certain period of time, the Company recognizes revenue in accordance with the progress of performance over that period, except when the progress of performance cannot be reasonably determined. The Company determines the progress of performance using the output method or the input method, taking into account the nature of the goods or services. When there is no reasonable certainty of the progress of performance, revenue is recognized at the costs incurred when the costs incurred are expected to be reimbursed until the progress of performance can be reasonably determined.

The Company recognizes the income from the performance obligations to be performed at certain time, that is, when the customer obtained control of the related goods or services. In determining whether a customer has acquired control of goods or services, the Company considers the following indications:

- The Company has a present right to receive payment in respect of the commodity or services, i.e. the customer has a present payment obligation in respect of the commodity.
- The Company has transferred the legal title to the commodity to the customer, i.e. the customer has the legal title to the commodity.
- The Company has transferred the physical commodity to the customer, i.e. the customer has taken physical possession of the commodity.
- The Company has transferred to the customer the principal risks and rewards of ownership of the commodity, i.e. the customer has acquired principal risks and rewards with respect to the title to the commodity.
- The customer has accepted the goods or services, etc.

V. SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES (CONTINUED)

(XXXI) Revenue (Continued)

2. Revenue recognition methods of the Company

☑ Applicable ☐ Not Applicable

(1) Sales agreement of goods

The sales agreement of goods entered into between the company and its customers usually only includes the performance obligations of the transferred goods. the company usually recognises the revenue at the time of transfer of control, taking into account the following factors: obtaining the current collection rights of the goods, transfer of the key risks and rewards of the ownership of the goods, transfer of the legal ownership of the goods, transfer of physical assets of goods and customers' acceptance of the goods.

(2) Service agreement

The service agreement entered into between the company and its customers usually includes performance obligations such as system integration. As the services provided by the company during the performance of the agreement have irreplaceable uses, and during the entire contract period, the company has the right to take the revenue from the completion of performance of the agreement accumulated to date as the performance obligation performed within a certain period of time, and recognise the revenue based on the performance progress, except where the performance progress cannot be reasonably determined. the company determines the performance progress for the services provided in accordance with the input method. When the performance progress cannot be reasonably determined, if the costs incurred by the company are expected to be compensated, the revenue will be recognised based on the amount of costs incurred, until the performance progress can be reasonably determined.

(3) Construction contract

The construction contract entered into between the company and its customers usually includes performance obligations such as construction services. As the customers can control the assets under construction in the performance of the company, the company considers them as performance obligations within a certain period of time, and recognises the revenue based on the performance progress, except where the performance progress cannot be reasonably determined. the company determines the performance progress for the services provided in accordance with the input method and the costs occurred. When the performance progress cannot be reasonably determined, if the costs incurred by the company are expected to be compensated, the revenue will be recognised based on the amount of costs incurred, until the performance progress can be reasonably determined.

V. SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES (CONTINUED)

(XXXI) Revenue (Continued)

2. Revenue recognition methods of the Company (Continued)

(4) Variable considerations

The contracts between the company and its certain customers containing changes, claims and reward arrangements, which forms a variable consideration. the company determines the best estimate of the variable consideration based on the expected value or the most probable value. However, the sales price including variable considerations should not exceed the amount accumulatively recognised which is not likely to be significantly reversed when the uncertainty disappears.

(5) Return clauses

In connection with sales with a return clause, revenue is recognised according to the amount of consideration it expects to be entitled to for the transfer to a customer when the customer acquires control of the relevant. Amounts expected to be refunded for the return of sales are recognised as estimated liabilities. At the same time, the balance of the carrying value of the product expected to be returned upon transfer less expected costs for the recall of such product (including impairment loss of the recalled product) shall be recognised as an asset (i.e. cost of return receivables), and the net amount of the carrying value of the transferred product upon the transfer less the aforesaid asset cost shall be transferred to cost. At each balance sheet date, the company reassesses the future return of sales and re-measures the above assets and liabilities.

(6) Significant financing component

If the contract includes significant financing component, the company determines the transaction price based on the amount payable under the assumption that the customer pays that amount payable in cash when "control" of the goods is obtained by the customer. By discounting the nominal amount of the contract consideration to the discount rate of the current selling price of the goods, the difference between the transaction price determined and the contract consideration of the contract committed shall be amortised within the contract period using effective interest rate method. If the company expects that the period between when the company transfers a promised good to a customer and when the customer pays for that good will be one year or less, the company needs not to consider the significant financing component.

V. SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES (CONTINUED)

(XXXI) Revenue (Continued)

2. Revenue recognition methods of the Company (Continued)

(7) Quality assurance obligation

According to the contractual agreement, legal provisions, etc., the company provides quality assurance for the goods sold or assets constructed. For assurance-type quality assurance to the customers to ensure that the goods sold meet the established standards, the company performs accounting treatment in accordance with Note V. (XXIX)Provisions. For service-type quality assurance for a separate service provided in addition to ensuring to the customers that the goods sold meet the established standards, the company considers it as a single performance obligation, and according to the relative proportion of the individual selling prices for providing quality assurance for goods and services, amortises part of the transaction price to the service-type quality assurance, and recognises the revenue when the customer obtains control of the service. In assessing whether the quality assurance provides a separate service in addition to ensuring to the customers that the goods sold meet the established standards, the company considers whether the quality assurance is a statutory requirement, a quality assurance period and the nature of the company's commitment to perform its tasks and other factors.

(8) Principal/agent

For the company to obtain control of the goods or other assets from a third party and then transfer it to the customer, the company has the right to determine the price of the goods traded at its own discretion, that is, the company is a principal if it controls the specified good before that good is transferred to a customer, and the revenue shall be recognised based on the total consideration received or receivable; otherwise, the company is an agent, and the revenue shall be recognised based on the amount of commission or handling fee that is expected to be charged, and such amount shall be determined based on the net amount of the total consideration received or receivable after deducting the prices payable to other related parties or according to the established commission amount or proportion.

V. SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES (CONTINUED)

(XXXI) Revenue (Continued)

2. Revenue recognition methods of the Company (Continued)

(9) Change in contract

When there is a change to the construction contract entered into between the company and its customers:

1) If the change in contract adds a clearly distinguishable construction service and contract price, and the new contract price reflects the individual selling price of the new construction service, the company will consider the change in contract as a separate contract for accounting treatment;

2) If the change in contract does not fall within the circumstances stated in item (1) above, and the transferred construction service and the construction service which has not been transferred can be clearly distinguished at the date of change in contract, the company considers it as termination of the original contract, and at the same time, the non-performance part of the original contract and the modified part of the contract will be combined into a new contract for accounting treatment;

3) If the change in contract does not fall within the circumstances stated in item (1) above, and the transferred construction service and the construction service which has not been transferred cannot be clearly distinguished at the date of change in contract, the company will make the modified part of the contract as an integral part of the original contract for accounting treatment, of which the impact on the recognised revenue as a result of such change will be adjusted as the revenue for the period on the date of change in contract.

V. SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES (CONTINUED)

(XXXI) Revenue (Continued)

2. Revenue recognition methods of the Company (Continued)

(10) Franchise contract ("BOT Contract")

The franchise activities under the BOT Contract usually include building, operation and transfer.

During the construction phase, the company recognizes the contractual income for construction services in accordance with the accounting policy of the construction contract above and determines whether the company is a principal responsible person or an agent in accordance with the accounting policy of the principal responsible person/agent above, and if the company is the principal responsible person, the revenue of the construction service is recognized for performance progress. the company recognises contract assets while recognising the revenue to the extent that it has an unconditional contractual right to receive a definite amount of cash or another financial asset from the grantor within a certain period after the completion of the infrastructure prescribed in the contract; If the company is an agent, the construction service revenue is not recognised, and contract assets shall be recognised after considering the provisions in the contract with reference to the project consideration payable in the course of construction.

During the operation phase, the contract assets and the revenue are both recognised when services are provided and a receivable is recognised to the extent that the company has the right to receive the consideration (such right is conditional only on the passage of time); the daily maintenance or repair costs incurred are recognised as current expenses.

(11) Build and transfer contract ("BT Contract")

The activities under the BT Contract usually include building and transfer. For the construction services provided by the company, during the construction phase, the relevant construction service contract revenue is recognised in accordance with the accounting policies of the construction contract mentioned above. The construction contract revenue is measured at the fair value of the consideration receivable and the "long-term receivable" is recognised by using the effective interest BT Contract rate and measured at amortized cost, and is eliminated upon the receipt of payment from the owner.

V. SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES (CONTINUED)

(XXXI) Revenue (Continued)

2. Revenue recognition methods of the Company (Continued)

(12) Interest income and expense

The "interest income" and "interest expense" in the company's income statement are the interest income and expense from financial assets using the effective interest rate method at amortized cost, financial assets at fair value with changes recognised through other comprehensive income and financial liabilities at amortized cost.

The effective interest rate method is a method of calculating the amortized cost of a financial asset or a financial liability and allocating the interest income or interest expense over the relevant period. The effective interest rate is the rate that discounts estimated future cash flows through the expected life of the financial instrument to the carrying amount of the financial asset or amortized cost of the financial liability. When calculating the effective interest rate, the company estimates expected cash flows considering all contractual terms of the financial instrument but does not consider expected credit losses. The calculation includes all amounts paid or received by the company that are an integral part of the effective interest rate, including transaction costs and all other premiums or discounts.

For the financial assets acquired or originated with credit impairment, the company calculates the interest income according to the amortized cost of the financial assets and the effective interest rate after credit adjustment since the initial recognition by the company. The effective interest rate after credit adjustment refers to the estimated future cash flows of the acquired or originated financial assets with credit impairment in the expected duration, which is converted into the interest rate of amortized cost of the financial assets.

For the financial assets acquired or originated without any credit impairment, but incurred credit impairment in the subsequent period, the company calculates the interest income in accordance with the amortized cost and the effect interest rate of the financial assets.

(13) Fee and commission income

Fee and commission income are recognised in accordance with accrual basis principle over the service period.

V. SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES (CONTINUED)

(XXXII) Contract costs

☑ Applicable ☐ Not Applicable

Contract costs include contract performance costs and contract acquisition costs.

Costs incurred by the Company to perform a contract that are not regulated by the relevant standards, such as inventories, fixed assets or intangible assets, are recognized as a contract performance cost as an asset when the following conditions are met:

- Where such cost is directly related to a current or expected contract.
- Where such cost increases the resources of the Company for fulfilling its performance obligations in the future.
- Where such cost is expected to be recovered.

If the incremental cost of the Company is expected to be recovered, the contract acquisition cost shall be recognized as an asset.

Assets related to the contract costs are amortized on the same basis as the recognition of the revenue of the goods or services related to the asset; however, if the amortization period of the contract acquisition costs is less than one year, the Company will include such costs in the current profit or loss when incurred.

For the assets related to contract costs whose carrying amount is higher than the difference between the following two items, the Company will make provision for impairment for the excess and recognize it as asset impairment loss:

1. Where the remaining consideration is expected to be obtained by the transfer of goods or services related to the asset;
2. Where the costs are estimated to occur for the transfer of the relevant goods or services.

If the said difference is higher than the carrying amount of the asset due to changes in the impairment factors in the previous period, the originally accrued impairment reserve shall be reversed and included in the current profit or loss, but the reversed asset carrying amount shall not exceed the carrying amount of the asset on the date of reversal assuming that the impairment reserve is not accrued.

V. SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES (CONTINUED)

(XXXIII) Government subsidies

☑ Applicable ☐ Not Applicable

1. Type

Government subsidies are monetary assets freely obtained by the Company from the government for free, which are classified into government subsidies related to assets and government subsidies related to income.

Asset-related government subsidies refer to government subsidies obtained by the Company for forming long-term assets by acquisition, construction or other manners. Government subsidies related to income refer to government subsidies other than those related to assets.

2. Timing of recognition

Government subsidies shall be recognized only if the Company is able to comply with the conditions for the government subsidies, and is likely to receive the government subsidies.

3. Accounting treatment

Government subsidies related to assets shall be used to offset the carrying amount of relevant assets or recognized as deferred income. Where such subsidies are recognized as the deferred income, they will be included in current profit or loss in accordance with the reasonable and systematic methods within useful lives of related assets (where such subsidies are related to the daily activities of the Company, they will be included in other income; where such subsidies are not related to the daily activities of the Company, they will be included in non-operating income);

Government subsidies relating to income used to compensate for relevant costs or losses which will occur in the following period in the Company shall be recognized as deferred income, and, during the period when relevant costs or losses are recognized, be included in current profit or loss (where government subsidies relating to income are relevant to routine activities of the Company, such subsidies shall be included in other income; where government subsidies relating to income are irrelevant to routine activities of the Company, such subsidies shall be included in non-operating income) or used to offset relevant costs or losses; government subsidies relating to income used to compensate for relevant costs or losses incurred in the Company shall be included in current profit or loss (where such subsidies are related to daily activities of the Company, they will be included in other income; where such subsidies are related to the daily activities of the Company, they will be included in non-operating income) or used to offset relevant costs or losses.

V. SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES (CONTINUED)

(XXXIII) Government subsidies (Continued)

3. Accounting treatment (Continued)

The Company receives the interest grants with policy reference and treats in different ways in accordance with the following situations:

(1) If the financial authorities allocate the interest subsidies to the lending bank, and the lending bank provides the loan to the Company at the preferential interest rate according to relevant policies, the Company takes the actually received loan amount as the recorded value of the loan, and calculates the relevant borrowing costs based on the loan principal and the preferential interest rate.

(2) If the financial authorities directly allocate the interest subsidies to the Company, the Company will offset the corresponding interest subsidies against the relevant borrowing costs.

(XXXIV) Leases

☑ Applicable ☐ Not Applicable

Lease refers to a contract in which the lessor transfers the right to use the assets to the lessee within a certain period to obtain consideration. On the contract commencement date, the Company evaluates whether the contract is or includes a lease. If a party to the contract transfers the right to control the use of one or more identified assets for a certain period of time in exchange for consideration, the contract is or includes a lease.

If the contract contains multiple separate leases at the same time, the Company may split the contract, and account for each lease separately. If the contract includes both lease and non-lease parts, the lessee and the lessor shall split them.

1. The Company as the lessee

☑ Applicable ☐ Not Applicable

(1) Right-of-use assets

At the commencement of the lease term, the Company recognizes the right-of-use assets for leases other than short-term and low-value asset leases. Right-of-use assets are initially measured at cost, which includes:

- The initial measurement amount of the lease liability;
- The lease payment made on or before the commencement of the lease term, or the relevant amount after deducting the lease incentive already enjoyed if any;

V. SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES (CONTINUED)

(XXXIV) Leases (Continued)

1. The Company as the lessee (Continued)

(1) Right-of-use assets (Continued)

- Initial direct costs incurred by the Company;
- The Company expects to incur costs for dismantling and removing leased assets, restoring the site of the leased assets to its original condition, or restoring leased assets to their original condition, excluding costs incurred for the production of inventories.

The Company subsequently adopts the straight-line method to accrue depreciation for the right-to-use assets. If ownership of the leased assets can be obtained with reasonable certainty at the end of the lease term, the Company depreciates the leased assets over their remaining useful lives; otherwise, the leased assets are depreciated over the shorter of the lease term and the remaining useful life of the leased assets.

The Bank determines whether a right-of-use asset is impaired and accounts for the identified impairment loss in accordance with the principles described in Note V. (XXV) "Impairment of long-term assets.

(2) Lease Liabilities

At the commencement of the lease term, the Company recognizes lease liabilities for leases other than short-term and low-value asset leases. The lease liabilities are initially measured at the present value of the unpaid lease payments. Lease payments include:

- Fixed payment (including substantial fixed payment), and the relevant amount after deducting the lease incentive if any;
- Variable lease payments depending on index or ratio;
- Estimated payments due according to the guaranteed residual value provided by the Company;
- Exercise price of the purchased option, provided that the Company reasonably determines that the option will be exercised;
- The amount to be paid for the exercise of the lease termination options, provided that the lease term reflects that the Company will exercise the options to terminate the lease;

V. SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES (CONTINUED)

(XXXIV) Leases (Continued)

1. The Company as the lessee (Continued)

(2) Lease Liabilities (Continued)

The Company uses the interest rate implicit in lease as the discount rate, but if the interest rate implicit in the lease cannot be reasonably determined, the Company uses the incremental borrowing rate as the discount rate.

The Company calculates the interest expense of the lease liabilities in each the lease term at a fixed periodic interest rate, and includes it in the current profit or loss or related asset costs.

Variable lease payments that are not included in the lease liabilities are included in current profit or loss or related asset costs when incurred.

The Company remeasures the lease liability and adjusts the corresponding right-of-use asset if, after the lease commencement date, the following circumstances occur. If the carrying amount of the right-of-use asset is reduced to zero, but the lease liability is still subject to further reduction, the difference is recognized in profit or loss:

- When the appraisal results of the purchase option, lease renewal option or termination option change, or when the actual exercise of the aforementioned options is inconsistent with the original appraisal results, the Company re-measures the lease liability at the present value calculated by the changed lease payments and the revised discount rate;

- When there is a change in the substantive fixed payment amount, a change in the amount expected to be payable for the guaranteed residual value or a change in the index or rate used to determine the lease payment amount, the Company re-measures the lease liability at the present value calculated from the changed lease payment amount and the original discount rate. However, if the change in the lease payment amount results from a change in the floating interest rate, the present value is calculated using the revised discount rate.

V. SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES (CONTINUED)

(XXXIV) Leases (Continued)

1. The Company as the lessee (Continued)

(3) Short-term and low-value asset leases

The Company chooses not to recognize the right-of-use assets and lease liabilities for short-term and low-value asset leases, and includes the related lease payments in the current profit or loss or related asset costs with the straight-line method in each lease term. Short-term lease refers to a lease that lasts for no more than 12 months and includes no purchase options at the commencement of the lease term. Low-value asset lease refers to a lease with lower value when the individual leased assets are brand new assets. If the Company sublets or anticipates subletting the leased assets, the original lease is not a low-value asset lease.

(4) Lease change

If a lease changes and meets all the following conditions, the Company will account for the lease change as a separate lease:

- The lease change expands the scope of the lease by adding one or more rights to use the leased assets;
- The increased consideration is equivalent to the individual price of the expanded part adjusted according to the contract.

If the lease change is not accounted for as a separate lease, the Company shall, on the effective date of the lease change, re-allocate the consideration of the changed contract, re-determine the lease term, and remeasure the lease liabilities at the present value calculated based on the changed lease payment and the revised discount rate.

If a lease change results in a reduction in the scope of the lease or a shortening of the lease term, the Company reduces the carrying amount of the right-of-use asset accordingly and recognizes the gain or loss related to the partial or complete termination of the lease in current profit or loss. If other lease changes result in a remeasurement of the lease liability, the Company adjusts the carrying amount of the right-of-use asset accordingly.

V. SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES (CONTINUED)

(XXXIV) Leases (Continued)

2. The Company as lessor

☑ Applicable ☐ Not Applicable

On the lease commencement date, the Company divides the lease into financial lease and operating lease. Financial leasing refers to the leasing that transfers almost all the risks and returns related to the ownership of the leased asset, regardless of whether the ownership is ultimately transferred or not. The term "operating lease" refers to a lease other than a financial lease. When the Company is the sub-lessee, the sublease is classified based on the right-to-use assets generated from the original lease contract.

(1) Accounting for operating lease

The lease amount received under operating leases are recognized as rental income according to the straight-line method in each period of the lease term. The Company capitalizes the initial direct expenses related to operating lease and amortizes them into the current profit and loss according to the same basis as the recognition of rental income during the lease term. The variable lease payments excluded from the lease receipts shall be included in the current profits and losses when they are actually incurred. In case of any change in the operating lease, the Company will make the accounting treatment for it as a new lease from the effective date of the change, and the amount received in advance or lease receivables before the change will be regarded as the receivables from the new lease.

(2) Accounting for financial lease

On the lease commencement date, the Company recognizes the financial lease receivable and derecognizes the financial lease assets. The net investment in the lease is taken as the entry value of the financial lease receivable as the Company initially measures the financial lease receivable. The net investment in a lease is the sum of the present value of the unguaranteed residual value and future lease payments at the beginning of the lease term, discounted at the interest rate implicit in lease.

The Company calculates and recognizes the interest income of each period in the lease term according to the fixed periodic interest rate. The derecognition and impairment of financial lease receivables shall be accounted for in accordance with the requirements set out in Note "V. (XI) Financial Instruments".

The variable lease payments excluded from the measurement of net investment in lease shall be included in the current profit and loss when they are actually incurred.

V. SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES (CONTINUED)

(XXXIV) Leases (Continued)

2. The Company as lessor (Continued)

(2) Accounting for financial lease (Continued)

If the financial lease changes and meets the following conditions at the same time, the Company will treat the change as a separate lease for accounting treatment:

- The change expands the lease scope by increasing the right-to-use of one or more leased assets;
- The increased consideration is equivalent to the individual price of the expanded part of the lease scope adjusted according to the contract conditions.

If the change of financial lease is not accounted for as a separate lease, the Company will deal with the changed lease under the following circumstances:

- If the change takes effect on the lease commencement date, the lease will be classified as an operating lease, and the Company will treat it as a new lease from the effective date of the lease change, and take the net lease investment before the effective date of the lease change as the carrying amount of the leased assets;
- If the change takes effect on the commencement date of the lease, the lease will be classified as a financial lease, and the Company will carry out accounting treatment according to the policy on modifying or renegotiating a contract set out in "Note V. (XI) Financial Instruments".

V. SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES (CONTINUED)

(XXXIV) Leases (Continued)

3. Sale and leaseback transaction

The Company assesses and determines whether the asset transfer in the sale and leaseback transaction is sale according to the principles set out in Note "V. (XXXI) Revenue".

(1) The Company as lessee

If the asset transfer in the sale and leaseback transaction is a sale, the Company, as the lessee, measures the right-of-use assets according to the carrying amount of the original assets regarding the right-of-use obtained by the leaseback, and only recognizes the relevant gains or losses for the right transferred to the lessor. If the asset transfer in the sale and leaseback transaction is not a sale, the Company, as the lessee, continues to recognize the transferred assets and recognize a financial liability whose amount equal to the transferred income at the same time. For the accounting treatment of financial liabilities, please refer to Note "V. (XI) Financial Instruments".

(2) The Company as a lessor

If the asset transfer in the sale and leaseback transaction is considered as sales, the Company, as the lessor, shall record the asset purchase and the asset lease in accordance with the policy in the aforesaid "2. The Company as lessor"; If the asset transfer in the sale and leaseback transaction is not considered as sales, the Company, as the lessor, shall not recognize the transferred asset, but recognize an equal amount in financial assets. For the accounting treatment of financial assets, please refer to Note "V. (XI) Financial Instruments".

V. SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES (CONTINUED)

(XXXV) Deferred tax assets and deferred tax liabilities

☑ Applicable ☐ Not Applicable

Income tax includes the current income tax and deferred income tax. Except for the income tax arising from business mergers and such transactions or items as are directly included in shareholders' equity (including other comprehensive income), the Company shall include the current income tax and the deferred income tax in the current profit or loss.

Deferred tax assets and deferred tax liabilities are calculated and recognized based on differences (temporary differences) between tax base and carrying amount of the assets and liabilities.

Deferred tax assets are recognized at deductible temporary differences to the extent that it shall not exceed the taxable income probably obtained in future periods to be against the deductible temporary difference. For deductible losses and tax credits that can be carried forward to subsequent periods, the Company recognized deferred tax assets to the extent that it is probable that taxable profit will be available against which the deductible losses and tax credits can be utilized. Taxable temporary differences are recognized as deferred tax liabilities except in special circumstances.

Such special circumstances include:

- Initial recognition of goodwill
- A transaction or event that is neither a business combination nor, when incurred, affects accounting profit and taxable income (or deductible loss).

For the taxable temporary differences related to the investments in subsidiaries, associates and joint ventures, the deferred tax liabilities should be recognized, unless that the timing of the reversal of the temporary differences is able to be controlled by the Company and the temporary differences will be probable not to be reversed in the foreseeable future. For deductible temporary differences arising from investments in subsidiaries, associates and joint ventures, when the temporary difference will reverse in the foreseeable future and taxable profit will be available against which the deductible temporary differences can be used, the deferred tax asset will be recognized.

On the balance sheet date, deferred tax assets and deferred tax liabilities should be measured at the applicable tax rate during the period of expected recovery of the relevant assets or liquidation of the relevant assets according to the provisions of tax laws.

V. SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES (CONTINUED)

(XXXV) Deferred tax assets and deferred tax liabilities

On the balance sheet date, the Company reviews the carrying amount of deferred tax assets. If it is unlikely to obtain sufficient taxable income taxes to offset the benefit of the deferred tax assets, the carrying amount of the deferred tax assets shall be written down. When it is likely to earn sufficient taxable income, the write-down amount should be reversed.

If the Company has the legal right of netting and intends to settle in net amount or to obtain assets and discharge liabilities simultaneously, the current tax assets and current tax liabilities of the Company shall be presented based on the net amount after offset.

On the balance sheet date, deferred tax assets and deferred tax liabilities shall be listed by the net amount after offset if:

– The taxpayer has the statutory right to settle the current tax assets and current tax liabilities with net amount;

– Deferred tax assets and deferred tax liabilities are related to the income tax which are imposed on the same taxpayer by the same tax collection authority or on different taxpayers, but, in each important future period in connection with the reverse of deferred tax assets and liabilities, the involved taxpayer intends to balance tax assets and liabilities for this period with net settlement at the time of obtaining assets and discharging liabilities, deferred tax assets and deferred tax liabilities shall be presented based on the net amount after offset.

(XXXVI) Hedge Accounting

1. Classification of hedging

(1) Fair value hedge is a hedge of the exposure to changes in fair value of a recognised asset or liability or an unrecognised firm commitment (except foreign exchange risk).

(2) Cash flow hedge is a hedge of the exposure to variability in cash flows that is either attributable to a particular risk associated with a recognised asset or liability or a highly probable forecast transaction, or a foreign currency risk in an unrecognised firm commitment.

(3) Hedge of a net investment in a foreign operation is a hedge of the exposure to foreign exchange risk associated with a net investment in a foreign operation. Net investment in a foreign operation is the share of interest in the net asset of the foreign operation.

V. SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES (CONTINUED)

(XXXVI) Hedge Accounting (Continued)

2. Designation of the hedge relationship and recognition of the effectiveness of hedging

At the inception of a hedge relationship, the Company formally designates the hedge relationship and documents the hedge relationship, the risk management objective and its strategy for undertaking the hedge. The documentation includes identification of the nature and quantity of the hedging instrument, the nature and quantity of the hedged item, the nature of the risk being hedged, the type of hedging and how the Company will assess the hedging instrument's effectiveness. Hedging instrument's effectiveness means the degree of the change of fair value and cash flow of
the hedging instrument in offsetting the exposure to changes in the hedged item's fair value or cash flows attributable to the hedged risk.

The hedge is assessed by the Company for effectiveness on an ongoing basis and judged whether it meets the requirements for the effectiveness of using hedge accounting throughout the accounting periods for which the hedging relationship was designated. Provided the discontent of the requirements, the application of a hedge shall be terminated.

The application of hedge accounting shall meet the following requirements on the effectiveness of the hedge:

(1) There is an economic relationship between the hedged item and the hedging instrument.

(2) The effect of credit risk does not dominate the value changes that result from that economic relationship.

(3) The appropriate hedge ratio will not cause the imbalance of relative weight between the hedged item and the hedging instrument, thus generating accounting results inconsistent with the hedge accounting objectives. If the hedge ratio is no longer inappropriate, but the hedge risk management objectives do not change, the amount of the hedged item or the hedging instrument shall be adjusted, so that the hedge ratio can re-meet the requirements on the effectiveness.

V. SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES (CONTINUED)

(XXXVI) Hedge Accounting (Continued)

3. Criteria for hedge accounting

(1) Fair value hedges

The change in the fair value of a hedging derivative is recognized in the current profit or loss. The change in the fair value of the hedged item attributable to the risk hedged is recorded as a part of the carrying amount of the hedged item and is also recognized in the current profit or loss.

For fair value hedges relating to financial instruments carried at amortized cost, the adjustment to carrying amount is amortized through the current profit or loss over the remaining term to maturity. Any adjustment to the carrying amount of a hedged financial instrument for which the effective interest method is used is amortized to the current profit or loss. Amortization may begin as soon as an adjustment exists and shall begin no later than when the hedged item ceases to be adjusted for changes in its fair value attributable to the risk being hedged.

If the hedged item is derecognized, the unamortized fair value is recognized immediately in the current profit or loss.

When an unrecognized firm commitment is designated as a hedged item, the subsequent cumulative change in the fair value of the firm commitment attributable to the hedged risk is recognized as an asset or liability with a corresponding gain or loss recognized in the current profit or loss. The changes in the fair value of the hedging instrument are also recognized in the current profit or loss.

V. SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES (CONTINUED)

(XXXVI) Hedge Accounting (Continued)

3. Criteria for hedge accounting (Continued)

(2) Cash flow hedges

The effective portion of the gain or loss on the hedging instrument is recognized directly as other comprehensive income, while the ineffective portion is recognized immediately in the current profit or loss.

Amounts taken to other comprehensive income are transferred to the current profit or loss when the hedged transaction affects the current profit or loss, such as when hedged financial income or fi-nancial expense is recognized or when a forecast sale occurs. Where the hedged item is the cost of a non-financial asset or non-financial liability, the amounts taken to other comprehensive income are transferred to the initial carrying amount of the non-financial asset or non-financial liability (or originally recognized in other comprehensive income, and transferred in the same period as the profit and loss is affected by the non-financial assets and non-financial debts, the amounts shall be included in the current profit or loss).

If the forecast transaction or firm commitment is no longer expected to occur, the amounts previously recognized in other comprehensive income are transferred to the current profit or loss. If the hedging instrument expires or is sold, terminated or exercised without replacement or rollover, or if its designation as a hedge is revoked, the amounts previously recognised in other comprehensive income remain in there until the forecast transaction or firm commitment affects the current profit or loss.

(3) Hedges of a net investment in a foreign operation

Hedges of a net investment in a foreign operation, including a hedge of a monetary item that is accounted for as part of the net investment, are accounted for in a similar way to cash flow hedges. Gains or losses on the hedging instrument relating to the effective portion of the hedge are recognized in other comprehensive income while any gains or losses relating to the ineffective portion are recognized in the current profit or loss. On disposal of the foreign operation, the cumulative value of any such gains or losses recorded in equity is transferred to the current profit or loss.

V. SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES (CONTINUED)

(XXXVII) Debt Restructuring

1. With the Company as a creditor

The Company ceases to recognise claim when the contractual right to receive the cash flows from the claim is terminated. In the case of debt restructuring through the settlement of debt with assets or the conversion of debt into equity instruments, the Company recognises the relevant assets when they meet their definitions and recognition criteria.

In the case of debt restructuring through the settlement of debt with assets, the Company initially recognises the acquired non-financial assets, which are measured at cost. The cost of inventory includes the fair value of the waived claim and other costs directly attributable to bringing the asset to its present location and condition, such as taxes, transportation fees, loading and unloading fees, insurance fees, and so on. The cost of an investment in an associate or a joint venture includes the fair value of the waived claim and other costs directly attributable to the asset, such as taxes. The cost of investment property includes the fair value of the waived claim and other costs directly attributable to the asset, such as taxes. The cost of fixed assets includes the fair value of the waived claim and and other costs directly attributable to the asset, such as taxes, transportation fees, loading and unloading fees, installation fees, professional service fees, etc., incurred before the asset reaches its intended usable state. The cost of biological assets includes the fair value of the waived claim and other costs directly attributable to the asset, such as taxes, transportation fees, and insurance fees. The cost of intangible assets includes the fair value of the waived claim and other costs directly attributable to preparing the asset for its intended use, such as taxes. In the case of debt restructuring through the conversion of debt into equity instruments, which results in the creditor converting the claim into an equity investment in an associate or a joint venture, the Company measures the initial investment cost at the fair value of the waived claim and other costs (including taxes) directly attributable to the asset. The difference between the fair value of the waived claim and its carrying amount is recognised in profit or loss for the current period.

In the case of debt restructuring through the modification of other terms, the Company recognises and measures the restructured claim in accordance with the section “V. (XI) Financial Instruments” in the notes.

Where debt restructuring is carried out through the settlement of debt with multiple assets or a combination of methods, the Company first recognises and measures the acquired financial assets and the restructured claim in accordance with the section “V. (XI) Financial Instruments” in the notes, and then allocates the net amount of the fair value of the waived claim after deducting the recognised amount of the acquired financial assets and the restructured claim, based on the proportion of the fair values of the assets other than the acquired financial assets, and determines the cost of each asset using the aforementioned methods. The difference between the fair value of the waived claim and its carrying amount is recognised in profit or loss for the current period.

V. SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES (CONTINUED)

(XXXVII) Debt Restructuring (Continued)

2. With the Company as a debtor

The Company derecognizes a liability when the present obligation for the debt is discharged.

In the case of debt restructuring through the settlement of debt with assets, the Company derecognizes the relevant assets and the settled debt when the derecognition criteria are met. The difference between the carrying amount of the settled debt and the carrying amount of the transferred assets is recognised in profit or loss for the current period.

In the case of debt restructuring through the conversion of debt into equity instruments, the Company derecognizes the settled debt when the derecognition criteria are met. Upon initial recognition of the equity instruments, the Company measures them at fair value. If the fair value of the equity instruments cannot be reliably measured, the Company measures based on the fair value of the settled debt. The difference between the carrying amount of the settled debt and the recognised amount of the equity instruments is recognised in profit or loss for the current period.

In the case of debt restructuring through the modification of other terms, the Company recognizes and measures the restructured liability in accordance with the section "V. (XI) Financial Instruments" in the notes.

In the case of debt restructuring through the settlement of debt with multiple assets or a combination of methods, the Company recognizes and measures the equity instruments and restructured liability using the aforementioned methods. The difference between the carrying amount of the settled debt and the sum of the carrying amount of the transferred assets and the recognised amounts of the equity instruments and restructured liability is recognised in profit or loss for the current period.

(XXXVIII) Segment Report

The Company determines operating segments based on internal organization structure, management requirements and internal reporting system, determines reporting segments based on operating segments, and disclose the information of the segments.

Operating segment refers to the component parts of the Company that meet the following conditions at the same time: (1) the component parts can generate income and incur expenses in daily activities; (2) the Company's management can regularly evaluate the operating results thereof in order to decide allocation of resources and evaluate their performance; and (3) the Company can obtain relevant accounting information such as the financial status, operating results and cash flows of the component parts. If two or more operating segments have similar economic characteristics, and have met a certain condition, they will be merged into one operating segment.

V. SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES (CONTINUED)

(XXXIX) Fair Value Measurement

The Company measures the relevant assets or liabilities at fair value based on the following assumptions:

– The sale of assets or the transfer of liabilities between market participants on the measurement date is conducted in an orderly transaction under current market conditions.

– The fair value measurement is based on the presumption that the transaction to sell the asset or transfer the liability takes place in the principal market for the asset or liability or in the most advantageous market for the asset or liability when a principal market is absent.

– The fair value of an asset or a liability is measured using the assumptions that market participants would use when pricing the asset or liability, assuming that market participants act in their economic best interest.

According to the nature of the said transaction and the characteristic of the said assets or liabilities, the Company recognizes the transaction value as the fair value of initial recognition.

If other relevant accounting standards require or permit the Company to conduct initial measurement on the relevant assets or liabilities at the said fair value, and the transaction value is different from the fair value, the Company will include relevant gains or losses in the current profit or loss, unless otherwise specified in other relevant accounting standards.

For the measurement of non-financial assets at fair value, the capability of the market participant in bringing about economic interest via the best use of such assets, or the capability in selling such assets to the other market participant for bringing about economic interest with the best use of such assets should be taken into account.

The valuation techniques which are applicable to the current situation and have sufficient usable data and other information support are taken into account by the Company for the adoption of valuation technique. Relevant observable input values are preferentially adopted for valuation techniques, and the unobservable input values can be used only when the observable input values are unable or unpractical to be obtained.

V. SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES (CONTINUED)

(XXXIX) Fair Value Measurement (Continued)

Input values used in the fair value measurement are divided into three levels:

- Level 1-Quoted (unadjusted) market prices in active markets for identical assets or liabilities;
- Level 2-Input that is observable for related assets or liabilities, either directly or indirectly, but other than the input of the Level 1;
- Level 3-Input that is unobservable for related assets or liabilities.

The level of the measurement result of fair value shall be subject to the lowest level which the input that is of great significance to the measurement of fair value as a whole.

The Company's assets and liabilities measured at fair value mainly include: receivables for financing, other equity instrument investments etc..

(XL) Safety production expenses

According to the regulation about the extraction and use of enterprise safety production expenses' administration (Cai Zi [2022] No. 136), issued by the Ministry of Finance of the People's Republic of China and the Ministry of Emergency Management of the People's Republic of China, Safety production expenses provided for as required were included in cost of product or the current profit and loss, and credited in special reserve.

And the funds are treated separately depending on whether fixed assets are resulted when being used: funds related to expenditure is offset against special reserve directly while those forming fixed assets will consolidate expenditure incurred and recognized as fixed assets when such assets are ready for their intended use, at the same time offsetting equivalent amounts in the special reserve and recognizing equivalent amounts of accumulated depreciation.

V. SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES (CONTINUED)

(XLI) Significant accounting judgments and estimates

☑ Applicable ☐ Not Applicable

The preparation of the financial statements requires management to make judgements, estimations and assumption that affect the reported amounts and disclosures of revenues, expenses, assets and liabilities, and the disclosure of contingent liabilities at the balance sheet date. However, uncertainty about these assumptions and estimations could result in outcomes that could require a material adjustment to the carrying amounts of the assets or liabilities affected in the future.

1. Judgements

In the process of applying the Company's accounting policies, management has made the following judgements which have the most significant effect on the amounts recognised in the financial statements:

(1) Operating leases – the Group as lessor

The Company has entered into operating leases on its investment property portfolio. The Company has determined, based on an evaluation of the terms and conditions of the arrangements, that it retains all the significant risks and rewards of ownership of these properties which are leased out on operating leases.

(2) Determination of progress towards completion of the performance of obligations for construction contracts

The Company uses the input method to determine the progress towards completion of the performance obligations for the construction contracts. To be specific, the Company determines the progress towards completion of the performance obligations on the basis of the percentage of the accumulative actual construction costs incurred to the expected total costs. The accumulative actual costs include the direct and indirect costs incurred during the process of transferring goods to the customers. The Company believes that the construction contract price with the customers is determined on the basis of the construction costs, and the actual construction costs as a percentage of the estimated total costs can accurately reflect the progress of the construction service. The Company determines the progress of contract performance based on the proportion of the cumulative actual construction costs to the estimated total costs, and recognizes revenue accordingly. In view of the long duration of construction contracts, which may span several accounting periods, the Company will review and revise the budget as the construction contracts progress, and adjust the income recognition amount accordingly.

V. SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES (CONTINUED)

(XLI) Significant accounting judgments and estimates (Continued)

1. Judgements (Continued)

(3) The division of research stage and development stage of research and development project

The Company distinguishes between the research and development stages of internal research and development projects, the research phase for original planned surveys to acquire and understand new scientific or technical knowledge, and the application of research results or other knowledge to a programme or design prior to commercial production or use to produce new or substantially improved materials, installations, products, etc.

2. Estimation uncertainty

The key assumptions concerning the future and other key sources of estimation uncertainty at the balance sheet date, that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the future accounting periods, are described below.

(1) Construction contracts and labour service results

The Company recognises revenue based on the percentage of completion of individual contracts providing construction contracts and labour services. The management estimates the percentage of project completion based on the actual costs involved in the total budgeted costs and also estimates the relevant contract revenue. Due to the nature of the activities carried out in the contracts, the dates of the activities and the dates of completion of the activities are usually classified into different accounting periods. The Company will review and revise the budget and contract cost estimates as the contracts progress (if the actual contract revenue is less than the estimated or actual contract costs, provision for the estimated contract losses is to be made).

(2) Impairment of financial instruments and contract assets

The Company has adopted the expected credit loss model to evaluate the impairment of financial instruments and contract assets. The application of the expected credit loss model requires significant judgement and estimates and the consideration of all reasonable and soundly based information, including forward-looking information. In making such judgement and estimates, the Company estimates the projected movements of the debtor's credit risk according to past repayment records, economic policies, macro-economic indicators and industry risks, etc. Differences in estimates may have an impact on the provision for Impairment. A provision for impairment may not be equal to the actual amount of impairment losses in the future.

V. SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES (CONTINUED)

(XLI) Significant accounting judgments and estimates (Continued)

2. Estimation uncertainty (Continued)

(3) Impairment of non-current assets other than financial assets (excluding goodwill)

The Company assesses whether there are any indicators of impairment for non-current assets other than financial assets as at the balance sheet date. Non-current assets other than financial assets are tested for impairment when there are indicators that the carrying amounts may not be recoverable. An impairment exists when the carrying value of an asset or asset group exceeds its recoverable amount, which is the higher of its fair value less costs to sell and its present value of future cash flows. The calculation of the fair value less costs to sell is based on available data from binding sales transactions in an arm's length transaction of similar assets or observable market prices less incremental costs for disposing of the asset. When value in use calculations are undertaken, management must estimate the expected future cash flows from the asset or asset group and choose a suitable discount rate in order to calculate the present value of those cash flows.

(4) Impairment of goodwill

Goodwill is tested for impairment at least annually. For the purpose of impairment testing, the present value of future cash flows, which are generated from asset groups or sets of asset groups considered together with allocated goodwill, is estimated. The Company estimates the present value of future cash flows from asset groups or sets of asset groups by forecasting the related cash flow and selecting a suitable discount rate.

(5) Impairment of inventories

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

V. SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES (CONTINUED)

(XLI) Significant accounting judgments and estimates (Continued)

2. Estimation uncertainty (Continued)

(6) Deferred tax assets

Deferred tax assets are recognised for all unused tax losses to the extent that it is probable that taxable profit will be available against which the losses can be utilised. Significant management judgement is required to determine the amount of deferred tax assets that can be recognised, based upon the likely timing and level of future taxable profits together with future tax planning strategies.

(7) Measurement of defined benefit scheme obligations

The Company has recognised the supplementary retirement benefits under the defined benefit scheme as a liability. The estimated amount of these welfare expenses and liabilities shall be calculated and paid on the basis of various assumptions. These assumptions include the discount rate, the growth rate of welfare expenses during relevant period, as well as other factors. Deviations between actual results and actuarial assumptions will affect the accuracy of the relevant accounting estimates. Although the management believes that the above assumptions are reasonable, any changes in assumptions shall still affect the estimated liabilities of the relevant supplementary pension insurance and other external welfare plans.

(8) Useful lives and residual values of fixed assets

The useful lives of fixed assets are estimated based on historical experience of the Group with similar assets used in a similar way. If useful lives of the fixed assets are estimated to be shorter than previously estimated, the Company will increase the depreciation rates accordingly, or dispose of those assets that are idle or technically obsolete. In determining the useful lives and net residual values of fixed assets, the Company periodically reviews the changes in market conditions, estimated physical wear and tear, and the maintenance of an asset. The estimation of the useful life of the asset is based on historical experience of the Company with similar assets that are used in a similar way. The depreciation amount will be adjusted if the estimated useful lives and/or the net residual values of fixed assets are less than previous estimation. Useful lives and net residual values are reviewed, at each settlement date, based on changes in circumstances.

V. SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES (CONTINUED)

(XLI) Significant accounting judgments and estimates (Continued)

2. Estimation uncertainty (Continued)

(9) Lessee's incremental borrowing rate

For a lease whose rate cannot be readily determined, the Company adopts lessee's incremental borrowing rate as the discount rate in estimating the present value of the lease payment. When determining the incremental borrowing interest rate, the Company uses the observable interest rate as a reference basis for determining the incremental borrowing rate according to the economic environment in which it is located and, on this basis, adjusts the reference interest rate according to the specific circumstances of the lease business, such as its own conditions, the underlying asset's condition, the lease term and the amount of the lease liability for obtaining an appropriate incremental borrowing rate.

(10) Quality guarantee

The Company will make a reasonable estimate of the warranty rate for the contract combination with similar characteristics based on historical warranty data and current warranty conditions, taking into account all relevant information such as product improvement and market changes. The estimate of the warranty rate may not be equal to the actual warranty rate in the future. The Company re-evaluates the warranty rate at least on each balance sheet date and determines the estimated liabilities based on the re-evaluated warranty rate.

V. SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES (CONTINUED)

(XLII) Changes in significant accounting policies and accounting estimates

1. Changes in major accounting policies

☑ Applicable ☐ Not Applicable

Implementation of the Provisions of the Q&A on implementation of the accounting standards for enterprises concerning the accounting treatment of standard warrant transactions

The Ministry of Finance issued an implementation Q&A on the accounting treatment of standard warrant transactions on 8 July 2025, which clearly stipulates that, in accordance with the Accounting Standards for Enterprises No. 22 – Recognition and Measurement of Financial Instruments, where an enterprise enters into contracts for the frequent purchase and sale of standard warrants on a futures trading venue for the purpose of profiting from price differences, without taking physical delivery of the commodity underlying the standard warrants, this typically indicates that the enterprise has the practice of reselling the subject matter of the contract within a short period after receipt to profit from short-term fluctuations. The enterprise shall treat such contracts for the purchase and sale of standard warrants as financial instruments and apply the provisions of the Accounting Standards for Enterprises No. 22 – Recognition and Measurement of Financial Instruments. Where an enterprise, having obtained standard warrants under the aforementioned contracts, resells them within a short period, it shall not recognise sales revenue, but shall instead recognise the difference between the consideration received and the carrying amount of the standard warrants sold in investment income; where an enterprise holds standard warrants that have not been sold at the end of the period, it shall present them as other current assets. For standard warrants obtained under the aforementioned contracts, if it can eliminate or significantly reduce an accounting mismatch, the enterprise may elect to measure them at fair value through profit or loss upon initial recognition, and shall apply such election consistently to all standard warrants meeting the eligibility criteria. For standard warrants for which the fair value through profit or loss election has been made upon initial recognition, the enterprise shall not revoke such election in subsequent periods.

In accordance with the requirements of the Notice on Strictly Implementing the Accounting Standards for Enterprises and Effectively Preparing the 2025 Annual Reports (Cai Kuai [2025] No. 33), an enterprise that adjusts its accounting policies as a result of implementing the aforementioned provisions on standard warrants shall adjust the information for the comparable period in its financial statements.

The implementation of these provisions has not had a material impact on the financial position or results of operations of the Company.

2. Changes in significant accounting estimates

☐ Applicable ☑ Not Applicable

V. SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES (CONTINUED)

(XLIII) First implementation of new accounting standards or interpretations of standards from 2025, involving adjustments to the financial statements at the beginning of the year of first implementation

☐ Applicable ☑ Not Applicable

(XLIV) Others

☐ Applicable ☑ Not Applicable

VI. TAXATION

(I) Main taxes and tax rates

Details of Major Tax Categories and Rates

☑ Applicable ☐ Not Applicable

Category	Tax determination basis	Tax rate (%)
Value-added tax	The VAT payable is the difference between output tax (calculated based on sales of goods and taxable service income under the tax laws) and the deductible input tax for the current period	6%, 9%, 13%
Urban maintenance and construction tax	Levied on the basis of VAT actually paid	5%, 7%
Corporate income tax	Levied on the basis of taxable profits	15%, 16.5%, 20%, 25%

Disclosure statement of taxable entities subject to different enterprise income tax rates

☑ Applicable ☐ Not Applicable

Name of taxable entities	Income tax rate (%)
China Railway Signal & Communication International Co., Ltd.	16.50
CRSC Guangdong, Hong Kong and Macau (Guangzhou) Transportation Technology Co., Ltd.	15
Beijing CRSC Engineering Consulting Co., Ltd.	15
Beijing Railway Signal Co., Ltd.	15
CRSCD	15
Tianshui Railway Cable Co., Ltd.	15
Jiaozuo Railway Cable Co., Ltd.	15
CRSC Changsha Railway	15
Shenyang Railway Signal Co., Ltd.	15
Tianjin Railway Signal Co., Ltd.	15
Xi'an Railway Signal Co., Ltd.	15
Shanghai Railway Communication Co., Ltd.	15
Shanghai DEUTA Electronic & Electrical Equipment Co., Ltd.	15
CASCO	15
Chengdu Railway Communication Equipment Co., Ltd.	15
CASCO Signal (Chengdu) Co., Ltd.	15
CASCO Signal (Zhengzhou) Co., Ltd.	15

VI. TAXATION (CONTINUED)

(I) Main taxes and tax rates (Continued)

Name of taxable entities	Income tax rate (%)
CASCO Signal (Xi'an) Co., Ltd.	15
Beijing Norrath Stantefon Communication Equipment Co., Ltd.	15
CRSCC	15
CRSC Communication & Information Group Shanghai Company Ltd.	15
CRSC Information Industry Co., Ltd.	15
CRSC Low-Altitude Intelligent	15
Beijing National Railway Brilliance Communication Technology Co., Ltd.	15
Changsha Architectural Design Institute Co., Ltd.	15
CRSC Engineering Bureau Group Construction Engineering Co., Ltd.	15
CRSC Engineering Bureau Group Beijing Research and Design Laboratory Center Co., Ltd.	15
Shanghai China Railway Communication & Signal Testing Co., Ltd.	15
CRSC Wanquan Signal Equipment Co., Ltd.	15
Shanghai Xinhai Xintong Information Technology Co., Ltd.	15
Urban Rail Transit	15
Xi'an Quanlutonghao Equipment Research Co., Ltd.	15
CASCO Signal (Beijing) Co., Ltd.	15
Xi'an Tonghao Railway Signaling Products Inspection Station Co., Ltd	20
Zhengzhou Zhongyuan Railway Railway Transportation Operation and Maintenance Co., Ltd.	20
CASCO Signal (Wuhan) Co., Ltd.	20
CASCO Signal (Xuzhou) Co., Ltd.	20
CASCO Signal (Jinan) Co., Ltd.	20
Jincheng State-owned Capital Investment Railway Operation and Maintenance Co., Ltd.	20
CRSC Jintou Intelligent Technology (Shanxi) Co., Ltd.	20

VI. TAXATION (CONTINUED)

(II) Tax preference

☑ Applicable ☐ Not Applicable

1. Refund-upon-collection policy for VAT for software enterprises

According to the Notice of the State Council on Issuing Several Policies on Further Encouraging the Development of the Software and Integrated Circuit Industries (Guo Fa [2011] No. 4) (國發[2011]4號文件國務院關於印發進一步鼓勵軟件產業和集成電路產業發展若干政策的通知) issued by the State Council, CRSCD, Beijing Railway Signal Co., Ltd., CASCO, CRSCC, Beijing Norrath Stantefon Communication Equipment Co., Ltd., Chengdu Railway Communication Equipment Co., Ltd., Urban Rail Transit, and CRSC Wanquan Signal Equipment Co., Ltd. enjoy the refund-upon-collection policy for the portion of VAT exceeding 3% for software enterprises.

2. Tax preferential policy for high-new technology enterprises

(1) CRSC Guangdong, Hong Kong and Macau (Guangzhou) Transportation Technology Co., Ltd. Applied and was finally recognised as a high-new technology enterprise in 2020. The company submitted the high-tech enterprise qualification review materials to the competent authorities in 2023 and obtained the updated high-new technology enterprise certificate on 28 December 2023. is valid for three years. The company shall pay enterprise income tax at the preferential tax rate of 15% from 2023 to 2025.

(2) Beijing CRSC Engineering Consulting Co., Ltd. applied and was finally recognised as a high-new technology enterprise in 2014. The company submitted the high-tech enterprise qualification review materials to the competent authorities in 2023 and obtained the updated high-new technology enterprise certificate on 20 December 2023. The certificate is valid for three years. The company shall pay enterprise income tax at the preferential tax rate of 15% from 2023 to 2025.

(3) Beijing Railway Signal Co., Ltd. applied and was finally recognised as a high-new technology enterprise in 2011. The company submitted the high-tech enterprise qualification review materials to the competent authorities in 2023 and obtained the updated high-new technology enterprise certificate on 2 December 2023. The certificate is valid for three years. The company shall pay enterprise income tax at the preferential tax rate of 15% from 2023 to 2025.

(4) CRSCD applied and was finally recognised as a high-new technology enterprise in 2011. The company submitted the high-tech enterprise qualification review materials to the competent authorities in 2023 and obtained the updated high-new technology enterprise certificate on 26 October 2023. The certificate is valid for three years. The company shall pay enterprise income tax at the preferential tax rate of 15% from 2023 to 2025.

VI. TAXATION (CONTINUED)

(II) Tax preference (Continued)

2. Tax preferential policy for high-new technology enterprises (Continued)

(5) Tianshui Railway Cable Co., Ltd. applied and was finally recognised as a high-new technology enterprise in 2012. The company submitted the high-tech enterprise qualification review materials to the competent authorities in 2024 and obtained the updated high-new technology enterprise certificate on 28 October 2024. The certificate is valid for three years. The company shall pay enterprise income tax at the preferential tax rate of 15% from 2024 to 2026.

(6) Jiaozuo Railway Cable Co., Ltd. was recognized as a High-Tech Enterprise in 2013. In 2025, it submitted the re-examination materials for the High-Tech Enterprise qualification to the competent authority, and obtained the updated High-Tech Enterprise qualification certificate on 23 December 2025, with a validity period of three years. The Company shall pay enterprise income tax at the preferential tax rate of 15% from 2025 to 2027.

(7) CRSC Changsha Railway applied and was finally recognised as a high-new technology enterprise in 2017. The company submitted the high-tech enterprise qualification review materials to the competent authorities in 2023 and obtained the updated high-new technology enterprise certificate on 16 October 2023. The certificate is valid for three years. The company shall pay enterprise income tax at the preferential tax rate of 15% from 2023 to 2025.

(8) Shenyang Railway Signal Co., Ltd. applied and was finally recognised as a high-new technology enterprise in 2012. The company submitted the high-tech enterprise qualification review materials to the competent authorities in 2024 and obtained the updated high-new technology enterprise certificate on 27 November 2024. The certificate is valid for three years. The company shall pay enterprise income tax at the preferential tax rate of 15% from 2024 to 2026.

(9) Tianjin Railway Signal Co., Ltd. applied and was finally recognised as a high-new technology enterprise in 2012. The company submitted the high-tech enterprise qualification review materials to the competent authorities in 2024 and obtained the updated high-new technology enterprise certificate on 31 October 2024. The certificate is valid for three years. The company shall pay enterprise income tax at the preferential tax rate of 15% from 2024 to 2026.

VI. TAXATION (CONTINUED)

(II) Tax preference (Continued)

2. Tax preferential policy for high-new technology enterprises (Continued)

(10) Xi'an Railway Signal Co., Ltd. applied and was finally recognised as a high-new technology enterprise in 2015. The company submitted the high-tech enterprise qualification review materials to the competent authorities in 2024 and obtained the updated high-new technology enterprise certificate on 03 December 2024. The certificate is valid for three years. The company shall pay enterprise income tax at the preferential tax rate of 15% from 2024 to 2026.

(11) Shanghai Railway Communication Co., Ltd. applied and was finally recognised as a high-new technology enterprise in 2011. The company submitted the high-tech enterprise qualification review materials to the competent authorities in 2023 and obtained the updated high-new technology enterprise certificate on 12 December 2023. The certificate is valid for three years. The company shall pay enterprise income tax at the preferential tax rate of 15% from 2023 to 2025.

(12) Shanghai DEUTA Electronic & Electrical Equipment Co., Ltd. applied and was finally recognised as a high-new technology enterprise in 2012. The company submitted the high-tech enterprise qualification review materials to the competent authorities in 2024 and obtained the updated high-new technology enterprise certificate on 26 December 2024. The certificate is valid for three years. The company shall pay enterprise income tax at the preferential tax rate of 15% from 2024 to 2026.

(13) CASCO applied and was finally recognised as a high-new technology enterprise in 2014. The company submitted the high-tech enterprise qualification review materials to the competent authorities in 2023 and obtained the updated high-new technology enterprise certificate on 15 November 2023. The certificate is valid for three years. The company shall pay enterprise income tax at the preferential tax rate of 15% from 2023 to 2025.

(14) Chengdu Railway Communication Equipment Co., Ltd. applied and was finally recognised as a high-new technology enterprise in 2014. The company submitted the high-tech enterprise qualification review materials to the competent authorities in 2023 and obtained the updated high-new technology enterprise certificate on 16 October 2023. The certificate is valid for three years. The company shall pay enterprise income tax at the preferential tax rate of 15% from 2023 to 2025.

VI. TAXATION (CONTINUED)

(II) Tax preference (Continued)

2. Tax preferential policy for high-new technology enterprises (Continued)

(15) CASCO Signal (Chengdu) Co., Ltd. applied for the High-Tech Enterprise qualification in 2019 and was recognized as a High-Tech Enterprise on 28 November 2019. In 2025, it submitted the re-examination materials for the High-Tech Enterprise qualification to the competent authority, and obtained the updated High-Tech Enterprise qualification certificate on 8 December 2025, with a validity period of three years. The Company shall pay enterprise income tax at the preferential tax rate of 15% from 2025 to 2027.

(16) CASCO Signal (Zhengzhou) Co., Ltd. applied and was finally recognised as a high-new technology enterprise in 28 October 2021. The company submitted the high-tech enterprise qualification review materials to the competent authorities in 2024 and obtained the updated high-new technology enterprise certificate on 21 November 2024. The certificate is valid for three years. The company shall pay enterprise income tax at the preferential tax rate of 15% from 2024 to 2026.

(17) CASCO Signal (Xi'an) Co., Ltd. applied for and was recognized as a high-tech enterprise on 16 December 2024, obtaining the High-Tech Enterprise Certificate, valid for three years. CASCO Signal (Xi'an) Co., Ltd. enjoys a preferential corporate income tax rate of 15% from 2024 to 2026.

(18) Beijing Norrath Stantefon Communication Equipment Co., Ltd. applied for and was recognized as a high-tech enterprise in 2011. In 2023, the company submitted materials for the re-evaluation of its high-tech enterprise qualification to the competent authorities and obtained the updated High-Tech Enterprise Certificate on 20 December 2023, valid for three years. The company enjoys a preferential corporate income tax rate of 15% from 2023 to 2025.

(19) CRSCC applied for and was recognized as a high-tech enterprise in 2011. In 2023, it submitted materials for the re-evaluation of its high-tech enterprise qualification to the competent authorities and obtained the updated high-tech enterprise certification on 30 November 2023, valid for three years. From 2023 to 2025, the company shall pay enterprise income tax at the preferential rate of 15%.

(20) CRSC Communication & Information Group Shanghai Company Ltd. applied for and was recognized as a high-tech enterprise in 2014. In 2023, it submitted materials for the re-evaluation of its high-tech enterprise qualification to the competent authorities and obtained the updated high-tech enterprise certification on 12 December 2023, valid for three years. From 2023 to 2025, the company shall pay enterprise income tax at the preferential rate of 15%.

VI. TAXATION (CONTINUED)

(II) Tax preference (Continued)

2. Tax preferential policy for high-new technology enterprises (Continued)

(21) CRSC Information Industry Co., Ltd. applied for and was recognized as a high-tech enterprise in 2015. In 2024, it passed the re-evaluation of its high-tech enterprise qualification and obtained the updated high-tech enterprise certification on 29 October 2024, valid for three years. From 2024 to 2026, the company shall pay enterprise income tax at the preferential rate of 15%.

(22) CRSC Low-altitude Intelligence applied for and was recognized as a high-tech enterprise in 2018. In 2024, it submitted materials for the re-evaluation of its high-tech enterprise qualification to the competent authorities and obtained the updated high-tech enterprise certification on 29 October 2024, valid for three years. From 2024 to 2026, the company shall pay enterprise income tax at the preferential rate of 15%.

(23) Beijing National Railway Brilliance Communication Technology Co., Ltd. applied for and was recognized as a high-tech enterprise in 2020. In 2023, it submitted materials for the re-evaluation of its high-tech enterprise qualification to the competent authorities and obtained the updated high-tech enterprise certification on 26 October 2023, valid for three years. From 2023 to 2025, the company shall pay enterprise income tax at the preferential rate of 15%.

(24) Changsha Architectural Design Institute Co., Ltd. applied for and was recognized as a high-tech enterprise in 2020. In 2023, it submitted materials for the re-evaluation of its high-tech enterprise qualification to the competent authorities and obtained the updated High-Tech Enterprise Certificate on 16 October 2023. The certificate is valid for three years, and the company will enjoy a preferential corporate income tax rate of 15% from 2023 to 2025.

(25) CRSC Engineering Bureau Group Construction Engineering Co., Ltd. applied for the High-Tech Enterprise qualification in 2016 and was recognized as such. In 2025, it submitted the re-examination materials for the High-Tech Enterprise qualification to the competent authority, and obtained the updated High-Tech Enterprise qualification certificate on 8 December 2025, with a validity period of three years. The Company shall pay enterprise income tax at the preferential tax rate of 15% from 2025 to 2027.

(26) CRSC Engineering Bureau Group Beijing Research and Design Laboratory Center Co., Ltd. applied for and was recognized as a high-tech enterprise in 2015. In 2024, it submitted materials for the re-evaluation of its high-tech enterprise qualification to the competent authorities and obtained the updated High-Tech Enterprise Certificate on 31 December 2024. The certificate is valid for three years, and the company will enjoy a preferential corporate income tax rate of 15% from 2024 to 2026.

VI. TAXATION (CONTINUED)

(II) Tax preference (Continued)

2. Tax preferential policy for high-new technology enterprises (Continued)

(27) Shanghai Xinhai Xintong Information Technology Co., Ltd. applied for the High-Tech Enterprise qualification in 2016 and was recognized as such. In 2025, it submitted the re-examination materials for the High-Tech Enterprise qualification to the competent authority, and obtained the updated High-Tech Enterprise qualification certificate on 25 December 2025, with a validity period of three years. The Company shall pay enterprise income tax at the preferential tax rate of 15% from 2025 to 2027.

(28) CRSC Wanquan Signal Equipment Co., Ltd. applied for and was recognized as a high-tech enterprise in 2012. In 2024, the company submitted materials for the renewal of its high-tech enterprise qualification to the competent authorities and obtained the updated high-tech enterprise certification on 16 December 2024, valid for three years. The company is subject to a preferential corporate income tax rate of 15% from 2024 to 2026.

(29) Shanghai China Railway Communication & Signal Testing Co., Ltd. applied for and was recognized as a high-tech enterprise in 2015. In 2024, the company submitted materials for the renewal of its high-tech enterprise qualification to the competent authorities and obtained the updated high-tech enterprise certification in 2024, valid for three years. The company is subject to a preferential corporate income tax rate of 15% from 2024 to 2026.

(30) Urban Rail Transit applied for and was recognized as a high-tech enterprise in 2020. In 2023, the company submitted materials for the renewal of its high-tech enterprise qualification to the competent authorities and obtained the updated high-tech enterprise certification on 26 October 2023, valid for three years. The company is subject to a preferential corporate income tax rate of 15% from 2023 to 2025.

(31) Xi'an Quanlutonghao Equipment Research Co., Ltd. applied for and was recognized as a high-tech enterprise in 2024 and obtained the high-tech enterprise certification on 16 December 2024, valid for three years. The company is subject to a preferential corporate income tax rate of 15% from 2024 to 2026.

(32) CASCO Signal (Beijing) Co., Ltd. applied for and was recognized as a high-tech enterprise in 2020. In 2023, the company submitted materials for the renewal of its high-tech enterprise qualification to the competent authorities and obtained the updated high-tech enterprise certification on 26 October 2023, valid for three years. The company is subject to a preferential corporate income tax rate of 15% from 2023 to 2025.

VI. TAXATION (CONTINUED)

(II) Tax preference (Continued)

3. Preferential taxation policies for the western development strategy

According to the Announcement of the Ministry of Finance, the State Taxation Administration and the National Development and Reform Commission on Continuation of the Enterprise Income Tax Policies of Western Development (MOF Announcement [2020] No.23), from 1 January 2021 to 31 December 2030, an enterprise in western area engaged in industries encouraged is subject to the enterprise income tax rate of 15%. Xi'an Railway Signal Co., Ltd. and Xi' an Quanlutonghao Equipment Research Co., Ltd. are eligible for the preferential tax policies related to the western development strategy.

4. Preferential taxation policies for small low-profit enterprises

Pursuant to the Announcement of the State Administration of Taxation on Issues Concerning the Implementation of Preferential Income Tax Policies to Support the Development of Small Low- Profit Enterprises (SAT Announcement [2022] No. 13) and Individual Business (SAT Announcement [2023] No. 6) and Announcement of the Ministry of Finance and the State Administration of Taxation on Further Implementing the Preferential Income Tax Policies for Small and Micro Enterprises (Announcement No. 12 [2023] of the MOF and the SAT), from 1 January 2023 to 31 December 2027, the portion of annual taxable income of a small low profit enterprise which does not exceed RMB1 million shall be calculated at a reduced rate of 25% as taxable income amount and shall be subject to EIT at 20% tax rate. Xi'an Tonghao Railway Signaling Products Inspection Station Co., Ltd, Zhengzhou Zhongyuan Railway Railway Transportation Operation and Maintenance Co., Ltd., CASCO Signal (Jinan) Co., Ltd., CASCO Signal (Wuhan) Co., Ltd., CASCO Signal (Xuzhou) Co., Ltd., Jincheng State-owned Capital Investment Railway Operation and Maintenance Co., Ltd., CRSC Jintou Intelligent Technology (Shanxi) Co., Ltd. are eligible for the preferential tax policies for small and micro-profit enterprises.

VI. TAXATION (CONTINUED)

(II) Tax preference (Continued)

5. Additional input VAT deduction policy

Pursuant to the Announcement of the Ministry of Finance and the State Taxation Administration on Additional Value-Added Tax Credit Policy for Advanced Manufacturing Enterprises (Announcement [2023] No. 43 of Ministry of Finance and State Taxation Administration, from 1 January 2023 to 31 December 2027, an advanced manufacturing enterprise is allowed to credit the amount of input tax creditable in the current period plus 5% thereof against the amount of tax payable (hereinafter referred to as the "additional tax credit policy"). Jiaozuo Railway Cable Co., Ltd., Tianshui Railway Cable Co., Ltd., Beijing Railway Signal Co., Ltd., Shenyang Railway Signal Co., Ltd., Xi'an Railway Signal Co., Ltd., Shanghai Railway Communication Co., Ltd., Tianjin Railway Signal Co., Ltd., CRSC Communication & Information Group Shanghai Company Ltd., and Changsha Architectural Design Institute Co., Ltd. enjoyed the input VAT credit policy.

6. Corporate income tax deduction policies for loan loss provisions of financial enterprises

According to the "Announcement of the Ministry of Finance and the State Administration of Taxation on the Policies Related to the Pre-tax Deduction of Corporate Income Tax for Loan Loss Reserves of Financial Enterprises" (Announcement of the Ministry of Finance and the State Administration of Taxation No. 86 of 2019), the pre-tax deduction of corporate income tax for loan loss reserves withdrawn from loan assets of financial enterprises such as policy banks, commercial banks, finance companies, urban and rural credit cooperatives, and financial leasing companies, including bank card overdrafts, discounts, and credit advances, etc., is implemented from 1 January 2019 to December 31, 2023. The formula for calculating the loan loss reserves that financial enterprises are allowed to deduct before tax in the current year is as follows:

Loan loss reserves allowed to be deducted before tax in the current year = balance of loan assets at the end of the year allowed to withdraw loan loss reserves × 1% – balance of loan loss reserves already deducted before tax as of the end of the previous year. According to the Announcement on Extending the Implementation Period of Certain Preferential Tax Policies (Announcement of the Ministry of Finance and the State Administration of Taxation No. 6 of 2021), the policy on pre-tax deduction of corporate income tax for reserves stipulated in six documents, including the Notice of the Ministry of Finance and the State Administration of Taxation on Issues Related to the Pre-tax Deduction of Corporate Income Tax for Insurance Companies' Reserve Expenditures (Cai Shui [2016] No. 114), shall continue to be implemented after the expiration of the policy. The Finance Company will enjoy this preferential tax policy in 2025.

(III) Others

☑ Applicable ☐ Not Applicable

VII. NOTES TO ITEMS IN THE CONSOLIDATED FINANCIAL STATEMENTS

(I) Monetary funds

☑ Applicable ☐ Not Applicable

Unit: Yuan Currency: RMB

Item	Closing balance	Opening balance
Cash on hand	**257,618.18**	278,854.20
Bank deposits	**21,913,207,215.04**	22,137,643,375.17
Other monetary funds	**472,649,526.31**	439,093,767.95
Deposits with Finance Company	**–**	–
Total	**22,386,114,359.53**	22,577,015,997.32
Including: Total amount deposited abroad	**100,206,077.78**	284,032,547.96

Other explanation

The relationship between the Company's monetary funds and cash and cash equivalents is as follows:

Item	Closing balance	Opening balance
Closing balance of monetary funds for the period/year	**22,386,114,359.53**	22,577,015,997.32
Less: Monetary funds with unrestricted usage rights but not belonging to cash and cash equivalents	**6,680,901,318.95**	5,727,488,863.66
Less: Restricted monetary funds	**542,779,025.99**	443,657,457.27
Closing balance of cash and cash equivalents for the period/year	**15,162,434,014.59**	16,405,869,676.39

Notes: 1. As at 31 December 2025, the Company's cash and bank balances deposited abroad were RMB100,206,077.78. (31 December 2024: RMB284,032,547.96).

2. As at 31 December 2025, the Company's restricted cash were RMB542,779,025.99. (31 December 2024: RMB443,657,457.27), see Note VII. (XXXI) to these financial statements.

3. The monetary funds with unrestricted usage rights but not belonging to cash and cash equivalents are mainly non-pledged/secured and unrestricted time deposits with maturity of three months or above.

4. Interest income from demand deposits is earned at the bank's interest rate on the demand deposits. The Company determines the period of maturity of short-term time deposit on the basis of its needs for cash and earns the interest income at the bank's corresponding interest rate on the time deposits.

VII. NOTES TO ITEMS IN THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

(II) Trading financial assets

☐ Applicable ☑ Not Applicable

(III) Held-for-trading financial assets

☐ Applicable ☑ Not Applicable

(IV) Notes receivable

1. *Breakdown of notes receivable*

☑ Applicable ☐ Not Applicable

Unit: Yuan Currency: RMB

Item	Closing balance	Opening balance
Banker acceptance bills	**486,128,192.06**	121,532,968.47
Commercial acceptance notes	**981,164,528.98**	987,800,611.99
Less: Provision for bad debt	**2,943,493.59**	4,168,183.92
Total	**1,464,349,227.45**	1,105,165,396.54

2. *Notes receivable pledged by the Company at the end of the period*

☑ Applicable ☐ Not Applicable

Unit: Yuan Currency: RMB

Item	Amount pledged at the end of the period
Banker acceptance bills	**37,545,226.24**
Commercial acceptance notes	**232,962,468.33**
Total	**270,507,694.57**

VII. NOTES TO ITEMS IN THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

(IV) Notes receivable (Continued)

3. Notes receivable endorsed or discounted by the Company at the end of the period and not yet due on the balance sheet date

☑ Applicable ☐ Not Applicable

Unit: Yuan Currency: RMB

Item	Amount derecognised at the end of the period	Amount not derecognised at the end of the period
Banker acceptance bills	–	37,545,226.24
Commercial acceptance notes	–	232,962,468.33
Total	–	270,507,694.57

4. Disclosure by the method of provision for bad debts

☐ Applicable ☑ Not Applicable

Single provision for bad debt:

☐ Applicable ☑ Not Applicable

Provision withdrawn for bad debt on a combination basis:

☐ Applicable ☑ Not Applicable

Provision withdrawn for bad debts based on general model of expected credit losses

☐ Applicable ☑ Not Applicable

Explanation on significant changes in the carrying amount of accounts receivable for which the allowance for loss has changed in the period:

☐ Applicable ☑ Not Applicable

VII. NOTES TO ITEMS IN THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

(IV) Notes receivable (Continued)

5. Provision for bad debts

☐ Applicable ☑ Not Applicable

Significant amounts recovered or reversed to bad debts in the period:

☐ Applicable ☑ Not Applicable

6. Write-off of notes receivable for the period

☐ Applicable ☑ Not Applicable

Write-off of significant notes receivable:

☐ Applicable ☑ Not Applicable

Explanation on the write-off of notes receivable:

☐ Applicable ☑ Not Applicable

Other explanation

☐ Applicable ☑ Not Applicable

VII. NOTES TO ITEMS IN THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

(V) Accounts receivable

1. Disclosure by aging on recording dates

☑ Applicable ☐ Not Applicable

Unit: Yuan Currency: RMB

Aging	Closing gross carrying amount	Book balance at the beginning of the period
Within 1 year (inclusive)	**15,113,784,983.15**	18,054,312,675.80
1 to 2 years	**6,095,332,891.27**	5,200,622,204.18
2 to 3 years	**2,771,758,047.51**	3,227,097,990.46
Over 3 years	**3,326,770,825.71**	2,418,537,902.13
Subtotal	**27,307,646,747.64**	28,900,570,772.57
Less: Provision for bad debt	**2,306,185,346.88**	1,927,205,655.94
Total	**25,001,461,400.76**	26,973,365,116.63

VII. NOTES TO ITEMS IN THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

(V) Accounts receivable (Continued)

2. Disclosure by the method of provision for bad debts

☑ Applicable ☐ Not Applicable

Unit: Yuan Currency: RMB

Category	Closing balance					Opening balance				
	Closing balance		Provision for bad debt			Closing balance		Provision for bad debt		
	Amount	Percentage (%)	Amount	Proportion (%)	Book value	Amount	Percentage (%)	Amount	Proportion (%)	Book Value
Single provision for bad debt	**492,729,713.97**	**1.80**	**420,675,887.70**	**85.38**	**72,053,826.27**	464,413,071.03	1.61	413,840,344.55	89.11	50,572,726.48
Of which:										
Single provision for bad debt	**492,729,713.97**	**1.80**	**420,675,887.70**	**85.38**	**72,053,826.27**	464,413,071.03	1.61	413,840,344.55	89.11	50,572,726.48
Provision withdrawn for bad debt on a combination basis:	**26,814,917,033.67**	**98.20**	**1,885,509,459.18**	**7.03**	**24,929,407,574.49**	28,436,157,701.54	98.39	1,513,365,311.39	5.32	26,922,792,390.15
Including:										
Provision withdrawn for bad debt on a combination basis:	**26,814,917,033.67**	**98.20**	**1,885,509,459.18**	**7.03**	**24,929,407,574.49**	28,436,157,701.54	98.39	1,513,365,311.39	5.32	26,922,792,390.15
Total	**27,307,646,747.64**	**100.00**	**2,306,185,346.88**	/	**25,001,461,400.76**	28,900,570,772.57	100.00	1,927,205,655.94	/	26,973,365,116.63

VII. NOTES TO ITEMS IN THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

(V) Accounts receivable (Continued)

2. Disclosure by the method of provision for bad debts (Continued)

Single provision for bad debt:

☑ Applicable ☐ Not Applicable

31 December 2025

Unit: Yuan Currency: RMB

	Closing balance			
Name	**Closing balance**	**Provision for bad debt**	**Proportion (%)**	**Reasons for making provision**
Single provision for bad debt	**492,729,713.97**	**420,675,887.70**	**85.38**	**–**
Total	**492,729,713.97**	**420,675,887.70**	**85.38**	**–**

31 December 2024

Unit: Yuan Currency: RMB

	Closing balance			
Name	Closing balance	Provision for bad debt	Proportion (%)	Reasons for making provision
Single provision for bad debt	464,413,071.03	413,840,344.55	89.11	–
Total	464,413,071.03	413,840,344.55	89.11	–

Explanation on single provision for bad debt:

☐ Applicable ☑ Not Applicable

Bad debt provision assessed based on credit risk portfolios:

☑ Applicable ☐ Not Applicable

Group Items:

VII. NOTES TO ITEMS IN THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

(V) Accounts receivable (Continued)

2. Disclosure by the method of provision for bad debts (Continued)

31 December 2025

Unit: Yuan Currency: RMB

	Closing balance		
Name	**Accounts receivable**	**Provision for bad debt**	**Proportion (%)**
Within 1 year	**15,112,126,753.78**	**75,274,427.52**	**0.50**
1 to 2 years	**6,092,644,279.90**	**302,315,734.36**	**4.96**
2 to 3 years	**2,765,662,050.89**	**276,511,649.67**	**10.00**
Over 3 years	**2,844,483,949.10**	**1,231,407,647.63**	**43.29**
Total	**26,814,917,033.67**	**1,885,509,459.18**	**/**

31 December 2024

Unit: Yuan Currency: RMB

	Closing balance		
Name	Accounts receivable	Provision for bad debt	Proportion (%)
Within 1 year	18,053,365,964.43	89,718,212.07	0.50
1 to 2 years	5,195,941,361.98	259,268,958.52	4.99
2 to 3 years	3,226,628,723.55	322,470,221.40	9.99
Over 3 years	1,960,221,651.58	841,907,919.40	42.95
Total	28,436,157,701.54	1,513,365,311.39	/

VII. NOTES TO ITEMS IN THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

(V) Accounts receivable (Continued)

2. Disclosure by the method of provision for bad debts (Continued)

Explanation on provision withdrawn for bad debt on a combination basis:

☐ Applicable ☑ Not Applicable

Provision withdrawn for bad debts based on general model of expected credit losses

☐ Applicable ☑ Not Applicable

Explanation on significant changes in the carrying amount of accounts receivable for which the allowance for loss has changed in the period:

☐ Applicable ☑ Not Applicable

VII. NOTES TO ITEMS IN THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

(V) Accounts receivable (Continued)

3. Provision for bad debts

☑ Applicable ☐ Not Applicable

31 December 2025

Unit: Yuan Currency: RMB

Category	Opening balance	Change during the period				Closing balance
		Provision	Recovery or reversal	Write-off or cancellation	Other changes	
Single provision for bad debt	413,840,344.55	6,856,508.46	20,965.31	–	–	420,675,887.70
Provision withdrawn for bad debt on a combination basis	1,513,365,311.39	372,150,905.03	–	675.53	-6,081.71	1,885,509,459.18
Total	1,927,205,655.94	379,007,413.49	20,965.31	675.53	-6,081.71	2,306,185,346.88

Significant amounts recovered or reversed to bad debts in the period:

Item	Amount Recovered
Amount recovered during the period	20,965.31

VII. NOTES TO ITEMS IN THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

(V) Accounts receivable (Continued)

3. Provision for bad debts (Continued)

31 December 2024

Unit: Yuan Currency: RMB

Category	Opening balance	Change in amount during the period				Closing balance
		Provision	Recovery or reversal	Write-off or cancellation	Other changes	
Single provision for bad debt	408,995,657.16	9,617,917.45	4,577,696.22	195,533.84	–	413,840,344.55
Provision withdrawn for bad debt on a combination basis	1,196,873,265.78	316,500,354.76	–	13,708.00	5,398.85	1,513,365,311.39
Total	1,605,868,922.94	326,118,272.21	4,577,696.22	209,241.84	5,398.85	1,927,205,655.94

Significant amounts recovered or reversed to bad debts in the period:

☑ Applicable ☐ Not Applicable

Amount of bad debt provision recovered or reversed in the prior period:

Item	Amount recovered
Recovered in the current period	**4,577,696.22**

VII. NOTES TO ITEMS IN THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

(V) Accounts receivable (Continued)

4. Write-off of accounts receivable for the period

☑ Applicable ☐ Not Applicable

2025

Unit: Yuan Currency: RMB

Item	Write-off amount
Accounts receivable actually written off	**675.53**

2024

Unit: Yuan Currency: RMB

Item	Write-off amount
Accounts receivable actually written off	209,241.84

Write-off of Significant accounts receivable

☐ Applicable ☑ Not Applicable

Explanation on the write-off of accounts receivable:

☐ Applicable ☑ Not Applicable

VII. NOTES TO ITEMS IN THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

(V) Accounts receivable (Continued)

5. Details of the top five accounts receivable and contract assets by debtor based on ending balances

☑ Applicable ☐ Not Applicable

Other explanation

As at 31 December 2025, the total amount of top five accounts receivable and contract assets by closing balance of debtors amounted to RMB3,136,248,116.66 in total, accounting for 5.20% of the total closing balance of accounts receivable and contract assets. The closing balance of the corresponding provision for bad debt amounted to RMB67,487,784.81 in total.

As at 31 December 2024, the total amount of top five accounts receivable and contract assets by closing balance of debtors amounted to RMB3,033,480,470.74 in total, accounting for 4.93% of the total closing balance of accounts receivable and contract assets. The closing balance of the corresponding provision for bad debt amounted to RMB115,884,386.41 in total.

6. Restricted accounts receivable

Other explanation:

☑ Applicable ☐ Not Applicable

As at 31 December 2025, the Company pledged trade receivables of RMB688,685,201.79 and other non-current assets of RMB4,738,943,742.04 (31 December 2024: trade receivables of RMB680,198,573,12, other non-current assets: RMB4,915,049,570.76) pledged for obtaining long-term loans of RMB2,972,083,923.00 (31 December 2024: RMB3,037,783,923.00), please refer to "Note Ⅶ. (XXXI)" for details.

As at 31 December 2025, the outstanding amount of the Company's accounts receivable factoring business with recourse was RMB234,849,903.52.

VII. NOTES TO ITEMS IN THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

(VI) Contract assets

1. *Information of contract assets*

☑ Applicable ☐ Not Applicable

Unit: Yuan Currency: RMB

Item	Closing balance			Opening balance		
	Closing balance	**Provision for bad debt**	**Carrying amount**	Closing balance	Provision for bad debt	Carrying amount
Completed but not yet settled	**32,964,369,050.41**	**115,610,260.63**	**32,848,758,789.78**	32,610,986,208.78	140,768,010.62	32,470,218,198.16
Total	**32,964,369,050.41**	**115,610,260.63**	**32,848,758,789.78**	32,610,986,208.78	140,768,010.62	32,470,218,198.16

2. *Amount of and reason for significant change in carrying amount within the Reporting Period*

☐ Applicable ☑ Not Applicable

3. *Disclosure by the method of provision for bad debts*

☐ Applicable ☑ Not Applicable

Single provision for bad debt:

☐ Applicable ☑ Not Applicable

Explanation on single provision for bad debt:

☐ Applicable ☑ Not Applicable

Provision withdrawn for bad debt on a combination basis:

☐ Applicable ☑ Not Applicable

VII. NOTES TO ITEMS IN THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

(VI) Contract assets (Continued)

3. Disclosure by the method of provision for bad debts (Continued)

Provision withdrawn for bad debts based on general model of expected credit losses

☐ Applicable ☑ Not Applicable

Basis for classification by stage and provision ratios for bad debt

Explanation on significant changes in the carrying amount of contract assets during the period due to variations in loss provisions:

☐ Applicable ☑ Not Applicable

4. Provision for impairment of contract assets in the period

☑ Applicable ☐ Not Applicable

2025

Unit: Yuan Currency: RMB

Item	Opening balance	Change during the period			Other changes	Closing balance
		Provision for the period	Recovery or reversal for the period	Cancellation or write-off for the period		
Completed but not yet settled	140,768,010.62	-25,143,784.82	–	–	-13,965.17	115,610,260.63
Total	140,768,010.62	-25,143,784.82	–	–	-13,965.17	115,610,260.63

VII. NOTES TO ITEMS IN THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

(VI) Contract assets (Continued)

4. Provision for impairment of contract assets in the period (Continued)

2024

Unit: RMB Currency: RMB

Item	Closing balance of last year	Change during the period			Other changes	Closing balance
		Provision for the period	Recovery or reversal for the period	Cancellation or write-off for the period		
Completed but not yet settled	138,615,122.56	2,144,319.83	–	–	8,568.23	140,768,010.62
Total	138,615,122.56	2,144,319.83	–	–	8,568.23	140,768,010.62

Notes: 1. Contract assets of the Company are derived from provision of construction services to customers and recognition of revenue over a period of time. At time of settlement of project-related payments, any such contract asset turns into the unconditional right to collect payments and is transferred into the receivables.

2. As of 31 December 2025, the expected credit loss rate for contract assets was 0.35% (0.43% as of 31 December 2024).

Significant amounts recovered or reversed to bad debts in the period:

☐ Applicable ☑ Not Applicable

VII. NOTES TO ITEMS IN THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

(VI) Contract assets (Continued)

5. Write-off of contract assets for the period

☐ Applicable ☑ Not Applicable

Write-off of significant contract assets

☐ Applicable ☑ Not Applicable

Explanation on the write-off of contract assets:

☐ Applicable ☑ Not Applicable

Other explanation:

☐ Applicable ☑ Not Applicable

(VII) Receivables for financing

1. Breakdown of financing receivables

☑ Applicable ☐ Not Applicable

Unit: Yuan Currency: RMB

Item	Closing balance	Opening balance
Bank acceptance bills	**262,330,433.06**	289,295,442.21
Other credit instruments measured at fair value through other comprehensive income	**533,376,726.36**	486,540,407.19
Total	**795,707,159.42**	775,835,849.40

Note: The Company endorses or discounts certain bank acceptance bills in its daily treasury management. The business model for managing the aforementioned notes receivable and other credit instruments aims at both the collection and sales of contractual cash flows; therefore, the Company reclassifies these notes receivable and other credit instruments as financial assets at fair value through other comprehensive income, and presents them as receivable for financing.

VII. NOTES TO ITEMS IN THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

(VII) Receivables for financing (Continued)

2. Accounts receivable pledged by the Company at the end of the period (Continued)

☐ Applicable ☑ Not Applicable

3. Financing of accounts receivable endorsed or discounted by the Company at the end of the period and not yet due on the balance sheet date

☑ Applicable ☐ Not Applicable

Unit: Yuan Currency: RMB

Item	**Amount derecognised at the end of the period**	Amount not derecognised at the end of the period
Bank acceptance bills	**715,094,331.33**	–
Other credit instruments measured at fair value through other comprehensive income	**368,470,627.82**	–
Total	**1,083,564,959.15**	–

VII. NOTES TO ITEMS IN THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

(VII) Receivables for financing (Continued)

4. Disclosure by the method of provision for bad debts

☐ Applicable ☑ Not Applicable

Single provision for bad debt:

☐ Applicable ☑ Not Applicable

Explanation on single provision for bad debt:

☐ Applicable ☑ Not Applicable

Provision withdrawn for bad debt on a combination basis:

☐ Applicable ☑ Not Applicable

Provision withdrawn for bad debts based on general model of expected credit losses

☐ Applicable ☑ Not Applicable

Explanation on significant changes in the carrying amount of receivables for financing for which the allowance for loss has changed in the period:

☐ Applicable ☑ Not Applicable

5. Provision for bad debts

☐ Applicable ☑ Not Applicable

Significant amounts recovered or reversed to bad debts in the period:

☐ Applicable ☑ Not Applicable

VII. NOTES TO ITEMS IN THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

(VII) Receivables for financing (Continued)

6. *Write-off of notes receivable for the period*

☐ Applicable ☑ Not Applicable

Write-off of significant notes receivables for financing

☐ Applicable ☑ Not Applicable

Explanation on write-off:

☐ Applicable ☑ Not Applicable

7. *The increase/decrease and fair value change of receivables for financing in the period:*

☐ Applicable ☑ Not Applicable

8. *Other explanation:*

☐ Applicable ☑ Not Applicable

(VIII) Prepayments

1. *Ageing analysis of prepayments*

☑ Applicable ☐ Not Applicable

Unit: Yuan Currency: RMB

Aging	Closing balance		Opening balance	
	Amount	**Proportion (%)**	Amount	Proportion (%)
Within 1 year	**795,507,203.73**	**65.82**	780,494,159.43	67.21
1 to 2 years	**218,116,781.60**	**18.05**	228,887,866.56	19.71
2 to 3 years	**78,514,952.53**	**6.50**	111,213,218.50	9.58
Over 3 years	**116,510,707.37**	**9.63**	40,713,153.05	3.50
Total	**1,208,649,645.23**	**100.00**	1,161,308,397.54	100.00

VII. NOTES TO ITEMS IN THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

(VIII) Prepayments (Continued)

2. Top five prepayments by closing balance of prepaid parties

☑ Applicable ☐ Not Applicable

As at 31 December 2025, the total amount of top five prepayments by closing balance of prepaid parties amounted to RMB164,066,616.62, accounting for 13.57% of the closing balance of the total prepayments.

As at 31 December 2024, the total amount of top five prepayments by closing balance of prepaid parties amounted to RMB119,752,714.36, accounting for 10.31% of the closing balance of the total prepayments.

Other explanation

☐ Applicable ☑ Not Applicable

VII. NOTES TO ITEMS IN THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

(IX) Other receivables

Presentation of items

☑ Applicable ☐ Not Applicable

Unit: Yuan Currency: RMB

Item	Closing balance	Opening balance
Interests receivable	**–**	–
Dividends receivable	**9,391,355.40**	5,808,000.00
Other receivables	**1,518,459,031.81**	1,606,871,459.07
Total	**1,527,850,387.21**	1,612,679,459.07

Other explanation:

☐ Applicable ☑ Not Applicable

VII. NOTES TO ITEMS IN THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

(IX) Other receivables (Continued)

Interests receivable

1. *Classification of interest receivable*

☐ Applicable ☑ Not Applicable

2. *Significant overdue interest*

☐ Applicable ☑ Not Applicable

3. *Disclosure by the method of provision for bad debts*

☐ Applicable ☑ Not Applicable

Single provision for bad debt:

☐ Applicable ☑ Not Applicable

Explanation on single provision for bad debt:

☐ Applicable ☑ Not Applicable

Provision withdrawn for bad debt on a combination basis:

☐ Applicable ☑ Not Applicable

4. *Provision withdrawn for bad debts based on general model of expected credit losses*

☐ Applicable ☑ Not Applicable

Explanation on significant changes in the carrying amount of interests receivable for which the allowance for loss has changed in the period:

☐ Applicable ☑ Not Applicable

VII. NOTES TO ITEMS IN THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

(IX) Other receivables (Continued)

Interests receivable (Continued)

5. Provision for bad debts

☐ Applicable ☑ Not Applicable

Significant amounts recovered or reversed to bad debts in the period:

☐ Applicable ☑ Not Applicable

6. Write-off of interest receivable for the period

☐ Applicable ☑ Not Applicable

Write-off of significant interest receivable

☐ Applicable ☑ Not Applicable

Explanation on write-off:

☐ Applicable ☑ Not Applicable

Other explanation:

☐ Applicable ☑ Not Applicable

VII. NOTES TO ITEMS IN THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

(IX) Other receivables (Continued)

Dividends receivable

1. Dividends receivable

☑ Applicable ☐ Not Applicable

Unit: Yuan Currency: RMB

Item (or Investee)	Closing balance	Opening balance
CRSC Smart Data Technology (Beijing) Co., Ltd.	**1,008,000.00**	1,008,000.00
Siemens Signaling Company Ltd.	**3,990,000.00**	4,800,000.00
Wuhan Intelligent Metro Technology Co., Ltd.	**1,340,621.64**	–
Tianjin Jingui Huihai Technology Development Co., Ltd.	**1,552,733.76**	–
China Tietong Railway Operation Co., Ltd.	**1,500,000.00**	–
Subtotal	**9,391,355.40**	5,808,000.00
Less: Provision for bad debt	**–**	–
Total	**9,391,355.40**	5,808,000.00

2. Significant dividends receivable aging over 1 year

☐ Applicable ☑ Not Applicable

3. Disclosure by the method of provision for bad debts

☐ Applicable ☑ Not Applicable

Single provision for bad debt:

☐ Applicable ☑ Not Applicable

Explanation on single provision for bad debt:

☐ Applicable ☑ Not Applicable

Provision withdrawn for bad debt on a combination basis:

☐ Applicable ☑ Not Applicable

VII. NOTES TO ITEMS IN THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

(IX) Other receivables (Continued)

Dividends receivable (Continued)

4. Provision withdrawn for bad debts based on general model of expected credit losses

☐ Applicable ☑ Not Applicable

Explanation on significant changes in the carrying amount of dividends receivable for which the allowance for loss has changed in the period:

☐ Applicable ☑ Not Applicable

5. Provision for bad debts

☐ Applicable ☑ Not Applicable

Significant amounts recovered or reversed to bad debts in the period:

☐ Applicable ☑ Not Applicable

6. Actual write-off of dividends receivable in current period

☐ Applicable ☑ Not Applicable

Write-off of significant dividends receivable

☐ Applicable ☑ Not Applicable

Explanation on write-off:

☐ Applicable ☑ Not Applicable

Other explanation:

☐ Applicable ☑ Not Applicable

VII. NOTES TO ITEMS IN THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

(IX) Other receivables (Continued)

Other receivables

1. Disclosure by aging

☑ Applicable ☐ Not Applicable

Unit: Yuan Currency: RMB

Aging	Closing gross carrying amount	Book balance at the beginning of the period
Within 1 year (inclusive)	**522,401,717.08**	557,381,355.72
1 to 2 years	**200,198,535.59**	392,335,271.40
2 to 3 years	**230,082,587.76**	162,770,493.67
Over 3 years	**821,160,835.48**	756,753,518.06
Subtotal	**1,773,843,675.91**	1,869,240,638.85
Less: Provision for bad debt	**255,384,644.10**	262,369,179.78
Total	**1,518,459,031.81**	1,606,871,459.07

2. Classified by nature

☑ Applicable ☐ Not Applicable

Unit: Yuan Currency: RMB

Nature of accounts	Closing gross carrying amount	Book balance at the beginning of the period
Performance and tender bonds	**1,073,844,174.89**	1,153,444,162.49
Advance payments	**132,496,262.09**	119,600,631.81
Various deposits	**203,807,022.00**	97,053,219.08
Others	**363,696,216.93**	499,142,625.47
Subtotal	**1,773,843,675.91**	1,869,240,638.85
Less: Provision for bad debt	**255,384,644.1 0**	262,369,179.78
Total	**1,518,459,031.81**	1,606,871,459.07

VII. NOTES TO ITEMS IN THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

(IX) Other receivables (Continued)

Other receivables (Continued)

3. Provision for bad debt

☑ Applicable ☐ Not Applicable

2025

Unit: Yuan Currency: RMB

Provision for bad debt	Stage 1 12-month ECL	Stage 2 Lifetime ECL (non-credit impaired)	Stage 3 Lifetime ECL (credit-impaired)	Total
Balance as at 1 January 2025	**52,195,896.02**	**–**	**210,173,283.76**	**262,369,179.78**
Balance as at 1 January 2025 during the current period	**–**	**–**	**–**	**–**
– Transferred to stage 2	**–**	**–**	**–**	**–**
– Transferred to stage 3	**-13,759,152.74**	**–**	**13,759,152.74**	**–**
– Transferred to stage 2	**–**	**–**	**–**	**–**
– Transferred to stage 1	**–**	**–**	**–**	**–**
Provision for the period	**2,411,859.37**	**–**	**-9,391,284.23**	**-6,979,424.86**
Reversal for the period	**–**	**–**	**–**	**–**
Write-off for the period	**–**	**–**	**–**	**–**
Cancellation for the period	**–**	**–**	**-5,110.82**	**-5,110.82**
Other changes	**–**	**–**	**–**	**–**
Balance as at 31 December 2025	**40,848,602.65**	**–**	**214,536,041.45**	**255,384,644.10**

VII. NOTES TO ITEMS IN THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

(IX) Other receivables (Continued)

Other receivables (Continued)

3. Provision for bad debt (Continued)

2024

Unit: RMB Currency: RMB

Provision for bad debt	Stage 1 12-month ECL	Stage 2 Lifetime ECL (non-credit impaired)	Stage 3 Lifetime ECL (credit-impaired)	Total
Amounts due as at 1 January 2024	57,401,056.63	–	150,450,195.29	207,851,251.92
Amounts due as at 1 January 2024	–	–	–	–
– Transferred to stage 2	–	–	–	–
– Transferred to stage 3	-16,754,700.50	–	16,754,700.50	–
– Transferred to stage 2	–	–	–	–
– Transferred to stage 1	–	–	–	–
Provision for the period	11,549,539.89	–	43,017,163.17	54,566,703.06
Reversal for the period	–	–	-48,775.20	-48,775.20
Write-off for the period	–	–	–	–
Cancellation for the period	–	–	–	–
Other changes	–	–	–	–
Amounts due as at 31 December 2024	52,195,896.02	–	210,173,283.76	262,369,179.78

VII. NOTES TO ITEMS IN THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

(IX) Other receivables (Continued)

Other receivables (Continued)

3. Provision for bad debt (Continued)

Significant changes in the carrying amount of other receivables for which the allowance for loss has changed in the period:

☑ Applicable ☐ Not Applicable

2025

Unit: Yuan Currency: RMB

	Stage 1	Stage 2	Stage 3	
	12-month ECL	Lifetime ECL (non-credit impaired)	Lifetime ECL (credit-impaired)	Total
Balance as at 1 January 2025	**1,291,260,826.60**	**–**	**577,979,812.25**	**1,869,240,638.85**
Balance as at 1 January 2025 during the period	**–**	**–**	**–**	**–**
– Transition to Phase I	**–**	**–**	**–**	**–**
– Transferred to stage 2	**–**	**–**	**–**	**–**
– Transferred to stage 3	**-28,006,648.90**	**–**	**28,006,648.90**	**–**
Addition	**522,401,717.08**	**–**	**4,617,933.17**	**527,019,650.25**
Derecognised	**-603,324,450.02**	**–**	**-19,092,163.17**	**-622,416,613.19**
Other changes	**–**	**–**	**–**	**–**
Balance as at 31 December 2025	**1,182,331,444.76**	**–**	**591,512,231.15**	**1,773,843,675.91**

VII. NOTES TO ITEMS IN THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

(IX) Other receivables (Continued)

Other receivables (Continued)

3. Provision for bad debt (Continued)

2024

Unit: Yuan Currency: RMB

	Stage 1	Stage 2	Stage 3	
	12-month ECL	Lifetime ECL (non-credit impaired)	Lifetime ECL (credit-impaired)	Total
Amounts due as at 1 January 2024	1,263,682,670.67	–	475,631,154.86	1,739,313,825.53
Amounts due as at 1 January 2024	–	–	–	–
– Transferred to stage 1	–	–	–	–
– Transferred to stage 2	–	–	–	–
– Transferred to stage 3	-115,377,376.49	–	115,377,376.49	–
Addition	551,667,228.40	–	5,714,127.32	557,381,355.72
Derecognised	-408,726,764.73	–	-18,742,846.42	-427,469,611.15
Other changes	15,068.75	–	–	15,068.75
Amounts due as at 31 December 2024	1,291,260,826.60	–	577,979,812.25	1,869,240,638.85

Amount of provision for bad debts for the period and basis for evaluating whether credit risk of fi nancial instruments increase significantly:

☐ Applicable ☑ Not Applicable

VII. NOTES TO ITEMS IN THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

(IX) Other receivables (Continued)

Other receivables (Continued)

4. Provision for bad debts

☑ Applicable ☐ Not Applicable

2025

Unit: Yuan Currency: RMB

Categories	Opening balance	Change during the period				Closing balance
		Provision	Recovery or reversal	Write-off or cancellation	Other changes	
Provision for bad debt	**262,369,179.78**	**-6,979,424.86**	**-**	**5,110.82**		**255,384,644.10**
Total	**262,369,179.78**	**-6,979,424.86**	**–**	**5,110.82**		**255,384,644.10**

2024

Unit: Yuan Currency: RMB

Categories	Opening balance	Change during the period				Closing balance
		Provision	Recovery or reversal	Write-off or cancellation	Other changes	
Provision for bad debt	207,851,251.92	54,566,703.06	48,775.20	–	–	262,369,179.78
Total	207,851,251.92	54,566,703.06	48,775.20	–	–	262,369,179.78

Significant amounts recovered or reversed to bad debts in the period:

☐ Applicable ☑ Not Applicable

VII. NOTES TO ITEMS IN THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

(IX) Other receivables (Continued)

Other receivables (Continued)

5. Write-off of other receivables for the period

☑ Applicable ☐ Not Applicable

Unit: Yuan Currency: RMB

Item	Amount of write-off
Other receivables actually written off	5,110.82

Write-off of other significant receivables:

☐ Applicable ☑ Not Applicable

Explanation on the write-off of other receivables:

☐ Applicable ☑ Not Applicable

VII. NOTES TO ITEMS IN THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

(IX) Other receivables (Continued)

Other receivables (Continued)

6. Top five other receivables by closing balance of debtors

☑ Applicable ☐ Not Applicable

Name	Closing balance	Percentage of total closing balance of other receivables *(%)*	Nature of accounts	Aging	Provision for bad debt Closing balance
Land and Mining Rights Reserve Bureau of Tongren Municipal People's Government	360,028,616.92	20.30	Performance and tender bonds	More than 5 years	96,073,410.61
Zhaojue County Urban and Rural Construction Investment Development Co., Ltd.	100,000,000.00	5.64	Various deposits	2-3 years	
Liupanshui Meihua Mountain Eco-Cultural Tourism Development Co., Ltd.	84,565,563.22	4.77	Others	Within 1 year 925,416.67; 1-2 years 5,258,229.17; 2-3 years 54,435,758.83; 3-4 years 14,205,555.55; 4-5 years 9,740,603.00	1,956,516.87
Bijie Industrial Energy Investment & Construction Co.	30,000,000.00	1.69	Performance and tender bonds	4-5 years	
Guizhou Construction Engineering Group Co., Ltd.	28,006,648.90	1.58	Advance payments	More than 5 years	15,944,994.29
Total	602,600,829.04	33.97	/	/	113,974,921.77

As at 31 December 2024, the total amount of top five debtors with the largest closing balance of other receivables amounted to RMB718,777,633.37 in total, accounting for 38.45% of the total closing balance of other receivables. The closing balance of the corresponding provision for bad debt amounted to RMB103,029,927.48 in total.

VII. NOTES TO ITEMS IN THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

(IX) Other receivables (Continued)

Other receivables (Continued)

7. Other receivables derecognised due to the transfer of financial assets

☐ Applicable ☑ Not Applicable

Other explanation:

☐ Applicable ☑ Not Applicable

(X) Inventories

1. Classification of Inventories

☑ Applicable ☐ Not Applicable

Unit: Yuan Currency: RMB

Item	Closing balance			Opening balance		
	Closing balance	Provision for decline in value of inventories/provision for impairment of contract performance cost	Carrying amount	Closing balance	Provision for decline in value of inventories/provision for impairment of contract performance cost	Carrying amount
Raw materials	**1,311,920,073.84**	**6,431,913.61**	**1,305,488,160.23**	1,415,008,318.65	5,688,721.59	1,409,319,597.06
Turnover materials	**4,627,937.89**	**–**	**4,627,937.89**	4,150,415.49	–	4,150,415.49
Materials for consigned processing	**16,042,390.89**	**–**	**16,042,390.89**	7,215,319.84	–	7,215,319.84
Self-made semi-finished products and work-in process	**970,022,818.11**	**396,628.22**	**969,626,189.89**	930,752,844.99	407,057.50	930,345,787.49
Stocks	**1,055,747,003.17**	**7,873.08**	**1,055,739,130.09**	1,102,888,165.90	7,873.08	1,102,880,292.82
Total	**3,358,360,223.90**	**6,836,414.91**	**3,351,523,808.99**	3,460,015,064.87	6,103,652.17	3,453,911,412.70

2. Data resources recognised as inventory

☐ Applicable ☑ Not Applicable

VII. NOTES TO ITEMS IN THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

(X) Inventories (Continued)

3. Provision for decline in value of inventories and provision for impairment of contract performance cost

☑ Applicable ☐ Not Applicable

2025

Unit: Yuan Currency: RMB

Item	Opening balance	Increase during the period		Decrease during the period		Closing balance
		Provision	Others	Reversal or write-off	Others	
Raw materials	**5,688,721.59**	**743,192.02**	**–**	**–**	**–**	**6,431,913.61**
Self-made semi-finished products and work-in process	**407,057.50**	**-10,429.28**	**–**	**–**	**–**	**396,628.22**
Finished goods	**7,873.08**	**-**	**–**	**–**	**–**	**7,873.08**
Total	**6,103,652.17**	**732,762.74**	**–**	**–**	**–**	**6,836,414.91**

2024

Unit: Yuan Currency: RMB

Item	Opening balance	Increase during the period		Decrease during the period		Closing balance
		Provision	Others	Reversal or write-off	Others	
Raw materials	5,706,790.43	-18,068.84	–	–	–	5,688,721.59
Self-made semi-finished products and work-in process	481,398.37	-74,340.87	–	–	–	407,057.50
Finished goods	102,073.61	-94,200.53	–	–	–	7,873.08
Total	6,290,262.41	-186,610.24	–	–	–	6,103,652.17

VII. NOTES TO ITEMS IN THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

(X) Inventories (Continued)

3. Provision for decline in value of inventories and provision for impairment of contract performance cost (Continued)

Reasons for reversal or write-off of inventory write-down for the period:

☐ Applicable ☑ Not Applicable

Provision for inventory write-down on a combination basis

☐ Applicable ☑ Not Applicable

Criteria for provision withdrawn for inventory write-down on a combination basis

☐ Applicable ☑ Not Applicable

4. Amount and calculation of capitalized amount of the borrowing cost in the closing balance of inventories

☐ Applicable ☑ Not Applicable

5. Explanation about current amortization amount of contract performance cost

☐ Applicable ☑ Not Applicable

Other explanation

☐ Applicable ☑ Not Applicable

(XI) Assets held for sale

☐ Applicable ☑ Not Applicable

VII. NOTES TO ITEMS IN THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

(XII) Non-current assets due within one year

☑ Applicable ☐ Not Applicable

Unit: Yuan Currency: RMB

Item	Closing balance	Opening balance
Project quality guarantee deposits and project payments due within one year	**153,571,232.72**	149,708,988.61
Less: Provision for bad debt	**593,380.05**	482,912.39
Total	**152,977,852.67**	149,226,076.22

Debt investment due within one year

☐ Applicable ☑ Not Applicable

Other debt investment due within one year

☐ Applicable ☑ Not Applicable

(XIII) Other current assets

☑ Applicable ☐ Not Applicable

Unit: Yuan Currency: RMB

Item	Closing balance	Opening balance
VAT input to be deducted	**760,333,936.74**	757,436,913.55
Prepaid corporate income tax	**41,518,642.20**	68,473,537.99
Prepaid other taxes	**27,986,388.24**	910,109.46
Total	**829,838,967.18**	826,820,561.00

VII. NOTES TO ITEMS IN THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

(XIV) Debt investment

1. Debt investment details

☑ Applicable ☐ Not Applicable

Unit: Yuan Currency: RMB

Item	Closing balance			Opening balance		
	Closing balance	**Provision for impairment**	**Carrying amount**	Closing balance	Provision for impairment	Carrying amount
Shandong Railway Development Fund Co., Ltd.	**273,172,183.50**	**–**	**273,172,183.50**	273,172,183.50	–	273,172,183.50
Total	**273,172,183.50**	**–**	**273,172,183.50**	273,172,183.50	–	273,172,183.50

Note: The Company completed its investment in Shandong Railway Development Fund Co., Ltd. On 28 January 2019, with the investment return to be paid by Shandong Development Fund as per 10% off the benchmark interest rate for more-than-5-year loans issued by PBOC (the prevailing interest rate 4.9%*0.9=4.41%), and the interest was commenced on a phased basis from the date on which such investment capital was received, subject to adjustment according to interest rate of the central bank in the end period. At the end of the tenth anniversary of the date on which the project cooperation is commenced (i.e., 28 January 2029), Shandong Railway Development Fund Co., Ltd. will receive the equity equivalent to the Company's original capital contribution in lump sum. Therefore, the Company mainly holds the investment for the purpose of obtain contractual cash flows, and cash flows generated on specific dates are solely for the payment of the investment principal and interests incurred from the outstanding amount, and they fall into financial assets measured at amortized cost, therefore, the investment is stated as debt investment.

The Company has assessed that its credit risk has not significantly increased since the initial recognition on the balance sheet date, therefore the Company did not make provision for impairment according to the amount equivalent to the ECL for the next 12 months.

Changes in provision for impairment of debt investments during the period

☐ Applicable ☑ Not Applicable

VII. NOTES TO ITEMS IN THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

(XIV) Debt investment (Continued)

2. Material debt investments at period-end

☐ Applicable ☑ Not Applicable

3. Provision for impairment

☐ Applicable ☑ Not Applicable

Explanation on significant changes in carrying mount of debt investments for which the provision for impairment has changed in the period:

☐ Applicable ☑ Not Applicable

Amount of provision for impairment for the period and basis for evaluating whether credit risk of financial instruments increase significantly

☐ Applicable ☑ Not Applicable

4. Actual write-off circumstances of debt investments during the period

☐ Applicable ☑ Not Applicable

Write-off of significant debt investments

☐ Applicable ☑ Not Applicable

Explanations on the write-off of debt investments:

☐ Applicable ☑ Not Applicable

Other explanation

☐ Applicable ☑ Not Applicable

VII. NOTES TO ITEMS IN THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

(XV) Other debt investments

1. Other debt investments

☐ Applicable ☑ Not Applicable

Changes in provision for impairment of other debt investments

☐ Applicable ☑ Not Applicable

2. Significant Other Debt Investments at Period-End

☐ Applicable ☑ Not Applicable

3. Provision for impairment

☐ Applicable ☑ Not Applicable

Explanation on significant changes in carrying mount of other debt investments for which the provision for impairment has changed in the period:

☐ Applicable ☑ Not Applicable

Amount of provision for impairment for the period and basis for evaluating whether credit risk of financial instruments increase significantly

☐ Applicable ☑ Not Applicable

VII. NOTES TO ITEMS IN THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

(XV) Other debt investments (Continued)

4. Actual write-off of other debt investments during the current period

☐ Applicable ☑ Not Applicable

Write-off of other significant debt investments

☐ Applicable ☑ Not Applicable

Notes on write-off of other debt investments:

☐ Applicable ☑ Not Applicable

Other explanation:

☐ Applicable ☑ Not Applicable

VII. NOTES TO ITEMS IN THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

(XVI) Long-term receivables

1. Long-term Receivables Information

☑ Applicable ☐ Not Applicable

Unit: Yuan Currency: RMB

Item	Closing balance			Opening balance			
	Closing balance	**Provision for bad debt**	**Carrying amount**	Closing balance	Provision for bad debt	Carrying amount	Discount rate
Receivables of "Build-Transfer" project	**84,564,647.15**	**4,652,907.14**	**79,911,740.01**	132,160,997.28	5,124,762.97	127,036,234.31	–
Project receivables	**8,094,873,527.93**	**128,322,006.79**	**7,966,551,521.14**	7,223,533,883.29	122,521,217.14	7,101,012,666.15	–
Subtotal	**8,179,438,175.08**	**132,974,913.93**	**8,046,463,261.15**	7,355,694,880.57	127,645,980.11	7,228,048,900.46	–
Less: Amount due within one year	**58,339,633.69**	**123,378.78**	**58,216,254.91**	62,504,105.55	187,512.32	62,316,593.23	–
Total	**8,121,098,541.39**	**132,851,535.15**	**7,988,247,006.24**	7,293,190,775.02	127,458,467.79	7,165,732,307.23	/

Note: The Company has entered into municipal engineering investment construction repurchase agreements with relevant government departments, where the relevant government departments have authorized the Company to undertake the investment and financing functions for the "build-transfer" projects and carry out municipal engineering construction. After the completion of the projects, they will be transferred to the relevant government departments, who will pay the repurchase funds within the specified period according to the repurchase agreements.

VII. NOTES TO ITEMS IN THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

(XVI) Long-term receivables (Continued)

2. Disclosure by the method of provision for bad debts

☐ Applicable ☑ Not Applicable

Single provision for bad debt:

☐ Applicable ☑ Not Applicable

Explanation on single provision for bad debt:

☐ Applicable ☑ Not Applicable

Provision withdrawn for bad debt on a combination basis:

☐ Applicable ☑ Not Applicable

3. Provision withdrawn for bad debts based on general model of expected credit losses

☐ Applicable ☑ Not Applicable

Basis for classification by stage and provision ratios for bad debt

Explanation on significant changes in carrying mount of long-term receivables for which the provision for impairment has changed in the period:

☐ Applicable ☑ Not Applicable

Amount of provision for impairment for the period and basis for evaluating whether credit risk of financial instruments increase significantly

☐ Applicable ☑ Not Applicable

VII. NOTES TO ITEMS IN THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

(XVI) Long-term receivables (Continued)

4. Provision for bad debts

☑ Applicable ☐ Not Applicable

2025

Unit: Yuan Currency: RMB

Categories	Opening balance	Change during the period				Closing balance
		Provision	Recovery or reversal	Write-off or cancellation	Other changes	
Provision for bad debt	**127,458,467.79**	**5,393,067.36**	**–**	**–**	**–**	**132,851,535.15**
Total	**127,458,467.79**	**5,393,067.36**	**–**	**–**	**–**	**132,851,535.15**

2024

Unit: RMB Yuan Currency: RMB

Categories	Opening balance	Change during the period				Closing balance
		Provision	Recovery or reversal	Write-off or cancellation	Other changes	
Provision for bad debt	178,688,277.54	-51,229,809.75	–	–	–	127,458,467.79
Total	178,688,277.54	-51,229,809.75	–	–	–	127,458,467.79

Note: The Company evaluated whether or not the credit risk of the said long-term receivables has been significantly increased since the initial recognition on each balance sheet date. If such credit risk has not significantly increased since the initial recognition, the Company made provisions for loss at the amount equivalent to ECL for the next 12 months; and if the credit risk has significantly increased since the initial recognition but no credit impairment has occurred, the Company made provisions for loss at the amount equivalent to the lifetime ECL.

Significant amounts recovered or reversed to bad debts in the period:

☐ Applicable ☑ Not Applicable

VII. NOTES TO ITEMS IN THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

(XVI) Long-term receivables (Continued)

5. *Actual write-off of long-term receivables during the period*

☐ Applicable ☑ Not Applicable

Write-off of significant long-term receivables

☐ Applicable ☑ Not Applicable

Explanations on write-off of long-term receivables:

☐ Applicable ☑ Not Applicable

Other explanation

☐ Applicable ☑ Not Applicable

(XVII) Long-term equity investments

1. *Long-term equity investments*

☑ Applicable ☐ Not Applicable

	Closing balance			Closing balance of last year		
Item	**Closing balance**	**Provision for impairment**	**Carrying amount**	Closing balance	Provision for impairment	Carrying amount
Investments in joint ventures	**143,069,504.19**	**–**	**143,069,504.19**	143,770,099.03	–	143,770,099.03
Investments in associates	**2,038,594,980.08**	**–**	**2,038,594,980.08**	1,662,931,716.88	–	1,662,931,716.88
Total	**2,181,664,484.27**	**–**	**2,181,664,484.27**	1,806,701,815.91	–	1,806,701,815.91

VII. NOTES TO ITEMS IN THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

(XVII) Long-term equity investments (Continued)

1. Long-term equity investments (Continued)

2025

Unit: Yuan Currency: RMB

Investee	Opening Balance (Carrying Amount)	Increase/decrease for the period								Period-end Balance (carrying amount)	Closing balance of provision for impairment
		Additional investment	Reduction of investment	Investment gains/losses confirmed under equity method	Other comprehensive income adjustment	Other equity changes	Declared and paid cash dividends or profits	Provision for impairment	Others		
I. Joint ventures											
CRSC Smart Data Technology (Beijing) Co., Ltd.	12,947,428.00	-	-	299,405.16	-	-	-	-	-	13,246,833.16	-
Xi'an Schaltbau Electric Corp., Ltd.	130,822,671.03	-	-	19,000,000.00	-	-	20,000,000.00	-	-	129,822,671.03	-
Subtotal	143,770,099.03	-	-	19,299,405.16	-	-	20,000,000.00	-	-	143,069,504.19	-

VII. NOTES TO ITEMS IN THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

(XVII) Long-term equity investment (Continued)

1. Long-term equity investment (Continued)

Investee	Opening Balance (Carrying Amount)	Increase/decrease for the period								Period-end Balance (carrying amount)	Closing balance of provision for impairment
		Additional investment	Reduction of investment	Investment gains/losses confirmed under equity method	Other comprehensive income adjustment	Other equity changes	Declared and paid cash dividends or profits	Provision for impairment	Others		
II. Associates											
Including:(1) CSCEC Foshan Joint Investment Co., Ltd.	12,616,233.38	-	-	-1,764,438.26	-	-	-	-	-	10,851,795.12	-
Siping Integrated Pipeline Construction Co., Ltd.	222,103,904.21	-	-	-1,415,232.37	-	-	-	-	-	220,688,671.84	-
Guangdong Utrust Financial Leasing Co., Ltd.	376,818,556.71	-	-	5,459,518.52	-	-	-	-	-	382,278,075.23	-
CRSC Tianshui Tram Co., Ltd.	283,879,029.05	-	-	27,797,310.77	-	-	-	-	-	311,676,339.82	-
Shentie Signaling (Shenzhen) Co., Ltd	33,950,079.34	-	-	7,431,501.52	-	-	-	-	-	41,381,580.86	-
Wuhan Intelligent Metro Technology Co., Ltd.	42,479,909.71	-	-	1,259,434.25	-	-	1,340,621.64	-	-	42,398,722.32	-
Zhuhai Huatong Private Equity Fund Management Enterprise (Limited Partnership)	8,626,545.55	-	-	475,740.37	-	-	-	-	-	9,102,285.92	-
Tianshui Tram Co., Ltd.	368,198,321.37	187,524,700.00	-	29,516,661.17	-	-	-	-	-	585,239,682.54	-
China Tietong Railway Operation Co., Ltd.	37,698,924.13	-	-	15,149,641.83	-	589,972.56	1,500,000.00	-	-	51,938,538.52	-

VII. NOTES TO ITEMS IN THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

(XVII) Long-term equity investment (Continued)

1. Long-term equity investment (Continued)

Investee	Opening Balance (Carrying Amount)	Increase/decrease for the period								Period-end Balance (carrying amount)	Closing balance of provision for impairment
		Additional investment	Reduction of investment	Investment gains/losses confirmed under equity method	Other comprehensive income adjustment	Other equity changes	Declared and paid cash dividends or profits	Provision for impairment	Others		
CCUI (Shanghai) Digital Technologies Co., Ltd.	4,091,363.31	-	-	44,724.17	-	-	-	-	-	4,136,087.48	-
Tianjin Jingui Huihai Technology Development Co., Ltd.	15,563,393.10	-	-	2,007,795.63	-	-	3,105,467.51	-	-	14,465,721.22	-
Zhejiang Jiaotou Intelligent Transportation Technology Co., Ltd.	5,687,192.74	-	-	3,894.47	-	-	260,000.00	-	-	5,431,087.21	-
Shijiazhuang Jiaotou Intelligent Technology Co., Ltd.	5,608,094.43	5,400,000.00	-	-194,738.42	-	-	-	-	-	10,813,356.01	-
Nanjing Rail Transit Equipment Technology Co., Ltd.	-	2,000,000.00	-	434,824.23	-	-	-	-	-	2,434,824.23	-
Zhongguancun Chipsea Prioritizing Technology Co., Ltd.	22,708,472.62	-	-	-12,520,755.90	-	-	80,234.51	-	-	10,107,482.21	-
Siemens Signaling Company Ltd.	70,437,626.78	-	-	10,800,000.00	-	-	7,980,000.00	-	-	73,257,626.78	-
Henan Huazhou Railway Co., Ltd.	152,464,070.45	-	-	3,169,032.32	-	-	-	-	-	155,633,102.77	-
Jincheng City Northwest Railway Co., Ltd.	-	106,760,000.00	-	-	-	-	-	-	-	106,760,000.00	-
Subtotal	1,662,931,716.88	301,684,700.00	-	87,654,914.30	-	589,972.56	14,266,323.66		-	2,038,594,980.08	-
Total	1,806,701,815.91	301,684,700.00	-	106,954,319.46	-	589,972.56	34,266,323.66		-	2,181,664,484.27	-

VII. NOTES TO ITEMS IN THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

(XVII) Long-term equity investment (Continued)

1. Long-term equity investment (Continued)

2024

Unit: RMB Yuan Currency: RMB

Investee	Opening Balance	Increase/decrease for the period								Period-end Balance	Closing balance of provision for impairment
		Additional investment	Reduction of investment	Investment gains/losses confirmed under equity method	Other comprehensive income adjustment	Other equity changes	Declared and paid cash dividends or profits	Provision for impairment	Others		
I. Joint ventures											
Xi'an Schaltbau Electric Corp., Ltd.	132,822,671.03	–	–	18,000,000.00	–	–	20,000,000.00	–	–	130,822,671.03	–
CRSC Smart Data Technology (Beijing) Co., Ltd.	14,164,038.24	–	–	223,389.76	–	–	1,440,000.00	–	–	12,947,428.00	–
Subtotal	146,986,709.27	–	–	18,223,389.76	–	–	21,440,000.00	–	–	143,770,099.03	–

VII. NOTES TO ITEMS IN THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

(XVII) Long-term equity investment (Continued)

1. Long-term equity investment (Continued)

Investee	Opening Balance	Increase/decrease for the period								Period-end Balance	Closing balance of provision for impairment
		Additional investment	Reduction of investment	Investment gains/losses confirmed under equity method	Other comprehensive income adjustment	Other equity changes	Declared and paid cash dividends or profits	Provision for impairment	Others		
II. Associates											
Guangdong Utrust Financial Leasing Co., Ltd.	364,085,991.06	–	–	12,732,565.65	–	–	–	–	–	376,818,556.71	–
CRSC Tianshui Tram Co., Ltd.	261,632,127.62	–	–	22,246,901.43	–	–	–	–	–	283,879,029.05	–
Siping Integrated Pipeline Construction Co., Ltd.	224,763,946.36	–	–	-2,660,042.15	–	–	–	–	–	222,103,904.21	–
Tianshui Tram Co., Ltd.	195,357,443.21	147,640,300.00	–	25,200,578.16	–	–	–	–	–	368,198,321.37	–
Henan Huazhou Railway Co., Ltd.	151,431,380.11	–	–	2,808,033.14	–	–	1,775,342.80	–	–	152,464,070.45	–
Siemens Signaling Company Ltd.	70,037,626.78	–	–	10,000,000.00	–	–	9,600,000.00	–	–	70,437,626.78	–
China Tietong Railway Operation Co., Ltd.	27,082,061.95	–	–	12,171,432.25	–	-54,570.07	1,500,000.00	–	–	37,698,924.13	–
Shentie Signaling (Shenzhen) Co., Ltd	24,507,080.50	–	–	9,442,998.84	–	–	–	–	–	33,950,079.34	–
Zhongguancun Chipsea Prioritizing Technology Co., Ltd.	21,450,280.62	–	–	1,534,347.14	–	–	276,155.14	–	–	22,708,472.62	–
Tianjin Jingui Huihai Technology Development Co., Ltd.	12,926,931.95	–	–	2,636,461.15	–	–	–	–	–	15,563,393.10	–
CSCEC Foshan Joint Investment Co., Ltd.	12,616,233.38	–	–	–	–	–	–	–	–	12,616,233.38	–

VII. NOTES TO ITEMS IN THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

(XVII) Long-term equity investment (Continued)

1. Long-term equity investment (Continued)

		Increase/decrease for the period									
Investee	Opening Balance	Additional investment	Reduction of investment	Investment gains/losses confirmed under equity method	Other comprehensive income adjustment	Other equity changes	Declared and paid cash dividends or profits	Provision for impairment	Others	Period-end Balance	Closing balance of provision for impairment
Zhuhai Huatong Private Equity Fund Management Enterprise (Limited Partnership)	9,807,875.44	–	–	318,670.11	–	–	1,500,000.00	–	–	8,626,545.55	–
Zhejiang Jiaotou Intelligent Transportation Technology Co., Ltd.	5,055,375.89	–	–	631,816.85	–	–	–	–	–	5,687,192.74	–
CCUI (Shanghai) Digital Technologies Co., Ltd.	4,425,181.09	–	–	-333,817.78	–	–	–	–	–	4,091,363.31	–
Shijiazhuang Jiaotou Intelligent Technology Co., Ltd.	–	5,400,000.00	–	208,094.43	–	–	–	–	–	5,608,094.43	–
Wuhan Intelligent Metro Technology Co., Ltd.	–	42,011,068.78	–	468,840.93	–	–	–	–	–	42,479,909.71	–
Subtotal	1,385,179,535.96	195,051,368.78	0.00	97,406,880.15	0.00	-54,570.07	14,651,497.94	0.00	0.00	1,662,931,716.88	–
Total	1,532,166,245.23	195,051,368.78	0.00	115,630,269.91	0.00	-54,570.07	36,091,497.94	0.00	0.00	1,806,701,815.91	–

Notes: 1. As at 31 December 2025 and 31 December 2024, the ability of investees in which the Company hold long-term equity investments to transfer funds to the Company has not been restricted.

2. For the information of joint ventures or associates for the period, please refer to note "X. (III)"

VII. NOTES TO ITEMS IN THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

(XVII) Long-term equity investment (Continued)

2. *Impairment test of long-term equity investment*

☐ Applicable ☑ Not Applicable

Other explanation

(XVIII) Other equity instrument investments

1. *Details of other equity instrument investments*

☑ Applicable ☐ Not Applicable

2025

Unit: Yuan Currency: RMB

Item	Opening Balance	Increase/decrease for the period					Closing Balance	Dividend incomes recognised for the period	Accumulated gains recognised in other comprehensive income	Accumulated losses recognised in other comprehensive income	Reasons for being measured at fair value through other comprehensive income
		Additional investment	Reduction of investment	Gains recognised in other comprehensive income for the period	Losses recognised in other comprehensive income for the period	Others					
Beijing Rail Transit Operation Control System National Engineering Research Center Co., Ltd.	2,141,159.20	-	-	-	-	-	2,141,159.20	-	-	-	-
Hunan Maglev Group Co., Ltd.	122,100,000.00	-	-	10,500,000.00	-	-	132,600,000.00	-	32,600,000.00	-	-
Lunan High Speed Railway Co., Ltd.	383,392,729.44	-	-	-	-16,324,462.99	-	367,068,266.45	-	-	-2,569,267.55	-
Ganzhou-Shenzhen Railway (Guangdong) Co., Ltd.	107,120,486.55	-	-	448,433.96	-	-	107,568,920.51	-	7,568,920.51	-	-
Beijing Yawan High Speed Railway Co., Ltd.	460,520,575.65	-	-	-	-161,889,184.54	-	298,631,391.11	-	-	-186,953,556.89	-
Beijing China-Kyrgyzstan-Uzbekistan Railway Co., Ltd.	-	123,384,301.90	-	2,799.91	-	-	123,387,101.81	-	2,799.91	-	-
Xiongan Jingxiong Express Rail Co., Ltd.	-	232,000,000.00	-	438,021.48	-	-	232,438,021.48	-	438,021.48	-	-
Taizhou-Hangshaotai High-Speed Railway Investment Management Partnership (LLP)	137,268,855.19	-	-	-	-3,368,109.73	-	133,900,745.46	-	-	-13,329,720.54	-
Total	1,212,543,806.03	355,384,301.90	-	11,389,255.35	-181,581,757.26	-	1,397,735,606.02	-	40,609,741.90	-202,852,544.98	/

VII. NOTES TO ITEMS IN THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

(XVIII) Other equity instrument investments (Continued)

1. Details of other equity instrument investments (Continued)

2024

Unit: Yuan Currency: RMB

Item	Opening Balance	Increase/decrease for the period					Closing Balance	Dividend incomes recognised for the period	Accumulated gains recognised in other comprehensive income	Accumulated losses recognised in other comprehensive income	Reasons for being measured at fair value through other comprehensive income
		Additional investment	Reduction of investment	Gains recognised in other comprehensive income for the period	Losses recognised in other comprehensive income for the period	Others					
Beijing Yawan High Speed Railway Co., Ltd.	482,964,046.38	-	-	-	22,443,470.73	-	460,520,575.65	-	-	25,064,372.35	-
Ganzhou-Shenzhen Railway (Guangdong) Co., Ltd.	99,369,383.52	-	-	7,751,103.03	-	-	107,120,486.55	-	7,120,486.55	-	-
Beijing Rail Transit Operation Control System National Engineering Research Center Co., Ltd.	2,141,159.20	-	-	-	-	-	2,141,159.20	-	-	-	-
Hunan Maglev Group Co., Ltd.	115,000,000.00	-	-	7,100,000.00	-	-	122,100,000.00	-	22,100,000.00	-	-
Lunan High Speed Railway Co., Ltd.	383,609,832.79	-	-	-	217,103.35	-	383,392,729.44	-	13,755,195.44	-	-
Taizhou-Hangshaotai High-Speed Railway Investment Management Partnership (LLP)	140,205,864.05	-	-	-	2,937,008.86	-	137,268,855.19	-	-	9,961,610.81	-
Total	1,223,290,285.94	-	-	14,851,103.03	25,597,582.94	-	1,212,543,806.03	-	42,975,681.99	35,025,983.16	/

VII. NOTES TO ITEMS IN THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

(XVIII) Other equity instrument investments (Continued)

2. Derecognition for the period Derecognised

☐ Applicable ☑ Not Applicable

Other explanation:

☐ Applicable ☑ Not Applicable

(XIX) Other non-current financial assets

☐ Applicable ☑ Not Applicable

Other explanation:

☐ Applicable ☑ Not Applicable

VII. NOTES TO ITEMS IN THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

(XX) Investment properties

Measurement model for investment properties

1. Investment properties measured under cost method

2025

Unit: Yuan Currency: RMB

Item	Buildings	Land use rights	Total
I. Original book value			
1. Opening balance	**490,484,146.70**	**118,614,400.00**	**609,098,546.70**
2. Increase during the current period	**13,318,050.73**	**–**	**13,318,050.73**
(1) Purchased			
(2) Transferred from inventories\fixed assets\ construction in progress	**13,318,050.73**	**–**	**13,318,050.73**
(3) Increased from enterprise merger	**–**	**–**	**–**
3. Decrease during the current period	**4,037,977.64**	**–**	**4,037,977.64**
(1) Disposal	**201,200.00**	**–**	**201,200.00**
(2) Other transfers out	**3,836,777.64**	**–**	**3,836,777.64**
4. Closing balance	**499,764,219.79**	**118,614,400.00**	**618,378,619.79**
II. Accumulated depreciation and accumulated amortization			
1. Opening balance	**219,708,866.46**	**40,446,052.62**	**260,154,919.08**
2. Increase during the current period	**27,447,591.49**	**2,742,105.27**	**30,189,696.76**
(1) Provision or amortization	**15,111,747.00**	**2,742,105.27**	**17,853,852.27**
(2) Transfer from fixed assets	**12,335,844.49**	**–**	**12,335,844.49**
3. Decrease during the current period	**1,815,678.58**	**–**	**1,815,678.58**
(1) Disposal	**201,200.00**	**–**	**201,200.00**
(2) Other transfers out	**1,614,478.58**	**–**	**1,614,478.58**
4. Closing balance	**245,340,779.37**	**43,188,157.89**	**288,528,937.26**
III. Provision for impairment			
IV. Carrying amount			
1. Closing carrying amount	**254,423,440.42**	**75,426,242.11**	**329,849,682.53**
2. Opening carrying amount	**270,775,280.24**	**78,168,347.38**	**348,943,627.62**

VII. NOTES TO ITEMS IN THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

(XX) Investment properties (Continued)

1. Investment properties measured under cost method (Continued)

2024

Unit: Yuan Currency: RMB

Item	Buildings	Land use rights	Total
I. Original book value			
1. Opening balance	457,381,940.71	118,614,400.00	575,996,340.71
2. Increase during the current period	33,102,205.99	–	33,102,205.99
(1) Transferred from inventories\fixed assets\ construction in progress	33,102,205.99	–	33,102,205.99
3. Decrease during the current period	–	–	–
(1) Disposal	–	–	–
(2) Others	–	–	–
4. Closing balance	490,484,146.70	118,614,400.00	609,098,546.70
II. Accumulated depreciation and accumulated amortization			
1. Opening balance	202,979,167.12	37,703,947.35	240,683,114.47
2. Increase during the current period	16,729,699.34	2,742,105.27	19,471,804.61
(1) Provision or amortization	16,244,959.68	2,742,105.27	18,987,064.95
(2) Transfer from fixed assets	484,739.66	–	484,739.66
3. Decrease during the current period	–	–	–
(1) Disposal	–	–	–
(2) Others	–	–	–
4. Closing balance	219,708,866.46	40,446,052.62	260,154,919.08
III. Provision for impairment			
IV. Carrying amount			
1. Closing carrying amount	270,775,280.24	78,168,347.38	348,943,627.62
2. Opening carrying amount	254,402,773.59	80,910,452.65	335,313,226.24

VII. NOTES TO ITEMS IN THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

(XX) Investment properties (Continued)

2. Information of investment properties to which a certificate of title has not been obtained

☐ Applicable ☑ Not Applicable

3. Impairment test of investment properties measured under cost method

☐ Applicable ☑ Not Applicable

Other explanation

☐ Applicable ☑ Not Applicable

VII. NOTES TO ITEMS IN THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

(XXI) Fixed assets

Presentation of items

☑ Applicable ☐ Not Applicable

Unit: Yuan Currency: RMB

Item	Closing balance	Opening balance
Fixed assets	**4,901,045,878.62**	4,957,256,807.77
Disposal of fixed assets	**–**	–
Total	**4,901,045,878.62**	4,957,256,807.77

Other explanation:

☐ Applicable ☑ Not Applicable

VII. NOTES TO ITEMS IN THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

(XXI) Fixed assets (Continued)

Fixed assets

1. Fixed assets position

☑ Applicable ☐ Not Applicable

2025

Unit: Yuan Currency: RMB

Item	Buildings and constructions	Machinery equipment	Transportation vehicles	Electronic equipment and others	Total
I. Original book value:					
1. Opening balance	5,288,682,679.14	1,437,148,152.04	424,921,071.17	1,852,575,238.62	9,003,327,140.97
2. Increase during the current period	3,015,508.88	134,922,285.73	7,997,903.59	212,659,136.43	358,594,834.63
(1) Acquisition	1,227,533.51	51,408,571.66	7,997,903.59	179,570,589.72	240,204,598.48
(2) Transferred from construction in progress	1,787,975.37	83,513,714.07	–	33,088,546.71	118,390,236.15
(3) Increased from enterprise merger	–	–	–	–	–
(4) Others	–	–	–	–	–
3. Decrease during the current period	24,083,698.59	47,341,648.28	11,603,715.30	42,448,907.57	125,477,969.74
(1) Disposal or retirement	4,641,347.86	47,341,648.28	11,579,245.89	42,385,736.54	105,947,978.57
(2) Transfer to investment properties	13,318,050.73	–	–	–	13,318,050.73
(3) Others	6,124,300.00	–	24,469.41	63,171.03	6,211,940.44
4. Closing balance	5,267,614,489.43	1,524,728,789.49	421,315,259.46	2,022,785,467.48	9,236,444,005.86

VII. NOTES TO ITEMS IN THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

(XXI) Fixed assets (Continued)

Fixed assets (Continued)

1. Fixed assets position (Continued)

Unit: Yuan Currency: RMB

Item	Buildings and constructions	Machinery equipment	Transportation vehicles	Electronic equipment and others	Total
II. Accumulated depreciation					
1. Opening balance	1,373,908,939.77	1,017,110,480.54	416,217,814.15	1,238,800,980.68	4,046,038,215.14
2. Increase during the current period	141,112,807.63	86,895,182.58	15,785,108.15	151,020,128.17	394,813,226.53
(1) Provision	141,112,807.63	86,895,182.58	15,785,108.15	151,020,128.17	394,813,226.53
(2) Others	–	–	–	–	–
3. Decrease during the current period	19,060,748.28	33,791,060.45	10,926,265.51	41,707,358.25	105,485,432.49
(1) Disposal or retirement	2,615,971.34	33,791,060.45	10,902,917.24	41,683,807.43	88,993,756.46
(2) Transfer to investment properties	12,335,844.49	–	–	–	12,335,844.49
(3) Others	4,108,932.45	–	23,348.27	23,550.82	4,155,831.54
4. Closing balance	1,495,960,999.12	1,070,214,602.67	421,076,656.79	1,348,113,750.60	4,335,366,009.18
III. Provision for impairment					
1. Opening balance	–	32,118.06	–	–	32,118.06
2. Closing balance	–	32,118.06	–	–	32,118.06
IV. Carrying amount					
1. Closing carrying amount	3,771,653,490.31	454,482,068.76	238,602.67	674,671,716.88	4,901,045,878.62
2. Opening carrying amount	3,914,773,739.37	420,005,553.44	8,703,257.02	613,774,257.94	4,957,256,807.77

VII. NOTES TO ITEMS IN THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

(XXI) Fixed assets (Continued)

Fixed assets (Continued)

1. Fixed assets position (Continued)

2024

Unit: Yuan Currency: RMB

Item	Buildings and constructions	Machinery equipment	Transportation vehicles	Electronic equipment and others	Total
I. Original book value:					
1. Opening balance	5,377,965,730.71	1,404,930,017.35	431,177,601.12	1,710,224,879.68	8,924,298,228.86
2. Increase during the current period	99,334,189.09	46,082,399.26	5,854,599.46	187,317,519.51	338,588,707.32
(1) Acquisition	17,688,445.58	33,279,354.46	5,252,587.17	130,568,725.68	186,789,112.89
(2) Transferred from construction in progress	79,806,744.08	12,791,878.54	119,469.03	51,710,454.58	144,428,546.23
(4) Increased from enterprise merger	1,838,999.43	11,166.26	466,337.64	5,030,473.28	7,346,976.61
(4) Others	–	–	16,205.62	7,865.97	24,071.59
3. Decrease during the current period	188,617,240.66	13,864,264.57	12,111,129.41	44,967,160.57	259,559,795.21
(1) Disposal or retirement	184,367,044.28	13,864,264.57	12,111,129.41	44,967,160.57	255,309,598.83
(2) Transfer to investment properties	4,250,196.38	–	–	–	4,250,196.38
4. Closing balance	5,288,682,679.14	1,437,148,152.04	424,921,071.17	1,852,575,238.62	9,003,327,140.97

VII. NOTES TO ITEMS IN THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

(XXI) Fixed assets (Continued)

Fixed assets (Continued)

1. Fixed assets position (Continued)

Unit: Yuan Currency: RMB

Item	Buildings and constructions	Machinery equipment	Transportation vehicles	Electronic equipment and others	Total
II. Accumulated depreciation					
1. Opening balance	1,301,049,544.51	940,271,525.01	426,960,221.72	1,133,295,719.26	3,801,577,010.50
2. Increase during the current period	170,944,330.67	86,982,532.23	1,043,315.26	146,665,304.64	405,635,482.80
(1) Provision	169,513,277.58	86,973,117.03	566,324.20	144,785,689.04	401,838,407.85
(2) Others	1,431,053.09	9,415.20	476,991.06	1,879,615.60	3,797,074.95
3. Decrease during the current period	98,084,935.41	10,143,576.70	11,785,722.83	41,160,043.22	161,174,278.16
(1) Disposal or retirement	97,600,195.75	10,143,576.70	11,785,722.83	41,160,043.22	160,689,538.50
(2) Transfer to investment properties	484,739.66	–	–	–	484,739.66
4. Closing balance	1,373,908,939.77	1,017,110,480.54	416,217,814.15	1,238,800,980.68	4,046,038,215.14
III. Provision for impairment					
1. Opening balance	–	32,118.06	–	–	32,118.06
2. Closing balance	–	32,118.06	–	–	32,118.06
IV. Carrying amount					
1. Closing carrying amount	3,914,773,739.37	420,005,553.44	8,703,257.02	613,774,257.94	4,957,256,807.77
2. Opening carrying amount	4,076,916,186.20	464,626,374.28	4,217,379.40	576,929,160.42	5,122,689,100.30

Note: 1. As at 31 December 2025 and 31 December 2024, none of main fixed assets for production and operation of the Company became temporarily idle.

2. As at 31 December 2025 and 31 December 2024, the Company had no fixed assets with title restriction.

3. As at the approval date of this financial statement, the Company was applying for title certificate and handling registration or transfer procedures for houses and buildings with book values totaling RMB11,504,103.96 as of 31 December 2025. The management of the Company believed that the Company has the right to legally and effectively occupy and use the above-mentioned houses, and also believed that the above matters will not have any significant adverse impact on the overall financial position of the Company as at 31 December 2025.

VII. NOTES TO ITEMS IN THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

(XXI) Fixed assets (Continued)

Fixed assets (Continued)

2. Temporarily-idle fixed assets

☐ Applicable ☑ Not Applicable

3. Fixed assets leased in through financial leases

☐ Applicable ☑ Not Applicable

4. Fixed assets for which title certificates have not been obtained

☐ Applicable ☑ Not Applicable

5. Impairment test of fixed assets

☐ Applicable ☑ Not Applicable

Other explanation:

☐ Applicable ☑ Not Applicable

Disposal of fixed assets

☐ Applicable ☑ Not Applicable

VII. NOTES TO ITEMS IN THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

(XXII) Construction in progress

Presentation of items

☑ Applicable ☐ Not Applicable

Unit: Yuan Currency: RMB

Item	Closing balance	Opening balance
Construction in progress	**974,657,001.76**	809,309,770.26
Total	**974,657,001.76**	809,309,770.26

Other explanation:

☐ Applicable ☑ Not Applicable

VII. NOTES TO ITEMS IN THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

(XXII) Construction in progress

Construction in progress

1. Construction in progress

☑ Applicable ☐ Not Applicable

Unit: Yuan Currency: RMB

Item	Closing balance			Opening balance		
	Closing balance	**Provision for impairment**	**Carrying amount**	Closing balance	Provision for impairment	Carrying amount
CRSC Electrochemical Science and Technology Mansion	**327,820,102.20**	**–**	**327,820,102.20**	277,336,841.64	–	277,336,841.64
Digitalization and Intelligent Upgrade of Autonomous R&D Bases for Infrastructure of Train Control System of Rail Transit	**368,983,269.05**	**–**	**368,983,269.05**	347,535,616.26	–	347,535,616.26
Others	**277,853,630.51**	**–**	**277,853,630.51**	184,437,312.36	–	184,437,312.36
Total	**974,657,001.76**	**–**	**974,657,001.76**	809,309,770.26	–	809,309,770.26

VII. NOTES TO ITEMS IN THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

(XXII) Construction in progress (Continued)

Construction in progress (Continued)

2. Changes in important projects under construction for the current period

☑ Applicable ☐ Not Applicable

2025

Unit: Yuan Currency: RMB

Project name	budget	Opening Balance	Increase during the period	Transferred into fixed assets during the period	Other decrease during the period	Closing Balance	Proportion of project investment to budget (%)	Project progress	Total capitalized interest	Including: Interest capitalized in current period	Capitalization rate for current period (%)	Source of funds
Digitalization and Intelligent Upgrade of Autonomous R&D Bases for Infrastructure of Train Control System of Rail Transit	540,553,500.00	347,535,616.26	21,447,652.79	–	–	368,983,269.05	68.26	68.26%	–	–	–	Self-raised funds
Technology Innovation Building	600,000,000.00	277,336,841.64	50,483,260.56	–		327,820,102.20	54.64	54.64%	–	–	–	Self-raised funds
Others	–	184,437,312.36	222,254,884.93	127,002,766.08	1,835,800.70	277,853,630.51	–	–	–	–	–	Self-raised funds
Total	–	809,309,770.26	294,185,798.28	127,002,766.08	1,835,800.70	974,657,001.76	–	–	–	–	–	/

Note: (1) As at 31 December 2025, the amount of the Company's construction in progress with restricted ownership rights was RMB327,820,102.20.

(2) As at 31 December 2025, there were no circumstances requiring the provision for impairment of the Company's construction in progress.

VII. NOTES TO ITEMS IN THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

(XXII) Construction in progress (Continued)

Construction in progress (Continued)

2. Changes in important projects under construction for the current period

2024

Unit: Yuan Currency: RMB

Project name	budget	Opening balance	Increase during the period	Amount transferred to fixed assets/ intangible assets during the period	Other decrease during the period	Closing balance	Proportion of project investment to budget (%)	Source of funds
CRSC Electrochemical Science and Technology Mansion	600,000,000.00	163,777,348.62	113,559,493.02	–	–	277,336,841.64	46.22	Self-raised funds
Digitalization and Intelligent Upgrade of Autonomous R&D Bases for Infrastructure of Train Control System of Rail Transit	494,570,000.00	107,196,319.94	240,339,296.32	–	–	347,535,616.26	70.27	Self-raised funds
Others	–	129,272,742.19	240,728,442.73	147,358,551.23	38,205,321.33	184,437,312.40	–	Self-raised funds
Total	–	400,246,410.75	594,627,232.07	147,358,551.23	38,205,321.33	809,309,770.26	–	/

3. Provision for impairment of construction in progress made during the period

☐ Applicable ☑ Not Applicable

VII. NOTES TO ITEMS IN THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

(XXII) Construction in progress (Continued)

Construction in progress (Continued)

4. Impairment test of construction in progress

☐ Applicable ☑ Not Applicable

Other explanation

☐ Applicable ☑ Not Applicable

Construction materials

5. Construction materials

☐ Applicable ☑ Not Applicable

(XXIII) Productive biological assets

1. Productive biological assets measured under cost method

☐ Applicable ☑ Not Applicable

2. Impairment test of productive biological assets measured under cost method

☐ Applicable ☑ Not Applicable

3. Productive biological assets measured at fair value

☐ Applicable ☑ Not Applicable

Other explanation

☐ Applicable ☑ Not Applicable

VII. NOTES TO ITEMS IN THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

(XXIV) Oil and gas assets

1. Oil and gas assets

☐ Applicable ☑ Not Applicable

2. Impairment test of oil and gas assets

☑ Applicable ☐ Not Applicable

The recoverable amount is determined as net amount of fair value less costs of disposal

☐ Applicable ☑ Not Applicable

The recoverable amount is determined as the present value of estimated future cash flows

☐ Applicable ☑ Not Applicable

Reasons for significant inconsistence between the aforesaid information and the information used by the previous impairment tests or external information

☐ Applicable ☑ Not Applicable

Reasons for inconsistence between the information used by the Company for previous impairment tests and the facts for the corresponding years

☐ Applicable ☑ Not Applicable

VII. NOTES TO ITEMS IN THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

(XXV) Right-of-use assets

1. Right-of-use assets

☑ Applicable ☐ Not Applicable

2025

Unit: Yuan Currency: RMB

Item	Buildings and constructions	Machinery equipment	Transportation vehicles	Electronic equipment and others	Total
I. Original book value					
1. Opening balance	464,572,314.88	3,401,363.71	2,353,221.94	-	470,326,900.53
2. Increase during the current period	97,286,957.04	4,650,565.02	711,957.44	491,413.72	103,140,893.22
(1) New leases	97,286,957.04	4,650,565.02	711,957.44	491,413.72	103,140,893.22
(2) Revaluation adjustments	-	–	–	–	-
(3) Others	–	–	–	–	–
3. Decrease during the current period	56,694,915.40	–	711,827.45	–	57,406,742.85
(1) Disposal and others	56,694,915.40	–	711,827.45	–	57,406,742.85
4. Closing balance	505,164,356.52	8,051,928.73	2,353,351.93	491,413.72	516,061,050.90

VII. NOTES TO ITEMS IN THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

(XXV) Right-of-use assets

1. Right-of-use assets

Unit: Yuan Currency: RMB

Item	Buildings and constructions	Machinery equipment	Transportation vehicles	Electronic equipment and others	Total
II. Accumulated depreciation					
1. Opening balance	340,078,565.45	1,326,938.79	914,031.75	–	342,319,535.99
2. Increase during the current period	59,533,464.43	2,960,407.19	441,047.19	54,601.52	62,989,520.33
(1) Provision	59,533,464.43	2,960,407.19	441,047.19	54,601.52	62,989,520.33
(2) Others	–	–	–	–	-
3. Decrease during the current period	50,469,431.61	–	19,582.38	–	50,489,013.99
(1) Disposal and others	50,469,431.61	–	19,582.38	–	50,489,013.99
4. Closing balance	349,142,598.27	4,287,345.98	1,335,496.56	54,601.52	354,820,042.33
III. Provision for impairment					
1. Opening balance	–	–	–	–	–
2. Increase during the current period	–	–	–	–	–
3. Decrease during the current period	-	–	–	–	–
4. Closing balance	-	–	–	–	–
IV. Carrying amount					
1. Closing carrying amount	156,021,758.25	3,764,582.75	1,017,855.37	436,812.20	161,241,008.57
2. Opening carrying amount	124,493,749.43	2,074,424.92	1,439,190.19	–	128,007,364.54

VII. NOTES TO ITEMS IN THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

(XXV) Right-of-use assets (Continued)

1. Right-of-use assets (Continued)

2024

Unit: Yuan Currency: RMB

Item	Buildings	Machinery equipment	Transportation vehicles	Total
I. Original book value				
1. Opening balance	464,674,283.67	3,401,363.71	1,054,943.30	469,130,590.68
2. Increase during the current period	64,916,313.34	–	1,298,278.64	66,214,591.98
(1) New leases	66,216,288.57	–	1,298,278.64	67,514,567.21
(2)Revaluation adjustments	-1,332,613.38	–	–	-1,332,613.38
(3) Others	32,638.15	–	–	32,638.15
3. Decrease during the current period	65,018,282.13	–	–	65,018,282.13
(1) Disposal and others	65,018,282.13	–	–	65,018,282.13
4. Closing balance	464,572,314.88	3,401,363.71	2,353,221.94	470,326,900.53
II. Accumulated depreciation				
1. Opening balance	344,019,691.94	226,757.59	248,184.53	344,494,634.06
2. Increase during the current period	67,113,209.27	1,100,181.20	665,847.22	68,879,237.69
(1) Provision	67,086,010.81	1,100,181.20	665,847.22	68,852,039.23
(2) Others	27,198.46	–	–	27,198.46
3. Decrease during the current period	71,054,335.76	–	–	71,054,335.76
(1) Disposal and others	71,054,335.76	–	–	71,054,335.76
4. Closing balance	340,078,565.45	1,326,938.79	914,031.75	342,319,535.99
III. Provision for impairment				
1. Opening balance	–	–	–	–
2. Increase during the current period	–	–	–	–
3. Decrease during the current period	–	–	–	–
4. Closing balance	–	–	–	–
IV. Carrying amount				
1. Closing carrying amount	124,493,749.43	2,074,424.92	1,439,190.19	128,007,364.54
2. Opening carrying amount	120,654,591.73	3,174,606.12	806,758.77	124,635,956.62

VII. NOTES TO ITEMS IN THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

(XXV) Right-of-use assets (Continued)

2. Impairment test of right-of-use assets

☐ Applicable ☑ Not Applicable

(XXVI) Intangible assets

1. Information about intangible assets

☑ Applicable ☐ Not Applicable

2025

Unit: Yuan Currency: RMB

Item	Land use rights	Patents	Software	Unfinished contract	Customer relationships	Total
I. Original book value						
1. Opening balance	2,441,874,299.32	1,352,630,547.11	607,045,730.90	169,921,119.24	268,649,028.19	4,840,120,724.76
2. Increase during the current period	474,682.71	104,643,623.64	131,066,965.21	–	–	236,185,271.56
(1) Acquisition	474,682.71	30,470,471.79	113,367,807.33	–	–	144,312,961.83
(2) Internal R&D	–	74,173,151.85	9,086,627.95	–	–	83,259,779.80
(3) Increased from enterprise merger	–	–	–	–	–	–
(4) Transferred from construction in progress	–	–	8,612,529.93	–	–	8,612,529.93
3. Decrease during the current period	8,093,814.46	–	16,071,458.57	–	–	24,165,273.03
(1) Disposal	8,093,814.46	–	16,071,458.57	–	–	24,165,273.03
4. Closing balance	2,434,255,167.57	1,457,274,170.75	722,041,237.54	169,921,119.24	268,649,028.19	5,052,140,723.29
II. Accumulated amortization						
1. Opening balance	595,738,229.30	744,667,895.37	457,310,567.67	169,921,119.24	245,582,811.42	2,213,220,623.00
2. Increase during the current period	50,791,907.62	159,218,502.90	72,818,929.50	–	2,526,165.68	285,355,505.70
(1) Provision	50,791,907.62	159,218,502.90	72,818,929.50	–	2,526,165.68	285,355,505.70
3. Decrease during the current period	2,332,116.04	–	16,071,356.01	–	–	18,403,472.05
(1) Disposal	2,332,116.04	–	16,071,356.01	–	–	18,403,472.05
4. Closing balance	644,198,020.88	903,886,398.27	514,058,141.16	169,921,119.24	248,108,977.10	2,480,172,656.65
III. Provision for impairment						
IV. Carrying amount						
1. Closing carrying amount	1,790,057,146.69	553,387,772.48	207,983,096.38	–	20,540,051.09	2,571,968,066.64
2. Opening carrying amount	1,846,136,070.02	607,962,651.74	149,735,163.23	–	23,066,216.77	2,626,900,101.76

VII. NOTES TO ITEMS IN THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

(XXVI) Intangible assets (Continued)

1. Information about intangible assets (Continued)

2024

Unit: Yuan Currency: RMB

Item	Land use rights	Patents	Software	Unfinished contract	Customer relationships	Total
I. Original book value						
1. Opening balance	2,448,480,404.53	1,215,424,538.05	491,694,984.34	169,921,119.24	244,325,834.78	4,569,846,880.94
2. Increase during the current period	–	137,206,009.06	116,085,273.60	–	24,323,193.41	277,614,476.07
(1) Acquisition	–	707,402.17	98,159,142.15	–	–	98,866,544.32
(2) Internal R&D	–	136,498,606.89	14,996,126.45	–	–	151,494,733.34
(3) Increased from enterprise merger	–	–	–	–	24,323,193.41	24,323,193.41
(4) Transferred from construction in progress	–	–	2,930,005.00	–	–	2,930,005.00
3. Decrease during the current period	6,606,105.21	–	734,527.04	–	–	7,340,632.25
(1) Disposal	6,606,105.21	–	734,527.04	–	–	7,340,632.25
4. Closing balance	2,441,874,299.32	1,352,630,547.11	607,045,730.90	169,921,119.24	268,649,028.19	4,840,120,724.76
II. Accumulated amortization						
1. Opening balance	545,513,040.00	606,874,216.97	415,568,377.20	169,921,119.24	244,325,834.78	1,982,202,588.19
2. Increase during the current period	50,852,483.82	137,793,678.40	42,476,717.51	–	1,256,976.64	232,379,856.37
(1) Provision	50,852,483.82	137,793,678.40	42,476,717.51	–	1,256,976.64	232,379,856.37
3. Decrease during the current period	627,294.52	–	734,527.04	–	–	1,361,821.56
(1) Disposal	627,294.52	–	734,527.04	–	–	1,361,821.56
4. Closing balance	595,738,229.30	744,667,895.37	457,310,567.67	169,921,119.24	245,582,811.42	2,213,220,623.00
III. Provision for impairment						
IV. Carrying amount						
1. Closing carrying amount	1,846,136,070.02	607,962,651.74	149,735,163.23	–	23,066,216.77	2,626,900,101.76
2. Opening carrying amount	1,902,967,364.53	608,550,321.08	76,126,607.14	–	–	2,587,644,292.75

VII. NOTES TO ITEMS IN THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

(XXVI) Intangible assets (Continued)

1. Information about intangible assets (Continued)

2024 (Continued)

As at the end of the reporting period, the proportion of internally generated intangible assets to the balance of intangible assets was

Note: (1) As at 31 December 2025, the carrying amount of intangible assets with title restriction was RMB84,289,048.63. (31 December 2024: RMB87,067,808.48).

(2) The intangible assets derived from internal research and development accounted for 1.65% of the closing carrying amount of intangible assets (2024: 3.13%).

(3) As of the approval date of this financial statement, the Company had obtained the title certificates and completed the procedures for registration for the land use rights.

2. Data resources recognised as intangible assets

☐ Applicable ☑ Not Applicable

3. Information about land use rights for which a certificate of title has not been obtained

☐ Applicable ☑ Not Applicable

4. Impairment test of intangible assets

☐ Applicable ☑ Not Applicable

Other explanation:

☐ Applicable ☑ Not Applicable

VII. NOTES TO ITEMS IN THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

(XXVII) Goodwill

1. Original carrying amount of goodwill

☑ Applicable ☐ Not Applicable

2025

Unit: Yuan Currency: RMB

Name of investee or matters resulting in goodwill	Opening balance	Increase during the period: Arising from business combination	Increase during the period: Others	Decrease during the period: Disposal	Closing balance
CASCO	201,027,354.70	–	–	–	201,027,354.70
Changsha Architectural Design Institute Co., Ltd. ("Changsha Design Institute")	37,429,932.37	–	–	–	37,429,932.37
Electrification Bureau	30,525,980.16	–	–	–	30,525,980.16
CRSC (Zhengzhou) Zhong'an Engineering Co., Ltd. ("Zhengzhou Zhong'an")	27,673,509.65	–	–	–	27,673,509.65
CRSC Wanquan Signal Equipment Co., LTD. ("CRSC Wanquan")	3,865,524.80	–	–	–	3,865,524.80
CRSC First Construction Co., Ltd. ("First Construction")	3,802,223.24	–	–	–	3,802,223.24
Shanghai Deuta Electronic & Electrical Equipment Co., Ltd. ("Shanghai Deuta")	669,345.89	–	–	–	669,345.89
Others	330,257.77	–	–	–	330,257.77
Total	305,324,128.58	–	–	–	305,324,128.58

VII. NOTES TO ITEMS IN THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

(XXVII) Goodwill (Continued)

1. Original carrying amount of goodwill (Continued)

2024

Unit: Yuan Currency: RMB

Name of investee or matters resulting in goodwill	Opening balance	Increase during the period: Arising from business combination	Increase during the period: Others	Decrease during the period: Disposal	Closing balance
CASCO	201,027,354.70	–	–	–	201,027,354.70
Changsha Architectural Design Institute Co., Ltd. ("Changsha Design Institute")	37,429,932.37	–	–	–	37,429,932.37
Electrification Bureau	30,525,980.16	–	–	–	30,525,980.16
CRSC (Zhengzhou) Zhong'an Engineering Co., Ltd. ("Zhengzhou Zhong'an")	27,673,509.65	–	–	–	27,673,509.65
CRSC Wanquan Signal Equipment Co., LTD. ("CRSC Wanquan")	3,865,524.80	–	–	–	3,865,524.80
CRSC First Construction Co., Ltd. ("First Construction")	3,802,223.24	–	–	–	3,802,223.24
Shanghai Deuta Electronic & Electrical Equipment Co., Ltd. ("Shanghai Deuta")	669,345.89	–	–	–	669,345.89
Others	330,257.77	–	–	–	330,257.77
Total	305,324,128.58	–	–	–	305,324,128.58

VII. NOTES TO ITEMS IN THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

(XXVII) Goodwill (Continued)

1. Original carrying amount of goodwill (Continued)

Note:

1. The Company allocates the carrying amount of goodwill of CASCO to the asset group that can benefit from the synergies of the business combination, and performs impairment test on this basis. The recoverable amount of the asset group is determined based on the higher of its net fair value less costs of disposal and the present value of estimated future cash flows of the asset group; indicating that the asset group is not impaired if either of which is more than the carrying amount of the asset group.

   The asset group of CASCO in this year is consistent with the asset group determined at the acquisition date and the goodwill impairment test in previous years. The determination of an asset group is based on whether the main cash inflow of the asset group is independent of other assets, a well as the way for the enterprise management to manage production and operation activities, and the decision-making method for the continued use or disposal of assets. In this year, CASCO confirmed that CASCO asset group portfolio was the smallest unit of asset groups with the combination of goodwill and its relevant assets based on the cash flow generated from goodwill. The cash flow generated from this asset group is independent of other assets or other asset groups, and the recoverable amount of the asset group is the present value of the estimated future cash -flows of CASCO. The amounts of key assumptions of the asset group related to impairment tests were consistent with the Company's historical experience and external information. The key assumptions made by management in determining the present value of the cash flow forecast are as follows:

Item	**31 December 2025**	31 December 2024
Forecast period	**5 years**	5 years
Discount rate	**16.86%**	16.57%
Average growth rate of income in the forecast period	**2.00%**	2.00%

   As at 31 December 2025 and 31 December 2024, the goodwill of the CASCO asset group has not been impaired and therefore no provision for impairment was required.

VII. NOTES TO ITEMS IN THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

(XXVII) Goodwill (Continued)

1. Original carrying amount of goodwill (Continued)

Note: (Continued)

2. The Company conducted impairment test on the allocation of goodwill resulting from the acquisition of Zhengzhou Zhong'an, CRSC Electri fication Bureau and Changsha Design Institute to the asset group. The combination of asset groups is the combination which the goodwill combined with smallest asset groups related to it, and the cash flow generated from this asset group was independent from other assets or other asset groups, which was consistent with the combination of asset groups determined at the date of purchase and during the impairment test for prior years. The recoverable amount was determined according to the present value of the expected future cash flows of those subsidiaries, and the expected future cash flows were determined according to the cash flow forecast based on the 5-year financial budget approved by the management. The pre-tax discount rates applied in the cash flow projections were 13.88%, 13.88%, and 12.88%, respectively (2024: 14.09%, 14.09%, and 13.32%). After testing, the goodwill generated by the acquisition of Electrification Bureau by the Company has not been impaired, so no provision for impairment is required; and the goodwill generated by the acquisition of Zhengzhou Zhong'an and Changsha Design Institute has been impaired, and a provision of RMB16.6647 million and RMB25.7684 million for impairment has been made respectively.

3. The calculation of the present value of estimated future cash flows for CASCO, Zhengzhou Zhong'an, Electrification Bureau and Changsha Design Institute as of 31 December 2025 and 31 December 2024 was based on certain assumptions. The following details the key assumptions made by the management in determining the cash flow forecast for goodwill impairment test:

   Budget gross margin – The determination basis was to appropriately increase the average gross margin that was realized in the year before the budget year on the basis of the expected efficiency improvement and the expected market development.

   Discount rate – The discount rate adopted was the pre-tax discount rate that reflects the specific risks of the relevant asset group.

VII. NOTES TO ITEMS IN THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

(XXVII) Goodwill (Continued)

2. Provision for impairment of goodwill

☑ Applicable ☐ Not Applicable

2025

Unit: Yuan Currency: RMB

Name of investee or matters resulting in goodwill	Opening balance	Increase during the period		Decrease during the period		Closing balance
		Provision	Others	Disposal	Others	
Changsha Design Institute	**25,768,400.00**	**–**	**–**	**–**	**–**	**25,768,400.00**
Zhengzhou Zhong'an	**16,664,700.00**	**–**	**–**	**–**	**–**	**16,664,700.00**
Total	**42,433,100.00**	**–**	**–**	**–**	**–**	**42,433,100.00**

2024

Unit: Yuan Currency: RMB

Name of investee or matters resulting in goodwill	Opening balance	Increase during the period		Decrease during the period		Closing balance
		Provision	Others	Disposal	Others	
Changsha Design Institute	5,616,900.00	20,151,500.00	–	–	–	**25,768,400.00**
Zhengzhou Zhong'an	16,664,700.00	–	–	–	–	**16,664,700.00**
Total	22,281,600.00	20,151,500.00	–	–	–	**42,433,100.00**

VII. NOTES TO ITEMS IN THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

(XXVII) Goodwill (Continued)

3. *Information about the asset group or combination of asset groups to which the goodwill belongs*

☐ Applicable ☑ Not Applicable

Changes in the asset group or combination of asset groups

☐ Applicable ☑ Not Applicable

Other explanation

☐ Applicable ☑ Not Applicable

4. *Method to determine the recoverable amount*

The recoverable amount is determined as net amount of fair value less costs of disposal

☐ Applicable ☑ Not Applicable

The recoverable amount is determined as the present value of estimated future cash flows

☐ Applicable ☑ Not Applicable

Reasons for significant inconsistence between the aforesaid information and the information used by the previous impairment tests or external information

☐ Applicable ☑ Not Applicable

Reasons for inconsistence between the information used by the Company for previous impairment tests and the facts for the corresponding years

☐ Applicable ☑ Not Applicable

VII. NOTES TO ITEMS IN THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

(XXVII) Goodwill (Continued)

5. Performance commitments and the impact on goodwill impairment test

Performance commitments exist when goodwill is recognised and the reporting period or the period preceding the reporting period is within the period of the commitments.

☐ Applicable ☑ Not Applicable

Other explanation

☐ Applicable ☑ Not Applicable

VII. NOTES TO ITEMS IN THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

(XXVIII) Long-term prepaid expenses

☑ Applicable ☐ Not Applicable

2025

Unit: Yuan Currency: RMB

Item	Opening balance	Increase during the period	Amortization for the period	Other deduction	Closing balance
Costs of improvements to fixed assets under operating leases and others	**36,901,102.20**	**10,530,559.08**	**20,797,950.61**	**-**	**26,633,710.67**
Total	**36,901,102.20**	**10,530,559.08**	**20,797,950.61**	**0.00**	**26,633,710.67**

2024

Unit: Yuan Currency: RMB

Item	Opening balance	Increase during the period	Amortization for the period	Other deduction	Closing balance
Costs of improvements to fixed assets under operating leases and others	55,688,360.12	14,221,776.61	33,009,034.53	–	36,901,102.20
Total	55,688,360.12	14,221,776.61	33,009,034.53	–	36,901,102.20

VII. NOTES TO ITEMS IN THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

(XXIX) Deferred tax assets/liabilities

1. Deferred tax assets not offset

☑ Applicable ☐ Not Applicable

Unit: Yuan Currency: RMB

Item	Closing balance		Opening balance	
	Deductible temporary difference	**Deferred income tax assets Assets**	Deductible temporary difference	Deferred income tax assets Assets
Asset impairment provision	**2,872,870,524.44**	**629,307,709.06**	2,556,533,382.07	560,296,634.33
Recognition of lease liabilities	**148,235,492.99**	**26,931,156.01**	114,100,369.54	22,471,563.21
Unrealized profits in intra-group transactions	**58,990,578.71**	**13,496,791.88**	72,445,687.20	18,042,401.88
Deferred income	**171,906,205.12**	**28,114,790.47**	97,279,403.07	16,997,982.60
Estimated liabilities	**53,495,227.25**	**8,446,819.47**	54,297,506.68	7,411,238.67
Unpaid employee benefits payable	**45,350,342.03**	**8,127,286.02**	51,437,177.14	9,672,584.74
Others	**255,705,959.38**	**62,791,782.67**	87,638,720.70	20,993,696.57
Total	**3,606,554,329.92**	**777,216,335.58**	3,033,732,246.40	655,886,102.00

VII. NOTES TO ITEMS IN THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

(XXIX) Deferred tax assets/liabilities (Continued)

2. Deferred tax liabilities not offset

☑ Applicable ☐ Not Applicable

Unit: Yuan Currency: RMB

Item	Closing balance		Opening balance	
	Deductible temporary difference	**Deferred income tax assets Liabilities**	Deductible temporary difference	Deferred income tax assets Liabilities
Depreciation of fixed assets	**83,367,849.00**	**12,505,177.35**	79,705,852.60	11,955,877.89
Recognition of right-of-use assets	**161,241,008.57**	**28,509,605.16**	128,007,364.54	24,466,999.94
Fair value adjustment of business combination not under common control	**48,180,811.32**	**10,994,017.93**	48,976,286.65	11,393,133.31
Floating profit and loss in portion of positions of copper futures	**15,276,890.00**	**2,291,533.50**	–	–
Others	**201,329,006.42**	**49,640,254.61**	185,010,343.47	46,202,790.17
Total	**509,395,565.31**	**103,940,588.55**	441,699,847.26	94,018,801.31

VII. NOTES TO ITEMS IN THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

(XXIX) Deferred tax assets/liabilities (Continued)

3. Deferred tax assets or liabilities stated on a net basis after offset

☑ Applicable ☐ Not Applicable

Unit: Yuan Currency: RMB

Item	Closing balance		Opening balance	
	Amounts offset between deferred tax assets and liabilities	**Net deferred tax assets or liabilities after offsetting**	Amounts offset between deferred tax assets and liabilities	Net deferred tax assets or liabilities after offset
Deferred tax assets	**51,947,744.62**	**725,268,590.96**	44,360,066.34	611,526,035.66
Deferred tax liabilities	**51,947,744.62**	**51,992,843.93**	44,360,066.34	49,658,734.97

4. Breakdown of unrecognised deferred tax assets

☑ Applicable ☐ Not Applicable

Unit: Yuan Currency: RMB

Item	Closing balance	Opening balance
Deductible temporary difference	**38,991,148.30**	33,152,551.25
Deductible loss	**1,088,169,945.36**	730,970,383.36
Total	**1,127,161,093.66**	764,122,934.61

VII. NOTES TO ITEMS IN THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

(XXIX) Deferred tax assets/liabilities (Continued)

5. Deductible loss for which no deferred tax assets are recognised will become due in the following years

☑ Applicable ☐ Not Applicable

Unit: Yuan Currency: RMB

Year	Closing balance	Opening balance	Remarks
2025	**–**	32,248,171.52	/
2026	**69,191,376.50**	80,649,893.27	/
2027	**43,830,165.39**	43,830,165.39	/
2028	**28,949,489.52**	24,479,243.24	/
2029	**101,801,583.83**	82,347,814.79	/
2030	**225,535,841.55**	33,034,023.51	/
2031	**22,304,698.40**	22,304,698.40	/
2032	**70,847,173.46**	71,699,567.92	/
2033	**99,319,540.29**	97,853,593.17	/
2034	**238,036,497.17**	242,523,212.15	/
2035	**188,353,579.25**	–	/
Total	**1,088,169,945.36**	730,970,383.36	/

Other explanation:

☐ Applicable ☑ Not Applicable

VII. NOTES TO ITEMS IN THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

(XXX) Other non-current assets

☑ Applicable ☐ Not Applicable

Unit: Yuan Currency: RMB

Item	Closing balance	Closing balance Provision for impairment	Carrying amount	Opening balance Closing balance	Opening balance Provision for impairment	Opening balance Carrying amount
Project quality deposit	**1,580,142,488.11**	**5,607,408.98**	**1,574,535,079.13**	1,094,056,714.91	4,484,867.34	1,089,571,847.57
Prepayment for fixed assets	**125,740.00**	**–**	**125,740.00**	38,586,662.26	–	38,586,662.26
Receivables of "Build-Operate-Transfer" project	**5,114,137,648.67**	**58,448,540.20**	**5,055,689,108.47**	5,302,496,075.83	57,857,349.59	5,244,638,726.24
Interest on time deposits	**22,231,944.45**	**–**	**22,231,944.45**	18,601,111.08	–	18,601,111.08
Total	**6,716,637,821.23**	**64,055,949.18**	**6,652,581,872.05**	6,453,740,564.08	62,342,216.93	6,391,398,347.15

Note: As at 31 December 2025, the Group pledged other non-current assets of RMB4,738,943,742.04 and accounts receivable of RMB688,685,201.79 (31 December 2024: other non-current assets of RMB4,915,049,570.76 and accounts receivable of RMB680,198,573.12), both arising from concession rights and all proceeds thereunder, as collateral for long-term borrowings of RMB2,972,083,923.00 (31 December 2024: RMB3,037,783,923.00). For details, please refer to Note "VII. (XXXI)" in these Notes.

VII. NOTES TO ITEMS IN THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

(XXX) Other non-current assets (Continued)

Provision for bad debt regarding other non-current assets

2025

Category	Opening balance	Change during the period: Provision	Change during the period: Recovery or reversal	Change during the period: Write-off or cancellation	Closing balance
Provision for bad debt	**62,342,216.93**	**1,713,732.25**	**–**	**–**	**64,055,949.18**
Total	**62,342,216.93**	**1,713,732.25**	**–**	**–**	**64,055,949.18**

2024

Category	Opening balance	Change during the period: Provision	Change during the period: Recovery or reversal	Change during the period: Write-off or cancellation	Closing balance
Provision for bad debt	63,692,244.97	-1,350,028.04	–	–	62,342,216.93
Total	63,692,244.97	-1,350,028.04	–	–	62,342,216.93

VII. NOTES TO ITEMS IN THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

(XXXI) Assets with restricted ownership or right of use

☑ Applicable ☐ Not Applicable

Unit: Yuan Currency: RMB

Item	Closing balance	Closing Carrying amount	Closing Type	Closing Description of restriction	Opening Closing balance	Opening Carrying amount	Opening Type	Opening Description of restriction
Monetary funds	**542,779,025.99**	**542,779,025.99**	**Others**	**Acceptance bill deposits, guarantee letter deposits and others**	443,657,457.27	443,657,457.27	Others	Acceptance bill deposits, guarantee letter deposits and others
Notes receivable	**270,507,694.57**	**269,808,807.17**	**Pledge**	**Pledged borrowings**	420,994,803.11	409,762,991.02	Pledge	Pledged borrowings
Accounts receivable	**923,535,105.31**	**812,083,256.38**	**Pledge**	**Pledged borrowings, factoring**	1,086,198,573.12	723,342,896.91	Pledge	Pledged borrowings, factoring
Long-term receivables	**230,000,000.00**	**228,850,000.00**	**Others**	**Factoring**	–	–	Pledge	Factoring
Other non-current assets	**4,738,943,742.04**	**4,720,800,585.00**	**Pledge**	**Pledged borrowings**	4,915,049,570.76	4,896,343,364.30	Pledge	Pledged borrowings
Intangible assets	**84,289,048.63**	**84,289,048.63**	**Pledge**	**Pledged borrowings**	87,067,808.48	87,067,808.48	Pledge	Pledged borrowings
Construction in progress	**327,820,102.20**	**327,820,102.20**	**Pledge**	**Pledged borrowings**	–	–	Pledge	Pledged borrowings
Total	**7,117,874,718.74**	**6,986,430,825.37**	/	/	6,952,968,212.74	6,560,174,517.98	/	/

VII. NOTES TO ITEMS IN THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

(XXXII) Short-term borrowings

1. Classification of short-term borrowings

☑ Applicable ☐ Not Applicable

Unit: Yuan Currency: RMB

Item	Closing balance	Opening balance
Pledged borrowings	**97,888,684.08**	105,270,799.80
Credit borrowings	**72,587,767.42**	38,194,632.03
Total	**170,476,451.50**	143,465,431.83

Description of classification of short-term borrowings:

Note: As of 31 December 2025, the Company pledged bank acceptance bills and commercial acceptance bills with carrying amounts of RMB673,270.00 and RMB97,215,414.08, respectively, as collateral to secure short-term borrowings of RMB97,888,684.08. (As of 31 December 2024, the Company pledged bank acceptance bills and commercial acceptance bills with carrying amounts of RMB1,500,000.00 and RMB103,770,799.80, respectively, as collateral to secure short-term borrowings of RMB105,270,799.80). Please see Note "VII. (XXXI)".

VII. NOTES TO ITEMS IN THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

(XXXII) Short-term borrowings (Continued)

2. Overdue and Unrepaid Short-term Borrowings

☐ Applicable ☑ Not Applicable

Major overdue but unpaid short-term borrowings:

☐ Applicable ☑ Not Applicable

Other explanation

☐ Applicable ☑ Not Applicable

(XXXIII) Financial liabilities held for trading

☐ Applicable ☑ Not Applicable

Other explanation:

☐ Applicable ☑ Not Applicable

(XXXIV) Derivative financial liabilities

☐ Applicable ☑ Not Applicable

VII. NOTES TO ITEMS IN THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

(XXXV) Bills payable

1. *Breakdown of bills payable*

☑ Applicable ☐ Not Applicable

Unit: Yuan Currency: RMB

Type	Closing balance	Opening balance
Commercial acceptance bills	**889,242,049.47**	914,631,935.25
Bank acceptance bills	**802,022,462.14**	860,977,208.36
Total	**1,691,264,511.61**	1,775,609,143.61

Note: As of 31 December 2025 and 31 December 2024, the Company did not have overdue but unpaid bills payable.

(XXXVI) Accounts payable

1. *Accounts payable by aging on recording dates*

☑ Applicable ☐ Not Applicable

Unit: Yuan Currency: RMB

Item	Closing balance	Opening balance
Within 1 year	**20,288,727,791.04**	23,865,836,803.98
1 to 2 years	**7,965,204,582.58**	8,243,506,996.49
2 to 3 years	**4,266,950,020.09**	5,104,577,209.46
Over 3 years	**6,699,226,150.56**	5,521,822,845.88
Total	**39,220,108,544.27**	42,735,743,855.81

VII. NOTES TO ITEMS IN THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

(XXXVI) Accounts payable (Continued)

2. Major accounts payable aged over one year

☑ Applicable ☐ Not Applicable

As at 31 December 2025, the total of the top five accounts payable aged over one year amounted to RMB997,298,239.68.

As at 31 December 2024, the total of the top five accounts payable aged over one year amounted to RMB1,081,547,180.55.

Other explanation

☐ Applicable ☑ Not Applicable

(XXXVII) Advance receipts

1. Breakdown of advance receipts

☐ Applicable ☑ Not Applicable

2. Major advance receipts aged over one year

☐ Applicable ☑ Not Applicable

3. Amount of and reason for significant change in carrying amount within the Reporting Period

☐ Applicable ☑ Not Applicable

Other explanation

☐ Applicable ☑ Not Applicable

VII. NOTES TO ITEMS IN THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

(XXXVIII) Contract liabilities

1. Contract liabilities status

☑ Applicable ☐ Not Applicable

Unit: Yuan Currency: RMB

Item	Closing balance	Opening balance
Advances	**2,004,381,100.73**	2,173,801,701.12
Incomplete project, settled	**7,647,371,945.70**	8,086,919,099.28
Total	**9,651,753,046.43**	10,260,720,800.40

2. Major contract liabilities aged over one year

☐ Applicable ☑ Not Applicable

VII. NOTES TO ITEMS IN THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

(XXXVIII) Contract liabilities (Continued)

3. Amount of and reason for significant change in carrying amount within the Reporting Period

☑ Applicable ☐ Not Applicable

Unit: Yuan Currency: RMB

Item	Change in amount	Reasons for change
Advances	**169,420,600.39**	Collection at the beginning of the period was recognised as revenue in the current period
Incomplete project, settled	**439,547,153.58**	Contract liabilities at the beginning of the period were transferred to operating income in the current period
Total	**608,967,753.97**	

Note The contract liabilities of RMB2,138,733,818.44 included in the carrying amount as at 31 December 2024 have been transferred to revenue in 2025.

Other explanation:

☐ Applicable ☑ Not Applicable

VII. NOTES TO ITEMS IN THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

(XXXIX) Amounts due from repurchase agreements of financial assets

Item	Closing balance	Opening balance
Financial assets sold for repurchase	**16,950,121.15**	
Total	**16,950,121.15**	

Note: The ending balance represents bill discounting business with repurchase agreements conducted by the finance company at the central bank.

(XL) Customers deposits and deposits from banks and other financial institutions

Item	Closing balance	Opening balance
Deposits absorbed by the finance company	**1,035,278,439.21**	3,001,258,120.80
Total	**1,035,278,439.21**	3,001,258,120.80

VII. NOTES TO ITEMS IN THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

(XLI) Employee benefits payable

1. Breakdown of employee benefits payable

☑ Applicable ☐ Not Applicable

2025

Unit: Yuan Currency: RMB

Item	Opening balance	Increase during the period	Decrease during the period	Closing balance
I. Short-term benefits	**839,210,803.41**	**5,751,170,647.73**	**5,885,077,698.48**	**705,303,752.66**
II. Post-employment benefits (defined contribution plan)	**32,293,780.19**	**759,209,362.54**	**761,008,054.13**	**30,495,088.60**
III. Dismissal benefits	**–**	**10,081,766.72**	**10,081,766.72**	**–**
IV. Other benefits due within one year	**37,241,000.00**	**28,496,384.92**	**30,897,384.92**	**34,840,000.00**
Total	**908,745,583.60**	**6,548,958,161.91**	**6,687,064,904.25**	**770,638,841.26**

2024

Unit: Yuan Currency: RMB

Item	Opening balance	Increase during the period	Decrease during the period	Closing balance
I. Short-term benefits	634,609,870.75	5,501,235,477.26	5,296,634,544.60	839,210,803.41
II. Post-employment benefits (defined contribution plan)	29,189,317.02	718,476,852.05	715,372,388.88	32,293,780.19
III. Dismissal benefits	610,641.50	7,291,440.99	7,902,082.49	–
IV. Other benefits due within one year	36,607,000.00	35,332,000.00	34,698,000.00	37,241,000.00
Total	701,016,829.27	6,262,335,770.30	6,054,607,015.97	908,745,583.60

VII. NOTES TO ITEMS IN THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

(XLI) Employee benefits payable (Continued)

2. Breakdown of short-term remunerations

☑ Applicable ☐ Not Applicable

2025

Unit: Yuan Currency: RMB

Item	Opening balance	Increase during the period	Decrease during the period	Closing balance
I. Wages, bonuses, allowances and subsidies	119,506,788.74	4,259,920,846.40	4,356,589,006.05	22,838,629.09
II. Employee welfare benefits	458,928,284.84	238,862,794.10	238,863,314.10	458,927,764.84
III. Social insurance premiums	64,627,599.37	460,001,967.30	492,779,154.84	31,850,411.83
Including: Medical insurance premiums	60,540,079.26	398,991,025.77	429,079,402.89	30,451,702.14
Industrial injury insurance premiums	516,567.77	20,925,346.99	20,895,558.60	546,356.16
Maternity insurance premiums	637,485.73	3,254,430.31	3,248,560.39	643,355.65
Others	2,933,466.61	36,831,164.23	39,555,632.96	208,997.88
IV. Housing provident fund	3,422,442.85	423,797,550.28	423,951,644.41	3,268,348.72
V. Labour union funds and staff education funds	187,583,641.84	122,055,509.88	122,139,828.78	187,499,322.94
VI. Short-term paid leave	–	–	–	–
VII. Short-term profit-sharing plan	–	–	–	–
VIII. Others	5,142,045.77	246,531,979.77	250,754,750.30	919,275.24
Total	839,210,803.41	5,751,170,647.73	5,885,077,698.48	705,303,752.66

VII. NOTES TO ITEMS IN THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

(XLI) Employee benefits payable (Continued)

2. Breakdown of short-term remunerations (Continued)

2024

Unit: Yuan Currency: RMB

Item	Opening balance	Increase during the period	Decrease during the period	Closing balance
I. Wages, bonuses, allowances and subsidies	23,076,956.73	4,028,392,845.09	3,931,963,013.08	119,506,788.74
II. Employee welfare benefits	381,617,385.84	317,224,998.73	239,914,099.73	458,928,284.84
III. Social insurance premiums	54,522,762.71	422,014,023.61	411,909,186.95	64,627,599.37
Including: Medical insurance premiums	53,646,628.06	389,940,894.39	383,047,443.19	60,540,079.26
Industrial injury insurance premiums	462,143.04	16,678,500.18	16,624,075.45	516,567.77
Maternity insurance premiums	413,991.61	6,082,073.18	5,858,579.06	637,485.73
Others	–	9,312,555.86	6,379,089.25	2,933,466.61
IV. Housing provident fund	3,529,354.44	405,982,713.03	406,089,624.62	3,422,442.85
V. Labour union funds and staff education funds	171,034,624.26	114,516,251.26	97,967,233.68	187,583,641.84
VI. Other short-term compensation	–	–	–	–
VII. Short-term profit-sharing plan	–	–	–	–
VIII. Others	828,786.77	213,104,645.54	208,791,386.54	5,142,045.77
Total	634,609,870.75	5,501,235,477.26	5,296,634,544.60	839,210,803.41

VII. NOTES TO ITEMS IN THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

(XLI) Employee benefits payable (Continued)

3. Breakdown of defined contribution plan

☑ Applicable ☐ Not Applicable

2025

Unit: Yuan Currency: RMB

Item	Opening balance	Increase during the period	Decrease during the period	Closing balance
1. Basic pension insurance	**20,756,976.99**	**572,128,807.27**	**571,510,650.36**	**21,375,133.90**
2. Unemployment insurance	**657,855.37**	**19,961,339.07**	**19,959,273.82**	**659,920.62**
3. Enterprise annuity payment	**10,878,947.83**	**167,119,216.20**	**169,538,129.95**	**8,460,034.08**
Total	**32,293,780.19**	**759,209,362.54**	**761,008,054.13**	**30,495,088.60**

VII. NOTES TO ITEMS IN THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

(XLI) Employee benefits payable (Continued)

3. Breakdown of defined contribution plan (Continued)

2024

Unit: Yuan Currency: RMB

Item	Opening balance	Increase during the period	Decrease during the period	Closing balance
1. Basic pension insurance	18,603,134.39	541,836,036.41	539,682,193.81	20,756,976.99
2. Unemployment insurance	612,992.78	18,677,039.11	18,632,176.52	657,855.37
3. Enterprise annuity payment	9,973,189.85	157,963,776.53	157,058,018.55	10,878,947.83
Total	29,189,317.02	718,476,852.05	715,372,388.88	32,293,780.19

Other explanation:

☐ Applicable ☑ Not Applicable

VII. NOTES TO ITEMS IN THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

(XLII) Tax payable

☑ Applicable ☐ Not Applicable

Unit: Yuan Currency: RMB

Item	Closing balance	Opening balance
Value-added tax	**661,997,352.94**	791,237,034.27
Corporate income tax	**306,683,497.80**	280,417,799.75
Individual income tax	**161,175,645.76**	154,380,457.96
Urban maintenance and construction tax	**25,700,801.82**	28,059,701.93
Property tax	**2,543,649.39**	2,193,480.95
Educational surcharge	**19,094,423.41**	20,711,340.83
Land use tax	**1,152,144.48**	1,152,281.20
Others	**3,113,354.69**	713,488.46
Total	**1,181,460,870.29**	1,278,865,585.35

VII. NOTES TO ITEMS IN THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

(XLIII) Other payables

1. *Presentation of items*

☑ Applicable ☐ Not Applicable

Unit: Yuan Currency: RMB

Item	Closing balance	Opening balance
Interests payable	–	–
Dividends payable	**11,764,619.61**	12,169,644.46
Other payables	**2,188,116,899.80**	1,961,827,723.66
Total	**2,199,881,519.41**	1,973,997,368.12

Other explanation:

☐ Applicable ☑ Not Applicable

2. *Interests payable*

Classified presentation

☐ Applicable ☑ Not Applicable

Major overdue interest payable:

☐ Applicable ☑ Not Applicable

Other explanation:

☐ Applicable ☑ Not Applicable

VII. NOTES TO ITEMS IN THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

(XLIII) Other payables (Continued)

3. Dividends payable

Classified presentation

☑ Applicable ☐ Not Applicable

Unit: Yuan Currency: RMB

Item	Closing balance	Opening balance
Jishou Tengda Economic Construction and Investment Co., Ltd.	**5,183,939.52**	5,161,533.00
Jishou Huatai Underground Pipeline Investment and Construction Co., Ltd.	**2,556,314.30**	2,281,266.00
Taixing Zhiguang Technology Talents Plaza Management Co., Ltd.	**2,270,000.00**	2,270,000.00
Eltek AS	**586,693.80**	1,240,876.56
Zenitel Norway AS	**507,424.50**	1,073,219.40
Hangzhou Tianyue Win-Win Corporate Management Partnership (Limited Partnership)	**142,749.50**	142,749.50
Ordos State-owned Assets Investment Holding Group Co., Ltd.	**517,497.99**	–
Total	**11,764,619.61**	12,169,644.46

VII. NOTES TO ITEMS IN THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

(XLIII) Other payables (Continued)

4. Other payables

Breakdown of other payables by nature

☑ Applicable ☐ Not Applicable

Unit: Yuan Currency: RMB

Item	Closing balance	Opening balance
Deposits and margins	**1,243,639,280.84**	1,218,972,367.62
Current payments	**275,991,330.92**	144,617,717.75
Acquisition of fixed assets	**38,771,579.79**	12,465,727.73
Public facility maintenance funds	**10,859,677.72**	9,962,174.48
Others	**618,855,030.53**	575,809,736.08
Total	**2,188,116,899.80**	1,961,827,723.66

Significant other payables with aging over one year or overdue

☑ Applicable ☐ Not Applicable

As at 31 December 2025, the total of the top five other accounts payable aged over one year amounted to RMB350,867,315.73.

As at 31 December 2024, the total of the top five other accounts payable aged over one year amounted to RMB263,102,345.35.

Other explanation:

☐ Applicable ☑ Not Applicable

VII. NOTES TO ITEMS IN THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

(XLIV) Liabilities held for sale

☐ Applicable ☑ Not Applicable

(XLV) Non-current liabilities due within one year

☑ Applicable ☐ Not Applicable

Unit: Yuan Currency: RMB

Item	Closing balance	Opening balance
Long-term borrowings due within one year	**386,067,362.07**	115,086,072.85
Long-term payables due within one year	**55,414,735.54**	38,756,176.27
Lease liabilities due within one year	**48,333,280.16**	35,707,002.20
Total	**489,815,377.77**	189,549,251.32

Note: Please see the note "VII. (XLVII)" for details of long-term borrowings, the note "VII. (XLIX)" for details of lease liabilities, and the note "VII. (L)" for details of long-term payables.

VII. NOTES TO ITEMS IN THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

(XLVI) Other current liabilities

Other current liabilities

☑ Applicable ☐ Not Applicable

Unit: Yuan Currency: RMB

Item	Closing balance	Opening balance
Output VAT to be transferred	**939,389,745.11**	929,649,130.96
Estimated liabilities due within one year	**27,612,890.02**	26,285,388.08
Total	**967,002,635.13**	955,934,519.04

Note: Please see the note "VII. (LII)" for details of the estimated liabilities.

Other explanation:

☐ Applicable ☑ Not Applicable

VII. NOTES TO ITEMS IN THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

(XLVII) Long-term borrowings

1. Classification of long-term borrowings

☑ Applicable ☐ Not Applicable

Unit: Yuan Currency: RMB

Item	Closing balance	Opening balance
Balance	**7,901,871,285.07**	3,449,056,542.05
Pledged borrowings	**2,972,083,923.00**	3,037,783,923.00
Pledged borrowings	**300,294,568.18**	179,136,035.72
Credit borrowings	**4,629,492,793.89**	232,136,583.33
Less: Long-term borrowings due within one year (Note VII. (XLV))	**386,067,362.07**	115,086,072.85
Pledged borrowings	**365,280,000.00**	114,780,000.00
Pledged borrowings	**294,568.18**	169,489.52
Credit borrowings	**20,492,793.89**	136,583.33
Long-term borrowings due over one year	**7,515,803,923.00**	3,333,970,469.20
Pledged borrowings	**2,606,803,923.00**	2,923,003,923.00
Pledged borrowings	**300,000,000.00**	178,966,546.20
Credit borrowings	**4,609,000,000.00**	232,000,000.00
Total	**7,515,803,923.00**	3,333,970,469.20

VII. NOTES TO ITEMS IN THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

(XLVII) Long-term borrowings (Continued)

1. Classification of long-term borrowings (Continued)

Explanation on the Classification of long-term borrowings:

Notes:

1. As of 31 December 2025, the Company pledged other non-current assets amounting to RMB4,738,943,742.04 formed from the revenue rights of franchise operations and all income thereunder, as well as accounts receivable of RMB688,685,201.79 (as of 31 December 2024: other non-current assets of RMB4,915,049,570.76 and accounts receivable of RMB680,198,573.12) to secure a long-term borrowing of RMB2,972,083,923.00 (as of 31 December 2024: RMB3,037,783,923.00); of which RMB365,280,000.00 is due within one year.

2. As at 31 December 2025, the Company's credit borrowings amounted to RMB52,000,000.00 were the credit borrowings from the Bank of Chengdu that were guaranteed by the Company's third-tier subsidiary First Construction for its subsidiary Yibin Tonghao Hongshun Project Management Co., Ltd..

3. As at 31 December 2025, the credit borrowings amounted to RMB4,000,000,000.00, which represent entrusted loans borrowed by the Company from its parent company, China Railway Signal and Communication (Group) Corporation Limited.

4. The above bank borrowings (including short-term borrowings) are made with annual interest rates ranging from 2.40% to 5.39% (31 December 2024: 2.95% to 5.39%).

5. As of 31 December 2025, the balance of long-term borrowings with maturities between one to two years amounted to RMB193,363,871.94, those with maturities between two to five years amounted to RMB4,775,293,334.17, and those with maturities over five years amounted to RMB2,547,146,716.89 (As of 31 December 2024, the balance of long-term borrowings with maturities between one to two years amounted to RMB111,500,000.00, those with maturities between two to five years amounted to RMB333,000,000.00, and those with maturities over five years amounted to RMB2,889,470,469.20).

Other explanation

☐ Applicable ☑ Not Applicable

VII. NOTES TO ITEMS IN THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

(XLVIII) Bonds payable

1. *Bonds payable*

☐ Applicable ☑ Not Applicable

2. *Increase or decrease in bonds payable (excluding preferred shares, perpetual bonds and other financial instruments classified as financial liabilities)*

☐ Applicable ☑ Not Applicable

3. *Explanation about convertible corporate bonds*

Accounting treatment and judgment basis for conversion into equities

☐ Applicable ☑ Not Applicable

4. *Explanation about other financial instruments classified as financial liabilities*

Basic information on preferred shares, perpetual bonds and other financial instruments that are outstanding at the end of the period

☐ Applicable ☑ Not Applicable

Statement on changes in preferred shares, perpetual bonds and other financial instruments that are outstanding at the end of the period

☐ Applicable ☑ Not Applicable

Explanation about basis for classifying other financial instruments as financial liabilities:

☐ Applicable ☑ Not Applicable

Other explanation:

☐ Applicable ☑ Not Applicable

VII. NOTES TO ITEMS IN THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

(XLIX) Lease liabilities

☑ Applicable ☐ Not Applicable

Unit: Yuan Currency: RMB

Item	Closing balance	Opening balance
Lease liabilities	**148,235,492.99**	114,100,369.54
Less: Reclassified as non-current liabilities due within one year (Note VII. (XLV))	**48,333,280.16**	35,707,002.20
Total	**99,902,212.83**	78,393,367.34

Item	Closing balance	Opening balance
Opening balance	**114,100,369.54**	131,220,810.13
Increase for the year	**103,140,893.22**	71,277,798.58
Interest expense	**5,215,521.20**	5,637,242.60
Lease payments for the year	**-66,859,921.53**	-89,732,245.17
Modification of lease for the year	**-7,361,369.44**	-4,303,236.60
Closing balance for the year	**148,235,492.99**	114,100,369.54

VII. NOTES TO ITEMS IN THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

(L) Long-term payables

Presentation of items

☑ Applicable ☐ Not Applicable

Unit: Yuan Currency: RMB

Item	Closing balance	Opening balance
Long-term payables	**47,316,374.84**	45,383,366.45
Special payables	**–**	–
Total	**47,316,374.84**	45,383,366.45

Other explanation:

☐ Applicable ☑ Not Applicable

Long-term payables

1. Breakdown of long-term payables by nature

☑ Applicable ☐ Not Applicable

Unit: Yuan Currency: RMB

Item	Closing balance	Opening balance
Construction warranty deposits	**102,731,110.38**	84,139,542.72
Less: Long-term payables due within one year	**55,414,735.54**	38,756,176.27
Total	**47,316,374.84**	45,383,366.45

Note: For the details of long-term payables due within one year, please see Note "VII (XLV)"

VII. NOTES TO ITEMS IN THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

(L) Long-term payables (Continued)

Special payables (Continued)

2. Breakdown of special payables by nature

☐ Applicable ☑ Not Applicable

(LI) Long-term employee benefits payable

☑ Applicable ☐ Not Applicable

1. Statement on long-term employee benefits payable

☑ Applicable ☐ Not Applicable

Unit: Yuan Currency: RMB

Item	Closing balance	Opening balance
Post-employment benefits – Net liabilities under defined benefit plans	**541,014,000.00**	606,086,000.00
Termination benefits	**5,511,000.00**	6,785,000.00
Subtotal	**546,525,000.00**	612,871,000.00
Less: Remunerations payable within one year	**34,840,000.00**	37,241,000.00
Total	**511,685,000.00**	575,630,000.00

VII. NOTES TO ITEMS IN THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

(LI) Long-term employee benefits payable (Continued)

2. Changes in defined benefit plans

Present value of obligations under defined benefit plans:

☑ Applicable ☐ Not Applicable

Unit: Yuan Currency: RMB

Item	Amount for the current period	Amount for the previous period
I. Opening balance	**612,871,000.00**	544,558,000.00
II. The defined benefit cost included in the current profit and loss	**6,061,000.00**	13,636,000.00
1. Current service costs	**–**	–
2. Past service costs	**-3,757,000.00**	–
3. Settlement gains (losses indicated by "-")	**-558,000.00**	-805,000.00
4. Net interests	**10,376,000.00**	14,441,000.00
III. The defined benefits cost included in other comprehensive income	**-39,139,000.00**	89,375,000.00
1. Actuarial gains (losses indicated by "-")	**-39,139,000.00**	89,375,000.00
(2) Others	**–**	–
IV. Other changes	**-33,268,000.00**	-34,698,000.00
1. Consideration paid at settlement	**–**	–
2. Benefits paid	**-33,268,000.00**	-34,698,000.00
V. Closing balance	**546,525,000.00**	612,871,000.00
Less: Amount due within one year	**34,840,000.00**	37,241,000.00
VI. Amount due after one year	**511,685,000.00**	575,630,000.00

VII. NOTES TO ITEMS IN THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

(LI) Long-term employee benefits payable (Continued)

2. Changes in defined benefit plans (Continued)

Plan assets:

☐ Applicable ☑ Not Applicable

Net liabilities (net assets) under defined benefit plans

☐ Applicable ☑ Not Applicable

Explanation about impacts of the details of the defined benefit plan and its associated risks on the Company's future cash flow, timing, and uncertainty:

☐ Applicable ☑ Not Applicable

Note : The Company pays supplementary retirement benefits for its employees in Mainland China who retired on and before 31 December 2012 in addition to the contributions made to statutory insurance plans. Such supplementary retirement benefits are defined benefit plans. These plans include monthly pension benefits, medical reimbursement benefits, annual medical insurance premiums, and funeral benefits for employees who are retired. The Company's obligations in respect of supplementary retirement benefits are determined by estimating the amount of obligations that the Company is committed to paying to the employees after their retirement using actuarial techniques. The amount of the subsidy is determined based on the period during which the employee serves the Company and the relevant subsidy and welfare policy.

Some employees of the Company have gone through internal retirement. The internal retirement payables are accrued in the relevant legal entities within the Company during the period in which the Company has entered into relevant agreements/documents with relevant employees or informing individual employees of the specific internal retirement terms.

The specific terms of internal retirement vary depending on factors such as the position of the relevant employee, length of service and the region of service.

The plan is subject to interest rate risk, risk of changes in life expectancy of pension beneficiaries, and stock market risks.

VII. NOTES TO ITEMS IN THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

(LI) Long-term employee benefits payable (Continued)

2. Changes in defined benefit plans (Continued)

Plan assets: (Continued)

Such supplementary retirement benefits are discounted with the discount rate which determined by referring to the yield rate of the PRC treasury bonds with the maturity date similar to the period of the obligations assumed by the Company at the end of the Reporting Period. The service cost and net interest income and expenditures from the supplementary retirement benefits are recorded in the profit or loss for the current period when incurred, while the changes in liabilities from the remeasurement of supplementary retirement benefits are recorded in other comprehensive income.

No planned asset has been established for the defined benefit plan by the Company as at 31 December 2025 and 31 December 2024.

The actuarial method and key assumption adopted for the calculation of the Company's supplementary retirement benefits and internal retirement payables in each year/period are as follows:

Name of the independent actuary: Towers Watson Consulting (Shenzhen) Co., Ltd. (韜睿惠悦管理諮詢(深圳)有限公司), Wu Haichuan;

Qualifications: Member of the Society of Actuaries, member of the American Academy of Actuaries, fellow of China Association of Actuaries and Chartered Enterprise Risk Analyst;

Actuarial method: The Company applied the projected unit credit method in its annual actuarial valuation;

Key assumption: The annual growth rate of average medical costs, the annual growth rate of unreimbursed funeral costs, the annual growth rate of supplementary pension benefits for retired personnel, the annual growth rate of testament grant benefits, the annual growth rate of benefits for internal retired personnel and the death rate remain unchanged.

VII. NOTES TO ITEMS IN THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

(LI) Long-term employee benefits payable (Continued)

2. Changes in defined benefit plans (Continued)

Plan assets: (Continued)

The following table shows the main actuarial assumptions used on the balance sheet date:

Item	**Current period**	Preceding period
Discount rate	**1.25%**	1.25%
Mortality rate	**Average mortality rate of residents in Mainland China**	Average mortality rate of residents in Mainland China
Average life expectancy	**14**	15
Annual growth rate of average medical expenses	**8.00%**	8.00%
Growth rate of supplementary pension benefits for retired personnel	**3.00%**	3.00%
Annual growth rate of benefits for internal retired personnel	**4.50%**	4.50%

VII. NOTES TO ITEMS IN THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

(LI) Long-term employee benefits payable (Continued)

2. Changes in defined benefit plans (Continued)

Explanation on the material actuarial assumptions and sensitivity analysis results of defined benefit plans

☑ Applicable ☐ Not Applicable

The following table provides a quantitative sensitivity analysis on the key assumptions used:

Item	Increase (%)	(Decrease)/ increase in obligations under defined benefit plans	Decrease (%)	Increase/ (decrease) in obligations under defined benefit plans
Discount rate	0.25	-15,027,000.00	0.25	15,740,000.00
Annual growth rate of average medical expenses	1.00	30,679,000.00	1.00	-25,832,000.00

The above sensitivity analysis is to infer the impact of reasonable change occurring to the key assumptions on the balance sheet date on the obligations under the defined benefit plans Sensitivity analysis is made on the basis of changes in significant assumptions while other assumptions remain unchanged. Since changes in assumptions are often not isolated from each other, sensitivity analysis might not represent actual changes in the obligations under defined benefit plans.

Other explanation:

☐ Applicable ☑ Not Applicable

VII. NOTES TO ITEMS IN THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

(LII) Estimated liabilities

☑ Applicable ☐ Not Applicable

Unit: Yuan Currency: RMB

Item	Closing balance	Opening balance	Cause of formation
Pending litigation	–	781,815.91	/
Product quality guarantee	52,307,769.79	53,469,818.87	/
Pending onerous contracts	–	–	/
Others	1,187,457.46	45,871.90	/
Subtotal	53,495,227.25	54,297,506.68	/
Less: Estimated liabilities due within one year *(Note VII. (XLVI))*	27,612,890.02	26,285,388.08	/
Total	25,882,337.23	28,012,118.60	/

2025

Unit: Yuan Currency: RMB

	2025 Pending litigation	2025 Product quality guarantee (note)	2025 Pending onerous contracts and others	2025 Total
Opening balance	**781,815.91**	**53,469,818.87**	**45,871.90**	**54,297,506.68**
Increase in this year	**–**	**107,046,902.83**	**1,294,558.82**	**108,341,461.65**
Reversal in this year	**781,815.91**	**–**	**–**	**781,815.91**
Used in this year	**–**	**108,208,951.91**	**152,973.26**	**108,361,925.17**
Closing balance for the year	**–**	**52,307,769.79**	**1,187,457.46**	**53,495,227.25**
Less：Estimated liabilities due within one year *(Note VII. (XLVI))*	**–**	**26,469,293.05**	**1,143,596.97**	**27,612,890.02**
Including: Estimated liabilities due over one year	**–**	**25,838,476.74**	**43,860.49**	**25,882,337.23**

VII. NOTES TO ITEMS IN THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

(LII) Estimated liabilities (Continued)

2024

Unit: Yuan Currency: RMB

	2024 Pending litigation	2024 Product quality guarantee (note)	2024 Pending onerous contracts and others	2024 Total
Opening balance for the year	–	43,062,970.78	10,298,733.23	53,361,704.01
Increase in this year	781,815.91	75,265,883.44	254,438.10	76,302,137.45
Reversal in this year	–	–	–	–
Used in this year	–	-64,859,035.35	-10,507,299.43	-75,366,334.78
Closing balance for the year	781,815.91	53,469,818.87	45,871.90	54,297,506.68
Less：Estimated liabilities due within one year *(Note VII. (XLVI))*	–	26,239,516.18	45,871.90	26,285,388.08
Including: Estimated liabilities due over one year	781,815.91	27,230,302.69	–	28,012,118.60

Notes:

The Company estimates the quality guarantee deposits according to the sales revenue and the estimated warranty rate taking into account the different stages of the product life cycle of different products. The estimated rate of warranty occurrence is based on the historical experience data of the actual occurrence of warranty for the same type of products, and may be estimated according to significant changes due to the different stages of product life cycle of different products and similar products. As at the balance sheet date, the quality guarantee deposits that the Company expects to incur in the future under the above method shall be included into the profit or loss for the period.

VII. NOTES TO ITEMS IN THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

(LIII) Deferred income

Deferred income situation

☑ Applicable ☐ Not Applicable

2025

Unit: Yuan Currency: RMB

Item	Opening balance	Increase during the period	Decrease during the period	Closing balance	Cause of formation
1. Government grants related to assets	**60,965,519.87**	**7,220,000.00**	**2,064,352.27**	**66,121,167.60**	/
2. Government grants related to income	**59,169,953.06**	**192,307,999.81**	**113,973,274.14**	**137,504,678.73**	/
Total	**120,135,472.93**	**199,527,999.81**	**116,037,626.41**	**203,625,846.33**	/

2024

Unit: Yuan Currency: RMB

Item	Opening balance	Increase during the period	Decrease during the period	Closing balance	Cause of formation
1. Government grants related to assets	63,069,884.68		2,104,364.81	60,965,519.87	/
2. Government grants related to income	110,720,781.34	105,066,865.84	156,617,694.12	59,169,953.06	/
Total	173,790,666.02	105,066,865.84	158,722,058.93	120,135,472.93	/

Other explanation:

☐ Applicable ☑ Not Applicable

VII. NOTES TO ITEMS IN THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

(LIV) Other non-current liabilities

☐ Applicable ☑ Not Applicable

(LV) Share Capital

☑ Applicable ☐ Not Applicable

2025

Unit: Yuan Currency: RMB

	Opening balance	Increase/decrease for the period (+/-) Issuance New shares	Bonus issue	Capital reserve Share conversion	Others	Subtotal	Closing balance
Total number of shares	10,589,819,000.00	–	–	–	–	–	10,589,819,000.00

2024

Unit: Yuan Currency: RMB

	Opening balance	Increase/decrease for the period (+/-) Issuance New shares	Bonus issue	Reserve Conversion of Bonds into Shares	Others	Subtotal	Closing balance
Total Number of Shares	10,589,819,000.00	–	–	–	–	–	10,589,819,000.00

VII. NOTES TO ITEMS IN THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

(LVI) Other equity instruments

1. Basic information on preferred shares, perpetual bonds and other financial instruments that are outstanding at the end of the period

☑ Applicable ☐ Not Applicable

2025

Outstanding financial instruments	Issue date	Accounting classification	Dividend rate or interest rate	Issue price	Number	Amount	Expense	Carrying amount	Expiry date or renewal status	Condition of conversion	Transformation status
2024 First Perpetual Corporate Bond of China Railway Signal & Communication Corporation Limited (series 1)	6 December 2024 – 9 December 2024	Perpetual bonds	2.20%	100.00	15,000,000.00	1,500,000,000.00	-1,158,000.00	1,500,000,000.00	Unexpired	None	No
2024 First Perpetual Corporate Bond of China Railway Signal & Communication Corporation Limited (series 2)	6 December 2024 – 9 December 2024	Perpetual bonds	2.40%	100.00	10,000,000.00	1,000,000,000.00	-772,000.00	1,000,000,000.00	Unexpired	None	No

2024

Outstanding financial instruments	Issue date	Accounting classification	Dividend rate or interest rate	Issue price	Number	Amount	Expense	Carrying amount	Expiry date or renewal status	Condition of conversion	Transformation status
2024 First Perpetual Corporate Bond of China Railway Signal & Communication Corporation Limited (series 1)	6 December 2024 – 9 December 2024	Perpetual bonds	2.20%	100.00	15,000,000	1,500,000,000.00	-1,158,000.00	1,500,000,000.00	Unexpired	None	No
2024 First Perpetual Corporate Bond of China Railway Signal & Communication Corporation Limited (series 2)	6 December 2024 – 9 December 2024	Perpetual bonds	2.40%	100.00	10,000,000	1,000,000,000.00	-772,000.00	1,000,000,000.00	Unexpired	None	No

VII. NOTES TO ITEMS IN THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

(LVI) Other equity instruments (Continued)

2. Statement on changes in preferred shares, perpetual bonds and other financial instruments that are outstanding at the end of the period

☑ Applicable ☐ Not Applicable

2025

Unit: Yuan Currency: RMB

Outstanding financial instruments	Opening		Increase during the period		Decrease during the period		Closing	
	Number	Carrying amount	Number	Carrying amount	Number	Carrying amount	Number	Carrying amount
2021 First Tranche of Medium-term Notes of China Railway Signal & Communication Corporation Limited	-	-	-	-	-	-	-	-
2024 First Perpetual Corporate Bond of China Railway Signal & Communication Corporation Limited (series 1)	15,000,000	1,500,000,000.00	-	-	-	-	15,000,000	1,500,000,000.00
2024 First Perpetual Corporate Bond of China Railway Signal & Communication Corporation Limited (series 2)	10,000,000	1,000,000,000.00	-	-	-	-	10,000,000	1,000,000,000.00
Total	25,000,000	2,500,000,000.00	-	-	-	-	25,000,000	2,500,000,000.00

2024

Unit: Yuan Currency: RMB

Outstanding financial instruments	Opening		Increase during the period		Decrease during the period		Closing	
	Number	Carrying amount	Number	Carrying amount	Number	Carrying amount	Number	Carrying amount
2021 First Tranche of Medium-term Notes of China Railway Signal & Communication Corporation Limited	28,000,000	2,796,935,660.38	-	-	28,000,000	2,796,935,660.38	-	-
2024 First Perpetual Corporate Bond of China Railway Signal & Communication Corporation Limited (series 1)	-	-	15,000,000	1,500,000,000.00	-	-	15,000,000	1,500,000,000.00
2024 First Perpetual Corporate Bond of China Railway Signal & Communication Corporation Limited (series 2)	-	-	10,000,000	1,000,000,000.00	-	-	10,000,000	1,000,000,000.00
Total	28,000,000	2,796,935,660.38	25,000,000	2,500,000,000.00	28,000,000	2,796,935,660.38	25,000,000	2,500,000,000.00

VII. NOTES TO ITEMS IN THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

(LVI) Other equity instruments (Continued)

2. Statement on changes in preferred shares, perpetual bonds and other financial instruments that are outstanding at the end of the period (Continued)

Increase/decrease of other equity instruments in the period, the reasons thereof and the basis for related accounting treatment:

☐ Applicable ☑ Not Applicable

Other explanations:

☑ Applicable ☐ Not Applicable

The Company issued China Railway Signal & Communication Corporation Limited 2024 First Tranche Medium-Term Notes from December 6 to December 9, 2024, with issuance amounts of RMB1,500,000,000 and RMB1,000,000,000 respectively. The issuance fees amounted to RMB1,930,000.00, and the total funds raised were RMB2,500,000,000. The Company recorded these medium-term notes at their issuance proceeds and classified them as other equity instruments. The initial investment periods for the notes were 5 years and 10 years, with interest rates of 2.2% and 2.4%, respectively. The Company has the option to defer the interest payment. After the expiration, the Company has the option to renew; the reset rate during the renewal period jumped 300 basis points based on the annual interest rate applicable to the previous investment period.

VII. NOTES TO ITEMS IN THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

(LVII) Capital reserve

☑ Applicable ☐ Not Applicable

2025

Unit: Yuan Currency: RMB

Item	Opening balance	Increase during the period	Decrease during the period	Closing balance
Capital premium	**15,534,483,362.54**	**109,245.29**	**–**	**15,534,592,607.83**
Fiscal appropriation	**8,670,000.00**	**–**	**–**	**8,670,000.00**
Acquisition of minority interest of subsidiaries	**9,240,638.86**	**–**	**–**	**9,240,638.86**
Adjustment on long-term equity under interest method	**680,678.28**	**589,972.56**	**–**	**1,270,650.84**
Others	**406,663,539.95**	**–**	**–**	**406,663,539.95**
Total	**15,959,738,219.63**	**699,217.85**	**–**	**15,960,437,437.48**

2024

Unit: Yuan Currency: RMB

Item	Opening balance	Increase during the period	Decrease during the period	Closing balance
Capital premium	15,538,873,267.94	604,434.22	4,994,339.62	15,534,483,362.54
Fiscal appropriation	8,670,000.00	–	–	8,670,000.00
Acquisition of minority interest of subsidiaries	9,240,638.86	–	–	9,240,638.86
Adjustment on long-term equity under interest method	735,248.35	-54,570.07	–	680,678.28
Others	406,663,539.95	–	–	406,663,539.95
Total	15,964,182,695.10	549,864.15	4,994,339.62	15,959,738,219.63

Other explanations, including details and reasons for changes during the period:

VII. NOTES TO ITEMS IN THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

(LVIII) Treasury shares

☐ Applicable ☑ Not Applicable

(LIX) Other comprehensive income

☑ Applicable ☐ Not Applicable

2025

Unit: Yuan Currency: RMB

Item	Opening Balance	Amount incurred during the period: Current period income before tax	Less: Amount transferred to profit or loss from other comprehensive income	Less: Amount transferred to retained earnings from other comprehensive income	Less: Income tax expenses	Amount attributable to the parent company after tax	Amount Attributable to the minority shareholders after tax	Closing Balance
I. Other comprehensive income that will not be reclassified to profit or loss	-316,136,725.87	-131,053,501.91	-	-	-42,591,927.63	-88,461,574.28	-	-404,598,300.15
Including: Changes of the re-measurement of the defined benefit plan	-322,099,000.00	39,139,000.00	-	-	-	39,139,000.00	-	-282,960,000.00
Changes in fair value of other equity instrument investments	5,962,274.13	-170,192,501.91	-	-	-42,591,927.63	-127,600,574.28	-	-121,638,300.15
Changes in fair value of the Company's own credit risk	-	-	-	-	-	-	-	-
II. Other comprehensive income reclassified to profit or loss	16,103,375.74	28,263,323.62	-	-	-	28,237,691.28	25,632.34	44,341,067.02
Including: Other comprehensive income transferable to profit or loss under the equity method	-	-	-	-	-	-	-	-
Changes in fair value of other debt investments	-	-	-	-	-	-	-	-
Amount of financial assets reclassified into other comprehensive income	-	-	-	-	-	-	-	-
Provision for credit impairment on other debt investments	-	-	-	-	-	-	-	-
Hedging reserve arising from cash flows	8,084,451.29	29,346,580.67	-	-	-	29,346,580.67	-	37,431,031.96
Differences on translation of foreign currency financial statements	2,301,407.42	-1,173,245.84	-	-	-	-1,173,245.84	-	1,128,161.58
Provision for impairment of receivables for financing	5,717,517.03	89,988.79	-	-	-	64,356.45	25,632.34	5,781,873.48
Total other comprehensive income	-300,033,350.13	-102,790,178.29	-	-	-42,591,927.63	-60,223,883.00	25,632.34	-360,257,233.13

VII. NOTES TO ITEMS IN THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

(LIX) Other comprehensive income (Continued)

2024

Unit: Yuan Currency: RMB

Item	Opening Balance	Amount incurred during the period						Closing Balance
		Current period income before tax	Less: Amount transferred to profit or loss from other comprehensive income	Less: Amount transferred to retained earnings from other comprehensive income	Less: Income tax expenses	Amount attributable to the parent company after tax	Amount Attributable to the minority shareholders after tax	
(I) Other comprehensive income attributable to the owners of the parent company	-218,701,865.94	-100,121,479.91	-	-	-2,686,619.98	-97,434,859.93	-	-316,136,725.87
Including: Changes of the re-measurement of the defined benefit plan	-232,724,000.00	-89,375,000.00	-	-	-	-89,375,000.00	-	-322,099,000.00
Changes in fair value of other equity instrument investments	14,022,134.06	-10,746,479.91	-	-	-2,686,619.98	-8,059,859.93	-	5,962,274.13
II. Other comprehensive income reclassified to profit or loss	15,216,176.59	876,603.27	-	-	-	887,199.15	-10,595.88	16,103,375.74
Including: Other comprehensive income transferable to profit or loss under the equity method	-	-	-	-	-	-	-	-
Provision for credit impairment on other debt investments	-	-	-	-	-	-	-	-
Hedging reserve arising from cash flows	7,628,193.82	456,607.80	-	-	-	456,607.80	-	8,084,801.62
Differences on translation of foreign currency financial statements	1,416,920.24	884,487.18	-	-	-	884,487.18	-	2,301,407.42
Changes in fair value of receivables for financing	6,171,062.53	-464,491.71	-	-	-	-453,895.83	-10,595.88	5,717,166.70
Total other comprehensive income	-203,485,689.35	-99,244,876.64		-	-2,686,619.98	-96,547,660.78	-10,595.88	-300,033,350.13

VII. NOTES TO ITEMS IN THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

(LX) Special reserve

☑ Applicable ☐ Not Applicable

2025

Unit: Yuan Currency: RMB

Item	Opening balance	Increase during the period	Decrease during the period	Closing balance
Safety production expenses	**348,771,551.18**	**261,711,648.74**	**213,268,423.10**	**397,214,776.82**
Total	**348,771,551.18**	**261,711,648.74**	**213,268,423.10**	**397,214,776.82**

2024

Unit: Yuan Currency: RMB

Item	Opening balance	Increase during the period	Decrease during the period	Closing balance
Safety production expenses	299,764,318.80	358,241,749.12	309,234,516.74	348,771,551.18
Total	299,764,318.80	358,241,749.12	309,234,516.74	348,771,551.18

VII. NOTES TO ITEMS IN THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

(LXI) Surplus reserve

☑ Applicable ☐ Not Applicable

2025

Unit: Yuan Currency: RMB

Item	Opening balance	Increase during the period	Decrease during the period	Closing balance
Statutory surplus reserve	**2,482,496,646.28**	**211,665,686.88**	**–**	**2,694,162,333.16**
Total	**2,482,496,646.28**	**211,665,686.88**	**–**	**2,694,162,333.16**

2024

Unit: Yuan Currency: RMB

Item	Opening balance	Increase during the period	Decrease during the period	Closing balance
Statutory surplus reserve	2,280,998,087.60	201,498,558.68	–	2,482,496,646.28
Total	2,280,998,087.60	201,498,558.68	–	2,482,496,646.28

Explanation of surplus reserve, including changes during the period and reasons for the changes:

1. According to the Company Law and the Articles of Association of the Company, the Company shall withdraw statutory surplus reserve fund at 10% of its net profit. If the accumulative amount of the statutory surplus reserve is more than 50% of the Company's registered capital, the statutory surplus reserve fund shall no longer be withdrawn.

2. After the Company withdraws the statutory surplus reserve fund, it can withdraw discretionary surplus reserve fund. Upon approval, the discretionary surplus reserve can be used to make up for losses of the preceding year or increase share capital.

VII. NOTES TO ITEMS IN THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

(LXII) Retained earnings

☑ Applicable ☐ Not Applicable

Unit: Yuan Currency: RMB

Item	Current period	Preceding period
Retained earnings at the end of last period before adjustment	**16,342,719,229.07**	15,044,440,040.06
Total amount of retained earnings at the beginning of the adjustment period (increase +, decrease -)	**–**	–
Retained earnings at the beginning of the period after adjustment	**16,342,719,229.07**	15,044,440,040.06
Add: Net profits attributable to owners of the parent during the current period	**3,686,410,571.89**	3,494,725,837.36
Less: Appropriation to statutory surplus reserve	**211,665,686.88**	201,498,558.68
Appropriation to discretionary surplus reserve	**–**	–
Accrual of general risk reserves	**66,403,613.16**	62,098,285.67
Dividend payables of ordinary shares	**1,800,269,230.00**	1,800,269,230.00
Dividend of ordinary shares converted into share capital	**–**	–
Other decrease	**57,000,000.00**	132,580,574.00
Retained earnings at the end of the period	**17,893,791,270.92**	16,342,719,229.07

Note:

(1) Pursuant to the resolution of the Company's 2024 annual general meeting, the Company declared a dividend in respect of the remaining distributable profits for the year ended 31 December 2025 on June 23, 2024 of RMB0.17 cash dividend per share (inclusive of tax), totaling RMB1,800,269,230.00. (FY2024: Pursuant to the resolution of the 2024 annual general meeting of the Company, the Company declared a dividend in respect of the remaining distributable profits for the year ended 31 December 2023 of RMB0.17 cash dividend per share (inclusive of tax) totaling RMB1,800,269,230.00 on March 26, 2024).

(2) Provision made for general risks during this period results in the decrease of RMB66,403,613.16 (2024：62,098,285.67) in undistributed profits.

(3) Dividends paid to other equity holders for the current period resulted in a decrease of RMB57,000,000.00 (2024：92,960,000.00) in retained earnings.

VII. NOTES TO ITEMS IN THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

(LXIII) Revenue and costs of sales

1. Revenue and costs of sales

☑ Applicable ☐ Not Applicable

Unit: Yuan Currency: RMB

Item	Amount for the current period		Amount for the previous period	
	Revenue	**Cost**	Revenue	Cost
Principal operations	**34,212,261,131.38**	**24,393,796,626.32**	32,147,918,141.62	22,795,516,368.06
Other operations	**340,531,414.04**	**179,495,147.83**	325,115,624.44	189,894,058.65
Total	**34,552,792,545.42**	**24,573,291,774.15**	32,473,033,766.06	22,985,410,426.71

VII. NOTES TO ITEMS IN THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

(LXIII) Revenue and costs of sales (Continued)

2. Revenue generated from contracts

Unit: Yuan Currency: RMB

Category	Rail transportation control system	Construction contracting	Others	Total
By region of operation:				
China	29,549,465,578.85	2,351,454,586.54	294,643,521.36	32,195,563,686.75
Other countries and regions	2,357,228,858.67	–	–	2,357,228,858.67
Total	31,906,694,437.52	2,351,454,586.54	294,643,521.36	34,552,792,545.42
By time of transfer of goods:				
Revenue recognised at a certain point of time	6,884,598,142.66	–	294,643,521.36	7,179,241,664.02
Revenue recognised within a certain period of time	25,022,096,294.86	2,351,454,586.54	–	27,373,550,881.40
Total	31,906,694,437.52	2,351,454,586.54	294,643,521.36	34,552,792,545.42

Typically, the construction contracts or service rendering contracts provided by the Group as a whole constitutes a single performance obligation and is a performance obligation performed within a certain period of time. As of 31 December 2025, some of the Group's construction contracts or service rendering contract are still in the process of performance. The transaction price allocated to the outstanding (or partially outstanding) performance obligations is related to the performance progress of the corresponding construction contract or service rendering contract, and will be recognized as revenue on the basis of the performance progress in the future performance period of the corresponding construction contract or service rendering contract.

VII. NOTES TO ITEMS IN THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

(LXIII) Revenue and costs of sales (Continued)

3. Breakdown of revenue and costs of sales

☑ Applicable ☐ Not Applicable

Unit: Yuan Currency: RMB

Contract classification	Amount for the current period		Amount for the previous period	
	Revenue	**Cost of sales**	Revenue	Cost of sales
Rail transportation control system	**31,906,694,437.52**	**22,335,270,150.71**	29,551,790,215.39	20,542,273,264.34
Equipment manufacturing	**6,884,598,142.66**	**4,362,951,523.98**	6,602,976,539.18	4,162,381,332.66
System implementation	**11,010,962,393.29**	**9,483,159,871.98**	10,694,349,946.39	8,964,483,016.57
Design and integration	**14,011,133,901.57**	**8,489,158,754.75**	12,254,463,729.82	7,415,408,915.11
Construction contracting	**2,351,454,586.54**	**2,136,380,472.58**	2,689,055,714.68	2,366,850,330.61
Others	**294,643,521.36**	**101,641,150.86**	232,187,835.99	76,286,831.76
Total	**34,552,792,545.42**	**24,573,291,774.15**	32,473,033,766.06	22,985,410,426.71

Other explanation

☐ Applicable ☑ Not Applicable

VII. NOTES TO ITEMS IN THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

(LXIII) Revenue and costs of sales (Continued)

4. Details of performance obligation

☐ Applicable ☑ Not Applicable

The Company recognizes the income when its performance obligations as stipulated in the contract are fulfilled, that is, when the customer obtained control of the related assets (goods or services). Whether a performance obligation is fulfilled within a time period or at a point in time depends on the terms of the contract and relevant laws and regulations. If the Company meets one of the following conditions, the performance obligation is fulfilled within a certain period of time:

(1) The customer obtains and consumes the economic benefits brought by the Company's performance while the Company is performing the contract.

(2) The customer can control the assets under construction during the Company's performance.

(3) The assets produced by the Company during the performance of the contract have irreplaceable uses, and the Company has the right to receive payment for the accumulated performance of the contract so far throughout the contract period.

If the performance obligation is fulfilled within a certain period of time, the Company recognizes revenue in accordance with the progress of performance. Otherwise, the Company recognizes revenue at the point at which the customer obtains control of the underlying assets. The progress of performance is determined based on the value to the customer of the commodities transferred to the customer.

VII. NOTES TO ITEMS IN THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

(LXIII) Revenue and costs of sales (Continued)

5. Explanation about allocation to the remaining performance obligations

☐ Applicable ☑ Not Applicable

Typically, the construction contracts or service rendering contracts provided by the Group as a whole constitutes a single performance obligation and is a performance obligation performed within a certain period of time. As of 31 December 2025, some of the Group's construction contracts or service rendering contract are still in the process of performance. The transaction price allocated to the outstanding (or partially outstanding) performance obligations is related to the performance progress of the corresponding construction contract or service rendering contract, and will be recognized as revenue on the basis of the performance progress in the future performance period of the corresponding construction contract or service rendering contract.

6. Material Contract Modifications or Significant Transaction Price Adjustments

☐ Applicable ☑ Not Applicable

VII. NOTES TO ITEMS IN THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

(LXIV) Taxes and surcharges

☑ Applicable ☐ Not Applicable

Unit: Yuan Currency: RMB

Item	Amount for the current period	Amount for the previous period
Urban maintenance and construction tax	**98,682,024.95**	91,170,446.48
Educational surcharge	**72,822,914.46**	67,759,509.34
Property tax	**67,636,176.52**	71,268,906.95
Stamp duty	**29,454,615.19**	33,388,312.09
Urban Land Use Tax	**12,579,308.84**	13,965,288.53
Others	**2,901,439.79**	4,297,896.54
Total	**284,076,479.75**	281,850,359.93

(LXV) Selling and distribution expenses

☑ Applicable ☐ Not Applicable

Unit: Yuan Currency: RMB

Item	Amount for the current period	Amount for the previous period
Employee benefits	**577,757,500.53**	550,416,163.45
Sales service expenses	**151,972,553.39**	169,768,791.52
Tendering expenses	**55,521,286.04**	57,653,891.44
Office and rental expenses	**24,601,808.73**	35,687,509.65
Depreciation and amortization expenses	**7,640,841.97**	8,821,220.81
Others	**48,037,121.44**	29,230,777.14
Total	**865,531,112.10**	851,578,354.01

VII. NOTES TO ITEMS IN THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

(LXVI) General and administrative expenses

☑ Applicable ☐ Not Applicable

Unit: Yuan Currency: RMB

Item	Amount for the current period	Amount for the previous period
Employee benefits	**1,639,790,931.14**	1,547,512,440.97
Safety production expenses	**20,440,074.40**	117,597,209.11
Depreciation and amortization expenses	**273,860,222.06**	249,825,729.17
Office and rental expenses	**196,602,484.10**	226,112,298.87
Travel costs and business entertainment expenses	**64,679,095.28**	64,252,828.41
Others	**231,761,745.84**	183,614,912.45
Total	**2,427,134,552.82**	2,388,915,418.98

Note: The audit fees of the Group for the year was RMB6,700,000.00 (2024: RMB6,650,000.00).

(LXVII) Research and development expenses

☑ Applicable ☐ Not Applicable

Unit: Yuan Currency: RMB

Item	Amount for the current period	Amount for the previous period
Labor expenses	**1,124,331,534.83**	1,129,947,726.89
Materials expenses	**120,922,135.48**	153,934,404.18
Testing and processing expenses	**172,893,370.54**	131,084,259.65
Depreciation and amortization expenses	**223,110,867.08**	178,979,611.73
Administrative expenses	**1,884,780.26**	21,331,998.42
Travel costs	**50,688,675.38**	42,435,634.38
Others	**311,832,291.07**	254,659,544.04
Total	**2,005,663,654.64**	1,912,373,179.29

VII. NOTES TO ITEMS IN THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

(LXVIII) Finance costs

☑ Applicable ☐ Not Applicable

Unit: Yuan Currency: RMB

Item	Amount for the current period	Amount for the previous period
Interest expense	**86,781,518.21**	38,126,835.89
Less: Interest income	**168,852,122.91**	306,805,350.71
Exchange loss	**-2,270,688.91**	-17,621,876.09
Financial institutions commissions	**28,349,174.48**	49,893,539.38
Total	**-55,992,119.13**	-236,406,851.53

(LXIX) Other income

☑ Applicable ☐ Not Applicable

Unit: Yuan Currency: RMB

By nature	Amount for the current period	Amount for the previous period
Government grants	**374,869,152.90**	387,921,128.94
Additional deduction of input tax	**26,419,658.86**	25,996,043.21
Withholding of personal income tax fees	**2,975,063.54**	3,595,927.60
VAT directly exempted	**121,316.38**	61,507.90
Gains from debt restructuring	**-639,153.04**	200,000.00
Total	**403,746,038.64**	417,774,607.65

VII. NOTES TO ITEMS IN THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

(LXIX) Other income (Continued)

Government grants recognized as other income

Item	**Amount for the current period**	Amount for the previous period
Government grants related to assets	**257,382.55**	297,395.08
Others grants	**257,382.55**	297,395.08
Government grants related to income	**374,611,770.35**	387,623,733.86
Refund of taxes	**158,682,101.67**	170,740,190.68
Others grants	**215,929,668.68**	216,883,543.18
Total	**374,869,152.90**	387,921,128.94

(LXX) Investment Income

☑ Applicable ☐ Not Applicable

Unit: Yuan Currency: RMB

Item	**Amount for the current period**	Amount for the previous period
Income from long-term equity investments under the equity method	**106,954,319.46**	115,630,269.91
Investment income from disposal of long-term equity investments	**–**	-99,529.00
Dividend income from debt investments during the holding period	**7,687,018.65**	11,364,993.67
Realized gain (loss) from ineffective portion of cash flow hedges	**4,573,097.35**	-213,267.94
Investment income generated from debt restructuring	**2,816,135.49**	2,147,193.67
Others	**-2,493,001.11**	-246,636.61
Total	**119,537,569.84**	128,583,023.70

VII. NOTES TO ITEMS IN THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

(LXXI) Gains on net exposure hedges

☐ Applicable ☑ Not Applicable

(LXXII) Gains from changes in fair value

☐ Applicable ☑ Not Applicable

(LXXIII) Credit impairment loss

☑ Applicable ☐ Not Applicable

Unit: Yuan Currency: RMB

Item	Amount for the current period	Amount for the previous period
Losses from bad debts	**379,187,881.58**	324,105,898.50
Total	**379,187,881.58**	324,105,898.50

VII. NOTES TO ITEMS IN THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

(LXXIV) Asset impairment loss

☑ Applicable ☐ Not Applicable

Unit: Yuan Currency: RMB

Item	**Amount for the current period**	Amount for the previous period
Losses from impairment	**-24,411,022.08**	22,109,209.59
Total	**-24,411,022.08**	22,109,209.59

(LXXV) Gains on disposal of assets

☑ Applicable ☐ Not Applicable

Unit: Yuan Currency: RMB

Item	**Amount for the current period**	Amount for the previous period	Amount included in current non-recurring profit or loss
Gains on disposal of fixed assets	**-2,415,727.90**	38,320,616.09	-2,415,727.90
Gains on disposal of intangible assets	**81,343,010.92**	697,239.97	81,343,010.92
Gains on disposal of other assets	**443,640.58**	3,180,895.64	443,640.58
Total	**79,370,923.60**	42,198,751.70	79,370,923.60

VII. NOTES TO ITEMS IN THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

(LXXVI) Non-operating income

Information about non-operating income

☑ Applicable ☐ Not Applicable

Unit: Yuan Currency: RMB

Item	Amount for the current period	Amount for the previous period	Amount included in current non-recurring profit or loss
Income from damage and scrapping of non-current assets	**110,291.73**	94,334.24	110,291.73
Government grants	**1,806,969.72**	1,984,344.98	1,806,969.72
Compensation payments	**61,554,529.60**	4,235,469.93	61,554,529.60
Accounts unpayable	**4,884,166.77**	33,686,439.31	4,884,166.77
Others	**29,270,485.42**	15,835,681.54	29,270,485.42
Total	**97,626,443.24**	55,836,270.00	97,626,443.24

Other explanation:

☐ Applicable ☑ Not Applicable

(LXXVII) Non-operating expenses

☑ Applicable ☐ Not Applicable

Unit: Yuan Currency: RMB

Item	Amount for the current period	Amount for the previous period	Amount included in current non-recurring profit or loss
Losses from disposal of non-current assets	**356,229.21**	160,630.07	356,229.21
External donation	**550,020.00**	566,958.45	550,020.00
Lawsuit compensation	**2,251,417.76**	2,538,981.31	2,251,417.76
Others	**7,574,151.57**	9,276,698.46	7,574,151.57
Total	**10,731,818.54**	12,543,268.29	10,731,818.54

VII. NOTES TO ITEMS IN THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

(LXXVIII) Income tax expenses

1. *Income tax expenses chart*

☑ Applicable ☐ Not Applicable

Unit: Yuan Currency: RMB

Item	Amount for the current period	Amount for the previous period
Current income tax expenses	**730,139,989.48**	725,445,666.17
Deferred income tax expenses	**-68,816,518.71**	-63,608,758.02
Total	**661,323,470.77**	661,836,908.15

2. *Adjustment process for accounting profit and income tax*

☑ Applicable ☐ Not Applicable

Unit: Yuan Currency: RMB

Item	Amount for the current period
Total profit	**4,908,185,866.07**
Income tax at the statutory/applicable income tax rate	**1,227,046,466.52**
Effect of different tax rates for subsidiaries	**-436,197,772.94**
Effect of adjustment on the income tax prevailing in previous period	**-43,163,192.37**
Effect of non-taxable income	**–**
Effect of non-deductible cost, expenses and loss	**26,112,990.39**
Effect of utilization of deductible losses in deferred income tax assets not recognized in previous period	**-820,820.25**
Effect of deductible temporary differences or deductible losses in deferred income tax assets not recognized in the current period	**78,702,922.43**
Profit and loss attributable to joint ventures and associates	**-27,810,373.50**
Tax effect of additional deductions	**-166,637,223.03**
Others	**4,090,473.52**
Income tax expenses	**661,323,470.77**

VII. NOTES TO ITEMS IN THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

(LXXVIII) Income tax expenses (Continued)

2. Adjustment process for accounting profit and income tax (Continued)

Other explanation:

☑ Applicable ☐ Not Applicable

Notes: The Group's income tax has been provided at the applicable rate on the estimated profits assessable arising in the PRC during the period. Taxes on profits assessable elsewhere have been calculated at the applicable rates of tax prevailing in the countries/regions in which the Group operates, based on existing legislation, interpretations and practices in respect thereof.

(LXXIX) Earnings per share

1. Basic Earnings Per Share

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

Item	**Amount for the period**	Amount for last period
Consolidated net profit attributable to ordinary shareholders of the parent company	**3,686,410,571.89**	3,494,725,837.36
Less: Dividend distributions from other equity instruments for the current year *(Note VII.(LXII))*	**57,000,000.00**	92,960,000.00
Adjusted consolidated net profit attributable to ordinary shareholders of the parent company	**3,629,410,571.89**	3,401,765,837.36
Weighted average number of ordinary shares outstanding	**10,589,819,000.00**	10,589,819,000.00
Basic earnings per share	**0.34**	0.32
Of which: Basic earnings per share from continuing operations	**0.34**	0.32
Basic earnings per share from discontinued operations	**–**	–

VII. NOTES TO ITEMS IN THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

(LXXIX) Earnings per share (Continued)

2. Diluted Earnings Per Share

Diluted earnings per share are calculated by dividing the consolidated net profit (diluted) attributable to the ordinary shareholders of the parent company by the weighted average number of ordinary shares outstanding (diluted) of the Company.

Item	Amount for the period	Amount for last period
Consolidated net profit attributable to ordinary shareholders of the parent company (diluted)	**3,686,410,571.89**	3,494,725,837.36
Less: Dividend distributions from other equity instruments for the current year *(Note VII.(LXII))*	**57,000,000.00**	92,960,000.00
Adjusted consolidated net profit attributable to ordinary shareholders of the parent company (diluted)	**3,629,410,571.89**	3,401,765,837.36
Weighted average number of ordinary shares outstanding (diluted)	**10,589,819,000.00**	10,589,819,000.00
Diluted earnings per share	**0.34**	0.32
Of which: Diluted earnings per share from continuing operations	**0.34**	0.32
Diluted earnings per share from discontinued operations	**–**	–

VII. NOTES TO ITEMS IN THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

(LXXX) Supplementary information on the income statement classified by nature of expenses

The operating costs, selling expenses, administrative expenses, and research and development expenses and finance costs in the income statement are classified by nature as follows:

Item	**Amount for the current period**	Amount for the previous period
Raw materials and components consumed	**15,160,656,901.30**	14,121,784,860.99
Subcontracting costs	**3,925,108,830.75**	3,727,366,319.72
Employee benefits	**6,284,446,192.39**	6,240,639,770.30
Research expenses	**537,299,117.25**	449,511,436.49
Depreciation and amortization fees	**712,028,990.93**	755,066,402.93
Others	**3,196,088,941.96**	2,607,501,737.03
Total	**29,815,628,974.58**	27,901,870,527.46

(LXXXI) Other comprehensive income

☑ Applicable ☐ Not Applicable

See note VII. (LIX)

VII. NOTES TO ITEMS IN THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

(LXXXII) Items in statement of cash flows

1. Cash related to operating activities

Cash received relating to other operating activities

☑ Applicable ☐ Not Applicable

Unit: Yuan Currency: RMB

Item	Amount for the current period	Amount for the previous period
Other operating income	**18,793,208.80**	100,145,455.69
Government grants	**303,291,364.07**	172,950,083.79
Interest income	**138,316,998.11**	161,428,024.52
Others	**374,385,915.66**	275,271,025.63
Total	**834,787,486.64**	709,794,589.63

Explanation on other cash received related to operating activities:

Nil.

Other cash paid related to operating activities

☑ Applicable ☐ Not Applicable

Unit: Yuan Currency: RMB

Item	Amount for the current period	Amount for the previous period
Research and development expenditure	**491,909,034.61**	463,828,080.59
Safety production expenses	**20,310,907.22**	55,365,005.38
Travel costs and business entertainment expenses	**244,417,481.77**	233,644,542.30
Others	**1,063,413,311.67**	978,960,555.43
Total	**1,820,050,735.27**	1,731,798,183.70

Explanation on other cash paid related to operating activities:

Nil.

VII. NOTES TO ITEMS IN THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

(LXXXII) Items in statement of cash flows (Continued)

2. Other cash related to investment activities

Other cash received related to significant investment activities

☐ Applicable ☑ Not Applicable

Other cash paid related to significant investment activities

☐ Applicable ☑ Not Applicable

Other cash received related to investment activities

☑ Applicable ☐ Not Applicable

Unit: Yuan Currency: RMB

Item	**Amount for the current period**	Amount for the previous period
Interest income	**202,243,440.21**	72,145,014.11
Received external investment funds	**–**	–
Other investing activities	**7,212,989.52**	–
Impact of business combinations under non-common control	**10,000,000.00**	30,382,818.09
Proceeds from disposal of subsidiaries in prior years	**–**	4,185,000.00
Total	**219,456,429.73**	106,712,832.20

Explanation on other cash received related to investment activities:

Nil.

VII. NOTES TO ITEMS IN THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

(LXXXII) Items in statement of cash flows (Continued)

2. Other cash related to investment activities (Continued)

Other cash paid related to investment activities

☑ Applicable ☐ Not Applicable

Unit: Yuan Currency: RMB

Item	**Amount for the current period**	Amount for the previous period
Other investing activities	**42,706,400.00**	267,283,368.00
Total	**42,706,400.00**	267,283,368.00

Explanation of other cash payments related to investing activities:

Nil.

3. Cash flows relating to financing activities

Other receipts relating to financing activities

☑ Applicable ☐ Not Applicable

Unit: Yuan Currency: RMB

Item	**Amount for the current period**	Amount for the previous period
Cash received from factoring services	**280,000,000.00**	300,000,000.00
Interest corresponding to investment funds	**20,576.84**	–
Issuance of perpetual bond	**–**	2,498,070,000.00
Total	**280,020,576.84**	2,798,070,000.00

Explanation on other cash received related to fund-raising activities:

Nil.

VII. NOTES TO ITEMS IN THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

(LXXXII) Items in statement of cash flows (Continued)

3. Cash flows relating to financing activities (Continued)

Other cash payments related to fund-raising activities

☑ Applicable ☐ Not Applicable

Unit: Yuan Currency: RMB

Item	**Amount for the current period**	Amount for the previous period
Rental expenses and others	**270,146,615.73**	190,618,882.60
Repayment of perpetual bond	**–**	2,800,000,000.00
Total	**270,146,615.73**	2,990,618,882.60

Explanation on other cash paid related to fund-raising activities:

Nil.

Changes in liabilities due to fund-raising activities

☐ Applicable ☑ Not Applicable

Item	Interests payable	Borrowings	Dividends payable	Lease liabilities
Opening balance for the year	–	3,592,521,973.88	12,169,644.46	114,100,369.54
Dividend distribution	–	–	2,207,430,846.78	–
Distribution to other equity holders	–	–	57,000,000.00	–
Interests accrued	196,663,798.69	–	–	–
Changes in cash flows of fund-raising activities	-196,663,798.69	4,577,727,533.75	-2,234,592,161.61	-67,996,519.25
Significant cash-free fund-raising activities	–	-97,901,771.06	-30,243,710.02	102,131,642.70
Closing balance for the year	–	8,072,347,736.57	11,764,619.61	148,235,492.99

VII. NOTES TO ITEMS IN THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

(LXXXII) Items in statement of cash flows (Continued)

4. *Explanation on presenting cash flows in net amount*

☐ Applicable ☑ Not Applicable

5. *Significant activities not involving current cash receipts and payments but affecting the Company's financial condition or potentially affecting the Company's future cash flows, and the financial impact thereof*

☐ Applicable ☑ Not Applicable

(LXXXIII) Supplementary information to the statement of cash flows

1. *Supplementary information to the statement of cash flows*

☑ Applicable ☐ Not Applicable

Unit: Yuan Currency: RMB

Supplementary information	Amount for the current period	Amount for the previous period
1. Adjustment of net profit to cash flow of operating activities:		
Net profit	**4,246,862,395.30**	4,068,944,547.97
Add: Credit impairment provision	**379,187,881.58**	324,105,898.50
Asset impairment loss	**-24,411,022.08**	22,109,209.59
Depreciation of fixed assets, oil and gas assets, productive biological assets	**394,813,226.53**	401,838,407.85
Amortization of right-of-use assets	**62,989,520.33**	68,852,039.23
Amortization of intangible assets	**285,355,505.70**	232,379,856.37
Amortization of long-term prepaid expenses	**20,797,950.61**	33,009,034.53
Loss from disposal of fixed assets, intangible assets and other long-term assets (income as sign "-")	**-79,370,923.60**	-42,198,751.70
Loss from scrap of fixed assets (income as sign "-")	**245,937.48**	66,295.83
Loss from fair value change (income as sign "-")	**–**	–
Financial costs (income as sign "-")	**260,944,195.37**	-48,842,490.30
Investment loss (income as sign "-")	**-119,537,569.84**	-128,583,023.70

VII. NOTES TO ITEMS IN THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

(LXXXIII) Supplementary information to the statement of cash flows (Continued)

1. Supplementary information to the statement of cash flows (Continued)

Supplementary information	**Amount for the current period**	Amount for the previous period
Decrease in deferred income tax assets (increase as sign "-")	**-78,963,638.09**	-54,537,459.09
Increase in deferred income tax liabilities (decrease as sign "-")	**10,147,119.38**	-9,217,204.89
Decrease in inventories (increase as sign "-")	**101,654,840.97**	-247,541,377.61
Decrease in operating receivables (increase as sign "-")	**-187,919,225.86**	-1,511,957,237.47
Increase in operating payables (decrease as sign "-")	**-6,605,968,360.64**	2,118,314,919.17
Depreciation of investment properties	**17,853,852.27**	18,987,064.95
Decrease in special reserves	**52,896,914.24**	53,618,554.88
Others	**-31,685,202.83**	-63,219,553.80
Net cash flows generated from operating activities	**-1,294,106,603.18**	5,236,128,730.31
2. Significant cash-free fund-raising activities		
Conversion of debt into capital	**–**	–
Convertible corporate bonds due within one year	**–**	–
Fixed assets acquired under financing leases	**–**	–
3. Net change in cash and cash equivalents:		
Ending Balance of Cash	**15,162,434,014.59**	16,405,869,676.39
Less: opening balance of cash	**16,405,869,676.39**	16,020,112,696.12
Add: closing balance of cash equivalents	**–**	–
Less: opening balance of cash equivalents	**–**	–
Net increase in cash and cash equivalents	**-1,243,435,661.80**	385,756,980.27

VII. NOTES TO ITEMS IN THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

(LXXXIII) Supplementary information to the statement of cash flows (Continued)

2. Net cash paid to acquire subsidiaries during the period

☐ Applicable ☑ Not Applicable

3. Net cash received from disposal of subsidiaries during the period

☐ Applicable ☑ Not Applicable

4. Composition of cash and cash equivalents

☑ Applicable ☐ Not Applicable

Unit: Yuan Currency: RMB

Item	Closing balance	Opening balance
I. Cash	**15,162,434,014.59**	16,405,869,676.39
Including: Cash on hand	**257,618.18**	278,854.20
Digital currency available for immediate payment	**–**	–
Bank deposits available for payment	**9,238,766,580.20**	10,849,210,691.15
Other monetary funds available for payment	**–**	3,265,001.29
Funds deposited with the central bank that are available for payment	**–**	–
Deposit from other banks	**5,923,409,816.21**	5,553,115,129.75
Loans to other banks	**–**	–
II. Cash equivalents	**–**	–
Of which: Bond investments maturing within three months	**–**	–
III. Closing balance of cash and cash equivalents	**15,162,434,014.59**	16,405,869,676.39
Including: Cash and cash equivalents with restrictions on use by the parent or subsidiaries within the Group	**–**	–

VII. NOTES TO ITEMS IN THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

(LXXXIII) Supplementary information to the statement of cash flows (Continued)

5. Cash and cash equivalents with restrictions on use

☐ Applicable ☑ Not Applicable

6. Monetary funds not deemed as cash and cash equivalents

☐ Applicable ☑ Not Applicable

Other explanation:

☐ Applicable ☑ Not Applicable

(LXXXIV) Notes to items in statement of changes in owner's equity

Explanation of the name of "Others" item that adjusted the closing balance at the end of last year and the amount of adjustment, etc.:

☐ Applicable ☑ Not Applicable

VII. NOTES TO ITEMS IN THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

(LXXXV) Foreign currency monetary items

1. Foreign currency monetary items

☑ Applicable ☐ Not Applicable

Unit:

Item	Closing balance of foreign currency	Exchange rate	Period-end RMB equivalent Balance
Monetary funds	**–**	–	341,531,032.47
Of which: USD	**41,308,251.77**	7.0288	290,347,440.04
Euro	**83,138.01**	8.2355	684,683.08
HK Dollar	**4,374,478.91**	0.9032	3,951,116.84
IDR	**1,115,351,910.00**	0.0004	446,140.76
Indian Rupee	**174,091.51**	0.0775	13,490.35
Others	**7,979,947,787.04**	/	46,088,161.40
Accounts receivable	**–**	–	115,936,538.21
Of which: USD	**9,018,123.83**	7.0288	63,386,588.78
Others	**219,861,866.52**	/	52,549,949.43
Accounts payable	**–**	–	393,994,140.07
Of which: USD	**41,486,705.65**	7.0288	291,601,756.69
Euro	**5,085,255.49**	8.2355	41,879,621.59
HK Dollar	**8,729.85**	0.9032	7,884.98
Others	**269,786,826.23**	/	60,504,876.81

2. Notes on the overseas operating entities, including, for significant overseas operating entities, the necessary disclosure of main overseas operating places, functional currency and selection basis, as well as reasons for changes of the functional currency

☐ Applicable ☑ Not Applicable

VII. NOTES TO ITEMS IN THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

(LXXXVI) Leases

1. As a lessee

☑ Applicable ☐ Not Applicable

Item	**Amount for the current period**	Amount for the previous period
Interest expense on lease liabilities	**5,215,521.20**	5,339,159.41
Short-term lease expense under simplified approach included in the cost of the relevant asset or the current profit or loss	**113,295,086.84**	104,453,145.29
Lease expense of low-value assets (except short term lease expense of low-value assets) under simplified approach included in the cost of the relevant asset or the current profit or loss	**983,100.40**	–
Total cash outflow related to leases	**189,338,090.91**	170,345,123.36

The Company's potential future cash outflows that are not included in the measurement of lease liabilities are primarily derived from leases that are committed but have not yet commenced.

The Company's expected future cash outflows relating to leases that are committed but have not yet commenced are as follows:

Remaining lease term	Undiscounted lease payments
Within 1 year	2,527,576.79
1 to 2 years	1,100,000.00
2 to 3 years	1,100,000.00
Over 3 years	2,266,000.00
Total	6,993,576.79

VII. NOTES TO ITEMS IN THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

(LXXXVI) Leases (Continued)

1. As a lessee (Continued)

Variable lease payments not included in the measurement of the lease liabilities

☐ Applicable ☑ Not Applicable

Lease payments for short-term leases and leases of low-value assets accounted for using the simplified approach

☐ Applicable ☑ Not Applicable

Sale and leaseback transactions and basis for judgment

☐ Applicable ☑ Not Applicable

2. As lessor

Operating lease

☑ Applicable ☐ Not Applicable

Unit: Yuan Currency: RMB

Item	Lease income	Including: Income related to variable lease payment that are not included in lease receipt
Operating lease income	**67,249,768.26**	–
Total	**67,249,768.26**	–

VII. NOTES TO ITEMS IN THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

(LXXXVI) Leases (Continued)

2. *As lessor (Continued)*

The undiscounted lease receipts to be received after the balance sheet date are as follows:

Remaining lease term	**Amount for the current period**	Amount for the previous period
Within 1 year	**6,668,800.18**	3,964,604.77
1 to 2 years	**6,920,241.78**	2,808,999.35
2 to 3 years	**6,815,474.45**	2,808,999.35
Over 3 years	**20,006,400.54**	8,426,998.05
Total	**40,410,916.95**	18,009,601.52

Finance lease as lessor

☐ Applicable ☑ Not Applicable

Reconciliation of Undiscounted Lease Receivables to Net Investment in Leases

☐ Applicable ☑ Not Applicable

Undiscounted lease receipts over next five years

☐ Applicable ☑ Not Applicable

3. *Recognition of profits and losses on sales under finance leases as a manufacturer or distributor*

☐ Applicable ☑ Not Applicable

Other explanation

Not applicable.

VII. NOTES TO ITEMS IN THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

(LXXXVII) Data Resources

☐ Applicable ☑ Not Applicable

(LXXXVIII) Others

☐ Applicable ☑ Not Applicable

VIII. R&D EXPENDITURE

(I) Breakdown by nature of expense

☑ Applicable ☐ Not Applicable

Unit: Yuan Currency: RMB

Item	Amount for the current period	Amount for the previous period
Labor expenses	**1,369,658,793.84**	1,214,674,718.71
Materials expenses	**129,107,832.82**	163,170,131.98
Testing and processing expenses	**186,847,335.81**	147,755,406.63
Depreciation and amortization expenses	**225,254,634.17**	180,271,132.75
Administrative expenses	**17,172,215.98**	24,231,909.55
Travel costs	**62,181,680.98**	43,680,663.72
Others	**252,159,121.77**	264,403,605.03
Total	**2,242,381,615.37**	2,038,187,568.37
Including: Expensed research and development expenditure	**2,005,663,654.64**	1,912,373,179.29
Capitalized research and development expenditure	**236,717,960.73**	125,814,389.08

VIII. R&D EXPENDITURE (CONTINUED)

(II) Development expenditures for R&D projects meeting capitalization criteria

Unit: Yuan Currency: RMB

☑ Applicable ☐ Not Applicable

Item	Opening Balance	Increase during the period: Internally developed expenditures	Increase during the period: Others	Decrease during the period: Recognised as intangible assets	Decrease during the period: Transferred to current profit or loss	Closing Balance
Development expenditure	154,044,752.34	236,717,960.73	–	83,259,779.80	–	307,502,933.27
Less : Provision for impairment	–	–	–	–	–	–
Total	154,044,752.34	236,717,960.73	–	83,259,779.80	–	307,502,933.27

Significant capitalized research and development projects

☐ Applicable ☑ Not Applicable

Provision for impairment of research and development expenditure

☐ Applicable ☑ Not Applicable

Other explanation

Not Applicable.

(III) Significant acquired projects under development

☐ Applicable ☑ Not Applicable

IX. CHANGES ON SCOPE OF CONSOLIDATION

(I) Business combination of entities not under common control

☐ Applicable ☑ Not Applicable

(II) Business combinations under common control Business combination of entities not under common control

☐ Applicable ☑ Not Applicable

(III) Reverse acquisition

☐ Applicable ☑ Not Applicable

(IV) Disposal of subsidiaries

Any transactions or events that result in the loss of control over a subsidiary in this period

☐ Applicable ☑ Not Applicable

Other explanation:

☐ Applicable ☑ Not Applicable

Any disposal of investments in subsidiaries through multiple transactions and losing control over the subsidiary in the reporting period

☐ Applicable ☑ Not Applicable

Other explanation:

☐ Applicable ☑ Not Applicable

IX. CHANGES ON SCOPE OF CONSOLIDATION

(V) Changes in consolidation scope due to other reasons

Explanation of changes in scope of consolidation due to other reasons and other information (e.g. establishment of new subsidiaries, liquidation of subsidiaries, etc.):

☑ Applicable ☐ Not Applicable

1. In November 2025, the Company jointly established a subsidiary, CRSC Suzhou, with Suzhou Rail Transit Group Co., Ltd., with a registered capital of RMB40.00 million. The Company holds a 51.00% equity interest.

2. In May 2025, the Company's subsidiary Electrification Bureau, together with CRSC (Ordos) Electrification Engineering Co., Ltd. and Ordos Runda Railway Transportation Service Co., Ltd., jointly invested in the establishment of Ordos Guotongda Railway Transportation Co., Ltd., with a registered capital of RMB209.10 million. Electrification Bureau holds a 45.90% equity interest and Tonghao (Ordos) Electrification Engineering Co., Ltd. (通號(鄂爾多斯市)電氣化工程有限公司) holds a 44.10% equity interest.

3. In June 2025, the Company's subsidiary CRSC Low-altitude Intelligence, in collaboration with Purple Mountain Laboratory, Nanjing Metro Group Co., Ltd., Nanjing Zidong Youxin Technology Investment Partnership (Limited Partnership), and Nanjing Purple Mountain Science & Technology Industrial Development Group Co., Ltd., jointly invested in the establishment of CRSC Purple Mountain Communication Technology (Nanjing) Co., Ltd., with a registered capital of RMB87.97 million. CRSC Low-altitude Intelligence holds a 50.02% equity interest.

4. In October 2025, the Company's subsidiary Communication Group, together with Jincheng State-owned Capital Investment and Operation Co., Ltd., jointly invested in the establishment of CRSC Jintou Intelligent Technology (Shanxi) Co., Ltd., with a registered capital of RMB50.00 million. Communication Group holds a 60.00% equity interest.

5. In October 2025, the Company's subsidiary Electrification Bureau acquired a 51.00% equity interest in Jincheng Guotou Railway Operation and Maintenance Co., Ltd. at zero consideration. The registered capital of Jincheng Guotou Railway Operation and Maintenance Co., Ltd. is RMB50.00 million, and it has not commenced operations yet.

6. In November 2025, the Company's subsidiary CRTC, together with Guangzhou Metro Design & Research Institute Co., Ltd. and Guangzhou Baiyun Jianke Holding Group Co., Ltd., jointly invested in the establishment of CRSC (Guangzhou) Intelligent Technology Co., Ltd. with a registered capital of RMB10.00 million, in which CRTC holds a 51.00% equity interest.

(VI) Others

☐ Applicable ☑ Not Applicable

X. INTERESTS IN OTHER ENTITIES

(I) Interests in Subsidiaries

1. Composition of the Group

Unit: Yuan Currency: RMB

☑ Applicable ☐ Not Applicable

Subsidiaries Name	Places of principal activities	Registered capital	Place of registration	Nature of business	Shareholding percentage of the Group (%) Direct	Indirect	Acquisition Method
Innovation Investment	Beijing, China	RMB5,000 million	Beijing	Investment Management	100		Incorporation through investment
CRSC Xi'an Industry Group	Xi'an, China	RMB2,149 million	Xi'an	Equipment manufacturing	100		Incorporation through investment
CRSCD	Beijing, China	RMB2,010 million	Beijing	Design and integration	100		Incorporation through investment
Shanghai Engineering Bureau	Shanghai, China	RMB1,500 million	Shanghai	System Delivery Services and Design Integration	100		Incorporation through investment
CRSC Changsha Railway	Changsha, China	RMB1,229 million	Changsha	System implementation	100		Incorporation through investment
CRSC Construction	Changsha, China	RMB1,100 million	Changsha	Construction contracting	100		Incorporation through investment
CRSCE	Beijing, China	RMB1,095 million	Beijing	System implementation	100		Incorporation through investment
CRSC International Holdings	Beijing, China	RMB810 million	Beijing	Design and integration	100		Incorporation through investment
CRSC Cables	Zhengzhou, China	RMB348 million	Zhengzhou	Equipment manufacturing	100		Incorporation through investment
CRSCC	Beijing, China	RMB318 million	Beijing	Design and integration	100		Incorporation through investment
Urban Rail Transit	Beijing, China	RMB100 million	Beijing	Design and integration	100		Incorporation through investment
Beijing Materials	Beijing, China	RMB35 million	Beijing	Wholesale Trade	100		Business combinations under common controlBusiness combination of entities not under common control
CRSC Finance	Beijing, China	RMB2,000 million	Beijing	Financial Company Services for Enterprise Groups	95		Incorporation through investment

X. INTERESTS IN OTHER ENTITIES (CONTINUED)

(I) Interests in Subsidiaries (Continued)

1. Composition of the Group (Continued)

Unit: Yuan Currency: RMB

Subsidiaries Name	Places of principal activities	Registered capital	Place of registration	Nature of business	Shareholding percentage of the Group (%) Direct	Indirect	Acquisition Method
CRSC Huatai	Jishou, China	RMB580 million	Jishou	Project management, operation and maintenance	90		Incorporation through investment
CRSC Tengda	Jishou, China	RMB450 million	Jishou	Project management, operation and maintenance	90		Incorporation through investment
CRSC Jiangsu Smart	Taixing, China	RMB400 million	Taixing	Design and integration	88	2	Incorporation through investment
Electrification Bureau	Zhengzhou, China	RMB500 million	Zhengzhou	EPC and system delivery services	65		Business combination of entities not under common control
CASCO	Shanghai, China	RMB600 million	Shanghai	Design and integration	51		Business combination of entities not under common control
CRSC Low-Altitude Intelligent	Beijing, China	RMB300 million	Beijing	Professional Technical Services	100		Business combinations under common controlBusiness combination of entities not under common control
CRSC Suzhou	Suzhou, China	RMB40 million	Suzhou	Professional and Technical Services	51		Incorporation through investment

X. INTERESTS IN OTHER ENTITIES (CONTINUED)

(I) Interests in Subsidiaries (Continued)

1. Composition of the Group (Continued)

Other explanation:

Note: 1. All the companies above are limited liability companies.

2. For changes on major subsidiaries for the year, please refer to Note "VII. Changes on scope of consolidation".

3. The Articles of Association stipulate that CRSC CASCO is a Sino-foreign joint venture, with the Board as its highest authority, and the proportion of voting rights is calculated according to the proportion of seats on the Board. The Board of CRSC CASCO consists of seven members, including four from CRSC.

2. Material non-wholly owned subsidiaries

☑ Applicable ☐ Not Applicable

Unit: Yuan Currency: RMB

Name of subsidiary	Shareholding percentage of non-controlling shareholders Proportion	Current profits and losses attributable to non-controlling shareholders	Current dividends declared and paid to non-controlling shareholders	Ending balance of interest of non-controlling shareholders
CASCO	49%	545,048,038.18	398,393,000.00	1,322,993,256.58

Explanations for the inconsistency of shareholding percentage of non-controlling shareholders of subsidiaries with proportion of their voting rights:

☐ Applicable ☑ Not Applicable

Other explanation:

☐ Applicable ☑ Not Applicable

X. INTERESTS IN OTHER ENTITIES (CONTINUED)

(I) Interests in Subsidiaries (Continued)

3. Main financial information of significant non-wholly owned subsidiaries

☑ Applicable ☐ Not Applicable

Unit: Yuan Currency: RMB

	Closing balance						Opening balance					
Name of subsidiary	Current assets	Non-current assets	Total assets	Current liabilities	Non-current liabilities	Total liabilities	Current assets	Non-current assets	Total assets	Current liabilities	Non-current liabilities	Total liabilities
CASCO	6,652,288,718.01	1,465,885,549.70	8,118,174,267.71	5,341,744,193.96	63,513,988.80	5,405,258,182.76	6,056,259,180.08	1,482,989,245.72	7,539,248,425.80	5,084,444,778.06	46,176,124.26	5,130,620,902.32

	Amount for the current period				Amount for the previous period			
Name of subsidiary	Revenue	Net profit	Total comprehensive income	Cash flows from operating activities	Revenue	Net profit	Total comprehensive income	Cash flows from operating activities
CASCO	6,136,931,868.65	1,113,812,210.25	1,113,834,661.86	1,009,398,925.78	5,456,118,320.16	1,016,348,911.54	1,016,323,082.60	954,269,678.66

X. INTERESTS IN OTHER ENTITIES (CONTINUED)

(I) Interests in Subsidiaries (Continued)

4. Major restrictions on the use of assets of the Group and repayment of debts of the Group

☐ Applicable ☑ Not Applicable

5. Financial or other support provided to structured entities included in the consolidated financial statements

☐ Applicable ☑ Not Applicable

Other explanation:

☐ Applicable ☑ Not Applicable

(II) Transaction in which the share of shareholder's interests in the subsidiary changes while control over the subsidiary remaining unchanged

☐ Applicable ☑ Not Applicable

X. INTERESTS IN OTHER ENTITIES (CONTINUED)

(III) Interests in the joint venture or associate

☑ Applicable ☐ Not Applicable

1. Joint ventures or associates

☑ Applicable ☐ Not Applicable

Name of joint ventures or associates	Places of principal activities	Place of registration	Nature of business	Shareholding percentage of the Group (%) Direct	Shareholding percentage of the Group (%) Indirect	Accounting method for Investments in joint ventures or associates
Joint ventures						
Xi'an Schaltbau Electric Corp., Ltd.	Xi'an	Xi'an	Manufacturing of product	–	50.00	Equity method
CRSC Smart Data Technology (Beijing) Co., Ltd.	Beijing	Beijing	Technology development	–	45.00	Equity method
Associates						
CSCEC Foshan Joint Investment Co., Ltd.	Guangzhou	Guangzhou	Investment in Construction Projects	11.00	–	Equity method
Siping Integrated Pipeline Construction Co., Ltd.	Siping	Siping	Engineering contracting	20.00	–	Equity method
Guangdong Utrust Financial Leasing Co., Ltd.	Guangzhou	Guangzhou	Financial Leasing	30.00	–	Equity method
CRSC Tianshui Tram Co., Ltd.	Tianshui	Tianshui	Engineering contracting	35.63	–	Equity method
Siemens Signaling Company Ltd.	Xi'an	Xi'an	Manufacturing of product	–	30.00	Equity method
Zhongguancun Chipsea Prioritizing Technology Co., Ltd.	Beijing	Beijing	Technology development	–	20.00	Equity method
Henan Huazhou Railway Co., Ltd.	Anyang	Anyang	Engineering contracting	–	44.00	Equity method
Zhuhai Huatong Private Equity Fund Management Enterprise (Limited Partnership)	Zhuhai	Zhuhai	Equity Investment Management	–	40.00	Equity method
Tianshui Tram Co., Ltd.	Tianshui	Tianshui	Engineering contracting	–	36.00	Equity method
Zhejiang Jiaotou Intelligent Transportation Technology Co., Ltd.	Hangzhou	Hangzhou	Technology development	–	40.00	Equity method
China Tietong Railway Operation Co., Ltd.	Wenzhou	Wenzhou	Rail Transit Operations	–	30.00	Equity method
CCUI (Shanghai) Digital Technologies Co., Ltd.	Shanghai	Shanghai	Data technology	–	20.00	Equity method
Tianjin Jingui Huihai Technology Development Co., Ltd.	Tianjin	Tianjin	Rail Transit Operations	–	20.00	Equity method
Shentie Signaling (Shenzhen) Co., Ltd	Shenzhen	Shenzhen	Software and Information Technology Services	–	49.00	Equity method
Wuhan Intelligent Metro Technology Co., Ltd.	Wuhan	Wuhan	Software and Information Technology Services	–	15.00	Equity method
Shijiazhuang Jiaotou Intelligent Technology Co., Ltd.	Shijiazhuang	Shijiazhuang	Software and Information Technology Services	–	45.00	Equity method
Jincheng City Northwest Railway Co., Ltd.	Jincheng	Jincheng	Railway transportation industry	–	36.50	Equity method
Nanjing Rail Transit Equipment Technology Co., Ltd.	Nanjing	Nanjing	Science and Technology Promotion and Application Services	–	10.00	Equity method

X. INTERESTS IN OTHER ENTITIES (CONTINUED)

(III) Interests in the joint venture or associate (Continued)

1. Joint ventures or associates (Continued)

Basis for holding less than 20% voting rights but having significant influence, or holding 20% or more voting rights but not having significant influence:

(1) On 14 April 2020, the Company's subsidiary, CRSC Low-Altitude Intelligence (formerly known as CRSC Smart City Research & Design Institute Co., Ltd.), and Aerospace Harmony Wisdom (Beijing) Technologies Co., Ltd. jointly established CRSC Smart Data Technology (Beijing) Co., Ltd. According to the company's articles of association, Aerospace Harmony Wisdom (Beijing) Technologies Co., Ltd. holds 55% of the shares, while CRSC Low-Altitude Intelligence holds 45%. Voting rights are exercised in proportion to paid-in capital contributions, and shareholder meeting resolutions require approval by shareholders representing more than two-thirds of the voting rights. CRSC Low-Altitude Intelligence and Aerospace Harmony Wisdom (Beijing) Technologies Co., Ltd. jointly control CRSC Smart Data Technology (Beijing) Co., Ltd. In 2024, CRSC Low-Altitude Intelligence transferred its shares in this company to the Company's subsidiary, CRSC Information Industry Co., Ltd.

(2) Foshan CSCEC Transportation Joint Investment Co., Ltd. was jointly established by the Company, CSCEC Transportation Construction Group Co., Ltd., China State Construction Engineering Corporation (CSCEC), and Beijing E-Hualu Information Technology Co., Ltd. The Company holds an 11% stake, CSCEC Transportation Construction Group Co., Ltd. holds 48%, CSCEC holds 30%, and Beijing E-Hualu Information Technology Co., Ltd. holds 11%. The Company has significant influence through its appointed directors; therefore, it accounts for Foshan CSCEC Transportation Joint Investment Co., Ltd. as an associate.

(3) On May 16, 2024, the Company's subsidiary CASCO entered into a capital increase agreement with Wuhan Metro Group Co., Ltd., Wuhan Ligong Guangke Co., Ltd., Wuhan Optic Valley Fenghuo Integrated Circuit Venture Capital Fund Partnership (Limited Partnership), Traffic Control Technology Co., Ltd., and Wuhan Smart Metro Technology Co., Ltd. Pursuant to the agreement, CASCO invested an additional RMB41.7297 million, of which RMB10.7143 million was recorded as paid-in capital, resulting in a post-investment ownership stake of 15%. Following the capital increase, CASCO appointed one director and holds significant influence over Wuhan Smart Metro Technology Co., Ltd.

(4) On August 27, 2025, the Company's subsidiary Urban Rail Transit Co., Ltd. jointly established Nanjing Rail Transit Equipment Technology Co., Ltd. with Nanjing Rail Transit Industry Development Co., Ltd. and Beijing Techs Technology Co., Ltd., with respective ownership stakes of 10.00%, 60.00%, and 30.00%. As Urban Rail Transit Co., Ltd. exercises significant influence through its appointed directors, Nanjing Rail Transit Equipment Technology Co., Ltd. is accounted for as an associate.

X. INTERESTS IN OTHER ENTITIES (CONTINUED)

(III) Interests in the joint venture or associate (Continued)

2. Main financial information of significant joint ventures

☐ Applicable ☑ Not Applicable

3. Main financial information of significant associates

☐ Applicable ☑ Not Applicable

4. Summary of financial information of insignificant joint ventures and associates

☑ Applicable ☐ Not Applicable

Unit: Yuan Currency: RMB

	Closing balance/ Current period amount	Opening balance/ Prior period amount
Joint ventures:		
Total book value of investment	**143,069,504.19**	143,770,099.03
Total amount of the following items calculated on the basis of shareholding percentage		
– Net profit	**19,299,405.16**	18,223,389.76
– Other comprehensive income		–
– Total comprehensive income	**19,299,405.16**	18,223,389.76
Associates:		
Total book value of investment	**2,038,594,980.08**	1,662,931,716.88
Total amount of the following items calculated on the basis of shareholding percentage		
– Net profit	**87,654,914.30**	97,406,880.15
– Other comprehensive income		–
– Total comprehensive income	**87,654,914.30**	97,406,880.15

Other explanation

Not applicable.

X. INTERESTS IN OTHER ENTITIES (CONTINUED)

(III) Interests in the joint venture or associate (Continued)

5. Explanation for the significant restrictions on the ability of joint ventures or associates to transfer funds to the Company

☐ Applicable ☑ Not Applicable

6. Excessive loss incurred by joint ventures or associates

☐ Applicable ☑ Not Applicable

7. Unrecognised commitments related to investments in joint ventures

☐ Applicable ☑ Not Applicable

8. Contingent liabilities related to investments in joint ventures or associates

☐ Applicable ☑ Not Applicable

(IV) Significant joint operation

☐ Applicable ☑ Not Applicable

(V) Interests in structured entities not included in the scope of consolidated financial statements

Explanation of structured entities not included in the scope of consolidated financial statements

☐ Applicable ☑ Not Applicable

(VI) Others

☐ Applicable ☑ Not Applicable

XI. GOVERNMENT GRANTS

(I) Government subsidies recognised as accounts receivable at the end of the reporting period

☐ Applicable ☑ Not Applicable

The reasons for not receiving the expected amount of government subsidies at the anticipated time

☐ Applicable ☑ Not Applicable

(II) Debt items involving government subsidies

☑ Applicable ☐ Not Applicable

Unit: Yuan Currency: RMB

Financial statement items	Opening balance	Newly added government grants during the period	Decrease for the period in non-operating income	Transferred to other income during the period	Other changes during the period	Closing balance	Related to assets/income
Deferred income	60,965,519.87	7,220,000.00	1,806,969.72	257,382.55	–	66,121,167.60	Asset-related
Deferred income	59,169,953.06	192,307,999.81	–	113,973,274.14	–	137,504,678.73	Income-related
Total	120,135,472.93	199,527,999.81	1,806,969.72	114,230,656.69	–	203,625,846.33	/

(III) Government subsidies included in current profit and loss

☑ Applicable ☐ Not Applicable

Unit: Yuan Currency: RMB

Type	Amount for the current period	Amount for the previous period
Asset-related	**2,064,352.27**	2,104,364.81
Income-related	**374,611,770.35**	387,801,109.11
Total	**376,676,122.62**	389,905,473.92

XII. RISKS RELATED TO FINANCIAL INSTRUMENTS

(I) Category of financial instruments

☑ Applicable ☐ Not Applicable

Financial assets

Item	Measured at amortized cost	Measured at fair value with changes recognized in other comprehensive income – Accounting standards requirements	Measured at fair value with changes recognized in other comprehensive income – Designated	Total
Monetary funds	22,386,114,359.53	–	–	22,386,114,359.53
Notes receivable	1,464,349,227.45	–	–	1,464,349,227.45
Receivables for financing	–	795,707,159.42	–	795,707,159.42
Accounts receivable	25,001,461,400.76	–	–	25,001,461,400.76
Other receivables	1,527,850,387.21	–	–	1,527,850,387.21
Debt investment	273,172,183.50	–	–	273,172,183.50
Other equity instrument investments	–	–	1,397,735,606.02	1,397,735,606.02
Long-term receivables	7,988,247,006.24	–	–	7,988,247,006.24
Financial assets included in other non-current assets	5,055,689,108.47	–	–	5,055,689,108.47
Total	63,696,883,673.16	795,707,159.42	1,397,735,606.02	65,890,326,438.60

Financial liabilities

Item	Measured at amortized cost	Measured at fair value with changes recognized in other comprehensive income	Total
Short-term borrowings	170,476,451.50		170,476,451.50
Notes payable	1,691,264,511.61		1,691,264,511.61
Accounts payable	39,220,108,544.27		39,220,108,544.27
Other payables	2,199,881,519.41		2,199,881,519.41
Employee compensation payable (cash portion)	770,638,841.26		770,638,841.26
Proceeds from financial assets sold under repurchase agreements	16,950,121.15		16,950,121.15
Deposits received and interbank deposits	1,035,278,439.21		1,035,278,439.21
Long-term borrowings	7,515,803,923.00		7,515,803,923.00
Financial liabilities included in non-current liabilities due within one year	489,815,377.77		489,815,377.77
Lease liabilities	99,902,212.83		99,902,212.83
Long-term payables	47,316,374.84		47,316,374.84
Total	53,257,436,316.85		53,257,436,316.85

XII. RISKS RELATED TO FINANCIAL INSTRUMENTS (CONTINUED)

(II) Hedging

1. *The Company engages in hedging activities for risk management purposes*

☐ Applicable ☑ Not Applicable

Other explanation

☐ Applicable ☑ Not Applicable

2. *The Company conducts eligible hedging activities and applies hedge accounting*

☐ Applicable ☑ Not Applicable

Other explanation

☐ Applicable ☑ Not Applicable

3. *The Company conducts hedging activities for risk management purposes and expects to achieve risk management objectives without applying hedge accounting*

☐ Applicable ☑ Not Applicable

Other explanation

☐ Applicable ☑ Not Applicable

XII. RISKS RELATED TO FINANCIAL INSTRUMENTS (CONTINUED)

(III) Transfer of financial assets

Transferred financial assets that are not derecognized in their entirety

As of 31 December 2025, the carrying amounts of bank acceptance bills and commercial acceptance bills endorsed or discounted by the Company to suppliers for the settlement of accounts payable amounted to RMB37,545,226.24 and RMB232,962,468.33, respectively. (31 December 2024: bank acceptance bills of RMB46,601,066.75 and commercial acceptance bills of RMB374,393,736.36). The Company considers that it has retained substantially all the risks and rewards associated with these instruments, including the related default risk, and therefore continues to fully recognise them along with the settled accounts payable. After endorsement, the Company no longer retains the right to use these instruments, including the rights to sell, transfer, or pledge them to third parties. As of 31 December 2025, the total carrying amount of accounts payable settled through such instruments was RMB172,619,010.49 (as of 31 December 2024: RMB315,724,003.31).

As at 31 December 2025, the Company had a balance of RMB464,849,903.52 in factoring of accounts receivable with recourse.

Transferred financial assets that are derecognised in their entirety in which continuing involvement exists

As of 31 December 2025, the carrying amounts of bank acceptance bills endorsed by the Company to suppliers for the settlement of accounts payable and other credit instruments measured at fair value through other comprehensive income were RMB715,094,331.33 and RMB368,470,627.82, respectively (31 December 2025: RMB351,839,468.29 and RMB24,857,868.22, respectively).

As at 31 December 2025, the derecognized bills had a maturity of one to twelve months. In accordance with the Law of Negotiable Instruments, the holders of the derecognized bills have the right of recourse against the Company if the accepting banks default (the "Continuing Involvement"). The Company considers that it has transferred substantially all the risks and rewards associated with these instruments, and accordingly has derecognized their carrying amounts and the related settled accounts payable. The maximum loss and undiscounted cash flows from continued involvement and repurchases equal their carrying value. In the opinion of the Company, the fair values of the Company's Continuing Involvement in the Derecognised Bills are not significant.

In 2025, the Company did not recognise any profit or loss on the date of transfer of the derecognised bills. The Company had no current or accumulated gains or expenses related to continuing involvement of financial assets which had been derecognized. The endorsement happened evenly throughout the year.

XII. RISKS RELATED TO FINANCIAL INSTRUMENTS (CONTINUED)

(IV) Financial Instrument Risks

The Company is faced with risks of various financial instruments in daily activities, which mainly include credit risk, liquidity risk and market risk (including exchange rate risk, interest rate risk and commodity price risk). The main financial instruments of the Company include monetary funds, equity investment, borrowings, receivables for financing and accounts receivable, bills payable and accounts payable and others. he risks associated with these financial instruments and the risk management strategies adopted by the Company to mitigate these risks are described below.

The Board of Directors shall be responsible for planning and establishing the risk management framework of the Company, formulating the Company's risk management policies and relevant guidelines, and supervising the implementation of risk management measures. The Company has developed risk management policies to identify and analyze risks faced by the Company. These risk management policies specify specific risks and cover many aspects such as market risk, credit risk and liquidity risk management. The Company periodically evaluates changes in the market environment and the Company's business activities to determine whether to update risk management policies and systems. The risk management of the Company shall be 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 units of the Company to identify, assess and mitigate risks. The internal audit department of the Company conducts regular audits on risk management control and procedures and reports the audit results to the Company's Audit Committee. The internal audit department of the Company conducts regular audits on risk management control and procedures and reports the audit results to the Company's Audit Committee.

The Company diversifies the risk of financial instruments through appropriate diversification of investments and business portfolios, and reduces the risk of concentration in any single industry, specific region or specific counterparty by formulating appropriate risk management policies.

XII. RISKS RELATED TO FINANCIAL INSTRUMENTS (CONTINUED)

(IV) Financial Instrument Risks (Continued)

1. Credit Risk

Credit risk is the risk that one party to a financial instrument will cause a financial loss for the other party by failing to discharge an obligation.

The Company only transacts with accredited and reputable third parties. In accordance with the Company's policy, credit assessments are conducted on all customers requesting credit terms. Furthermore, the Company maintains continuous monitoring of accounts receivable balances to ensure it is not exposed to significant bad debt risks. For transactions not settled in the functional currency of the relevant operating unit, the Company does not provide credit terms unless specifically approved by its credit control department.

As the counterparties for monetary funds and bank acceptance bills receivable are reputable banks with high credit ratings, these financial instruments carry low credit risk.

The Company's financial assets include monetary funds, receivables financing, accounts receivable, other receivables, debt investments, other equity instrument investments, long-term receivables, and financial assets within other non-current assets. The credit risk of these financial assets arises from counterparty default, with the maximum exposure equal to the carrying amounts of these instruments.

As the Company only transacts with approved and creditworthy third parties, no collateral is required. Credit risk concentration is managed by customer/counterparty, geographical region, and industry. Given the extensive diversification of the Company's accounts receivable customer base across various sectors and industries, there is no significant concentration of credit risk within the Company. The Company does not hold any collateral or other credit enhancements for its accounts receivable balances.

(1) Criteria for determining significant increase in credit risk:

At each balance sheet date, the Company assesses whether the credit risk of relevant financial instruments has increased significantly since initial recognition. In determining whether there has been a significant increase in credit risk since initial recognition, the Company considers reasonably available information without undue cost or effort, including qualitative and quantitative analyses based on the Company's historical data, external credit risk ratings, and forward-looking information. The Company assesses changes in the risk of default over the expected life of financial instruments by comparing the risk of default on the reporting date with that at initial recognition, based on individual financial instruments or portfolios of financial instruments with similar credit risk characteristics.

XII. RISKS RELATED TO FINANCIAL INSTRUMENTS (CONTINUED)

(IV) Financial Instrument Risks (Continued)

1. Credit Risk (Continued)

(1) Criteria for determining significant increase in credit risk: (Continued)

The Company considers that the credit risk of a financial instrument has increased significantly when one or more of the following quantitative, qualitative criteria or upper limit indicators are triggered:

- Quantitative criteria primarily involve a certain percentage increase in the probability of default over the remaining lifetime as of the reporting date compared to initial recognition;
- Qualitative criteria mainly include significant adverse changes in the operational or financial conditions of the obligor, early warning customer lists, etc.;
- The upper limit indicator is when the obligor's contractual payments (including principal and interest) are overdue by more than 30 days.

(2) Definition of Credit-Impaired Assets:

To determine whether credit impairment has occurred, the criteria adopted by the Company are consistent with its internal credit risk management objectives for the relevant financial instruments, taking into account both quantitative and qualitative indicators. When assessing whether a debtor has incurred credit impairment, the Company primarily considers the following factors:

- The issuer or debtor is experiencing significant financial difficulties;
- The debtor has breached the contract, such as defaulting or delaying payments of interest or principal;
- The creditor grants concessions to the debtor due to economic or contractual considerations related to the debtor's financial difficulties, which would not otherwise be made under any other circumstances;
- The debtor is likely to go bankrupt or undergo other financial restructuring;
- The active market for the financial asset disappears due to financial difficulties of the issuer or debtor;
- The purchase or origination of a financial asset at a significant discount that reflects the occurrence of credit losses.

Credit impairment of a financial asset may result from the combined effect of multiple events and does not necessarily arise from individually identifiable events.

XII. RISKS RELATED TO FINANCIAL INSTRUMENTS (CONTINUED)

(IV) Financial Instrument Risks (Continued)

1. Credit Risk (Continued)

(3) Parameters for measuring expected credit losses:

Based on whether there has been a significant increase in credit risk and whether credit impairment has occurred, the Company measures impairment provisions using either 12-month or lifetime expected credit losses for different assets. The key parameters for measuring expected credit losses include probability of default, loss given default, and exposure at default. The Company establishes models for probability of default, loss given default, and exposure at default by considering quantitative analysis of historical statistical data (such as counterparty ratings, types of guarantees, categories of collateral, and repayment methods) as well as forward-looking information.

The relevant definitions are as follows:

- Probability of default (PD) refers to the likelihood that a debtor will fail to fulfill its repayment obligations within the next 12 months or over the remaining lifetime. The Company's PD is adjusted based on historical migration rates of receivables, incorporating forward-looking information to reflect the debtor's default probability under the current macroeconomic environment.

- Loss Given Default (LGD) represents the Company's expectation of the extent of loss incurred on exposure at default. LGD varies depending on the type of counterparty, recourse methods, seniority, and collateral. LGD is calculated as the percentage of loss on exposure at default, measured over the next 12 months or the remaining lifetime.

- Exposure at default refers to the amount that the Company is entitled to be repaid upon the occurrence of a default within the next 12 months or over the remaining life of the financial instrument.

The assessment of significant increase in credit risk and the calculation of expected credit losses both involve forward-looking information. The Company identifies key economic indicators that affect credit risk and expected credit losses for each business type through historical data analysis.

Quantitative data on the Company's credit risk exposure arising from accounts receivable, financing receivables, other receivables, contract assets, non-current assets due within one year, debt investments, long-term receivables, and other non-current assets are disclosed in the notes"VII. (V)", "VII. (VII)", "VII. (IX)", "VII. (VI)", "VII. (XII)", "VII. (XIV)", "VII. (XVI)", and "VII. (XXX)".

XII. RISKS RELATED TO FINANCIAL INSTRUMENTS (CONTINUED)

(IV) Financial Instrument Risks (Continued)

2. Liquidity Risk

The Company employs revolving liquidity planning tools to manage funding shortfall risks. These tools take into account both the maturity dates of financial instruments and the projected cash flows generated from the Company's operations.

The Company's objective is to maintain a balance between funding continuity and flexibility by utilizing a combination of financing methods, including bill settlements and bank borrowings, while appropriately integrating long-term and short-term financing approaches to optimize the capital structure. The Company has secured credit facilities from multiple commercial banks to meet working capital requirements and capital expenditures.

Management of the Company monitors the liquidity position of the Company on an ongoing basis to ensure the availability of sufficient liquid funds to meet all obligations as they fall due and to make the most efficient use of the Company's financial resources.

The following table presents an analysis of the maturity of the Group's financial liabilities based on undiscounted contractual cash flows:

31 December 2025

Item	Within 1 year	1 to 2 years	2 to 5 years	2 to 5 years	Total
Short-term borrowings	170,476,451.50	–	–	–	170,476,451.50
Bills payable	1,691,264,511.61	–	–	–	1,691,264,511.61
Accounts payable	39,220,108,544.27	–	–	–	39,220,108,544.27
Other payables	2,199,881,519.41	–	–	–	2,199,881,519.41
Financial assets sold for repurchase	16,950,121.15	–	–	–	16,950,121.15
Customers deposits and deposits from banks and other financial institutions	1,035,278,439.21	–	–	–	1,035,278,439.21
Lease liabilities (including current portion)	49,473,698.53	64,372,567.84	33,110,919.31	16,141,045.43	163,098,231.11
Long-term borrowings (including those due within one year)	386,067,362.07	193,363,871.94	4,775,293,334.17	2,547,146,716.89	7,901,871,285.07
Interest on short-term and long-term borrowings	243,109,292.40	239,980,954.72	580,490,785.49	177,172,379.62	1,240,753,412.23
Long-term payables (including portion due within one year)	55,414,735.54	47,316,374.84	–	–	102,731,110.38

XII. RISKS RELATED TO FINANCIAL INSTRUMENTS (CONTINUED)

(IV) Financial Instrument Risks (Continued)

2. Liquidity Risk

31 December 2024

Item	Within 1 year	1 to 2 years	2 to 5 years	2 to 5 years	Total
Short-term borrowings	143,465,431.83	–	–	–	143,465,431.83
Bills payable	1,775,609,143.61	–	–	–	1,775,609,143.61
Accounts payable	42,735,743,855.81	–	–	–	42,735,743,855.81
Other payables	1,961,827,723.66	–	–	–	1,961,827,723.66
Customers deposits and deposits from banks and other financial institutions	3,001,258,120.80	–	–	–	3,001,258,120.80
Lease liabilities (including current portion)	30,751,306.86	39,359,784.16	39,892,660.08	19,633,879.35	129,637,630.45
Long-term borrowings (including current portion)	115,086,072.85	111,500,000.00	333,000,000.00	2,889,470,469.20	3,449,056,542.05
Interest on short-term and long-term borrowings	135,222,090.42	133,298,620.25	367,942,633.23	284,411,004.61	920,874,348.51
Long-term payables (including amounts due within one year)	38,756,176.27	45,383,366.45	–	–	84,139,542.72

3. Market risk

(1) Interest rate risk

The Company's exposure to the risk of changes in market interest rates relates primarily to the Company's borrowings and bank current deposit in large amount with floating interest rates.

XII. RISKS RELATED TO FINANCIAL INSTRUMENTS (CONTINUED)

(IV) Financial Instrument Risks (Continued)

3. Market risk (Continued)

(1) Interest rate risk (Continued)

The Company regularly reviews and monitors the mix of fixed and floating interest rate in order to manage its interest rate risk. Borrowings and monetary funds are stated at amortized cost and are not revalued on a periodic basis. Floating rate interest income and expenses are credited/charged to the profit or loss as earned/incurred.

As at 31 December 2025, 44.98% of the Company's borrowings bore floating interest rates while 55.02% bore fixed interest rates. Management would adjust the floating rate assets based on changes in the market interest rates to reduce the significant impact arising from interest rate risk.

Assuming a uniform 1 percentage point increase/decrease in floating interest rates with all other variables held constant, the consolidated net profit and other comprehensive income (net of tax) for 2025 would decrease/increase by approximately RMB26,761,624.40 (2024: RMB24,216,899.69), with no impact on other components of the Company's consolidated equity except retained earnings. The sensitivity analysis is based on the assumption that interest rate changes occurred on 31 December 2025 and applied to financial instruments existing on that date. The estimated 1% of increase or decrease represents management's assessment of a reasonably possible change in interest rates over the period from the year until the date of balance sheet of the next year.

If the overall interest rate on floating-rate bank demand deposits were to increase/decrease by 0.1 percentage points while all other variables remain unchanged, the consolidated net profit and the net amount of other comprehensive income after tax for the year 2025 would increase/decrease by approximately RMB11,727,743.00 (2024: RMB12,650,803.25), respectively, with no impact on other components of the Company's consolidated shareholders' equity except for retained earnings. The sensitivity analysis above has been determined assuming that the change in interest rates had occurred as at 31 December 2025 and the exposure to interest rate risk has been applied to those financial instruments in existence at that date. The estimated increase or decrease of 0.1 percentage points represents management's assessment of a reasonably possible change in interest rates over the period from the year until the date of balance sheet of the next year.

XII. RISKS RELATED TO FINANCIAL INSTRUMENTS (CONTINUED)

(IV) Financial Instrument Risks (Continued)

3. Market risk (Continued)

(2) Foreign exchange risk

As a result of its significant business operations in Mainland China, the Company's revenue, expenses and over 95% of the financial assets and liabilities are denominated in RMB. The effect of the fluctuations in the exchange rates of RMB against foreign currencies on the Company's results of operations is therefore minimal and the Company has not entered into any hedging transactions as at 31 December 2025 and 31 December 2024 in order to reduce the Company's exposure to foreign currency risk in this regard.

The following table demonstrates the sensitivity analysis on the foreign currency risk, reflecting the influence of reasonable possible change in the exchange rates of the United States dollar and Hong Kong dollar, with all other variables held constant, on the Company's net profit net of tax.

Item	USD exchange rate Increase/(Decrease)	Net profit or loss Increase/(Decrease)	Total Equity Increase/(Decrease)
Depreciation of RMB against United States dollar	5%	2,488,377.59	2,488,377.59
Appreciation of RMB against United States dollar	-5%	-2,488,377.59	-2,488,377.59

Item	HKD Exchange Rate Increase/(Decrease)	Net profit or loss Increase/(Decrease)	Total Shareholders' Equity Increase/(Decrease)
Depreciation of RMB against Hong Kong Dollar	5%	160,677.65	160,677.65
Appreciation of RMB against Hong Kong Dollar	-5%	-160,677.65	-160,677.65

The sensitivity analysis above has been determined assuming that the change in foreign exchange rates had occurred as at 31 December 2025 and 31 December 2024 and the exposure to foreign currency risk has been applied to those monetary assets and liabilities in existence at that date. The estimated percentage increase or decrease represents management's assessment of a reasonable possible change in foreign exchange rates over the period from the year until the date of balance sheet of the next year.

XIII. DISCLOSURE OF FAIR VALUE

The inputs used for fair value measurement are classified into three levels:

Level 1 inputs are unadjusted quoted prices for identical assets or liabilities in active markets that are available on the measurement date.

Level 2 inputs are observable inputs for the relevant asset or liability, either directly or indirectly, other than Level 1 inputs.

Level 3 inputs are unobservable inputs for the relevant asset or liability.

The level assigned to a fair value measurement is determined by the lowest level of input that is significant to the overall fair value measurement.

(I) Closing fair value of assets and liabilities measured at fair value

☑ Applicable ☐ Not Applicable

Unit: Yuan Currency: RMB

Item	Fair value at end of the period			
	Level-1 fair value measurement	Level-2 fair value measurement	Level-3 fair value measurement	Total
I. Continuous measurement of fair value				
Receivables for financing	–	795,707,159.42	–	795,707,159.42
Other equity instrument investments	–	–	1,397,735,606.02	1,397,735,606.02

1. Level 2 fair value measurement

The Group adopts the present value of cash flows method to determine the fair value of financing receivables, and the fair value approximates the book value.

2. Level 3 fair value measurement

The other equity instrument investments measured at Level 3 fair value represent the Company's holdings in unlisted companies. The Company engaged valuation specialists to assess the fair value of these unlisted equity interests, determining the fair value of other equity instrument investments to be RMB1,397,735,606.02.

XIII. DISCLOSURE OF FAIR VALUE (CONTINUED)

(II) Basis for determining the market value of continuous and non-continuous Level-1 fair value measurement items

☐ Applicable ☑ Not Applicable

(III) Qualitative and quantitative information of valuation techniques and important parameters used in continuous and non-continuous Level-2 fair value measurement items

☐ Applicable ☑ Not Applicable

(IV) Qualitative and quantitative information of valuation techniques and important parameters used in continuous and non-continuous Level-3 fair value measurement items

☐ Applicable ☑ Not Applicable

(V) Information on adjustment between opening and closing book values and sensitivity analysis of unobservable parameters for continuous Level-3 fair value measurement items

☐ Applicable ☑ Not Applicable

(VI) Reason for conversion for transfer between levels during the current period for continuous fair value measurement items, and policies for determination of time point of the conversion

☐ Applicable ☑ Not Applicable

(VII) Changes in valuation techniques during the current period and reason for such change

☐ Applicable ☑ Not Applicable

(VIII) Fair value of financial assets and financial liabilities not measured at fair value

☐ Applicable ☑ Not Applicable

(IX) Others

☐ Applicable ☑ Not Applicable

XIV. RELATED PARTIES AND RELATED PARTY TRANSACTIONS

(I) Parent of the Company

☑ Applicable ☐ Not Applicable

Unit: Yuan Currency: RMB

Name of immediate holding company	Place of registration	Nature of business	Registered capital	Shareholding percentage of the parent to the Company (%)	Percentage of voting right of the parent to the Company (%)
CRSC Group	Beijing, China	Wholly state-owned company; central enterprise	1,000,000.00	62.78	62.78

The ultimate controlling party of the Company is CRSC Group., and the principal place of business of CRSC Group is 20th Floor, Building A, CRSC Building, 1 Compound, Automobile Museum South Road, Fengtai District, Beijing, the PRC.

(II) Subsidiaries of the Company

Details of the Company's subsidiaries are set out in the notes

☐ Applicable ☑ Not Applicable

(III) Details of the joint ventures and associates of the Company

For details of the Company's significant joint ventures or associates, please refer to the notes

☐ Applicable ☑ Not Applicable

Information of other joint ventures or associates that had related party transactions with the Company in the current period or had formed balances from related party transactions with the Company in the previous period is as follows:

☐ Applicable ☑ Not Applicable

Other explanation

☐ Applicable ☑ Not Applicable

XIV. RELATED PARTIES AND RELATED PARTY TRANSACTIONS (CONTINUED)

(IV) Other related parties

☑ Applicable ☐ Not Applicable

Name of Other Related Party	Relationship between the Other Related Party and the Enterprise
ALSTOM Transport Australia Pty Limited	Related party of a minority shareholder having material influence on subsidiary of the Group
ALSTOM Transport SA-Saint Ouen	Related party of a minority shareholder having material influence on subsidiary of the Group
ALSTOM Transport (S) Pte Ltd	Related party of a minority shareholder having material influence on subsidiary of the Group
ALSTOM Transport India Limited	Related party of a minority shareholder having material influence on subsidiary of the Group
ALSTOM Ferroviaria S.p. A.	Related party of a minority shareholder having material influence on subsidiary of the Group
ALSTOM Hong Kong Ltd	Related party of a minority shareholder having material influence on subsidiary of the Group
ALSTOM Signaling Inc.	Related party of a minority shareholder having material influence on subsidiary of the Group
ALSTOM Transport Systems (Thailand) Ltd	Related party of a minority shareholder having material influence on subsidiary of the Group
ALSTOM Transport S. A.	Related party of a minority shareholder having material influence on subsidiary of the Group
ALSTOM Transport SA (Romania)	Related party of a minority shareholder having material influence on subsidiary of the Group
ALSTOM Transport SA-Aix en Provence	Related party of a minority shareholder having material influence on subsidiary of the Group
ALSTOM Transport SA-Villeurbanne	Related party of a minority shareholder having material influence on subsidiary of the Group
ALSTOM Transport Spain Limited	Related party of a minority shareholder having material influence on subsidiary of the Group
ALSTOM ISRAEL LTD	Related party of a minority shareholder having material influence on subsidiary of the Group
Signalling Brasil AGUA BRANCA	Related party of a minority shareholder having material influence on subsidiary of the Group
GE (Shanghai) Electric Power Technology Co., Ltd.	Related party of a minority shareholder having material influence on subsidiary of the Group
Shanghai ALSTOM Transportation Electric Co., Ltd.	Related party of a minority shareholder having material influence on subsidiary of the Group
Shanghai Alstom Transportation Equipment Co., Ltd.	Related party of a minority shareholder having material influence on subsidiary of the Group
Alstom Investment (Shanghai) Co., Ltd.	Minority shareholder having material influence on subsidiary of the Group
Gu'an Beixin Railway Signal Co., Ltd.	Associate of the subsidiary under control of the ultimate holding company
Shanghai Xinlicheng Communication Technology Service Co., Ltd.	Subsidiary under control of the ultimate holding company
CRSC Foshan Real Estate Co., Ltd.	Subsidiary under control of the ultimate holding company
CRSC Guizhou Real Estate Co., Ltd.	Subsidiary under control of the ultimate holding company
CRSC Real Estate Co., Ltd.	Subsidiary under control of the ultimate holding company
Xi'an Weixun Monitoring Equipment Co., Ltd.	Subsidiary under control of the ultimate holding company
Beijing Beixin Fengyuan Railway Electronic Equipment Co., Ltd.	Subsidiary under control of the ultimate holding company
Beijing Erqi Communication Factory Co., Ltd.	Subsidiary under control of the ultimate holding company
Beijing Railways Signal & Communication Complete Equipment Company Ltd.	Subsidiary under control of the ultimate holding company
Beijing CRSC Beifang Real Estate Co., Ltd.	Subsidiary under control of the ultimate holding company
CRSC Capital Operation Co., Ltd.	Subsidiary under control of the ultimate holding company
CRSC Venture Capital Fund Management (Beijing) Co., Ltd.	Subsidiary under control of the ultimate holding company
China Urban Rail Transit Equipment Co., Ltd.	Subsidiary under control of the ultimate holding company
Tianjin Keyvia Electric Co., Ltd.	Associate of the Parent

XIV. RELATED PARTIES AND RELATED PARTY TRANSACTIONS (CONTINUED)

(V) Related party transactions

1. Related party transactions of purchasing or selling goods and rendering or receiving services

Statement on procurement of goods/receipt of services

☑ Applicable ☐ Not Applicable

Unit: Yuan Currency: RMB

Related parties	Contents of related party transactions	Amount for the current period	Approved limit of transaction (if applicable)	Exceed the transaction limit or not (if applicable)	Amount for the previous period
Shentie Signaling (Shenzhen) Co., Ltd	Procurement of goods	**157,008,131.90**	–	No	24,484,852.56
Beijing Beixin Fengyuan Railway Electronic Equipment Co., Ltd.	Procurement of goods	**49,911,645.71**	–	No	40,516,675.33
Gu'an Beixin Railway Signal Co., Ltd.	Procurement of goods	**29,701,683.47**	–	No	19,677,812.39
ALSTOM Transport SA-Saint Ouen	Procurement of goods	**24,151,720.92**	–	No	23,083,260.29
Tianjin Jingui Huihai Technology Development Co., Ltd.	Procurement of goods	**16,678,643.20**	–	No	73,544,317.74
Siemens Signaling Company Ltd.	Procurement of goods	**16,561,594.55**	–	No	27,493,499.99
Alstom Investment (Shanghai) Co., Ltd.	Procurement of goods	**9,434,127.70**	–	No	–
Zhongguancun Chipsea Prioritizing Technology Co., Ltd.	Procurement of goods	**9,199,741.35**	–	No	8,248,038.92
Wuhan Intelligent Metro Technology Co., Ltd.	Procurement of goods	**7,989,829.69**	–	No	–
Shanghai Xinlicheng Communication Technology Service Co., Ltd.	Procurement of goods	**5,728,111.06**	–	No	–
ALSTOM Transport SA-Villeurbanne	Procurement of goods	**4,920,655.65**	–	No	13,700,489.31
ALSTOM Transport Systems (Thailand) Ltd.	Procurement of goods	**4,807,169.05**	–	No	9,670,846.00
Zhejiang Jiaotou Intelligent Transportation Technology Co., Ltd.	Procurement of goods	**2,741,337.80**	–	No	
Xi'an Weixun Monitoring Equipment Co., Ltd.	Procurement of goods	**1,381,441.95**	–	No	678,331.11
CRSC Smart Data Technology (Beijing) Co., Ltd.	Procurement of goods	**90,388.65**	–	No	–
ALSTOM Signaling Inc.	Procurement of goods	**–**	–	No	26,284,046.38
Tianjin Keyvia Electric Co., Ltd.	Procurement of goods	**–**	–	No	1,036,063.90
Xi'an Schaltbau Electric Corp., Ltd.	Procurement of goods	**–**	–	No	661,748.67

XIV. RELATED PARTIES AND RELATED PARTY TRANSACTIONS (CONTINUED)

(V) Related party transactions (Continued)

1. Related party transactions of purchasing or selling goods and rendering or receiving services (Continued)

Statement on procurement of goods/receipt of services (Continued)

Related parties	Contents of related party transactions	Amount for the current period	Approved limit of transaction (if applicable)	Exceed the transaction limit or not (if applicable)	Amount for the previous period
ALSTOM Transport SA-Saint Ouen	Service Receipt	**225,074,728.87**	–	No	180,611,212.53
Shijiazhuang Jiaotou Intelligent Technology Co., Ltd.	Service Receipt	**31,586,688.38**	–	No	
CRSC Real Estate Co., Ltd.	Service Receipt	**16,428,907.41**	–	No	
Nanjing Rail Transit Equipment Technology Co., Ltd.	Service Receipt	**15,334,905.66**	–	No	
Alstom Investment (Shanghai) Co., Ltd.	Service Receipt	**14,655,035.34**	–	No	6,974,971.69
ALSTOM Transport SA-Villeurbanne	Service Receipt	**7,742,839.70**	–	No	17,541,083.11
CRSC Smart Data Technology (Beijing) Co., Ltd.	Service Receipt	**2,246,441.14**			1,857,106.42
China Tietong Railway Operation Co., Ltd.	Service Receipt	**1,868,867.92**	–	No	238,869.71
ALSTOM Transport S. A.	Service Receipt	**1,272,110.34**	–	No	713,997.44
Shanghai Xinlicheng Communication Technology Service Co., Ltd.	Service Receipt	**765,846.21**	–	No	6,024,216.52
Tianjin Jingui Huihai Technology Development Co., Ltd.	Service Receipt	**671,235.46**	–	No	–
ALSTOM Transport SA-Aix en Provence	Service Receipt	**670,949.02**	–	No	–
Shanghai ALSTOM Transportation Electric Co., Ltd.	Service Receipt	**606,304.25**	–	No	1,280,000.00
ALSTOM Signaling Inc.	Service Receipt	**–**	–	No	6,280,644.18
Beijing Railways Signal & Communication Complete Equipment Company Ltd.	Service Receipt	**–**	–	No	92,307.08
ALSTOM Ferroviaria S.p. A.	Service Receipt	**–**	–	No	35,482.85

XIV. RELATED PARTIES AND RELATED PARTY TRANSACTIONS (CONTINUED)

(V) Related party transactions (Continued)

1. Related party transactions of purchasing or selling goods and rendering or receiving services (Continued)

Statement on sales of goods/provision of services

☑ Applicable ☐ Not Applicable

Unit: Yuan Currency: RMB

Related parties	Contents of related party transactions	Amount for the current period	Amount for the previous period
Siemens Signaling Company Ltd.	Sale of goods	**90,198,871.12**	32,075,726.33
ALSTOM Transport S. A.	Sale of goods	**55,514,616.20**	106,569,373.05
Shentie Signaling (Shenzhen) Co., Ltd	Sale of goods	**15,920,326.51**	–
ALSTOM Transport Australia Pty Limited	Sale of goods	**7,022,440.85**	449,723.00
ALSTOM Transport India Limited	Sale of goods	**3,470,917.00**	18,900,240.00
Gu'an Beixin Railway Signal Co., Ltd.	Sale of goods	**3,243,321.27**	2,826,665.56
ALSTOM Ferroviaria S.p. A.	Sale of goods	**558,044.00**	34,171.00
ALSTOM Transport Spain Limited	Sale of goods	**391,804.00**	77,790.00
Shijiazhuang Jiaotou Intelligent Technology Co., Ltd.	Sale of goods	**386,113.96**	–
GE (Shanghai) Electric Power Technology Co., Ltd.	Sale of goods	**349,775.56**	–
ALSTOM Transport (S) Pte Ltd	Sale of goods	**323,127.00**	–
Zhongguancun Chipsea Prioritizing Technology Co., Ltd.	Sale of goods	**298,300.90**	1,291,464.70
ALSTOM Hong Kong Ltd	Sale of goods	**248,000.00**	–
CRSC Tianshui Tram Co., Ltd.	Sale of goods	**132,219.46**	–
Beijing Beixin Fengyuan Railway Electronic Equipment Co., Ltd.	Sale of goods	**119,013.39**	–
ALSTOM Signaling Inc.	Sale of goods	**29,325.00**	3,936,705.73
ALSTOM ISRAEL LTD	Sale of goods	**13,500.00**	128,702.00
CRSC Smart Data Technology (Beijing) Co., Ltd.	Sale of goods	**1,886.80**	1,415.10
Tianjin Keyvia Electric Co., Ltd.	Sale of goods	**471.70**	–
Zhejiang Jiaotou Intelligent Transportation Technology Co., Ltd.	Sale of goods	**–**	18,479,094.98
Shanghai Xinlicheng Communication Technology Service Co., Ltd.	Sale of goods	**–**	1,865,687.16
CCUI (Shanghai) Digital Technologies Co., Ltd.	Sale of goods	**–**	370,000.00
China Tietong Railway Operation Co., Ltd.	Sale of goods	**–**	128,177.00
Xi'an Schaltbau Electric Corp., Ltd.	Sale of goods	**–**	65,699.11

XIV. RELATED PARTIES AND RELATED PARTY TRANSACTIONS (CONTINUED)

(V) Related party transactions (Continued)

1. *Related party transactions of purchasing or selling goods and rendering or receiving services (Continued)*

Statement on sales of goods/provision of services

Related parties	Contents of related party transactions	Amount for the current period	Amount for the previous period
Shanghai Alstom Transportation Equipment Co., Ltd.	Sale of goods	–	16,799.99
		–	–
Tianshui Tram Co., Ltd.	Service provision	**88,325,192.24**	50,556,557.84
Beijing CRSC Beifang Real Estate Co., Ltd.	Service provision	**76,540,156.74**	5,689,219.41
Henan Huazhou Railway Co., Ltd.	Service provision	**16,520,279.97**	14,587,294.30
CRSC Tianshui Tram Co., Ltd.	Service provision	**6,069,783.96**	69,974,111.98
CRSC Guizhou Real Estate Co., Ltd.	Service provision	**2,898,187.18**	200,884.75
Siemens Signaling Company Ltd.	Service provision	**1,043,415.13**	569,322.38
CRSC Capital Operation Co., Ltd.	Service provision	**901,090.77**	–
Zhongguancun Chipsea Prioritizing Technology Co., Ltd.	Service provision	**572,194.22**	202,925.91
CRSC Smart Data Technology (Beijing) Co., Ltd.	Service provision	**27,735.85**	47,308.05
Gu'an Beixin Railway Signal Co., Ltd.	Service provision	**13,204.81**	71,709.48
Beijing Beixin Fengyuan Railway Electronic Equipment Co., Ltd.	Service provision	**9,776.47**	160,377.36
ALSTOM Transport Australia Pty Limited	Service provision	–	14,971,990.56
CRSC Foshan Real Estate Co., Ltd.	Service provision	–	14,124,932.38
CRSC Real Estate Co., Ltd.	Service provision	–	4,840,897.25
CCUI (Shanghai) Digital Technologies Co., Ltd.	Service provision	–	375,229.36
Shanghai Xinlicheng Communication Technology Service Co., Ltd.	Service provision	–	271,072.81
		–	–
CRSC Real Estate Co., Ltd.	Other income	**9,510,000.00**	4,009,433.96
Shanghai Xinlicheng Communication Technology Service Co., Ltd.	Other income	**480,000.00**	–
Xi'an Schaltbau Electric Corp., Ltd.	Other income	**417,575.65**	3,313,339.03
Xi'an Weixun Monitoring Equipment Co., Ltd.	Other income	**95,633.86**	542,831.34

Related party transactions involving purchase and sale of goods, and provision and receipt of services

☐ Applicable ☑ Not Applicable

XIV. RELATED PARTIES AND RELATED PARTY TRANSACTIONS (CONTINUED)

(V) Related party transactions (Continued)

2. Related Entrusted Management/Contracting and Outsourced Management Arrangements

Statement on entrusted management/contracting by the Company:

☐ Applicable ☑ Not Applicable

Description of connected custody/contracting

☐ Applicable ☑ Not Applicable

Statement on entrusted management/outsourcing by the Company

☐ Applicable ☑ Not Applicable

Description of connected management/outsourcing

☐ Applicable ☑ Not Applicable

3. Related-party leasing arrangements

The Company as lessor:

☑ Applicable ☐ Not Applicable

Unit: Yuan Currency: RMB

Name of lessee	Type of leased assets	Rental income recognized in current period	Rental income recognized in the previous period
Xi'an Schaltbau Electric Corp., Ltd.	House	2,861,427.24	2,850,783.05
Xi'an Weixun Monitoring Equipment Co., Ltd.	House	399,878.53	471,421.11

XIV. RELATED PARTIES AND RELATED PARTY TRANSACTIONS (CONTINUED)

(V) Related party transactions (Continued)

3. *Related-party leasing arrangements*

The Company as lessee:

☑ Applicable ☐ Not Applicable

Unit: Yuan Currency: RMB

		Amount for the current period					Amount for the previous period				
Name of lessor	**Type of leased assets**	**Short-term lease and low-value asset lease expense under simplified approach (if applicable)**	**Variable lease payments not included in the measurement of the lease liabilities (if applicable)**	**Rental expenses**	**Interest expenses of lease liabilities**	**Right-of-use asset acquired**	Short-term lease and low-value asset lease expense under simplified approach (if applicable)	Variable lease payments not included in the measurement of the lease liabilities (if applicable)	Rental expenses	Interest expenses of lease liabilities	Right-of-use asset acquired
Beijing Railways Signal & Communication Complete Equipment Company Ltd.	House	92,205.48	–	92,205.48	–	–	300,000.00	–	300,000.00	–	–
CRSC Real Estate Co., Ltd.	House	393,331.38	–	393,331.38	–	–	1,338,792.00	–	1,338,792.00	–	–
Shanghai Xinlicheng Communication Technology Service Co., Ltd.	House	171,428.58	–	171,428.58	–	–	–	–	–	–	–

Explanation about leases with related parties

☑ Applicable ☐ Not Applicable

XIV. RELATED PARTIES AND RELATED PARTY TRANSACTIONS (CONTINUED)

(V) Related party transactions (Continued)

4. Related party guarantees

The Company as a guarantor

☐ Applicable ☑ Not Applicable

The Company as a secured party

☐ Applicable ☑ Not Applicable

Description of related guarantee

☐ Applicable ☑ Not Applicable

5. Related-party fund lending

☐ Applicable ☑ Not Applicable

6. Related-party asset transfers and debt restructuring

☐ Applicable ☑ Not Applicable

7. Emolument of key management

(1) Emolument of key management

Item	**Amount of current period**	Amount of last period
Emolument of key management	**9,944,771.28**	8,097,587.22

(2) Directors' and supervisors' remuneration

Item	**Amount of current period**	Amount of last period
Directors' and supervisors' remuneration	**4,238,107.16**	3,491,150.52

XIV. RELATED PARTIES AND RELATED PARTY TRANSACTIONS (CONTINUED)

(V) Related party transactions (Continued)

7. Emolument of key management (Continued)

During the year, the names of directors and supervisors and their respective remuneration are as follows:

2025

Name	Position	Remuneration	Basic salaries	Performance based bonuses	Total Pre-tax Remunerations	Social Insurance	Annuity	Total Remunerations and Benefits (before tax)
LOU Qiliang (樓齊良)	Executive Director and the Chairman		250,000.00	879,492.00	1,129,492.00	164,737.44	64,184.16	1,358,413.60
ZHANG Quan (張權)	Executive Director		110,250.00	114,750.00	225,000.00	81,758.04	28,576.80	335,334.84
YAO Guiqing (姚桂清)	Independent Non-executive Director	100,000.00			100,000.00			100,000.00
YAO Cho Fai Andrew (姚祖輝)	Independent Non-executive Director	119,004.00			119,004.00			119,004.00
FU Junyuan (傅俊元)	Independent Non-executive Director	80,000.00			80,000.00			80,000.00
LUO Jing (羅靜)	Employee Director		350,000.00	694,800.00	1,044,800.00	137,542.00	33,500.00	1,215,843.00
KONG Ning (孔寧)	Chairman of the Supervisory Committee			250,560.00	250,560.00			250,560.00
YANG Yang (楊揚)	Employee Representative Supervisor		296,035.00	291,900.00	587,935.00	164,225.52	26,791.20	778,951.72
LI Tienan(李鐵南)	Shareholder Representative Supervisor							

XIV. RELATED PARTIES AND RELATED PARTY TRANSACTIONS (CONTINUED)

(V) Related party transactions (Continued)

7. Emolument of key management (Continued)

Notes: 1) Total pre-tax compensation includes the total pre-tax compensation received from the company during the employment period, excluding social insurance and pension contributions made by the company on behalf of the individual.

2) Lou Qiliang's total pre-tax remuneration comprises daily compensation paid by the Company from January to December 2025, tenure fulfillment for the period from January to December of the previous year, and tenure incentives from September 2023 to December 2024.

3) Zhang Quan's total pre-tax remuneration includes daily compensation paid by the Company from January to June 2025.

4) Luo Jing was appointed as employee director in March 2025.

5) Ms. Li Tienan was appointed as a supervisor in February 2020. For the year ended 31 December 2025, she did not receive any remuneration as she was not entitled to any compensation during her tenure as a Supervisor.

6) On 21 November 2025, the shareholders' meeting resolved to abolish the supervisory committee.

XIV. RELATED PARTIES AND RELATED PARTY TRANSACTIONS (CONTINUED)

(V) Related party transactions (Continued)

7. Emolument of key management (Continued)

Remuneration of directors and supervisors (continued)

2024

Name	Position	Remuneration	Basic salaries	Performance based bonuses	Total Pre-tax Remunerations	Social Insurance	Annuity	Total Remunerations and Benefits (before tax)
LOU Qiliang (樓齊良)	Executive Director, the Chairman and President		242,204.00	324,807.00	567,011.00	160,290.78	62,348.64	789,650.42
ZHANG Quan (張權)	Executive Director		217,980.00	515,358.00	733,338.00	160,290.78	56,113.92	949,742.70
YAO Guiqing (姚桂清)	Independent Non-executive Director	100,000.00			100,000.00			100,000.00
YAO Cho Fai Andrew (姚祖輝)	Independent Non-executive Director	118,000.00			118,000.00			118,000.00
FU Junyuan (傅俊元)	Independent Non-executive Director	80,000.00			80,000.00			80,000.00
KONG Ning (孔寧)	Chairman of the Supervisory Committee		192,000.00	357,920.00	549,920.00	160,290.78	38,418.24	748,629.02
YANG Yang (楊揚)	Employee Representative Supervisor		240,000.00	280,300.00	520,300.00	160,290.78	24,537.60	705,128.38
LI Tienan(李鐵南)	Shareholder Representative Supervisor							

Note: 1) Total pre-tax compensation includes the total pre-tax compensation received from the company during the employment period, excluding social insurance and pension contributions made by the company on behalf of the individual.

2) Ms. Li Tienan was appointed as a supervisor in February 2020. For the year ended 31 December 2024, she did not receive any remuneration as she was not entitled to any compensation during her tenure as a Supervisor.

XIV. RELATED PARTIES AND RELATED PARTY TRANSACTIONS (CONTINUED)

(V) Related party transactions (Continued)

7. Emolument of key management (Continued)

Remuneration of directors and supervisors (continued)

An analysis of the five highest-paid employees of the Company during the year is as follows:

	Amount of current period	Amount of last period
Employees who are neither directors nor supervisors	**5**	5

Details of the remuneration for the highest-paid employees who are neither Directors nor Supervisors are as follows:

Item	**Amount of current period**	Amount of last period
Base Salary	**3,324,000.00**	2,163,000.00
Performance Bonus	**8,034,943.10**	4,336,751.08
Total Pre-Tax Compensation	**11,358,943.10**	6,499,751.08
Social Insurance Contributions and Housing Provident Fund	**839,439.60**	814,825.20
Supplementary Pension Insurance	**190,653.00**	188,723.99
Total	**12,389,035.70**	7,503,300.27

The number of highest-paid employees who are neither Directors nor supervisors with remuneration falling within the following ranges is as follows:

	Amount of current period	Amount of last period
HK$0 to HK$1,000,000		
HK$1,000,001 to HK$1,500,000	**–**	2
HK$1,500,001 to HK$2,000,000	**–**	3
HK$2,000,001 to HK$2,500,000	**4**	–
HK$2,500,001 to HK$3,000,000	**1**	–
HK$3,000,001 to HK$3,500,000	**–**	–
Total	**5**	5

Note: During the year, the Group did not pay any fees to any Directors, Supervisors, highest executive officers or the five highest-paid individuals as inducement for joining or upon joining the Group or as termination compensation (2024: nil).

XIV. RELATED PARTIES AND RELATED PARTY TRANSACTIONS (CONTINUED)

(V) Related party transactions (Continued)

8. Other connected transactions

☑ Applicable ☐ Not Applicable

Interest Expenses Corresponding to Funds Managed Under Centralized Cash Management by Related Parties Deposited with the Finance Company:

Related parties	**Amount for the current period**	Amount for the previous period
China Railway Signal & Communication Corporation Limited	**1,250,464.09**	12,731,539.53
Beijing Railways Signal & Communication Complete Equipment Company Ltd.	**1,123,861.54**	1,139,007.18
CRSC Capital Operation Co., Ltd.	**666,927.85**	316,916.67
CRSC Venture Capital Fund Management (Beijing) Co., Ltd.	**553,888.95**	–
Shanghai Xinlicheng Communication Technology Service Co., Ltd.	**343,263.02**	388,597.47
CRSC Real Estate Co., Ltd.	**58,512.37**	54,960.30
Beijing Erqi Communication Factory Co., Ltd.	**41,999.10**	9,641.42
CRSC Foshan Real Estate Co., Ltd.	**2,841.13**	6,903.35
Beijing Beixin Fengyuan Railway Electronic Equipment Co., Ltd.	**2,229.15**	6,646.90
CRSC Guizhou Real Estate Co., Ltd.	**1,046.32**	6,639.41
Guiyang branch of CRSC Real Estate Co., Ltd.	**461.95**	6,046.98
Foshan Sanshui branch of CRSC Real Estate Co., Ltd.	**103.01**	166.45
Xi'an Weixun Monitoring Equipment Co., Ltd.	**0.05**	0.20

XIV. RELATED PARTIES AND RELATED PARTY TRANSACTIONS (CONTINUED)

(VI) Unsettled items such as amounts due from/to related parties

1. Receivables

☑ Applicable ☐ Not Applicable

Unit: Yuan Currency: RMB

Project name	Related parties	Closing balance	Opening balance
Accounts receivable			
	Tianshui Tram Co., Ltd.	**345,742,346.15**	266,232,598.34
	CRSC Tianshui Tram Co., Ltd.	**240,953,458.36**	241,310,188.36
	Siemens Signaling Company Ltd.	**110,501,713.86**	30,903,809.93
	Beijing CRSC Beifang Real Estate Co., Ltd.	**76,540,156.74**	43,322,161.59
	Siping Integrated Pipeline Construction Co., Ltd.	**63,527,919.00**	63,527,919.00
	Shentie Signaling (Shenzhen) Co., Ltd	**31,613,624.41**	–
	CRSC Foshan Real Estate Co., Ltd.	**12,856,589.98**	22,041,003.21
	CRSC Real Estate Co., Ltd.	**10,992,087.60**	14,433,475.42
	Zhejiang Jiaotou Intelligent Transportation Technology Co., Ltd.	**10,318,396.00**	9,921,604.00
	CRSC Guizhou Real Estate Co., Ltd.	**7,987,646.15**	12,972,545.53
	Gu'an Beixin Railway Signal Co., Ltd.	**5,531,269.90**	4,720,623.98
	Henan Huazhou Railway Co., Ltd.	**3,749,487.70**	6,459,804.81
	ALSTOM Transport India Limited	**2,535,196.27**	3,910,097.67
	ALSTOM Transport S. A.	**1,471,149.53**	12,203,542.56
	Zhongguancun Chipsea Prioritizing Technology Co., Ltd.	**972,544.68**	2,496,695.45
	Shijiazhuang Jiaotou Intelligent Technology Co., Ltd.	**654,570.00**	–
	Xi'an Weixun Monitoring Equipment Co., Ltd.	**435,867.60**	–
	ALSTOM Transport (S) Pte Ltd	**152,512.00**	–
	ALSTOM ISRAEL LTD	**114,055.26**	100,555.26
	China Tietong Railway Operation Co., Ltd.	**50,000.00**	134,000.00
	ALSTOM Signaling Inc.	**29,365.00**	40.00
	CCUI (Shanghai) Digital Technologies Co., Ltd.	**24,550.00**	24,550.00
	Signalling Brasil AGUA BRANCA	**13,655.37**	–
	Wuhan Intelligent Metro Technology Co., Ltd.	**2,263.00**	–
	ALSTOM Transport Spain Limited	**49.81**	159.08
	Beijing Beixin Fengyuan Railway Electronic Equipment Co., Ltd.		170,000.00
	ALSTOM Ferroviaria S.p. A.		13,655.37
	ALSTOM Transport SA (Romania)		20.00
	Subtotal	**926,770,474.37**	734,899,049.56
	Less: Allowance for doubtful accounts	**102,240,918.32**	58,472,876.75
	Total	**824,529,556.05**	676,426,172.81

XIV. RELATED PARTIES AND RELATED PARTY TRANSACTIONS (CONTINUED)

(VI) Unsettled items such as amounts due from/to related parties (Continued)

1. Receivables (Continued)

Project name	Related parties	Closing balance	Opening balance
Dividends receivable	Siemens Signaling Company Ltd.	**3,990,000.00**	4,800,000.00
	Tianjin Jingui Huihai Technology Development Co., Ltd.	**1,552,733.76**	
	China Tietong Railway Operation Co., Ltd.	**1,500,000.00**	
	Wuhan Intelligent Metro Technology Co., Ltd.	**1,340,621.64**	
	CRSC Smart Data Technology (Beijing) Co., Ltd.	**1,008,000.00**	1,008,000.00
	Total	**9,391,355.40**	5,808,000.00
Prepayments			
	ALSTOM Transport SA-Saint Ouen	**19,604,914.24**	9,431,385.57
	Alstom Investment (Shanghai) Co., Ltd.	**6,917,104.71**	3,737,204.00
	Tianjin Jingui Huihai Technology Development Co., Ltd.	**2,500,582.00**	–
	Xi'an Weixun Monitoring Equipment Co., Ltd.	**120,000.00**	495,000.00
	Siping Integrated Pipeline Construction Co., Ltd.	**41,436.67**	–
	Beijing Railways Signal & Communication Complete Equipment Company Ltd.	**2,983.96**	–
	ALSTOM Transport SA-Villeurbanne	**2,940.24**	2,940.24
	Shentie Signaling (Shenzhen) Co., Ltd	**–**	23,099,182.81
	ALSTOM Transport Systems (Thailand) Ltd.	**–**	1,359,346.60
	Zhongguancun Chipsea Prioritizing Technology Co., Ltd.	**–**	423,000.00
	Siemens Signaling Company Ltd.	**–**	5,300.00
	Total	**29,189,961.82**	38,553,359.22

XIV. RELATED PARTIES AND RELATED PARTY TRANSACTIONS (CONTINUED)

(VI) Unsettled items such as amounts due from/to related parties (Continued)

1. Receivables (Continued)

Project name	Related parties	Closing balance	Opening balance
Other receivables			
	CRSC Real Estate Co., Ltd.	**9,824,943.80**	4,564,943.80
	Xi'an Weixun Monitoring Equipment Co., Ltd.	**3,366,230.79**	2,868,008.11
	China Railway Signal & Communication Corporation Limited	**2,055,221.41**	249,000.00
	CRSC Smart Data Technology (Beijing) Co., Ltd.	**1,120,978.97**	1,120,978.97
	Beijing CRSC Beifang Real Estate Co., Ltd.	**589,016.88**	583,168.93
	Siemens Signaling Company Ltd.	**575,734.64**	487,293.03
	ALSTOM Transport Systems (Thailand) Ltd.	**461,818.68**	164,249.66
	Xi'an Schaltbau Electric Corp., Ltd.	**408,510.58**	515,958.85
	CRSC Tianshui Tram Co., Ltd.	**197,251.21**	601,957.30
	Tianshui Tram Co., Ltd.	**24,726.39**	–
	CRSC Foshan Real Estate Co., Ltd.	**24,327.46**	25,745.42
	CRSC Capital Operation Co., Ltd.	**13,296.06**	205,471.26
	Beijing Railways Signal & Communication Complete Equipment Company Ltd.	**10,000.00**	18,951.88
	China Tietong Railway Operation Co., Ltd.	**17,834.77**	127,601.61
	Shanghai Xinlicheng Communication Technology Service Co., Ltd.	**–**	292,223.00
	CRSC Guizhou Real Estate Co., Ltd.	**–**	164,105.71
	Beijing Beixin Fengyuan Railway Electronic Equipment Co., Ltd.	**–**	84,244.94
	Subtotal	**18,689,891.64**	12,073,902.47
	Less: Allowance for doubtful debts – other receivables	**102,464.49**	45,919.71
	Total	**18,587,427.15**	12,027,982.76

XIV. RELATED PARTIES AND RELATED PARTY TRANSACTIONS (CONTINUED)

(VI) Unsettled items such as amounts due from/to related parties (Continued)

2. Payables

☑ Applicable ☐ Not Applicable

Unit: Yuan Currency: RMB

Project name	Related parties	Closing gross carrying amount	Book balance at the beginning of the period
Accounts payable			
	Beijing Beixin Fengyuan Railway Electronic Equipment Co., Ltd.	**167,437,788.54**	150,689,905.23
	Shentie Signaling (Shenzhen) Co., Ltd	**118,676,622.25**	10,229,390.42
	Tianjin Keyvia Electric Co., Ltd.	**65,551,209.43**	94,305,331.08
	Siemens Signaling Company Ltd.	**44,808,386.94**	18,395,470.23
	CRSC Smart Data Technology (Beijing) Co., Ltd.	**44,750,169.20**	37,501,493.44
	Gu'an Beixin Railway Signal Co., Ltd.	**38,949,091.65**	33,080,519.01
	ALSTOM Transport SA-Saint Ouen	**31,885,316.22**	13,775,641.19
	Tianjin Jingui Huihai Technology Development Co., Ltd.	**29,531,457.67**	23,110,231.84
	Zhongguancun Chipsea Prioritizing Technology Co., Ltd.	**17,431,178.46**	19,688,865.02
	CRSC Real Estate Co., Ltd.	**9,327,172.18**	–
	Wuhan Intelligent Metro Technology Co., Ltd.	**8,897,103.47**	–
	Alstom Investment (Shanghai) Co., Ltd.	**7,660,408.06**	615,514.79
	Shijiazhuang Jiaotou Intelligent Technology Co., Ltd.	**7,012,239.22**	–
	Zhejiang Jiaotou Intelligent Transportation Technology Co., Ltd.	**6,189,688.95**	–
	ALSTOM Transport SA-Villeurbanne	**3,774,631.97**	4,565,501.56
	ALSTOM Transport Systems (Thailand) Ltd.	**2,346,589.19**	–
	Xi'an Weixun Monitoring Equipment Co., Ltd.	**1,349,312.95**	703,730.54
	Xi'an Schaltbau Electric Corp., Ltd.	**333,496.82**	995,245.49
	Nanjing Rail Transit Equipment Technology Co., Ltd.	**305,000.00**	–
	ALSTOM Transport SA-Aix en Provence	**149,830.21**	59,553.43
	ALSTOM Transport S. A.	**89,038.21**	–
	ALSTOM Ferroviaria S.p. A.	**83,048.45**	83,048.45
	Beijing Railways Signal & Communication Complete Equipment Company Ltd.	**82,850.00**	82,850.00
	Beijing Erqi Communication Factory Co., Ltd.	**64,953.41**	64,953.41
	China Tietong Railway Operation Co., Ltd.	**26,280.00**	272,315.80
	Total	**606,712,863.45**	408,219,560.93

XIV. RELATED PARTIES AND RELATED PARTY TRANSACTIONS (CONTINUED)

(VI) Unsettled items such as amounts due from/to related parties (Continued)

2. Payables (Continued)

Project name	Related parties	Closing gross carrying amount	Book balance at the beginning of the period
Contract liabilities			
	ALSTOM Transport S. A.	**30,382,619.94**	28,904,796.84
	Tianshui Tram Co., Ltd.	**15,993,451.25**	–
	Shentie Signaling (Shenzhen) Co., Ltd	**4,272,107.96**	706,982.30
	ALSTOM Transport Australia Pty Limited	**4,209,051.61**	1,954,197.27
	CRSC Tianshui Tram Co., Ltd.	**3,556,331.77**	2,722,001.29
	CRSC Real Estate Co., Ltd.	**3,079,185.19**	3,418,442.42
	ALSTOM Transport India Limited	**2,679,008.27**	802,598.85
	ALSTOM ISRAEL LTD	**1,103,977.49**	236,660.14
	ALSTOM Transport (S) Pte Ltd	**758,501.78**	–
	Shijiazhuang Jiaotou Intelligent Technology Co., Ltd.	**467,297.30**	–
	Henan Huazhou Railway Co., Ltd.	**284,741.28**	284,741.28
	ALSTOM Hong Kong Ltd	**282,799.04**	–
	ALSTOM Signaling Inc.	**201,965.43**	–
	ALSTOM Ferroviaria S.p. A.	**167,744.04**	14,281.96
	Siemens Signaling Company Ltd.	**88,378.53**	–
	Beijing Railways Signal & Communication Complete Equipment Company Ltd.	**66,377.03**	–
	CCUI (Shanghai) Digital Technologies Co., Ltd.	**22,747.44**	22,747.44
	Signalling Brasil AGUA BRANCA	**12,638.90**	–
	Tianjin Jingui Huihai Technology Development Co., Ltd.	**–**	76,912.50

XIV. RELATED PARTIES AND RELATED PARTY TRANSACTIONS (CONTINUED)

(VI) Unsettled items such as amounts due from/to related parties (Continued)

2. Payables (Continued)

Project name	Related parties	Closing gross carrying amount	Book balance at the beginning of the period
Other payables			
	China Railway Signal & Communication Corporation Limited	**89,832,910.21**	79,634,558.21
	CRSC Guizhou Real Estate Co., Ltd.	**7,574,588.23**	3,533,330.69
	Beijing Railways Signal & Communication Complete Equipment Company Ltd.	**5,155,955.62**	3,200,780.09
	China Urban Rail Transit Equipment Co., Ltd.	**1,822,648.50**	1,822,648.50
	CRSC Real Estate Co., Ltd.	**300,389.64**	313,586.40
	Gu'an Beixin Railway Signal Co., Ltd.	**166,090.00**	97,320.00
	Jincheng City Northwest Railway Co., Ltd.	**150,606.81**	–
	CRSC Smart Data Technology (Beijing) Co., Ltd.	**134,000.00**	15,000.00
	CRSC Tianshui Tram Co., Ltd.	**81,900.00**	190,172.90
	Xi'an Schaltbau Electric Corp., Ltd.	**64,925.15**	–
	China Tietong Railway Operation Co., Ltd.	**61,725.00**	161,725.00
	China Tietong Railway Operation Co., Ltd.	**25,000.00**	–
	Siemens Signaling Company Ltd.	**18,800.00**	–
	CRSC Capital Operation Co., Ltd.	**12,145.00**	–
	CRSC Venture Capital Fund Management (Beijing) Co., Ltd.	**8,330.00**	–
	Shanghai Xinlicheng Communication Technology Service Co., Ltd.	**3,706.00**	228,706.00
	Xi'an Weixun Monitoring Equipment Co., Ltd.	**2,823.06**	2,823.06
	Zhongguancun Chipsea Prioritizing Technology Co., Ltd.	**–**	35,000.00
	Beijing Beixin Fengyuan Railway Electronic Equipment Co., Ltd.	**–**	26,760.00
	Tianshui Tram Co., Ltd.	**–**	17,965.36
	Total	**105,416,543.22**	89,280,376.21

XIV. RELATED PARTIES AND RELATED PARTY TRANSACTIONS (CONTINUED)

(VI) Unsettled items such as amounts due from/to related parties (Continued)

2. Payables (Continued)

Project name	Related parties	Closing gross carrying amount	Book balance at the beginning of the period
Bills payable			
	Beijing Beixin Fengyuan Railway Electronic Equipment Co., Ltd.	**3,397,231.34**	3,000,000.00
	Shanghai Xinlicheng Communication Technology Service Co., Ltd.	**2,842,468.00**	985,245.27
	Gu'an Beixin Railway Signal Co., Ltd.	**84,546.50**	2,870,812.78
	Siemens Signaling Company Ltd.	**–**	1,586,564.00
	China Tietong Railway Operation Co., Ltd.	**–**	200,670.82
	Total	**6,324,245.84**	8,643,292.87
Customers deposits and deposits from banks and other financial institutions			
	China Railway Signal & Communication Corporation Limited	**712,451,534.62**	2,724,013,986.47
	CRSC Venture Capital Fund Management (Beijing) Co., Ltd.	**95,553,888.95**	–
	Beijing Railways Signal & Communication Complete Equipment Company Ltd.	**75,964,247.21**	68,471,631.53
	CRSC Real Estate Co., Ltd.	**46,961,087.36**	53,029,751.34
	CRSC Capital Operation Co., Ltd.	**40,721,708.43**	40,316,916.67
	Shanghai Xinlicheng Communication Technology Service Co., Ltd.	**30,968,703.83**	30,652,011.30
	Beijing Erqi Communication Factory Co., Ltd.	**25,013,621.49**	73,261,184.46
	Beijing Beixin Fengyuan Railway Electronic Equipment Co., Ltd.	**2,822,563.08**	2,936,493.74
	Foshan Sanshui branch of CRSC Real Estate Co., Ltd.	**2,167,242.30**	2,976.05
	CRSC Foshan Real Estate Co., Ltd.	**2,032,063.21**	3,574,882.04
	Guiyang branch of CRSC Real Estate Co., Ltd.	**494,956.73**	195,943.52
	CRSC Guizhou Real Estate Co., Ltd.	**126,764.77**	4,802,286.50
	Xi'an Weixun Monitoring Equipment Co., Ltd.	**57.23**	57.18
	Total	**1,035,278,439.21**	3,001,258,120.80

3. Other items

☐ Applicable ☑ Not Applicable

XIV. RELATED PARTIES AND RELATED PARTY TRANSACTIONS (CONTINUED)

(VII) Commitment of related parties

☑ Applicable ☐ Not Applicable

The commitments in relation to related parties contracted for but not yet necessary to be recognised on the balance sheet by the Company as at the balance sheet dates were as follows:

Project name	Related parties	Closing balance	Opening balance
Procurement of goods/ Service Receipt			
	ALSTOM Transport SA-Saint Ouen	**321,950,303.85**	**231,274,670.97**
	ALSTOM Transport SA-Villeurbanne	**44,409,635.48**	**16,072,979.60**
	Alstom Investment (Shanghai) Co., Ltd.	**8,259,421.00**	**16,866,042.84**
	Siemens Signaling Company Ltd.	**6,841,451.60**	**12,560,181.83**
	ALSTOM Transport SA-Aix en Provence	**1,609,267.98**	**–**
	Beijing Beixin Fengyuan Railway Electronic Equipment Co., Ltd.	**–**	**527,120.12**
Sale of goods/Service provision			
	ALSTOM Transport S. A.	**227,443,385.36**	**270,536,585.04**
	ALSTOM Hong Kong Ltd	**65,225,924.87**	**71,511,984.29**
	ALSTOM Transport India Limited	**36,657,958.83**	**29,289,322.14**
	Tianshui Tram Co., Ltd.	**36,520,589.90**	**134,589,295.85**
	ALSTOM Transport Australia Pty Limited	**31,725,338.50**	**18,079,110.08**
	Beijing CRSC Beifang Real Estate Co., Ltd.	**20,471,734.92**	**–**
	Siemens Signaling Company Ltd.	**1,256,910.68**	**288,855.50**
	ALSTOM Signaling Inc.	**29,365.00**	**29,365.00**
	ALSTOM ISRAEL LTD	**4,826.82**	**4,826.82**
	ALSTOM Ferroviaria S.p. A	**53.00**	**859,590.00**
	CRSC Guizhou Real Estate Co., Ltd.	**–**	**319,726,680.23**
	CRSC Real Estate Co., Ltd.	**–**	**5,980,006.03**
	Tianjin Jingui Huihai Technology Development Co., Ltd.	**–**	**2,613,553.00**
	Zhongguancun Chipsea Prioritizing Technology Co., Ltd.	**–**	**2,437,923.62**
	Gu'an Beixin Railway Signal Co., Ltd.	**–**	**2,049,348.00**
	GE (Shanghai) Electric Power Technology Co., Ltd.	**–**	**370,148.28**

XIV. RELATED PARTIES AND RELATED PARTY TRANSACTIONS (CONTINUED)

(VIII) Others

☐ Applicable ☑ Not Applicable

XV. SHARE-BASED PAYMENT

(I) Various equity instruments

1. Details

☐ Applicable ☑ Not Applicable

2. Stock options or other equity instruments issued at the end of the period

☐ Applicable ☑ Not Applicable

(II) Equity-settled share-based payments

☐ Applicable ☑ Not Applicable

(III) Cash-settled share-based payments

☐ Applicable ☑ Not Applicable

(IV) Share-based payment expenses for current period

☐ Applicable ☑ Not Applicable

(V) Modification and termination of share-based payment

☐ Applicable ☑ Not Applicable

(VI) Others

☐ Applicable ☑ Not Applicable

XVI. COMMITMENTS AND CONTINGENCIES

(I) Significant commitments

☑ Applicable ☐ Not Applicable

Major external commitments, nature and amount thereof as at the balance sheet date

Project name	**Closing balance**	Opening balance
Contracted, but not provided for		–
Capital commitment	**–**	–
Investment commitment	**935,000.00**	274,709,700.00
Total	**935,000.00**	274,709,700.00

(II) Contingencies

1. Important contingencies existing as at the balance sheet date

☐ Applicable ☑ Not Applicable

2. The Company has no disclosable important contingencies, and shall also give an explanation:

☐ Applicable ☑ Not Applicable

(III) Others

☐ Applicable ☑ Not Applicable

XVII. EVENTS AFTER THE BALANCE SHEET DATE

(I) Important non-adjusting matters

☐ Applicable ☑ Not Applicable

(II) Profit distribution

☑ Applicable ☐ Not Applicable

On 24 March 2026, the Board of Directors of the Company resolved to propose a dividend distribution from the distributable profits as at 31 December 2025, with a cash dividend of RMB0.17 per share (tax inclusive). The profit distribution plan will be submitted to the Company's 2025 annual general meeting for the shareholders' consideration and approval.

(III) Sales return

☐ Applicable ☑ Not Applicable

(IV) Explanation of other events after the balance sheet date

☐ Applicable ☑ Not Applicable

XVIII. CAPITAL MANAGEMENT

The Company manages its capital structure and makes adjustments to it in light of changes in economic conditions and the risk characteristics of the underlying assets. In order to maintain or adjust the capital structure, the Company may adjust the profit distribution to Shareholders, return capital to Shareholders, issue new shares or sell assets to reduce debts. The Company is not bound by external compulsory capital requirements. In 2025 and 2024, no changes were made in the objectives, policies or processes for managing capital.

The Company manages its capital through gearing ratio, which is total liabilities divided by total assets. The gearing ratios of the Company as at the balance sheet date are as follows:

Item	**Closing balance**	Opening balance
Total assets	**118,321,690,651.90**	117,890,875,515.13
Total liabilities	**65,850,838,896.19**	67,455,073,189.37
Gearing ratio	**55.65%**	57.22%

XIX. OTHER SIGNIFICANT EVENTS

(I) Early correction of accounting error

Refer to "Analysis of the Company's Explanation for Changes in Accounting Policies or Estimates or Corrections of Material Accounting Errors" under "Significant Matters."

(II) Significant Debt Restructuring

☐ Applicable ☑ Not Applicable

(III) Asset replacement

1. Exchange of non-monetary assets

☐ Applicable ☑ Not Applicable

2. Other asset replacement

☐ Applicable ☑ Not Applicable

XIX. OTHER SIGNIFICANT EVENTS

(IV) Annuity plan

☐ Applicable ☑ Not Applicable

(V) Discontinuing operations

☐ Applicable ☑ Not Applicable

(VI) Segment information

1. Basis for determining and accounting policies of reportable segments

☑ Applicable ☐ Not Applicable

For management purposes, the Company is divided into business units based on the products and services. The Company has the following three reportable segments:

(1) The rail transportation control system segment mainly provides a specialized "three-in-one" service comprising of design and integration, equipment manufacturing and system delivery for rail transportation control systems;

(2) General engineering contracting segment mainly includes municipal engineering contracting and the construction services of other engineering projects;

(3) Other segments mainly engage in trading etc.

The management separately manages the operating results of each business unit for the purpose of making decisions about resources allocation and performance assessment.

Segment performance is evaluated based on the profit of a reportable segment. The indicator is consistent with the total profit of the Company. The indicator is consistent with the total profit of the Company.

Inter-segment transfer pricing is determined by reference to prices adopted in sales or provision of labour services to third parties.

XIX. OTHER SIGNIFICANT EVENTS

(VI) Segment information (Continued)

2. Financial information of reportable segments

☑ Applicable ☐ Not Applicable

Unit: Yuan Currency: RMB

Item	Rail transportation control system	Construction contracting	Others	Inter-segment elimination	Total
Revenue from external transactions	31,906,694,437.52	2,351,454,586.54	294,643,521.36	–	34,552,792,545.42
Revenue from inter-segment transactions	23,066,515.28	127,277,859.52	189,470,360.72	-339,814,735.52	–
Investment income from joint ventures and associates	77,377,603.85	29,576,715.61	–	–	106,954,319.46
Credit impairment loss	319,745,186.87	86,360,835.58	-26,918,140.87	–	379,187,881.58
Asset impairment loss	-22,484,952.34	-1,926,069.74	–	–	-24,411,022.08
Depreciation and amortization fees	706,734,948.69	11,618,666.20	4,961,790.44	-11,286,414.40	712,028,990.93
Total profit (Total loss)	–	–	–	–	4,908,185,866.07
Income tax expenses	–	–	–	–	661,323,470.77
Net profit (net loss)	–	–	–	–	4,246,862,395.30
Total assets	88,497,987,385.80	26,452,779,918.20	11,549,891,890.78	-8,178,968,542.88	118,321,690,651.90
Total liabilities	46,042,931,641.21	18,693,693,278.90	9,293,182,518.96	-8,178,968,542.88	65,850,838,896.19
Other significant no cash items	–	–	–	–	–
Long-term equity investments in joint ventures and associates	1,593,703,209.77	587,961,274.50	–	–	2,181,664,484.27
Increase in non current assets other than long-term equity investments	1,260,556,339.06	4,208,183.35	8,904,528.75	-20,995,682.93	1,252,673,368.23

Note: Capital expenditures include the annual increments in investment properties, property, plant and equipment, construction in progress, right-of-use assets, intangible assets, development expenditures, and long-term prepaid expenses.

XIX. OTHER SIGNIFICANT EVENTS

(VI) Segment information

3. The Company shall explain the reason why there is no reportable segment or it cannot disclose the total assets and total liabilities of each reportable segment

☐ Applicable ☑ Not Applicable

4. Other explanation

☐ Applicable ☑ Not Applicable

(VII) Other material transactions and matters that have an impact on investors' decisions

☐ Applicable ☑ Not Applicable

(VIII) Others

☑ Applicable ☐ Not Applicable

Geographic information

1. Revenue from external transactions

Revenue from external transactions	**2025**	2024
China	**32,195,563,686.75**	30,031,664,390.29
Other countries or regions	**2,357,228,858.67**	2,441,369,375.77
Total	**34,552,792,545.42**	32,473,033,766.06

Note: Revenue from external transactions is attributed to the region where the customer is located.

XIX. OTHER SIGNIFICANT EVENTS (CONTINUED)

(VIII) Others (Continued)

Geographic information (Continued)

2. Total non-current assets

Total non-current assets	**2025**	2024
China	**13,314,346,558.49**	12,277,715,991.89

Note: Revenue from external transactions is categorized by where the customers are located.

XX. NOTES TO KEY ITEMS OF THE PARENT COMPANY' S FINANCIAL STATEMENTS

(I) Accounts receivable

1. Disclosure by record date

☑ Applicable ☐ Not Applicable

Unit: Yuan Currency: RMB

Aging	**Closing gross carrying amount**	Book balance at the beginning of the period
Within 1 year (inclusive)	**385,539,911.76**	470,338,191.50
Including: Within 1 year		
Sub items within 1 year	**385,539,911.76**	470,338,191.50
1 to 2 years	**163,466,658.28**	292,363,671.30
2 to 3 years	**151,468,066.08**	211,627,954.82
Over 3 years	**687,046,574.73**	608,490,556.12
Subtotal	**1,387,521,210.85**	1,582,820,373.74
Less: Provision for bad debt	**217,985,240.53**	206,528,741.58
Total	**1,169,535,970.32**	1,376,291,632.16

XX. NOTES TO KEY ITEMS OF THE PARENT COMPANY' S FINANCIAL STATEMENTS

(I) Accounts receivable (Continued)

2. Disclosure by the method of provision for bad debts

☑ Applicable ☐ Not Applicable

Unit: Yuan Currency: RMB

Category	Closing balance					Opening balance				
	Closing balance		Provision for bad debt			Closing balance		Provision for bad debt		
	Amount	Percentage (%)	Amount	Proportion (%)	Book Value	Amount	Percentage (%)	Amount	Proportion (%)	Book Value
Single provision for bad debt	2,635,754.22	0.19	2,635,754.22	100	–	2,635,754.22	0.17	2,635,754.22	100	–
Including:										
	2,635,754.22	0.19	2,635,754.22	100	–	2,635,754.22	0.17	2,635,754.22	100	–
Provision withdrawn for bad debt on a combination basis:	1,384,885,456.63	99.81	215,349,486.31	15.55	1,169,535,970.32	1,580,184,619.52	99.83	203,892,987.36	12.9	1,376,291,632.16
Including:										
	1,384,885,456.63	99.81	215,349,486.31	15.55	1,169,535,970.32	1,580,184,619.52	99.83	203,892,987.36	12.9	1,376,291,632.16
Total	1,387,521,210.85	/	217,985,240.53	/	1,169,535,970.32	1,582,820,373.74	/	206,528,741.58	/	1,376,291,632.16

XX. NOTES TO KEY ITEMS OF THE PARENT COMPANY' S FINANCIAL STATEMENTS (CONTINUED)

(I) Accounts receivable (Continued)

2. Disclosure by the method of provision for bad debts (Continued)

Single provision for bad debt:

☑ Applicable ☐ Not Applicable

Unit: Yuan Currency: RMB

Name	Closing balance	Closing balance Provision for bad debt	Proportion (%)	Reasons for making provision
Single provision for bad debt	2,635,754.22	2,635,754.22	100.00	/
Total	2,635,754.22	2,635,754.22	100.00	/

Explanation on single provision for bad debt:

☐ Applicable ☑ Not Applicable

Provision withdrawn for bad debt on a combination basis:

☑ Applicable ☐ Not Applicable

XX. NOTES TO KEY ITEMS OF THE PARENT COMPANY' S FINANCIAL STATEMENTS (CONTINUED)

(I) Accounts receivable (Continued)

2. Disclosure by the method of provision for bad debts (Continued)

Group Items:

Unit: Yuan Currency: RMB

Name	Closing balance	Closing balance Provision for bad debt	Proportion (%)
Within 1 year	385,539,911.76	1,698,034.02	0.44
1 to 2 years	163,466,658.28	7,739,650.48	4.73
2 to 3 years	151,468,066.08	14,696,486.80	9.70
Over 3 years	684,410,820.51	191,215,315.01	27.94
Total	1,384,885,456.63	215,349,486.31	–

Explanation on provision withdrawn for bad debt on a combination basis:

☐ Applicable ☑ Not Applicable

Provision withdrawn for bad debts based on general model of expected credit losses

☐ Applicable ☑ Not Applicable

Explanation on significant changes in the carrying amount of accounts receivable for which the allowance for loss has changed in the period:

☐ Applicable ☑ Not Applicable

XX. NOTES TO KEY ITEMS OF THE PARENT COMPANY' S FINANCIAL STATEMENTS (CONTINUED)

(I) Accounts receivable (Continued)

3. Provision for bad debts

☑ Applicable ☐ Not Applicable

Unit: Yuan Currency: RMB

Category	Opening balance	Change during the period				Closing balance
		Provision	Recovery or reversal	Write-off or cancellation	Other changes	
Single provision for bad debt	2,635,754.22	–	–	–	–	2,635,754.22
Provision withdrawn for bad debt on a combination basis	203,892,987.36	11,457,345.81	–	–	-846.86	215,349,486.31
Total	206,528,741.58	11,457,345.81	–	–	-846.86	217,985,240.53

Significant amounts recovered or reversed to bad debts in the period:

☐ Applicable ☑ Not Applicable

Other explanation

4. Write-off of accounts receivable for the period

☐ Applicable ☑ Not Applicable

Write-off of significant accounts receivable

☐ Applicable ☑ Not Applicable

XX. NOTES TO KEY ITEMS OF THE PARENT COMPANY' S FINANCIAL STATEMENTS (CONTINUED)

(I) Accounts receivable (Continued)

5. Details of the top five accounts receivable and contract assets by debtor based on ending balances

☑ Applicable ☐ Not Applicable

As at 31 December 2025, the total amount of top five accounts receivable and contract assets by closing balance of debtors amounted to RMB546,150,075.76 in total, accounting for 20.00% of the total closing balance of accounts receivable and contract assets. The closing balance of the corresponding provision for bad debt amounted to RMB12,496,414.52 in total.

As at 31 December 2024, the total amount of top five accounts receivable and contract assets by closing balance of debtors amounted to RMB643,991,063.39 in total, accounting for 21.35% of the total closing balance of accounts receivable and contract assets. The closing balance of the corresponding provision for bad debt amounted to RMB14,424,890.41 in total.

Other explanation:

☐ Applicable ☑ Not Applicable

(II) Other receivables

Presentation of items

☑ Applicable ☐ Not Applicable

Unit: Yuan Currency: RMB

Item	Closing balance	Opening balance
Interests receivable	–	–
Dividends receivable	**354,835,070.73**	309,922,930.31
Other receivables	**6,565,353,175.95**	6,860,503,635.21
Total	**6,920,188,246.68**	7,170,426,565.52

XX. NOTES TO KEY ITEMS OF THE PARENT COMPANY' S FINANCIAL STATEMENTS (CONTINUED)

(II) Other receivables (Continued)

Presentation of items (Continued)

Other explanation:

☐ Applicable ☑ Not Applicable

Interests receivable

1. *Classification of interest receivable*

☐ Applicable ☑ Not Applicable

2. *Significant overdue interest*

☐ Applicable ☑ Not Applicable

3. *Disclosure by the method of provision for bad debts*

☐ Applicable ☑ Not Applicable

Single provision for bad debt:

☐ Applicable ☑ Not Applicable

Explanation on single provision for bad debt:

☐ Applicable ☑ Not Applicable

Provision withdrawn for bad debt on a combination basis:

☐ Applicable ☑ Not Applicable

XX. NOTES TO KEY ITEMS OF THE PARENT COMPANY' S FINANCIAL STATEMENTS (CONTINUED)

(II) Other receivables (Continued)

Interests receivable (Continued)

3. Disclosure by the method of provision for bad debts (Continued)

Provision withdrawn for bad debts based on general model of expected credit losses

☐ Applicable ☑ Not Applicable

Basis for classification by stage and provision ratios for bad debt

Explanation on significant changes in the carrying amount of interests receivable for which the allowance for loss has changed in the period:

☐ Applicable ☑ Not Applicable

4. Provision for bad debts

☐ Applicable ☑ Not Applicable

Significant amounts recovered or reversed to bad debts in the period:

☐ Applicable ☑ Not Applicable

Other explanation:

5. Write-off of interest receivable for the period

☐ Applicable ☑ Not Applicable

Write-off of significant interest receivable

☐ Applicable ☑ Not Applicable

Explanation on write-off:

☐ Applicable ☑ Not Applicable

Other explanation:

☐ Applicable ☑ Not Applicable

XX. NOTES TO KEY ITEMS OF THE PARENT COMPANY' S FINANCIAL STATEMENTS (CONTINUED)

(II) Other receivables (Continued)

Dividends receivable

1. Dividends receivable

☑ Applicable ☐ Not Applicable

Unit: Yuan Currency: RMB

Item (or Investee)	Closing balance	Opening balance
CRSC Construction	**172,561,047.06**	172,561,000.00
Shanghai Engineering Bureau	**110,745,000.00**	68,910,000.00
CRSC Jiangsu Smart	**13,800,000.00**	13,800,000.00
CRSC Tengda	**6,336,658.70**	6,335,000.00
CRSC Wanquan Signal Equipment Co., Ltd.	**3,616,930.31**	3,616,930.31
Jishou Huatai	**835,434.66**	840,000.00
CRSCE	**46,940,000.00**	43,860,000.00
Subtotal	**354,835,070.73**	309,922,930.31
Less: Provision for bad debt	**–**	–
Total	**354,835,070.73**	309,922,930.31

2. Significant dividends receivable aging over 1 year2. Significant dividends receivable with an age over 1 year

☐ Applicable ☑ Not Applicable

XX. NOTES TO KEY ITEMS OF THE PARENT COMPANY' S FINANCIAL STATEMENTS (CONTINUED)

(II) Other receivables (Continued)

Dividends receivable (Continued)

3. Disclosure by the method of provision for bad debts

☐ Applicable ☑ Not Applicable

Single provision for bad debt:

☐ Applicable ☑ Not Applicable

Explanation on single provision for bad debt:

☐ Applicable ☑ Not Applicable

Provision withdrawn for bad debt on a combination basis:

☐ Applicable ☑ Not Applicable

Provision withdrawn for bad debts based on general model of expected credit losses

☐ Applicable ☑ Not Applicable

Explanation on significant changes in the carrying amount of dividends receivable for which the allowance for loss has changed in the period:

☐ Applicable ☑ Not Applicable

XX. NOTES TO KEY ITEMS OF THE PARENT COMPANY' S FINANCIAL STATEMENTS (CONTINUED)

(II) Other receivables (Continued)

Dividends receivable (Continued)

4. Provision for bad debts

☐ Applicable ☑ Not Applicable

Significant amounts recovered or reversed to bad debts in the period:

☐ Applicable ☑ Not Applicable

5. Actual write-off of dividends receivable in current period

☐ Applicable ☑ Not Applicable

Write-off of significant dividends receivable

☐ Applicable ☑ Not Applicable

Explanation on write-off:

☐ Applicable ☑ Not Applicable

Other explanation:

☐ Applicable ☑ Not Applicable

XX. NOTES TO KEY ITEMS OF THE PARENT COMPANY' S FINANCIAL STATEMENTS (CONTINUED)

(II) Other receivables (Continued)

Other receivables

1. Disclosure by aging

☑ Applicable ☐ Not Applicable

Unit: Yuan Currency: RMB

Aging	Closing gross carrying amount	Book balance at the beginning of the period
Within 1 year (inclusive)	**1,482,438,200.34**	1,423,835,500.66
Including: Within 1 year		
1 to 2 years	**409,697,844.85**	762,566,469.93
2 to 3 years	**652,425,838.73**	1,187,920,747.36
Over 3 years	**4,023,507,097.58**	3,488,985,524.11
Subtotal	**6,568,068,981.50**	6,863,308,242.06
Less: Provision for bad debt	**2,715,805.55**	2,804,606.85
Total	**6,565,353,175.95**	6,860,503,635.21

2. Classified by nature

☑ Applicable ☐ Not Applicable

Unit: Yuan Currency: RMB

Nature of accounts	Closing gross carrying amount	Book balance at the beginning of the period
Loans to subsidiaries	**3,832,333,624.39**	4,129,013,130.00
Advance payments	**2,701,238,172.76**	2,563,852,958.50
Others	**34,497,184.35**	170,442,153.56
Subtotal	**6,568,068,981.50**	6,863,308,242.06
Less: Provision for bad debt	**2,715,805.55**	2,804,606.85
Total	**6,565,353,175.95**	6,860,503,635.21

XX. NOTES TO KEY ITEMS OF THE PARENT COMPANY' S FINANCIAL STATEMENTS (CONTINUED)

(II) Other receivables (Continued)

Other receivables (Continued)

3. Provision for bad debt

☑ Applicable ☐ Not Applicable

Unit: Yuan Currency: RMB

Provision for bad debt	Stage 1 12-month ECL	Stage 2 Lifetime ECL (non-credit impaired)	Stage 3 Lifetime ECL (credit-impaired)	Total
Balance as at 1 January 2025	**2,432,555.85**	**–**	**372,051.00**	**2,804,606.85**
Balance as at 1 January 2025 during the period	–	–	–	–
– Transferred to stage 2	–	–	–	–
– Transferred to stage 3	–	–	–	–
– Transferred to stage 2	–	–	–	–
– Transferred to stage 1	–	–	–	–
Provision for the period	**-88,801.30**	**–**	**–**	**-88,801.30**
Reversal for the period	–	–	–	–
Write-off for the period	–	–	–	–
Cancellation for the period	–	–	–	–
Other changes	–	–	–	–
Balance as at 1 January 2025	**2,343,754.55**	**–**	**372,051.00**	**2,715,805.55**

XX. NOTES TO KEY ITEMS OF THE PARENT COMPANY' S FINANCIAL STATEMENTS (CONTINUED)

(II) Other receivables (Continued)

Other receivables (Continued)

3. Provision for bad debt (Continued)

The movement in the carrying amount of other receivables is as follows:

Closing balance	Stage 1 12-month ECL	Stage 2 Lifetime ECL (non-credit impaired)	Stage 3 Lifetime ECL (credit-impaired)	Total
Balance as at 1 January 2025	6,862,887,415.86	–	420,826.20	6,863,308,242.06
Balance as at 1 January 2025 during the period	–	–	–	–
– Transferred to stage 2	–	–	–	–
– Transferred to stage 3	–	–	–	–
– Transferred to stage 2	–	–	–	–
– Transferred to stage 1	–	–	–	–
Addition	1,887,733,706.26	–	–	1,887,733,706.26
Derecognised	-2,182,972,966.82	–	–	-2,182,972,966.82
Other changes	–	–	–	–
Balance as at 1 January 2025	6,567,648,155.30	–	420,826.20	6,568,068,981.50

Significant changes in the carrying amount of other receivables for which the allowance for loss has changed in the period:

☐ Applicable ☑ Not Applicable

Amount of provision for bad debts for the period and basis for evaluating whether credit risk of fi nancial instruments increase significantly:

☐ Applicable ☑ Not Applicable

XX. NOTES TO KEY ITEMS OF THE PARENT COMPANY' S FINANCIAL STATEMENTS (CONTINUED)

(II) Other receivables (Continued)

Other receivables (Continued)

4. Provision for bad debts

☑ Applicable ☐ Not Applicable

Unit: Yuan Currency: RMB

Category	Opening balance	Provision	Change during the period: Recovery or reversal	Change during the period: Write-off or cancellation	Change during the period: Other changes	Closing balance
Provision for bad debt	2,804,606.85	-88,801.30	–	–	–	**2,715,805.55**
Total	2,804,606.85	-88,801.30	–	–	–	**2,715,805.55**

Significant amounts recovered or reversed to bad debts in the period:

☐ Applicable ☑ Not Applicable

5. Write-off of other receivables for the period

☐ Applicable ☑ Not Applicable

Write-off of other significant receivables:

☐ Applicable ☑ Not Applicable

Explanation on the write-off of other receivables:

☐ Applicable ☑ Not Applicable

XX. NOTES TO KEY ITEMS OF THE PARENT COMPANY' S FINANCIAL STATEMENTS (CONTINUED)

(II) Other receivables (Continued)

Other receivables (Continued)

6. Top five other receivables by closing balance of debtors

☑ Applicable ☐ Not Applicable

Name	Closing balance	Percentage of total closing balance of other receivables (%)	Nature of accounts	Aging	Provision for bad debt Closing balance
CRSC Engineering Bureau Group Construction Engineering Co., Ltd.	1,300,453,411.39	19.80	Subsidiary loans and advances on behalf	Within 1 year 269,619.44; 1-2 years 195,309.72; 2-3 years 269,582.56; 3-4 years 3,688,807.79; 4-5 years 1,296,030,091.88	
CRSC Construction Group Co., Ltd.	1,244,942,999.87	18.95	Subsidiary loans and advances on behalf	Within 1 year 307,768,830.58; 1-2 years 88,117,664.16; 3-4 years 304,056,505.13; 4-5 years 545,000,000.00	
CRSC Transportation Construction Limited	927,701,562.50	14.12	Subsidiary loans and advances	3-4 years 200,000,000.00; 4-5 years 706,000,000.00; Over 5 years RMB21,701,562.50	
Beijing CRSC Research & Design Institute Group Co., Ltd.	803,239,548.30	12.23	Advance payments	Within 1 year 49,325,825.22; 1-2 years 63,135,324.92; 2-3 years 345,026,559.56; 3-4 years 345,751,838.60	
China Railway Signal & Communication Shanghai Engineering Bureau Group Co., Ltd.	713,232,352.87	10.86	Subsidiary loans and advances	Within 1 year RMB585,001,966.05; 1-2 years RMB70,444,507.02; 2-3 years 17,953,423.09; 4-5 years 612,298.91; Over 5 years RMB39,220,157.80	
Total	4,989,569,874.93	75.97	/	/	

As at 31 December 2024, the total amount of top five debtors with the largest closing balance of other receivables amounted to RMB718,777,633.37 in total, accounting for 38.45% of the total closing balance of other receivables. The closing balance of the corresponding provision for bad debt amounted to RMB184,713,557.16 in total.

XX. NOTES TO KEY ITEMS OF THE PARENT COMPANY' S FINANCIAL STATEMENTS (CONTINUED)

(II) Other receivables (Continued)

7. Other receivables derecognised due to the transfer of financial assets

☐ Applicable ☑ Not Applicable

Other explanation:

☐ Applicable ☑ Not Applicable

XX. NOTES TO KEY ITEMS OF THE PARENT COMPANY' S FINANCIAL STATEMENTS (CONTINUED)

(III) Long-term equity investments

☑ Applicable ☐ Not Applicable

Unit: Yuan Currency: RMB

Item	Closing balance	Closing balance Provision for impairment	Carrying amount	Opening balance	Opening balance Provision for impairment	Carrying amount
Investment in subsidiaries	**19,338,147,288.15**	**–**	**19,338,147,288.15**	18,964,368,144.04	–	18,964,368,144.04
Investments in associates and joint ventures	**966,876,462.87**	**–**	**966,876,462.87**	929,367,802.69	–	929,367,802.69
Total	**20,305,023,751.02**	**–**	**20,305,023,751.02**	19,893,735,946.73	–	19,893,735,946.73

1. Investment in subsidiaries

☑ Applicable ☐ Not Applicable

Unit: Yuan Currency: RMB

Investee	Opening balance (carrying amount)	Opening balance of provision for impairment	Increase/decrease for the period: Additional investment	Reduction of investment	Provision for impairment	Others	Closing balance (carrying amount)	Closing balance of provision for impairment
Innovation Investment	2,901,431,060.71	–	–	–	–	–	2,901,431,060.71	–
CRSCD	2,183,153,452.31	–	–	–	–	–	2,183,153,452.31	–
CRSC Xi'an Industry Group	2,161,476,363.60	–	–	–	–	–	2,161,476,363.60	–
CRSC Finance	1,900,000,000.00	–	–	–	–	–	1,900,000,000.00	–
Shanghai Engineering Bureau	1,635,118,995.36	–	–	–	–	–	1,635,118,995.36	–
CRSC Changsha Railway	1,454,470,000.00	–	–	–	–	–	1,454,470,000.00	–
CRSC Construction	1,278,913,017.40	–	–	–	–	–	1,278,913,017.40	–
CRSCE	1,090,447,494.77	–	–	–	–	–	1,090,447,494.77	–
CRSC International Holdings	810,060,279.43	–	**123,384,301.90**	–	–	–	933,444,581.33	–
CASCO	731,460,709.51	–	–	–	–	–	731,460,709.51	–
CRSC Huatai	522,000,000.00	–	–	–	–	–	522,000,000.00	–
CRSCC	455,790,731.45	–	–	–	–	–	455,790,731.45	–
CRSC Jiangsu Smart	431,053,427.20	–	**2,976,042.21**	–	–	–	434,029,469.41	–
CRSC Tengda	405,000,000.00	–	–	–	–	–	405,000,000.00	–

XX. NOTES TO KEY ITEMS OF THE PARENT COMPANY' S FINANCIAL STATEMENTS (CONTINUED)

(III) Long-term equity investments (Continued)

1. Investment in subsidiaries (Continued)

Investee	Opening balance (carrying amount)	Opening balance of provision for impairment	Increase/decrease for the period				Closing balance (carrying amount)	Closing balance of provision for impairment
			Additional investment	Reduction of investment	Provision for impairment	Others		
CRSC Cables	389,223,087.50	–	–	–	–	–	389,223,087.50	–
Electrification Bureau	325,000,000.00	–	–	–	–	–	325,000,000.00	–
Urban Rail Transit	100,000,000.00	–	–	–	–	–	100,000,000.00	–
CRSC Low-Altitude Intelligent	97,631,618.01	–	**250,000,000.00**	–	–	–	347,631,618.01	–
Guangzhou Engineering Technology	58,180,000.00	–	–	–	–	–	58,180,000.00	–
Beijing Materials	31,376,706.79	–	–	–	–	–	31,376,706.79	–
CRSC International	2,581,200.00	–	–	**2,581,200.00**	–	–	–	–
Total	18,964,368,144.04	–	**376,360,344.11**	**2,581,200.00**	–	–	19,338,147,288.15	–

XX. NOTES TO KEY ITEMS OF THE PARENT COMPANY' S FINANCIAL STATEMENTS (CONTINUED)

(III) Long-term equity investments (Continued)

2. Investments in associates and joint ventures

☑ Applicable ☐ Not Applicable

Unit: Yuan Currency: RMB

Investor Unit	Opening Balance (carrying amount)	Increase/decrease for the period								Closing Balance (carrying amount)	Closing balance of provision for impairment
		Additional investment	Reduction of investment	Investment gains/losses confirmed under equity method	Other comprehensive income adjustment	Other equity changes	Declared and paid cash dividends or profits	Provision for impairment	Others		
I. Joint ventures											
Subtotal	-	-	-	-	-	-	-	-	-	-	-
II. Associates											
CSCEC Foshan Joint Investment Co., Ltd.	12,616,233.38	-	-	-1,764,438.26	-	-	-	-	-	10,851,795.12	-
Siping Integrated Pipeline Construction Co., Ltd.	222,103,904.21	-	-	-1,415,232.37	-	-	-	-	-	220,688,671.84	-
-Guangdong Utrust Financial Leasing Co., Ltd.	376,818,556.71	-	-	5,459,518.52	-	-	-	-	-	382,278,075.23	-
CRSC Tianshui Tram Co., Ltd.	283,879,029.05	-	-	27,797,310.77	-	-	-	-	-	311,676,339.82	-
Shentie Signaling (Shenzhen) Co., Ltd	33,950,079.34	-	-	7,431,501.52	-	-	-	-	-	41,381,580.86	-
Subtotal	929,367,802.69	-	-	37,508,660.18	-	-	-	-	-	966,876,462.87	-
Total	929,367,802.69	-	-	37,508,660.18	-	-	-	-	-	966,876,462.87	-

3. Impairment test of long-term equity investment

☐ Applicable ☑ Not Applicable

XX. NOTES TO KEY ITEMS OF THE PARENT COMPANY' S FINANCIAL STATEMENTS (CONTINUED)

(IV) Revenue and costs of sales

1. Revenue and costs of sales

☑ Applicable ☐ Not Applicable

Unit: Yuan Currency: RMB

Item	Amount for the current period		Amount for the previous period	
	Revenue	Cost	Revenue	Cost
Principal operations	1,482,573,835.96	1,403,768,023.04	2,135,149,111.05	2,052,087,790.72
Other operations	175,768,168.04	49,804,047.86	184,664,484.99	46,871,483.41
Total	1,658,342,004.00	1,453,572,070.90	2,319,813,596.04	2,098,959,274.13

2. Breakdown of revenue and costs of sales

☐ Applicable ☑ Not Applicable

Other explanation

☐ Applicable ☑ Not Applicable

3. Details of performance obligation

☐ Applicable ☑ Not Applicable

4. Explanation about allocation to the remaining performance obligations

☐ Applicable ☑ Not Applicable

5. Material Contract Modifications or Significant Transaction Price Adjustments

☐ Applicable ☑ Not Applicable

XX. NOTES TO KEY ITEMS OF THE PARENT COMPANY' S FINANCIAL STATEMENTS (CONTINUED)

(V) Investment Income

☑ Applicable ☐ Not Applicable

Unit: Yuan Currency: RMB

Item	Amount for the current period	Amount for the previous period
Income from long-term equity investments under the cost method	**2,068,351,193.36**	1,889,134,250.00
Income from long-term equity investments under the equity method	**37,508,660.18**	41,762,423.77
Interest income from debt investments during the holding period	**7,687,018.65**	11,364,993.67
Investment income from borrowing/loan	**162,503,008.68**	205,791,477.98
Total	**2,276,049,880.87**	2,148,053,145.42

(VI) Others

☐ Applicable ☑ Not Applicable

XXI. SUPPLEMENTARY INFORMATION

(一) Statement of Non-recurring Gains and Losses for the Current Period

☑ Applicable ☐ Not Applicable

Unit: Yuan Currency: RMB

Item	Amount	Explanation
Gains or losses on disposal of non-current assets, including the reversal of previously recognized impairment provisions	79,370,923.60	
Government grants recognized as income in the current profit or loss, except for those closely related to the Company's normal operating activities, compliant with national policy regulations, received based on established criteria, and with a sustained impact on the Company's financial statements	217,994,020.95	
Except for effective hedging transactions related to the Company's normal business operations, gains or losses arising from changes in the fair value of financial assets and financial liabilities held by non-financial enterprises, as well as gains or losses from the disposal of financial assets and financial liabilities	–	
Funds occupancy fees from non-financial enterprises recognised in profit or loss	–	
Gains or losses from entrusted investments or asset management	–	
Gains or losses from externally entrusted loans	–	
Asset losses due to force majeure events, such as natural disasters	–	
Reversal of impairment provision for receivables individually tested for impairment.	20,965.31	
Gain from acquiring a subsidiary, associate, or joint venture at a cost lower than the fair value of its identifiable net assets	–	
Net profit or loss of a subsidiary from the beginning of the period to the merger date in a business combination under common control	–	
Gains or losses from non-monetary asset exchanges	–	
Gains or losses from debt restructuring	2,176,982.45	

XXI. SUPPLEMENTARY INFORMATION (CONTINUED)

(I) Statement of Non-recurring Gains and Losses for the Current Period (Continued)

Item	Amount	Explanation
One-time expenses due to discontinued business operations, such as employee resettlement costs	–	
One-time impact on current profits or losses due to changes in tax, accounting, or other laws and regulations	–	
One-time share-based payment expenses due to the cancellation or modification of an equity incentive plan	–	
Gains or losses from fair value changes in payable employee compensation for cash-settled share-based payments after the vesting date	–	
Gains or losses from fair value changes in investment property measured at fair value	–	
Gains from transactions with significantly unfair pricing	–	
Gains or losses from contingencies unrelated to core business operations	–	
Trust management fees from entrusted operations	–	
Other non-operating income and expenses apart from the aforesaid items	85,087,654.98	
Other gain or loss items falling within the definition of extraordinary items	–	
Less: Effect of income tax	96,608,415.77	
Effect of minority interest (after tax)	22,410,781.86	
Total	265,631,349.66	

Reasons shall be given with respect to items not listed but identified as significant non-recurring gain or loss items in the Explanatory Notice on Information Disclosure of Companies with Public Offering No. 1-Non-recurring Profit and Loss (《公開發行證券的公司資訊披露解釋性公告第1號–非經常性損益》), as well as the Company classifying the non-recurring profit and loss items defined and listed in the Explanatory Notice on Information Disclosure of Companies with Public Offering No. 1-Non-recurring Profit and Loss (《公開發行證券的公司資訊披露解釋性公告第1號–非經常性損益》) as recurring profit and loss items.

☐ Applicable ☑ Not Applicable

Other explanation

☐ Applicable ☑ Not Applicable

XXI. SUPPLEMENTARY INFORMATION (CONTINUED)

(II) Return on net assets and earnings per share

☑ Applicable ☐ Not Applicable

Profit for the Reporting Period	Weighted average return on net assets (%)	Earnings per share	
		Basic earnings per share	Diluted earnings per share
Net profit attributable to ordinary shareholders of the Company	7.53	0.34	0.34
Net profit attributable to ordinary shareholders of the Company after deducting non-recurring profits and losses	6.99	0.32	0.32

(III) Differences in accounting data between domestic and overseas accounting standards

☐ Applicable ☑ Not Applicable

(IV) Others

☐ Applicable ☑ Not Applicable

Chairman: Lou Qiliang
Date of Board Approval for Submission: 24 March 2026

INFORMATION ON AMENDMENT

☐ Applicable ☑ Not Applicable

SECTION X FIVE YEARS' FINANCIAL SUMMARY

CONSOLIDATED INCOME STATEMENT

Item	2025	2024	2023	2022	2021
Revenue	**34,552,792,545.42**	32,473,033,766.06	37,002,229,438.89	40,203,207,773.29	38,358,297,108.78
Cost of sales	**24,573,291,774.15**	22,985,410,426.71	27,521,352,667.70	30,680,741,586.09	29,846,875,671.34
Taxes and surcharges	**284,076,479.75**	281,850,359.93	256,690,986.90	241,534,607.36	253,686,656.86
Selling and distribution expenses	**865,531,112.10**	851,578,354.01	843,995,580.46	812,111,306.78	796,771,857.42
General and administrative expenses	**2,427,134,552.82**	2,388,915,418.98	2,335,834,136.35	2,289,994,474.16	2,116,982,019.27
Research and development expenses	**2,005,663,654.64**	1,912,373,179.29	1,862,286,761.81	1,689,810,596.63	1,638,494,903.20
Finance costs	**-55,992,119.13**	-236,406,851.53	-300,226,847.63	-237,983,529.30	-312,381,754.25
Impairment losses on assets	**24,411,022.08**	-22,109,209.59	-15,597,119.37	37,185,041.73	64,728,770.22
Credit impairment losses	**-379,187,881.58**	-324,105,898.50	-445,966,775.20	-594,320,058.29	195,496,554.50
Investment income	**119,537,569.84**	128,583,023.70	145,006,530.06	121,595,656.28	113,911,083.50
Gain or loss on disposal of assets	**79,370,923.60**	42,198,751.70	63,696.54	29,599,933.66	35,949,376.07
Other income	**403,746,038.64**	417,774,607.65	410,647,468.42	366,824,324.56	336,893,708.75
Operating profit	**4,821,291,241.37**	4,687,488,454.41	4,660,841,763.31	4,704,290,405.66	4,244,396,598.54
Non-operating income	**97,626,443.24**	55,836,270.00	39,131,903.49	48,280,889.32	44,826,898.06
Non-operating expenses	**10,731,818.54**	12,543,268.29	9,688,065.04	9,877,586.82	15,311,313.98
Total profit	**4,908,185,866.07**	4,730,781,456.12	4,690,285,601.76	4,742,693,708.16	4,273,912,182.62
Income tax expense	**661,323,470.77**	661,836,908.15	675,450,919.54	642,049,846.43	581,002,096.30
Net profit	**4,246,862,395.30**	4,068,944,547.97	4,014,834,682.22	4,100,643,861.73	3,692,910,086.32
Net profit attributable to shareholders of the parent company	**3,686,410,571.89**	3,494,725,837.36	3,477,326,647.54	3,633,640,258.62	3,274,672,689.28
Gain or loss of minority interests	**560,451,823.41**	574,218,710.61	537,508,034.68	467,003,603.11	418,237,397.04
Basic earnings per share	**0.34**	0.32	0.32	0.33	0.30
Diluted earnings per share	**0.34**	0.32	0.32	0.33	0.30

TOTAL CONSOLIDATED ASSETS AND LIABILITIES

Item	2025	2024	2023	2022	2021
Total assets	**118,321,690,651.90**	117,890,875,515.13	118,990,487,731.74	116,806,544,483.88	108,942,588,838.30
Total liabilities	**65,850,838,896.19**	67,455,073,189.37	70,115,652,701.84	69,528,809,483.31	63,571,212,916.84
Total equity attributable to owners of the Company	**52,470,851,755.71**	50,435,802,325.76	48,874,835,029.90	47,277,735,000.57	45,371,375,921.46