



2024
INTERIM REPORT



中国中车股份有限公司
CRRC CORPORATION LIMITED

(a joint stock limited company incorporated in the People's Republic of China with limited liability)
Stock Code: 1766

IMPORTANT

- I. The board of directors (the “Board”) and the board of supervisors (the “Board of Supervisors”) of the Company and its director(s) (the “Director(s)”), supervisor(s) (the “Supervisor(s)”) and senior management (the “Senior Management”) hereby warrant the truthfulness, accuracy and completeness of the contents of this interim report and that there is no false representation, misleading statement or material omission in this interim report, for which they will assume, severally and jointly, legal responsibility.
- II. This report has been considered and approved at the twenty-seventh meeting of the third session of the Board of the Company and all Directors of the Company attended the board meeting.
- III. The interim report is unaudited.
- IV. Sun Yongcai, the Chairman of the Company, Li Zheng, the Chief Financial Officer, and Shi Jianfeng, the head of the Accounting Department (person in charge of accounting affairs) warrant the truthfulness, accuracy and completeness of the financial statements in this interim report.
- V. The Company does not have any proposal on profit distribution or transfer of capital reserve fund during the reporting period considered and approved by the Board.
- VI. Disclaimer for forward-looking statements

This report contains forward-looking statements that are based on subjective assumptions and judgements on future policies and economic trends and are subject to a variety of uncertainties. The actual results or trends may differ from these forward-looking statements.

Investors should be aware that 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 are advised to pay attention to the investment risks.
- VII. There was no appropriation of funds by the controlling shareholder and its associates for non-operating purposes.
- VIII. There was no provision of guarantee by the Company in favour of any external party in violation of the prescribed decision-making procedures.
- IX. Major risk reminder

The major risk factors faced by the Company include strategic risks, market risks, product quality risks, exchange rate risks, overseas operating risks and industrial structure adjustment risks, which have been described in detail in this report. Please refer to the description of “Potential Risks” in “Report of Directors”.
- X. The 2024 interim results of the Company have been prepared in accordance with the Accounting Standards for Business Enterprises issued by the Ministry of Finance of the PRC and the relevant rules.
- XI. Unless specified otherwise, the recording currency used in this report is Renminbi.

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COMPANY INFORMATION

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|--------------------------------------|--------------------------|
| 1. Name of the Company in Chinese | 中國中車股份有限公司 |
| Short name of the Company in Chinese | 中國中車 |
| Name of the Company in English | CRRC Corporation Limited |
| Short name of the Company in English | CRRC |
| Legal representative of the Company | Sun Yongcai |

	Secretary to the Board	Securities Affairs Representative
Name	Wang Jian	Jin Yonggang
Contact address	No. 16, Central West Fourth Ring Road, Haidian District, Beijing	No. 16, Central West Fourth Ring Road, Haidian District, Beijing
Telephone	010-51862188	010-51862188
Facsimile	010-63984785	010-63984785
E-mail	crrc@crrcgc.cc	crrc@crrcgc.cc

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|--------------------------------------------------|------------------------------------------------------------------|
| 3. Registered address of the Company | No. 16, Central West Fourth Ring Road, Haidian District, Beijing |
| Postal code of registered address of the Company | 100036 |
| Business address of the Company | No. 16, Central West Fourth Ring Road, Haidian District, Beijing |
| Postal code of business address of the Company | 100036 |
| Company website | www.crrcgc.cc |
| E-mail | crrc@crrcgc.cc |

- | | |
|------------------------------------------------------------------------------------|-------------------------------------------------------------------------------------------|
| 4. Newspapers designated for A-share information disclosure by the Company | China Securities Journal, Shanghai Securities News, Securities Times and Securities Daily |
| Website designated by CSRC for publication of A-share interim report | www.sse.com.cn |
| Website designated by the Stock Exchange for publication of H-share interim report | www.hkex.com.hk |
| Place where the interim report of the Company is available for inspection | The Board Office at No. 16, Central West Fourth Ring Road, Haidian District, Beijing |

5. Type of shares	Place of listing of the shares	Stock abbreviation	Stock code	Stock abbreviation before change
A shares	SSE	中國中車	601766	中國南車
H shares	HKSE	CRRC	1766	CSR

6. During the reporting period, there was no change in the registration details of the Company.

- | | |
|-------------------------|--------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| 7. Independent auditor: | KPMG Huazhen LLP
Certified Public Accountants
Registered PIE Auditor
8/F, Tower E2, Oriental Plaza,
1 East Chang'an Avenue, Dongcheng District, Beijing, PRC |
|-------------------------|--------------------------------------------------------------------------------------------------------------------------------------------------------------------------|

- | | |
|------------------------------|--------------------------|
| 8. Joint company secretaries | Wang Jian, Xiao Shaoping |
|------------------------------|--------------------------|

- | | | |
|-----|-------------------------------------------------------------------|--------------------------------------------------------------------------------------------------------------------------------------------------|
| 9. | Authorized representatives | Ma Yunshuang, Xiao Shaoping |
| 10. | Legal advisors | |
| | As to Hong Kong law | Baker & McKenzie
14th Floor, One Taikoo Place,
979 King's Road, Quarry Bay, Hong Kong |
| | As to the PRC law | Jia Yuan Law Offices
F408 Ocean Plaza, 158 Fuxingmennei Avenue, Beijing, PRC |
| 11. | Principal place of business in Hong Kong | Room 4601, 46/F, Office Tower, Convention Plaza,
1 Harbour Road, Wanchai, Hong Kong |
| 12. | Correspondence address of domestic registrar and transfer office | Shanghai Branch of China Securities Depository and Clearing Corporation Limited
188 Yanggao South Road, Pudong New District, Shanghai |
| 13. | Correspondence address of Hong Kong registrar and transfer office | Computershare Hong Kong Investors Services Limited
Shops 1712-1716, 17th Floor, Hopewell Centre,
183 Queen's Road East, Wanchai, Hong Kong |



RESULTS HIGHLIGHTS

Revenue (RMB'000)

Reporting period (January to June)

90,039,351

Same period last year
87,303,227

3.13%



Net profit attributable to shareholders of the Company (RMB'000)

Reporting period (January to June)

4,200,827

Same period last year
3,460,359

21.40%



Net profit attributable to shareholders of the Company after non-recurring gain or loss (RMB'000)

Reporting period (January to June)

3,359,942

Same period last year
2,583,072

30.08%



Net cash flow from operating activities (RMB'000)

Reporting period (January to June)

1,845,139

Same period last year
-14,780,023



Net assets attributable to shareholders of the Company (RMB'000)

End of the reporting period

160,389,894

End of last year
160,973,373

-0.36%



Total assets (RMB'000)

End of the reporting period

479,499,893

End of last year
471,791,735

1.63%



Total share capital as at the end of the period (share)

End of the reporting period

28,698,864,088

End of last year
28,698,864,088



Basic earnings per share (RMB/share)

Reporting period (January to June)

0.15

Same period last year
0.12

25.00%



Diluted earnings per share (RMB/share)

Reporting period (January to June)

0.15

Same period last year
0.12

25.00%



Basic earnings per share after non-recurring gain or loss (RMB/share)

Reporting period (January to June)

0.12

Same period last year
0.09

33.33%



Weighted average return on net assets (%)

Reporting period (January to June)

2.57

Same period last year
2.21

Increase of **0.36** ppt



Weighted average return on net assets after non-recurring gain or loss (%)

Reporting period (January to June)

2.06

Same period last year
1.65

Increase of **0.41** ppt






A. BUSINESS OVERVIEW

I. Industry and main business of the Company during the reporting period

Internationally, the overall positive trend of the global economy, the progress of the “Dual Carbon” strategy worldwide as well as the acceleration of the global green energy transformation have brought about new changes in the development of the industry, new adjustments in the industrial landscape, stable growth in market demand and new features in market competition. Domestically, the entry barriers for rail transit equipment market and foreign investment have been further lowered. Various investment entities and operating entities of rail transit have become increasingly diversified, and business awareness has continued to increase. Some regions and some enterprises have continued to accelerate the deployment of the entire rail transit industry chain and formed the ability to provide system solutions. The new business situation of the rail transit industry has gradually become more competitive. During the reporting period, the railway operation quickly resumed, and the railway passenger transportation reached an all-time-high record as compared to corresponding periods. With the gradual implementation of the domestic demand expansion strategy and the promotion of State Railway Group’s “high-quality development of railways taking the lead in the realization of railway modernization”, the demand for the safety, comfort, environmentally-friendliness and intelligence of the main line railways equipment has become more intense. Demand for urban rail transit vehicles has been diversified, and users have higher requirements for the applicability, safety, reliability and comfort of rail transit equipment products. At the same time, the proposal of “Dual Carbon” goals has also opened up a broad space for the development of green transportation such as rail transit and new energy vehicles, as well as green energy industries such as wind power, photovoltaics, and hydrogen energy. As the world’s leading and diverse rolling stock supplier with advanced technologies, CRRC should be market-oriented and customer-centric to optimize business structure, establish and improve the service system with full life cycle, accelerate the transformation to a provider of “manufacturing + service” and system solutions, provide customers with more valuable products and services, and make contribution to building China into a country with strong manufacturing capabilities and transportation network leveraging on “CRRC Wisdom” and “CRRC Power”.





(I) **Main business**

1. Railway equipment business

The railway equipment business mainly includes: (1) locomotive business; (2) MUs (including intercity MUs) and passenger carriage business; (3) freight wagon business; (4) track engineering machinery business.

Facing the global market, the Company stayed abreast of changes in the domestic and international railway transport markets and trends in the development of technology with an aim to become a world-leading provider of system solutions for rail transportation equipment. The Company accelerated innovations in its technology, products, services and business models, and created systematic, modular and standardized product platforms and technology platforms, with a view to continuously meeting the requirements for developing an advanced and widely applicable railway system and for intelligent, environmentally-friendly and safe development. The position of the Company in the industry has been further consolidated, and the railway equipment business has developed steadily. The Company will continue to further its strategic cooperation with State Railway Group and other key customers, and actively participate in the reform in the mileage, life cycle, and other rules for rail transportation equipment overhaul advocated by the State Railway. In addition, the Company will give full play to its edge in the integration of manufacturing, maintenance and service, deepen the postoverhaul services market, and accelerate and improve the service capacity for the full life cycle of rail equipment products.



2. Urban rail transit vehicles and urban infrastructure business

The urban rail transit vehicles and urban infrastructure business mainly includes: (1) urban rail transit vehicles; (2) planning and design of urban transportation; (3) general contracting of electromechanical systems of urban transportation.

Facing the global market, the Company seized new opportunities for the development of metropolitan areas and urban agglomerations, expedited innovations in urban rail transportation equipment technology and products to increase its core competitiveness. The Company created product platforms and technology platforms, such as standard intelligent urban trains with “six characteristics” and electromechanical systems based on integration of vehicles and the electromechanical system on the ground, constantly consolidated and expanded domestic and international markets with high-quality products and services. The Company gave full play to its professional advantage, overall advantages, technological advantage, human resources advantage, capital advantage, supply chain control and management advantage and cost advantage, advanced the forward and backward market expansion of our urban transportation business and continued to expand into the system integration area, service area, and operation and maintenance area. The Company strengthened PPP project management and control and drove the development of urban rail transit vehicles and related business. The Company accelerated the integration of resources, promoted the development of “Product+” and “System+” businesses supported by digitization, intelligence and greenization, and enhanced the capability of full life cycle system solutions.

3. New industry business

The new industry business mainly includes: (1) mechanical and electrical business; (2) emerging industry business.

In the mechanical and electrical business, the Company strived to improve technology platform and the construction of industrial chain and promote upgrade in core business technologies of rail transportation equipment with the focus on mastering core technologies, breaking through key technologies and increasing core competitiveness, and expedited the specialized and scale development of key systems and important spare parts in the industrial, transportation and energy fields. As for the emerging industry, the Company adhered to the principles of “relevance and multi-dimensions, high-end positioning and industry-leading position”, strengthened resource allocation, gave full play to core technological advantages, and established an industrial cluster of clean energy equipment. The Company has developed emerging businesses, with businesses such as wind power equipment and new materials as its important growth poles, and businesses including photovoltaic power, energy storage, hydrogen energy, environmental protection, industrial digitalization, electric drive systems of vehicles and parts, ship electric drives and marine engineering equipment as its important growth drivers. The new industries, which are experiencing steady development, have become an important part of the Company’s business.

4. Modern service business

The modern service business mainly includes: (1) financial business; (2) logistics and trading business; (3) other business.

By adhering to “integration of industry and financing, promoting industry with financing”, the Company focused on its principal responsibilities and major businesses, proceeded the optimization and integration of its financial business, strengthened risk control, standardized the construction of financial service platform and investment and financing platform, and accelerated the integrated development of the manufacturing industry and the service industry. The Company made continuous efforts in the industry and financing platform, utilizing industrial funds and domestic and overseas capital management platforms in a comprehensive manner to provide systematic financial solutions for industrial expansion and structural optimization, and to keep enhancing the role of its major businesses in the development as the physical business. The Company developed its modern logistics service by expanding the scope of centralized procurement and promoting the extensive application of intelligent logistics in CRRC’s industrial chain. The Company continuously promoted the optimization and development of the “CRRC Procurement (中車購)” e-commerce platform and the CRRC supply chain management e-procurement platform. The “Enterprises-friendly Purchase (宜企拍)” has been optimized and upgraded following the principle of “professional, open, innovative and marketized”, and realized the “business + management” function.





5. International business

The Company has implemented the international operation and development plan under CRRC's 14th Five-Year Plan, accelerated the capacity building of platform companies, and gave full play to the roles and initiatives of platform companies, subsidiaries and overseas companies. The Company has insisted on being market-oriented and business-oriented, growth stabilization, efficiency enhancement, reform promotion, structure optimization, power activation and momentum gain, and proactively expanded rail transit and new international industry markets. We have also carried out greenfield investments and joint-venture operation in accordance with the concept of "light assets, emphasis on efficiency and sustainable development", and accomplished the "five transformations". Firstly, transformation from the concept of marketing to the concept of creating values for users; secondly, transformation from marketing of products by single subsidiaries to marketing of system solutions by subsidiaries organized by the headquarters; thirdly, transformation from marketing products in and after processes to marketing solutions before processes; fourthly, transformation from marketing components to marketing subsystems and modules; fifthly, transformation from sole marketing of products to marketing of "Product+". We will practice the "five-locals model" of "local manufacturing, local procurement, local workforce, local maintenance and local marketing", strengthened brand building and promotion, unleashed the power of the overseas R&D centers, and continuously improved its industry influence and discourse power.

(II) Major products

Product structure	Main product functions
MUs	Mainly include various electric multiple units and diesel multiple units at the speed of 200 km/hour and below, 200-250 km/hour, 300-350 km/hour and above, which are mainly used to provide main line railway and intercity railway passenger transport services. On the basis of "import, digestion, absorption and reinnovation", the MU products represented by "Fuxinghao" EMUs have independent intellectual property rights.
Locomotives	Mainly include various DC driving and AC driving electric locomotives, diesel locomotives and hybrid locomotives with the largest traction power of 28,800 KW and the highest speed of 200 km/hour, which are mainly used to provide passenger and goods transport services and vehicle marshalling and grouping services in main line railway. The Company's locomotive products have independent intellectual property rights.
Passenger carriages	Mainly include seater car, sleeping car, dining car, luggage van, generator car, special vehicles, plateau cars and double-deck railway passenger carriages at the speed of 120-160 km/hour, which are mainly used to provide passenger transport services in main line railway. The Company's passenger carriages have independent intellectual property rights.

Product structure	Main product functions
Freight wagons	Mainly include various railway gondola trucks, box wagon, flatcar, tank truck, hopper car and other special goods transport trucks, which are mainly used to transport goods for main line railway and industrial and mining enterprises. The Company's freight wagons have independent intellectual property rights.
Urban rail transit vehicles	Mainly include subway vehicles, light-rail vehicles, urban (commuting) vehicles, monorail vehicles, maglev train, tramcar, electronically guided rubber-tyred vehicles, automated guideway rubber-tyred vehicles, etc., which are mainly used to provide commuter and passenger transport services between cities and suburbs. The Company's urban rail transit vehicles have independent intellectual property rights.
Electrical and mechanical equipment	Mainly include traction electric driving and network control system, diesel engine, braking system, cooling and heat transfer system, train operation and control system, passenger information system, power supply system, gear assembly, etc., which are mainly used to complement with MUs, locomotives, urban rail transit vehicles, tracking engineering machinery products in main line railway and intercity railway, and part of them are provided to third party customers as spare parts. All of the aforesaid products of the Company have independent intellectual property rights.
Emerging industries	Mainly include wind power equipment and parts (wind turbines, blades, gearboxes, towers, converters, wind power elastic supports, wind power super capacitors, etc.), new materials (vibration and noise reduction materials, light quantitative materials, membrane materials, aramid, etc.), and multi-industry complete machines, components, and parts products such as electric drive systems of new energy vehicles, photovoltaic power, energy storage, hydrogen energy, environmental protection, industrial digital, heavy machinery, and marine engineering. All of the aforesaid products of the Company have independent intellectual property rights.

(III) Operation model

Main operation model: the Company independently completes the manufacturing, repair, research and development, and production and delivery of rolling stock equipment relying on its own technology, craftsmanship, clean energy equipment production capability and production qualification.

1. **Production model:** As the value of the product of rolling stock and clean energy equipment manufacturing industry per unit is comparatively high, its production model is to "limit production to sales", meaning that the arrangement of production is based on purchase order contracts obtained from customers. Not only does this model avoid excess inventory of finished products, but it also satisfies the needs of customers by arranging for production according to the particular order.
2. **Purchasing model:** A combination of centralized procurement and decentralized procurement is commonly used. For centralized procurement, it mainly adopts the "unified management, two-level concentration" management model in which purchase applications for bulk materials and key components are collected from all subsidiaries of the Company to form a centralized procurement plan for conduction of centralized supplier management assessment, purchase price management, procurement bidding management as well as centralized ordering and centralized settlement by the Company. For other materials, etc., the subsidiaries shall formulate procurement plans according to production requirements and select appropriate suppliers and sign supply contracts through centralized organization of bidding and other methods to achieve centralized procurement. Whether it will be done by the Company or its subsidiaries, a centralized procurement shall be completed on the "CRRC Procurement" e-commerce procurement platform to realize open, transparent and traceable management of CRRC's procurement business to ensure timely supply of raw materials for production and reduce procurement costs.

3. **Sales model:** The Company takes advantage of industry technologies to build and improve technology platforms and product platforms for a variety of rail transit equipment and clean energy equipment in response to user needs, and, for the purpose of providing safe, reliable and affordable products and services, actively participates in open tender or negotiated tender of users inside and outside China, signs supply contracts through bidding and rigorous business negotiations to form orders to guarantee quality and quantity and production on schedule and finally achieve sales.
4. **Distribution of the industrial chain:** The Company has a number of rolling stock equipment and clean energy equipment manufacturing bases and research bases at an internationally advanced level. The Company has formed a complete nationwide industrial chain and production system with the main machinery companies of high-speed MUs, locomotives, urban rail transit vehicles, passenger carriages and freight wagons, and complete machine companies of clean energy equipment as its core and supporting companies as its backbone.
5. **Distribution of the value chain:** The product value of the Company mainly lies in the value chain distribution system of the comprehensive rolling stock equipment and clean energy equipment with the production of high-speed MUs, high-power locomotives, urban rail transit vehicles, passenger carriages and freight wagons as well as the manufacturing and repairing of related supporting products and manufacturing of clean energy equipment and related supporting products as core value and supplemented with financial products, financial-related products and financial leasing products.
6. **Scientific and technological innovation model:** The Company adheres to the innovation roadmap of “exploring for a generation, pre-researching for a generation, researching and manufacturing for a generation and equipping for a generation”, transformed from application-centered single-product development to spectrum product development based on technology platform, and has a two-level research and development management model of “centralizing research and development of technology, jointly developing products and building and sharing capability” in place, gradually building a technological innovation system with “development, synergy, integration, global distribution and autonomy and control”, and forming an innovation pattern of “two verticals, two horizontals and one connect”.

(IV) Industry position

As the world’s leading and diverse rolling stock supplier with advanced technology, CRRC has consecutively ranked first in the world in terms of sales volume of rolling stock equipment for years. CRRC has actively implemented the strategy of building a transportation power, and fully, accurately and comprehensively implemented the new development concept based on the new development stages. We served and integrated into the construction of a new development layout, actively adapted to the new environment and changes, seized market opportunities to accelerate the structural reform, transformation and upgrading. We made great efforts to achieve new breakthroughs in business layout, market expansion, scientific and technological innovation, reform and innovation, management improvement, integration of industry and finance and the Party building “golden card”. The position in the rail transit equipment industry has been further consolidated.

II. Analysis of the core competitiveness during the reporting period

(I) Continued leading market position

Since its establishment, CRRC has focused on its principal responsibilities and major businesses, strengthened strategic leadership, deeply grasped opportunities, and actively responded to challenges. It has developed into the world’s leading, diverse rolling stock supplier with advanced technology, and received great attention from leaders of the Party and the state. The series of rolling stock equipment represented by Chinese standard high-speed MUs of “Fuxinghao” EMUs became the “golden card” of China’s high-end equipment going global. In the first half of 2024, the Company accelerated the construction of a world-class enterprise, with the focus on “Two Tracks and Two Clusters” and “one core, three poles, multi points” to continuously optimize its business layout and structural adjustment. The Company has been enjoying a stable position in the rail transit equipment industry; the business of clean energy power generation equipment and low-carbon and zero-carbon transportation equipment has experienced rapid growth; the ability of providing system solutions and the level of integration of industry and financing, informatization and industrialization, etc., has been further enhanced. The Company continued to take a lead in the global rail transit equipment manufacturing industry in terms of economies of scale index. The revenue of rail transit equipment business ranked first in the world, and wind power equipment and polymer composite materials entered the forefront in China.

(II) Innovation-driven technological capabilities

CRRC resolutely implemented the important instructions and guidance proposed by General Secretary Xi Jinping and the major decisions and deployment plans of the CPC Central Committee and the State Council, insisting on self-reliance in science and technology, vigorously implemented the innovation-driven development strategy, deepened the reform of the science and innovation system, accelerated the promotion of the construction of original technologies, and continued to advance proprietary innovation capabilities to achieve a major leap from falling behind and catching up to taking the lead. In the 2023 National Science and Technology Awards, the project of “Fuxinghao High-Speed Train” won the grand prize of National Science and Technology Progress Award, two projects won the second prize of the National Science and Technology Progress Award, and one project won the second prize of the State Technological Invention Award. Strengthening research capacity building, the Company has cultivated and formed a graded team of scientific and technological talents led by academicians of the Academy of Engineering and scientists of CRRC and owned 11 national-level R&D institutions, 22 nationally recognized enterprise technology centers, 19 industry R&D institutions and 18 overseas R&D centers. Seven representative models of new energy locomotives were released for the first time to the world, which can realize low-carbon zero-emission, low-noise and high-efficiency operation. The world’s first carbon-fibre subway train for commercial operation was officially announced, with a weight reduction of 11% compared with traditional subway vehicles. The new-generation intelligent intercity (suburban C-type) MU was officially launched, meeting the need for interconnection between different signalling systems of urban rail transit vehicles and national railways. The technologically upgraded version of the CR400 Fuxinghao intelligent MUs was put into service, adopting lightweight and noise reduction technologies and equipment integration to expand passenger space. The first-in-the-nation new intelligent heavy-duty freight electric locomotive was officially rolled out, which is the permanent magnet direct-drive heavy-duty freight electric locomotive with the largest power in the world. The first-in-the-nation hydrogen-powered suburban train successfully completed a 160-kilometre test run at full load, marking a historic breakthrough in the application of hydrogen energy in the rail transit field. A new generation of flexible green hydrogen production system was officially launched, which can carry out “AC/DC coupled off-grid hydrogen production simulation design” services. The world’s highest 20MW offshore semi-direct driven wind turbine was successfully developed.

(III) The development direction of transnational operations

CRRC adhered to the path of internationalization, focused on infrastructure interconnection brought about by the Belt and Road Initiative and international production capacity cooperation as an opportunity, leveraged the new trend of multi- and bilateral regional investment and trade cooperation, strived to broaden the reach of the international market, and actively responded to challenges such as the new trend of globalization and accelerating industry competition. It also promoted the “one core, three poles, multi points” in order to realize “going out” of the whole business chain, built a respected international company and achieved the transformation and upgrading as well as steady and healthy development of international operations. In the first half of 2024, the Company continued to consolidate its transportation export business and the construction of the Belt and Road Initiative continued to yield fruitful results: in the past eight months since the official opening of the Jakarta-Bandung High-Speed Railway, the cumulative number of passengers has exceeded 3.5 million, which has accelerated the generation of happiness of the Indonesian people; the Company successfully signed a contract for the Indonesian national commuter rail project, starting a new chapter of win-win cooperation between China and Indonesia; the MUs of the Laos–China Railway operated steadily, running safely for more than 2 million kilometers and transporting more than 5.5 million passengers, which achieved good social and economic benefits and positive demonstration effects; the first train of the Budapest-Belgrade High-Speed Railway made an appearance at the Zemun Section in Belgrade, Serbia where the president of Serbia boarded the train and gave a high appraisal. The Company continued to innovate the business model for our international business, and our system solutions tailor-made for rail transportation were gradually recognized and implemented globally. With the promotion of the implementation of Sao Paulo TIC project in Brazil, the foundation for the development of our international business according to the 14th Five-Year Plan was further strengthened. The “going out” model has been successfully practiced repeatedly to achieve sustainable international market expansion.

III. Discussion and analysis on the Company’s future development

The discussion and analysis on the Company’s future development is not materially different from the information contained in the Company’s 2023 Annual Report.

B. THE BOARD'S DISCUSSION AND ANALYSIS ON THE OPERATION OF THE COMPANY DURING THE REPORTING PERIOD

I. Discussion and analysis of operation

In the first half of 2024, the Company achieved revenue of RMB90.039 billion, representing an increase of 3.13%; net profit attributable to shareholders of the Company was RMB4.201 billion, representing an increase of 21.40%.

(I) Analysis of main business

1. Analysis of changes in relevant items in financial statements

Unit:'000 Currency: RMB

Item	Amount for the current period	Amount for the same period of previous year	Change (%)
Revenue	90,039,351	87,303,227	3.13
Operating costs	70,764,387	70,331,714	0.62
Selling expenses	2,127,280	2,068,021	2.87
Administrative expenses	5,834,759	5,559,196	4.96
Financial expenses	-7,913	-377,784	-
Research and development expenses	5,794,828	4,791,354	20.94
Net cash flow from operating activities	1,845,139	-14,780,023	-
Net cash flow from investing activities	-12,424,254	-5,906,961	-
Net cash flow from financing activities	-2,876,637	6,295,720	-

(1) Analysis of revenue and cost

Revenue increased by 3.13% as compared to the same period of the previous year, mainly due to the increase in revenue from railway equipment.

Operating costs increased by 0.62% as compared to the same period of the previous year, mainly because of the increase in revenue from railway equipment. Operating costs increased followed by the increase in revenue. Operating costs increased at a slightly lower rate than revenue due to the different product mix.

Information on main business by industry, product and region

Main business by industry

Unit: '000 Currency: RMB

By industry	Revenue	Operating costs	Gross profit margin (%)	Increase/decrease in revenue from the same period of the previous year (%)	Increase/decrease in operating costs from the same period of the previous year (%)	Increase/decrease in gross profit margin from the same period of the previous year (%)
Railway transportation equipment and their extent industries	90,039,351	70,764,387	21.41	3.13	0.62	Increased by 1.97 ppt

Main business by product

By product	Revenue	Operating costs	Gross profit margin (%)	Increase/decrease in revenue from the same period of the previous year (%)	Increase/decrease in operating costs from the same period of the previous year (%)	Increase/decrease in gross profit margin from the same period of the previous year (%)
Railway equipment	41,985,072	32,449,222	22.71	46.99	44.39	Increased by 1.39 ppt
Urban rail transit vehicles and urban infrastructure	16,374,830	13,419,217	18.05	-14.05	-14.51	Increased by 0.44 ppt
New industry	30,041,752	23,808,587	20.75	-18.47	-20.81	Increased by 2.34 ppt
Modern service	1,637,697	1,087,361	33.60	-42.32	-48.12	Increased by 7.42 ppt
Total	90,039,351	70,764,387	21.41	3.13	0.62	Increased by 1.97 ppt

Main business by region

By region	Revenue	Increase/decrease in revenue from the same period of the previous year (%)
Mainland China	77,834,510	3.99
Other countries or regions	12,204,841	-2.03

Explanation of main business by industry, by product and by region

Revenue from the railway equipment business increased by 46.99% as compared to the same period of the previous year, mainly due to the increase in revenue from the MUs business and the passenger carriage business. Operating costs increased by 44.39% as compared to the same period of the previous year, mainly because the operating costs increased following the increase in revenue. The increase in operating costs was slightly lower than the increase in revenue due to the different product mix.

Revenue from the urban rail transit vehicles and urban infrastructure business decreased by 14.05% as compared to the same period of the previous year, mainly due to the decrease in revenue from urban rail transit projects. Operating costs decreased by 14.51% as compared to the same period of the previous year, mainly because the operating costs decreased following the decrease in revenue.

Revenue from the new industry business decreased by 18.47% as compared to the same period of the previous year, mainly due to the decrease in revenue of wind power and energy storage equipment. Operating costs decreased by 20.81% as compared to the same period of the previous year, mainly because the operating costs decreased following the decrease in revenue. The decrease in operating costs was slightly higher than the decrease in revenue due to the different product mix.

Revenue from the modern service business decreased by 42.32% as compared to the same period of the previous year, mainly due to the decrease in the scale of the logistics and financial leasing businesses during the period. Operating costs decreased by 48.12% as compared to the same period of the previous year, mainly because the operating costs decreased following the decrease in revenue.

Revenue of the Company increased by 3.13% as compared to the same period of the previous year, and revenue from railway equipment business, urban rail transit vehicles and urban infrastructure business, new industry business and modern service business accounted for 46.63%, 18.19%, 33.37%, 1.81%, respectively, of the total revenue. In particular, revenue generated by the locomotive business of the railway equipment business was RMB8.142 billion; revenue generated by the passenger carriage business was RMB2.634 billion; revenue generated by the MUs business was RMB26.527 billion; revenue generated by the freight wagon business was RMB4.682 billion. Revenue generated by the railway equipment repair and modification business of the railway equipment business was RMB19.997 billion. Revenue generated by the urban rail vehicles of the urban rail transit vehicles and urban infrastructure business was RMB11.495 billion. During the reporting period, the Company entered into new orders amounting to approximately RMB140.1 billion, of which new overseas orders amounted to approximately RMB29.8 billion.

During the reporting period, the Company's revenue from Mainland China increased by 3.99%. Revenue from other countries or regions decreased by 2.03%, representing an insignificant change.

(2) Analysis of cost

Unit: '000 Currency: RMB

Cost of main business by industry

By industry	Amount for the current period	Proportion in total cost for the current period (%)	Amount for the same period of the previous year	Proportion in total cost for the same period of the previous year (%)	Proportion of change of amount for the current period as compared to amount for the same period of the previous year (%)
Railway transportation equipment and their extended industries	70,764,387	100.00	70,331,714	100.00	0.62

Cost of main business by product

By product	Amount for the current period	Proportion in total cost for the current period (%)	Amount for the same period of the previous year	Proportion in total cost for the same period of the previous year (%)	Proportion of change of amount for the current period as compared to amount for the same period of the previous year (%)
Direct materials	57,318,269	81.00	56,780,906	80.73	0.95
Direct labor costs	4,569,161	6.46	4,528,327	6.44	0.90
Manufacturing costs	4,477,744	6.33	4,488,799	6.38	-0.25
Others	4,399,213	6.21	4,533,682	6.45	-2.97
Total	70,764,387	100.00	70,331,714	100.00	0.62

(3) Information on major customers and suppliers

Sales to top 5 customers amounted to RMB48.916 billion, accounting for 54.33% of the total sales for the period, of which sales to related parties was RMB0, representing 0% of total sales for the period.

Purchases from top 5 suppliers amounted to RMB3.593 billion, accounting for 6.44% of the total purchases for the period, of which procurement from related parties was RMB0, representing 0% of total purchases for the period.

Other descriptions

State Railway Group (including its affiliated railway bureau group company and its subsidiaries) is the largest customer of the Company, sales to which accounted for 47.54% of the total sales for the period.

(4) Expenses

Selling expenses increased by approximately 2.87% as compared to the same period of the previous year, representing an insignificant change.

Administrative expenses increased by approximately 4.96% as compared to the same period of the previous year, representing an insignificant change.

Financial expenses were RMB-8 million, compared to RMB-378 million in the same period of the previous year, mainly due to the impact of exchange rate fluctuations, which contributed to exchange gains in the corresponding period of the previous year and exchange losses in the current period.

(5) R&D investment

Total R&D investment during the reporting period was approximately RMB6.036 billion, accounting for 6.70% of revenue during the reporting period. The Company will continue to focus on independent, controllable, digital and intelligent technology research that resonates with industry synergy and “carbon peaking and carbon neutrality”, and to carry out key core technology research. All current R&D projects are progressing smoothly.

(6) Cash flow

The net cash flow from operating activities was a net inflow of RMB1.845 billion, compared to a net outflow of RMB14.780 billion in the same period of the previous year, mainly due to the increase in the cash receipts from sales of goods and rendering of services by the Company during the reporting period as compared to the same period of the previous year.

The net cash flow from investing activities was a net outflow of RMB12.424 billion, compared to a net outflow of RMB5.907 billion in the same period of the previous year, mainly due to the decrease in cash receipts from recovery of investments and the increase in payment for acquisition of investments by the Company during the reporting period as compared to the same period of the previous year.

The net cash flow from financing activities was a net outflow of RMB2.877 billion, compared to a net inflow of RMB6.296 billion in the same period of the previous year, mainly due to the fact that no new bonds were issued during the reporting period as a result of favourable returns.

2. Detailed explanation on significant changes in business type, composition of profit or source of profit of the Company during the period

During the reporting period, the Company had no significant changes in business type, composition of profit or source of profit.

(II) Explanation on significant changes in profit resulting from non-principal business

During the reporting period, the Company had no significant changes in profit resulting from any non-principal business.

(III) Analysis of assets and liabilities**1. Assets and liabilities**

Unit: '000 Currency: RMB

Name of item	Amount at the end of the period	Amount at the end of the period as a percentage of total assets (%)	Amount at the end of the previous period	Amount at the end of the previous period as a percentage of total assets (%)	Proportion of change of amount at the end of the period compared to amount at the end of the previous period (%)
Debt investments	601,015	0.13	1,582,490	0.34	-62.02
Other current assets	7,359,105	1.53	5,270,952	1.12	39.62
Other receivables	3,150,198	0.66	2,232,535	0.47	41.10
Construction in progress	6,765,810	1.41	4,518,956	0.96	49.72
Tax payable	1,844,436	0.38	3,298,101	0.70	-44.08

Other explanations

Debt investments decreased by approximately 62.02%, mainly due to the reclassification of certain debt investments to non-current assets with maturity within one year;

Other current assets increased by approximately 39.62%, mainly due to the increase in the purchased certificates of large amount deposit;

Other receivables increased by approximately 41.10%, mainly due to the increase in trade receivables;

Construction in progress increased by approximately 49.72%, mainly due to the increase in purchased construction projects;

Tax payable decreased by approximately 44.08% as compared to last year, mainly due to the payment of various taxes by the Company.

2. Material assets subject to restriction as at the end of the reporting period

For details, please refer to "27. Assets with restrictive ownership title or right of use" under "V. Notes of Consolidated Financial Statements" in "Financial Report".

(IV) Debt structure, liquidity and cash flow**1. Debt structure**

As of 30 June 2024, the Company's gearing ratio decreased to 58.31% from 58.35% at the beginning of the year (the ratio was calculated by dividing the Group's total liabilities by its total assets as at 30 June 2024).

2. Significant capital expenditure and capital commitment**(1) Significant capital expenditure**

From January to June 2024, the significant capital expenditure of the Company is as the following table:

Item	From January to June 2024 (RMB'000)
Fixed assets	414,014
Construction in progress	3,439,621
Intangible assets	19,585
Development expenditures	6,035,643
Total	9,908,863

(2) Capital commitment

As at 30 June 2024, the capital commitments that the Company had contracted but not yet undertaken was RMB3,591 million, which will be used mainly for property, plant and equipment, land lease prepayments and other intangible assets.

3. Detailed information on contingent liabilities of the Company

The Company has no significant contingent liabilities other than the guarantees provided by the Company as set out in the section headed "Significant Events" in this interim report.

4. Detailed information on mortgaged assets of the Company

Item	30 June 2024 Amount (RMB'000)
Cash and bank balances	2,798,259
Bills receivable	1,179,519
Accounts receivable	5,869
Contract assets	545,499
Fixed assets	207,442
Intangible assets	727,745
Long-term equity investment	195,952
Total	5,660,285

5. Borrowings, corporate bonds and notes

As at 30 June 2024, the Company had total borrowings, bonds and notes of approximately RMB20,144 million, as compared to the total amount of approximately RMB26,001 million as at 31 December 2023.

As at 30 June 2024, out of the total borrowings, bonds and notes of the Company, RMB11,767 million was denominated in Renminbi, RMB1,406 million was denominated in USD, and RMB2,728 million was denominated in Euro.

The Company's long-term interest-bearing borrowings, bonds and notes and short-term borrowings, bonds and notes interest-bearing borrowings as at 30 June 2024 were RMB6,316 million and RMB13,829 million, respectively.

As at 30 June 2024, the total bank and other borrowings of the Company with floating interest rates amounted to RMB8,736 million, as compared to RMB8,112 million as at 31 December 2023.

The following table sets out the maturity profile of the Company's repayable borrowings, bonds and notes as at 31 December 2023 and 30 June 2024:

	30 June 2024 Amount (RMB'000)	31 December 2023 Amount (RMB'000)
Within one year (starting date and ending date inclusive)	13,828,726	19,016,368
One to two years	577,720	1,617,289
Two to five years	949,873	2,132,942
Over five years	4,787,959	3,234,629
Total	20,144,278	26,001,228

6. Cash and cash equivalents

As at 30 June 2024, the cash and cash equivalents owned by the Company amounted to approximately RMB32,485 million, of which RMB26,414 million was denominated in RMB, RMB2,000 million was denominated in USD, and RMB1,925 million was denominated in Euro.

(V) Analysis of investment

1. Overall analysis of external equity investment

As of the end of the reporting period, the long-term equity investment of the Company was RMB21.621 billion, representing an increase of RMB242 million or 1.13% from the beginning of the year. For details, please refer to "15. Long-term equity investments" under "V. Notes of Consolidated Financial Statements" in "Financial Report".

(1) Significant equity investment

Unit: '000 Currency: RMB

Name of investee company	Principal business	Whether the subject is mainly engaged in investment business	Means of investment	Amount of investment	Shareholding ratio	Whether consolidated into the financial statements of the Company	Statement item (if applicable)	Source of funding	Cooperative partner (if applicable)	Investment period (if any)	Progress as at the balance sheet date	Expected gain (if any)	Effect on profit or loss of the period	Whether involved in litigation	Date of disclosure (if any)	Reference to disclosure (if any)
TIC TRENS S.A.	Undertaking project implementation and co-ordination work, fulfilling its obligations under the project documents and the financing documents (including any amendments thereto as may be in force from time to time), raising funds for the project and carrying out relevant activities within the scope of responsibilities of a PPP project company	Yes	New establishment	1,229,000	40%	No	Long-term equity investment	Own funds	COMPORTE PARTICIPAÇÕES S.A.	33 years	Still in execution	-	-	No	30 April 2024	Announcement of resolutions on the twenty-fourth meeting of the third session of the Board of CRRC Corporation Limited (Lin 2024-020)
Total	/	/	/	1,229,000	/	/	/	/	/	/	/	-	-	/	/	/

On 29 April 2024, the 24th meeting of the third session of the Board of the Company considered and approved the Resolution on the Investment and Establishment of a PPP Project Company for the Northern Axis of the Intercity Railway in the State of São Paulo, Brazil by CRRC Hongkong Co., Ltd. It was agreed that CRRC Hongkong, a wholly-owned subsidiary of the Company, and COMPORTE PARTICIPAÇÕES S.A. (hereinafter referred to as “COMPORTE”), a Brazil-based company, would jointly invest in the establishment of TIC TRENS S.A., a company engaged in the PPP Project of the Northern Axis of the Intercity Railway in the State of São Paulo, Brazil, with a registered capital of BRL2,128 million (equivalent to approximately RMB3,073 million with the exchange rate of 1.4441, the same below), of which, BRL851 million (equivalent to approximately RMB1,229 million) was contributed by CRRC Hongkong with the shareholding ratio of 40%, and BRL1,277 million was contributed by COMPORTE with the shareholding ratio of 60%. As at the end of the reporting period, the investee company was duly registered and established.

(2) Significant non-equity investment

There was no significant non-equity investment during the reporting period.

(3) Financial assets measured at fair value

Unit: '000 Currency: RMB

Asset class	Opening balance	Gains/ losses from changes in fair value during the current period	Aggregate changes in fair value included in equity	Provision for impairment loss during the current period	Amount purchased during the current period	Amount disposed/ redeemed during the current period	Other changes	Closing balance
1. Held-for-trading financial assets	8,932,728	235,496	-	-	5,392,000	-6,789,125	-2,540	7,768,559
2. Other equity instrument investment	2,808,190	-	-52,706	-	128,780	-1,845	-464	2,881,955
3. Receivables at FVTOCI	11,498,039	-	89,873	-	-	-	-2,763,754	8,824,218
4. Other non-current financial assets	219,564	-	-	-	-	-	1,367	220,931
Total	23,458,581	235,496	37,167	-	5,520,780	-6,790,970	-2,765,391	19,695,663

(VI) Significant sale of assets and equity

On 29 April 2024, the 24th meeting of the third session of the Board of the Company considered and approved the Resolution on the Transfer of 49% Equity Interest in Jinpu Industrial Park Held by Tianjin Equipment to CRRC Science and Technology Park and the Related-party Transaction. It was agreed that the 49% equity interest in Tianjin Jinpu Industrial Park held by Tianjin Equipment, a subsidiary of CRRC Sifang Institute, a wholly-owned subsidiary of the Company, would be transferred to CRRC Science and Technology Park, a wholly-owned subsidiary of CRRC GROUP, by way of a non-public agreement at a consideration of RMB302.1551 million. As at the end of the reporting period, the aforesaid disposal of equity interests and related-party transaction was completed.

(VII) Analysis of major companies controlled or invested in by the Company

Unit: '000 Currency: RMB

Company name	Product and scope of main business	Registered capital	Total assets at the end of the period	Net assets at the end of the period attributable to the shareholders of the parent company	Net profit from January to June 2024 attributable to the shareholders of the parent company	Revenue from January to June 2024	Operating profit from January to June 2024
CRRC Sifang	R&D and manufacturing of railway MUs, passenger carriages and urban rail transit vehicles; and repair services for railway MUs and high-end passenger carriages etc.	7,068,826	77,751,041	22,315,740	1,515,419	16,989,157	1,903,870
CRRC Changchun	Design, manufacturing, repair, sale and lease of railway passenger carriages, MUs, urban rail transit vehicles and the accessories thereof, as well as related technical services and technical consultancy etc.	6,277,764	66,693,038	24,954,620	1,272,020	13,523,528	1,415,311
CRRC ZELC	R&D and manufacturing of railway electric locomotives, MUs and urban rail transit vehicles etc.	5,585,395	41,699,162	12,432,404	460,980	8,008,828	506,482
CRRC ZIC	Research and manufacturing on electric drive and control technologies related to rail transit and relevant electrical equipment; R&D and manufacturing of railway locomotives and accessories thereof etc.	9,126,840	103,509,048	24,401,903	376,700	22,192,202	1,619,553

(VIII) Structured entities controlled by the Company

There were no structured entities under the control of the Company during the reporting period.

II. Other Discloseable Matters

Potential Risks

1. Strategic risks

With the continuous deepening reform of the national railway, users have put forward higher level requirements for products and technologies based on efficiencies, and the comprehensive requirements for the full life cycle, the entire industry chain and the whole cost elements, as well as the requirements for standardized, platformized, and digitalized products have been enhanced. The reform in the mileage, life cycle and other rules for rail overhaul as well as the extension of the cycle of the advanced repair of MUs and the passenger carriages repair in works have posed a challenge to the “overhaul+service” of the MUs. Intercity railway companies have been inclined to replace the urban railway construction mode with the urban railway mode. The state has issued a series of policy documents on infrastructure construction, mainly aiming at regulating the investment behavior in the field of infrastructure, resolving the debt risk of local governments, and promoting the realization of high-quality development, which has a greater impact on the development of urban railway transportation in China.

Response measures: Collect information, in a timely manner, of industrial policy or industrial planning which is in relation to the Company’s operation; conduct proper studies on policy and trend and positively deal with possible changes in policies and industrial planning; strengthen the development of new products, develop new business models, and actively create value for customers; strengthen internal management; improve operation and management standards of the Company; reduce operating costs; endeavor to improve operational efficiency and enhance ability to mitigate policy risks. In order to hedge against the downside risks of the industry, the urban transportation business has adopted the basic policy of transformation and structural adjustment to seek business transformation and has made every effort to create the “Product+” and “System+” business models to provide users with digital, intelligent and green full life cycle system solutions and services and to create new incremental capacity.

2. Market risks

The rail transit equipment market, main line railway construction and railway operation rights have been fully liberalized. The willingness for social capital to invest in the rail transit equipment sector has increased significantly. State-owned, private, and foreign enterprises have entered the rail transportation field one after another; cross-border competition has become the norm, and competition within the industry has become more intense. With the rapid development of new technologies and new business forms, domestic railway passenger and freight transportation is constantly optimized in terms of the market, service and innovation, and market demand may undergo structural adjustment. In addition, certain domestic enterprises have pathed the layout and secured orders in the business of rail transit vehicles and parts, which will have certain impacts on the development of the core businesses of CRRC. In addition, the Company is facing fierce competition in wind turbines.

Response measures: Adhere to systematic thinking, conduct in-depth study and analysis of the development pathways of domestic and overseas competitors. Optimize the Company’s industrial structure and expand new business models by adhering to an innovation-driven approach, extending the industrial chain and providing system solutions. Make efforts to reduce cost in wind turbines to improve the gross profit margin.

3. Product quality risks

As a core enterprise in the railway transportation equipment industry, the Company provides various types of MUs, locomotives, passenger carriages, freight wagons and urban rail transit vehicles which are directly related to the life and property safety of the general public and have become a hot spot and focus of public opinion both at home and abroad. It is not only a matter of great concern to the public, but also to the national authorities at all levels, the State Railway Group and other users. Any major safety and quality issues may have an adverse impact on the Company, and even impact on the development of the industry within a certain period of time. In order to ensure the safety of railway transportation, competent authorities in the industry (including the National Railway Administration) and major clients (including the State Railway Group) have made every effort to establish a safety mechanism for railway transportation, thus posing higher standards for the safety and reliability of the rail transportation equipment.

Response measures: Promote the construction of CRRC's Q quality standard system, strengthen the quality and safety precautions in the design process, refine the quality and safety control of the production process, regulate the quality management of suppliers and purchased products, stabilize the quality assurance ability during the product realization process, and ensure the stability of the product quality. Continuously carry out the rectification of product source quality issues and improve the quality and safety level of complete equipment products. Improve the emergency guarantee mechanism for quality and safety issues, improve the response speed and coordination level of responding to emergencies and emergency rescue, and reduce the harm and impact caused by incidents.

4. Foreign exchange risks

With the accelerated pace of internationalization of the Company, product exports, overseas investments, mergers and acquisitions and other activities will further increase, which may trigger various risks due to exchange rate fluctuations. For example, due to the fluctuating financial environment, the long periods of payment collection in DLS (offshore "System+") projects and the unpredictable trend of exchange rate, the Company may suffer exchange losses; since some overseas product items are settled in non-major currencies, it is difficult to hedge against exchange risks; uncertain foreign exchange collection time makes it more difficult in the adoption of hedging.

Response measures: Improve the management of corporate risk appetite and implement budgetary control of exchange rate exposures. Implement quantitative control of exchange rate exposure limits based on our risk tolerance. For businesses that are suitable for hedging, make good use of financial derivatives, and strictly adhere to the hedging principle and reasonably hedge against foreign exchange risks.

5. Overseas operating risks

Certain overseas countries are increasing security checks on foreign investment, and have included national security, and infrastructure and high and new technologies in their screening scope of foreign investment. Certain overseas countries pursue trade protectionism, which affects the acquisition of export orders and increases the difficulty of implementing the orders at hand. In addition, the factors continue which bring negative impacts such as overseas labor shortage, overseas parts supply interruption and increased project costs, which will have an adverse impact on the Company's overseas operations.

Response measures: Actively study the impact of investment screening in overseas countries on the Company and strengthen the review of overseas investment projects to ensure investment safety. Strengthen communication and liaison with owners of projects to optimize the resource allocation and ensure that orders in hand are executed properly. Establish a long-term tracking mechanism for market project information, thereby effectively maintaining customer relationships, and policy insurance mechanism such as Sinasure will be used to control the risk of payment collection after projects are implemented.

6. Industrial structure adjustment risks

Due to the impact of historical reasons, structural overcapacity exists in certain sectors of the rail transportation business of the Company. Although a number of business reorganization and industrial structure adjustment have been carried out, problems remained such as the insufficient depth of integration and fusion, insufficient synergy effect, and excessive operational and management levels, which have brought various difficulties and risks to the adjustment of industrial structure of the Company.

Response measures: The Company has established a special institution to research the reform plan in the rail transportation sectors, analyze and sort out the business structure by strengthening the core functions and enhancing the core competitiveness, and push forward the concentration of resources to the main businesses and advantageous enterprises according to the principles of differentiated positioning, market-oriented operations, intensive operations, professional management and synergic development. Strengthen special supervision and promote deeper integration from "physical changes" to "chemical changes" for the restructured enterprises to fully release the effectiveness of reform and restructuring. Continuously optimize the deployment of rail transportation resources to achieve the maximization of resource efficiency and interests of the Company.

I. BRIEF INTRODUCTION TO GENERAL MEETINGS

Session of meeting	Convening date	Query index of the designated website where the resolutions were published	Disclosure date of the published resolutions	Resolutions of the meeting
2024 first extraordinary general meeting of CRRC Corporation Limited	19 March 2024	www.sse.com.cn www.hkex.com.hk	20 March 2024	Poll Results of the 2024 First Extraordinary General Meeting of CRRC Corporation Limited
2023 annual general meeting of CRRC Corporation Limited	18 June 2024		19 June 2024	Poll Results of the 2023 Annual General Meeting of CRRC Corporation Limited

II. CHANGE IN DIRECTORS, SUPERVISORS AND SENIOR MANAGEMENT

Name	Position	Change
Ma Yunshuang	President Executive Director	Appointment Election
Lin Cunzeng	Vice President	Appointment
Wang Feng	Vice President	Appointment
Liu Ke'an	Vice President	Appointment

Description of changes in Directors, Supervisors and Senior Management of the Company

On 22 February 2024, the Company held the 20th meeting of the third session of the Board to appoint Mr. Ma Yunshuang as the president of the Company, and his term of office shall commence from the date on which the resolution was considered and approved by the Board of the Company and end on the date of expiry of the third session of the Board.

On 22 February 2024, the Company held the 21st meeting of the third session of the Board to appoint Mr. Lin Cunzeng, Mr. Wang Feng and Mr. Liu Ke'an as the vice presidents of the Company. The term of office of the above appointed vice presidents shall commence from the date on which the resolution was considered and approved by the Board of the Company and end on the date of expiry of the third session of the Board.

On 19 March 2024, the Company held the 2024 first extraordinary general meeting to add Mr. Ma Yunshuang as an executive Director of the third session of the Board of the Company, and his term of office shall commence from the date on which the resolution was considered and approved by the general meeting of the Company and end on the date of expiry of the third session of the Board.

On 19 March 2024, the Company held the 22nd meeting of the third session of the Board to add Mr. Ma Yunshuang as a member of the strategy committee and a member of the nomination committee of the Board of the Company, and his term of office shall commence from the date on which the resolution was considered and approved by the Board of the Company and end on the date of expiry of the third session of the Board.

III. PROPOSAL FOR PROFIT DISTRIBUTION OR TRANSFER OF CAPITAL RESERVE TO SHARE CAPITAL

The Company did not have any proposal for distribution or transfer of capital reserve to share capital during the reporting period.

IV. SHARE OPTION SCHEME, EMPLOYEE STOCK OWNERSHIP SCHEME AND OTHER STAFF INCENTIVE MEASURES OF THE COMPANY AND THEIR IMPACTS

During the reporting period, the Company had no related share option scheme, employee stock ownership scheme and other staff incentive measures.

V. EMPLOYEES OF THE COMPANY AND THEIR REMUNERATION AND TRAINING

As of the end of the reporting period, there were no significant changes in the total number, remuneration and training plan of the employees of the Company.

VI. CORPORATE GOVERNANCE

During the reporting period, the Company carried out corporate governance work in strict compliance with requirements of laws and regulations such as the Company Law of the People's Republic of China, the Securities Law of the People's Republic of China and the Code of Corporate Governance for Listed Companies as well as relevant requirements of the SSE and the Stock Exchange and established the modern corporate governance structure featuring "General Meeting, the Board, the Board of Supervisors and the Management". Through the establishment of an effective corporate governance mechanism, corporate governance and operation management continuously improved such that the corporate governance of the Company is further perfected.

(I) Compliance with the Corporate Governance Code

The Board has reviewed the documents in relation to corporate governance adopted by the Company, and is of the opinion that, during the reporting period, the Company was in compliance with the principles and code provisions in Part 2 of the Corporate Governance Code, and adopted part of the recommended best practices specified therein. In certain aspects, the corporate governance practices adopted by the Company are more stringent than the code provisions set out in Part 2 of the Corporate Governance Code.

(II) Securities Transactions by Directors and Supervisors

The Company has adopted the Management Method Regarding the Shareholding of Directors, Supervisors and Senior Management on terms no less exacting than the required standards of securities transactions set out in the Model Code. Relevant employees who are likely to learn inside information in relation to the securities of the Company are also subject to the rules required under such document.

The Company has strictly complied with the relevant requirements of the Hong Kong Listing Rules (especially the Model Code) and the Rules Governing the Listing of Stocks on Shanghai Stock Exchange (《上海證券交易所股票上市規則》), and published notices on a regular basis to inform important notes for securities transactions by the Directors and Supervisors. The Company also imposed similar requirements on those key personnel who may have knowledge of inside information. The Company has confirmed that, after making specific inquiries with all Directors and Supervisors, during the reporting period, all the Directors and Supervisors have complied with the requirements for securities transactions mentioned above.

(III) Review of the Interim Report by the Audit and Risk Management Committee

The audit and risk management committee has reviewed the Company's unaudited interim condensed consolidated financial statements and the interim report for the six months ended 30 June 2024 and has agreed on their submission to the Board for consideration and approval.

I. PERFORMANCE OF UNDERTAKINGS

Undertakings by relevant parties of undertakings, such as actual controller, shareholders, related parties, acquirer and the Company, during or up to the reporting period:

Background	Type	Covenants	Undertakings	Validity period	Whether duration specified	Whether timely and strictly performed	If not performed timely, describe the specific reason	If not performed timely, describe plans in next steps
Undertakings in relation to material assets reorganization	Resolution of same industry competitions	CRRC	<p>Non-competition undertaking with Times Electric: on 5 August 2015, CRRC issued the Letter of Undertaking of Non-competition with Zhuzhou CSR Times Electric Co., Ltd. (《關於避免與株洲南車時代電氣股份有限公司同業競爭的承諾函》) in order to resolve the issue of competition between CRRC and Times Electric after the merger between CSR and CNR.</p> <p>The specific undertakings are as follows: the current operations of CRRC in fields such as transmission control systems, network control systems, traction power supply system, braking system, track construction machinery, electronic components and vacuum sanitation system compete with the operations of Times Electric, which is indirectly controlled by the Company. To safeguard the interests of Times Electric in its future development, in accordance with relevant laws and regulations, CRRC undertook that with respect to the operations of CRRC that compete with the operations of Times Electric: (1) CRRC will grant Times Electric a call option, pursuant to which Times Electric will be entitled to elect, at its own discretion, when to request CRRC to sell the competing businesses of CRRC to Times Electric; (2) CRRC will further grant Times Electric a pre-emptive right, pursuant to which if CRRC proposes to sell the competing business to an independent third party, CRRC shall offer to Times Electric the competing business first on the same terms and conditions, and the sale to an independent third party may only be effective after Times Electric refuses to purchase the competing business; (3) the decision of Times Electric to exercise the aforesaid call option and the pre-emptive right shall be made by the independent non-executive directors of Times Electric; (4) the exercise of the aforesaid call option and the pre-emptive right as well as other effective methods to resolve this competition matter will be subject to the applicable regulatory and disclosure requirements and shareholders' approval at the general meeting in the places of listing of CRRC and Times Electric respectively; and (5) the non-competition undertaking will be effective from the date of issuance of this letter of undertaking to the time when Times Electric is delisted or CRRC ceases to be an indirect controlling shareholder of Times Electric.</p>	Undertaking dated 5 August 2015, from the date of issuance of this letter of undertaking to the time when Times Electric is delisted or CRRC ceases to be an indirect controlling shareholder of Times Electric	No	Yes	—	—

SIGNIFICANT EVENTS

Background	Type	Covenants	Undertakings	Validity period	Whether duration specified	Whether timely and strictly performed	If not performed timely, describe the specific reason	If not performed timely, describe plans in next steps
	Resolution of same industry competitions	CRRCG	<p>Non-competition undertaking with CRRC: CNRG issued the Letter of Undertaking of Non-competition with CRRC Corporation Limited (《關於避免與中國中車股份有限公司同業競爭的承諾函》) on 5 August 2015 in order to avoid competition between CNRG (which has completed restructuring and renamed as CRRCG) and CRRC after completion of merger of CNRG with CSRG. Pursuant to the Letter of Undertaking: (1) CRRCG undertook that CRRCG itself will not engage, and will, through legal procedures, procure its wholly-owned and non-wholly-owned subsidiaries to not engage in any businesses which might directly compete with the current operating businesses of CRRC; (2) subject to the aforesaid undertaking (1), if CRRCG (including its wholly-owned subsidiaries and non-wholly-owned subsidiaries or other related entities) provide any products or services that might be in competition with the principal products or services of CRRC in the future, CRRCG will agree to grant CRRC a pre-emptive right to acquire the assets or its entire equity interests in such subsidiaries related to such products or services from CRRCG; (3) subject to the aforesaid undertaking (1), CRRCG may develop advanced and lucrative projects in the future which fall within the business scope of CRRC, but it should preferentially transfer any achievement on such projects to CRRC for its own operation on equal terms of transfer; and (4) CRRCG should compensate CRRC for its actual losses arising from any failure to comply with the aforesaid undertakings.</p>	Undertakings dated 5 August 2015, during the course of performance	No	Yes	—	—

Background	Type	Covenants	Undertakings	Validity period	Whether duration specified	Whether timely and strictly performed	If not performed timely, describe the specific reason	If not performed timely, describe plans in next steps
	Others	CRRCG	Undertaking to maintain the independence of CRRC: CNRG issued the Letter of Undertaking to Maintain the Independence of CRRC Corporation Limited (《關於保持中國中車股份有限公司獨立性的承諾函》) on 5 August 2015 in order to ensure that CNRG (which has completed restructuring and renamed as CRRCG) will not interfere with the independence of CRRC after completion of the merger of CNRG with CSRG. Pursuant to the Letter of Undertaking: CRRCG undertook to be separate from CRRC in respect of areas such as assets, personnel, finance, organization and business and will, in strict compliance with the relevant requirements on the independence of a listed company imposed by the CSRC, not to use its position as the controlling shareholder to violate the standardized operation procedures of a listed company to intervene in the operating decisions of CRRC and to damage the legitimate interests of CRRC and other shareholders. CRRCG and other companies under its control undertook not to, by any means, use the funds of CRRC and companies under its control.	Undertakings dated 5 August 2015, during the course of performance	No	Yes	—	—
	Resolution of related-party transactions	CRRCG	Undertaking for regulating related-party transactions with CRRC: in order to regulate related-party transactions entered into between CNRG (which has completed the restructuring and renamed as CRRCG) and CRRC after the merger between CNRG and CSRG, CNRG issued the Letter of Undertaking to Regulate the Related-party Transactions with CRRC Corporation Limited (《關於規範與中國中車股份有限公司關聯交易的承諾函》) on 5 August 2015, pursuant to which CRRCG and other companies controlled by CRRCG will endeavor not to enter into or reduce the related-party transactions with CRRC and other companies in which it holds a controlling interest. For related-party transactions that are inevitable or reasonable, CRRCG will continue to perform the obligations under the related-party transaction framework agreements entered into between CRRCG and CRRC, and will comply with the approval procedures and information disclosure obligations in accordance with the relevant laws and regulations as well as the provisions under the Articles of Association of CRRC. Prices of the related-party transactions will be determined based on prices of the same or comparable transactions conducted with other independent third parties.	Undertakings dated 5 August 2015, during the course of performance	No	Yes	—	—

SIGNIFICANT EVENTS

Background	Type	Covenants	Undertakings	Validity period	Whether duration specified	Whether timely and strictly performed	If not performed timely, describe the specific reason	If not performed timely, describe plans in next steps
Undertakings in relation to the initial public issuance	Others	CRRCG	Undertakings on property ownership issues: CSR (which has completed merger and renamed as CRRC) disclosed in its prospectus that CSR has not yet obtained proper property ownership certificates for 326 properties with a total gross floor area of 282,019.03 square meters, representing 7.85% of the total gross floor area of the property in use of CSR. As at 31 December 2023, there were still 3 properties with a total gross floor area of 1,788.67 square meters unable to apply for property ownership certificates due to historical reasons. As for the properties for which CSR has not yet obtained property ownership certificates, CSR has made a written undertaking which was inherited by CRRCG after the merger. Pursuant to the undertaking: for properties that could not obtain complete property ownership certificates due to reasons such as incomplete procedures in planning and constructions and, which were included in the asset injection to CRRC by CRRCG, CRRCG undertook that such properties satisfy the usage requirements necessary for the production and operations of CRRC. Moreover, if there is any loss incurred to CRRC due to such properties, CRRCG shall undertake all compensation liabilities and all economic losses that CRRC incurred.	Undertakings dated 18 August 2008, during the course of performance	No	Yes	-	-
	Others	CRRCG	Undertakings on the state-owned land use certificate without specifying the land use terms or termination date: CNR (whose relevant matters were inherited by CRRC after the merger) disclosed in the prospectus that the land use terms or termination date were not specified in the state-owned land use certificate for part of the authorized lands acquired by CNR. As such, CNRG (which has completed restructuring and renamed as CRRCG) has made a written undertaking. Pursuant to the undertaking, CRRCG will compensate the relevant wholly-owned subsidiaries of CRRC for the loss caused as a result of the state-owned land use certificate not specifying the land use terms or termination date for the authorized land.	Undertakings dated 10 December 2009, during the course of performance	No	Yes	-	-

Background	Type	Covenants	Undertakings	Validity period	Whether duration specified	Whether timely and strictly performed	If not performed timely, describe the specific reason	If not performed timely, describe plans in next steps
Undertakings in relation to the refinancing	Others	Directors, Senior Management of the Company	Undertaking to adopt measures of mitigating the potential dilution of returns for the current period: the Directors and Senior Management of the Company made the following undertakings on 27 May 2016: (1) not to transfer interests to other entities or individuals without consideration or with unfair consideration nor otherwise damage the Company's interests in any other ways; (2) to constrain expenses relating to the performance of their duties; (3) not to use the Company's assets for investments and consumption activities unrelated to the performance of their duties; (4) that the remuneration system formulated by the Board or the remuneration and evaluation committee is in line with the implementation of the remedial measures for the returns by the Company; (5) that the vesting conditions of share incentives to be formulated by the Company will be in line with the implementation of the remedial measures for returns by the Company if the Company were to make such share incentive plans in the future; (6) to perform the remedial measures for returns formulated by the Company as well as any undertaking made by them for such remedial measures. The Directors and Senior Management will be liable for indemnifying the Company or the investors for their losses in the event of failure to perform the undertaking.	Undertakings dated 27 May 2016, during the course of performance	No	Yes	-	-
	Others	CRRCG	Undertaking to adopt measures of mitigating the potential dilution of returns for the current period: on 27 May 2016, CRRCG undertook not to intervene in the operation and management activities of the Company or unlawfully infringe upon the Company's interests.	Undertakings dated 27 May 2016, during the course of performance	No	Yes	-	-

II. BANKRUPTCY AND REORGANIZATION

The Company was not involved in any matters related to bankruptcy and reorganization during the reporting period.

III. MATERIAL LITIGATION AND ARBITRATION

The Company was not involved in any material litigation or arbitration during the reporting period.

IV. MATERIAL CONTRACTS AND THEIR IMPLEMENTATION

(I) Trusteeship, contracting or leasing

During the reporting period, the Company had no related trusteeship, contracting or leasing.

(II) Material guarantees performed and not yet completed during the reporting period

Unit: '000 Currency: RMB

Guarantor	Relationship between the guarantor and the listed company	Guaranteed	Guaranteed amount	Guarantees provided by the Company to external parties (excluding guarantees provided by the Company in favour of its subsidiaries)			Guarantee type	Whether the guarantee has been fulfilled	Whether the guarantee is overdue or not	Outstanding amount of guarantee overdue	Counter guarantee	Whether the guarantee is provided to a related party or relationship	
				Date of guarantee (date of signing agreement)	Commencement date	Maturity date						Not	Related relationship
CRRC Corporation Limited, Suzhou CRRC Construction Engineering Co., Ltd. (蘇州中車建設工程有限公司), a wholly-owned subsidiary of the Company, and CRRC China Merchants (Tianjin) Equity Investment Fund Management Co., Ltd.* (中車招銀(天津)股權投資基金管理有限公司), a non-wholly-owned subsidiary of the Company	CRRC Corporation Limited, its wholly-owned subsidiary and non-wholly-owned subsidiary (無湖市運通軌道交通建設運營有限公司)	Wuhu Yunda Rail Transport Construction and Operation Limited (無湖市運通軌道交通建設運營有限公司)	1,559,480	27 April 2017	20 June 2017	20 June 2047	Joint and several liability guarantee	No	No	-	No	No	-
CRRC Zhuzhou Locomotive Co., Ltd.	Wholly-owned subsidiary	CRRC E-LOCO SUPPLY (PTY) LTD	1,116,488	21 March 2014	17 March 2014	Date of completion of project execution	Performance guarantee	No	No	-	Yes	Yes	Subsidiary of the controlling shareholder of the listed company
CRRC Hongkong Co., Ltd. (中國中車(香港)有限公司)	Wholly-owned subsidiary	CONSORCIO TREN LUGERO LINEA 4 GUADALAJARA, S.A.P.I. de C.V. ("4 Guadalajara Project Company")	213,203	15 September 2023	27 October 2023	25 October 2059	Performance guarantee	No	No	-	No	No	-
CRRC Hongkong Co., Ltd. (中國中車(香港)有限公司)	Wholly-owned subsidiary	4 Guadalajara Project Company	386,245	5 June 2024	5 June 2024	30 April 2039	Financing guarantee	No	No	-	No	No	-
CRRC Hongkong Co., Ltd. (中國中車(香港)有限公司)	Wholly-owned subsidiary	TIG TRENS S.A. ("Brazil Project Company")	365,979	2 June 2024	2 June 2024	2 June 2031	Performance guarantee	No	No	-	No	No	-

Total guarantee amount provided during the reporting period (excluding guarantees provided by the Company in favour of its subsidiaries)	752,224
Total guarantee balance at the end of the reporting period (A) (excluding guarantees provided by the Company in favour of its subsidiaries)	3,641,395
Guarantees provided by the Company to subsidiaries	
Total guarantee amount provided to the Company's subsidiaries during the reporting period	13,863,098
Total guarantee balance provided to the Company's subsidiaries at the end of the reporting period (B)	61,179,600
Aggregate guarantee amount provided by the Company (including guarantees provided by the Company in favour of its subsidiaries)	
Total guarantee amount (A+B)	64,820,935
Percentage of total guarantee amount to net assets of the Company (%)	40.41
In which:	
Provision of guarantee to shareholders, actual controller and their respective related persons (C)	1,116,488
Amount of guarantees directly or indirectly provided in favour of parties with gearing ratios over 70% (D)	30,793,574
The total amount of guarantees provided which exceeds 50% of the net assets (E)	-
Total amount of the three above-stated guarantees (C+D+E)	31,910,062
Explanation on guarantees undue that might be involved in any joint and several liability	/
Explanation on guarantees	Percentage of total guarantee amount to net assets of the Company = amount of guarantees/owner's equity attributable to the parent company. The balance of guarantee as of 30 June 2024 was RMB64.821 billion, accounting for 40.41% of net assets, among which:

The balance of guarantee for wholly-owned subsidiaries is RMB15.684 billion; the balance of guarantee for non-wholly-owned subsidiaries is RMB45.497 billion; the balance of guarantee for Wuhu Yunda Rail Transit Construction and Operation Company Limited is RMB1.559 billion; the balance of guarantee for CRRC E-LOCO SUPPLY (PTY) LTD is RMB1.116 billion; the balance of guarantee for 4 Guadalajara Project Company is RMB593 million; and the balance of performance guarantees for Brazil Project Company is RMB366 million.

As far as guarantee type is concerned, RMB2.237 billion was provided for bank acceptance bills; RMB3.898 billion was provided for loans and medium term notes; and RMB58.686 billion was provided for letters of guarantee, letters of credit and credit, etc.

There were guarantees provided by the Company for the controlling shareholder, the actual controller and their related persons, as detailed in the Announcement of CRRC Corporation Limited on Entrustment of Assets and Related Transaction disclosed by the Company on 19 July 2021. As at the end of the period, the guarantees provided by the Company for its wholly-owned and non-wholly-owned subsidiaries with gearing ratios over 70% have all been approved by the Board and the shareholders' meeting in accordance with the Articles of Association.

(III) Other material contracts

As of the date of this report, the Company signed a number of sales contracts. For details, please refer to announcements dated 4 March 2024, 17 June 2024 and 31 July 2024 published by the Company on the websites of the SSE and the Stock Exchange.

V. EXPLANATION OF OTHER SIGNIFICANT EVENTS

On 22 February 2024, upon consideration and approval at the 20th meeting of the third session of the Board of the Company, Mr. Ma Yunshuang, the general manager of CRRCG (the controlling shareholder of the Company), was appointed as the president of the Company. In June 2024, CRRCG received the Letter on the Waiver of the Senior Management of CRRC GROUP Co., Ltd. from Concurrent Post Limit (Letter from Listing Department [2024] No.1058) (《關於同意豁免中國中車集團有限公司高級管理人員兼職限制的函》(上市部函[2024] 1058號)) from the CSRC, according to which it agreed to waive Mr. Ma Yunshuang from concurrent post limit as a Senior Management.

CHANGES IN SHARES AND PARTICULARS OF SHAREHOLDERS

I. CHANGES IN SHARE CAPITAL

(I) Changes in shares

1. Changes in shares

During the reporting period, there were no changes in the total number of shares and share capital structure of the Company.

2. Public float

During the reporting period, the public float of the Company satisfied the requirement under Rule 8.08 of the Hong Kong Listing Rules.

3. Purchase, sale or redemption of securities of the Company

During the reporting period, neither the Company nor its subsidiaries purchased, sold or redeemed any of the securities (including any treasury shares) of the Company under the Hong Kong Listing Rules. As at the end of the reporting period, the Company did not hold any treasury shares.

II. PARTICULARS OF SHAREHOLDERS

(I) Total number of shareholders:

Total number of holders of ordinary shares as of the end of the reporting period (shareholder) ^{Note 1} 575,311

Note 1: As of the end of the reporting period, the Company had 573,176 holders of A shares and 2,135 registered holders of H shares.

(II) Shareholdings of the top ten shareholders and the top ten holders of tradable shares (or holders of shares not subject to trading moratorium) as of the end of the reporting period

Unit: share

Shareholdings of the top ten shareholders (excluding shares lent through the refinancing business)

Shares pledged, marked or frozen

Name of shareholder	Change during the reporting period	Number of shares held at the end of the reporting period	Percentage (%)	Number of shares held subject to trading moratorium	Pledged, marked or frozen	Number	Nature of shareholder
CRRCG ^{Note 1}	15,000,000	14,587,578,250	50.83	-	Nil	0	State-owned legal person
HKSCC NOMINEES LIMITED ^{Note 2}	-588,913	4,358,098,367	15.19	-	Unknown	-	Overseas legal person
Hong Kong Securities Clearing Company Limited	159,402,013	665,018,096	2.32	-	Unknown	-	Overseas legal person
China Securities Finance Corporation Limited (中國證券金融股份有限公司)	-	605,663,637	2.11	-	Unknown	-	State-owned legal person
Central Huijin Asset Management Ltd. (中央匯金資產管理有限責任公司)	-	298,064,400	1.04	-	Unknown	-	State-owned legal person
Bosera Funds – Agricultural Bank of China – Bosera China Securities and Financial Assets Management Plan (博時基金 – 農業銀行 – 博時中證金融資產管理計劃)	-	234,982,900	0.82	-	Unknown	-	Unknown
E Fund – Agricultural Bank of China – E Fund China Securities and Financial Assets Management Plan (易方達基金 – 農業銀行 – 易方達中證金融資產管理計劃)	-	234,982,900	0.82	-	Unknown	-	Unknown
Dacheng Fund – Agricultural Bank of China – Dacheng China Securities and Financial Assets Management Plan (大成基金 – 農業銀行 – 大成中證金融資產管理計劃)	-	234,982,900	0.82	-	Unknown	-	Unknown
Harvest Fund – Agricultural Bank of China – Harvest China Securities and Financial Assets Management Plan (嘉實基金 – 農業銀行 – 嘉實中證金融資產管理計劃)	-	234,982,900	0.82	-	Unknown	-	Unknown
GF Fund – Agricultural Bank of China – GF China Securities and Financial Assets Management Plan (廣發基金 – 農業銀行 – 廣發中證金融資產管理計劃)	-	234,982,900	0.82	-	Unknown	-	Unknown
Zhong'ou Asset – Agricultural Bank of China – Zhong'ou China Securities and Financial Assets Management Plan (中歐基金 – 農業銀行 – 中歐中證金融資產管理計劃)	-	234,982,900	0.82	-	Unknown	-	Unknown
China AMC – Agricultural Bank of China – China AMC China Securities and Financial Assets Management Plan (華夏基金 – 農業銀行 – 華夏中證金融資產管理計劃)	-	234,982,900	0.82	-	Unknown	-	Unknown
Yinhua Fund – Agricultural Bank of China – Yinhua China Securities and Financial Assets Management Plan (銀華基金 – 農業銀行 – 銀華中證金融資產管理計劃)	-	234,982,900	0.82	-	Unknown	-	Unknown
China Southern Asset Management – Agricultural Bank of China – China Southern Asset Management China Securities and Financial Assets Management Plan (南方基金 – 農業銀行 – 南方中證金融資產管理計劃)	-	234,982,900	0.82	-	Unknown	-	Unknown
ICBCCS Fund – Agricultural Bank of China – ICBCCS China Securities and Financial Assets Management Plan (工銀瑞信基金 – 農業銀行 – 工銀瑞信中證金融資產管理計劃)	-	234,982,900	0.82	-	Unknown	-	Unknown

CHANGES IN SHARES AND PARTICULARS OF SHAREHOLDERS

Shareholdings of the top ten holders of shares not subject to trading moratorium

Name of shareholder	Number of tradable shares held not subject to trading moratorium	Class and number of shares	
		Class	Number
CRRCG ^{Note 1}	14,587,578,250	Ordinary shares denominated in RMB	14,587,578,250
HKSCC NOMINEES LIMITED ^{Note 2}	4,358,098,367	Overseas listed foreign shares	4,358,098,367
Hong Kong Securities Clearing Company Limited	665,018,096	Ordinary shares denominated in RMB	665,018,096
China Securities Finance Corporation Limited (中國證券金融股份有限公司)	605,663,637	Ordinary shares denominated in RMB	605,663,637
Central Huijin Asset Management Ltd. (中央匯金資產管理有限責任公司)	298,064,400	Ordinary shares denominated in RMB	298,064,400
Bosera Funds – Agricultural Bank of China – Bosera China Securities and Financial Assets Management Plan (博時基金–農業銀行–博時中證金融資產管理計劃)	234,982,900	Ordinary shares denominated in RMB	234,982,900
E Fund – Agricultural Bank of China – E Fund China Securities and Financial Assets Management Plan (易方達基金–農業銀行–易方達中證金融資產管理計劃)	234,982,900	Ordinary shares denominated in RMB	234,982,900
Dacheng Fund – Agricultural Bank of China – Dacheng China Securities and Financial Assets Management Plan (大成基金–農業銀行–大成中證金融資產管理計劃)	234,982,900	Ordinary shares denominated in RMB	234,982,900
Harvest Fund – Agricultural Bank of China – Harvest China Securities and Financial Assets Management Plan (嘉實基金–農業銀行–嘉實中證金融資產管理計劃)	234,982,900	Ordinary shares denominated in RMB	234,982,900
GF Fund – Agricultural Bank of China – GF China Securities and Financial Assets Management Plan (廣發基金–農業銀行–廣發中證金融資產管理計劃)	234,982,900	Ordinary shares denominated in RMB	234,982,900
Zhong'ou Asset – Agricultural Bank of China – Zhong'ou China Securities and Financial Assets Management Plan (中歐基金–農業銀行–中歐中證金融資產管理計劃)	234,982,900	Ordinary shares denominated in RMB	234,982,900
China AMC – Agricultural Bank of China – China AMC China Securities and Financial Assets Management Plan (華夏基金–農業銀行–華夏中證金融資產管理計劃)	234,982,900	Ordinary shares denominated in RMB	234,982,900
Yinhua Fund – Agricultural Bank of China – Yinhua China Securities and Financial Assets Management Plan (銀華基金–農業銀行–銀華中證金融資產管理計劃)	234,982,900	Ordinary shares denominated in RMB	234,982,900
China Southern Asset Management – Agricultural Bank of China – China Southern Asset Management China Securities and Financial Assets Management Plan (南方基金–農業銀行–南方中證金融資產管理計劃)	234,982,900	Ordinary shares denominated in RMB	234,982,900
ICBCCS Fund – Agricultural Bank of China – ICBCCS China Securities and Financial Assets Management Plan (工銀瑞信基金–農業銀行–工銀瑞信中證金融資產管理計劃)	234,982,900	Ordinary shares denominated in RMB	234,982,900
Explanations of the repurchase of special accounts among the top 10 shareholders			N/A
Explanation of the above-mentioned shareholders' entrusted voting rights, been entrusted voting rights, and waiver of voting rights			N/A
Details relating to the related relationship of the above shareholders or the parties acting in concert			N/A
Explanations on the shares and voting rights restored of preferred shareholders			N/A

Note 1: As of the end of the reporting period, CRRCG in aggregate held 14,765,441,250 shares (including 14,587,578,250 A shares and 177,863,000 H shares), representing approximately 51.45% of the total number of issued shares of the Company. All of the 177,863,000 H shares of the Company held by CRRCG were registered under the name of HKSCC NOMINEES LIMITED.

Based on its recognition of the corporate value and confidence in the sustainable and stable development of the Company in the future, CRRCG has decided to increase its shareholdings in the A shares of the Company by the means as permitted by the trading system of the Shanghai Stock Exchange within 6 months from 30 October 2023, with the amount not less than RMB150 million and not more than RMB300 million. During the period from 30 October 2023 to 29 April 2024, CRRCG has increased its shareholding in the A shares of the Company by a cumulative total of 29,188,800 shares, representing approximately 0.1% of the total issued shares of the Company by means of centralized bidding through the trading system of the Shanghai Stock Exchange, and the total amount of the increase in shareholding was approximately RMB155.48 million. As at 29 April 2024, the implementation period of the shareholding increase plan has expired and the plan was completed. As at the date of completion of the implementation of the shareholding increase plan, CRRCG held 14,587,578,250 A shares and 177,863,000 H shares (registered under the name of HKSCC NOMINEES LIMITED) of the Company, amounting to 14,765,441,250 shares of the Company, representing approximately 51.45% of the total issued share capital of the Company. Details of the relevant plans, progress and implementation results of the shareholding increase are set out in the announcements of the Company dated 30 October 2023, 31 October 2023, 16 November 2023, 23 January 2024 and 30 April 2024.

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

(III) Substantial shareholders' interests and short positions in the Company

As at 30 June 2024, the person set out in the table below had an interest or short position in the shares of the Company as recorded in the register required to be kept under section 336 of the SFO:

Name of shareholder	Capacity	H shares or A shares	Nature of interest	Number of H shares or A shares interested in	Percentage of H shares or A shares interested in	Percentage of total share capital of the Company (%)
					of the total issued H shares or total issued A shares (%)	
CRRCG	Beneficial owner	A shares	Long position	14,587,578,250	59.96	50.83
	Beneficial owner	H shares	Long position	177,863,000	4.07	0.62

Save as disclosed above, as far as the Directors of the Company are aware, as at 30 June 2024, no other person had interests and/or short positions in the shares or underlying shares (as the case may be) of the Company which were, pursuant to section 336 of Part XV of the SFO, required to be recorded in the register referred to therein, or was otherwise a substantial shareholder (as defined in the Hong Kong Listing Rules) of the Company.

(IV) Strategic investors or ordinary legal persons who became top ten shareholders resulting from the placing of new shares

During the reporting period, no strategic investor or ordinary legal person became top ten shareholders resulting from the placing of new shares.

III. PARTICULARS OF DIRECTORS, SUPERVISORS AND SENIOR MANAGEMENT

(I) Changes in shareholding by current and resigned Directors, Supervisors and Senior Management during the reporting period

During the reporting period, there was no change in the shareholding of current and resigned Directors, Supervisors and Senior Management of the Company.

(II) Share incentives granted to Directors, Supervisors and Senior Management during the reporting period

During the reporting period, the Company did not grant any share incentives to any of its Directors, Supervisors and Senior Management.

(III) Shareholding interests of Directors, Supervisors and chief executive

As at 30 June 2024, the following Director had interests in the A shares of the Company, relevant details of which are set out as follows:

Name	Position	Nature of Interest	Class of shares	Number of shares
Sun Yongcai	Chairman, Executive Director	Beneficial owner	A shares	111,650

Save as disclosed above, as at 30 June 2024, none of the Directors, Supervisors and chief executive of the Company had interests and short positions in any shares or underlying shares of the Company or associated corporations (within the meaning of Part XV of the SFO), which were recorded in the register required to be maintained under section 352 of the SFO, or were required to be notified to the Company and the Stock Exchange by the Directors and Supervisors pursuant to the Model Code.

IV. CHANGES IN CONTROLLING SHAREHOLDER OR ACTUAL CONTROLLER

During the reporting period, there were no changes in the controlling shareholder or actual controller.

CONSOLIDATED BALANCE SHEET

As at 30 June 2024

Prepared by: CRRC Corporation Limited

RMB'000

ITEM	Note	30 June 2024	31 December 2023
Current assets			
Cash and bank balances	V. 1	47,742,240	55,929,833
Held-for-trading financial assets	V. 2	7,768,559	8,932,728
Bills receivable	V. 3	9,522,857	11,843,906
Accounts receivable	V. 4	100,136,115	105,705,827
Receivables at fair value through other comprehensive income	V. 6	8,824,218	11,498,099
Prepayments	V. 7	8,144,046	8,097,483
Other receivables	V. 8	3,150,198	2,232,535
Inventories	V. 9	86,201,047	66,848,740
Contract assets	V. 5	36,389,557	33,590,135
Assets classified as held for sale		—	76,709
Non-current assets due within one year	V. 10	4,350,004	4,560,516
Other current assets	V. 11	7,359,105	5,270,952
Total current assets		319,587,946	314,587,463
Non-current assets			
Loans and advances to customers	V. 12	—	—
Debt investments	V. 13	601,015	1,582,490
Long-term receivables	V. 14	7,301,425	6,724,181
Long-term equity investments	V. 15	21,620,835	21,378,782
Investments in other equity instruments	V. 16	2,881,955	2,808,190
Other non-current financial assets	V. 17	220,931	219,564
Investment properties	V. 18	805,212	822,189
Fixed assets	V. 19	58,743,352	60,359,901
Construction in progress	V. 20	6,765,810	4,518,956
Right-of-use assets	V. 21	2,006,911	1,880,270
Intangible assets	V. 22	16,430,493	16,720,784
Development expenditures	V. 23	747,742	715,820
Goodwill	V. 24	306,129	307,406
Long-term deferred expenses		301,334	266,138
Deferred tax assets	V. 25	4,163,174	3,871,473
Other non-current assets	V. 26	37,015,629	35,028,128
Total non-current assets		159,911,947	157,204,272
Total assets		479,499,893	471,791,735

CONSOLIDATED BALANCE SHEET

As at 30 June 2024

ITEM	Note	30 June 2024	31 December 2023
Current liabilities			
Short-term borrowings	V. 28	8,616,910	8,129,856
Borrowings from the central bank		–	–
Held-for-trading financial liabilities		9,668	111,529
Bills payable	V. 29	27,203,313	26,836,331
Accounts payable	V. 30	157,545,058	154,033,728
Receipts in advance	V. 31	11,642	11,695
Contract liabilities	V. 32	25,081,830	23,176,845
Deposits from banks and other financial institutions	V. 33	4,353,131	5,816,950
Employee benefits payable	V. 34	2,236,171	2,051,384
Tax payable	V. 35	1,844,436	3,298,101
Other payables	V. 36	21,145,691	20,243,191
Non-current liabilities due within one year	V. 37	4,959,484	4,252,671
Other current liabilities	V. 38	2,562,637	2,445,225
Total current liabilities		255,569,971	250,407,506
Non-current liabilities			
Long-term borrowings	V. 39	6,315,552	6,984,860
Bonds payable		–	–
Lease liabilities	V. 40	1,694,399	1,545,186
Long-term payables	V. 41	201,206	210,816
Long-term employee benefits payable	V. 42	2,317,218	2,335,183
Provisions	V. 43	7,063,741	6,979,515
Deferred income	V. 44	5,508,834	5,979,206
Deferred tax liabilities	V. 25	659,209	571,902
Other non-current liabilities	V. 45	263,152	254,246
Total non-current liabilities		24,023,311	24,860,914
Total liabilities		279,593,282	275,268,420
Shareholders' equity			
Share capital	V. 46	28,698,864	28,698,864
Capital reserve	V. 47	42,500,237	41,568,178
Other comprehensive income	V. 49	(873,280)	(900,051)
Special reserve	V. 48	49,957	49,957
Surplus reserve	V. 50	6,319,090	6,319,090
General risk reserve		670,960	670,960
Retained earnings	V. 51	83,024,066	84,566,375
Total equity attributable to shareholders of the Company		160,389,894	160,973,373
Non-controlling interests		39,516,717	35,549,942
Total shareholders' equity		199,906,611	196,523,315
Total liabilities and shareholders' equity		479,499,893	471,791,735

Sun Yongcai
Legal representative

Li Zheng
Chief Accountant

Shi Jianfeng
Person in Charge of the Accounting Department

COMPANY BALANCE SHEET

As at 30 June 2024

Prepared by: CRRC Corporation Limited

RMB'000

ITEM	Note	30 June 2024	31 December 2023
Current assets			
Cash and bank balances	XIV. 1	4,307,176	16,888,480
Accounts receivable		3,816	4,007
Prepayments		40,816	536
Other receivables	XIV. 2	14,524,376	18,643,362
Non-current assets due within one year		–	–
Other current assets		2,509,378	920
Total current assets		21,385,562	35,537,305
Non-current assets			
Long-term receivables		10,109,895	9,720,332
Long-term equity investments	XIV. 3	115,110,361	114,732,716
Investments in other equity instruments		482,928	424,935
Fixed assets		16,869	11,774
Construction in progress		27,989	45,454
Right-of-use assets		25,380	17,879
Intangible assets		111,245	109,383
Other non-current assets		35,508	35,508
Total non-current assets		125,920,175	125,097,981
Total assets		147,305,737	160,635,286
Current liabilities			
Short-term borrowings		2,601,444	8,504,728
Employee benefits payable		16,305	56,604
Taxes payable		221	12,837
Other payables		44,543,773	45,983,849
Non-current liabilities due within one year		25,253	4,751
Total current liabilities		47,186,996	54,562,769
Non-current liabilities			
Lease liabilities		12,213	15,331
Deferred income		600	–
Total non-current liabilities		12,813	15,331
Total liabilities		47,199,809	54,578,100
Shareholders' equity			
Share capital		28,698,864	28,698,864
Capital reserve		62,811,347	62,809,965
Other comprehensive income		(30,163)	(6,296)
Surplus reserve		6,319,090	6,319,090
Retained earnings		2,306,790	8,235,563
Total shareholders' equity		100,105,928	106,057,186
Total liabilities and shareholders' equity		147,305,737	160,635,286

Sun Yongcai

Legal representative

Li Zheng

Chief Accountant

Shi Jianfeng

Person in Charge of the Accounting Department

CONSOLIDATED INCOME STATEMENT

For the six months ended 30 June 2024

Prepared by: CRRC Corporation Limited

RMB'000

ITEM	Note	Six months ended 30 June	
		2024	2023
I. Total operating income	V. 52	90,039,351	87,303,227
Including: Operating income	V. 52	90,039,351	87,303,227
II. Total operating costs		85,268,839	83,043,307
Including: Operating costs	V. 52	70,764,387	70,331,714
Taxes and surcharges	V. 53	755,498	670,806
Selling expenses	V. 54	2,127,280	2,068,021
Administrative expenses	V. 55	5,834,759	5,559,196
Research and development expenses	V. 56	5,794,828	4,791,354
Financial expenses	V. 57	(7,913)	(377,784)
Including: Interest expenses		540,433	482,204
Interest income		778,775	580,594
Add: Other income	V. 58	1,456,985	610,645
Investment income	V. 59	326,842	323,971
Including: Gains from investments in associates and joint ventures		277,348	157,436
Loss arising from derecognition of financial assets measured at amortised cost		(21,470)	(18,833)
Gains from changes in fair value	V. 60	257,953	232,571
Impairment losses under expected credit loss model	V. 61	(119,192)	(279,016)
Assets impairment losses	V. 62	(246,039)	(182,617)
Gains on disposal of assets	V. 63	25,022	270,518
III. Operating profit		6,472,083	5,235,992
Add: Non-operating income	V. 64	223,198	387,518
Less: Non-operating expenses	V. 65	76,640	286,437
IV. Total profit		6,618,641	5,337,073
Less: Income tax expenses	V. 66	1,107,091	796,682
V. Net profit		5,511,550	4,540,391
(I) Net profit classified by operating continuity			
1. Net profit from continuing operations		5,511,550	4,540,391
(II) Net profit classified by ownership			
1. Net profit attributable to shareholders of the Company		4,200,827	3,460,359
2. Net profit attributable to non-controlling interests		1,310,723	1,080,032

CONSOLIDATED INCOME STATEMENT

For the six months ended 30 June 2024

ITEM	Note	Six months ended 30 June	
		2024	2023
VI. Other comprehensive income, net of income tax	V. 49	30,883	262,666
(I) Other comprehensive income attributable to shareholders of the Company, net of income tax		26,804	202,421
1. Items that will not be reclassified to profit or loss		(49,067)	24,800
(1) Remeasurement of the changes in net liabilities or net assets of defined benefit plan		(32)	4,743
(2) Changes in fair value of investments in other equity instruments		(49,035)	20,057
2. Items that may be reclassified to profit or loss		75,871	177,621
(1) Other comprehensive income that may be reclassified to profit or loss under equity method		18,346	10,683
(2) Changes in fair value of other debt investments		54,920	(3,322)
(3) Provision for credit impairments of other debt investments		–	205
(4) Translation differences arising from translation of foreign currency financial statements		(92,876)	267,757
(5) Cash flow hedge reserve		95,481	(97,702)
(II) Other comprehensive income attributable to non-controlling interests, net of income tax		4,079	60,245
VII. Total comprehensive income		5,542,433	4,803,057
(I) Total comprehensive income attributable to shareholders of the Company		4,227,631	3,662,780
(II) Total comprehensive income attributable to non-controlling interests		1,314,802	1,140,277
VIII. Earnings per share:			
(I) Basic earnings per share (RMB/per share)		0.15	0.12
(II) Diluted earnings per share (RMB/per share)		0.15	0.12

Sun Yongcai
Legal representative

Li Zheng
Chief Accountant

Shi Jianfeng
Person in Charge of the Accounting Department

COMPANY INCOME STATEMENT

For the six months ended 30 June 2024

Prepared by: CRRC Corporation Limited

RMB'000

ITEM	Note	Six months ended 30 June	
		2024	2023
I. Operating income		2,729	2,709
Less: Operating costs		2,023	2,023
Taxes and surcharges		1,741	1,851
Selling expenses		1,776	–
Administrative expenses		110,786	110,072
Research and development expenses		65,245	37,557
Financial expenses		50,186	(9,382)
Including: Interest expenses		480,637	445,185
Interest income		450,475	422,160
Add: Other income		1,368	1,041
Investment income	XIV. 4	40,614	56,206
Including: Income from investment in associates and joint ventures		176,634	56,206
Impairment losses under expected credit loss model		(1,954)	(6,472)
II. Operating profit		(189,000)	(88,637)
Add: Non-operating income		–	7
III. Total profit		(189,000)	(88,630)
Less: Income tax expenses		–	–
IV. Net profit		(189,000)	(88,630)
(I) Net profit from continuing operations		(189,000)	(88,630)
V. Other comprehensive income, net of income tax		(23,867)	10,300
(I) Items that will not be reclassified to profit or loss		(42,006)	–
1. Changes in fair value of investments in other equity instruments		(42,006)	–
(II) Items that may be reclassified to profit or loss		18,139	10,300
1. Other comprehensive income recognized under equity method		18,139	10,300
VI. Total comprehensive income for the year		(212,867)	(78,330)

Sun Yongcai
Legal representative

Li Zheng
Chief Accountant

Shi Jianfeng
Person in Charge of the Accounting Department

CONSOLIDATED CASH FLOW STATEMENT

For the six months ended 30 June 2024

Prepared by: CRRC Corporation Limited

RMB'000

ITEM	Note	Six months ended 30 June	
		2024	2023
I. Cash flows from operating activities:			
Cash receipts from the sale of goods and the rendering of services		108,492,044	82,462,250
Net increase in deposits from customers and other banks		–	989,262
Net increase in placements from bank and other financial institutions		–	65,064
Net decrease in customer loans and advances		1,852,495	–
Receipts of tax refunds		1,168,265	1,351,821
Other cash receipts relating to operating activities	V. 68	1,166,733	1,361,494
Sub-total of cash inflows from operating activities		112,679,537	86,229,891
Cash payments for goods purchased and services received		81,882,001	76,292,527
Net decrease in deposits from banks and other financial institutions		1,463,819	–
Cash payments to and on behalf of employees		15,430,921	14,373,739
Payment of various taxes		6,050,017	5,267,154
Other cash payments relating to operating activities	V. 68	6,007,640	5,076,494
Sub-total of cash outflows from operating activities		110,834,398	101,009,914
Net cash flow used in operating activities	V. 69	1,845,139	(14,780,023)
II. Cash flows from investing activities:			
Cash receipts from recovery of investments		11,390,097	13,365,190
Cash receipts from investment income		238,486	425,205
Net cash receipts from disposals of fixed assets, intangible assets and other long-term assets		84,726	87,415
Sub-total of cash inflows from investing activities		11,713,309	13,877,810
Cash payments to acquire or construct fixed assets, intangible assets and other long-term assets		3,577,674	2,430,888
Payment for acquisition of investments		20,559,889	17,353,883
Sub-total of cash outflows from investing activities		24,137,563	19,784,771
Net cash flow used in investing activities		(12,424,254)	(5,906,961)
III. Cash flows from financing activities:			
Cash receipts from capital contributions		4,620,043	1,019,542
Including: Cash receipts from capital contributions by non-controlling interests of subsidiaries		4,620,043	1,000,814
Cash receipts from borrowings		5,359,507	9,737,065
Cash receipts from bonds issuing		–	11,000,000
Sub-total of cash inflows from financing activities		9,979,550	21,756,607
Cash repayments of borrowings		11,787,671	14,445,182
Cash payments for distribution of dividends or profits or settlement of interest expense		686,061	814,445
Including: Payments for distribution of dividends or profits to non-controlling interests of subsidiaries		201,487	345,065
Other cash payments relating to financing activities		382,455	201,260
Sub-total of cash outflows from financing activities		12,856,187	15,460,887
Net cash flow (used in)/from financing activities		(2,876,637)	6,295,720
IV. Effect of foreign exchange rate changes on cash and cash equivalents		(126,113)	242,969
V. Net increase in cash and cash equivalents	V. 69	(13,581,865)	(14,148,295)
Add: Opening Balance of Cash and Cash Equivalents	V. 69	46,067,025	47,607,566
VI. Closing Balance of Cash and Cash Equivalents	V. 69	32,485,160	33,459,271

Sun Yongcai
Legal representative

Li Zheng
Chief Accountant

Shi Jianfeng
Person in Charge of the Accounting Department

COMPANY CASH FLOW STATEMENT

For the six months ended 30 June 2024

Prepared by: CRRC Corporation Limited

RMB'000

ITEM	Note	Six months ended 30 June	
		2024	2023
I. Cash flows from operating activities:			
Cash receipts from the sale of goods and rendering of services		2,975	2,614
Receipts of tax refunds		–	1,041
Other cash receipts relating to operating activities		67,797	1,086,963
Sub-total of cash inflows from operating activities		70,772	1,090,618
Cash payments for goods purchased and services received		–	703
Cash payments to and on behalf of employees		79,600	73,721
Payment of various taxes		27,804	16,861
Other cash payments relating to operating activities		155,411	1,407,812
Sub-total of cash outflows from operating activities		262,815	1,499,097
Net cash flow (used in)/from operating activities	XIV. 5	(192,043)	(408,479)
II. Cash flows from investing activities:			
Cash receipts from recovery of investments		9,626,076	7,530,951
Cash receipts from investment income		5,912,193	2,931,981
Sub-total of cash inflows from investing activities		15,538,269	10,462,932
Cash payments to acquire or construct fixed assets, intangible assets and other long-term assets		3,062	319
Payment for acquisition of investments		16,456,114	14,088,339
Sub-total of cash outflows from investing activities		16,459,176	14,088,658
Net cash flow from/(used in) investing activities		(920,907)	(3,625,726)
III. Cash flows from financing activities:			
Cash receipts from bonds issuing		–	11,000,000
Other cash receipts relating to financing activities		24,660,000	7,400,000
Sub-total of cash inflows from financing activities		24,660,000	18,400,000
Cash repayments of borrowings		5,900,000	4,000,000
Cash payments for distribution of dividends or profits or settlement of interest expenses		392,214	450,000
Other cash payments relating to financing activities		31,932,233	20,407,252
Sub-total of cash outflows from financing activities		38,224,447	24,857,252
Net cash flow (used in)/from financing activities		(13,564,447)	(6,457,252)
IV. Effect of foreign exchange rate changes on cash and cash equivalents			
		(17,992)	31,272
V. Net increase in cash and cash equivalents			
	XIV. 5	(14,695,389)	(10,460,185)
Add: Opening Balance of Cash and Cash Equivalents	XIV. 5	15,718,647	16,251,079
VI. Closing Balance of Cash and Cash Equivalents			
	XIV. 5	1,023,258	5,790,894

Sun Yongcai
Legal representative

Li Zheng
Chief Accountant

Shi Jianfeng
Person in Charge of the Accounting Department

THE CONSOLIDATED STATEMENT OF CHANGES IN SHAREHOLDERS' EQUITY

For the six months ended 30 June 2024

Prepared by: CRRC Corporation Limited

RMB'000

ITEM	For the year ended 30 June 2024								Non-controlling interests	Total
	Equity attributable to shareholders of the Company									
	Share capital	Capital reserve	Other comprehensive income	Special reserve	Surplus reserve	General risk reserve	Retained earnings	Sub-total		
I. Closing balance of the previous year	28,698,864	41,568,178	(900,051)	49,957	6,319,090	670,960	84,566,375	160,973,373	35,549,942	196,523,315
II. Opening balance of the current year	28,698,864	41,568,178	(900,051)	49,957	6,319,090	670,960	84,566,375	160,973,373	35,549,942	196,523,315
III. Changes in equity during the period	-	932,059	26,771	-	-	-	(1,542,309)	(583,479)	3,966,775	3,383,296
(I) Total comprehensive income	-	-	26,804	-	-	-	4,200,827	4,227,631	1,314,802	5,542,433
(II) Shareholder's contributions and reductions in capital	-	932,059	-	-	-	-	-	932,059	3,449,756	4,381,815
1. Capital contribution from shareholders	-	956,027	-	-	-	-	-	956,027	3,474,583	4,430,610
2. Others	-	(23,968)	-	-	-	-	-	(23,968)	(24,827)	(48,795)
(III) Profit distribution	-	-	-	-	-	-	(5,743,169)	(5,743,169)	(797,783)	(6,540,952)
1. Distributions to shareholders	-	-	-	-	-	-	(5,739,773)	(5,739,773)	(796,482)	(6,536,255)
2. Appropriation for surplus reserve	-	-	-	-	-	-	-	-	-	-
3. Others	-	-	-	-	-	-	(3,396)	(3,396)	(1,301)	(4,697)
(IV) Transfers within shareholders' equity	-	-	(33)	-	-	-	33	-	-	-
1. Other comprehensive income carried forward to retained earnings	-	-	(33)	-	-	-	33	-	-	-
(V) Special reserve	-	-	-	-	-	-	-	-	-	-
1. Appropriation of special reserve	-	-	-	129,036	-	-	-	129,036	28,103	157,139
2. Amount utilised in the year	-	-	-	(129,036)	-	-	-	(129,036)	(28,103)	(157,139)
IV. Balance at the end of the current period	28,698,864	42,500,237	(873,280)	49,957	6,319,090	670,960	83,024,066	160,389,894	39,516,717	199,906,611

THE CONSOLIDATED STATEMENT OF CHANGES IN SHAREHOLDERS' EQUITY

For the six months ended 30 June 2024

ITEM	For the year ended 30 June 2023								Non-controlling interests	Total
	Equity attributable to shareholders of the Company									
	Share capital	Capital reserve	Other comprehensive income	Special reserve	Surplus reserve	General risk reserve	Retained earnings	Sub-total		
I. Closing balance of the previous year	28,698,864	41,353,278	(687,727)	49,957	5,491,912	693,662	79,441,376	155,041,322	35,944,594	190,985,916
II. Opening balance of the current year	28,698,864	41,353,278	(687,727)	49,957	5,491,912	693,662	79,441,376	155,041,322	35,944,594	190,985,916
III. Changes in equity during the period	-	134,754	202,859	-	-	-	(2,279,852)	(1,942,239)	981,758	(960,481)
(I) Total comprehensive income	-	-	202,421	-	-	-	3,460,359	3,662,780	1,140,277	4,803,057
(II) Shareholder's contributions and reductions in capital	-	134,754	-	-	-	-	-	134,754	758,202	892,956
1. Capital contribution from shareholders	-	148,396	-	-	-	-	-	148,396	740,419	888,815
2. Others	-	(13,642)	-	-	-	-	-	(13,642)	17,783	4,141
(III) Profit distribution	-	-	-	-	-	-	(5,739,773)	(5,739,773)	(916,721)	(6,656,494)
1. Distributions to shareholders	-	-	-	-	-	-	(5,739,773)	(5,739,773)	(916,721)	(6,656,494)
(IV) Transfers within shareholders' equity	-	-	438	-	-	-	(438)	-	-	-
1. Other comprehensive income carried forward to retained earnings	-	-	438	-	-	-	(438)	-	-	-
(V) Special reserve	-	-	-	-	-	-	-	-	-	-
1. Appropriation of special reserve	-	-	-	142,512	-	-	-	142,512	12,206	154,718
2. Amount utilised in the year	-	-	-	(142,512)	-	-	-	(142,512)	(12,206)	(154,718)
IV. Balance at the end of the current period	28,698,864	41,488,032	(484,868)	49,957	5,491,912	693,662	77,161,524	153,099,083	36,926,352	190,025,435

Sun Yongcai
Legal representative

Li Zheng
Chief Accountant

Shi Jianfeng
Person in Charge of the Accounting Department

THE COMPANY'S STATEMENT OF CHANGES IN SHAREHOLDERS' EQUITY

For the six months ended 30 June 2024

Prepared by: CRRC Corporation Limited

RMB'000

ITEM	For the year ended 30 June 2024					Total
	Share capital	Capital reserve	Other comprehensive income	Surplus reserve	Retained earnings	
I. Closing balance of the previous year	28,698,864	62,809,965	(6,296)	6,319,090	8,235,563	106,057,186
II. Opening balance of the current year	28,698,864	62,809,965	(6,296)	6,319,090	8,235,563	106,057,186
III. Changes in equity during the period	-	1,382	(23,867)	-	(5,928,773)	(5,951,258)
(I) Total comprehensive income	-	-	(23,867)	-	(189,000)	(212,867)
(II) Owners' contributions and reductions in capital	-	1,382	-	-	-	1,382
1. Others	-	1,382	-	-	-	1,382
(III) Profit distribution	-	-	-	-	(5,739,773)	(5,739,773)
1. Appropriation for surplus reserve	-	-	-	-	-	-
2. Distributions to shareholders	-	-	-	-	(5,739,773)	(5,739,773)
IV. Closing balance of the current period	28,698,864	62,811,347	(30,163)	6,319,090	2,306,790	100,105,928

ITEM	For the year ended 30 June 2023					Total
	Share capital	Capital reserve	Other comprehensive income	Surplus reserve	Retained earnings	
I. Closing balance of the previous year	28,698,864	62,808,927	(45,031)	5,491,912	6,530,738	103,485,410
II. Opening balance of the current year	28,698,864	62,808,927	(45,031)	5,491,912	6,530,738	103,485,410
III. Changes in equity during the period	-	861	10,300	-	(5,828,403)	(5,817,242)
(I) Total comprehensive income	-	-	10,300	-	(88,630)	(78,330)
(II) Owners' contributions and reductions in capital	-	861	-	-	-	861
1. Others	-	861	-	-	-	861
(III) Profit distribution	-	-	-	-	(5,739,773)	(5,739,773)
1. Appropriation for surplus reserve	-	-	-	-	-	-
2. Distributions to shareholders	-	-	-	-	(5,739,773)	(5,739,773)
IV. Closing balance of the current period	28,698,864	62,809,788	(34,731)	5,491,912	702,335	97,668,168

Sun Yongcai
Legal representative

Li Zheng
Chief Accountant

Shi Jianfeng
Person in Charge of the Accounting Department

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

For the six months ended 30 June 2024

I. BASIC INFORMATION ABOUT THE COMPANY

1. General information

CSR Corporation Limited (“CSR”) was incorporated in the PRC on 28 December 2007 as a joint stock company with limited liability under the Company Law of the PRC. CSR’s A shares were listed on the Shanghai Stock Exchange (the “SSE”) on 18 August 2008 and CSR’s H shares were listed on the main board of The Stock Exchange of Hong Kong Limited on 21 August 2008. CSR non-public issued A-share ordinary shares in 2012, and the ordinary shares increased to 13,803,000,000 shares after the non-public issuing.

China CNR Corporation Limited (“CNR”) was incorporated in the PRC on 26 June 2008 as a joint stock company with limited liability under the Company Law of the PRC. CNR made an initial public offering of A shares which were listed on the SSE on 29 December 2009. H shares of CNR were listed on the Main Board of the HKSE on 22 May 2014. As at 31 December 2014, CNR has issued total shares of 12,259,780,303.

CSR and CNR published a joint announcement on 30 December 2014, announcing that the two companies entered into a merger agreement with respect to a merger proposal (“2015 Business Combination”). CSR and CNR would merge by CSR issuing, on the basis of a single exchange ratio, CSR A shares and CSR H shares to holders of CNR A shares and CNR H shares respectively in exchange for all of the issued shares of CNR. The exchange proportion was 1:1.10, meaning that each CNR A share should be exchanged for 1.10 CSR A shares to be issued by CSR and that each CNR H share should be exchanged for 1.10 CSR H shares to be issued by CSR. As all of the conditions of the above agreement as specified in the merger agreement had been satisfied, the merger agreement became effective on 28 May 2015. CSR issued 2,347,066,040 H shares and 11,138,692,293 A shares on 26 May 2015 and 28 May 2015 respectively. CNR A shares were deregistered from the SSE and CNR H shares were deregistered from the Main Board of HKSE. After the completion of the merger, CSR assumed all the assets, liabilities and business of CNR and CNR was deregistered according to law. On 1 June 2015, the name of CSR was changed from “CSR Corporation Limited” to “CRRC Corporation Limited” (“CRRC” or the “Company”).

On 5 August 2015, the respective holding companies of the Company, namely CSR Group (formerly China South Locomotive and Rolling Stock Industry (Group) Corporation) and China Northern Locomotive & Rolling Stock Industry (Group) Corporation (“CNR Group”) concluded the Merger Agreement by which CNR Group merged CSR Group with the latter deregistered and then was renamed to CRRC Group (later renamed to CRRC Group Co., Ltd., “CRRCG”). All assets, liabilities, business, employees, contracts, qualifications and other rights and obligations of CSR Group shall be inherited by CRRCG after the merger.

As proposed and approved in the Company’s 2015 annual general meeting of shareholders as well as approved by the China Securities Regulatory Commission (“CSRC”) on Reply on the Approval of Non-public Issuance of Stocks by CRRC Corporation Limited (Zheng Jian Xu Ke [2016] No. 3203), the Company completed the non-public offering 1,410,105,755 A shares with par value RMB1.00 each to specific investors in January 2017. The number of share capital has increased to 28,698,864,088, and CRRC Group remains the controlling shareholder of the Company.

The address of the Company’s registered office is No.16 Central West Fourth Ring Road, Haidian District, Beijing, the PRC.

The Company and its subsidiaries (collectively the “Group”) are principally engaged in the research and development, design, manufacture, refurbishment and service of locomotives (including multiple units), metro cars, engineering machinery, mechanical and electric equipment, electronic equipment and related components products, electronic appliances and environmental protection equipment, as well as sales, technical services and equipment leasing of related products; information consultation; industrial investment of the above business; assets management; imports and exports.

I. BASIC INFORMATION ABOUT THE COMPANY (continued)

2. Scope of consolidated financial statements

Company name	Principal place of business	Registered office	Type of legal entity	Legal representative	Business scope/ Nature of business	Unified social credit code	Paid-in capital (RMB'000)	Shareholding proportion (%)	Voting proportion (%)
CRRC Changchun Railway Vehicles Co. Ltd. ("CRRC Changchun")	China	Changchun	Limited company	Liu Changqing	Manufacturing	91220000735902224D	6,277,764	93.54	93.54
CRRC Zhuzhou Institute Co., Ltd. ("CRRC Zhuzhou Institute")	China	Zhuzhou	Limited liability company	Li Dongjin	Manufacturing	9143020044517525X1	9,126,840	100.00	100.00
CRRC Zhuzhou Locomotive Co., Ltd. ("CRRC Zhuzhou Locomotive")	China	Zhuzhou	Limited liability company	Fu Chengjun	Manufacturing	914,302,007,790,310,000	5,585,395	100.00	100.00
CRRC Tangshan Co., Ltd. ("CRRC Tangshan")	China	Tangshan	Limited liability company	Zhou Junnian	Manufacturing	911,302,216,636,887,000	4,030,920	100.00	100.00
CRRC Dalian Co., Ltd. ("CRRC Dalian")	China	Dalian Branch	Limited liability company	Sun Pongkun	Manufacturing	91210200241283929E	4,370,470	100.00	100.00
CRRC Qiqihar Group Co., Ltd. ("CRRC Qiqihar Group")	China	Qiqihar	Limited liability company	Zhang Yuxiang	Manufacturing	91230200057435769W	7,900,000	100.00	100.00
CRRC Yangtze River Transportation Equipment Group Co., Ltd. ("CRRC Yangtze River Group")	China	Wuhan	Limited liability company	Zhang Lei	Manufacturing	91420116MA4KYAEH3B	5,716,509	100.00	100.00
CRRC Asset Management Co., Ltd. ("CRRC Asset Management")	China	Beijing	Limited liability company	Tan Xiaofeng	Trading and financing lease	911,100,007,109,247,000	2,909,285	100.00	100.00
CRRC Qishuyan Co., Ltd. ("CRRC Qishuyan")	China	Changzhou	Limited liability company	Xu Shibao	Manufacturing	913,204,006,638,182,000	2,298,020	100.00	100.00
CRRC Qishuyan Locomotive & Rolling Stock Technology Research Institute Co., Ltd. ("CRRC Qishuyan Institute")	China	Changzhou	Limited company	Wang Chenglong	Manufacturing	91320400137168058A	650,000	84.20	84.20
CRRC Capital Management Co., Ltd. ("CRRC Capital Management")(Note 4)	China	Beijing	Limited liability company	Lu Jianzhou	Finance	91110108MA0031404L	2,500,000	100.00	100.00
CRRC Nanjing Puzhen Co., Ltd. ("CRRC Nanjing Puzhen")	China	Nanjing	Limited liability company	Li Dingnan	Manufacturing	91320191663764650N	5,126,943	100.00	100.00
CRRC Hong Kong Capital Management Co., Ltd. ("CRRC Hong Kong Capital Management")	China	Hong Kong	Limited liability company	Li Jin	Investment and capital operation	Not applicable	3,503,568	100.00	100.00
CRRC Intelligent Transportation Engineering Technology Co., Ltd. ("CRRC ITET")	China	Beijing	Limited liability company	Wang Hongwei	Housing industry	91110106590663663T	1,500,000	50.00	50.00
CRRC Yongji Electric Co., Ltd. ("CRRC Yongji Electric")	China	Yongji	Limited liability company	Xing Xiaodong	Manufacturing	91140881664458751J	1,331,171	100.00	100.00
CRRC Qingdao Sifang Institute Co., Ltd. ("CRRC Sifang Institute")	China	Qingdao	Limited liability company	Kong Jun	Manufacturing	91370200264582788W	1,754,475	100.00	100.00
CRRC Finance Co., Ltd. ("CRRC Finance")	China	Beijing	Limited liability company	Dong Xuzhang	Financing	911,100,000,573,064,000	3,200,000	91.36	91.36
CRRC Zhuzhou Electric Co., Ltd. ("CRRC Zhuzhou Electric")	China	Zhuzhou	Limited liability company	Nie Ziqiang	Manufacturing	9143020076071871X7	1,342,200	100.00	100.00
CRRC Ziyang Co., Ltd. ("CRRC Ziyang")	China	Ziyang	Limited liability company	Chen Zhixin	Manufacturing	91512000786693055N	2,028,889	99.60	99.60
CRRC Beijing Nankou Co., Ltd. ("CRRC Beijing Nankou")	China	Beijing	Limited liability company	Tao Lu	Manufacturing	91110000664625580F	1,008,000	100.00	100.00

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

For the six months ended 30 June 2024

I. BASIC INFORMATION ABOUT THE COMPANY (continued)

2. Scope of consolidated financial statements (continued)

Company name	Principal place of business	Registered office	Type of legal entity	Legal representative	Business scope/ Nature of business	Unified social credit code	Paid-in capital (RMB'000)	Shareholding proportion (%)	Voting proportion (%)
CRRC Datong Electric Locomotive Co., Ltd. (CRRC Datong)	China	Datong	Limited liability company	Fu Yongjun	Manufacturing	91140200602161186E	656,000	100.00	100.00
CRRC Dalian Institute Co., Ltd. ("CRRC Dalian Institute")	China	Dalian	Limited liability company	Zhang Bo	Manufacturing	91210200243024402A	903,000	100.00	100.00
CRRC Sifang Co., Ltd. ("CRRC Sifang") (Note 3)	China	Qingdao	Limited liability company	Ma Lijun	Manufacturing	9137020016357624X1	168,725	100.00	100.00
CRRC Logistics Co., Ltd. ("CRRC Logistics")	China	Beijing	Limited liability company	Zhang Mingdong	Logistics and trade	91110108737682982M	784,000	100.00	100.00
CRRC Industrial Institute Co., Ltd. ("CRRC Industrial Institute")	China	Beijing	Limited liability company	Gong Ming	Research and development	911,101,063,066,897,000	239,220	100.00	100.00
CRRC International Co., Ltd. ("CRRC International")	China	Beijing	Limited liability company	Wu Yan	Trade	911,101,067,109,217,000	2,580,000	100.00	100.00
CRRC Information Technology Co., Ltd. ("CRRC Information Technology")	China	Beijing	Limited liability company	Chen Kai	Software development	91110108700035941C	794,170	100.00	100.00
CRRC SA (PTY) LTD	South Africa	South Africa	Limited liability company	Han Xiaobo	Manufacturing	Not applicable	ZAR 1,000	66.00	66.00
Zhuzhou CRRC Times Electric Co., Ltd. (Times Electric) (Note 1)	China	Zhuzhou	Limited company	Li Dongjin	Manufacturing	914,300,007,808,508,000	1,411,540	47.88	47.72
Zhuzhou Times New Material Technology Co., Ltd. (Times New Material) (Note 2)	China	Zhuzhou	Limited company	Peng Huawen	Manufacturing	91430200712106524U	824,538	38.52	49.54
CRRC Qihang New Energy Technology Co., Ltd. ("Qihang New Energy")	China	Beijing	Limited liability company	Liu Jianxun	Research and development	91110108MAD3W43D43	300,000	100.00	100.00
CRRC (Chongqing) Smart Rail Transit Technology Co., Ltd. ("Chongqing Smart Rail")	China	Chongqing	Limited liability company	Zhang Hongquan	Research and development	91500112MAD9CP0C01	40,000	100.00	100.00

Note 1: CRRC Times Electric is a subsidiary of CRRC On September 7, 2021, Times Electric was listed on the Science and Technology Innovation Board of the Shanghai Stock Exchange (stock code: 688187) with a public offering of 240,760,275 new shares, resulting in the Group's shareholding in Times Electric passively diluted from 53.19% to 44.14%, and the voting rights ratio decreased from 53.19% to 44.14%. After the dilution of the share ratio, the Group will still be able to exercise control over Times Electric. From 2022 to 2023, CRRC Hong Kong Capital, a subsidiary of the Company, purchased 49,260,000 shares of Times Electric in the open market. The Group's shareholding in Times Electric changed to 47.72%. From 11 January 2024 to 17 January 2024, the Company carried out a series of repurchases of H Shares on the Hong Kong Stock Exchange. As of June 30, 2024, the Company had repurchased 4,696,800 H Shares in total, and the H Shares repurchased by the Company had been cancelled on 16 April 2024. Following the transactions, the Group's shareholding in Times Electric was 47.88%.

Note 2: Zhuzhou Times New Material is a subsidiary of CRRC Zhuzhou Research Institute. On April 25, 2023, Zhuzhou Times New Material held the 24th meeting of the 9th Board and the 17th meeting of the 9th Board of Supervisors, deliberated and passed the Proposal on Adjusting the List of Incentive Objects First Granted and the Number of Restricted Stocks Granted by the Company's 2022 Restricted Stock Incentive Plan, and the Proposal on Granting Restricted Stocks First to Incentive Objects of the Company's 2022 Restricted Stock Incentive Plan, on June 27, 2023, Zhuzhou Times New Material held the 25th (interim) meeting of the 9th Board and the 18th (interim) meeting of the 9th Board of Supervisors, deliberated and passed the Proposal on Reserving and Granting Restricted Stocks to the Incentive Objects of the 2022 Restricted Stock Incentive Plan of the Company. As of the end of the reporting period, Zhuzhou Times New Material had increased its share capital by 21.74 million shares, The Group's shareholding in Zhuzhou Shidai New Material was passively diluted from 39.55% to 38.52%. At the same time, CRRC Group, the parent company of the Company, holds 11.02% of the equity of Zhuzhou Times New Material, and CRRC Group authorizes the Group to exercise its proposal right and voting right at the shareholders' meeting of Zhuzhou Times New Material, so the voting right proportion of the Group to Zhuzhou Times New Material is passively diluted from 50.87% to 49.54%.

II. BASIS OF PREPARATION OF FINANCIAL STATEMENTS

1. Basis of preparation

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

The Group has adopted the Accounting Standards for Business Enterprises and relative regulations (“ASBE”) issued by the Ministry of Finance (the “MOF”).

According to Acceptance of Mainland Accounting and Auditing Standards and Mainland Audit Firms for Mainland Incorporated Companies Listed in Hong Kong and other relevant Security Listing Rules Amendments issued by the Hong Kong Stock Exchange (Hong Kong Listing Rules) in December 2010, also referring to the relevant provisions issued by the MoF and the China Securities Regulatory Commission (“CSRC”), and approved by the 10th meeting of the second board of directors of the Company and the General Meeting of the Company, from 2019 fiscal year, the Company no longer provides the financial statements prepared in accordance with the ASBE and the International Financial Reporting Standards (the “IFRS”) separately to stockholders of A shares and H shares. Instead, the Company provides the financial statements prepared in accordance with the ASBE to all stockholders, taking the relevant disclosure standards of Hong Kong Companies Ordinance and Hong Kong Listing Rules into consideration.

The financial data in this report are prepared based on ASBE.

In addition, the financial statements of the Company also comply with the disclosure requirements of financial statements and notes in the Information Disclosure and Preparation Rules for Companies Offering Securities to the Public No. 15 – General Provisions on Financial Reporting revised by the CSRC in 2023.

2. Going concern

The Group evaluated the going concern capability for the next twelve months from 30 June 2024 and found no matters or circumstances that could raise serious doubts about the going concern capability. These financial statements have been prepared on a going concern basis.

III. SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES

1. Statement of compliance with the ASBE

These financial statements are in compliance with the ASBE to truly and completely reflect consolidated and the Company’s financial position as at 30 June 2024, and consolidated and the Company’s operating results, changes in shareholders’ equity and cash flows for the 6 month period then ended.

2. Accounting period

The Company has adopted the calendar year as its accounting year, i.e. from 1 January to 31 December.

3. Business cycle

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

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

For the six months ended 30 June 2024

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

4. Reporting currency

The functional currency of the Company is RMB and is adopted to prepare the financial statements. Except for particular explanations, all items are presented in RMB'000. The functional currency of the Company's subsidiaries, joint ventures and associates is selected based on economic environment where they operate.

5. Method used to determine the materiality threshold and the basis for selection

Item	Materiality threshold
Material provision for bad and doubtful debts of accounts receivable on an individual basis	Amount over or equal to 0.50% of the owner's equity attributable to the parent company audited in the latest period
Material provision for bad and doubtful debts of contract asset on an individual basis	Amount over or equal to 0.50% of the owner's equity attributable to the parent company audited in the latest period
Material construction projects in progress	Amount over or equal to 0.50% of the owner's equity attributable to the parent company audited in the latest period
Material accounts payable/other payables aged over 1 year or overdue	Amount over or equal to 0.50% of the owner's equity attributable to the parent company audited in the latest period
Material joint ventures or associates	The carrying amount of long-term equity investments in joint ventures or associates is over or equal to 2.00% of the total equity attributable to shareholders of the company audited in the latest period

6. The accounting treatment of business combinations involving enterprises under common control and business combinations not involving enterprises under common control

A business combination is a transaction or event that brings together two or more separate entities into one reporting entity. Business combinations includes business combinations involving enterprises under common control and business combinations involving enterprises not under common control.

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

For a transaction involving enterprises not under common control, the acquirer determines whether acquired set of assets constitute a business. The Group may elect to apply the simplified assessment method, the concentration test, to determine whether an acquired set of assets is not a business. If the concentration test is met, the set of assets is determined not to be a business. If the concentration test is not met, the Group shall perform the assessment according to the guidance on the determination of a business.

When the set of assets the group acquired does not constitute a business, acquisition costs should be allocated to each identifiable assets and liabilities at their acquisition date fair values. It is not required to apply the accounting of business combination described as below.

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

6. The accounting treatment of business combinations involving enterprises under common control and business combinations not involving enterprises under common control *(continued)*

(1) Business combinations involving enterprises under common control

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

Assets and liabilities obtained shall be measured at their respective carrying amounts as recorded by the combining entities at the date of the combination. The difference between the carrying amount of the net assets obtained and the carrying amount of the consideration paid for the combination (or the aggregate par value of the shares issued as consideration) is adjusted to share premium under capital reserve. If the capital reserve is not sufficient to absorb the difference, any excess shall be adjusted against retained earnings.

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

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

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

The cost of combination is the aggregate of fair values of the assets given, liabilities incurred or assumed, and equity instruments issued by the acquirer in exchange for control of the acquiree. The intermediary expenses incurred by the acquirer in respect of auditing, legal services, valuation and consultancy services, etc. and other associated administrative expenses attributable to the business combination are recognised in profit or loss when they are incurred.

The acquiree's identifiable assets, liabilities and contingent liabilities acquired by the acquirer in a business combination involving enterprises not under common control shall be measured at fair value at the date of acquisition.

Where the cost of combination exceeds the acquirer's interest in the fair value of the acquiree's identifiable net assets, the difference is treated as an asset and recognised as goodwill, which is measured at cost on initial recognition. Where the cost of combination is less than the acquirer's interest in the fair value of the acquiree's identifiable net assets, the acquirer firstly reassesses the measurement of the fair values of the acquiree's identifiable assets, liabilities and contingent liabilities and measurement of the cost of combination. If after that reassessment, the cost of combination is still less than the acquirer's interest in the fair value of the acquiree's identifiable net assets, the acquirer recognises the remaining difference immediately in profit or loss for the current year.

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

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

7. Criteria of control and basis for preparation of consolidated financial statements

The scope of consolidation in the consolidated financial statements is determined on the basis of control. Control is achieved when the company has power over the investee; is exposed or has rights to variable returns from its involvement with the investee, and has the ability to use its power to affect its returns. A subsidiary is an enterprise that is controlled by the Company. The financial positions, operating results, and cash flow of subsidiaries are included in consolidated financial statement from acquisition date to termination date of control.

For subsidiaries acquired through a business combination involving enterprises under common control, they will be fully consolidated into consolidated financial statements from the date on which subsidiary was ultimately under common control by the same party or parties. Their operating results and cash flows from the beginning of the earliest reporting period are included in the consolidated income statement and consolidated statement of cash flows appropriately.

For a subsidiary acquired through a business combination involving enterprises not under common control, the acquired subsidiaries are consolidated in consolidated financial statement on the basis of fair value of identifiable assets and liabilities recognised on the date of acquisition.

The significant accounting policies and accounting periods adopted by the subsidiaries are determined based on the uniform accounting policies and accounting periods set out by the Company.

All significant intra-group balances and transactions are eliminated on consolidation.

The portion of subsidiaries' equity, profits or losses and comprehensive income that is attribute to their non-controlling shareholders is separately presented under "shareholders' equity" in the consolidated balance sheet, and "net profit" and "total comprehensive income" in the consolidated income statement.

When the amount of loss for the period attributable to the non-controlling shareholders of a subsidiary exceeds the non-controlling shareholders' portion of the opening balance of shareholders' equity of the subsidiary, the excess amount is still allocated against non-controlling interests.

Acquisition of non-controlling interests or disposal of interest in a subsidiary that does not result in the loss of control over the subsidiary is accounted for as equity transactions. The carrying amounts of the Company's interests and non-controlling interests are adjusted to reflect the changes in their relative interests in the subsidiary. The difference between the amount by which the non-controlling interests are adjusted and the fair value of the consideration paid or received is adjusted to capital reserve under shareholders' equity. If the capital reserve is not sufficient to absorb the difference, the excess is adjusted against retained earnings.

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

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

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

The Group's joint arrangements are joint ventures, which are accounted for using the equity method, and are set out in Note III.14.

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

9. Recognition criteria of cash and cash equivalent

Cash equivalents are the Group's short-term (it generally expires within three months from the date of purchase), highly liquid investments that are readily convertible to known amounts of cash and which are subject to an insignificant risk of changes in value.

10. Translation of transactions and financial statements denominated in foreign currencies

For foreign currency transactions, the Group translates the amount of foreign currency into RMB.

Foreign currency transactions are initially recorded using the functional currency spot exchange rate at the date of the transactions. At the balance sheet date, foreign currency monetary items are translated into RMB using the spot exchange rate at the balance sheet date. Exchange differences arising from the differences between the spot exchange rates prevailing at the balance sheet date and those on initial recognition or at the previous balance sheet date are recognised in profit or loss for the period, except that (i) exchange differences related to a specific-purpose borrowing denominated in foreign currency that qualify for capitalisation are capitalised as part of the cost of the qualifying asset during the capitalisation period; (ii) exchange differences arising from changes in the carrying amounts (other than the amortised cost) of monetary items measured at fair value through other comprehensive income are recognised as other comprehensive income.

Foreign currency non-monetary items measured at historical cost are translated into the amounts in functional currencies at the spot exchange rates at the transaction dates. Foreign currency nonmonetary items measured at fair value are re-translated at the spot exchange rate on the date the fair value is determined. Difference between the re-translated functional currency amount and the original functional currency amount is treated as changes in fair value (including changes of exchange rate) and is recognised in profit and loss or as other comprehensive income.

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

Foreign currency cash flows and the cash flows of foreign subsidiaries are translated using the average exchange rate for the year during which the cash flows occur. The effect of exchange rate changes on cash and cash equivalents is regarded as a reconciling item and presented separately in the cash flow statement as effect of foreign exchange rate changes on cash and cash equivalents.

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

11. Financial instruments

Financial instruments include cash at bank and on hand, investments in debt and equity securities other than those classified as long-term equity investments (see Note III.14), receivables, payables, loans and borrowings, debentures payable and share capital.

(1) Recognition and initial measurement of financial assets and financial liabilities

A financial asset or financial liability is recognised in the balance sheet when the Group becomes a party to the contractual provisions of a financial instrument.

A financial asset or financial liability is measured initially at fair value. For financial assets and financial liabilities measured at fair value through profit or loss, any related directly attributable transaction costs are charged to profit or loss; for other categories of financial assets and financial liabilities, any related directly attributable transaction costs are included in their initial costs. Accounts receivables that do not have a significant financing component or do not account for the significant financing component in one-year-or-less contracts under the practical expedient are initially measured at the transaction price in accordance with Note III.25.

(2) Classification and subsequent measurement of financial assets

(a) Classification of financial assets

The classification of financial assets is generally based on the business model under which a financial asset is managed and its contractual cash flow characteristics. On initial recognition, a financial asset is classified as measured at amortised cost, at fair value through other comprehensive income ("FVOCI"), or at fair value through profit or loss ("FVTPL").

Financial assets are not reclassified subsequent to their initial recognition unless the Group changes its business model for managing financial assets, in which case all affected financial assets are reclassified on the first day of the first reporting period following the change in the business model.

A financial asset is measured at amortised cost if it meets both of the following conditions and is not designated as at FVTPL:

- it is held under a business model whose objective is to hold assets to collect contractual cash flows; and
- its contractual terms give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

A financial asset is measured at FVOCI if it meets both of the following conditions and is not designated as at FVTPL:

- it is held under a business model whose objective is achieved by both collecting contractual cash flows and selling financial assets; and
- its contractual terms give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

On initial recognition of an equity investment that is not held for trading, the Group may irrevocably elect to present subsequent changes in the investment's fair value in other comprehensive income. This election is made on an investment-by-investment basis, and the instrument meets the definition of equity from the perspective of the issuer.

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

11. Financial instruments *(continued)*

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

(a) Classification of financial assets *(continued)*

All financial assets not classified as measured at amortised cost or FVOCI as described above are measured at FVTPL. On initial recognition, the Group may irrevocably designate a financial asset that otherwise meets the requirements to be measured at amortised cost or at FVOCI as at FVTPL if doing so eliminates or significantly reduces an accounting mismatch that would otherwise arise.

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

In assessing whether the contractual cash flows are solely payments of principal and interest, the Group considers the contractual terms of the instrument. For the purposes of this assessment, 'principal' is defined as the fair value of the financial asset on initial recognition. 'Interest' is defined as consideration for the time value of money and for the credit risk associated with the principal amount outstanding during a particular period of time and for other basic lending risks and costs, as well as a profit margin. The Group also assesses whether the financial asset contains a contractual term that could change the timing or amount of contractual cash flows such that it would not meet this condition.

(b) Subsequent measurement of financial assets

– *Financial assets at FVTPL*

These financial assets are subsequently measured at fair value. Net gains and losses, including any interest or dividend income, are recognised in profit or loss unless the financial assets are part of a hedging relationship.

– *Financial assets at amortised cost*

These assets are subsequently measured at amortised cost using the effective interest method. A gain or loss on a financial asset that is measured at amortised cost and that is not part of a hedging relationship should be recognised in profit or loss when the financial asset is derecognised, reclassified, amortised under the effective interest method or when an impairment gain or loss is recognised.

– *Debt investments at FVOCI*

These assets are subsequently measured at fair value. Interest income calculated using the effective interest method, and impairment and foreign exchange gains and losses are recognised in profit or loss. Other net gains and losses are recognised in other comprehensive income. On derecognition, gains and losses accumulated in other comprehensive income are reclassified to profit or loss.

– *Equity investments at FVOCI*

These assets are subsequently measured at fair value. Dividends are recognised as income in profit or loss. Other net gains and losses are recognised in other comprehensive income. On derecognition, gains and losses accumulated in other comprehensive income are reclassified to retained earnings.

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

11. Financial instruments *(continued)*

(3) Classification and subsequent measurement of financial liabilities

Financial liabilities are classified as measured at FVTPL or as financial liabilities measured at amortised cost.

– Financial liabilities at FVTPL

A financial liability is classified as at FVTPL if it is classified as held-for-trading (including derivative financial liabilities) or if it is designated as such on initial recognition.

Financial liabilities at FVTPL are subsequently measured at fair value; and net gains and losses, including any interest expense, are recognised in profit or loss, unless the financial liabilities are part of a hedging relationship.

– Financial liabilities at amortised cost

These financial liabilities are subsequently measured at amortised cost using the effective interest method.

(4) Offsetting

Financial assets and financial liabilities are generally presented separately in the balance sheet, and are not offset. However, a financial asset and a financial liability are offset and the net amount is presented in the balance sheet when both of the following conditions are satisfied:

- The Group currently has a legally enforceable right to set off the recognised amounts;
- The Group intends either to settle on a net basis, or to realise the financial asset and settle the financial liability simultaneously.

(5) Derecognition of financial assets and financial liabilities

A financial asset is derecognised when one of the following conditions is met:

- the Group's contractual rights to the cash flows from the financial asset expire;
- the financial asset has been transferred and the Group transfers substantially all of the risks and rewards of ownership of the financial asset; or
- the financial asset has been transferred; and although the Group neither transfers nor retains substantially all of the risks and rewards of ownership of the financial asset, it does not retain control over the transferred asset.

Where a transfer of a financial asset in its entirety meets the criteria for derecognition, the difference between the two amounts below is recognised in profit or loss:

- the carrying amount of the financial asset transferred measured at the date of derecognition;
- the sum of the consideration received from the transfer and, when the transferred financial asset is a debt investment at FVOCI, any cumulative gain or loss that has been recognised directly in other comprehensive income for the financial asset derecognised.

The Group derecognises a financial liability (or part of it) only when its contractual obligation (or part of it) is extinguished.

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

11. Financial instruments *(continued)*

(6) Impairment

The Group recognises loss allowances for expected credit loss (ECL) on:

- financial assets measured at amortised cost;
- contract assets; and
- lease receivables.

Financial assets measured at fair value, including debt investments or equity securities at FVTPL, equity securities designated at FVOCI and derivative financial assets, are not subject to the ECL assessment.

Measurement of ECLs

ECLs are a probability-weighted estimate of credit losses. Credit losses are measured as the present value of all cash shortfalls (i.e. the difference between the cash flows due to the Group in accordance with the contract and the cash flows that the Group expects to receive).

The maximum period considered when estimating ECLs is the maximum contractual period (including extension options) over which the Group is exposed to credit risk.

Lifetime ECLs are the ECLs that result from all possible default events over the expected life of a financial instrument.

12-month ECLs are the portion of ECLs that result from default events that are possible within the 12 months after the balance sheet date (or a shorter period if the expected life of the instrument is less than 12 months).

Loss allowances for bills receivable, accounts receivable, receivables under financing and contract assets arising from ordinary business activities such as sale of goods and provision of services, as well as lease receivables arising from lease transactions are always measured at an amount equal to lifetime ECLs. ECLs on these financial assets are estimated using a provision matrix based on the Group's historical credit loss experience, adjusted for factors that are specific to the debtors and an assessment of both the current and forecast general economic conditions at the balance sheet date.

Except for bills receivable, accounts receivable, receivables under financing, contract assets, and lease receivables, the Group measures loss allowances at an amount equal to 12-month ECLs for the following financial instruments, and at an amount equal to lifetime ECLs for all other financial instruments:

- Financial instruments that have been determined to have low credit risk at the balance sheet date;
- Financial instruments for which credit risk has not increased significantly since initial recognition.

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

11. Financial instruments *(continued)*

(6) Impairment *(continued)*

Provisions for bad and doubtful debts arising from receivables

(a) Categories of groups for collective assessment based on credit risk characteristics and basis for determination

Bills receivable	Based on the different credit risk characteristics of acceptors, the Group classifies bills receivable into two groups: bank acceptance bills and commercial acceptance bills.
Accounts receivable	According to the different credit risk characteristics of customers, the Group divides accounts receivable into three portfolios: central enterprise customer portfolio, local government/local state-owned enterprise customer portfolio and other customer portfolios.
Other receivables	Based on the nature of receivables and the credit risk characteristics of different counterparties, the Group classifies other receivables into 3 groups, specifically: the group of current accounts receivable and prepaid expenses, the group of deposit receivable and the group of others.
Contract assets	According to the different credit risk characteristics of customers, the Group divides accounts receivable into three portfolios: central enterprise customer portfolio, local government/local state-owned enterprise customer portfolio and other customer portfolios.

(b) Criteria for individual assessment

Bills receivable, accounts receivable, other receivables, and contract assets are usually assessed collectively as a group based on credit risk characteristics to make provisions. When a counterparty is significantly different from other counterparties in the group in terms of credit risk characteristics, or if there has been a significant change in its credit risk characteristics, the individual approach is adopted for receivables due from this counterparty.

Financial instruments that have low credit risk

The credit risk on a financial instrument is considered low if the financial instrument has a low risk of default, the borrower has a strong capacity to meet its contractual cash flow obligations in the near term, and adverse changes in economic and business conditions in the longer term may, but will not necessarily, reduce the ability of the borrower to fulfil its contractual cash flow obligations.

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

11. Financial instruments *(continued)*

(6) Impairment *(continued)*

Significant increases in credit risk

In assessing whether the credit risk of a financial instrument has increased significantly since initial recognition, the Group compares the risk of default occurring on the financial instrument assessed at the balance sheet date with that assessed at the date of initial recognition.

When determining whether the credit risk of a financial asset has increased significantly since initial recognition, the Group considers reasonable and supportable information that is relevant and available without undue cost or effort, including forward-looking information. In particular, the following information is taken into account:

- failure to make payments of principal or interest on their contractual due dates;
- an actual or expected significant deterioration in a financial instrument's external or internal credit rating (if available);
- an actual or expected significant deterioration in the operating results of the debtor; and
- existing or forecast changes in the technological, market, economic or legal environment that have a significant adverse effect on the debtor's ability to meet its obligation to the Group.

Depending on the nature of the financial instruments, the assessment of a significant increase in credit risk is performed on either an individual basis or a collective basis. When the assessment is performed on a collective basis, the financial instruments are grouped based on shared credit risk characteristics, such as past due status and credit risk ratings.

Credit-impaired financial assets

At each balance sheet date, the Group assesses whether financial assets carried at amortised cost and debt investments at FVOCI are credit-impaired. A financial asset is 'credit-impaired' when one or more events that have a detrimental impact on the estimated future cash flows of the financial asset have occurred. Evidence that a financial asset is credit-impaired includes the following observable data:

- significant financial difficulties of the issuer or debtor;
- a breach of contract, such as a default or delinquency in interest or principal payments;
- for economic or contractual reasons relating to the debtor's financial difficulties, the Group having granted to the debtor a concession that it would not otherwise consider;
- it is probable that the debtor will enter bankruptcy or other financial reorganisation; or
- the disappearance of an active market for the financial asset because of financial difficulties of the issuer or debtor.

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

11. Financial instruments *(continued)*

(6) Impairment *(continued)*

Presentation of allowance for ECL

ECLs are remeasured at each balance sheet date to reflect changes in the financial instrument's credit risk since initial recognition. Any change in the ECL amount is recognised as an impairment gain or loss in profit or loss. Loss allowances for financial assets measured at amortised cost are deducted from the gross carrying amount of the assets. For debt investments that are measured at FVOCI, the loss allowance is recognised in other comprehensive income and not deducted from the carrying amount of the assets.

Write-off

The gross carrying amount of a financial asset is written off (either partially or in full) to the extent that there is no realistic prospect of recovery. A write-off constitutes a derecognition event. This generally occurs when the Group determines that the debtor does not have assets or sources of income that could generate sufficient cash flows to repay the amounts subject to the write-off. However, financial assets that are written off could still be subject to enforcement activities in order to comply with the Group's procedures for recovery of amounts due.

Subsequent recoveries of an asset that was previously written off are recognised as a reversal of impairment in profit or loss in the period in which the recovery occurs.

(7) Equity instruments

The consideration received from the issuance of equity instruments net of transaction costs is recognised in shareholders' equity. Consideration and transaction costs paid by the Company for repurchasing self-issued equity instruments are deducted from shareholders' equity.

When the Company repurchases its own shares, those shares are treated as treasury shares. The entire repurchase expenditure is recorded as the cost of the treasury shares in the reference register. Treasury shares are excluded from profit distributions and are presented as a deduction from shareholders' equity on the balance sheet.

When treasury shares are cancelled, the share capital should be reduced to the extent of the total par value of the treasury shares cancelled. Where the cost of the treasury shares cancelled exceeds the total par value, the excess is deducted from capital reserve (share premium), surplus reserve and retained earnings sequentially. If the cost of treasury shares cancelled is less than the total par value, the difference is credited to the capital reserve (share premium).

When treasury shares are disposed of, any excess of proceeds above cost is recognised in capital reserve (share premium); otherwise, the shortfall is deducted against capital reserve (share premium), surplus reserve and retained earnings sequentially.

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

11. Financial instruments *(continued)*

(8) Convertible instruments

– Convertible instruments containing an equity component

Convertible instruments issued by the Group that can be converted to equity instruments of the Group, where a fixed number of equity instruments is issued in exchange for a fixed amount of consideration at the time of conversion, are accounted for as compound financial instruments containing both liability and equity components.

The initial carrying amount of a compound financial instrument is allocated to its equity and liability components. The Group first determines the fair value of the liability component which includes the fair value of any embedded derivatives other than the equity component. The amount allocated to the equity component is the residual amount after deducting the fair value of the liability component from the fair value of the entire compound instrument. Transaction costs that relate to the issue of a compound financial instrument are allocated to the liability and equity components of the instrument in proportion to the allocation of proceeds.

Subsequent to initial recognition, the liability component is measured at amortised cost using the effective interest method, unless it is designated upon recognition as measured at fair value through profit or loss. The equity component is not re-measured.

If the convertible instrument is converted, the liability component is transferred to equity and the equity component remains as equity, both of which are transferred to the relevant captions in equity. If the convertible instrument is redeemed, the consideration paid for the redemption and the transaction costs that relate to the redemption are allocated to the liability and equity components. The method used to allocate the consideration and transaction costs is consistent with that used for the issue of the convertible instrument. After allocating the consideration and transaction costs, the relevant difference between the allocated amount and carrying amount of the liability component is recognised in profit and loss, and the relevant difference between the allocated amount and carrying amount of the equity component is directly recognised in equity.

– Other convertible instruments not containing an equity component

For other convertible instruments issued by the Group which do not contain an equity component, at initial recognition, the derivative component is measured at fair value, and the remainder of proceeds is recognised as the host liability component.

The derivative component is subsequently measured at fair value through profit or loss. The host liability component is subsequently carried at amortised cost using the effective interest method.

Upon conversion, the carrying amounts of the derivative and host liability components are transferred to the relevant captions in equity. If the instrument is redeemed, any difference between the redemption amount paid and the carrying amounts of both components is recognised in profit or loss.

(9) Preference shares and perpetual bonds

At initial recognition, preference shares and perpetual bonds issued by the Group or their components are classified as financial assets, financial liabilities or equity instruments based on their contractual terms and economic substance with reference to the definition of financial assets, financial liabilities and equity instruments.

Preference shares and perpetual bonds issued by the Group that should be classified as equity instruments are recognised in equity based on the actual proceeds received. Any distribution of dividends or interests during the instruments' duration is treated as profit appropriation. When the preference shares and perpetual bonds are redeemed according to the contractual terms, the redemption amount is recognised as a deduction from equity.

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

12. Inventories

(1) Categories

Inventories include raw materials, work in progress, finished goods, commissioned processing materials and turnover materials, etc.

Inventories are initially measured at cost. Cost of inventories include purchase costs, processing cost and other costs.

(2) Measurement method of cost of inventories

The actual costs of inventories are determined on specific identification, first-in, first-out, or weighted average methods depending on business types.

(3) Inventory count system

The perpetual inventory system is maintained for stock system.

(4) Amortisation method for low-value consumables and packaging materials.

Reusable materials include low cost and short-lived consumables, packaging materials, etc., which are amortised using either one-off amortisation method or multiple-stage amortisation method.

(5) Criteria and method for provision for obsolete inventories.

At the balance sheet date, inventories are measured at the lower of cost and net realisable value. If the cost of inventories is higher than the net realisable value, a provision for decline in value of inventories is recognised in profit or loss. If factors that previously resulted in the provision for decline in value of inventories no longer exist, the amount of the write-down is reversed. The reversal is limited to the amount originally provided for the provision for the decline in value of inventories, and is recognised in profit or loss of the current period.

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

For inventories that relate to a product series that is produced and marketed in the same geographical area, have the same or similar uses or purposes, and cannot be practicably evaluated separately from other items, provision for decline in value of inventories can be determined on an aggregate basis. Provision for decline in value of other inventories is made based on the excess of cost of inventory over its net realisable value on an item-by-item basis.

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

13. Assets held for sale and discontinued operations

(1) Recognition criteria and accounting treatment methods of non-current assets or disposal groups classified as held for sales.

When the Group recovers its book value mainly by selling (including the exchange of non monetary assets with commercial substance) rather than continuously using a non-current assets or disposal group, it is classified as held for sale.

Non-current assets or disposal groups classified as held for sale shall meet the following conditions at the same time: (i) According to the practice of selling such assets or disposal groups in similar transactions, they can be sold immediately under current conditions; (ii) The sale is very likely to occur, that is, the Group has made a resolution on a sale plan and obtained a confirmed purchase commitment, and the sale is expected to be completed within one year.

The Group measures the non-current assets or disposal groups held for sale at the lower of book value and fair value less selling expenses. If the book value is higher than the net amount of the fair value less the selling expenses, the book value shall be written down to the net amount of the fair value less the selling expenses. The amount written down shall be recognized as impairment losses and included in the current profits and losses. At the same time, the provision for impairment of assets held for sale shall be withdrawn. If the net amount of the fair value of the non-current assets held for sale less the selling expenses increases on the subsequent balance sheet date, the amount written down previously shall be restored, and the amount shall be reversed within the amount of impairment losses recognized after being classified as held for sale, and the reversed amount shall be included in the current profits and losses.

Non-current assets held for sale or non-current assets in the disposal group are not depreciated or amortized, and the interest and other expenses of liabilities in the disposal group held for sale continue to be recognized.

(2) Recognition criteria and presentation method of discontinued operations

The group will meet one of the following conditions and can distinguish components separately, and the components that have been disposed of or classified as held for sale by the group are defined as discontinued operations:

- This component represents an independent main business or a separate main business area;
- This component is part of an associated plan to dispose an independent main business or a separate main business area;
- This component is a subsidiary acquired specifically for resale.

For the discontinued operations reported in the current period, the Group separately presents the profit and loss of going concern and the profit and loss of discontinued operations in the current income statement, and re presents the information originally presented as the profit and loss of going concern as the profit and loss of discontinued operations in the comparable accounting period in the income statement of the comparison period.

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

14. Long-term equity investments

(1) Judgment criteria for joint control and significant influence

Control is achieved when the investor has power over the investee; is exposed, or has rights, to variable returns from its involvement with the investee; and has the ability to use its power to affect its returns. Joint control is the contractually agreed sharing of control over an economic activity, and exists only when the strategic financial and operating policy decisions relating to the activity require the unanimous consent of the parties sharing control. Significant influence is the power to participate in the financial and operating policy decisions of the investee but is not control or joint control over those policies. When determining whether an investing enterprise is able to exercise control or significant influence over an investee, the effect of potential voting rights of the investee (for example, warrants and convertible debts) held by the investing enterprises or other parties that are currently exercisable or convertible shall be considered.

(2) Determination of investment cost

For a long-term equity investment acquired through a business combination involving enterprises under common control, the investment cost of the long-term equity investment is the share of the carrying amount of the shareholders' equity of the acquiree attributable to the ultimate controlling party at the date of combination. For a long-term equity investment acquired through business combination not involving enterprises under common control, the investment cost of the long-term equity investment is the cost of acquisition. For a business combination not involving enterprises under common control achieved in stages that involves multiple exchange transactions, the initial investment cost is carried at the aggregate of the carrying amount of the acquirer's previously held equity interest in the acquiree and the new investment cost incurred on the acquisition date. Except for long-term equity investment acquired through a business combination, other equity investment is initially measured at cost.

The expenses incurred by the acquirer in respect of auditing, legal services, valuation and consultancy services and other related administrative expenses attributable to the business combination are charged in profit or loss in the period in which they are incurred.

(3) Subsequent measurement and recognition of profit or loss

(a) Long-term equity investment measured under the cost method

The Company's financial statements measured the long-term equity investments of subsidiaries under the cost method. A subsidiary is the investee controlled by the Group.

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

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

14. Long-term equity investments *(continued)*

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

(b) Long-term equity investment measured under the equity method

The Group measured investments in associates and joint ventures under the equity method. An associate is an entity over which the Group has significant influence, and a joint venture is an entity over which the Group has joint control along with other investors.

Under the equity method, where the initial investment cost of a long-term equity investment exceeds the Group's share of the fair value of the investee's identifiable net assets at the time of acquisition, no adjustment is made to the initial investment cost. Where the initial investment cost is less than the Group's share of the fair value of the investee's identifiable net assets at the time of acquisition, the difference is recognised in profit or loss for the period, and the cost of the long-term equity investment is adjusted accordingly.

Under the equity method, the Group recognises its share of the net profit or loss and other comprehensive income of the investee for the period as investment income or loss and other comprehensive income for the period. The Group recognises its share of the investee's net profit or loss based on the fair value of the investee's individual separately identifiable assets, etc. at the acquisition date after making appropriate adjustments to be confirmed with the Group's accounting policies and accounting period. Unrealised profits or losses resulting from the Group's transactions with its associates and joint ventures shall be eliminated when recognized investment income or loss to the extent that those attributable to the Group's equity interest. However, unrealised profits or losses resulting from the Group's transactions with its associates and joint ventures are recognised as investment income or loss to the extent that those attributable to the Group's equity interest are eliminated if the trading assets do not form a business. Unrealised losses are resulted from the Group's transactions with its associates and joint ventures, the impairment losses on the transferred assets are not eliminated. Changes in other equity of the investee other than net profit or loss, other comprehensive income and profit distribution shall be included in capital reserve, with the carrying amount of long-term equity investment correspondingly adjusted.

The Group discontinues recognising its share of net losses of the investee after the carrying amount of the long-term equity investment together with any long-term interests that in substance form part of its net investment in the investee is reduced to zero. If the Group has incurred obligations to assume additional losses of the investee, a provision is recognised according to the expected obligation, and recorded as investment loss for the period. Where net profits are subsequently realised by the investee, the Group resumes recognising its share of those profits only after its share of the profits exceeds the share of losses previously not recognised.

(c) Disposal of long-term equity investments

On disposal of a long-term equity investment, the difference between the proceeds actually received and receivable and the carrying amount is recognised in profit or loss for the period. For long-term equity investment measured under the equity method, the portion of other comprehensive income recognized before the Group had controlled over the investee under equity method or the financial assets recognition and measurement standard should be treated referring to the same fundamental of disposing related assets and liabilities.

(d) Methods of impairment assessment approach and provision for impairment are set out in Note III. 20.

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

For the six months ended 30 June 2024

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

15. Investment properties

The properties held by the Group for the purpose of earning rentals or for capital appreciation or for both purposes are categorised to investment property. The Group measures investment property under cost model, namely, investment properties are presented in balance sheet by cost deducting accumulated depreciation, amortisation and impairment loss. The investment properties are depreciated over its useful life by straight-line method after deducting estimated net residual value. The useful life, residual value rate and annual depreciation rate for various investment properties are as follows:

Item	Useful life (years)	Residual value rate (%)	Annual depreciation rate (%)
Buildings	20-50	3-5	1.90-4.85
Land use rights	50	–	2.00

If the Group has conclusive evidence that the purpose for holding properties has changed and if one of the following conditions is met, the investment properties shall be converted into other assets, or other assets shall be converted into investment properties:

- The purpose for holding the property is changed to self-use;
- The self-use land use rights are stopped self-using, and changed to held for earning rentals or capital appreciation;
- Self-use buildings stopped self-using, and changed to for renting.

Under the cost model, the carrying amounts of the buildings remain unchanged before and after the purpose change.

Methods of impairment assessment and provision for impairment are set out in Note III. 20.

16. Fixed assets

(1) Recognition criteria

Fixed assets are tangible assets that are held for use in the production or supply of goods or services, for rental to others, or for administrative purposes, and have useful lives of more than one accounting year.

The initial cost of purchased fixed assets includes purchase cost, relevant taxes and expenses attributable to the asset incurred before it reaches ready-to-use condition. The initial cost of self-constructed fixed assets is recognised in accordance with Note III. 17. The components of fixed assets, which have various useful life or contribute economic benefits to the Group in different ways, or at different depreciation rate or via different depreciation methods, will be recognised as individual fixed assets by the Group. The subsequent expenditure of fixed assets (including amount paid for replacing certain component of fixed assets), is recognised into cost of fixed assets if it qualifies recognition criteria. Meanwhile, the carrying amount of replaced component is deducted. The expense relating to routine maintenance of fixed assets is included in profit or loss when it is incurred. Fixed assets are presented on the balance sheet at cost less accumulated depreciation and impairment losses.

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

16. Fixed assets *(continued)*

(2) Depreciation method

Category	Depreciation method	Depreciation period (year)	Residual value rate (%)	Annual depreciation rate (%)
Buildings	Straight-line method	10-50	3-5	1.90-9.70
Machinery and equipment	Straight-line method	3-28	3-5	3.39-32.33
Office equipment and other equipment	Straight-line method	5-12	3-5	7.92-19.40
Transportation vehicles	Straight-line method	5-15	3-5	6.33-19.40

If a fixed asset is upon disposal or no future economic benefits are expected to be generated from its use or disposal, the fixed asset is derecognised. When a fixed asset is sold, transferred, retired or damaged, the amount of any proceeds on disposal of the asset net of the carrying amount and related taxes is recognised in profit or loss for the period. The Group reviews the useful life and estimated net residual value of a fixed asset and the depreciation method applied at least once at the end of each fiscal year, and makes adjustments when necessary. The Group does not make depreciation for overseas land ownership, which has no residual value.

(3) Methods of impairment assessment and provision for impairment are set out in Note III. 20.

17. Construction in progress

Construction in progress is measured at its actual costs. The actual costs include various construction expenditures during the construction period, borrowing costs capitalised before it is ready for intended use and other relevant costs.

Construction in progress is transferred to a fixed asset when it is ready for intended use. For purchased fixed assets, if the purchased fixed assets do not need to be installed, they can reach the expected serviceable status after the purchase acceptance; If the purchased fixed assets need to be installed, they will reach the intended serviceable condition after the installation and commissioning meet the design requirements or the standards specified in the contract. The self constructed fixed assets are transferred into fixed assets when the project is completed and reaches the expected serviceable condition.

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

Methods of impairment assessment and provision for impairment are set out in Note III. 20.

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

18. Borrowing Costs

Borrowing costs are interests and other costs incurred by the Group in connection with the borrowing of funds. Borrowing costs include interests, amortisation of discounts or premiums related to borrowings, ancillary costs incurred in connection with the arrangement of borrowings, and exchange differences arising from foreign currency borrowings.

The borrowing costs that are directly attributable to the construction or production of a qualifying asset are capitalised. The amounts of other borrowing costs incurred are recognised as an expense in the period in which they are incurred. Qualifying assets are assets that necessarily take a substantial period of time for construction or production to get ready for their intended use or sale.

The capitalisation of borrowing costs commences only when all of the following conditions are satisfied:

- Expenditures for the asset have incurred; and
- Borrowing costs are being incurred; and
- Activities relating to the construction or production of the asset that are necessary to prepare the asset for its intended use or sale have commenced.

During the capitalisation period, the amount of interest to be capitalised for each accounting period shall be determined as follows:

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

Capitalisation of borrowing costs is suspended during periods in which the acquisition, construction or production of a qualifying asset is interrupted by activities other than those necessary to prepare the asset for its intended use or sale, when the interruption is for a continuous period of more than 3 months. Borrowing costs incurred during these periods are recognised as an expense of the current period until the acquisition, construction or production is resumed.

Capitalisation of borrowing costs ceases when the qualifying asset being acquired, constructed or produced becomes ready for its intended use or sale. Any borrowing costs incurred subsequently are recognised as an expense in the period in which they are incurred.

19. Intangible assets

(1) Valuation method, useful life and impairment test

A purchased intangible asset is measured initially at cost. An intangible asset acquired in the combination not involving enterprises under common control, it shall be separately recognised as an intangible asset at its fair value on the acquisition date.

The useful life of an intangible asset is determined according to the period over which it is expected to generate economic benefits for the Group. An intangible asset is regarded as having an indefinite useful life when there is no foreseeable limit period over which the asset is expected to generate economic benefits for the Group.

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

19. Intangible assets *(continued)*

(1) Valuation method, useful life and impairment test *(continued)*

The useful lives of the intangible assets are as follows:

Item	Useful life	Basis for determination
Land use rights	50-70 years	Legal right of use
Proprietary technology and technical know-how	3-25 years	The authorisation period agreed in the contract or the period for which economic benefits are expected to be brought to the Group
Software use rights	2-10 years	The authorisation period agreed in the contract or the period for which economic benefits are expected to be brought to the Group
Customer relationship	7-15 years	The period for which economic benefits are expected to be brought to the Group
Backlogs and technical service preferential orders	The period in which the services are rendered agreed in the contract	The period for rendering of services agreed in the contract

Land use rights acquired by the Group during the service period specified in the contract are accounted for as intangible assets. For buildings such as plants that are developed and constructed by the Group, the relevant land use rights and buildings are accounted for as intangible assets and fixed assets respectively. Payments for the land and buildings purchased are allocated between the land use rights and the buildings; if the payments cannot be reasonably allocated, all of the land use rights and buildings are accounted for as fixed assets.

An intangible asset with a finite useful life is amortised using the straight-line method over its useful life. For an intangible asset with a finite useful life, the Group reviews the useful life and the amortisation method at least at the end of each fiscal year and makes adjustment if necessary.

An intangible asset with an indefinite useful life is not amortised and its useful life is reviewed in each accounting period. If there is an evidence indicating that the useful life of the intangible asset is finite, it is accounted for using the above accounting policies applicable to intangible assets with finite useful lives.

(2) Collection scope of research and development expenditure and relevant accounting treatment methods

The Group classifies the expenditure on an internal research and development project into research expenditures and development expenditures.

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

Development expenditures which meet the criteria set out below shall capitalised, that is, it is technically feasible to complete the intangible asset so that it will be available for use or sale; the Group has the intention to complete the intangible asset and use or sell it; the Group can demonstrate the ways in which the intangible asset will generate economic benefits, including the evidence of the existence of a market for the output of the intangible asset or the intangible asset itself or, if it is to be used internally, the usefulness of the intangible asset need to be proved; the availability of adequate technical, financial and other resources to complete the development and the ability to use or sell the intangible asset; and the expenditure attributable to the intangible asset during its development phase can be reliably measured. Expenditure on the development phase that does not meet the above criteria is recognised in profit or loss for the period in which it is incurred. Research expenditure is recognised as an expense in the period in which it is incurred.

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

19. Intangible assets *(continued)*

(2) Collection scope of research and development expenditure and relevant accounting treatment methods *(continued)*

If the expenditures cannot be distinguished between the research phase and development phase, the Group recognises all of them in profit or loss for the period.

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

Methods of impairment assessment and provision for impairment are set out in Note III. 20.

20. Impairment of long-term assets

The Group assesses at each balance sheet date whether there is any indication that long-term equity investment, fixed assets and construction in progress, investment properties, development expenditure, long-term deferred expenses and some other non-current assets under cost method, right-of-use assets and intangible assets with a finite useful life may be impaired. If there is any indication that such assets may be impaired, recoverable amounts are estimated for such assets. Intangible assets with indefinite useful life and intangible assets not yet available for use are tested for impairment annually, irrespective of whether there is any indication that the assets may be impaired.

Recoverable amount is estimated on the basis of individual asset. If it is not practical to estimate the recoverable amount of an individual asset, the recoverable amount of the asset group to which the asset belongs will be estimated. The recoverable amount of an asset is the higher of its fair value less disposal costs and the present value of the future cash flows expected to be derived from the asset.

If the recoverable amount of an asset or an asset group is less than its carrying amount, the deficit is accounted for as an impairment loss and is recognised in profit or loss for the period.

Goodwill is tested for impairment at least at each year end. When conduct impairment test for goodwill, it should be considered together with the related assets group(s), i.e., goodwill is reasonably allocated to the related assets group(s) or each of assets group(s) expected to benefit from the synergies of the combination. An impairment loss is recognised if the recoverable amount of the assets group or sets of assets groups (including goodwill) is less than its carrying amount. The impairment loss is firstly allocated to reduce the carrying amount of any goodwill allocated to such assets group or sets of assets groups, and then to the other assets of the group pro-rata on the basis of the carrying amount of each asset (other than goodwill) in the group.

Once the above impairment loss is recognised, it cannot be reversed in any subsequent accounting periods.

21. Long-term deferred expenses

Long-term deferred expenses are expenses incurred that should be amortised over the current and subsequent periods (amortisation period of more than one year). Long-term deferred expenses are amortised using the straight-line method over the expected periods in which benefits are derived.

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

22. Employee benefits

Employee benefits are all forms of remuneration and compensation given by an entity in exchange for services rendered by employees or for the termination of employment and other remunerations. Employee benefits include short-term benefit, Retirement benefits, termination benefits and other long-term employee benefits. The benefits the Group provided to employees' spouse, children, dependent, and families of deceased employees and other beneficiaries also belong to employee benefits.

(1) Accounting for short-term employee benefits

During the accounting period in which the employees provide services, the Group's actual short-term remuneration is recognised as liabilities and included in the profits or losses of the current year or recognised as respective assets costs.

Regarding to the health insurance, industrial injury insurance, maternity insurance and other social insurances, housing fund and labour union expenditure and personnel education that the Group paid for employees, the Group should recognise corresponding employees benefits payable and include these expenses in the profits or losses of the current year or recognised as respective assets costs.

(2) Accounting for retirement benefits

In an accounting period in which an employee has rendered service to the Group, the amount payable calculated in accordance with the defined contribution plan is recognised as a liability and charged to profit or loss in the period, or included in cost of related assets.

During the accounting period when employees provide services to the Group, the corresponding amount of employee benefits shall be calculated and determined according to the specified accrual basis and accrual ratio, and the corresponding liabilities shall be recognized and included in the current profits and losses or relevant asset costs, including the medical insurance premiums, industrial injury insurance premiums, maternity insurance premiums and other social insurance premiums and housing provident funds paid by the Group for employees, as well as the labor union funds and employee education funds withdrawn by the Group according to regulations.

(3) Accounting for termination benefits

When the Group terminates the employment relationship with employees before the end of the employment contracts or provides compensation as an offer to encourage employees to accept voluntary redundancy, a provision shall be recognised for the compensation arising from termination of employment relationship with employees, with a corresponding charge to the profit or loss for the current year, at the earlier of when:

- (i) The Group cannot unilaterally withdraw from the termination plan or the redundancy offer; or
- (ii) The Group recognises costs relating to termination benefits payment in respect of restructuring.

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

23. Provisions

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

Provisions are recognised when the Group has a present obligation related to a contingency such as warranty provisions/onerous contract/outstanding litigations, it is probable that an outflow of economic benefits will be required to settle the obligation, and the amount of the obligation can be measured reliably. The amount recognised as a provision is the best estimate of the consideration required to settle the present obligation at the balance sheet date, taking into consideration of the factors pertaining to a contingency such as the risks, uncertainties and time value of money. Where the effect of the time value of money is material, the amount of the provision is determined by discounting the related future cash outflows.

24. Share-based payments

(1) Classification of share-based payments

Share-based payment transactions in the Group are classified as equity-settled share-based payments and cash-settled share-based payments.

(2) Accounting treatment of share-based payments

– Equity-settled share-based payments

Where the Group uses shares or other equity instruments as consideration for services received from employees, the payment is measured at the fair value of the equity instruments granted to employees at the grant date. If the equity instruments granted to employees vest immediately, the fair value of the equity instruments granted is fully recognised as costs or expenses on the grant date, with a corresponding increase in capital reserve. If the equity instruments granted do not vest until the completion of services for a period, or until the achievement of a specified performance condition, the Group recognises an amount at each balance sheet date during the vesting period based on the best estimate of the number of equity instruments expected to vest according to newly obtained subsequent information regarding changes in the number of employees expected to vest the equity instruments. The Group measures the services received at the grant-date fair value of the equity instruments and recognises the costs or expenses as the services are received, with a corresponding increase in capital reserve.

When the Group receives services but has no obligation to settle the transaction because the relevant equity instruments are issued by the Company's ultimate parent or its subsidiaries outside the Group, the Group also classifies the transaction as equity-settled.

III. SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES *(continued)***24. Share-based payments** *(continued)***(2) Accounting treatment of share-based payments** *(continued)***– Cash-settled share-based payments**

Where the Group receives services from employees by incurring a liability to deliver cash or other assets for amounts that are determined based on the price of shares or other equity instruments, the services received from employees are measured at the fair value of the liability incurred. If a cash-settled share-based payment vests immediately, the Group immediately recognises on the grant date the costs or expenses and the liability incurred at the fair value of the liability incurred. If a cash-settled share-based payment does not vest until the completion of services for a period, or until the achievement of a specified performance condition, the Group recognises costs or expenses as services are received, with a corresponding increase in liability, at an amount equal to the fair value of the liability based on the best estimate of the outcome of vesting. Until the liability is settled, the enterprise shall remeasure the fair value of the liability at each balance sheet date and at the date of settlement, with changes recognised in profit or loss for the current period.

When the Group receives services and has the obligation to settle the transaction, but the relevant equity instruments are issued by the Company's ultimate parent or its subsidiaries outside the Group, the Group classifies the transaction as cash-settled.

25. Revenue**(1) Accounting policy for recognition and measurement of revenue from contracts with customers according to business type**

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

- (i) Revenue from selling of goods;
- (ii) Revenue from rendering of services

The Group shall recognise revenue when the Group satisfies a performance obligation in the Contract, namely, when the customer obtains control over relevant goods or services, which is based on the transaction price allocated to the performance obligation. A performance obligation represents the commitment that a good and service that is distinct shall be transferred by the Group to the customer. Transaction price refers to the consideration that the Group is expected to receive due to the transfer of goods or services to the customer, but it does not include payments received on behalf of third parties and amounts that the Group expects to return to the customer.

Revenue is recognised over time by reference to the progress towards complete satisfaction of the relevant performance obligation if one of the following conditions is met: (i) the customer simultaneously receives and consumes the benefits provided by the Group's performance as the Group performs; (ii) the customer is able to control goods in the progress during the Group's performance; (iii) the Group's performance does not create an asset with an alternative use to the Group and the Group has an enforceable right to payment for performance completed to date. Otherwise, revenue is recognised at a point of time when the customer obtains control over the relevant goods or services.

For performance obligations performed over time, the Group adopts input method to determine the appropriate progress of performance, that is, the progress of the performance is determined according to the Group's input for fulfilling its performance obligations. Where the progress cannot be determined reasonably, the revenue is recognised based on the amount of cost that is expected to be compensated based on the cost already incurred, until the progress of performance is reasonably determined.

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

25. Revenue *(continued)*

(1) Accounting policy for recognition and measurement of revenue from contracts with customers according to business type *(continued)*

The specific accounting policies related to the main activities of the Group to obtain revenue are described as follows: for rail transit equipment and its extension products, the Group recognizes revenue at the time when the customer obtains the right to control the goods, that is, when the goods are signed or accepted for handover; For rail transit equipment extension services, as customers obtain and consume the economic benefits brought by performance at the same time of performance, it is a performance obligation performed within a certain period of time, and the Group recognizes revenue according to the performance progress.

If the contract includes two or more performance obligations, at contract inception, the Group allocates the transaction price to single performance obligation according to relative proportion of the stand-alone selling prices of the goods or services promised by single performance obligation. However, where there is conclusive evidence that the contract discount or variable consideration is only related to one or more (not all) performance obligations in the contract, the Group shall allocate the contract discount or variable consideration to relevant one or more performance obligations. The stand-alone selling price is the price at which the Group would sell a promised good or service separately to a customer. If a stand-alone selling price is not directly observable, the Group shall consider all information that is reasonably available to the Group and maximize the use of observable inputs and apply estimation methods consistently in similar circumstances.

If the contract includes consideration payable to a customer (for example, supplier nomination fee, etc.), the Group shall account for consideration payable to a customer as a reduction of the transaction price unless the payment to the customer is in exchange for a distinct good or service, and recognised the reduction of revenue when (or as) the later of either of the following events occurs: 1) the Group recognises revenue for the transfer of the related goods or services to the customer; and 2) the Group pays or promises to pay the consideration.

For sales with quality assurance terms, if the quality assurance provides a separate service to the customer other than ensuring that the goods or services sold meet the established standards, the quality assurance constitutes a single performance obligation. Otherwise, the Group will account for the quality assurance responsibility in accordance with the Accounting Standards for Business Enterprises No. 13 – Contingencies.

If the contract contains a significant financing component, the Group 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 or services is obtained by the customer. The difference between the transaction price and the contract consideration shall be amortised within the contract period using effective interest rate. If the Group expects, at contract inception, that the period between when the Group transfers a promised good or service to a customer and when the customer pays for that good or service will be one year or less, the Group needs not to consider the significant financing component.

The Group determines whether it is a principal or an agent at the time of the transaction based on whether it owns the “control” of the goods or services before the transfer of such goods or services to the customer. The Group is a principal if it controls the specified good or service before that good or service is transferred to a customer, and the revenue shall be recognised based on the total consideration received or receivable; otherwise, the Group is an agent, and the revenue shall be recognised based on the amount of commission or handling fee that is expected to be charged, and such amount is determined based on the net amount of the total consideration received or receivable after deducting the prices payable to other related parties or according to the established commission amount or proportion.

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

25. Revenue *(continued)*

(1) Accounting policy for recognition and measurement of revenue from contracts with customers according to business type *(continued)*

For a change in the scope or price of a contract that is approved by the parties to the contract, the Group accounts for the contract modification according to the following situations:

- (i) The addition of promised goods or services are distinct and the price of the contract increases by an amount of consideration reflects stand-alone selling prices of the additional promised goods or services, the Group shall account for a contract modification as a separate contract;
- (ii) If the above criteria are not met, and the remaining goods or services are distinct from the goods or services transferred on the date of the contract modification, the Group accounts for the contract modification as if it were a termination of the existing contract and the creation of a new contract;
- (iii) If the above criteria are not met, and the remaining goods or services are not distinct from the goods or services transferred on the date of the contract modification, the Group accounts for the contract modification as if it were a part of the existing contract. The effect that the contract modification has on the revenue is recognised as an adjustment to revenue in the reporting period.

When the Group collects amounts of sold goods or services in advance from the customer, the Group will firstly recognise the amounts as a liability and then transfer to revenue until satisfying relevant performance obligations.

Contract asset refers to the Group's right to consideration in exchange for goods or services that the Group has transferred to a customer when that right is conditioned on something other than the passage of time. Accounting policies relating to contract asset are specified in Note III. 11. The Group's unconditional (i.e., depending on the passage of time only) right to receive consideration from the customer is separately presented as receivables.

Contract liabilities refer to the Group's obligation to transfer goods or services to a customer for which the Group has received consideration from the customer.

Contract assets and contract liabilities under the same contract are presented at net amount.

Except for the income arising from contracts with customers, income of the Group includes interest income and lease income from daily operating activities. Relevant accounting policies are detailed in Note III. 11 and 28.

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

26. Contract costs

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

Incremental costs of obtaining a contract are those costs that the Group incurs to obtain a contract that it would not have incurred if the contract had not been obtained, e.g. an incremental sales commission. The Group recognises as an asset the incremental costs of obtaining a contract with a customer if it expects to recover those costs. Other costs of obtaining a contract are expensed when incurred.

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

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

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

The Group recognises an impairment loss in profit or loss to the extent that the carrying amount of an asset related to contract costs exceeds:

- (i) remaining amount of consideration that the Group expects to receive in exchange for the goods or services to which the asset relates; less
- (ii) the costs that relate directly to providing those goods or services that have not yet been recognised as expenses.

27. Deferred tax assets/Deferred tax liabilities

The income tax expenses include current income tax and deferred tax. Except for that (1) goodwill arising from the business combination or (2) the current income tax and deferred income tax related to transactions or events recognised in other comprehensive income or shareholders’ equity are included in other comprehensive income or shareholders’ equity, other current income tax and deferred income tax expenses or gains are included in profit or loss for the period.

(1) Current income tax

Current tax assets and liabilities for the current and prior periods are measured at the amount expected to be recovered or paid according to the taxation laws and regulations.

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

27. Deferred tax assets/Deferred tax liabilities *(continued)*

(2) Deferred tax assets/deferred tax liabilities

For temporary differences between the carrying amounts of certain assets or liabilities and their tax base, or between the nil carrying amount of those items that are not recognised as assets or liabilities and their tax base that can be determined according to tax laws, deferred tax assets and liabilities are recognised using the balance sheet liability method.

A deferred tax liability is recognised for all taxable temporary differences, except:

- Where taxable temporary differences arise from the initial recognition of goodwill; or the initial recognition of an asset or liability in a transaction that is not a business combination, and at the time of the transaction, it affects neither accounting profit nor taxable profit or loss;
- For taxable temporary differences associated with investments in subsidiaries, joint ventures and associates, where the timing of the reversal of the temporary differences can be controlled by the Group and it is probable that the temporary differences will not reverse in the foreseeable future.

A deferred tax asset is recognised for deductible temporary differences, carry forward of unused deductible tax losses and tax credits, to the extent that it is probable that taxable profit will be available against which the deductible temporary differences, and the carry-forward of deductible tax losses and tax credits can be utilised, except:

- Where the deferred tax asset arises from a transaction that is not a business combination and, at the time of the transaction, neither affects the accounting profit nor taxable profit or loss;
- Deductible temporary differences associated with investments in subsidiaries, joint ventures and associates, a deferred tax asset is only recognised to the extent that it is probable that the temporary differences will reverse in the foreseeable future and taxable profit will be available against which the temporary differences can be utilised in the future.

Deferred tax is not recognised for temporary differences arising from the initial recognition of assets or liabilities in a transaction that is not a business combination and that affects neither accounting profit nor taxable profit (or deductible loss).

At the balance sheet date, deferred income tax assets and liabilities are measured, subject the tax laws, at the applicable rate in the period in which deferred tax assets or liabilities are expected to be realised or settled, and the tax effects arising from the expected reversal of assets or liabilities are reflected at the balance sheet date.

The carrying amount of deferred tax assets is reviewed at the balance sheet date and reduced to the extent that it is no longer probable that sufficient taxable profit will be available in future periods to allow the deferred tax assets to be utilised. Unrecognised deferred tax assets are reassessed at the balance sheet date and are recognised to the extent that it has become probable that sufficient taxable profit will be available to allow all or part of the deferred tax asset to be recovered.

When the Group has a legal right to settle on a net basis and intends either to settle on a net basis or to realise the assets and settle the liabilities simultaneously, current tax assets and current tax liabilities are offset and presented on a net basis.

Deferred tax assets and deferred tax liabilities are offset and presented on a net basis if the Group has a legal right to set off the current tax assets against current tax liabilities on a net basis and the deferred taxes relate to the same taxable entity and the same taxation authority.

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

28. Leases

As the judgement basis and accounting treatment method for the lessee to simplify short-term lease and low value asset lease

A contract is, or contains, a lease if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration.

For contracts entered into on the date of initial application, the Group assesses whether a contract is or contains a lease at commencement date. Such contract will not be reassessed unless the terms and conditions of the contract are subsequently changed.

(1) As a lessee

(a) Allocation

For a contract that contains one or more lease component and non-lease components, the Group allocates the consideration in the contract to each lease component on the basis of the relative standalone price of the lease component and the aggregate stand-alone price of the non-lease components.

(b) Right-of-use assets

Except for short-term leases and leases of low value assets, the Group recognises right-of-use assets at the commencement date of the lease (i.e. the date the underlying asset is available for use). The right-of-use asset is initially measured at cost. This cost includes:

- The initial measurement amount of the lease liabilities;
- Any lease payments made at or before the commencement date, less any lease incentives received;
- Any initial direct costs incurred by the Group; and
- An estimate of costs to be incurred by the Group in dismantling and removing the underlying assets, restoring the site on which it is located or restoring the underlying asset to the condition required by the terms and conditions of the lease, excluding the costs that are incurred to produce inventories.

After the commencement date of the lease, the carrying amount of right-of-use assets shall be adjusted when lease liability is remeasured.

The Group makes depreciation for the right-of-use assets in accordance with the relevant depreciation regulations under the Accounting Standards for Business Enterprises No. 4-Fixed Assets. Right-of-use assets in which the Group is reasonably certain to obtain ownership of the underlying leased assets at the end of the lease term is depreciated from commencement date to the end of the useful life. Otherwise, right-of-use assets are depreciated on a straight-line basis over the shorter of its estimated useful life and the lease term.

For the method of testing the impairment of the right-of-use asset and the method of determining impairment provision, please refer to Note III. 20 for details.

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

28. Leases *(continued)*

(1) As a lessee *(continued)*

(c) Lease liabilities

At the commencement date of a lease, the Group recognises and measures the lease liability at the present value of lease payments that are unpaid at that date. In calculating the present value of lease payments, the Group uses the incremental borrowing rate at the lease commencement date if the interest rate implicit in the lease is not readily determinable.

Lease payment refers to the amount paid by the Group to the lessor relating to the right to use an underlying asset during the lease term, including:

- Fixed payments (including in-substance fixed payments) less any lease incentives receivable;
- Variable lease payments depending on the index or ratio;
- The exercise price of a purchase option reasonably certain to be exercised by the Group;
- Payments of penalties for terminating a lease, if the lease term reflects the Group exercising the option to terminate; and
- Amounts expected to be paid under residual value guarantees.

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

After the commencement date of the lease term, the Group calculates the interest expense of the lease liabilities for each period of the lease term based on a fixed periodic interest rate, and includes it in profit and loss or related asset costs.

After the commencement date of the lease term, the Group re-measures the lease liabilities and adjusts the corresponding right-of-use asset in the following circumstances. If the book value of the right-of-use asset has been reduced to zero, while the lease liabilities still need to be further reduced, the difference shall be included in the profit and loss:

- The Group re-measures the lease liabilities based on the present value of the post-change lease payments and the revised discount rate as a result of changes in the lease term or changes in the purchase option;
- The Group re-measures the lease liabilities based on the present value of the changed lease payments and the original discount rate, based on the amount of the amount payable or the index or proportion used to determine the lease payments. If the change in lease payments comes from changes in floating interest rates, the revised discount rate shall be adopted to calculate the present value.

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

28. Leases *(continued)*

(1) As a lessee *(continued)*

(d) Short-term leases and leases of low-value assets

The Group applies the short-term lease recognition exemption to short-term leases of housing and buildings, machinery and equipment, motor vehicles, office equipment and other equipment and leases of low-value assets. Short-term leases are leases that have a lease term of 12 months or less from the commencement date and do not contain a purchase option. A lease of low value asset refers to a single lease asset, when new, is of low value.

Lease payments on short-term leases and leases of low-value assets are recognised in profit or loss or the cost of underlying assets on a straight-line basis over the lease term.

(e) Lease modifications

The Group accounts for a lease modification as a separate lease if there is a lease modification and both of the following apply:

- the modification increases the scope of the lease by adding the right to use one or more underlying assets; and
- the consideration for the leases increases by an amount commensurate with the stand-alone price for the increase in scope and any appropriate adjustments to that stand-alone price to reflect the circumstances of the particular contract.

For a lease modification that is not accounted for as a separate lease, the Group remeasures the lease liability based on the lease term of the modified lease by discounting the revised lease payments using a revised discount rate at the effective date of the modification.

If the scope of the lease is narrowed or the lease term is shortened as a result of the lease modification, the Group reduces the carrying amount of the right-of-use assets accordingly, and record the relevant gains or losses of partial or complete termination of the lease into the current profit and loss. In case of remeasurement of lease liabilities due to other lease modifications, the Group adjusts the carrying amount of the right-of-use assets accordingly.

(2) Sales and lease back

The Group acts as the seller and lessee

The Group determines whether the asset transfer in the sale and leaseback transaction is a sale in accordance with Note III. 25. If the transfer of assets is not a sale, the Group continues to recognise the transferred assets and recognises a financial liability equal to the transfer income, and accounts for the financial liabilities in accordance with Note III.11. Where the transfer of assets belongs to sales, the Group measures the right-of-use assets formed by the sale and leaseback based on the portion of the original asset's book value that is related to the use rights obtained from the leaseback, and only recognises the relevant gains or loss of the rights to transfer to the lessor.

III. SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES *(continued)***28. Leases** *(continued)***(2) Sales and lease back** *(continued)***Lease classification standard and accounting treatment method as lessor****(1) As a lessor****(a) Allocation**

Where the contract includes both the lease and non-lease components, the Group apportions the contract consideration according to the provisions of Note III. 25 on the transaction price sharing. The basis of the apportionment is the individual selling price of the leased part and the non-lease part.

(b) Classification of lease

A lease that has substantially transferred almost all the risks and rewards related to the ownership of the leased asset is a financial lease. Leases other than finance leases are operating leases.

(i) The Group records the operating lease business as a lessor

During each period of the lease term, the Group uses the straight-line method to recognise the lease payments from operating leases as rental income. The initial direct costs incurred by the Group in relation to the operating leases are capitalised at the time of the acquisition, and are recognised in profit or loss.

(ii) The Group records the finance leasing business as a lessor

The net investment in the lease is measured at the aggregate of the unguaranteed residual value and the present value of the lease receivable that are not received at the commencement date, discounted using the interest rate implicit in the lease.

The amount of the lease receivable refers to the amount that the Group should collect from the lessee for the purpose of transferring the leased assets during the lease term, including:

- The fixed payment amount and the substantial fixed payment amount to be paid by the lessee, if there is a lease incentive, the amount related to the lease incentive is deducted;
- Variable lease payments depending on the index or ratio;
- The exercise price of the purchase option, provided that it is reasonably determined that the lessee will exercise the option;
- The lessee exercises the amount to be paid for the termination of the lease option, provided that the lease period reflects the lessee's exercise of the option to terminate the lease;
- The residual value of the guarantee provided by the lessee, the party concerned with the lessee and the independent third party with the financial ability to perform the guarantee obligation.

The Group calculates and recognises interest income for each period of the lease term based on a fixed periodic interest rate.

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

28. Leases *(continued)*

(2) Sales and lease back *(continued)*

Lease classification standard and accounting treatment method as lessor *(continued)*

(1) As a lessor *(continued)*

(c) Lease modification

The Group accounts for a modification to an operating lease as a new lease from the effective date of the modification, considering any prepaid or accrued lease payments relating to the original lease as part of the lease payments for the new lease.

If the finance lease changes and meets the following conditions, the Group will account for the change as a separate lease:

- The modification expands the scope of the lease by increasing the right to use one or more leased assets;
- The increased consideration is equal to the individual price of the expanded portion of the lease, as adjusted by the contractual situation.

If the modification of the finance lease is not treated as a separate lease, the Group will deal with the lease modification in the following cases:

- If the lease is classified as an operating lease when the change becomes effective on the lease start date, the Group begins accounting as a new lease from the effective date of the lease change and uses the net lease investment before the effective date of the lease change as the book value of the leased asset;
- If the change is effective on the lease start date and the lease is classified as a finance lease, the Group performs accounting treatment in accordance with the "Accounting Standards for Business Enterprises No. 22 – Recognition and Measurement of Financial Instruments" provisions for the modification or re-arrangement of contracts.

(2) Sales and leaseback

The Group acts as the buyer and lessor

If the asset transfer in the sale and leaseback transaction is not a sale, the Group does not recognise the transferred asset, but recognises a financial asset equal to the transfer income and performs accounting treatment on the financial asset in accordance with Note III. 11. If the asset transfer belongs to sales, the Group will account for the asset purchase according to other applicable accounting standards and conduct accounting treatment for the asset lease.

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

29. Other significant accounting policies and accounting estimates

(1) Other significant accounting policies

(1) Profit distribution

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

(2) Production safety expenses

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

(3) Debt restructuring

Recording debt restructuring obligation as a creditor

When a debt is settled by assets in a debt restructuring, the assets other than the transferred financial assets are initially recognised and measured at cost, including other costs such as the fair value of abandoned creditor's rights and taxes directly attributable to the asset. The difference between the fair value and the carrying amount of the abandoned creditor's right is included in the current profit or loss.

Where debt restructuring is carried out by modifying other terms, the Group recognises and measures the debt restructuring in accordance with the accounting policies described in Note III. 11.

(4) Related parties

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

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

(2) Significant accounting estimates and judgements

The preparation of financial statements requires management to make judgements, estimates and assumptions, which will affect the presented amounts of revenue, cost, assets and liabilities and the disclosure of contingent liabilities on balance sheet date. However, the uncertainty of assumptions and estimates may have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities in future periods.

The following is key assumption and uncertainty in accounting estimates at the balance sheet date that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities in future periods.

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

29. Other significant accounting policies and accounting estimates *(continued)*

(2) Significant accounting estimates and judgements *(continued)*

(1) Credit loss allowance for receivables and contract assets

Except for that the Group recognises credit loss for receivables and contract assets that are individually significant or have credit impaired on an individually basis, the Group determines the expected credit loss of receivables and contract assets on a collectively basis using a provision matrix. For receivables and contract assets whose credit loss are determined individually, the Group determines the credit loss by estimating the expected cash flows based on reasonable and evidenced information available on the balance sheet date with forward- looking information taken into consideration. For receivables and contract assets other than the above, the Group, based on the historical collection condition, determines the proportion of corresponding loss provision for each type of receivables and contract assets with similar credit risk characteristics on a portfolio basis. The provision matrix is based on the Group's historical credit loss experience and is based on reasonable and evidence-based forward-looking information that is available without undue cost or effort. As at 31 December 2023, the Group has reassessed the historical actual credit loss rate and considered changes in forward-looking information.

(2) Impairment of goodwill

For goodwill arising from business combination, the Group tests it for impairment at the year end. Impairment test requires an estimate of the recoverable amount of the relevant asset group containing goodwill, that is, the higher of its fair value less costs of disposal and the present value of the future cash flows expected to be derived from the asset. In determining the present value of the future cash flows of the relevant asset group or the fair value of such asset group under equity method, the Group needs to properly determine the expected growth rate of future cash flow prediction of related asset group, the gross profit margin, the investment income proportion of long-term assets, average growth rate and reasonable discount rate, etc. When the market conditions change, the recoverable amount of the relevant asset group may differ from the existing estimates, which will affect the profit and loss for the period. Relevant details of impairment of goodwill are set out in Note V. 24.

(3) Depreciation and amortisation of investment properties, fixed assets and intangible assets

Investment properties, fixed assets and intangible assets with a definite life are depreciated and amortised in their useful lives respectively by the Group after considering residual values. The Group reviews useful life of assets periodically so as to determine the amounts for depreciation and amortisation in each reporting period. The useful life of assets is determined on the basis of previous experiences and estimated technology upgrading. If prior estimates change significantly, make adjustment to depreciation and amortisation expenses.

(4) Supplementary pension benefits and other supplementary benefits plan liabilities

The Group has recognised supplementary pension benefits and other supplementary benefits plan as liabilities. The estimated amounts of such benefits expenses and liabilities are calculated on the basis of various assumption conditions, including discount rate, growth rate of related benefits and others. The difference between actual results and actuarial assumption may affect the accuracy of accounting estimations. The changes in above assumptions will affect amount of liabilities for supplementary pension benefits and other supplementary benefits plan liabilities, even though the management considers the assumptions are reasonable.

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

29. Other significant accounting policies and accounting estimates *(continued)*

(2) Significant accounting estimates and judgements *(continued)*

(5) Provision for impairment of inventories

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

(6) Deferred tax assets

Besides the exceptions that have been illustrated in the Note III. 27, deferred tax assets are recognised for unused tax losses and deductible temporary differences to the extent that it is probable that taxable profit will be available against which the losses and deductible temporary differences 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) Long-term assets impairment (excluding goodwill)

The Group determines if there is any indication showing impairment in long-term assets other than goodwill on balance sheet date. If there is any indication that it is unlikely to recover the carrying amount, the Group will make impairment assessment. Where the carrying amount of assets or assets group is higher than recoverable amount, namely the higher of net amount of fair value less disposal expense, and the present value of future estimated cash flow, the Group determines that impairment exists. The management must make estimation on future cash flow of such assets or assets group, and select reasonable discount rate to determine the present value of future cash flow.

(8) Warranties for product quality

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

30. Changes in significant accounting policies and accounting estimates

(1) Changes in significant accounting policies

In 2024, the Group has adopted the revised accounting requirements and guidance under CAS newly issued by the Ministry of Finance ("MOF"), as follows:

- "Accounting for the classification of current liabilities and non-current liabilities" in CAS Bulletin No.17 (Caikuai [2023] No.21) ("Bulletin No. 17");
- "Accounting for the assurance-type warranties" in the Compilation of Guidelines on the Application of Accounting Standards for Business Enterprises 2024.

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

For the six months ended 30 June 2024

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

30. Changes in significant accounting policies and accounting estimates *(continued)*

(1) Changes in significant accounting policies *(continued)*

(a) Main effects of adopting the above requirements and guidance

(i) Accounting for the classification of current liabilities and non-current liabilities

According to Bulletin No. 17, when the Group classifies the liquidity of liabilities, it need only consider whether the Group has the substantive right to postpone the settlement of liabilities to more than one year after the balance sheet date (“the right to postpone the settlement of liabilities”), without the need to consider whether the Group has the subjective possibility of exercising the above right.

For liabilities arising from the Group’s loan arrangements, if the Group’s right to postpone the settlement of the liabilities depends on whether the Group has complied with the conditions specified in the loan arrangements (“contractual conditions”), the Group need only consider the contractual conditions that should be complied with, on or before the balance sheet date, when classifying the liquidity of related liabilities, without the need to consider the impact of contractual conditions that the Group should comply with after the balance sheet date.

If the Group classifies the above option into an equity instrument and recognises it separately as an equity component of a composite financial instrument, in accordance with the Accounting Standards for Business Enterprises No. 37- Presentation of Financial Instruments, the classification of liquidity of liabilities that the Group settles by delivering its own equity instruments under the settlement condition selected by the counterparty will not be affected. On the contrary, if the above option cannot be classified as an equity instrument, it will affect the liquidity classification of liabilities.

The adoption of Bulletin No.15 does not have a significant effect on the financial position or financial performance of the Group.

(ii) Presentation of assurance-type warranty expenses

Pursuant to the provisions of the Compilation of Guidelines on the Application of Accounting Standards for Business Enterprises 2024, the Group no longer includes assurance-type warranty expenses into “selling and distribution expenses”, but instead recognises them as operating costs of principal activities.

The Group has retrospectively adjusted comparative figures.

(b) Impact of changes on financial statements of the current year

The impact of the above accounting policy changes on each item of the consolidated income statement from January to June 2024 is summarized as follows:

	RMB'000
	Increase/(decrease) of statement items after adoption of changed accounting policies
Operating costs	1,393,954
Selling and distribution expenses	-1,393,954

(c) Impact of changes on financial statements during the comparison period

The impact of the above accounting policy changes on each item of the consolidated income statement from January to June 2023 is summarized as follows:

	Before adjustments	The amounts of adjustments	After adjustments
Operating costs	68,870,877	1,460,837	70,331,714
Selling and distribution expenses	3,528,858	-1,460,837	2,068,021

IV. TAXES

1. Major categories of taxes and tax rates

Summary of major categories of taxes and tax rates

Category of tax	Basis of tax computation	Tax rate
VAT	Output VAT is calculated by applying applicable rate to the taxable income, less deductible input VAT of the current year.	6 – 13%
City maintenance and construction tax	Computed by value added tax payable	5 – 7%
Enterprise income tax	Computed by taxable income	25%

2. Tax incentive

(1) VAT

According to The Notice of the MoF and the State Administration of Taxation on the Policy of Value Added Tax on Software Products (Cai Shui [2011] No. 100), the part of the actual tax burden of VAT exceeding 3% was levied and refunded upon collection, when CRRC Information Technology, CRRC Qiqihar Group, CRRC Sifang Institute and CRRC Dalian Institute, CRRC Zhuzhou Institute, CRRC Zhuzhou Locomotive and its holding subsidiaries sell their self-developed and self-produced software products in 2024.

According to the Announcement on the Additional VAT Deduction Policy for Advanced Manufacturing Enterprises (Announcement No. 43 [2023] of the State Administration of Taxation of the Ministry of Finance), some subsidiaries of the Group will be eligible to offset the VAT payable by an additional 5% of the deductible input tax of the current period as advanced manufacturing enterprises from 1 January 2023 to 31 December 2027.

(2) Enterprise income tax

As approved by relevant Provincial Department of Science and Technology, Provincial Department of Finance, Provincial Office of the State Administration of Taxation, and Provincial Local Taxation Bureau, CRRC Industrial Institute and CRRC Nanjing Puzhen obtained high-tech enterprise certificate in 2021, and is subject to an enterprise income tax at a reduced rate of 15% from 2021 to 2023. The group expects that above companies are expected to still pay enterprise income tax at tax rate of 15% in 2024.

As approved by relevant Municipal Department of Science and Technology, Municipal Department of Finance, Municipal Office of the State Administration of Taxation, and Municipal Local Taxation Bureau, CRRC Dalian obtained high-tech enterprise certificate in 2021, and is subject to an enterprise income tax at a reduced rate of 15% from 2021 to 2023. The group expects that above companies are expected to still pay enterprise income tax at tax rate of 15% in 2024.

As approved by Beijing Municipal Science & Technology Commission, Beijing Municipal Bureau of Finance, Beijing Municipal Office of the State Administration of Taxation and Beijing Local Taxation Bureau, CRRC Information Technology obtained high-tech enterprise certificate in 2023, and is subject to an enterprise income tax at a reduced rate of 15% from 2023 to 2025.

Approved by the corresponding provincial science and technology departments, provincial finance departments, provincial national taxation bureaus and provincial local taxation bureaus, CRRC Changke Co., Ltd., CRRC Zhuzhou Office, CRRC Zhuzhou Locomotive Co., Ltd., CRRC Qishuyan Co., Ltd., CRRC Yongji Electric Co., Ltd., CRRC Zhuzhou Electric Co., Ltd., CRRC Tangshan Company CRRC Qishuyan Institute, and CRRC Datong Co., Ltd. obtained high-tech enterprise certificates in 2023, and paid corporate income tax at a reduced rate of 15% from 2023 to 2025.

IV. TAXES (continued)

2. Tax incentive (continued)

(2) Enterprise income tax (continued)

With the approval of the corresponding municipal science and technology bureaus, municipal finance bureaus, municipal national taxation bureaus, and municipal local taxation bureaus, CRRC Sifang and CRRC Dalian Institute have obtained the high-tech enterprise certificate in 2023, and will pay corporate income tax at a reduced rate of 15% from 2023 to 2025.

According to CS [2011] No. 58 Notice on Tax Policies Related to the Further Implementation of the Western Development Strategy issued by the Ministry of Finance, the General Administration of Customs and the State Administration of Taxation, from January 1, 2021 to December 31, 2030, enterprises in encouraged industries in the western region will be subject to the enterprise income tax at a reduced rate of 15%. Approved by Sichuan Provincial Office, SAT and Chongqing Taxation Bureau, CRRC Ziyang Co., Ltd. and CRRC (Chongqing) Smart Rail Transit Technology Co., Ltd. are recognized as national encouraged industrial projects and enjoy 15% preferential rate of income tax.

According to the Enterprise Income Tax Law of the People's Republic of China and its implementation regulations, the Notice of the Ministry of Finance and the State Administration of Taxation on Extending the Period of Loss Carrying forward of High tech Enterprises and Small and Medium sized Scientific and Technological Enterprises (CS [2018] No. 76), the enterprises with the qualification of high-tech enterprises or small and medium-sized scientific and technological enterprises (hereinafter referred to as "qualification") in 2018, regardless of whether they are qualified from 2013 to 2017, their losses incurred from 2013 to 2017 that have not yet been made up, All are allowed to be carried forward to make up in the following years, and the maximum carrying forward period is 10 years. For qualified enterprises after 2018, carry forward losses to make up for tax treatment by analogy. As high-tech enterprises, several subordinate companies of the Group will carry forward the uncovered losses to make up the losses for 10 years as required from 2018.

Since 2023, some subsidiaries of the Group, in accordance with the announcement of the Ministry of Finance and the State Administration of Taxation on Further Improving the Pre tax Plus Deduction Policy for research and development expenses (announcement No. 7, 2023), have not formed intangible assets to be included in the current profits and losses for the research and development expenses actually incurred in the development of research and development activities, on the basis of actual deduction as required, since January 1, 2023, Then, 100% of the actual amount will be added and deducted before tax; If intangible assets are formed, they will be amortized at 200% of the cost of intangible assets before tax from January 1, 2023.

According to the relevant provisions of the Tax (Amendment) (No. 2) Ordinance 2016 of the Hong Kong Special Administrative Region, CRRC Hong Kong Capital Corporation meets the qualification of an enterprise treasury center, and the preferential tax rate of 8.25% is applicable to taxable profits generated from businesses of the types specified in the Ordinance (such as part of the fund lending business, financial asset investment business, etc.), and the statutory tax rate of 16.5% is applicable to corporate businesses.

V. NOTES OF CONSOLIDATED FINANCIAL STATEMENTS

1. Cash and bank balances

Item	RMB'000	
	Closing balance	Opening balance
Cash on hand	4,497	1,015
Bank deposits	46,496,238	54,983,674
Other cash and bank balances	1,241,505	945,144
Total	47,742,240	55,929,833
Including: Total amount deposited overseas	3,406,757	5,467,298

Other descriptions:

Restricted funds of the Group:

Item	RMB'000	
	Closing balance	Opening balance
Statutory reserve deposited by CRRC Finance at central bank	1,509,744	1,747,985
Guarantee deposits for acceptances	936,783	641,802
Guarantee deposits for letter of credit	26,676	20,559
Guarantee deposits for letter of guarantee	117,929	113,994
Pledge of bank borrowings for the Group	–	–
Other deposits subject to restrictions	207,127	170,269
Total	2,798,259	2,694,609

As at 30 June 2024, the term deposits that have not been pledged or restricted for use for three months or over three months is RMB12,458,820,000 (as at 31 December 2023: RMB7,168,199,000).

2. Held-for-trading financial assets

Item	RMB'000	
	Closing balance	Opening balance
Investments in equity instruments	3,960,374	3,834,853
Derivatives	–	2,541
Others (Note)	3,808,185	5,095,334
Total	7,768,559	8,932,728

Other descriptions:

Note Others are mainly certificate of deposits purchased by the Group.

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

For the six months ended 30 June 2024

V. NOTES OF CONSOLIDATED FINANCIAL STATEMENTS (continued)

3. Bills receivable

(1) Category of bills receivable

Item	RMB'000	
	Closing balance	Opening balance
Bank acceptances	667,124	1,337,169
Commercial acceptances	8,866,045	10,525,991
Less: Credit loss allowance	(10,312)	(19,254)
Total	9,522,857	11,843,906

(2) Bills receivable pledged at the end of the year

Item	Pledged amount at the end of the period
	RMB'000
Bank acceptances	320
Commercial acceptances	–
Total	320

(3) Bills receivable endorsed or discounted but not matured at the balance sheet date

Item	Amount not derecognised at the end of the period
	RMB'000
Bank acceptances	161,908
Commercial acceptances	1,017,291
Total	1,179,199

V. NOTES OF CONSOLIDATED FINANCIAL STATEMENTS (continued)

3. Bills receivable (continued)

(4) Analysis of bill receivable by categories based on method of provision for credit loss allowance

RMB'000

Category	Closing balance					Opening balance				
	Book value		Credit loss allowance		Carrying amount	Book value		Credit loss allowance		Carrying amount
	Amount	Percentage (%)	Amount	Percentage (%)		Amount	Percentage (%)	Amount	Percentage (%)	
Provision on portfolio basis	9,533,169	100.0	(10,312)	0.11	9,522,857	11,863,160	100.0	(19,254)	0.16	11,843,906
Total	9,533,169	100.0	(10,312)	/	9,522,857	11,863,160	100.0	(19,254)	/	11,843,906

Item	Bill receivable	Closing balance Credit loss allowance	Proportion (%)
Bank acceptances	667,124	–	–
Commercial acceptances	8,866,045	(10,312)	0.1-2.0
Total	9,533,169	(10,312)	/

RMB'000

Credit loss allowance	Lifetime ECL (Non-credit impaired)	Total
Balance at 1 January 2024	19,254	19,254
Provision	12,372	12,372
Reversal	(21,314)	(21,314)
Balance at 30 June 2024	10,312	10,312

Other descriptions:

As at 30 June 2024, bills receivable due from related parties are set out in Note XI. 5.

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

For the six months ended 30 June 2024

V. NOTES OF CONSOLIDATED FINANCIAL STATEMENTS (continued)

4. Accounts receivable

(1) Aging analysis of accounts receivable

Ageing	RMB'000	
	Closing book value	Opening book value
Within 1 year	87,799,133	94,221,825
1-2 years	9,353,427	8,666,945
2-3 years	3,527,229	3,645,018
3-4 years	1,313,632	832,952
4-5 years	828,863	980,253
Over 5 years	2,991,248	2,883,918
Sub-total	105,813,532	111,230,911
Less: Credit loss allowance	(5,677,417)	(5,525,084)
Total	100,136,115	105,705,827

The aging of accounts receivable of the Group is classified based on the date of revenue recognition.

(2) Analysis of accounts receivable by categories based on method of provision for credit loss allowance

Category	Closing balance					Opening balance				
	Book value		Credit loss allowance		Carrying amount	Book value		Credit loss allowance		Carrying amount
	Amount	Percentage (%)	Amount	Percentage (%)		Amount	Percentage (%)	Amount	Percentage (%)	
Provision on individual basis	4,508,277	4.3	(3,102,427)	68.8	1,405,850	4,526,798	4.1	(3,087,057)	68.2	1,439,741
Provision on portfolio basis	101,305,255	95.7	(2,574,990)	2.5	98,730,265	106,704,113	95.9	(2,438,027)	2.3	104,266,086
Total	105,813,532	100.0	(5,677,417)	/	100,136,115	111,230,911	100.0	(5,525,084)	/	105,705,827

V. NOTES OF CONSOLIDATED FINANCIAL STATEMENTS (continued)

4. Accounts receivable (continued)

(2) Analysis of accounts receivable by categories based on method of provision for credit loss allowance (continued)

(i) Analysis of accounts receivable for which credit loss allowance is provided on individual basis:

Provision on individual basis:

RMB'000

Category	Book Value	Closing balance		Reason for provision
		Credit loss allowance	Proportion(%)	
Provision on individual basis	4,508,277	(3,102,427)	68.8	Note

Note: The Group assesses expected credit losses and accrues loss reserves by taking into account the available reasonable and reliable information (including forward-looking information) related to the counterparty.

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

Provision on portfolio basis:

RMB'000

Ageing	Expected credit loss rate (%)	Closing balance		
		Book value at 30 June 2024	Credit loss allowance	Carrying amount at 30 June 2024
Within 1 year	0.1-2.0	86,072,599	(593,719)	85,478,880
1-2 years	1.0-10.0	9,256,940	(457,039)	8,799,901
2-3 years	5.0-25.0	3,428,066	(376,638)	3,051,428
3-4 years	20.0-30.0	1,215,179	(308,558)	906,621
4-5 years	35.0-50.0	389,509	(173,004)	216,505
Over 5 years	60.0-70.0	942,962	(666,032)	276,930
Total	/	101,305,255	(2,574,990)	98,730,265

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

For the six months ended 30 June 2024

V. NOTES OF CONSOLIDATED FINANCIAL STATEMENTS (continued)

4. Accounts receivable (continued)

(2) Analysis of accounts receivable by categories based on method of provision for credit loss allowance (continued)

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

If credit loss allowance is made based on the general model of expected credit loss, please refer to disclosures of other receivables:

Credit loss allowance	Lifetime ECL (Non-credit impaired)	Lifetime ECL (Credit impaired)	Total
At 1 January 2024	2,438,027	3,087,057	5,525,084
Provision	256,543	43,836	300,379
Reversal	(119,770)	(28,378)	(148,148)
Write-off	–	(1,109)	(1,109)
Other changes	190	1,021	1,211
At 30 June 2024	2,574,990	3,102,427	5,677,417

(3) Five largest accounts receivable and contract assets by debtor at the end of the period:

Entity name	Closing balance			Proportion to total accounts receivable and contract assets (%)	Credit loss allowance
	Account receivable	Contract assets	Accounts receivable and contract assets		
Entity 1	42,847,183	5,438,289	48,285,472	28.2	103,467
Entity 2	1,867,260	4,213,789	6,081,049	3.6	227,031
Entity 3	–	5,868,834	5,868,834	3.4	98,211
Entity 4	2,843,599	1,968,794	4,812,393	2.8	48,505
Entity 5	1,857,427	1,150,085	3,007,512	1.8	71,871
Total	49,415,469	18,639,791	68,055,260	39.8	549,085

Other descriptions:

As at 30 June 2024, the Group had accounts receivable with a carrying value equivalent to RMB5,869,000 (as at December 31, 2023: RMB71,595,000) as a pledge for the Group to obtain bank loans.

As at 30 June 2024, the accounts receivable balance includes amounts due from related parties of the Group, as detailed in note XI. 5.

V. NOTES OF CONSOLIDATED FINANCIAL STATEMENTS (continued)
5. Contract assets
(1) Details of contract assets:

RMB'000

Item	Closing balance			Opening balance		
	Book value	Credit loss allowance	Carrying amount	Book value	Credit loss allowance	Carrying amount
Sale of goods related	51,249,871	(551,576)	50,698,295	50,038,763	(528,640)	49,510,123
Engineering business related	13,954,893	(132,275)	13,822,618	11,861,781	(129,706)	11,732,075
Sub-total	65,204,764	(683,851)	64,520,913	61,900,544	(658,346)	61,242,198
Less: Contract assets presented under other non-current assets	-	-	(28,131,356)	-	-	(27,652,063)
Total	-	-	36,389,557	-	-	33,590,135

Note 1: For the sales of goods provided by the Group, it is agreed in the contract that the Group shall pay separately at different phases according to the proportion. The Group recognises revenue at the time of acceptance and delivery of goods, and the right to receive consideration that does not meet the unconditional right to receive payment is recognised as contract assets and presented under contract assets/other non-current assets according to the liquidity.

Note 2: Revenue from project engineering services provided by the Group shall be recognised based on the performance progress, and the contract consideration shall be collected after the customer completes the acceptance check and work settlement. The difference between the revenue recognised based on the performance progress and such consideration shall be recognised as contract assets and presented under contract assets/other non-current assets according to the liquidity.

Warranty provisions from project engineering services provided by the Group and customer settlement, the Group has the unconditional right to collect consideration from customers after the expiration of the warranty period without material quality problems. Therefore, the contract assets formed from this part of the warranty provisions should be recognised as receivable after the end of the quality guarantee period without material quality problems.

As at 30 June 2024, the carrying amount of the Group's contract assets used for pledging amounted to RMB545,499,000(as at December 31, 2023: contract assets with a carrying amount of RMB533,276,000 were used as pledges for the Group's acquisition of bank loans)

As at 30 June 2024, details of current account balances with related parties included in the balance of contract assets are set out in Note XI. 5.

(2) Analysis of contract assets by categories based on method of provision for credit loss allowance

RMB'000

Category	Closing balance					Opening balance				
	Book value		Credit loss allowance		Carrying amount	Book value		Credit loss allowance		Carrying amount
	Amount	Percentage (%)	Amount	Percentage (%)		Amount	Percentage (%)	Amount	Percentage (%)	
Provision on individual basis	173,548	0.3	(73,311)	42.2	100,237	180,555	0.3	(79,894)	44.2	100,661
Provision on portfolio basis	65,031,216	99.7	(610,540)	0.9	64,420,676	61,719,989	99.7	(578,452)	0.9	61,141,537
Total	65,204,764	100.0	(683,851)	/	64,520,913	61,900,544	100.0	(658,346)	/	61,242,198

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

For the six months ended 30 June 2024

V. NOTES OF CONSOLIDATED FINANCIAL STATEMENTS (continued)

5. Contract assets (continued)

(2) Analysis of contract assets by categories based on method of provision for credit loss allowance (continued)

(i) Analysis of accounts receivable for which credit loss allowance is provided on an individual basis:

Item	Closing balance		Proportion (%)	Reason for provision
	Book value	Credit loss allowance		
Contract assets with individual provision for bad debts	173,548	(73,311)	42.2	Note

Description of contract assets for which credit loss allowance is provided on an individual basis:

Note: The Group considered the reasonable and evidenced information (including forward-looking information) available in relation to the counterparty, assessed the expected credit losses and accrued loss allowance.

(ii) Analysis of contract assets for which credit loss allowance is provided on a portfolio basis:

Provision on portfolio basis:

RMB'000

	Closing balance		Proportion (%)
	Contract assets	Credit loss allowance	
Portfolio 1	17,162,357	(26,518)	0.2
Portfolio 2	36,524,756	(390,612)	1.1
Portfolio 3	11,344,103	(193,410)	1.7
Total	65,031,216	(610,540)	/

(3) Provision for credit loss allowance of contract assets

RMB'000

Credit loss allowance	Lifetime ECL (Non-credit impaired)	Lifetime ECL (Credit impaired)	Total
Balance at 1 January 2024	578,452	79,894	658,346
Provision	66,373	515	66,888
Reversal	(33,463)	(7,118)	(40,581)
Other changes	(822)	20	(802)
Balance at 30 June 2024	610,540	73,311	683,851

V. NOTES OF CONSOLIDATED FINANCIAL STATEMENTS *(continued)*

6. Receivables at FVTOCI

(1) Category of bills receivables at FVTOCI

	RMB'000	
Item	Closing balance	Opening balance
Bills receivable	6,163,702	8,874,246
Accounts receivable	2,660,516	2,623,853
Total	8,824,218	11,498,099

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

	RMB'000
Item	Closing balance
Bank acceptances	–
Total	–

(3) Bills receivable endorsed or discounted but not matured at the balance sheet date:

	RMB'000
Item	Closing balance
Bank acceptances	3,561,980
Commercial acceptances	22,194
Total	3,584,174

(4) Analysis of accounts receivable by categories based on method of provision for credit loss allowance

	Closing balance					Opening balance				
Category	Book value		Credit loss allowance		Carrying amount	Book value		Credit loss allowance		Carrying amount
	Amount	Percentage (%)	Amount	Percentage (%)		Amount	Percentage (%)	Amount	Percentage (%)	
Provision on portfolio basis	8,824,218	100.0	–	0.0	8,824,218	11,498,099	100.0	–	0.0	11,498,099
Total	8,824,218	100.0	–	/	8,824,218	11,498,099	100.0	–	/	11,498,099

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

For the six months ended 30 June 2024

V. NOTES OF CONSOLIDATED FINANCIAL STATEMENTS (continued)

6. Receivables at FVTOCI (continued)

(5) Changes in receivables at FVTOCI and fair value movements during the period

RMB'000

Item	Closing balance
Cost	8,971,688
Fair value	8,824,218
Fair value changes accumulated included in other comprehensive income	(147,470)

(6) Other descriptions

As at 30 June 2024, amounts due from related parties of the Group are set out in Note XI. 5.

7. Prepayments

(1) Prepayments presented by aging

RMB'000

Ageing	Closing balance		Opening balance	
	Amount	Percentage (%)	Amount	Percentage (%)
Within 1 year	6,693,283	82.2	6,639,192	82.0
1-2 years	416,828	5.1	339,124	4.2
2-3 years	244,760	3.0	220,048	2.7
Over 3 years	789,175	9.7	899,119	11.1
Total	8,144,046	100.0	8,097,483	100.0

(2) Details of prepayments with Top five closing balance

RMB'000

Entity name	Relationship with the Group	Closing balance	Proportion to total prepayments (%)
Top 5 prepayments	Third party	1,250,408	15.35

As at 30 June 2024, prepayments made to related parties of the Group are set out in Note XI. 5.

V. NOTES OF CONSOLIDATED FINANCIAL STATEMENTS (continued)

8. Other receivables

Presentation by categories

Item	RMB'000	
	Closing balance	Opening balance
Dividends receivable	446,871	467,319
Other receivables	2,703,327	1,765,216
Total	3,150,198	2,232,535

Dividends receivable

(1) Dividends receivable

Item (or investee)	RMB'000	
	Closing balance	Opening balance
Related party	448,212	470,294
Third party	1,634	–
Sub-total	449,846	470,294
Less: Credit loss allowance	(2,975)	(2,975)
Total	446,871	467,319

Other receivables

(1) Analysis by aging

Ageing	RMB'000	
	Closing book value	Opening book value
Within 1 year	2,179,264	1,306,671
1-2 years	230,584	237,146
2-3 years	132,388	151,911
3-4 years	235,365	323,463
4-5 years	227,693	41,277
Over 5 years	765,890	776,372
Sub-total	3,771,184	2,836,840
Less: Credit loss allowance	(1,067,857)	(1,071,624)
Total	2,703,327	1,765,216

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

For the six months ended 30 June 2024

V. NOTES OF CONSOLIDATED FINANCIAL STATEMENTS (continued)

8. Other receivables (continued)

Other receivables (continued)

(2) Categorised by nature:

Nature	RMB'000	
	Closing book value	Opening book value
Advances paid for others	1,503,437	709,344
Deposits and securities	640,565	598,078
Others	559,325	457,794
Total	2,703,327	1,765,216

(3) Details of provision for credit loss allowance

Credit loss allowance	RMB'000			Total
	Phase 1 12-month ECL (Non-credit impaired)	Phase 2 Lifetime ECL (Non-credit impaired)	Phase 3 Lifetime ECL (Credit impaired)	
Balance at 1 January 2024	104,809	–	966,815	1,071,624
Provision	17,861	–	748	18,609
Reversal	(11,347)	–	(11,167)	(22,514)
Other changes	(7)	–	145	138
Balance at 30 June 2024	111,316	–	956,541	1,067,857

(4) Details of other receivables from debtors with Top 5 closing balance

Company name	Nature	RMB'000	
		Closing balance	Proportion to total closing balance of other receivables (%)
Top 5 other receivables	Related party/Third party	1,199,343	31.80

V. NOTES OF CONSOLIDATED FINANCIAL STATEMENTS (continued)

9. Inventories

(1) Category of inventories

RMB'000

Item	Closing balance			Opening balance		
	Book value	Provision for impairment of inventories	Carrying amount	Book value	Provision for impairment of inventories	Carrying amount
Raw materials	23,302,013	(755,812)	22,546,201	19,039,344	(733,385)	18,305,959
Work in progress	44,694,903	(1,161,774)	43,533,129	33,429,955	(1,149,440)	32,280,515
Finished goods	20,344,500	(589,770)	19,754,730	16,495,640	(553,470)	15,942,170
Turnover materials	304,984	(16,740)	288,244	267,680	(15,153)	252,527
Commissioned processing materials	78,760	(17)	78,743	67,586	(17)	67,569
Total	88,725,160	(2,524,113)	86,201,047	69,300,205	(2,451,465)	66,848,740

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

RMB'000

Item	Opening balance	Increases			Decreases		Closing balance
		Provision	Others	Reversal	Write-off	Others	
Raw materials	733,385	86,153	–	11,633	45,363	6,730	755,812
Work in progress	1,149,440	84,182	–	6,650	64,896	302	1,161,774
Finished goods	553,470	75,732	–	16,034	23,214	184	589,770
Turnover materials	15,153	1,744	–	2	125	30	16,740
Commissioned processing materials	17	–	–	–	–	–	17
Total	2,451,465	247,811	–	34,319	133,598	7,246	2,524,113

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

For the six months ended 30 June 2024

V. NOTES OF CONSOLIDATED FINANCIAL STATEMENTS (continued)

10. Non-current assets due within one year

Item	RMB'000	
	Closing balance	Opening balance
Loans and advances due within one year (Note V. 12)	229,000	2,084,925
Long-term receivables due within one year (Note V. 14)	745,121	851,994
Debt investments due within one year (Note V. 13)	994,086	193,200
Other non-current assets due within one year (Note V. 26)	2,381,797	1,430,397
Total	4,350,004	4,560,516

11. Other current assets

Item	RMB'000	
	Closing balance	Opening balance
Withholding VAT	3,545,733	4,084,048
Large deposit certificate	3,777,702	1,143,475
Others	35,670	43,429
Total	7,359,105	5,270,952

12. Loans and advances to customers

Item	RMB'000	
	Closing balance	Opening balance
Loans and advances made by CRRC Finance	242,923	2,095,416
Less: Credit loss allowance	(13,923)	(10,491)
Sub-total	229,000	2,084,925
Including: Loans and advances due within one year (Note V. 10)	229,000	2,084,925

Credit loss allowance	RMB'000			Total
	Phase 1 12-month ECL	Phase 2 Lifetime ECL (Non-credit impaired)	Phase 3 Lifetime ECL (Credit impaired)	
Balance at 1 January 2024	4,524	5,967	–	10,491
Provision	788	13,135	–	13,923
Reversal	(4,524)	(5,967)	–	(10,491)
Balance at 30 June 2024	788	13,135	–	13,923

V. NOTES OF CONSOLIDATED FINANCIAL STATEMENTS *(continued)*
13. Debt investments
(1) Details of debt investments

RMB'000

Item	Closing balance			Opening balance		
	Book value	Credit loss allowance	Carrying amount	Book value	Credit loss allowance	Carrying amount
Minsheng Bank Interbank Certificates of Deposit	994,086	–	994,086	981,193	–	981,193
Ten-year US dollar bonds of China Life	377,352	–	377,352	375,304	–	375,304
Ten-year US dollar bonds of CITIC Bank	213,595	–	213,595	211,953	–	211,953
Seven-year Medium Term Notes of China Aircraft Leasing Group Holdings Limited	–	–	–	193,200	–	193,200
Others	50,341	(40,273)	10,068	46,799	(32,759)	14,040
Total	1,635,374	(40,273)	1,595,101	1,808,449	(32,759)	1,775,690
Less: Debt investments included in non-current assets due within one year (note V. 10)	(994,086)	–	(994,086)	(193,200)	–	(193,200)
Total	641,288	(40,273)	601,015	1,615,249	(32,759)	1,582,490

14. Long-term receivables
(1) Details of long-term receivables:

RMB'000

Item	Closing balance			Opening balance			
	Book value	Credit loss allowance	Carrying amount	Book value	Credit loss allowance	Carrying amount	Discount rate interval
Financing lease	2,041,889	(1,528,700)	513,189	2,065,744	(1,498,970)	566,774	4.35%-5.50%
Sales by instalments and others	7,641,579	(240,222)	7,401,357	7,125,496	(250,357)	6,875,139	1.2%-4.9%
Construction payment and Built-transfer receivables	480,000	(348,000)	132,000	470,262	(336,000)	134,262	4.75%
Total	10,163,468	(2,116,922)	8,046,546	9,661,502	(2,085,327)	7,576,175	/
Less: Long-term receivables due within one year (Note V. 10)	/	/	(745,121)	/	/	(851,994)	/
Long-term receivables due after one year	/	/	7,301,425	/	/	6,724,181	/

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

For the six months ended 30 June 2024

V. NOTES OF CONSOLIDATED FINANCIAL STATEMENTS (continued)

14. Long-term receivables (continued)

(2) Analysis of Long-term receivables by categories based on method of provision for credit loss allowance

Category	Book value		Closing balance Credit loss allowance		Carrying amount	Book value		Opening balance Credit loss allowance		Carrying amount
	Amount	Percentage (%)	Amount	Percentage (%)		Amount	Percentage (%)	Amount	Percentage (%)	
Provision on individual basis	10,163,468	100.0	(2,116,922)	20.8	8,046,546	9,661,502	100.0	(2,085,327)	21.6	7,576,175
Total	10,163,468	100.0	(2,116,922)	/	8,046,546	9,661,502	100.0	(2,085,327)	/	7,576,175

Analysis of Long-term receivables for which credit loss allowance is provided on an individual basis:

Item	Closing balance			Reason for provision
	Book value	Credit loss allowance	Proportion (%)	
Long-term receivable 1	3,602,532	(3,603)	0.1	Note
Long-term receivable 2	2,299,079	(26,233)	1.1	Note
Long-term receivable 3	1,156,282	(2,652)	0.2	Note
Others	3,105,575	(2,084,434)	67.1	Note
Total	10,163,468	(2,116,922)	/	/

Description of contract assets for which credit loss allowance is provided on an individual basis:

Note: The Group considered the reasonable and evidenced information (including forward-looking information) available in relation to the counterparty, assessed the expected credit losses and accrued loss allowance.

(3) Provision for credit loss allowance:

Credit loss allowance	RMB'000		
	Phase 2 Lifetime ECL (Non-credit impaired)	Stage 3 Lifetime ECL (Credit impaired)	Total
At 1 January 2024	493,848	1,591,479	2,085,327
Provision	1,068	39,232	40,300
Reversal	–	(71,460)	(71,460)
Write-off	–	–	–
Other changes	–	62,755	62,755
At 30 June 2024	494,916	1,622,006	2,116,922

As at 30 June 2024, the Group has no long-term receivables (31 December 2023: Nil) as pledge for the Group to obtain bank loans.

As at 30 June 2024, long-term receivables (inclusive of the portion due within one year) due from related parties of the Group are set out in Note XI. 5.

V. NOTES OF CONSOLIDATED FINANCIAL STATEMENTS (continued)

15. Long-term equity investments

RMB'000

Investee	Opening balance	Increasing investment	Decreasing investment	Changes during the period				Announcement of cash dividends or profits	Provision for impairment loss	Others	Closing balance
				Investment gains or losses under equity method	Adjustment of other comprehensive income	Other equity movements					
I. Joint ventures											
Wuhu Yunda Rail Transit Construction And Operation Co., Ltd. ("Wuhu Yunda")	1,551,613	-	-	-	-	-	-	-	-	1,551,613	
Others	2,576,133	-	-	27,537	-	210	(15,933)	-	32,500	2,620,447	
Sub-total	4,127,746	-	-	27,537	-	210	(15,933)	-	32,500	4,172,060	
II. Associates											
China United Insurance Holding Company ("China United Insurance")	5,374,042	-	-	23,586	18,139	-	-	-	-	5,415,767	
China Foreign Trade Finance Lease	3,301,347	-	-	154,153	-	-	-	-	-	3,455,500	
CRRC Times Electric Vehicle Co., Ltd.	801,611	-	-	(36,163)	-	-	-	-	-	765,448	
Jinan-Qingdao High-speed Railway Co., Ltd.	1,134,082	-	-	-	-	-	-	-	(24,509)	1,109,573	
Others	6,639,954	304,745	(314,017)	108,235	-	(36,631)	(7,532)	-	7,733	6,702,487	
Sub-total	17,251,036	304,745	(314,017)	249,811	18,139	(36,631)	(7,532)	-	(16,776)	17,448,775	
Total	21,378,782	304,745	(314,017)	277,348	18,139	(36,421)	(23,465)	-	15,724	21,620,835	

CRRC Hongkong Co., Ltd., a wholly-owned subsidiary of the Group, has provided project financing equity pledge guarantee for the 4 Guadalajara Project Company in which its shares based on shareholding ratio. As of June 30, 2024, the book value of pledged long-term equity investments was 195,952,000.

16. Investments in other equity instruments

(1) Details of investments in other equity instruments:

RMB'000

Item	Opening balance	Increasing investment	Decreasing investment	Changes during the period		Others	Closing balance	Dividend income recognized during the year	Accumulated gains included in other comprehensive income	Accumulated losses included in other comprehensive income	Reason for derecognition
				Gains included in other comprehensive income during the year	Losses included in other comprehensive income during the year						
Listed equity instrument investments	907,646	-	-	89,900	110,333	(464)	886,749	26,036	61,275	(1,009,300)	/
Unlisted equity instruments	1,900,544	128,780	1,845	6,603	38,876	-	1,995,206	2,357	56,233	(36,079)	Note
Total	2,808,190	128,780	1,845	96,503	149,209	(464)	2,881,955	28,393	117,508	(1,045,379)	/

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

For the six months ended 30 June 2024

V. NOTES OF CONSOLIDATED FINANCIAL STATEMENTS (continued)

16. Investments in other equity instruments (continued)

(2) Investments derecognised during the year

Item	RMB'000		Reason for derecognition
	Accumulated gains transferred to retained earnings due to derecognition	Accumulated losses transferred to retained earnings due to derecognition	
Listed equity instrument investments	–	–	/
Unlisted equity instruments	33	–	disposal
Total	33	–	/

Other descriptions:

Note: The unlisted equity instrument investments of the Group are investments planned to be held for the long term for the strategic purpose of the Group. Therefore, the above investments are designated as financial assets at FVTOCI by the Group.

17. Other non-current financial assets

Item	RMB'000	
	Closing balance	Opening balance
Financial assets investments: such as perpetual bond	220,931	219,564
Total	220,931	219,564

V. NOTES OF CONSOLIDATED FINANCIAL STATEMENTS (continued)

18. Investment properties

Measurement models of investment properties

(1) Investment properties measured using a cost model

RMB'000

Item	Buildings	Land use rights	Total
I. COST			
1. Opening balance	1,158,456	122,208	1,280,664
2. Increases	24,978	–	24,978
(1) Transfer from fixed assets (Note V. 19)	24,808	–	24,808
(2) Transfer from construction in progress (Note V. 20)	99	–	99
(3) Other increases	71	–	71
3. Decreases	29,487	–	29,487
(1) Transfer to fixed assets (Note V. 19)	27,629	–	27,629
(2) Transfer to construction in progress (Note V. 20)	1,858	–	1,858
4. Closing balance	1,153,947	122,208	1,276,155
II. Accumulated depreciation and amortisation			
1. Opening balance	413,244	33,389	446,633
2. Increases	21,696	1,219	22,915
(1) Provision or amortisation	12,780	1,219	13,999
(2) Transfer from fixed assets (Note V. 19)	8,916	–	8,916
3. Decreases	10,447	–	10,447
(1) Transfer to fixed assets (Note V. 19)	8,943	–	8,943
(2) Transfer to construction in progress (Note V. 20)	1,504	–	1,504
4. Closing balance	424,493	34,608	459,101
III. Provision for impairment			
1. Opening balance	11,842	–	11,842
3. Closing balance	11,842	–	11,842
IV. Carrying amount			
1. Carrying amount at the end of the period	717,612	87,600	805,212
2. Carrying amount at the beginning of the period	733,370	88,819	822,189

19. Fixed assets

Presentation by item

RMB'000

Item	Closing balance	Opening balance
Fixed assets	58,705,034	60,324,620
Disposal of fixed assets	38,318	35,281
Total	58,743,352	60,359,901

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

For the six months ended 30 June 2024

V. NOTES OF CONSOLIDATED FINANCIAL STATEMENTS (continued)

19. Fixed assets (continued)

Fixed assets

(1) Details of fixed assets:

							RMB'000
Item		Land assets	Buildings	Machinery & equipment	Motor vehicles	Office & other equipment	Total
I. COST							
1.	Opening balance	282,453	55,277,379	57,416,544	2,793,373	7,543,200	123,312,949
2.	Increases	-	511,841	954,677	31,292	199,793	1,697,603
	(1) Additions	-	45,977	255,545	10,813	101,679	414,014
	(2) Transfer from construction in progress (Note V. 20)	-	438,235	699,132	20,479	98,114	1,255,960
	(3) Transfer from investment properties (Note V. 18)	-	27,629	-	-	-	27,629
3.	Decreases	3,152	255,510	559,937	34,755	57,324	910,678
	(1) Disposal or retirement	-	25,136	471,825	31,775	46,226	574,962
	(2) Transfer to construction in progress (Note V. 20)	-	188,339	44,635	2,402	52	235,428
	(3) Transfer to investment properties (Note V. 18)	-	24,808	-	-	-	24,808
	(4) Translation differences arising from translation of foreign currency financial statements	3,152	17,227	43,477	578	11,046	75,480
4.	Closing balance	279,301	55,533,710	57,811,284	2,789,910	7,685,669	124,099,874
II. Accumulated depreciation							
1.	Opening balance	-	18,585,466	36,189,908	2,159,131	5,499,212	62,433,717
2.	Increases	-	937,098	1,752,466	59,074	292,147	3,040,785
	(1) Provision	-	928,155	1,752,466	59,074	292,106	3,031,801
	(2) Transfer from investment properties (Note V. 18)	-	8,943	-	-	-	8,943
	(3) Translation differences arising from translation of foreign currency financial statements	-	-	-	-	41	41
3.	Decreases	-	76,799	474,609	30,093	49,630	631,131
	(1) Disposal or retirement	-	10,966	411,624	27,472	42,781	492,843
	(2) Transfer to construction in progress (Note V. 20)	-	47,860	36,308	2,347	11	86,526
	(3) Transfer to investment properties (Note V. 18)	-	8,916	-	-	-	8,916
	(4) Translation differences arising from translation of foreign currency financial statements	-	9,057	26,677	274	6,838	42,846
4.	Closing balance	-	19,445,765	37,467,765	2,188,112	5,741,729	64,843,371

V. NOTES OF CONSOLIDATED FINANCIAL STATEMENTS *(continued)*
19. Fixed assets *(continued)*
Fixed assets *(continued)*
(1) Details of fixed assets: *(continued)*

Item	Land assets	Buildings	Machinery & equipment	Motor vehicles	Office & other equipment	Total
III. Provision for impairment						
1. Opening balance	-	65,520	427,646	44,438	17,008	554,612
2. Increases	-	12	6,317	76	245	6,650
(1) Provision	-	-	6,317	76	245	6,638
(2) Translation differences arising from translation of foreign currency financial statements	-	12	-	-	-	12
3. Decreases	-	13	9,125	-	655	9,793
(1) Disposal or retirement	-	13	7,268	-	-	7,281
(2) Translation differences arising from translation of foreign currency financial statements	-	-	1,787	-	655	2,442
(3) Transfer to construction in progress (Note V. 20)	-	-	70	-	-	70
4. Closing balance	-	65,519	424,838	44,514	16,598	551,469
IV. Carrying amount						
1. Carrying amount at the end of the period	279,301	36,022,426	19,918,681	557,284	1,927,342	58,705,034
2. Carrying amount at the beginning of the period	282,453	36,626,393	20,798,990	589,804	2,026,980	60,324,620

(2) Details of rent-out fixed assets under operating leases:

Item	Carrying amount at the end of the period
Machinery and equipment	24,847
Motor vehicles	5,093
Office and other equipment	1,727
Total	31,667

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

Item	Carrying amount	Reasons for having not obtained the property right certificates
Buildings	2,011,680	In progress

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

For the six months ended 30 June 2024

V. NOTES OF CONSOLIDATED FINANCIAL STATEMENTS (continued)

19. Fixed assets (continued)

Disposal of fixed assets

Item	RMB'000	
	Closing balance	Opening balance
Buildings	17,722	16,473
Machinery and equipment	12,088	10,895
Office and other equipment	8,326	112
Motor vehicles	182	7,801
Total	38,318	35,281

Other descriptions:

As at 30 June 2024, the Group has buildings and machinery and equipment with carrying amount equivalent to RMB207,442,000 (31 December 2023: RMB222,488,000) as collateral for the Group to obtain bank loans. Except for the fixed assets used as collateral, there was no other restriction on the ownership of fixed assets as at 30 June 2024.

20. Construction in progress

Presentation by item

Item	RMB'000	
	Closing balance	Opening balance
Construction in progress	6,765,038	4,518,120
Materials for construction of fixed assets	772	836
Total	6,765,810	4,518,956

Construction in progress

(1) Details of construction in progress

Item	Closing balance			Opening balance		
	Book value	Provision for impairment	Carrying amounts	Book value	Provision for impairment	Carrying amounts
Construction in progress	6,770,471	(5,433)	6,765,038	4,523,553	(5,433)	4,518,120
Total	6,770,471	(5,433)	6,765,038	4,523,553	(5,433)	4,518,120

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

For the six months ended 30 June 2024

V. NOTES OF CONSOLIDATED FINANCIAL STATEMENTS (continued)

20. Construction in progress (continued)

Construction in progress (continued)

(2) Changes in significant construction in progress for the period

RMB'000

Item	Budget	Opening balance	Increases	Transfers to fixed assets during the period	Transfer to intangible assets	Transfer to investment properties	Transfer from fixed assets	Others	Closing balance	Percentage of actual cost to budget (%)	Project progress (%)	Accumulated capitalized interest	Interest capitalised in the current period	Capitalisation rate of interests (%)	Sources of funding
Medium- and low-voltage power device industrialisation construction project (Yixing)	5,825,830	310,592	1,757,322	-	-	-	-	-	2,067,914	54	54	-	-	-	Borrowings and self-raised
Others	18,458,784	4,212,961	1,682,299	(1,255,960)	(50,258)	(99)	148,832	(35,216)	4,702,557	/	/	59,344	3,012	/	Proceeds, borrowings and self-raised
Total	24,284,614	4,523,553	3,439,621	(1,255,960)	(50,258)	(99)	148,832	(35,216)	6,770,471	/	/	59,344	3,012	/	/

Materials for construction of fixed assets

(1) Details of materials for construction of fixed assets

RMB'000

Item	Closing balance			Opening balance		
	Book value	Provision for impairment	Carrying amount	Book value	Provision for impairment	Carrying amount
Specialised materials	5	-	5	18	-	18
Specialised equipment	767	-	767	818	-	818
Total	772	-	772	836	-	836

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

For the six months ended 30 June 2024

V. NOTES OF CONSOLIDATED FINANCIAL STATEMENTS (continued)

21. Right-of-use assets

						RMB'000
Item	Plant & buildings	Machinery & equipment	Motor vehicles	Office & other equipment	Total	
I. COST						
1. Opening balance	2,921,970	253,146	88,314	50,864	3,314,294	
2. Increases	422,845	26,483	2,982	3,912	456,222	
(1) Newly rented	422,845	26,483	2,982	3,912	456,222	
3. Decreases	101,538	14,315	13,576	3,602	133,031	
(1) Expiry of lease contract	88,897	14,015	12,856	3,096	118,864	
(2) Translation differences arising from translation of foreign currency financial statements	12,641	300	720	506	14,167	
4. Closing balance	3,243,277	265,314	77,720	51,174	3,637,485	
II. Accumulated depreciation						
1. Opening balance	1,328,164	15,901	49,781	40,178	1,434,024	
2. Increases	268,908	32,089	1,989	8,545	311,531	
(1) Provision	268,681	32,089	1,989	8,545	311,304	
(2) Translation differences arising from translation of foreign currency financial statements	227	-	-	-	227	
3. Decreases	93,742	14,250	4,368	2,621	114,981	
(1) Expiry of lease contract	83,048	13,917	4,355	2,525	103,845	
(2) Translation differences arising from translation of foreign currency financial statements	10,694	333	13	96	11,136	
4. Closing balance	1,503,330	33,740	47,402	46,102	1,630,574	
III. Carrying amount						
1. Carrying amount at the end of the period	1,739,947	231,574	30,318	5,072	2,006,911	
2. Carrying amount at the beginning of the period	1,593,806	237,245	38,533	10,686	1,880,270	

V. NOTES OF CONSOLIDATED FINANCIAL STATEMENTS (continued)
22. Intangible assets
(1) Details of intangible assets

RMB'000

Item	Land use rights	Proprietary technology, technical know-how & franchise rights	Software licences	Customer relationship	Backlog orders & technical service preferential contracts	Total
I. COST						
1. Opening balance	17,096,482	5,629,828	4,496,267	376,069	59,170	27,657,816
2. Increases	240	210,318	68,178	-	-	278,736
(1) Transfer from construction in progress (Note V. 20)	-	-	50,258	-	-	50,258
(2) Additions	240	10,795	8,550	-	-	19,585
(3) Transfer from development expenditure (Note V. 23)	-	199,523	9,370	-	-	208,893
3. Decreases	1,226	3,792	7,555	315	-	12,888
(1) Disposal	1,023	-	3,363	-	-	4,386
(2) Translation differences arising from translation of foreign currency financial statements	203	3,792	4,192	315	-	8,502
4. Closing balance	17,095,496	5,836,354	4,556,890	375,754	59,170	27,923,664
II. Accumulated amortisation						
1. Opening balance	4,208,685	3,221,485	3,065,808	253,692	10,313	10,759,983
2. Increases	177,174	201,504	170,399	3,768	12,214	565,059
(1) Provision	177,174	201,504	170,399	3,768	12,214	565,059
3. Decreases	367	280	7,983	1,046	-	9,676
(1) Disposal	307	-	3,363	-	-	3,670
(2) Translation differences arising from translation of foreign currency financial statements	60	280	4,620	1,046	-	6,006
4. Closing balance	4,385,492	3,422,709	3,228,224	256,414	22,527	11,315,366
III. Provision for impairment						
1. Opening balance	1,120	58,023	770	117,136	-	177,049
2. Increases	-	-	-	756	-	756
(1) Translation differences arising from translation of foreign currency financial statements	-	-	-	756	-	756
3. Closing balance	1,120	58,023	770	117,892	-	177,805
IV. Carrying amount						
1. Carrying amount at the end of the period	12,708,884	2,355,622	1,327,896	1,448	36,643	16,430,493
2. Carrying amount at the beginning of the period	12,886,677	2,350,320	1,429,689	5,241	48,857	16,720,784

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

For the six months ended 30 June 2024

V. NOTES OF CONSOLIDATED FINANCIAL STATEMENTS (continued)

22. Intangible assets (continued)

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

RMB'000

Item	Carrying amount	Reasons for having not obtained the property right certificates
Project land	48,276	In progress

Other descriptions:

As at 30 June 2024, the Group has intangible assets with a carrying amount equivalent to RMB727,745,000 (31 December 2023: RMB760,152,000) as collateral.

23. Development expenditures

RMB'000

Item	Balance at the beginning of the period	Increases		Decreases		Closing balance
		Internal development	Others	Recognised as intangible assets	Transfer to profit or loss	
Development expenditures	715,820	6,035,643	–	208,893	5,794,828	747,742

24. Goodwill

(1) Book value of goodwill

RMB'000

Name of investee	Opening balance	Increases	Decreases	Changes in foreign exchange rates	Closing balance
CRRC Tangshan and its subsidiaries	36,379	–	–	–	36,379
CRRC Zhuzhou Institute and its subsidiaries	1,336,733	–	–	(20,732)	1,316,001
Other	13,849	–	–	–	13,849
Total	1,443,895	–	–	(20,732)	1,423,163

V. NOTES OF CONSOLIDATED FINANCIAL STATEMENTS (continued)

24. Goodwill (continued)

(2) Provision for impairment losses of goodwill

Name of investees	Opening balance	Increases	decreases	Changes in foreign exchange rates	RMB'000
					Closing balance
CRRC Zhuzhou Locomotive and its subsidiaries	20,156	-	-	-	20,156
CRRC Zhuzhou Institute and its subsidiaries (note)	1,116,333	-	-	(19,455)	1,096,878
Total	1,136,489	-	-	(19,455)	1,117,034

Note: In 2019, Zhuzhou Times New Materials, a subsidiary of CRRC Zhuzhou Law Firm, made a full provision for the impairment of the goodwill of BOGE in Germany.

25. Deferred tax assets/Deferred tax liabilities

(1) Deferred tax assets before offsetting

Item	Closing balance		Opening balance	
	Deductible temporary differences	Deferred tax assets	Deductible temporary differences	Deferred tax assets
Expected warranty provisions	8,805,480	1,322,156	8,675,690	1,301,354
Provision for impairment of assets	2,112,625	407,657	2,137,201	406,068
Provision for credit losses	4,221,166	644,418	4,010,569	611,287
Unrealised profit from internal transactions	3,266,839	601,262	2,499,434	455,147
Estimated losses	206,478	32,830	196,984	31,813
Government grants	1,883,699	288,540	2,300,281	345,042
Accrued expenses	2,568,941	387,932	1,925,031	308,005
Unpaid employee salaries	516,000	81,452	405,546	62,860
Deductible tax losses	5,209,344	807,168	6,073,377	958,846
Changes in fair value of investments in other equity instruments	654,226	119,577	644,024	121,720
Changes in fair value of receivables at FVTOCI	151,220	22,291	187,880	31,940
Lease liabilities	1,233,609	210,084	1,279,506	224,057
Others	1,267,476	215,596	1,563,480	281,427
Total	32,097,103	5,140,963	31,899,003	5,139,566

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

For the six months ended 30 June 2024

V. NOTES OF CONSOLIDATED FINANCIAL STATEMENTS (continued)

25. Deferred tax assets/Deferred tax liabilities (continued)

(2) Deferred tax liabilities before offsetting

RMB'000

Item	Closing balance		Opening balance	
	Taxable temporary differences	Deferred tax liabilities	Taxable temporary differences	Deferred tax liabilities
Adjustment on fair value of acquisition of subsidiaries	324,776	62,204	291,228	55,333
Depreciation difference due to inconsistency of depreciation period between tax law and accounting	3,409,627	545,540	3,740,802	617,232
Changes in fair value of investments in other equity instruments	121,936	19,144	114,721	19,503
Gains on changes in fair value during the holding period of the financial assets at fair value through profit or loss	797,852	197,907	725,092	181,273
Right-of-use assets	1,219,195	207,629	1,244,544	217,935
Others	3,358,742	604,574	3,873,372	748,719
Total	9,232,128	1,636,998	9,989,759	1,839,995

(3) Deferred tax assets/liabilities after offsetting

RMB'000

Item	Amount of offsetting of deferred tax assets and liabilities at the end of the period	Balances of deferred tax assets or liabilities after offsetting at the end of the period	Balances of deferred tax assets or liabilities after offsetting at the beginning of the period	
			Amount of offsetting of deferred tax assets and liabilities at the beginning of the period	Balances of deferred tax assets or liabilities after offsetting at the beginning of the period
Deferred tax assets	977,789	4,163,174	1,268,093	3,871,473
Deferred tax liabilities	977,789	659,209	1,268,093	571,902

(4) Details of unrecognised deferred tax assets

RMB'000

Item	Closing balance	Opening balance
Deductible temporary differences	11,909,215	12,236,165
Deductible tax losses	19,480,264	17,517,744
Total	31,389,479	29,753,909

V. NOTES OF CONSOLIDATED FINANCIAL STATEMENTS *(continued)*

25. Deferred tax assets/Deferred tax liabilities *(continued)*

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

	RMB'000	
Year	Closing balance	Opening balance
2024	1,891,059	1,905,020
2025	1,684,602	1,690,112
2026	1,992,248	1,992,606
2027	2,963,661	2,979,753
2028	2,134,867	2,143,594
2029	1,593,259	1,112,957
2030	830,084	841,524
2031	1,021,086	1,026,844
2032	2,594,675	2,597,424
2033	1,214,439	1,227,910
2034 and thereafter	1,560,284	–
Total	19,480,264	17,517,744

26. Other non-current assets

	RMB'000	
Item	Closing balance	Opening balance
Contract assets (Note V. 5)	28,131,356	27,652,063
Prepayment of intangible assets	726,954	678,544
Prepayments of engineering equipment	1,441,014	1,450,788
Large deposit certificate	6,880,757	4,644,969
Others	2,217,345	2,032,161
Sub-total	39,397,426	36,458,525
Less: Other non-current assets due within one year (Note V. 10)	2,381,797	1,430,397
Total	37,015,629	35,028,128

As at 30 June 2024, prepayments made to related parties of the Group in the balance of other non-current assets are set out in Note XI. 5.

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

For the six months ended 30 June 2024

V. NOTES OF CONSOLIDATED FINANCIAL STATEMENTS (continued)

27. Assets with restrictive ownership title or right of use

Item	Closing balance				Opening balance			
	Carrying Amount	Carrying Value	Reason of restriction	Notes for restriction	Carrying Amount	Carrying Value	Reason for restriction	Note for restriction
Cash and bank balances	2,798,259	2,798,259	Other	Note V. 1	2,694,609	2,694,609	Other	Note V. 1
Bills receivable	1,181,321	1,179,519	Other	Note V. 3	3,088,023	3,079,191	Other	Note V. 3
Accounts receivable	5,875	5,869	Pledge	Note V. 4	71,640	71,595	Pledge	Note V. 4
Receivables at FVTOCI	-	-	Other	Note V. 6	147,068	147,068	Other	Note V. 6
Contract assets (including current and non-current components)	546,045	545,499	Pledge	Note V. 5	553,830	553,276	Pledge	Note V. 5
Fixed assets	271,324	207,442	Collateral	Note V. 19	275,399	222,488	Collateral	Note V. 19
Intangible assets	838,501	727,745	Collateral	Note V. 22	861,544	760,152	Collateral	Note V. 22
Long-term equity investments	195,952	195,952	Pledge	Note V. 15	-	-	/	/
Total	5,837,277	5,660,285	/	/	7,692,113	7,528,379	/	/

28. Short-term borrowings

Category of short-term borrowings

Item	RMB'000	
	Closing balance	Opening balance
Pledged loans	120,030	631,073
Credit loans	8,496,880	7,498,783
Total	8,616,910	8,129,856

Description of short-term borrowings classification:

As at 30 June 2024, the annual interest rate of short-term borrowings ranged from 0.12%-13.00% (31 December 2023: 0.12% – 5.91%).

As at 30 June 2024, short-term borrowings from related parties of the Group are set out in Note XI. 5.

29. Bills payable

(1) Details of bills payable:

Category	RMB'000	
	Closing balance	Opening balance
Commercial acceptance bills	1,377,933	1,233,025
Bank acceptance bills	25,825,380	25,603,306
Total	27,203,313	26,836,331

As at 30 June 2024, the bills overdue but not yet paid is RMB1,900,000. The reason of not paying the bill is that the bill holder did not inform for payments in time.

V. NOTES OF CONSOLIDATED FINANCIAL STATEMENTS (continued)

30. Accounts payable

(1) Details of accounts payable:

	RMB'000	
Item	Closing balance	Opening balance
Related parties	8,397,958	7,738,039
Third party	149,147,100	146,295,689
Total	157,545,058	154,033,728

(2) Ageing analysis of accounts payable:

Item	Closing balance	Opening balance
Within 1 year	146,189,289	145,412,694
1-2 year	6,760,451	4,644,954
2-3 year	1,949,972	1,655,690
over 3 years	2,645,346	2,320,390
Total	157,545,058	154,033,728

Other descriptions:

The aging of accounts payable of the Group is classified based on the date of recognising the purchase of materials and goods or accepting services.

As at 30 June 2024, details of accounts payable due to related parties are set out in Note XI. 5.

31. Receipts in advance

(1) Details of receipts in advance:

	RMB'000	
Item	Closing balance	Opening balance
Related parties	2,000	2,167
Third party	9,642	9,528
Total	11,642	11,695

Other descriptions:

As at 30 June 2024, details of receipts payable due to related parties are set out in Note XI. 5.

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

For the six months ended 30 June 2024

V. NOTES OF CONSOLIDATED FINANCIAL STATEMENTS

32. Contract liabilities

Details of contract liabilities

RMB'000

Item	Closing balance	Opening balance
Sale of goods related (Note 1)	22,732,988	22,211,301
Project contracting services related (Note 2)	2,350,028	966,859
Sub-total	25,083,016	23,178,160
Less: Contract liabilities presented under other non-current liabilities (Note V. 45)	(1,186)	(1,315)
Total	25,081,830	23,176,845

Other descriptions:

Note 1: As at 30 June 2024, the acceptance and transfer of certain sales of goods of the Group was later than the customer's payment, generating contract liabilities related to the contract on sales of goods.

Note 2: As at 30 June 2024, the Group's contract liabilities related to the project contracting service contracts represented the excess of the settled amount over revenue recognised based on the progress of construction.

As at 30 June 2024, details of current account balances with related parties included in the balance of contract liabilities are set out in Note XI. 5.

33. Deposits from banks and other financial institutions

Item	30 June 2024	31 December 2023
customer deposits of CRRC Finance	4,353,131	5,816,950
Total	4,353,131	5,816,950

As at 30 June 2024, details of deposits from banks and other financial institutions with related parties are set out in Note XI. 5.

V. NOTES OF CONSOLIDATED FINANCIAL STATEMENTS *(continued)*
34. Employee benefits payable
(1) Details of employee benefits payable

	RMB'000			
Item	Opening balance	Increases	Decreases	Closing balance
I. Short-term employee benefits	1,830,675	13,094,437	12,889,977	2,035,135
II. Post-employment benefits-Defined contribution plan	60,077	2,233,787	2,221,538	72,326
III. Labour expenditures	2,406	671,630	673,061	975
IV. Post-employment benefits due within one year-Net liabilities in defined benefit plan (Chinese Mainland)	142,319	19,776	47,856	114,239
V. Post-employment benefits due within one year-Net liabilities in defined benefit plan (other countries and regions)	15,907	4,537	6,948	13,496
Total	2,051,384	16,024,167	15,839,380	2,236,171

(2) Presentation of short-term benefits

	RMB'000			
Item	Opening balance	Increases	Decreases	Closing balance
I. Salaries, bonuses, allowances and subsidies	501,613	9,815,626	9,569,442	747,797
II. Welfare benefits	417,933	528,953	534,698	412,188
III. Social insurances	106,311	1,100,357	1,109,152	97,516
Including: Medical insurance	102,444	987,464	995,909	93,999
Work-related injury insurance	4,115	91,804	91,665	4,254
Maternity insurance	(248)	21,089	21,578	(737)
IV. Housing funds	38,686	1,167,143	1,167,172	38,657
V. Employee union funds and staff education funds	481,156	296,079	251,646	525,589
VI. Others	284,976	186,279	257,867	213,388
Total	1,830,675	13,094,437	12,889,977	2,035,135

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

For the six months ended 30 June 2024

V. NOTES OF CONSOLIDATED FINANCIAL STATEMENTS (continued)

34. Employee benefits payable (continued)

(3) Details of defined contribution plan

RMB'000

Item	Opening balance	Increases	Decreases	Closing balance
1. Basic pension insurance	41,836	1,647,854	1,645,624	44,066
2. Unemployment insurance	1,814	66,038	65,687	2,165
3. Enterprise annuity	16,427	519,895	510,227	26,095
Total	60,077	2,233,787	2,221,538	72,326

Other descriptions:

Employees of the Group are required to participate in defined contribution schemes which are administered and operated by the local municipal government. The Group contributes funds which are calculated on certain percentage as agreed by the local municipal government to the scheme. The Group's contributions to the defined contribution plan, including the social pension insurance schemes and the annuity plan, are recognised as expenses when incurred. As at 30 June 2024 and 31 December 2023, there are no forfeited contributions that may be used by the Group to reduce the existing level of contribution (as at 30 June 2023 and 31 December 2022: Nil).

35. Tax payable

RMB'000

Item	Closing balance	Opening balance
VAT	780,120	1,544,833
Enterprise income tax	722,721	949,824
Individual income tax	82,221	363,481
City maintenance and construction tax	55,622	90,992
Education surcharges	41,222	68,690
Property tax	43,727	47,499
Land use tax	22,893	23,367
Others	95,910	199,415
Total	1,844,436	3,298,101

V. NOTES OF CONSOLIDATED FINANCIAL STATEMENTS (continued)

36. Other payables

(1) Presented by item

	RMB'000	
Item	Closing balance	Opening balance
Dividends payable	6,797,024	462,255
Other payables	14,348,667	19,780,936
Total	21,145,691	20,243,191

(2) Dividends payable

	RMB'000	
Item	Closing balance	Opening balance
Related parties	2,968,933	125,171
Third parties	3,828,091	337,084
Total	6,797,024	462,255

(3) Other payable

Details of other payables by nature are as follows:

	RMB'000	
Item	Closing balance	Opening balance
Borrowings from CRRC Group	3,853,804	10,050,690
Collections on behalf of other parties	4,106,778	3,351,506
Payments for equipment and projects	1,683,815	1,584,766
Deposits and securities, housing fund, and public facilities maintenance funds	1,254,327	1,165,137
Technology royalties and research expenditures	481,926	487,915
Utilities, repair and transportation expenses	233,557	274,988
Others	2,734,460	2,865,934
Total	14,348,667	19,780,936

Other descriptions:

As at 30 June 2024, details of other payables due to related parties are set out in Note XI. 5.

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

For the six months ended 30 June 2024

V. NOTES OF CONSOLIDATED FINANCIAL STATEMENTS (continued)

37. Non-current liabilities due within one year

Item	RMB'000	
	Closing balance	Opening balance
Long-term borrowings due within one year (Note V. 39)	1,358,012	835,822
Long-term payables due within one year (Note V. 41)	19,207	39,783
Lease liabilities due within one year (Note V. 40)	417,795	458,358
Provisions due within one year (Note V. 43)	3,155,231	2,918,572
Other non-current liabilities due within one year (Note V. 45)	9,239	136
Total	4,959,484	4,252,671

Other descriptions:

As at 30 June 2024, details of current account balances with related parties included in the balance of non-current liabilities due within one year are set out in Note XI. 5.

38. Other current liabilities

Details of other current liabilities:

Item	RMB'000	
	Closing balance	Opening balance
Output VAT tax to be transferred and received VAT in advance	2,562,637	2,445,225
Total	2,562,637	2,445,225

39. Long-term borrowings

Long-term loans by category

Item	RMB'000	
	Closing balance	Opening balance
Credit loans	2,334,476	2,523,977
Pledged loans	5,207,425	5,144,698
Mortgage loans	131,663	152,007
Total	7,673,564	7,820,682
Less: Long-term loans due within one year	(1,358,012)	(835,822)
Including: Credit loans	(1,127,731)	(596,166)
Pledged loans	(159,663)	(157,466)
Mortgage loans	(70,618)	(82,190)
Long-term borrowings due after one year	6,315,552	6,984,860
Including: Credit loans	1,206,745	1,927,811
Pledged loans	5,047,762	4,987,232
Mortgage loans	61,045	69,817

V. NOTES OF CONSOLIDATED FINANCIAL STATEMENTS *(continued)*

39. Long-term borrowings *(continued)*

Other descriptions including range of interest rates:

Analysis of long-term borrowings due after one year is as follows:

	RMB'000	
Subsequent to the balance sheet date	Closing balance	Opening balance
1-2 years	577,720	1,617,289
2-5 years	949,873	647,625
Over 5 years	4,787,959	4,719,946
Total	6,315,552	6,984,860

As at 30 June 2024, the annual interest rate of long-term borrowings ranged from 0.12% to 12.53 %to (31 December 2023: 0.12%-12.53%).

40. Lease liabilities

	RMB'000	
Item	Closing balance	Opening balance
Lease liabilities	2,112,194	2,003,544
Less: Lease liabilities included in non-current liabilities due within one year (Note V. 37)	(417,795)	(458,358)
Total	1,694,399	1,545,186
Lease liabilities due over one year	1,694,399	1,545,186

Other descriptions:

As at 30 June 2024, the lease liability (including the one-year maturity) due to the related parties are set out in Note XI. 5.

Analysis of lease liabilities due after one year is as follows:

	RMB'000
Subsequent to the balance sheet date :	Closing balance
1-2 years	415,437
2-5 years	807,713
Over 5 years	789,203
Total undiscounted payments	2,012,353
Less: Unrecognised finance charges	(317,954)
Lease liabilities due over one year	1,694,399

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

For the six months ended 30 June 2024

V. NOTES OF CONSOLIDATED FINANCIAL STATEMENTS (continued)

41. Long-term payables

Presented by item

Item	RMB'000	
	Closing balance	Opening balance
Long-term payables	219,148	249,334
Special payables	1,265	1,265
Total	220,413	250,599
Less: Presented under non-current liabilities due within one year (Note V. 37)	(19,207)	(39,783)
Long-term payables due over one year	201,206	210,816

Long-term payables

(1) Details of long-term payables by nature are as follows:

Item	RMB'000	
	Closing balance	Opening balance
Purchase of fixed assets by instalment, etc.	219,148	249,334
Less: Long-term payables due within one year	(17,942)	(38,518)
Long-term payables due over one year	201,206	210,816

Special payables

(1) Details of special payables by nature are as follows:

Item	RMB'000			
	Opening balance	Increases	Decreases	Closing balance
Research & development of the overall solution and prototype system of embedded system of the rail transit equipment	614	—	—	614
Others	651	—	—	651
Total	1,265	—	—	1,265
Less: Special payables due within one year	(1,265)	—	—	(1,265)
Special payables due over one year	/	/	/	/

V. NOTES OF CONSOLIDATED FINANCIAL STATEMENTS *(continued)*
42. Long-term employee benefits payable
(1) Table of long-term employee benefits payable

Item	RMB'000	
	Closing balance	Opening balance
I. Post-employment benefits-liabilities in defined benefit plan (Mainland China) (Note 1)	1,223,158	1,220,372
II. Post-employment benefits-liabilities in defined benefit plan (Other countries and regions) (Note 2)	896,222	893,493
III. Other long-term benefits	197,838	221,318
Total	2,317,218	2,335,183

(2) Changes in defined benefit plan (Mainland China)

Present value of the defined benefit plan obligation:

Item	RMB'000	
	Current year	Prior year
I. Opening balance	1,362,691	1,564,016
II. Defined benefit cost recognised in profit or loss	22,562	23,351
1. Net interests	14,133	19,551
2. Cost of service in the current year	260	310
3. Cost of service in prior years	8,209	1,060
4. Settlement losses/(gains)	(40)	2,430
III. Defined benefit cost recognised in other comprehensive income	–	(1,510)
1. Actuarial gains	–	(1,510)
IV. Other changes	(47,856)	(57,282)
1. Paid benefits	(47,856)	(57,282)
V. Closing balance	1,337,397	1,528,575
Less: Post-employment benefits due within one year–liabilities in defined benefit plan (Note V. 34)	(114,239)	(132,276)
VI. Post-employment benefits due after one year-liabilities in defined benefit plan	1,223,158	1,396,299

Other descriptions:

Note 1: For the Company and other domestic subsidiaries, in addition to the basic pension insurance provided by the local government departments, the Group also provides supplementary pension insurance plans and other comprehensive retirement benefit plans for employees retired before 1 July 2007. These plans include monthly living subsidies for employees after their retirement. The Group no longer provides (pays) any supplementary retirement benefits (including supplementary benefits such as retirement salaries, subsidies, medical care) for employees retired since 1 July 2007.

The Group engaged an independent actuary, Towers Watson (Shenzhen) Consulting Co., Ltd., to estimate the present value of its above retirement benefit plan obligations using the actuarial method based on the expected cumulative welfare unit method. Towers Watson (Shenzhen) Consulting Co., Ltd. is an actuarial institution with professional certification qualifications and a member of the American Academy of Actuaries. The undersigned actuary, Haichuan Wu, is member of the Society of Actuaries and China Association of Actuaries. The plan estimates future cash outflows based on inflation rate and mortality rate assumptions and determines its present value at a discount rate. The discount rate is determined based on the market yield of the national debt that matches the term and currency of the obligations of defined benefit plan on the balance sheet date.

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

For the six months ended 30 June 2024

V. NOTES OF CONSOLIDATED FINANCIAL STATEMENTS (continued)

42. Long-term employee benefits payable (continued)

(2) Changes in defined benefit plan (Mainland China) (continued)

The defined benefit plan exposes the Group to actuarial risks, including interest rate risk, longevity risk and inflation risk. A decrease in the rate of return of national debt will result in an increase in the present value of the defined benefit plan obligations. The present value of the defined benefit plan obligations is calculated based on the optimal estimate of the mortality rate of the participating employees, and an increase in the life expectancy of the plan members will result in an increase in the liabilities in the plan. In addition, the present value of the defined benefit plan obligation is related to the planned future payment standard, and the payment standard is determined based on the inflation rate. Therefore, the increase in the inflation rate will also result in an increase in the liabilities in the plan.

As at 30 June 2024, significant actuarial assumptions (discount rate and average growth rate of medical cost) used in determining present value of defined benefit plan obligations are as follows:

Item	30 June 2024 (%)	31 December 2023 (%)
Discount rate	2.50	2.50
Average growth rate of medical cost	7.00/12.00/8.00	7.00/12.00/8.00

(3) Changes in defined benefit plan (Other countries and regions)

Present value of the defined benefit plan obligation:

Item	RMB'000	
	Current period	Prior period
I. Opening balance	999,487	831,961
II. Defined benefit cost recognised in profit or loss	20,940	20,377
1. Net interests	16,004	15,904
2. Cost of service in the current year	2,855	2,595
3. Cost of service in prior years	2,081	1,878
III. Defined benefit cost recognised in other comprehensive income	(16,828)	60,255
1. Actuarial gains (Note)	899	(8,735)
2. Translation differences arising from translation of foreign currency financial statements	(17,727)	68,990
IV. Other changes	(6,948)	(4,394)
1. Paid benefits	(6,948)	(4,394)
V. Closing balance	996,651	908,199
Less: Post-employment benefits due within one year-liabilities in defined benefit plan (other countries and regions) (Note V. 34)	(13,496)	(6,190)
VI. Post-employment benefits due after one year-liabilities in defined benefit plan (other countries and regions)	983,155	902,009

Note: The present value of the defined benefit plan obligation decreased during the year due to an increase in high quality corporate bond yields in active market.

V. NOTES OF CONSOLIDATED FINANCIAL STATEMENTS *(continued)*

42. Long-term employee benefits payable *(continued)*

(3) Changes in defined benefit plan (Other countries and regions) *(continued)*

Plan assets:

	RMB'000	
Item	Current period	Prior period
I. Opening balance	90,087	84,885
II. Additions during the year	–	–
III. Decreased during the year	(886)	–
IV. Translation differences arising from translation of foreign currency financial statements	(2,268)	5,195
V. Closing balance	86,933	90,080

Net liabilities of defined benefit plans:

	RMB'000	
Item (Note 2)	Current period	Prior period
Present value of the defined benefit plan obligation	983,155	902,009
Less: plan assets	(86,933)	(90,080)
Net liabilities in defined benefit plan	896,222	811,929

Note 2: Post-employment benefits-net liabilities in defined benefit plan (other countries or regions) are based on the liabilities recognised in the pension plan provided by the Group's subsidiary, German Rubber and Plastics Business ("Germany BOGE") and Blue Engineering Co., Ltd. and its subsidiaries ("Blue Group"), and Vossloh Locomotives GmbH and its subsidiaries ("Vossloh AG") to their employees.

The principal pension plan of Germany BOGE provides a defined benefit plan for all eligible employees in Germany. For Germany BOGE, the actuarial valuation of the present value of the defined benefit plan obligations for the most recent period (i.e. the period ended 30 June 2024) was estimated and determined by the third-party evaluation agency, Mercer Deutschland GmbH, based on the expected cumulative benefit unit method. Mercer Deutschland GmbH is an actuarial institution with professional certification qualifications in Germany and a member of the German Association of Actuaries. As at 30 June 2024, the defined benefit plan is in the net liability position of RMB 0.842 billion (31 December 2023: net liability of RMB 0.843 billion). According to the Pension Plan 2005 ("Rentenordnung 2005") and the Pension Plan 2004 ("Versorgungszusage 2004"), Germany BOGE provides a traditional German pension plan group, including normal and early retirement benefits and benefits for long-term disabled people and survivors of deceased employees.

Germany BOGE paid Euros to the third party escrow account, which is a restricted asset and its fair value at period-end is approximate to its book value. As at 30 June 2024, fair value of the plan asset of Germany BOGE was about RMB 87,819,000 (31 December 2023: about RMB 90,087,000).

As at 30 June 2024, obligations under these defined benefit plans of Germany BOGE are 9.65% (31 December 2023: 9.65%) covered by the plan assets

No material surplus or deficiency was noted for the abovementioned plan assets.

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

For the six months ended 30 June 2024

V. NOTES OF CONSOLIDATED FINANCIAL STATEMENTS (continued)

42. Long-term employee benefits payable (continued)

(3) Changes in defined benefit plan (Other countries and regions) (continued)

The Blue Group's post-employment benefit plan is a defined benefit plan for all eligible employees in Italy under the Italian Civil Code 2120 (2120 del codice civile italiano). For Blue Group, the actuarial valuation of the present value of the defined benefit plan obligations for the most recent period (i.e. the period ended 30 June 2024) was estimated and determined by the third-party evaluation agency, MANAGERS & PARTNERS-ACTUARIAL SERVICESS. P.A, based on the expected cumulative benefit unit method. MANAGERS & PARTNERS-ACTUARIAL SERVICESS.P.A is an actuarial institution with professional certification qualifications in Italy and a member of the Italian Society of Actuaries.

The principal pension plan of Vossloh Group provides a defined benefit plan for all eligible employees in German, including normal and early retirement benefits and benefits for survivors of deceased employees. For Vossloh Group, the actuarial valuation of the present value of the defined benefit plan obligations for the most recent period (i.e. the period ended 30 June 2024) was estimated and determined by the third-party evaluation agency, Lurse Pension & Benefits Consulting GmbH, based on the expected cumulative benefit unit method. Lurse Pension & Benefits Consulting GmbH is an actuarial institution with professional certification qualifications in Germany and a member of the German Association of Actuaries.

As at 30 June 2024, the average period of defined benefit plan obligations is 18-19 years.

The actuarial valuation of the present value of the defined benefit plan obligations is determined using the expected cumulative benefit unit method. In addition to the assumptions for life expectancy, other significant assumptions are as follows:

Item	30 June 2024 (%)	31 December 2023 (%)
Discount rate	3.16-3.75	3.16-3.75
Expected increase in wages and salaries	0.50-3.00	0.50-3.00
Increase in pension	2.20-3.00	2.20-3.00
Volatility	1.00-6.00	1.00-6.00

The expected increase in wages and salaries depends primarily on factors such as inflation, salary standards and the company's operating conditions.

43. Provisions

Item	Closing balance	Opening balance	Reason
Warranties for product quality	9,735,982	9,456,264	Agreement on after-sales service
Others	482,990	441,823	Estimated liquidated damages and onerous contracts to be executed etc.
Total	10,218,972	9,898,087	/
Less: Provisions expected to due within one year (Note V. 37)	(3,155,231)	(2,918,572)	/
Provisions due after one year	7,063,741	6,979,515	/

RMB'000

V. NOTES OF CONSOLIDATED FINANCIAL STATEMENTS (continued)

44. Deferred income

Details of deferred income

Item				RMB'000
	Opening balance	Increases	Decreases	Closing balance
Government grants related to assets	4,453,999	17,115	158,666	4,312,448
Government grants related to income	1,525,207	110,199	439,020	1,196,386
Total	5,979,206	127,314	597,686	5,508,834

45. Other non-current liabilities

Item			RMB'000
	Closing balance	Opening balance	
Contract liabilities	1,186	1,315	
Others	271,205	253,067	
Less: Other non-current liabilities due within one year (Note V. 37)	(9,239)	(136)	
Total	263,152	254,246	

46. Share capital

Item				RMB'000
	Opening balance	Changes during the year (+/-)		Closing balance
		Issuance of new shares	Sub-total	
Total shares	28,698,864	–	–	28,698,864
Shares without restrictions for sales				
1. RMB ordinary shares	24,327,798	–	–	24,327,798
2. Overseas listed ordinary shares	4,371,066	–	–	4,371,066

47. Capital reserve

Item				RMB'000
	Opening balance	Increases	Decreases	Closing balance
Share premium	40,482,504	–	–	40,482,504
Other capital reserves (Note)	1,085,674	932,059	–	2,017,733
Total	41,568,178	932,059	–	42,500,237

Note: Changes in other capital reserves were mainly due to increases or decreases in capital by non-controlling shareholders of the Company's subsidiaries and the Group's other equity changes in joint ventures and associates

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

For the six months ended 30 June 2024

V. NOTES OF CONSOLIDATED FINANCIAL STATEMENTS (continued)

48. Special reserve

RMB'000

Item	Opening balance	Increases	Decreases	Closing balance
Safety fund	49,957	129,036	129,036	49,957

49. Other comprehensive income

RMB'000

Item	Opening balance	Before-tax amount	Amount before income tax in current period				Net-of-tax amount attributable to shareholders of the Company	Net-of-tax amount attributable to non-controlling interests	Closing balance
			Less: Reclassification adjustments for amounts transferred to profit or loss	Less: Previously recognised amount transferred to retained earnings	Less: Income tax expense				
I. Other comprehensive income that will not be reclassified to profit or loss	(897,672)	(53,605)	-	33	(4,098)	(49,067)	(440)	(946,772)	
Including: Remeasurement of defined benefit plan	(129,371)	(899)	-	-	(348)	(32)	(519)	(129,403)	
Changes in fair value of investments in other equity instruments	(768,301)	(52,706)	-	33	(3,750)	(49,035)	79	(817,369)	
II. Items that may be reclassified to profit or loss	(2,379)	107,377	-	-	26,987	75,871	4,519	73,492	
Including: Other comprehensive income recognised under equity method	(57,756)	18,139	-	-	-	18,346	(207)	(39,410)	
Changes in fair value of other debt investments (Note)	(103,679)	89,873	-	-	10,137	54,920	24,816	(48,759)	
Credit losses of other debt investments (Note)	(1)	-	-	-	-	-	-	(1)	
Translation differences arising from translation of foreign currency financial statements	254,538	(112,966)	-	-	-	(92,876)	(20,090)	161,662	
Cash flow hedge reserve	(95,481)	112,331	-	-	16,850	95,481	-	-	
Total other comprehensive income	(900,051)	53,772	-	33	22,889	26,804	4,079	(873,280)	

Note: Changes in fair value of other debt investment and credit losses of other debt investments are derived from receivables at FVTOCI.

50. Surplus reserve

RMB'000

Item	Opening balance	Increases	Decreases	Closing balance
Statutory surplus reserve	6,319,090	-	-	6,319,090
Total	6,319,090	-	-	6,319,090

V. NOTES OF CONSOLIDATED FINANCIAL STATEMENTS (continued)

51. Retained earnings

Item	RMB'000	
	Current period	Prior period
Retained earnings at the beginning of the period	84,566,375	79,441,376
Add: Net profits for the period attributable to shareholders of the Company	4,200,827	3,460,359
Less: Appropriation for statutory surplus reserve	–	–
Dividends to ordinary shares	(5,739,773)	(5,739,773)
Transfer of other comprehensive income to retained earnings	33	(438)
Others	(3,396)	–
Retained earnings at the end of the period	83,024,066	77,161,524

Adjustments on beginning retained earnings are as follows:

Note 1: The Company's 2023 profit distribution plan for 2023 was approved at the 2023 Annual General Meeting of Shareholders held on 18 June, 2024. Based on the total Company's share capital of 28,698,864,000 shares as at 31 December 2023, the annual dividends for 2023 were distributed to all shareholders, and a cash dividend of RMB0.20 (including tax) per share was distributed, totalling approximately RMB 5,739,773,000.

Note 2: As at 30 June 2024, the balance of the Group's retained earnings included the surplus reserve already appropriated by the subsidiaries of RMB19,024,869,000 (31 December 2023: RMB 19,024,869,000).

52. Revenue and operating costs

(1) Details of revenue and operating costs

Item	RMB'000			
	Current period		Prior period	
	Revenue	Cost	Revenue	Cost
Principal operating activities	88,689,682	69,880,520	85,958,095	69,372,910
Other operating activities	1,349,669	883,867	1,345,132	958,804
Total	90,039,351	70,764,387	87,303,227	70,331,714

(2) Category of revenue and operating costs by business type

Item	RMB'000			
	Current period		Prior period	
	Revenue	Cost	Revenue	Cost
Sale of goods	64,518,309	50,424,132	67,703,193	54,377,336
Rendering of services	25,132,296	20,199,507	19,109,882	15,832,540
Sub-total	89,650,605	70,623,639	86,813,075	70,209,876
Interest income	301,206	81,221	102,805	23,336
Lease income	87,540	59,527	387,347	98,502
Total	90,039,351	70,764,387	87,303,227	70,331,714

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

For the six months ended 30 June 2024

V. NOTES OF CONSOLIDATED FINANCIAL STATEMENTS (continued)

52. Revenue and operating costs (continued)

(3) Disaggregation of revenue from contracts with customers

	RMB'000	
Rail transportation products and their extended industries	Current period	Prior period
Categorised by sales region		
Mainland China	77,489,762	74,386,127
Other countries and regions	12,160,843	12,426,948
Total	89,650,605	86,813,075

(4) Description on performance obligations

(i) Revenue from sales of goods (revenue recognised at a certain time point):

The goods sold by the Group are mainly rail transit equipment and its extension products. The Group recognises revenue when the customer obtains control of the goods, i.e. at the time of acceptance and delivery of the goods.

(ii) Revenue from rendering of services (revenue recognised within a certain period of time):

The Group's revenue from rendering of services is mainly extended services of railway transportation equipment. The Group recognises the revenue within a certain period of time according to the progress of the performance as the customer simultaneously receives and consumes the benefits provided by the Group's performance as the Group performs.

53. Taxes and surcharges

	RMB'000	
Item	Current period	Prior period
City maintenance and construction tax	161,134	136,312
Education surcharges	123,348	98,874
Property tax	203,171	202,353
Land use tax	131,313	126,517
Vehicle and vessel use tax	702	1,405
Stamp duty	102,199	84,282
Others	33,631	21,063
Total	755,498	670,806

V. NOTES OF CONSOLIDATED FINANCIAL STATEMENTS *(continued)***54. Selling expenses**

Item	RMB'000	
	Current period	Prior period
Employee benefits	1,178,145	1,073,796
Travel expenses	152,318	130,651
Others	796,817	863,574
Total	2,127,280	2,068,021

55. Administrative expenses

Item	RMB'000	
	Current period	Prior period
Employee benefits	3,554,257	3,354,716
Depreciation of fixed assets	365,635	386,743
Amortisation of intangible assets	333,618	338,799
Others	1,581,249	1,478,938
Total	5,834,759	5,559,196

56. Research and development expenses

Item	RMB'000	
	Current period	Prior period
Employee benefits	2,750,877	2,504,550
Depreciation charge	311,577	307,937
Amortisation of intangible assets	155,792	115,053
Others	2,576,582	1,863,814
Total	5,794,828	4,791,354

57. Financial expenses

Item	RMB'000	
	Current period	Prior period
Interest expense	493,543	450,869
Less: Capitalisation of interest	(3,012)	(6,604)
Interest expense from lease liabilities	49,902	37,939
Interest income	(778,775)	(580,594)
Exchange gains or losses	141,290	(377,213)
Handling charge of financial institutions	116,354	103,253
Actuarial interest adjustment	32,709	39,740
Others	(59,924)	(45,174)
Total	(7,913)	(377,784)

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

For the six months ended 30 June 2024

V. NOTES OF CONSOLIDATED FINANCIAL STATEMENTS (continued)

58. Other income

Item	RMB'000	
	Current period	Prior period
VAT Refund	166,100	65,985
Others (Note)	1,290,885	544,660
Total	1,456,985	610,645

Note: Others are mainly VAT weighted deduction performed on advanced manufacturing enterprises.

59. Investment income

Item	RMB'000	
	Current period	Prior period
Income from long-term equity investment accounted for under equity method (Note V. 15)	277,348	157,436
Investment losses from disposal of associates and joint ventures	4,915	56,179
Dividend income from other equity instrument investments during the holding period	28,393	51,374
Investment income from debt investments during the holding period	3,775	–
Investment income from disposal of held-for-trading financial assets	32,760	81,102
Derecognition loss of financial assets measured at amortized cost	(21,470)	(18,833)
Others	1,121	(3,287)
Total	326,842	323,971

60. Gains from changes in fair value

Sources of gains from changes in fair value	RMB'000	
	Current period	Prior period
Financial assets held for trading	235,496	262,175
Including: Gains on fair value changes of derivative financial instruments	–	(16,340)
Gains from changes in fair value of investments in equity instruments	207,721	237,489
Others	27,775	41,026
Held for trading financial liabilities	22,457	(29,604)
Total	257,953	232,571

V. NOTES OF CONSOLIDATED FINANCIAL STATEMENTS *(continued)*
61. Impairment losses under expected credit loss model

Item	RMB'000	
	Current period	Prior period
Losses of credit impairment on bills receivable	(8,942)	(17,606)
Losses of credit impairment on accounts receivable	152,231	318,220
Losses of credit impairment on other receivables	(3,905)	7,273
Losses of credit impairment on receivables at FVTOCI	–	207
Losses of credit impairment on long-term receivables	31,160	(31,921)
Losses of credit impairment on debt investments	7,514	–
Losses of credit impairment on loans and advances	3,432	2,730
Losses of credit impairment on part of loan commitments and financial guarantee contracts	26	784
Others	(4)	(671)
Total	119,192	279,016

62. Assets impairment losses

Item	RMB'000	
	Current period	Prior period
Impairment losses of inventories	213,492	165,548
Impairment losses of fixed assets	6,638	–
Impairment losses of contract assets	26,307	16,221
Others	(398)	848
Total	246,039	182,617

63. Gains on disposal of assets

Item	RMB'000	
	Current period	Prior period
Gains on disposal of fixed assets	25,022	61,390
Gains from disposal of intangible assets	–	209,128
Total	25,022	270,518

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

For the six months ended 30 June 2024

V. NOTES OF CONSOLIDATED FINANCIAL STATEMENTS (continued)

64. Non-operating income

Details of non-operating income

RMB'000

Item	Current period	Prior period	Amount recognised in non-recurring profit and loss
Liquidated damages, fines and compensation	26,405	54,755	26,405
Unpayable amount	38,728	11,699	38,728
Gains on retirement of assets	17,169	13,281	17,169
Claim income	17,089	15,944	17,089
Others	123,807	291,839	123,807
Total	223,198	387,518	223,198

65. Non-operating expenses

RMB'000

Item	Current period	Prior period	Amount recognised in non-recurring profit and loss
Liquidated damages and penalty expenses	21,804	16,242	21,804
Relocation expenditure	–	212,911	–
Losses on retirement of assets	15,119	18,967	15,119
Donation expenses	18,836	17,481	18,836
Flood control fund	9,348	7,380	9,348
Others	11,533	13,456	11,533
Total	76,640	286,437	76,640

66. Income tax expenses

(1) Table of income tax expenses

RMB'000

Item	Current period	Prior period
Current income tax expenses	1,309,823	925,597
Deferred income tax expenses	(202,732)	(128,915)
Total	1,107,091	796,682

V. NOTES OF CONSOLIDATED FINANCIAL STATEMENTS *(continued)*

66. Income tax expenses *(continued)*

(2) Reconciliation of accounting profits and income tax expenses

Item	RMB'000	
	Current period	Prior period
Profit before tax	6,618,641	5,337,073
Income tax expenses at statutory tax rate (25%)	1,654,660	1,334,268
Effect of different tax rates applied by subsidiaries	(510,104)	(188,448)
Adjustments to income tax of previous periods	84,212	(19,897)
Effect of income free of tax	(7,098)	(5,556)
Effect of joint ventures and associates	(69,337)	(39,359)
Effect of non-deductible costs, expense and losses	71,002	68,890
Effect of using the deductible losses for which no deferred tax asset was recognised in previous periods	(32,148)	(29,892)
Effect of deductible temporary differences or deductible losses for which no deferred tax asset was recognised this period	310,319	180,004
Other tax incentives (Note)	(394,415)	(503,328)
Income tax expenses	1,107,091	796,682

Other description:

Note: Other tax incentives are mainly weighted deduction performed on technology research and development expenditures

67. Other comprehensive income

Please refer to Note V. 49.

68. Items in the cash flow statement

(1) Cash related to operating activities

Other cash receipts relating to operating activities

Item	RMB'000	
	Current year	Prior year
Government grants	388,386	432,782
Interest income	778,347	928,712
Others		
Total	1,166,733	1,361,494

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

For the six months ended 30 June 2024

V. NOTES OF CONSOLIDATED FINANCIAL STATEMENTS (continued)

68. Items in the cash flow statement (continued)

(1) Cash related to operating activities (continued)

Other cash payments relating to operating activities

Item	RMB'000	
	Current year	Prior year
Product development, design fees		
Expenses for product transportation, packaging and insurance		
Product quality assurance expenses		
Development and design expenses of products	2,562,105	1,852,916
Transportation, packing and insurance expenses of products	601,844	844,576
Marketing expenses	363,990	479,385
Expenditures on warranty provisions	280,546	248,226
Administrative office expenses	255,227	303,141
Expenses for water, electricity and kinetic energy, etc.	65,449	64,175
Others	1,878,479	1,284,075
Total	6,007,640	5,076,494

(2) Cash related to financing activities

Changes in liabilities arising from financing activities

Item	31 Dec 2023	Increase during current year		Decrease during current year		30 Jun 2024
		Cash	Non-cash	Cash	Non-cash	
		movements	movements	movements	movements	
Short-term loan	8,129,856	3,836,443	2,384,354	5,700,866	32,877	8,616,910
Long-term debt (including due within one year)	7,820,682	523,064	-	670,141	41	7,673,564
Lease liabilities (including due within one year)	2,003,544	-	499,114	382,455	8,009	2,112,194
Other payables -- loan from CRRC Group	10,050,690	1,000,000	3,114	7,200,000	-	3,853,804
Other accounts payable -- dividends payable	462,255	-	6,536,255	201,486	-	6,797,024
Total	28,467,027	5,359,507	9,422,837	14,154,948	40,927	29,053,496

V. NOTES OF CONSOLIDATED FINANCIAL STATEMENTS (continued)

69. Supplementary information to the cash flow statement

(1) Supplementary information to the cash flow statement

	RMB'000	
Supplementary information	Current year	Prior year
1. Reconciliation of net profit to cash flow from operating activities:		
Net profit	5,511,550	4,540,391
Add: Assets impairment losses	246,039	182,617
Credit losses	119,192	279,016
Depreciation of fixed assets and amortisation of investment properties	3,045,800	3,028,743
Depreciation of right-of-use assets	311,304	234,427
Amortisation of intangible assets	565,059	505,129
Amortisation of long-term deferred expenses	47,101	70,020
Gains from disposal of fixed assets, intangible assets, and other long-term assets	(27,072)	(264,832)
Gains from changes in fair value	(257,953)	(232,571)
Financial expenses	276,157	26,628
Investment losses/(income)	(348,312)	(342,804)
Changes in deferred tax assets and liabilities	(202,732)	(128,915)
Increase in gross inventories	(19,558,554)	(18,707,338)
Decrease/(increase) in operating receivables	6,012,333	(15,529,047)
Increase in operating payables	6,208,877	11,558,513
Changes in restricted monetary funds	(103,650)	-
Net cash flows from operating activities	1,845,139	(14,780,023)
2. Net changes in cash and cash equivalents:		
Closing balance of cash and cash equivalents	32,485,160	33,459,271
Less: Opening balance of cash and cash equivalents	46,067,025	47,607,566
Net decrease in cash and cash equivalents	(13,581,865)	(14,148,295)

(2) Composition of cash and cash equivalents

	RMB'000	
Item	Closing balance	Opening balance
I. Cash	32,485,160	46,067,025
Including: Cash on hand	4,496	1,015
Bank deposits available on demand	32,480,664	46,066,010
II. Closing balance of cash and cash equivalents	32,485,160	46,067,025

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

For the six months ended 30 June 2024

V. NOTES OF CONSOLIDATED FINANCIAL STATEMENTS (continued)

70. Foreign-currency monetary items

(1) Foreign-currency monetary items

RMB'000

Item	Foreign currency balance as at the end of the period	Exchange rate	Translated RMB balance as at the end of the period
Cash and bank balances			–
Including: USD	472,191	7.1268	3,365,210
EUR	253,388	7.6617	1,941,382
HKD	1,060,973	0.9127	968,329
AUD	27,211	4.7650	129,660
MXN	1,434,245	0.3857	553,250
Others	/	/	1,129,272
Held-for-trading financial assets			
Including: USD	248	7.1268	1,767
Accounts receivable			
Including: USD	275,534	7.1268	1,963,675
EUR	169,010	7.6617	1,294,901
HKD	436,274	0.9127	398,179
AUD	61,702	4.7650	294,012
Others	/	/	404,902
Other receivables			
Including: USD	2,403	7.1268	17,128
EUR	6,069	7.6617	46,496
HKD	65,588	0.9127	59,861
AUD	466	4.7650	2,222
MXN	200,310	0.3857	77,268
Others	/	/	55,202
Other non-current financial assets			
Including: USD	31,000	7.1268	220,931
Debt investments			
Including: USD	82,919	7.1268	590,947
Long-term receivables (including those due within one year)			
Including: USD	842	7.1268	6,000
EUR	2,152	7.6617	16,489

V. NOTES OF CONSOLIDATED FINANCIAL STATEMENTS (continued)

70. Foreign-currency monetary items (continued)

(1) Foreign-currency monetary items (continued)

RMB'000

Item	Foreign currency balance as at the end of the period	Exchange rate	Translated RMB balance as at the end of the period
Short-term borrowings			
Including: USD	197,331	7.1268	1,406,338
EUR	338,906	7.6617	2,596,599
HKD	210,005	0.9127	191,667
MXN	1,550,906	0.3857	598,251
Others	/	/	299,790
Accounts payables			
Including: USD	153,659	7.1268	1,095,096
EUR	156,772	7.6617	1,201,141
HKD	258,690	0.9127	236,101
AUD	31,745	4.7650	151,264
Others	/	/	1,801,405
Other payables			
Including: USD	73,948	7.1268	527,010
EUR	51,800	7.6617	396,879
HKD	75,710	0.9127	69,099
AUD	3,120	4.7650	14,866
Others	/	/	403,861
Long-term borrowings (including those due within one year)			
Including: EUR	17,185	7.6617	131,664
MXN	8,172,981	0.3857	3,152,670
Lease liabilities (including those due within one year)			
Including: USD	4,458	7.1268	31,770
EUR	36,518	7.6617	279,789
HKD	66,517	0.9127	60,709
AUD	1,302	4.7650	6,205
MXN	2,872	0.3857	1,108
Others	/	/	135,468

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

For the six months ended 30 June 2024

V. NOTES OF CONSOLIDATED FINANCIAL STATEMENTS (continued)

70. Foreign-currency monetary items (continued)

- (2) Notes to overseas business entity including disclosures of significant principal place of business, functional currency and basis for determining the functional currency as well as reasons for changes in functional currency for those significant overseas business entity

Name of overseas business entity	Principal place of business	Functional currency
CSR NEW MATERIAL TECHNOLOGIES GMBH	Germany	EUR
Specialist Machine Developments	Britain	GBP

71. Lease

(1) As a Lessee

Lease expenses for short-term leases or low-value assets with simplified treatment for the period amounted to RMB 98,028,000.

Total cash flow related to leases RMB 480,483,000.

(2) As a Lessor

Operating leases as leaser

Item	Lease income	Income related to variable lease payments not included in lease receivable
Operating leases	81,254	-
Total	81,254	-

RMB'000

Financing leases as lessor

Item	Gain/loss on sales	Financing gains	Income related to variable lease payments not included in lease receivable
Financing leases	-	6,286	-
Total	-	6,286	-

RMB'000

V. NOTES OF CONSOLIDATED FINANCIAL STATEMENTS *(continued)*

71. Lease *(continued)*

The undiscounted lease receipts to be received after the balance sheet date are as follows

Item	RMB'000	
	Closing balance	Opening balance
The minimum amount of the lease receivable:		
1st year after the balance sheet date	1,637,834	1,666,577
2nd year after the balance sheet date	29,705	27,441
3rd year after the balance sheet date	26,117	346,321
4th year after the balance sheet date	343,424	411,358
5th year after the balance sheet date	414,791	25,543
Years afterwards	117	118
Total of the minimum amount of the lease receivable	2,451,988	2,477,358
Less: Unrealised financing income	(410,099)	(411,614)
Credit loss allowance	(1,528,700)	(1,498,970)
Financing lease receivable	513,189	566,774
Including: Financing lease receivable due within one year	191,940	244,126
Financing lease receivable due after one year	321,249	322,648

VI. R&D EXPENDITURES

(1) Presented by the nature.

Item	RMB'000	
	Current period	Prior period
Employee benefits	2,846,604	2,557,029
Depreciation charge	311,705	308,697
Amortisation of intangible assets	156,354	115,076
Others	2,720,980	1,957,820
Total	6,035,643	4,938,622
Including: Expense R&D expenditures	5,794,828	4,791,354
Capitalize R&D expenditures	240,815	147,268

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

For the six months ended 30 June 2024

VII. INTERESTS IN OTHER ENTITIES

1. Interests in subsidiaries

(1) Material non-wholly owned subsidiaries

RMB'000

Name of the Subsidiary	Proportion of ownership interest held by non-controlling interests (%)	Profit or loss allocated to noncontrolling interests during the period	Dividend declared to noncontrolling shareholders during the period	Balance of noncontrolling interests at 30 June 2024
CRRC Times Electric	52.12	878,670	580,232	23,457,353
Zhuzhou Times New Material	61.48	130,984	93,781	4,132,561

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

RMB'000

Name of the Subsidiary	Balance at the end of the period						At the beginning of the period					
	Current assets	Non-current assets	Total assets	Current liabilities	Non-current liabilities	Total liabilities	Current assets	Non-current assets	Total assets	Current liabilities	Non-current liabilities	Total liabilities
CRRC TimesElectric	4,306,686	1,886,932	6,193,618	1,730,189	209,364	1,939,553	37,514,973	15,889,875	53,404,848	13,432,152	2,256,165	15,688,317
Zhuzhou Times New Material	13,319,685	6,290,027	19,609,712	10,935,032	2,072,155	13,007,187	12,263,535	5,966,473	18,230,008	9,147,760	2,555,317	11,703,077

Name of the Subsidiary	30 June 2024				30 June 2023			
	Operating income	Net profit	Total comprehensive income	Cash flows from operating activities	Operating income	Net profit	Total comprehensive income	Cash flows from operating activities
CRRC Times Electric	10,283,733	1,601,033	1,618,292	670,364	8,570,211	1,188,317	1,228,936	(468,059)
Zhuzhou Times New Material	8,660,851	233,499	202,761	(105,003)	8,219,025	169,627	228,306	(417,294)

VII. INTERESTS IN OTHER ENTITIES *(continued)*

2. Equity in associates or joint ventures

(1) Material associates or joint ventures

Name of joint venture or associate	Principal place of business	Registered place	Nature of business	Shareholding percentage (%)		Accounting treatment of investments in joint ventures or associates
				Direct	Indirect	
China United Insurance	Beijing	Beijing	Financial industry	13.0633	-	Equity method
China Foreign Trade Financial Leasing Co., Ltd	Beijing	Beijing	Financial industry	23.2966	-	Equity method

RMB'000

Basis for holding less than 20% of the voting rights but having significant influence, or holding 20% or more of the voting rights but not having significant influence: The Group holds 13.0633% of the voting rights of China United Insurance, and the Group has the right to appoint one director to the board of directors of China United Insurance, and enjoys the corresponding substantive right to participate in decision-making, which has a significant influence on China United Insurance.

(2) Key financial information of significant associates

China United Insurance:

	Balance at 30 June 2024/Amount for the current period	Balance at 31 December 2023/Amount for the prior period
China United Insurance		
Total assets	121,267,286	106,367,017
Total liabilities	100,285,644	85,775,155
Non-controlling interests	2,353,862	2,283,497
Equities attributable to shareholders of parent company	18,627,780	18,308,365
Group's share of net assets	2,433,402	2,391,677
Goodwill	2,982,365	2,982,365
Carrying amount of equity investments in associates	5,415,767	5,374,042
Operating income	34,958,744	33,045,767
Net profit	242,688	462,267
Net profit attributable to shareholders of parent company	180,548	390,184
Other comprehensive income attributable to shareholders of parent company	138,867	79,903
Total comprehensive income attributable to shareholders of parent company	319,415	470,087
Dividends received from associates in the current year	-	10,000

RMB'000

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

For the six months ended 30 June 2024

VII. INTERESTS IN OTHER ENTITIES (continued)

2. Equity in associates or joint ventures (continued)

(2) Key financial information of significant associates (continued)

China Foreign Trade Financial Leasing Co., Ltd:

	Balance at 30 June 2024/Amount for the current period	Balance at 31 December 2023/Amount for the prior period
China Foreign Trade Financial Leasing Co., Ltd:		
Total assets	66,508,595	70,164,026
Total liabilities	53,173,107	57,490,236
Non-controlling interests	–	–
Equities attributable to shareholders of parent company	13,335,488	12,673,790
Group's share of net assets	3,106,720	2,952,567
Goodwill	348,780	348,780
Carrying amount of equity investments in associates	3,455,500	3,301,347
Operating income	1,676,170	1,633,609
Net profit	661,697	603,910
Net profit attributable to shareholders of parent company	661,697	603,910
Other comprehensive income attributable to shareholders of parent company	–	–
Total comprehensive income attributable to shareholders of parent company	661,697	603,910
Dividends received from associates in the current year	–	–

(3) Financial information of insignificant joint ventures and associates

RMB'000

	Balance at 30 June 2024/Amount for the current year	Balance at 31 December 2023/Amount for the prior year
Joint ventures:		
Aggregate carrying amount of investments	4,172,060	4,127,746
Total amounts calculated based on shareholding proportions		
– Net profit	27,537	37,053
– Other comprehensive income	–	8
– Total other comprehensive income	27,537	37,061
Associates:		
Total carrying amount of investment	8,577,508	8,575,647
Total amounts calculated based on shareholding proportions		
– Net profit	72,072	69,223
– Other comprehensive income	–	548
– Total other comprehensive income	72,072	69,771

VIII. GOVERNMENT SUBSIDIES

1. Liabilities involving government subsidies

The current liabilities related to government subsidies are detailed in note V. 44.

2. Government subsidies included in current profit and loss

The government grants recognised in profit or loss for the current period are detailed in note V. 58.

IX. RISKS RELATED TO FINANCIAL INSTRUMENTS

1. Risks of financial instruments

The Group's main financial instruments include cash and bank balances, held-for-trading financial assets, bills receivable, accounts receivable, receivables at FVTOCI, a part of other receivables, a part of non-current assets due within one year, a part of other current assets, loans and advances to customers, debt investments, long-term receivables, investments in other equity instruments, other non-current financial assets, other non-current assets, short-term borrowings, borrowings from central bank, deposits from banks and other financial institutions, bills payable, accounts payable, a part of employee benefits payable, other payables, a part of non-current liabilities due within one year, long-term borrowings, bonds payable, lease liabilities, a part of other long-term payables. The risks associated with these financial instruments and the policies on how to mitigate these risks are set out below. Management manages and monitors these exposures to ensure the risks are monitored at a certain level.

The Group adopts sensitivity analysis technique to analyse how the profit and loss for the period and shareholders' equity would have been affected by reasonably possible changes in the relevant risk variables. As it is unlikely that risk variables will change in an isolated manner, and the interdependence among risk variables will have significant effect on the amount ultimately influenced by the changes in a single risk variable, the following are based on the assumption that the change in each risk variable is on a stand-alone basis.

2. Category of financial instruments

(1) Carrying amount of financial assets

RMB'000

Item	30 June 2024				Total
	At FVTPL	At amortised cost	Classified as at FVTOCI	Designed as at FVTOCI	
Cash and bank balances	-	47,742,240	-	-	47,742,240
Held-for-trading financial assets	7,768,559	-	-	-	7,768,559
Bills receivable	-	9,522,857	-	-	9,522,857
Accounts receivable	-	100,136,115	-	-	100,136,115
Receivables at FVTOCI	-	-	8,824,218	-	8,824,218
Other receivables (Except for government grant and advance to staffs)	-	2,556,820	-	-	2,556,820
Other current assets (Large deposit certificate)	-	3,777,702	-	-	3,777,702
Loans and advances to customers (including those due within one year)	-	229,000	-	-	229,000
Debt investments (including those due within one year)	-	1,595,101	-	-	1,595,101
Long-term receivables (including those due within one year) (except for finance lease)	-	7,533,357	-	-	7,533,357
Investments in other equity instruments	-	-	-	2,881,955	2,881,955
Other non-current financial assets	220,931	-	-	-	220,931
Other non-current assets	-	6,880,757	-	-	6,880,757
Total	7,989,490	179,973,949	8,824,218	2,881,955	199,669,612

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

For the six months ended 30 June 2024

IX. RISKS RELATED TO FINANCIAL INSTRUMENTS *(continued)*

2. Category of financial instruments *(continued)*

(2) Carrying amount of financial liabilities

RMB'000

Item	30 June 2024		Total
	Financial Liabilities at FVTPL	Financial liabilities at carrying amount	
Short-term borrowings	–	8,616,910	8,616,910
Placement from bank and other financial institutions	–	4,353,131	4,353,131
Financial liabilities held for trading	9,668	–	9,668
Bills payable	–	27,203,313	27,203,313
Accounts payable	–	157,545,058	157,545,058
Employee benefits payable (Except for defined benefit plan)	–	2,108,436	2,108,436
Other payables	–	21,145,691	21,145,691
Lease liabilities (including those due within one year)	–	2,112,194	2,112,194
Long-term borrowings (including those due within one year)	–	7,673,564	7,673,564
Long-term payables (including those due within one year) (except for special accounts payable)	–	219,148	219,148
Total	9,668	230,977,445	230,987,113

IX. RISKS RELATED TO FINANCIAL INSTRUMENTS *(continued)*

3. Credit risk

Credit risk represents the risk that the failure to perform obligation by one party of the financial instruments will cause financial loss to the other party.

As at 30 June 2024, the Group's maximum exposure to credit risk which will cause losses of financial assets, contract assets and lease accounts receivables to the Group due to failure to discharge an obligation by the counterparties is arising from:

- (i) The carrying amount of the respective recognized financial assets as stated in the consolidated balance sheet. For financial instruments measured at fair value, the carrying amount reflects the exposure to risks but not the maximum exposure to risks. The maximum exposure to risks would vary according to the future changes in fair value.
- (ii) The amounts of external guarantees disclosed in Note XII. 2.

The Group only has transactions with recognised and reputable third parties. According to the Group's policies, for all the customers that require to make transactions on credit, the Group needs to review the credit of the customers and determines the manner of sales on the basis of customers' credit grading, credit line and credit period. For sales on credit, the payment period and the amount on credit need to be specified in the sales contract, with the payment period not exceeding credit period, and the accumulated amount of credit sales shall not exceed the credit line. For cash on delivery, the goods are not shipped until all the collection procedures are completed, so as to ensure the Group will not be exposed to significant credit loss.

The specific method used by the Group to assess whether the credit risk of financial instruments has increased significantly since initial recognition and the basis for determining that the financial assets are impaired, as well as the policies of immediate write-off of financial assets etc. are set out in Note III. 11.

The Group's credit risk exposure to any single financial instrument is limited because the bank deposits are deposited with banks with high credit ratings.

China State Railway Group Co., Ltd. is one of the major customers for the Group (including the China State Railway Group Co., Ltd. it belongs to and other subsidiaries, together as "State Railway Group") accounts for a larger proportion of the Group's revenue, accordingly, the accounts receivable from such customer also account for a larger proportion. The Group's management believes that the customer is of reliable and good reputation, therefore the Group has no significant credit risk in respect of the receivables from this customer. Except for this customer, the Group has no other significant concentration of credit risk.

The Group's major operating activities and corresponding concentration of operating risk are located in Mainland China.

As at 30 June 2024, included in the Group's accounts receivable, the accounts receivable from the top one and top five customers respectively account for 40.5% (31 December 2023: 47.5%) and 46.7% (31 December 2023: 53.9%);

As at 30 June 2024, included in the Group's long-term receivables (including those due within one year), the long-term receivables from top one and top five customers account for 35.4% (31 December 2023: 37.3%) and 80.2% (31 December 2023: 78.3%) respectively.

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

For the six months ended 30 June 2024

IX. RISKS RELATED TO FINANCIAL INSTRUMENTS *(continued)*

3. Credit risk *(continued)*

The credit risk exposure of the Group's financial assets and other items

RMB'000

Item	Note V	Balance at 30 June 2024			Total
		12-month ECL	Lifetime ECL (no credit loss occurred)	Lifetime ECL (Credit loss occurred)	
Financial assets measured at amortised cost					
Cash and bank balances	1	47,742,240	-	-	47,742,240
Bills receivable	3	-	9,533,169	-	9,533,169
Accounts receivable	4	-	101,305,255	4,508,277	105,813,532
Other receivables	8	2,477,684	-	1,293,500	3,771,184
Other current assets	11	3,777,702	-	-	3,777,702
Loans and advances to customers (including those due within one year)	12	120,058	122,865	-	242,923
Debt investments (including due within one year)	13	1,635,374	-	-	1,635,374
Long-term receivables (except for finance lease) (including those due within one year)	14	-	4,852,629	3,268,950	8,121,579
Financial assets classified as at FVTOCI					
Receivables at FVTOCI	6	-	8,824,218	-	8,824,218
Other items:					
Contract assets (Include non-current part)	5	-	65,031,216	173,548	65,204,764
Long-term receivables-finance lease (including those due within one year)	14	-	1,275,992	765,897	2,041,889

Note 1: For accounts receivable and contract assets formed under revenue standards as well as finance lease receivables formed under lease standards, the Group adopts simple method to measure the amount of lifetime ECL.

The movements of loss allowance for the Group's bills receivable, accounts receivable, receivables at FVTOCI, other receivables, contract assets, loans and advances to customers, debt investments and long-term receivables are detailed in Note V. 3, V. 4, V. 6, V. 8, V. 5, V. 12, V. 13 and V. 14.

IX. RISKS RELATED TO FINANCIAL INSTRUMENTS *(continued)*

4. Liquidity risk

Liquidity risk represents the risk that the entity encounters shortage of funds when performing the obligation relating to financial liabilities. The Group's objective is to maintain the balance between the continuity and flexibility of financing by comprehensively using multiple financing measures such as settlement with notes, bank borrowing, short-term financing bonds and corporate bonds etc. and adopting proper combination of long-term and short-term financing as well as the method of optimizing financing structure. The Group has obtained bank credit from several commercial banks to meet its need of working capital and capital expenditures. The management has been monitoring the Group's liquidity so as to ensure the Group has sufficient liquidity to repay all the due debts and get maximum benefits from its financial resources.

Maturity analysis of non-derivative financial liabilities and lease liabilities based on undiscounted contract cash flows

RMB'000

Item	30 June 2024				Total
	Within 1 year (inclusive)	1-2 years (inclusive)	2-5 years (inclusive)	Over 5 years	
Short-term borrowings	8,616,910	–	–	–	8,616,910
Deposits from banks and other financial institutions	4,353,131	–	–	–	4,353,131
Bills payable	27,203,313	–	–	–	27,203,313
Accounts payable	157,545,058	–	–	–	157,545,058
Other payables	21,145,691	–	–	–	21,145,691
Long-term borrowings (including due within one year)	1,437,707	655,308	1,138,991	4,882,981	8,114,987
Long-term payables (including due within one year) (except for special accounts payable)	17,942	18,652	1,095	220,464	258,153
Lease liabilities (Including due within one year)	417,795	415,437	807,713	789,203	2,430,148
Total	220,737,547	1,089,397	1,947,799	5,892,648	229,667,391

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For the six months ended 30 June 2024

IX. RISKS RELATED TO FINANCIAL INSTRUMENTS *(continued)*

5. Market risk

Market risk is the risk that the fair value or future cash flows of financial instruments will fluctuate due to the changes in market price. The market risk mainly includes interest rate risk, currency risk and price risk.

(1) Interest rate risk

Interest risk is the risk that the fair value or future cash flows of financial instruments will fluctuate due to the changes in market interest rate. The risk of fluctuations in the fair value of the Group's financial instruments due to changes in market interest rates is primarily related to the Group's fixed-rate borrowings, bonds payable, other current assets, and long-term receivables. The risk of fluctuations in the future cash flows of the Group's financial instruments due to changes in market interest rates is primarily related to the Group's liabilities with floating interest rates.

The following table sets out the sensitivity analysis of interest rate risk, reflecting the effect of reasonably possible changes in interest rate on net profit (via effect on variable-rate borrowings) (with effect of capitalisation of borrowing costs considered) under the assumption that all the other variables held constant.

Item	January- June 2024		January- December 2023	
	Increase in 25 point	Decrease in 25 point	Increase in 25 point	Decrease in 25 point
Rate of variable-rate borrowings				
(Decrease)/Increase in net profit (RMB'000)	(41,835)	41,835	(38,596)	38,596

(2) Other price risk

The Group's price risk is mainly arising from held-for-trading equity instrument investments and equity instruments at fair value through other comprehensive income. The Group adopts combination of multiple equity securities to mitigate the price risk of investments in equity securities.

(3) Currency risk

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

The Group's operating activities are mainly located in China and most of the transactions are denominated in RMB, except for certain sales, purchases and borrowings which are settled in foreign currency. The fluctuation of the exchange rate between such foreign currency and RMB will affect the Group's operating performance.

The Group tries to mitigate the currency risk to the minimum extent mainly by closely monitoring the changes in market exchange rate and actively adopting responsive measures. In the export business, the Group's policy is to provide quotation based on the expected changes of exchange rate in respect of the external contracts under negotiation; during the negotiation, it is required to specify the range of exchange rate and the risks on the buyer and seller respectively. In import business, the enterprises are required to seize the moment of foreign exchange settlement for import so as to control the currency risk.

IX. RISKS RELATED TO FINANCIAL INSTRUMENTS *(continued)*
5. Market risk *(continued)*
(3) Currency risk *(continued)*
(i) Foreign currency financial assets and financial liabilities

Item	RMB'000	
	30 June 2024	31 December 2023
Foreign currency financial assets:		
Cash and bank balances	8,087,103	8,589,326
Held-for-trading financial assets	1,767	1,531
Accounts receivable	3,858,694	4,528,269
Other receivables	254,253	247,068
Debt investments (including due with one year)	590,947	–
Long-term receivables (including due within one year)	22,483	25,702
Other non-current financial assets	220,931	219,564
Total	13,036,178	13,611,460
Foreign currency financial liabilities:		
Short-term borrowings	5,092,645	3,237,753
Accounts payable	4,485,007	4,349,136
Other payables	1,411,715	1,908,031
Long-term borrowings (including due within one year)	3,284,334	3,174,931
Lease liabilities (including due within one year)	515,049	509,983
Total	14,788,750	13,179,834

The following table sets out the sensitivity analysis on currency risk, reflecting the effect of reasonably possible changes in exchange rate of EUR and USD on net profit under the assumption that all the other variables held constant. As the effect changes in exchange rate of other currencies is not significant, related sensitivity analysis is not presented.

EUR	30 June 2024		31 December 2023	
	Increase 1.6%	Decrease 1.6%	Increase 8.81%	Decrease 8.81%
Against RMB (Decrease)/increase in net profit (RMB'000)	(18,635)	18,635	(37,223)	37,223
USD	30 June 2024		31 December 2023	
	Increase 0.26%	Decrease 0.26%	Increase 5.68%	Decrease 5.68%
Against RMB (Increase)/Decrease in net profit (RMB'000)	5,965	(5,965)	121,373	(121,373)

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

For the six months ended 30 June 2024

IX. RISKS RELATED TO FINANCIAL INSTRUMENTS *(continued)*

6. Capital management

The major objective of the Group's capital management is to ensure the Group's continuing operation, and provide the shareholders with continuous return by establishing a price of products and service that matches the risk level so as to obtain financing at reasonable cost.

The Group reviews and manages its capital structure on a regular basis, aiming to achieve most ideal capital structure and return to shareholders. The factors that the Group takes into consideration include: the Group's future capital demand, capital efficiency, actual and expected profitability, expected cash flows, expected capital expenditures and etc. If the economic conditions change and affect the Group, the Group will adjust the capital structure.

The Group monitors and manages its capital structure using asset-liability proportion. As at 30 June 2024 and 31 December 2023, the asset-liability proportion are as follows:

	30 June 2024	31 December 2023
Asset-liability proportion (%)	58.31	58.35

7. Transfer of financial assets

As at 30 June 2024, the Group endorsed receivables at FVTOCI of RMB 2,298,227,000 (31 December 2023: RMB 5,134,098,000) to its suppliers to pay the accounts payable; discounted bills receivable of RMB 1,285,947,000 (31 December 2023: RMB 4,200,055,000) to bank to obtain currency funds. The Group believes that the risk and rewards of the ownership of such endorsed or discounted bills receivable have been substantially transferred to the supplier or discounting bank, and therefore derecognised such endorsed or discounted bills receivable. If the acceptor can't cash such notes, according to relevant laws and regulations of China, the Group is held jointly liable for such bills receivable. The Group believes that as the acceptor is of good reputation, there is minor risk of the acceptor's failure to cash the notes upon maturity. On 30 June 2024, if the acceptor fails to cash such notes upon maturity, i.e. the Group's maximum exposure to loss is equivalent to the amount that the Group should pay the supplier or discounting bank in respect of such endorsed or discounted notes. For all the bills receivable endorsed to suppliers or discounted to bank, the maturity is within one year after the end of reporting year.

As at 30 June 2024, the Group endorsed bills receivable of RMB 998,363,000 (31 December 2023: RMB 2,412,929,000) to its suppliers to pay the accounts payable; discounted bills receivable of RMB 180,836,000 (31 December 2023: RMB 603,602,000) to bank to obtain currency funds. The Group determines that it retains substantially all risk and rewards of the ownership of such endorsed or discounted bills receivable (including relevant risk of default), and therefore continues to recognise such endorsed or discounted bills receivable as well as the carrying amount of relevant accounts payable that have been repaid. After the endorsement or discounting of bills receivable, the Group does not retain any right to use such endorsed or discounted notes, including selling, transferring or pledging such endorsed or discounted notes to any third party.

For the year ended 30 June 2024, the Group transferred accounts receivable of RMB 30,272,000 (for the year ended 31 December 2023: RMB 3,570,164,000) to bank to obtain currency funds. The Group determines that it has transferred substantially all the risks and rewards of ownership of such accounts receivable, and therefore derecognises such accounts receivable. The Group's losses arising from derecognition of such accounts receivable are included in investment income amounting to RMB 205,000 (for the year ended 31 December 2023: RMB 44,760,000).

X. DISCLOSURE OF FAIR VALUE

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

RMB'000

Item	Fair value at 30 June 2024			Total	Valuation technique and inputs	Significant unobservable inputs
	Level 1 Fair value measurement	Level 2 Fair value measurement	Level 3 Fair value measurement			
I. Recurring fair value measurements						
(I) Held-for-trading financial assets	-	3,808,185	3,960,374	7,768,559		
1. Derivative financial assets		-		-	Note 1	/
2. Certificate of deposits, etc.		3,808,185		3,808,185	Note 3	/
3. Unlisted equity instrument investments		-	3,960,374	3,960,374	Note 4	Note 4
(II) Receivables at FVTOCI		8,824,218		8,824,218	Note 3	/
(III) Investments in other equity instruments	886,749	-	1,995,206	2,881,955		
1. Listed equity instrument investments	886,749			886,749	Note 2	/
2. Unlisted equity instrument investments			1,995,206	1,995,206	Note 5	Note 5
(IV) Other non-current financial assets	220,931	-	-	220,931		
1. Perpetual bonds etc. investments	220,931	-	-	220,931	Note 1	/
Total assets measured at fair value on recurring basis	1,107,680	12,632,403	5,955,580	19,695,663		
(V) Held-for-trading financial liabilities	-	9,668	-	9,668		
1. Derivative financial liabilities	-	9,668	-	9,668		
Total liabilities measured at fair value on a recurring basis	-	9,668	-	9,668		

Note 1: Discounted cash flow method. Future cash flows are based on forward exchange rate (sourced from the forward exchange rate observed at financial statement date) and estimated contractual forward exchange rate, and discounted using the discounting rate reflecting the credit risk of counterparty.

Note 2: Quoted price (unadjusted) in active market.

Note 3: Discounted cash flow method. Future cash flows are estimated based on expected return and discounted using the discounting rate reflecting the credit risk of counterparty.

Note 4: Discounted cash flow method. Unobservable inputs include revenue growth and system risk factor. The revenue growth is based on the estimate of the management of the investee. The system risk factor is based on the system risk factor of historical stock price of comparative companies.

Note 5: Comparative listed company comparing method and dividends discounting model. The unobservable inputs of the comparative listed company comparing method include liquidity discount. The unobservable inputs of dividends discounting model include expected growth rate and discounting rate.

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

For the six months ended 30 June 2024

X. DISCLOSURE OF FAIR VALUE *(continued)*

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

RMB'000

Item	Held-for-trading financial assets (unlisted equity instrument investments)	Investments in other equity instruments (unlisted equity instruments investment)
31 December 2023	3,834,853	1,900,544
Additions	–	128,780
Disposals	(82,200)	(1,845)
Transferred out in this period	–	–
Profits		
Current gains	207,721	(32,273)
Included in profit or loss	207,721	–
Included in other comprehensive income	–	(32,273)
30 June 2024	3,960,374	1,995,206

For the current year, there is no transfer among level 1, level 2 and level 3 fair value measurement of the Group's financial assets.

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

The Group's financial assets and financial liabilities measured at amortised cost are detailed in Note IX.2. Except for the items listed below, the management of the Group determines that the carrying amount of these financial assets and financial liabilities in the financial statements approximates the fair value of such assets and liabilities.

RMB'000

Item	Carrying amount		Fair value	
	30 June 2024	31 December 2023	30 June 2024	31 December 2023
Fixed-rate debt investments	1,595,101	1,582,490	1,209,741	1,376,729
Fixed-rate long-term receivables	7,301,425	6,724,181	6,018,692	5,632,004
Fixed-rate long-term borrowings	4,599,620	5,089,072	2,637,348	3,091,877

Of the debt investments, those in listed bonds can be publicly traded in an active market and are attributable to level 1 fair value measurement; and debt investments (exclusive of investments in listed bonds), long-term receivables, long-term borrowings and corporate bonds payable are determined based on discounted cash flows and attributable to level 2 fair value measurement, with the discounting rate reflecting the credit risk of the issuer as the key inputs.

XI. RELATED PARTIES AND RELATED PARTY TRANSACTIONS

1. Parent of the Company

RMB'000					
Company name	Registered place	Nature of business	Registered capital	Proportion of ownership interest held by the parent company (%)	Proportion of voting power held by the parent company (%)
CRRC Group	Beijing	Manufacturing	23,000,000	51.45	51.45

The ultimate controlling party of the Company is State-owned Assets Supervision and Administration Commission of the State Council (the "SASAC").

2. Subsidiaries of the Company

The Company's subsidiaries are detailed in Note I. 2.

3. Joint ventures and associates of the Company

Please see Note VII.2(1) for information of important joint ventures and associates of the Company.

The joint ventures and associates that have transactions with the Group in the current year are as follows:

Name of joint ventures or associates	Relationship with the Company
Changzhou RuiYang Transmission Technology Co., Ltd	Joint ventures
Qingdao Sifang Faiveley Railway Brake Co., Ltd.	Joint ventures
Shenyang CRRC Westinghouse Railway Brake Technology Co., Ltd.	Joint ventures
Zhuzhou ABC Rail Products Co., Ltd.	Joint ventures
Shenzhen CRRC Railway Vehicle Co., Ltd.	Joint ventures
Changchun Changke Alstom Rail Vehicle Co., Ltd.	Joint ventures
Dalian Toshiba Locomotive Electric Equipment Co., Ltd.	Joint ventures
Changshu Zhishui Environmental Protection Water Co., Ltd.	Joint ventures
Beijing Sifang Tongchuang Rail Transit Equipment Co., Ltd.	Joint ventures
Chengdu Ruiyang Rail Transmission Technology Co., Ltd.	Joint ventures
Jiangsu Leadrun Manden Casting Co., Ltd.	Joint ventures
Xi'an Sifang Rail Traffic Equipment Co., Ltd.	Joint ventures
Shanghai Shentong Changke Rail Transit Vehicle Co., Ltd.	Joint ventures
Zhuzhou Times Mitsubishi Transportation Equipment Co., Ltd.	Joint ventures
Shenyang CRRC Rail Transit Equipment Co., Ltd.	Joint ventures
Changchun Changke Rail Environmental Protection Equipment Co., Ltd.	Joint ventures
Wuhu Yunda Rail Transit Construction and Operation Co., Ltd.	Joint ventures
Zhejiang Times Lanp New Energy Co., Ltd.	Joint ventures
Datong Semco Railway Traffic Co., Ltd.	Joint ventures
Qingdao Sifang Kawasaki Vehicle Technology Co., Ltd.	Joint ventures
Guangzhou Sifang Rail Transit Equipment Co., Ltd.	Joint ventures
Shanghai Shentong CRRC Rail Transit Operation Safety Engineering Technology Research Co., Ltd.	Joint ventures
Zhengzhou Times Transport Electrical Equipment Co., Ltd.	Joint ventures
Guangzhou Qinglan Semiconductor Co., Ltd.	Joint ventures
Qingdao Sifang Sri Intellectual Technology Co., Ltd.	Joint ventures
Qingdao Alstom Railway Equipment Co. Ltd.	Associates
Shanghai Alstom Transport Electrical Equipment Co., Ltd.	Associates
Chengdu Changke Xinzhu Rail Transportation Equipment Co., Ltd.	Associates

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

For the six months ended 30 June 2024

XI. RELATED PARTIES AND RELATED PARTY TRANSACTIONS *(continued)*

3. Joint ventures and associates of the Company *(continued)*

Name of joint ventures or associates	Relationship with the Company
Guangzhou Electric Locomotive Co., Ltd.	Associates
CRRC Ziyang Transmission Co., Ltd.	Associates
Beijing Nankou SKF Railway Bearing Co., Ltd.	Associates
CRRC Ziyang Transmission Co., Ltd.	Associates
Knorr-Bremse Nankou Air Supply Unit (Beijing) Co., Ltd.	Associates
Nanjing Metro Air Conditioning Technology Co., Ltd.	Associates
Jiangsu China Railway Transportation Technology Co., Ltd.	Associates
Qingdao Metro Rail Transit Intelligent Maintenance Co., Ltd.	Associates
Beijing Beijiufang Rail Transit Technology Co., Ltd.	Associates
Shanghai CRRC Voith Transmission Technology Co., Ltd.	Associates
CRRC Zhuzhou Rail Transit Periodical Press Co., Ltd.	Associates
Zhuzhou Times Electric Insulation Co., Ltd.	Associates
ABB Datong Traction Transformers Co., Ltd.	Associates
Qiqihar EEE Forging Equipment Co., Ltd.	Associates
Hebei Hongrui Environmental Protection Technology Co., Ltd.	Associates
Zhuzhou Times Engineering Plastics Technology Co., Ltd.	Associates
Hunan Guoci Power Technology Co., Ltd.	Associates
Zhixin Semiconductors Co., Ltd.	Associates
Jiangsu CRRC Digital Technology Co., Ltd.	Associates
Hunan Honghui Technology Co., Ltd.	Associates
Tianjin Electric Locomotive Co., Ltd.	Associates
Zhuzhou National Innovation Railway Technology Co., Ltd.	Associates
Hunan Maglev Transportation Development Co., Ltd.	Associates
Hunan Motor Vehicle Inspection Technology Co., Ltd.	Associates
Xinyang Amsted Tonghe Wheels Co., Ltd.	Associates
Hebei CRRC Luxing Anti Loosening Technology Co., Ltd.	Associates
Jinan Sirui Rail Transit Equipment Technology Co., Ltd.	Associates
Hunan Times Westinghouse Transportation Equipment Co., Ltd.	Associates
Wuxi Times Intelligent Transportation Research Institute Co., Ltd.	Associates
Foshan Zhongshi Zhihui Transportation Technology Co., Ltd.	Associates
China Railway Shenyang Railway Equipment Co., Ltd.	Associates
Rail Vehicle Equipment (Thailand) Co., Ltd.	Associates
China Foreign Trade Finance & Leasing Co., Ltd.	Associates
Nanjing Rail Transit Industry Development Co., Ltd.	Associates
Datong Faiveley Railway Vehicle Equipment Company Limited	Associates
Inner Mongolia First Machinery Group Like Plastic Products Co., Ltd.	Associates
Aviation Materials Guochuang (Qingdao) High Speed Railway Materials Research Institute Co., Ltd.	Associates
Sichuan CRRC Railway Investment Rail Transit Co., Ltd.	Associates
CRRC Pioneer Electric (India) Pvt. Ltd.	Associates
Tieke (Beijing) Rail Equipment & Technology Co., Ltd.	Associates
Hunan Guoci Power Technology Co., Ltd.	Associates
Puli Zhi Xing (Shanghai) Industrial Design Co., Ltd.	Associates
Anhui CRRC Puzhen Urban Rail Transit Operation and Maintenance Technology Co., Ltd.	Associates
Zhuzhou Siemens Traction Equipment Co., Ltd.	Associates
Zhejiang CRRC Shangchi Electric Co., Ltd.	Associates
Xi'an Alstom Yongji Electrical Equipment Co., Ltd.	Associates
Taizhou Changhang Railway Transportation Operation Management Co., Ltd.	Associates

XI. RELATED PARTIES AND RELATED PARTY TRANSACTIONS *(continued)*

3. Joint ventures and associates of the Company *(continued)*

Name of joint ventures or associates	Relationship with the Company
Foshan Gaoming Modern Rail Transport Construction & Investment Co., Ltd.	Associates
Zhuzhou Times Huaxin New Material Technology Co., Ltd.	Associates
Wuhan Digital Design and Manufacturing Innovation Centre Co., Ltd.	Associates
Guangzhou High Speed Rail Technology Co., Ltd	Associates
CRRC Foshan Investment Development Co., Ltd.	Associates
Guangzhou CRRC Junfa Electric CO., LTD	Associates
Jiangxi Shangye Shengyilun Electric Co., Ltd.	Associates
City Rail Innovation Network Center Co., Ltd.	Associates
Jiangsu Zhongcheng Transportation Equipment Co., Ltd.	Associates
Tianjin Line 1 Rail Transit Operation Co., Ltd.	Associates
Tongche Zhongdian Railway Equipment Co., Ltd	Associates
Huaneng Panjin Wind Power Co., Ltd.	Associates
CONSORCIO TREN LIGERO LINEA 4 GUADALAJARA, S.A.P.I. de C.V	Associates
TIC TRENS S.A.	Associates

4. Related party transactions

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

Purchase of goods/receipt of service

Related party	Content of related party transaction	RMB'000	
		January – June 2024	January – June 2023
Joint ventures of the Group	Purchase of goods	212,342	403,943
Associates of the Group	Purchase of goods	533,276	679,515
CRRC Group and subsidiaries	Purchase of goods	186,260	359,958
Joint ventures and associates of CRRC Group and subsidiaries	Purchase of goods	24,268	1,848
Joint ventures of the Group	Receipt of service	6,580	7,587
Associates of the Group	Receipt of service	61,125	15,170
CRRC Group and subsidiaries	Receipt of service	27,741	35,890
Joint ventures and associates of CRRC Group and subsidiaries	Receipt of service	1,411	4,184
Total	/	1,053,003	1,508,095

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

For the six months ended 30 June 2024

XI. RELATED PARTIES AND RELATED PARTY TRANSACTIONS *(continued)*

4. Related party transactions *(continued)*

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

Sale of goods/rendering of service

Related party	Content of related party transaction	RMB'000	
		January – June 2024	January – June 2023
Joint ventures of the Group	Sale of goods	624,320	595,089
Associates of the Group	Sale of goods	1,042,826	4,262,127
CRRC Group and its subsidiaries	Sale of goods	160,613	354,981
Joint ventures and associates of CRRC Group and subsidiaries	Sale of goods	461,561	403,192
Joint ventures of the Group	Rendering of services	13,883	11,351
Associates of the Group	Rendering of services	8,708	15,052
CRRC Group and its subsidiaries	Rendering of services	9,263	18,885
Joint ventures and associates of CRRC Group and subsidiaries	Rendering of services	426,250	2,131,612
Total	/	2,747,424	7,792,289

(2) Leases with related parties

The Company as the lessor:

Name of lessee	Type of leased assets	RMB'000	
		Lease income recognised in current period	Lease income recognised in prior period
Joint ventures of the Group	Fixed assets	18	
Associates of the Group	Fixed assets	3,333	4,098
CRRC Group and its subsidiaries	Fixed assets	152	21
Joint ventures and associates of CRRC Group and subsidiaries	Fixed assets	1,075	1,272
Total	/	4,578	5,391

XI. RELATED PARTIES AND RELATED PARTY TRANSACTIONS *(continued)*

4. Related party transactions *(continued)*

(2) Leases with related parties *(continued)*

The Company as the lessee:

RMB'000

Name of lessee	Type of assets leased	Rental costs for short-term leases and leases of low-value assets with simplified treatment (if applicable)		Variable lease payments not included in the measurement of the lease liability (if applicable)		Rent paid		Interest expense on lease liabilities assumed		Increased right-to-use assets	
		January-June 2024	January-June 2023	January-June 2024	January-June 2023	January-June 2024	January-June 2023	January-June 2024	January-June 2023	January-June 2024	January-June 2023
Joint ventures of the Group	Fixed assets	-	-	-	-	-	-	-	-	-	-
Associates of the Group	Fixed assets	-	-	-	-	223	223	-	-	-	-
CRRC Group and its subsidiaries	Fixed assets	38,458	78,024	-	-	67,244	94,089	2,644	1,246	82,400	7,102
Joint ventures and associates of CRRC Group and its subsidiaries	Fixed assets	-	138	-	-	-	138	-	-	-	-

(3) Guarantees with related parties

The Company as the guarantor

RMB'000

The guaranteed company	Guarantee amount	Guarantee Start Date	Guarantee expiration date	Whether the guarantee has been fulfilled
Wuhu Yunda	1,559,480	2017-06-20	2047-06-20	No
CRRCE-LOCOSUPPLY (PTY) LTD	1,116,488	2014-03-17	Date of completion of project implementation	No
CONSORCIO TREN LIGERO LINEA 4 GUADALAJARA, S.A.P.I. de C.V	213,203	2023-10-27	2059-10-25	No
CONSORCIO TREN LIGERO LINEA 4 GUADALAJARA, S.A.P.I. de C.V	386,245	2024-06-05	2039-04-30	No
TIC TRENS S.A.	365,979	2024-06-02	2031-06-02	No
Total	3,641,395	/	/	/

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

For the six months ended 30 June 2024

XI. RELATED PARTIES AND RELATED PARTY TRANSACTIONS *(continued)*

4. Related party transactions *(continued)*

(3) Guarantees with related parties *(continued)*

The Company as the guarantee holder

				RMB'000
Name of guarantor	Guarantee amount	Guarantee Start Date	Guarantee expiration date	Whether the guarantee has been fulfilled
CRRC Group	1,116,488	2014-03-17	Date of completion of project implementation	No
Total	<u>1,116,488</u>	/	/	/

(4) Funding from related party

					RMB'000
Related party	Amount of Inception date	Inception date	Maturity date	Note	
Funds received					
CRRC Group and its subsidiaries	500,000,000	12-20-23	12-19-24		/
CRRC Group and its subsidiaries	1,000,000,000	06-17-24	06-16-25		/
CRRC Group and its subsidiaries	312,960,000	12-05-23	12-04-24		/
CRRC Group and its subsidiaries	1,100,000,000	12-11-23	12-10-24		/
CRRC Group and its subsidiaries	249,770,000	12-11-23	12-10-24		/
CRRC Group and its subsidiaries	300,000,000	11-15-23	11-14-24		/
CRRC Group and its subsidiaries	22,560,000	11-15-23	11-14-24		/
CRRC Group and its subsidiaries	148,590,000	11-15-23	11-14-24		/
CRRC Group and its subsidiaries	216,810,000	12-19-23	12-18-24		/
Total	<u>3,850,690,000</u>	/	/		/

XI. RELATED PARTIES AND RELATED PARTY TRANSACTIONS *(continued)*

4. Related party transactions *(continued)*

(5) Assets transfer/debt restructuring with related parties

		RMB'000	
Related party	Nature of transaction	January – June 2024	January – June 2023
Joint ventures of the Group	Purchase of fixed assets from related parties	148	290
Associates of the Group	Purchase of fixed assets from related parties	8,779	531
CRRC Group and its subsidiaries	Purchase of fixed assets from related parties	26	121
Joint ventures and associates of CRRC Group and subsidiaries	Purchase of fixed assets from related parties	932	1,326
Total	/	9,885	2,268

(6) Remuneration of key management personnel

		RMB'000	
Item		January – June 2024	January – June 2023
Remuneration of key management personnel		5,102	5,076

(7) Other related party transactions

		RMB'000	
Related party	Nature of related party transaction	Accrued during the period	Accrued during the prior period
Joint ventures of the Group	Financial service and interest income	2,774	3,499
Associates of the Group	Financial service and interest income	624	3,157
CRRC Group and its subsidiaries	Financial service and interest income	3,983	20,500
Joint ventures of the Group	Interest expenses	228	131
Associates of the Group	Interest expenses	524	72
CRRC Group and its subsidiaries	Interest expenses	143,591	76,933
Joint ventures and associates of CRRC Group and its subsidiaries	Interest expenses	5	12
Total	/	151,729	104,304

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

For the six months ended 30 June 2024

XI. RELATED PARTIES AND RELATED PARTY TRANSACTIONS *(continued)*

5. Amounts due from/to related parties.

(1) Receivables

		Closing balance		Opening balance	
Item	Related party	Carrying amount	Provision for bad and doubtful debts	Carrying amount	Provision for bad and doubtful debts
Bills receivable	Joint ventures of the Group	6,060	56	1,160	–
Bills receivable	Associates of the Group	18,022	160	80,483	35
Bills receivable	CRRC Group and its subsidiaries	164	–	–	–
Accounts receivable	Joint ventures of the Group	1,228,570	21,903	867,399	15,824
Accounts receivable	Associates of the Group	1,596,799	19,425	1,170,943	18,465
Accounts receivable	CRRC Group and its subsidiaries	784,339	40,078	871,299	38,997
Accounts receivable	Joint ventures and associates of CRRC Group and its subsidiaries	114,921	6,008	200,969	5,911
Receivables at FVTOCI	Joint ventures of the Group	12,857	–	22,904	–
Receivables at FVTOCI	Associates of the Group	780,264	–	1,033,636	–
Receivables at FVTOCI	CRRC Group and its subsidiaries	23,359	–	41,066	–
Prepayments	Joint ventures of the Group	58,256	–	65,535	–
Prepayments	Associates of the Group	124,647	–	61,976	167
Prepayments	CRRC Group and its subsidiaries	17,157	–	197,232	–
Other receivables	Joint ventures of the Group	1,484	14	2,319	18
Other receivables	Associates of the Group	16,375	2,444	20,503	1,168
Other receivables	CRRC Group and its subsidiaries	425,838	6,720	65,580	6,360
Other receivables	Joint ventures and associates of CRRC Group and its subsidiaries	–	–	956	5
Contract assets	Joint ventures of the Group	18,693	185	21,759	165
Contract assets	Associates of the Group	296,594	3,735	231,137	2,942
Contract assets	CRRC Group and its subsidiaries	337,280	4,539	252,749	4,438
Contract assets	Joint ventures and associates of CRRC Group and its subsidiaries	40,182	356	133,359	133
Non-current assets due within one year	Joint ventures of the Group	219,344	13,923	77,961	6,131
Non-current assets due within one year	Associates of the Group	–	–	1,297	3
Non-current assets due within one year	CRRC Group and its subsidiaries	23,579	–	2,016,161	4,357
Long-term receivables	Associates of the Group	376,849	376,849	374,517	374,517
Other non-current assets	Joint ventures of the Group	101,208	1,209	96,094	1,169
Other non-current assets	Associates of the Group	672,751	5,637	602,465	6,636
Other non-current assets	CRRC Group and its subsidiaries	284,305	622	306,174	658
Other non-current assets	Joint ventures and associates of CRRC Group and its subsidiaries	2,119,845	11,206	2,028,994	10,664
Total	/	9,699,742	515,069	10,846,627	498,763

RMB'000

XI. RELATED PARTIES AND RELATED PARTY TRANSACTIONS *(continued)*
5. Amounts due from/to related parties.
(2) Payables

		RMB'000	
Item	Related party	Closing book Value	Beginning book value
Deposits from banks and other financial institutions	Joint ventures of the Group	28,207	32,985
Deposits from banks and other financial institutions	Associates of the Group	10,522	13,592
Deposits from banks and other financial institutions	CRRC Group and its subsidiaries	4,182,214	5,674,750
Deposits from banks and other financial institutions	Joint ventures and associates of CRRC Group and its subsidiaries	132,188	95,623
Bills payable	Joint ventures of the Group	68,281	29,023
Bills payable	Associates of the Group	159,003	89,135
Bills payable	CRRC Group and its subsidiaries	34,647	26,079
Bills payable	Joint ventures and associates of CRRC Group and its subsidiaries	310	736
Accounts payable	Joint ventures of the Group	2,162,151	1,981,160
Accounts payable	Associates of the Group	2,848,673	2,168,038
Accounts payable	CRRC Group and its subsidiaries	3,335,504	3,495,245
Accounts payable	Joint ventures and associates of CRRC Group and its subsidiaries	51,630	93,596
Receipts in advance	CRRC Group and its subsidiaries	2,000	2,167
Contract liabilities	Joint ventures of the Group	5,168	1,044
Contract liabilities	Associates of the Group	40,186	74,391
Contract liabilities	CRRC Group and its subsidiaries	30,382	39,856
Contract liabilities	Joint ventures and associates of CRRC Group and its subsidiaries	118,528	71,433
Other payables	Joint ventures of the Group	8,075	9,278
Other payables	Associates of the Group	57,464	93,330
Other payables	CRRC Group and its subsidiaries	7,036,463	10,368,236
Other payables	Joint ventures and associates of CRRC Group and its subsidiaries	8,524	4,525
Lease liabilities	Associates of the Group	15,294	3,355
Lease liabilities	CRRC Group and its subsidiaries	67,175	15,955
Total	/	20,402,589	24,383,532

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

For the six months ended 30 June 2024

XI. RELATED PARTIES AND RELATED PARTY TRANSACTIONS (continued)

6. Related party commitments

- (1) Commitments relating to related parties that have been entered into but not necessary to be presented in the financial statements are as follows

		RMB'000	
Item	Related party	30 June 2024	31 December 2023
Sale of goods to related parties	Joint ventures of the Group	15,804	85,432
Sale of goods to related parties	Associates of the Group	–	69,162
Sale of goods to related parties	CRRC Group and its subsidiaries	–	81
Purchase of goods from related parties	Joint ventures of the Group	49,796	–
Purchase of goods from related parties	Associates of the Group	85,026	4,482
Purchase of goods from related parties	CRRC Group and its subsidiaries	6,413	632
Total	/	157,039	159,789

XII COMMITMENTS AND CONTINGENCIES

1. Significant commitments

		RMB'000	
Item		30 June 2024	31 December 2023
Construction in progress, fixed assets and land use rights		3,574,828	4,726,508
Other intangible assets		16,255	10,749
Total		3,591,083	4,737,257

2. Contingencies

- (1) Significant contingencies existing at the balance sheet date

		RMB'000	
Relevant entity	Guarantee holder	Amount of guarantee	Type of guarantee
The Company	Wuhu Yunda	1,559,480	Guarantee for performance, financing and profit or loss
CRRC Zhuzhou Locomotive Co., Ltd	CRRC E-LOCO SUPPLY(PTY) LTD	1,116,488	Guarantee for performance
CRRC (Hong Kong) Co. Limited.	CONSORCIO TREN LIGERO LINEA 4 GUADALAJARA, S.A.P.I. de C.V	599,448	Guarantee for performance and financing
CRRC (Hong Kong) Co. Limited.	TIC TRENS S.A.	365,979	Guarantee for performance

XII COMMITMENTS AND CONTINGENCIES *(continued)*

2. Contingencies *(continued)*

(2) If there are no significant contingencies, disclose this fact:

The thirtieth meeting of the second session of the Board of Directors held on 18 July 2021 resolved that, CRRC Zhuzhou Locomotive, a wholly-owned subsidiary of the Company, entered into the Entrustment Agreement (the “Entrustment Agreement”) and a series of related agreements with Zhuzhou Locomotive Industrial, a wholly-owned subsidiary of CRRC Group, which shall entrust Zhuzhou Locomotive Industrial to manage the 100% equity interest of CRRC E-LOCO SUPPLY (PTY) LTD. (“the Target Company”), and entrust Zhuzhou Locomotive Industrial to exercise all shareholders’ rights from the date of the Entrustment Agreement. Based on the Entrustment Agreement, during the Entrustment Period, all operating income or operating losses of the Target Company shall be enjoyed or borne by Zhuzhou Locomotive Industrial, and the rewards and risk of changes in the overall value of the Target Company’s interests shall also be enjoyed or borne by Zhuzhou Locomotive Industrial. CRRC Zhuzhou Locomotive shall relinquish all shareholders’ rights from the date of the Entrustment Agreement and the Target Company will cease to be consolidated in the consolidated financial statements of the Company and the Target Company will cease to be a subsidiary of the Group. Prior to the Entrustment Agreement, in respect of the performance obligations of the Target Company and its subsidiaries under the Locomotive Supply Contracts, CRRC Zhuzhou Locomotive has provided performance guarantee (“the Guarantee”) for the Target Company’s subsidiary. Accordingly, CRRC Zhuzhou Locomotive will continue to provide the performance guarantee for the Target Company’s subsidiary upon the effective date of the Entrustment Agreement. CRRC Group will provide the Counter Guarantee for the obligations of CRRC Zhuzhou Locomotive under the Guarantee pursuant to the Counter Guarantee Agreement, signed by CRRC Group and CRRC Zhuzhou Locomotive. As at 30 June 2024, the balance of the performance guarantee provided by CRRC Zhuzhou Locomotive for CRRC E-LOCO SUPPLY (PTY) LTD. amounted to RMB1.116 billion.

XIII. OTHER SIGNIFICANT ITEMS

1. Segment information

(1) Basis for determining reporting segment and accounting policies

Based on the requirements of operation management, the Group’s operating activities are classified in to one separate operating segment, mainly supplying the market with rail transit equipment and extended products and services, therefore the Group has no other operating segment.

(2) Financial information of reporting segments

(i) External revenue

Item	RMB’000	
	Accrued during the period	Accrued during the prior period
Products and services information:		
Rail transit equipment and extended products and services	90,039,351	87,303,227
Total	90,039,351	87,303,227
Geographical information:		
Mainland China	77,834,510	74,845,045
Other countries and regions	12,204,841	12,458,182
Total	90,039,351	87,303,227

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

For the six months ended 30 June 2024

XIII. OTHER SIGNIFICANT ITEMS *(continued)*

1. Segment information *(continued)*

(2) Financial information of reporting segments *(continued)*

(ii) Total specified non-current assets

Item	RMB'000	
	30 June 2024	31 December 2023
Mainland China	138,205,577	135,598,358
Other countries and regions	6,537,870	6,010,470
Total	<u>144,743,447</u>	<u>141,608,828</u>

The non-current assets are attributable to the regions where the assets are located, and exclude financial assets, financing lease receivable and deferred tax assets

(iii) Major customers

The Group's operating income from major customer China State Railway Group is RMB 33,052,682,000 (January- June 2023:RMB 23,186,373,000). The Group has no other single customer from which the revenue accounts for over 10% of the Group's operating income.

2. Other significant transactions or events affecting investors' decision-making

(1) Net current assets

Item	RMB'000	
	30 June 2024	31 December 2023
Current assets	319,587,946	314,587,463
Less: Current liabilities	255,569,971	250,407,506
Net current assets	<u>64,017,975</u>	<u>64,179,957</u>

(2) Total assets less current liabilities

Item	RMB'000	
	30 June 2024	31 December 2023
Total assets	479,499,893	471,791,735
Less: Current liabilities	255,569,971	250,407,506
Total assets less current liabilities	<u>223,929,922</u>	<u>221,384,229</u>

XIII. OTHER SIGNIFICANT ITEMS *(continued)*

3. Others

(1) Basic earnings per share

The basic earnings per share is calculated by dividing the current net profit attributable to the common shareholders of the company by the weighted average number of common shares issued:

Item	30 June 2024	30 June 2023
Net profit of the year attributable to ordinary shareholders (RMB'000)	4,200,827	3,460,359
Number of ordinary shares issued in the current period (thousand shares)	28,698,864	28,698,864
Basic earnings per share (RMB/share)	0.15	0.12

(2) Diluted earnings per share

Item	30 June 2024	30 June 2023
Net profit of the year attributable to ordinary shareholders (RMB'000)	4,200,827	3,460,359
Plus: impact of convertible bonds (RMB'000)	–	–
Net profit used to calculate diluted earnings per share (RMB'000)	4,200,827	3,460,359
Number of ordinary shares issued in the current period (thousand shares)	28,698,864	28,698,864
Plus: impact of convertible bonds (thousand shares)	–	–
Number of ordinary shares issued in the current period to calculate diluted earnings per share (thousand share)	28,698,864	28,698,864
Diluted earnings per share (RMB/share)	0.15	0.12

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

For the six months ended 30 June 2024

XIV. NOTES TO KEY ITEMS IN THE COMPANY'S FINANCIAL STATEMENTS

1. Cash and bank on hand

(1) Cash at bank and on hand

Item	RMB'000	
	30 June 2024	31 December 2023
Deposits with banks	3,807,176	16,388,480
Other monetary funds	500,000	500,000
Total	4,307,176	16,888,480

(2) Cash at bank and on hand with restrictive ownership title or right of use

Category	RMB'000	
	30 June 2024	31 December 2023
Bank acceptance bills deposit	500,000	500,000
Total	500,000	500,000

As at 30 June 2024, there were RMB 2,783,918,000 unsecured and unrestricted time deposits with maturity of three months and above (31 December 2023: RMB669,833,000).

XIV. NOTES TO KEY ITEMS IN THE COMPANY'S FINANCIAL STATEMENTS *(continued)*

2. Other receivables

Presented by item

	RMB'000	
Category	Closing balance	Opening balance
Dividends receivable	577,711	6,254,719
Other receivables	13,946,665	12,388,643
Total	14,524,376	18,643,362

Dividenda by item

	RMB'000	
Item (or investee)	Closing balance	Opening balance
Dividends receivable from subsidiaries	425,773	6,102,781
Dividends receivable from Joint venture	151,938	151,938
Total	577,711	6,254,719

Other receivables

(1) Analysis by aging

	RMB'000	
Ageing	Carrying amount at the end of the period	Opening balance
Within 1 year	13,152,064	12,366,325
1-2 years	777,230	9,249
2-3 years	7,257	15,601
Over 3 years	27,582	13,317
Sub-total	13,964,133	12,404,492
Less: Credit loss allowance	(17,468)	(15,849)
Total	13,946,665	12,388,643

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

For the six months ended 30 June 2024

XIV. NOTES TO KEY ITEMS IN THE COMPANY'S FINANCIAL STATEMENTS (continued)

2. Other receivables (continued)

(2) Other receivables categorized by nature

Nature of other receivables	RMB'000	
	Carrying amount at the end of the period	Carrying amount at the beginning of the period
Transactions between subsidiaries	13,926,470	12,370,132
Others	20,195	18,511
Total	13,946,665	12,388,643

(3) Top five entities with the largest balances of other receivables

Name of enterprise	RMB'000		
	Book value at 30 June 2024	Proportion to total closing balance of other receivables (%)	Balance of loss allowance at 30 June 2024
Top 5 Other receivables	10,269,664	73.54%	10,270

3. Long-term equity investments

Item	Closing balance			Opening balance		
	Book value	Provision for impairment	Carrying amount	Book value	Provision for impairment	Carrying amount
Investments in subsidiaries	105,283,583	–	105,283,583	105,102,093	–	105,102,093
Investments in joint ventures and associates	9,826,778	–	9,826,778	9,630,623	–	9,630,623
Total	115,110,361	–	115,110,361	114,732,716	–	114,732,716

XIV. NOTES TO KEY ITEMS IN THE COMPANY'S FINANCIAL STATEMENTS (continued)

3. Long-term equity investments (continued)

(1) Investments in subsidiaries

RMB'000

Investee	Opening balance	Additions during the period	Decrease during the period	Closing balance
CRRC Changchun	11,978,306	–	–	11,978,306
CRRC Zhuzhou Institute	11,933,572	–	–	11,933,572
CRRC Zhuzhou Locomotive	5,799,851	–	–	5,799,851
CRRC Tangshan	8,462,469	–	–	8,462,469
CRRC Dalian	6,374,511	–	–	6,374,511
CRRC Qiqihar Group	8,794,071	–	–	8,794,071
CRRC Yangtze River Group	5,716,509	–	–	5,716,509
CRRC Asset Management	3,214,106	–	–	3,214,106
CRRC Qishuyan	2,411,044	–	–	2,411,044
CRRC Qishuyan Institute	2,254,296	–	–	2,254,296
CRRC Capital Management	2,511,188	–	–	2,511,188
CRRC Nanjing Puzhen	5,148,070	–	–	5,148,070
CRRC Hong Kong Capital Management	3,180,486	–	–	3,180,486
CRRC Construction Engineering	845,372	–	–	845,372
CRRC Yongji Electric	2,305,118	–	–	2,305,118
CRRC Sifang Institute	3,170,192	–	–	3,170,192
CRRC Finance	3,348,213	–	–	3,348,213
CRRC Zhuzhou Electric	1,375,877	–	–	1,375,877
CRRC Ziyang	1,061,086	–	–	1,061,086
CRRC Beijing Nankou	727,412	–	–	727,412
CRRC Datong	1,313,207	–	–	1,313,207
CRRC Dalian R&D	196,206	–	–	196,206
CRRC Dalian Institute	1,266,907	–	–	1,266,907
CRRC Logistics	654,196	–	–	654,196
CRRC Industrial Institute	239,220	–	–	239,220
CRRC International	2,562,337	–	–	2,562,337
CRRC Information Technology	663,855	141,490	–	805,345
CRRC Sifang Vehicles	6,510,083	–	–	6,510,083
CRRC Qihang NET	180,000	–	–	180,000
CRRC Chongqing Smart	–	40,000	–	40,000
Other subsidiaries	904,333	–	–	904,333
Total	105,102,093	181,490	–	105,283,583

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

For the six months ended 30 June 2024

XIV. NOTES TO KEY ITEMS IN THE COMPANY'S FINANCIAL STATEMENTS (continued)

3. Long-term equity investments (continued)

(2) Investments in joint ventures and associates

Name of investee	Opening balance	Additional investment	Decrease in investments	Changes for the year		Other equity movements	Cash dividend or profits declared	Closing balance
				Investment income or loss under equity-method	Adjustments to other comprehensive income			
I. Joint ventures								
Wuhu Yunda	144,817	-	-	-	-	-	-	144,817
Sub-total	144,817	-	-	-	-	-	-	144,817
II. Associates								
China United Insurance	5,374,042	-	-	23,586	18,139	-	-	5,415,767
CRRC Financial Leasing	3,301,347	-	-	154,153	-	-	-	3,455,500
Others	810,417	-	-	(1,105)	-	1,382	-	810,694
Sub-total	9,485,806	-	-	176,634	18,139	1,382	-	9,681,961
Total	9,630,623	-	-	176,634	18,139	1,382	-	9,826,778

4. Investment income

Item	RMB'000	
	January – June 2024	January – June 2023
Income from long-term equity investments accounted for using cost method	(136,020)	-
Income from long-term equity investments accounted for under equity method	176,634	56,206
Total	40,614	56,206

XIV. NOTES TO KEY ITEMS IN THE COMPANY'S FINANCIAL STATEMENTS *(continued)*

5. Supplementary information to the cash flow statement

(1) Supplementary information to the cash flow statement

	RMB'000	
Supplementary information	Accrued during the period	Accrued during the prior period
1. Reconciliation of net profit to cash flow from operating activities:		
Net profit	(189,000)	(88,630)
Credit losses	1,954	6,472
Depreciation of fixed assets	2,031	3,166
Depreciation of right-of-use assets	11,601	6,274
Amortisation of intangible assets	11,186	11,378
Financial expenses	113,542	(8,249)
Investment income	(40,614)	(56,206)
(Increase)/decrease in operating receivables	(49,496)	1,066,631
Increase in operating payables	(53,247)	(1,349,315)
Net cash flows generated from operating activities	(192,043)	(408,479)
2. Net changes in cash and cash equivalents		
Closing balance of cash and cash equivalents	1,023,258	5,790,894
Less: Opening balance of cash and cash equivalents	15,718,647	16,251,079
Net increase in cash and cash equivalents	(14,695,389)	(10,460,185)

(2) Composition of cash and cash equivalents

	RMB'000	
Item	Accrued during the period	Accrued during the prior period
I. Cash	1,023,258	15,718,647
Including: Cash on hand	-	-
Bank deposits available on demand	1,023,258	15,718,647
II. Closing balance of cash and cash equivalents	1,023,258	15,718,647

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

For the six months ended 30 June 2024

XV. SUPPLEMENTARY INFORMATION

1. Breakdown of non-recurring gain or loss

Item	RMB'000	
	Amount	Note
Profit or loss on disposal of non-current assets	25,022	/
Government grants recognised in profit or loss (other than grants which are closely related to the Company's business and are based on defined criteria, and have a continuous impact on the Company's profit or loss in accordance with the national standard)	734,433	/
Changes in fair value of financial assets and liabilities held by non-financial companies, and disposal of financial assets and liabilities, other than those held for effective hedging related to normal operations	286,803	/
One time expenses incurred by the enterprise due to the discontinuance of relevant business activities, such as staff compensation cost	(17,678)	/
Other items that qualify as extraordinary gains and losses	111,005	/
Other non-operating income and expenses besides items above	96,107	/
Tax effect	(183,565)	/
Effects attributable to minority interests	(211,242)	/
Total	840,885	/

Reason for defining items as non-recurring gain or loss items according to Information Disclosure and Presentation Rules for Companies Making Public Offering of Securities No.1 – Non-recurring Gain or Loss, and reasons for defining non-recurring gain or loss items illustrated in information Disclosure and Presentation Rules for Companies Making Public Offering of Securities No. 1 – Non-recurring Gain or Loss as recurring gain or loss items should be specified.

2. Return on net assets and earnings per share

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 the Company's ordinary equity shareholders	2.57%	0.15	0.15
Net profit excluding extraordinary gain and loss attributable to the Company's ordinary equity shareholders	2.06%	0.12	0.12

CNR	former China CNR Corporation Limited (中國北車股份有限公司)
CNRG	former China Northern Locomotive & Rolling Stock Industry (Group) Corporation (中國北方機車車輛工業集團公司)
Corporate Governance Code	Corporate Governance Code set out in Appendix C1 to the Hong Kong Listing Rules
CRRC or Company	CRRC Corporation Limited (中國中車股份有限公司)
CRRC Changchun	CRRC Changchun Railway Vehicles Co., Ltd. (中車長春軌道客車股份有限公司)
CRRCG or CRRC GROUP	CRRC GROUP Co., Ltd. (中國中車集團有限公司)
CRRC Hongkong	CRRC Hongkong Co., Ltd. (中國中車(香港)有限公司)
CRRC Science and Technology Park	CRRC Science and Technology Park Development Co., Ltd.* (中車科技園發展有限公司)
CRRC Sifang	CRRC Qingdao Sifang Co., Ltd. (中車青島四方機車車輛股份有限公司)
CRRC Sifang Institute	CRRC Sifang Institute Co., Ltd. (中車青島四方車輛研究所有限公司)
CRRC ZELC	CRRC Zhuzhou Locomotive Co., Ltd. (中車株洲電力機車有限公司)
CRRC ZIC	CRRC Zhuzhou Institute Co., Ltd. (中車株洲電力機車研究所有限公司)
CSR	former CSR Corporation Limited (中國南車股份有限公司)
CSRC	China Securities Regulatory Commission (中國證券監督管理委員會)
CSRG	former CSR Group (中國南車集團公司)
Hong Kong Listing Rules	the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited
Jinpu Industrial Park	Tianjin CRRC Jinpu Industrial Park Management Co., Ltd.* (天津中車津浦產業園管理有限公司)
MOF	the Ministry of Finance of the PRC



DEFINITIONS

Model Code	Model Code for Securities Transactions by Directors of Listed Issuers set out in Appendix C3 to the Hong Kong Listing Rules
SASAC	State-owned Asset Supervision and Administration Commission of the State Council (國務院國有資產監督管理委員會)
SFO	the Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong)
SSE	Shanghai Stock Exchange
State Railway Group	China State Railway Group Co., Ltd. (中國國家鐵路集團有限公司)
Stock Exchange	The Stock Exchange of Hong Kong Limited
Tianjin Equipment	Tianjin CRRC Equipment Co., Ltd.* (天津中車機輛裝備有限公司)
Times Electric	Zhuzhou CRRC Times Electric Co., Ltd. (株洲中車時代電氣股份有限公司)

