



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

Annual
Report

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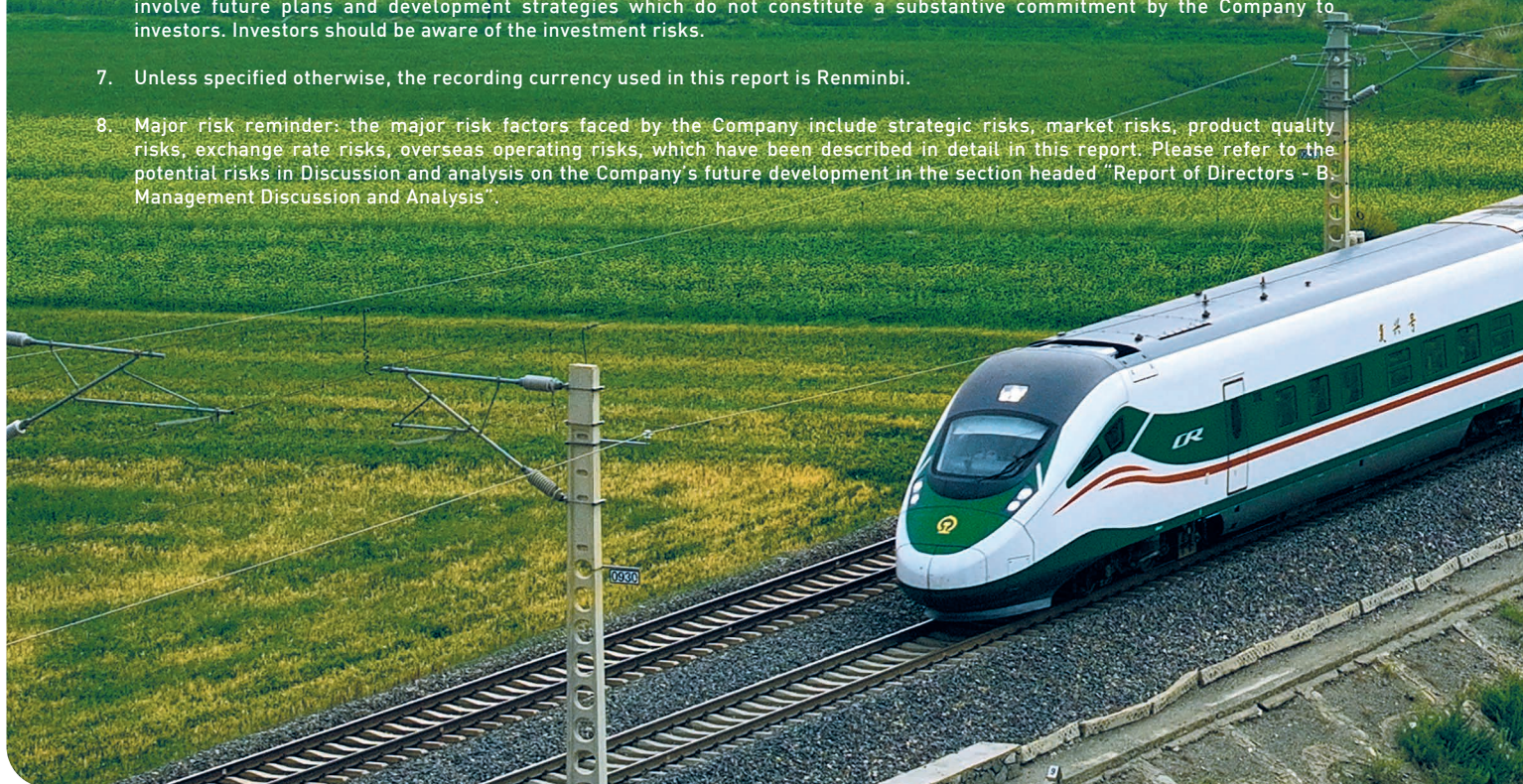
Important

1. The Board of Directors and its Directors and Senior Management warrant that there are no false representations, misleading statements contained in or material omissions from this annual report and they will assume joint and several legal liabilities for the truthfulness, accuracy and completeness of the contents disclosed herein.
2. This annual report has been considered and approved at the eighth meeting of the fourth session of the Board of Directors of the Company. All Directors attended the Board meeting.
3. KPMG Huazhen LLP has issued standard unqualified audit report for the Company's financial statements prepared under the China Accounting Standards for Business Enterprises in accordance with PRC Auditing Standards.
4. Sun Yongcai, the Chairman of the Company, Qu Xiaoli, the responsible person for the Company's accounting work, 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 annual report.
5. Proposal on profit distribution or transfer of capital reserve fund during the reporting period considered and approved by the Board.

On 22 August 2025, the 35th meeting of the third session of the Board of Directors of the Company was held, at which the Resolution in relation to the 2025 Interim Profit Distribution Proposal of CRRC Corporation Limited was considered and approved. It was proposed that, based on the total issued share capital of the Company as recorded on the record date for the profit distribution, a cash dividend of RMB0.11 (tax inclusive) per share be distributed to all shareholders, with an aggregate cash dividend amounting to approximately RMB3.157 billion (tax inclusive). On 20 November 2025, the distribution of the 2025 interim profit was completed.

On 27 March 2026, the Company held the eighth meeting of the fourth session of the Board, pursuant to which the 2025 Proposal for Profit Distribution Plan of CRRC Corporation Limited was considered and approved to distribute cash dividends to all shareholders based on the total share capital registered on the registration date for dividend distribution (the specific date will be clarified in the announcement on the implementation of dividend distribution). As of 31 December 2025, the total share capital of the Company was 28,698,864,088 shares, based on which and calculating at cash dividend of RMB0.12 (tax inclusive) per share, the Company was proposed to distribute cash dividend of RMB3.444 billion (tax inclusive) in aggregate, and the remaining undistributed profit will be carried forward for next year's distribution. The Company's 2025 interim dividend amounted to RMB3.157 billion (tax inclusive). Together with the proposed annual cash dividend of RMB3.444 billion (tax inclusive), the total distribution amounts to RMB6.601 billion (tax inclusive), accounting for 50.08% of the Company's net profit attributable to shareholders of listed company in 2025. In the case where from the date of disclosure of announcement on profit distribution plan to the registration date for dividend distribution, there are changes in the total share capital of the Company due to the conversion of convertible bonds, repurchase of shares, cancellation of repurchased shares granted under equity incentive schemes, cancellation of repurchased shares due to material asset restructuring, etc., the Company proposes to keep the total distribution amount unchanged, and to adjust the distribution proportion per share accordingly. If the total share capital of the Company changes subsequently, specific adjustments will be announced separately. The profit distribution plan is subject to the consideration and approval at the 2025 annual general meeting of the Company.

6. Statement for the risks involved in the forward-looking statements: this report contains forward-looking statements that involve future plans and development strategies which do not constitute a substantive commitment by the Company to investors. Investors should be aware of the investment risks.
7. Unless specified otherwise, the recording currency used in this report is Renminbi.
8. 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, which have been described in detail in this report. Please refer to the potential risks in Discussion and analysis on the Company's future development in the section headed "Report of Directors - B. Management Discussion and Analysis".



Contents

4	Results Highlights	128	Significant Events
5	Financial Summary	143	Financial Report
6	Chairman's Statement	149	Audited Consolidated Financial Statements
10	Report of Directors	164	Notes to the Consolidated Financial Statements
70	Directors, Senior Management and Staff	357	Definitions
83	Corporate Governance Report	359	Company Profile
114	Relevant Information of Bonds		
117	Investor Relations		
119	Changes in Shares and Particulars of Shareholders		



Results Highlights



Financial Summary

Item	2025 RMB'000	2024 (Adjusted) RMB'000	2023 (Adjusted) RMB'000	2022 (Adjusted) RMB'000	2021 RMB'000
Revenue	273,063,098	246,474,389	234,271,406	222,938,830	225,731,755
Operating cost	214,684,021	193,774,900	186,144,732	175,625,956	179,303,892
Tax and levies	2,052,485	1,882,693	1,708,560	1,634,687	1,685,931
Selling expenses	5,866,517	5,528,820	5,149,837	7,724,210	7,264,149
Administrative expenses	16,007,131	15,585,647	13,959,451	13,401,635	13,481,469
Research and development expenses	17,640,973	15,936,698	14,363,696	13,129,748	13,085,219
Financial expenses	3,885	-11,908	-212,324	-343,488	380,159
Add: Other income	2,761,701	3,465,525	2,651,162	1,792,846	1,658,697
Investment income	802,566	865,928	1,285,876	306,929	242,491
Gains from changes in fair value	293,461	366,824	392,037	489,773	309,908
Credit impairment losses	-1,400,734	-990,604	-1,261,646	-312,158	-41,615
Assets impairment losses	-924,492	-755,919	-607,066	-614,278	-885,548
Gains on disposal of assets	381,046	206,354	408,456	2,550,521	1,016,195
Operating profit	18,721,634	16,935,647	16,026,273	15,979,715	12,831,064
Non-operating income	849,396	695,155	542,671	779,950	1,468,980
Non-operating expense	252,399	197,944	195,430	639,984	545,221
Profit before tax	19,318,631	17,432,858	16,373,514	16,119,681	13,754,823
Less: Income tax expenses	2,423,077	1,768,452	1,803,384	1,767,493	1,337,277
Net profit	16,895,554	15,664,406	14,570,130	14,352,188	12,417,546
Earning per share					
Basic (RMB/share)	0.46	0.43	0.41	0.41	0.36
Diluted (RMB/share)	0.46	0.43	0.41	0.41	0.36
Assets and liabilities					
Total assets	550,774,434	512,845,527	471,857,348	442,140,380	426,826,499
Total liabilities	334,695,934	302,599,925	275,293,537	251,154,452	244,534,993
Total equity attributable to shareholders of the Company	172,120,649	168,799,788	160,994,026	155,041,328	148,574,346
Total non-controlling interests	43,957,851	41,445,814	35,569,785	35,944,600	33,717,160
Total equity at the end of the period (shares)	28,698,864,088	28,698,864,088	28,698,864,088	28,698,864,088	28,698,864,088
Net cash flows from operating activities	24,185,716	27,056,914	14,722,579	23,953,450	20,592,700

Note: CRRC Logistics Co., Ltd. and CRRC Smart Technology (Xiongan) Co., Ltd., each a subsidiary of the Company, completed the acquisition of 100% equity of CRRC Zhicheng Company, which is controlled by CRRC Group (the controlling shareholder of the Company), on 3 April 2025, and CRRC Changchun, a subsidiary of the Company, completed the acquisition of 100% equity of Beijing Equipment Technology Company, which is controlled by CRRC Group (the controlling shareholder of the Company), on 30 November 2025, thus constituting a business combination under the common control. The data of the previous year was restated and adjusted in accordance with the accounting standards for enterprises.



Chairman's Statement





Chairman's Statement



Chairman
Sun Yongcai

Dear investors,

On behalf of the Board of the Company, I hereby present the Annual Report 2025 of CRRC.

The year 2025 was a truly remarkable and highly significant year. We have stayed true to our commitment to set the standard, lead by example, and deliver results. By pushing boundaries and striving for excellence, we have scaled new heights and made solid contributions, leaving a distinctive and shining CRRC footprint on China's journey toward modernization.

Chairman's Statement

Over the past year, we moved forward with gratitude and determination, strengthening development quality, and delivering solid results. We recorded revenue of RMB273.063 billion, representing a year-on-year increase of 10.79%, and net profit attributable to shareholders of the listed company of RMB13.181 billion, representing a year-on-year increase of 6.40%. Our development quality continued to improve, and indicators such as our overall labor productivity and R&D expenditure intensity all registered increases. Moreover, two of our subsidiaries were selected for the national cultivation pool for world-class enterprises.

Over the past year, we advanced with the same resolve by embracing innovation and upgrading our capabilities, reinforcing our ambition to lead and setting new benchmarks for the industry. By fostering new quality productive forces tailored to local conditions, we strove to achieve self-reliance and self-strengthening in science and technology at a higher level. The prototype of the CR450 MUs underwent orderly operational testing, the power-concentrated MUs with the speed of 200 km/hour headed to the testing ground, and the Chinese-standard intelligent inter-city MUs with the speed of 200 km/hour and hydrogen-powered inter-city MUs led the way in zero-carbon and intelligent mobility.

Over the past year, we also pressed ahead with a clear commitment to green and low-carbon development, enhancing industrial capabilities and opening up new avenues for sustainable growth. Focusing on building a modern industrial system characterized by the "Six Features"¹, we refined the industrial landscape of "Two Tracks and Two Clusters", proactively sketching the "second curve" of growth. The "Qihang" and "Lingfeng" models complemented each other across land and sea. We achieved a historic transformation from "single-core propulsion" to "dual-track synergy" in industrial development.

Over the past year, we tackled challenges head-on and achieved breakthroughs, establishing a reformed framework that have further energized the organization. We planned to further deepen comprehensive reform guided by the "Six Focuses"², deepened the reform of the science and technology system through the "Five Notables"³, and promoted deeper and more practical reforms through the development of the "Five Pillars"⁴. Our "Technology Reform" and "Double Hundred" enterprises once again achieved excellent results.

These achievements would not have been possible without the strong support of all our shareholders. On behalf of the Board, I would like to express the most sincere gratitude to all investors.

The year 2026 marks not only the beginning year of the "15th Five-Year Plan" but also the commencement of the journey to fully build a world-class CRRC. Adhering to the general principle of pursuing progress while ensuring stability, CRRC will take promoting high-quality development as its theme, driven by value creation, innovation, and reform empowerment. With the goal of accelerating the development of a modern industrial system characterized by the "Six Features", and guided by the path of promoting "Seven New Breakthroughs" through "Seven Establishments"⁵, we will strive to achieve our annual targets with high standards. We aim to ensure a solid start to the "15th Five-Year Plan" and vigorously embark on the new journey of comprehensively building a world-class CRRC. We will contribute to the society, reward our shareholders and benefit our employees with better development and better performance.

Sun Yongcai
March 2026

¹ "Six Features": digitalization, high-end orientation, green development, internationalization, integration, and branding.

² "Six Focuses": enhancing high-quality development capacity, enhancing innovation capacity, improving governance efficiency, strengthening core functions, optimizing resource allocation, and enhancing core competitiveness.

³ "Five Notables": notable concentration of innovation resources, notable improvement of the innovation system, notable enhancement of innovation capabilities, notable increase in innovation efficiency, and notable transformation of innovation achievements.

⁴ "Five Pillars": enhanced collaboration, stronger innovation, integrated logistics, comprehensive services, and major project execution.

⁵ "Seven Establishments": establishment of a new pattern, establishment of a new model, establishment of new advantages, establishment of a new mechanism, establishment of new benchmarks, establishment of new services, and establishment of new values. "Seven New Breakthroughs": realizing new breakthroughs in business layout, market expansion, scientific and technological innovation, reform and innovation, management improvement, integration of industry and finance, and the construction of the Party building "golden card".

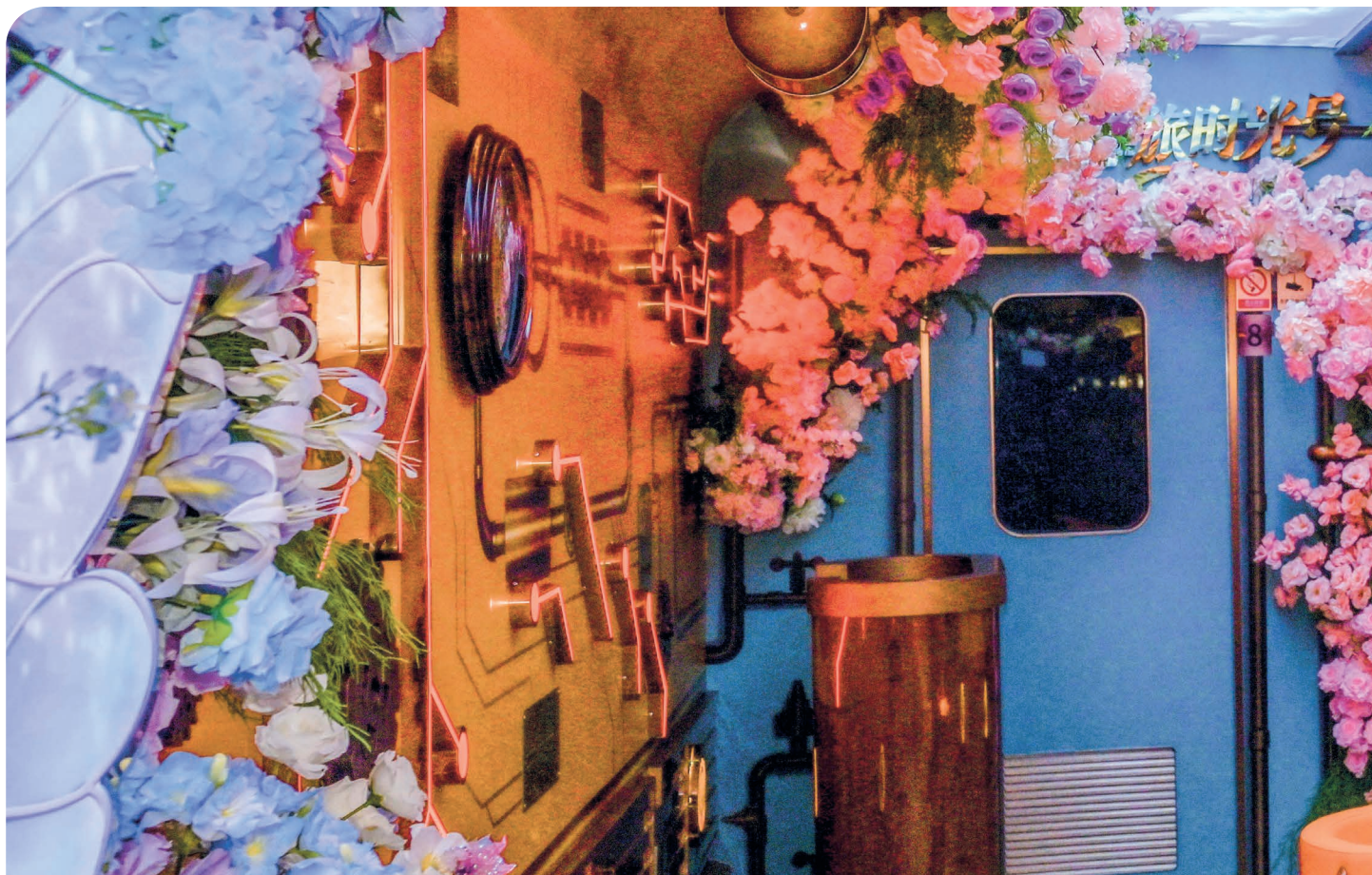




Report of Directors



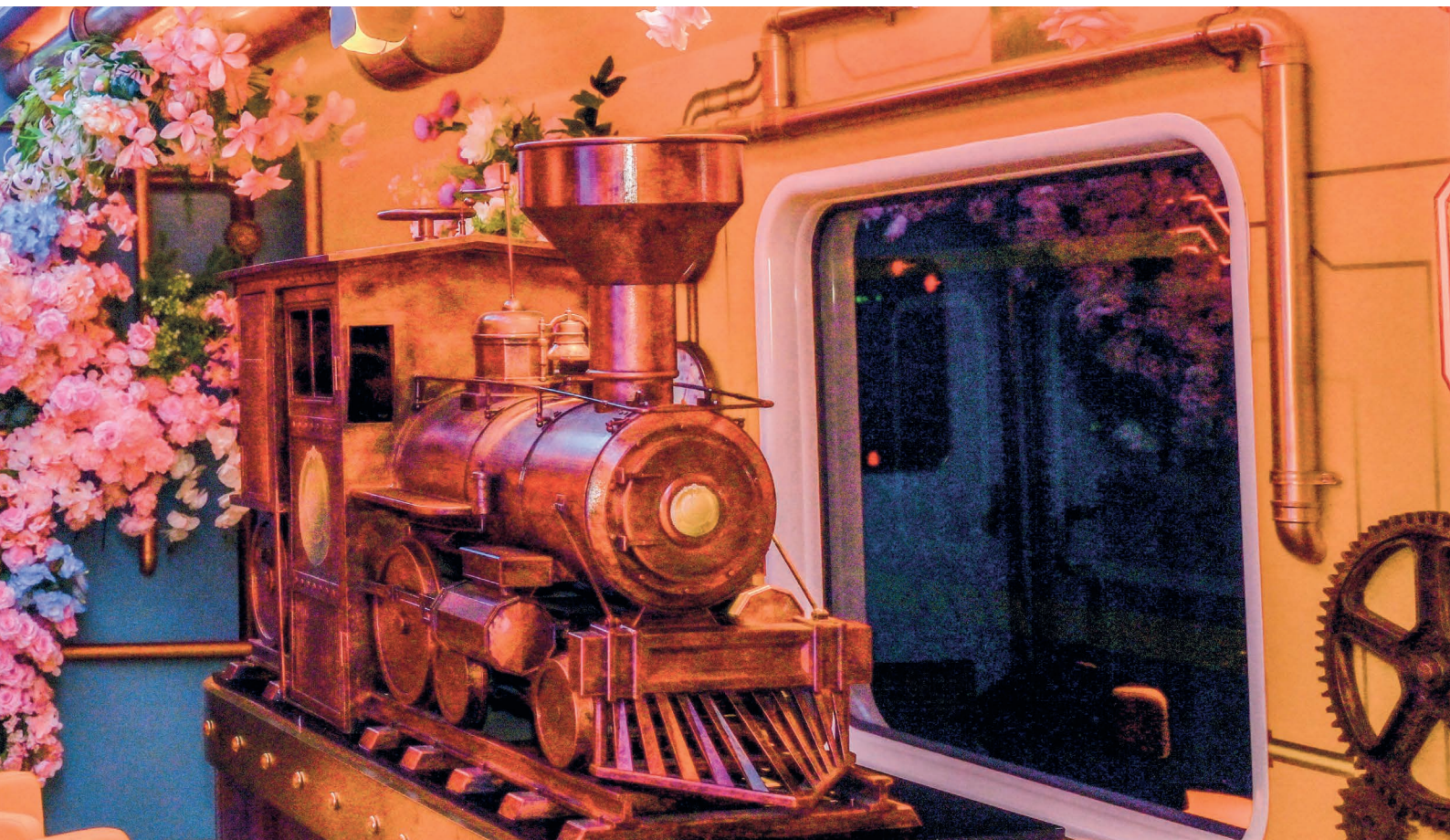
Report of Directors



A. BUSINESS OVERVIEW

I. Industry situation of the Company during the Reporting Period

The rail transportation equipment industry in which the Company operates maintains stable overall growth and is undergoing an accelerated transformation, characterized by the deep integration of high-quality development with green and intelligent practices. Against the backdrop of a slowing global economy and continued progress toward the “dual carbon” goals, the green energy revolution is deepening. The industry is transitioning toward a new development stage focused on low-carbon, zero-carbon, smart, and efficient solutions. Market demand remains robust, while the competitive landscape is rapidly expanding toward whole-industry-chain system solutions, lifecycle services, and clean energy equipment. Internationally, the green and low-carbon transition is driving rail transportation equipment toward upgrades in low-carbon, zero-carbon, smart, and efficient directions. Domestically, market access barriers for foreign investment have further lowered, with a clear trend toward diversified investment and operation entities. Regional and emerging enterprises are accelerating their layout across



the entire industry chain, intensifying competition in system integration capabilities and new business formats. China's railway passenger and freight volume continues to grow at a high level, with both volumes reaching record highs for the corresponding periods. National railway fixed asset investment remains substantial, with significant increases in new line commissions, particularly high-speed rail mileage. The scale and quality of the national railway network continue to improve. During the 15th Five-Year Plan period, national railway development will enter a critical window of opportunity for building on past achievements and achieving comprehensive advancement. China State Railway Group Co., Ltd. has set the goal of building a world-class railway network by 2030, with operating mileage expected to reach approximately 180,000 kilometers, including about 60,000 kilometers of high-speed rail. The double-track rate and electrification rate will significantly increase. The "eight vertical and eight horizontal" high-speed rail system will become fully networked, and regional connectivity and freight corridor capacity will be notably enhanced. Strategic priorities such as the integration of four networks, comprehensive digital and intelligent upgrades, and deep green and low-carbon transformation will drive demand for high-end equipment. These forward-looking policies will accelerate industry iteration focused on higher safety, greater intelligence, and lower carbon

Report of Directors

emissions, while positively impacting technological innovation, market expansion, and the global competitive landscape. CRRC, as the world's leading supplier of rail transportation and clean energy equipment in terms of scale, product variety, and technological excellence, has further consolidated its industry leadership. The Company remains market-oriented and customer-centric, continuously optimizing its business structure, improving its full lifecycle service system, and accelerating its transformation toward "manufacturing + service" and system solution providers. By empowering global customers with higher-value products and services, CRRC contributes strong momentum to the construction of a country with strong transportation networks and manufacturing capabilities.

II. Business of the Company during the reporting period

(I) Main business

1. Railway equipment business

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

Facing the global market, the Company stayed abreast of changes in the domestic and international railway transport market 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 a systematic, modular and standardized product platform and technology platform, with a view to continuously meeting the requirements for developing an advanced and widely applicable railway system and for intelligent, environment-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 State Railway Group. Besides, it will give full play to the advantage in the integration of manufacturing, maintenance and service, deepen the aftermarket overhaul services, and accelerate and improve the service capacity of railway equipment products with full life cycle.

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; and (3) general contracting 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 a systematic, modular, standardized and green product platform and technology platform, 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, developed the forward and backward market expansion of our urban transportation business and continued to expand into the service area, general contracting of electromechanical area, and operation and maintenance area. The Company promoted the high-quality development of "Product+" and "System+" businesses supported by digitization, intelligence and greenization, created a cost-effective urban rail transit system with low to medium capacity, and enhanced the ability to provide full-cycle system solutions.



Report of Directors

3. New industry business

The new industry business mainly includes: (1) mechanical and electrical business; (2) new energy equipment business; and (3) digital intelligence 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 the Company's core operation, the new energy equipment business adheres to the principles of "relevant diversification, high-end positioning, comprehensive advancement, and entire-chain leadership". By strengthening resource allocation and leveraging core technological advantages, it is building an industrial cluster for new energy equipment. This sector has formed an emerging business landscape with two key growth poles, namely wind power equipment and new materials, and several important growth points, including photovoltaics, energy storage, hydrogen energy, environmental protection, industrial digitalization, automotive electric drive systems and components, marine electric propulsion, and offshore engineering equipment. Having achieved steady development, the new energy equipment business has become a vital component of the Company's "dual-track, dual-cluster" industrial development pattern. Meanwhile, the digital intelligence industry focuses on empowering the digital and intelligent transformation of railway equipment, urban rail transit, urban infrastructure, and clean energy equipment businesses. Following the implementation path of "integration of five priorities", namely high-end orientation, automation, leanness, eco-friendliness, and digitalization, it develops businesses across multiple areas: smart manufacturing system integration; robotics and intelligent equipment; semiconductors and electronic components; industrial software and industrial AI; information technology and services; and internet production service platforms. This sector has emerged as a key future growth area that the Company is strategically cultivating.



4. Modern service business

The modern service business mainly includes: (1) financial business; (2) logistics and trading business; and (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, continuously 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 business by promoting the extensive application of industrial intelligent logistics to enterprises in CRRC’s industrial chain and establishing a benchmark for logistics in the discrete manufacturing industry. The Company continuously promoted the optimization and development of the “CRRC Procurement (中車購)” 2.0 platform and the e-commerce platform business of CRRC. The brand awareness of the green circular economy of the trading platform “Enterprises-friendly Purchase (宜企拍)” has been significantly heightened.

5. International business

The Company has 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”. The transformation involves five key shifts: first, exported products are moving from the mid-to-low end to the high end; second, export markets are expanding from traditional countries to high-end markets in developed countries; third, export forms are evolving from product-only exports to multi-factor exports covering products, technology, services, capital, and management; fourth, export business is broadening from a single focus on rail transportation equipment to diversified businesses; and fifth, export philosophy is transitioning from products “going global” to industries “integrating deeply” and brands “ascending to higher levels”. We implemented 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.

Report of Directors

(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 inter-city railway passenger transport services. On the basis of "import, digestion, absorption and re-innovation", the MU products represented by "Fuxing" EMUs have independent intellectual property rights.
Locomotives	Mainly include various DC driving and AC driving electric locomotives, diesel locomotives and new energy 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.
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.
Track machinery	Mainly includes operation and service equipment for tasks such as ballast cleaning and tamping, rail flaw detection and grinding, turnout replacement, overhead line laying and maintenance, tunnel cleaning and inspection, bridge inspection, and lifting and rescue operations within the scope of railway subgrades, overhead catenary systems, tunnels, bridges, and lifting and rescue. The Company owns independent intellectual property rights in respect of the above products.

Product structure	Main product functions
Urban rail transit vehicles	Mainly include metro cars, inter-city (suburban) vehicles, straddle-type monorail vehicles, suspended monorail vehicles, maglev train, trams, automated guideway rubber-tyred vehicles, electronically guided rubber-tyred vehicles, etc., which are mainly used to provide commuter and passenger transport services within 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 inter-city 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 weight materials, aramid, etc.), and multi-industry complete machines, components, and parts products such as automotive electric drive systems and components, photovoltaic power, energy storage, hydrogen energy, environmental protection, information technology and services, heavy machinery, and marine engineering, intelligent manufacturing system integration, industrial robots and intelligent equipment. All of the aforesaid products of the Company have independent intellectual property rights.



Report of Directors

(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 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”, set the strategic positioning of “One Core, Two Providers, First Class”, created a pattern of industrial development of “Two Tracks and Two Clusters” for the rail transit equipment and clean energy equipment, 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, building a technological innovation system with “openness, synergy, integration, global distribution and autonomy and control”, and forming an innovation pattern of “two verticals, two horizontals and one connect”.

III. Significant changes of the Company’s major assets during the reporting period

For details, please refer to the relevant content under the “Report of Directors – B. Management Discussion and Analysis – II. Major operation results during the reporting period – (III) Analysis of assets and liabilities”.



IV. Analysis of the core competitiveness during the reporting period

1. 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 "Fuxing" EMUs became the "golden card" of China's high-end equipment going global. In 2025, the Company accelerated the construction of a world-class enterprise, focusing on the layout optimization and structural adjustment. The Company has been enjoying a stable position in the rail transit equipment industry; the business of clean energy 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, energy storage equipment and polymer composite materials entered the forefront in China.

2. Innovation-driven technological capabilities

CRRC insisted on self-reliance in science and technology, vigorously implemented the innovation-driven development strategy, deepened the reform of the technology system, accelerated the construction of sources of original technologies, continued to advance proprietary innovation capabilities, sped up the cultivation and development of new quality productivity, and grasped the initiative of future development to achieve a major leap from falling behind and catching up to taking the lead. In 2025, the Company accelerated the deep integration of technological innovation and industrial innovation, resulting in a cascade of innovation achievements. Focusing on digitalization, greening, and integration, the Company strategically planned the "15th Five-Year Plan" for technological development. It formulated top-level documents such as the implementation plan for further deepening the reform of the technological innovation system, guiding opinions on building a grand innovation system, and product R&D management measures. A series of standards, such as "One Guide, Four Specifications, and R&D Indicators", were released, promoting the modernization of the Company's technological innovation governance system and capabilities. The coordination mechanism for major special projects was consolidated and deepened, leveraging the collaborative office platform to promote the effective implementation of these projects and to drive the successful achievement of annual goals in an integrated manner. The operational assessment of the CR450 Fuxing high-speed train prototype progressed in an orderly manner, with its technical performance reaching world-leading levels. The 600 km/h maglev train advanced smoothly through the "four-step" process on the Shanghai maglev line. The power-concentrated MUs with the speed of 200 km/hour underwent operational assessment. The world's first carbon-fiber metro train entered commercial operation. The country's first China-standard intelligent

inter-city MUs with the speed of 200 km/hour were unveiled. The nation's first hydrogen-powered inter-city MUs completed their running tests. The "Qihang" 20MW floating offshore wind turbine and the "Lingfeng" 12MW onshore wind turbine were installed and connected to the grid for testing. Prototype R&D for grid-forming series equipment was completed. In 2025, technology R&D investment reached RMB18.164 billion, accounting for 6.65% of revenue. There were 5,581 new patent applications, including 4,506 invention patents. The Company won one China Patent Gold Award, one Silver Award and four Excellence Awards. It led or participated in the formulation of 28 international standards, 103 national standards, and 55 industry standards.

3. The development direction of international 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 "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 2025, international business achieved synergy. A large number of orders for new energy locomotives were secured in Central Asia; diesel locomotives entered African markets such as Cameroon and Morocco for the first time; the ongoing DLS project was successfully performed; overseas direct-sales orders for complete wind turbines achieved a breakthrough from zero; the photovoltaic business achieved certification and market access breakthroughs in Europe and North America. We advanced major projects under the Belt and Road Initiative, such as the China-Laos Railway, the Jakarta-Bandung High-Speed Railway, and the Budapest-Belgrade Railway, to a high standard, striving to create exemplary projects. Among these, the operation of five electric MUs on the China-Laos Railway remained stable, with a cumulative safe operation mileage exceeding 3.59 million kilometers and having transported over 10.74 million passengers, yielding positive socio-economic benefits and serving as a successful model. Since the Jakarta-Bandung High-Speed Railway commenced operations two years ago, its cumulative safe operation mileage has surpassed 5.9 million kilometers, and it has transported over 12.1 million passengers, continuously burnishing the golden brand of Belt and Road cooperation.





Report of
Directors



Report of Directors

B. MANAGEMENT DISCUSSION AND ANALYSIS

I. Discussion and analysis of operation

The year 2025 is the 10th anniversary of the establishment of CRRC Corporation Limited. Under the leadership and scientific decision of the Board and guided by Xi Jinping's Thought on Socialism with Chinese Characteristics for a New Era, the Company further implemented the spirit of the important instructions of General Secretary Xi Jinping. Focusing on the "13579" business directions⁶, we have coordinated and advanced various tasks to achieve positive progress and remarkable results, ensuring a high-quality conclusion to the "14th Five-Year Plan".

- (1) **Coordinate efforts to improve quality and increase efficiency, achieving steady and measurable progress in our business performance.** In 2025, adhering to the strategic positioning of "One Core, Two Providers, First Class", the Company has integrated the business layout of "Two Tracks and Two Clusters" with market expansion. The railway business has capitalized on momentum. It deeply implemented special initiatives for the transition to new energy locomotives; vigorously explored the tourist train market; and comprehensively advanced the green and intelligent transformation of modern logistics equipment. The urban transportation business has gathered strength and moved forward. It actively expanded the incremental market for urban rail transit. The Xiong'an R1 line investment, construction, and operation project entered the integrated commissioning and testing phase. The serialized China-standard metro trains were promoted and applied. Strategic emerging industries presented numerous highlights. The new energy business achieved breakthroughs in multiple areas: CRRC's first GW-scale offshore wind power project was successfully won; photovoltaic inverter orders ranked among the top three in the industry; energy storage maintained its industry leadership position; and the power transmission and distribution equipment business became a new revenue growth pole. The international business reached new heights. It steadily advanced major projects under the Belt and Road Initiative. A large number of orders for new energy locomotives landed in Central Asia, and diesel locomotives entered African markets such as Cameroon and Morocco for the first time. The Company strengthened the strategic layout, product R&D, and market expansion of the digital intelligence industry.

⁶ "13579" business directions: "1" represents the main line of pursuing high-quality development. "3" represents the three major themes of value creation, innovation leadership, and reform empowerment. "5" represents focusing on new quality productive forces, the "Six Features", system integration, core functions, and core competitiveness. "7" represents achieving seven new breakthroughs in business layout, market expansion, technological innovation, reform and innovation, management improvement, industry-finance integration, and building the "golden card" of Party building. "9" represents the nine key tasks: ensuring stable growth, optimizing the business layout, expanding markets, promoting innovation, deepening reforms, advancing digitalization and intelligence, strengthening management, mitigating risks, and enhancing Party building.

- (II) **Coordinated efforts to advance the digital and intelligent transformation have made value creation more prominent.** We have coordinated efforts to advance the digital and intelligent transformation, making value creation more prominent. By adhering to the deep integration of digital and intelligent technologies with business management, we have accelerated the formation of new models, new scenarios, and new drivers. The digitalization and intelligentization of the industry have progressed steadily. We have laid the foundation for digital and intelligent transformation with data governance and passed the highest-level evaluation (Level 4) of the China Academy of Information and Communications Technology's "Trusted AI Artificial Intelligence Dataset Quality" assessment. We have promoted the construction of smart factories in a phased manner, adding eight intelligent production lines and three digital workshops throughout the year. Zhuzhou Locomotive Co., Ltd. and Times Electric were recognized as national-level excellent smart factories. The "ZhuoLun" large model became the first large model system in the rail transit industry to complete filing with the Cyberspace Administration of China.
- (III) **Coordinated efforts to deepen benchmark management have further improved operational quality and efficiency.** We have deepened management improvement by benchmarking against world-class standards has comprehensively strengthened the Company's high-quality development capabilities. Lean operational capabilities were continuously enhanced, with lean culture guiding management upgrades. The Company won multiple awards, including the first prize in the national finals of the China Lean Digital Intelligence Innovation Competition. Green development capabilities gradually improved, solidifying the foundation of green development: eight factories were rated as zero-carbon factories, and three workshops received zero-carbon workshop certification. The Company solidly advanced the ESG system construction and management improvement initiatives, achieving a three-level leap in its ESG rating. The foundation for safe development was continuously reinforced. Product quality levels steadily increased. We deeply promoted special actions for quality benchmark management and deployed special initiatives for significant quality improvement in strategic emerging industries. The workplace safety situation remained stable, achieving the "three-zero" goals (zero fatal accidents due to production safety, zero Class I fire accidents, and zero new cases of occupational diseases among current employees) for six consecutive years. Legal and compliance management was comprehensively strengthened. We fully advanced the demonstration creation of a world-class legal enterprise, optimized and improved the compliance management system, established and improved mechanisms for foreign-related legal affairs, and effectively prevented legal and compliance risks in key areas.

Report of Directors

II. Major operation results during the reporting period

In 2025, the Company achieved revenue of RMB273.063 billion, representing a year-on-year increase of 10.79%; net profit attributable to shareholders of the Company was RMB13.181 billion, representing a year-on-year increase of 6.40%. As at the end of December 2025, the total assets of the Company was RMB550.774 billion, representing a year-on-year increase of 7.40%; net assets attributable to shareholders of the Company was RMB172.121 billion, representing a year-on-year increase of 1.97%; the gearing ratio, which is calculated by dividing the Group's total liabilities by its total assets as at 31 December 2025, was 60.77%, an increase of 1.77 percentage points as compared with that at the beginning of the year. In 2025, the Company entered into new contracts in the value of approximately RMB346.1 billion, of which new international business contracts were in the value of approximately RMB65.0 billion; as at the end of the period, orders in hand were in the value of approximately RMB357.1 billion.

(I) Analysis of main business

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

Unit: '000 Currency: RMB

Item	Amount for the current period	Amount for the same period of previous year (Adjusted)	Change (%)
Revenue	273,063,098	246,474,389	10.79
Operating costs	214,684,021	193,774,900	10.79
Selling expenses	5,866,517	5,528,820	6.11
Administrative expenses	16,007,131	15,585,647	2.70
Financial expenses	3,885	-11,908	-
Research and development expenses	17,640,973	15,936,698	10.69
Net cash flow from operating activities	24,185,716	27,056,914	-10.61
Net cash flow from investment activities	-14,864,987	-17,018,435	-
Net cash flow from financing activities	-12,737,031	-9,435,353	-

2. Analysis of revenue and cost

Revenue increased by 10.79% as compared to the same period of the previous year, mainly due to the increase in revenue from railway equipment and new industry.

Operating costs increased by 10.79% as compared to the same period of the previous year, mainly because of the increase in revenue from railway equipment and new industry. Operating costs increased in line with the increase in revenue.

(1) Information on main business by industry, product, region and sales model

Unit: '000 Currency: RMB

By industry	Revenue	Operating costs	Gross profit margin (%)	Main business by industry		
				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	273,063,098	214,684,021	21.38	10.79	10.79	Same as last year



Report of Directors

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	123,607,683	91,849,316	25.69	11.90	10.46	Increase by 0.97 ppt
Urban rail transit vehicles and urban infrastructure	42,089,769	33,752,419	19.81	-7.37	-7.21	Decrease by 0.14 ppt
New industry	103,120,841	86,151,529	16.46	19.39	20.93	Decrease by 1.06 ppt
Modern service	4,244,805	2,930,757	30.96	1.11	-2.45	Increase by 2.52 ppt
Total	273,063,098	214,684,021	21.38	10.79	10.79	Same as last year

Main business by region

By region	Revenue	Increase/ decrease in revenue from the same period of the previous year (%)
Chinese Mainland	238,241,828	9.22
Other countries or regions	34,821,270	22.88

Main business by sales model

By sales model	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 (%)
Sales by order	273,063,098	214,684,021	21.38	10.79	10.79	Same as last year

Report of Directors

Explanation of main business by industry, by product, by region and by sales model:

Revenue from the railway equipment business increased by 11.90% as compared to the same period of the previous year, mainly due to the increase in revenue from the MUs and locomotive businesses. Operating costs increased by 10.46% 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 of revenue due to the different product mix.

Revenue from urban rail transit vehicles and urban infrastructure business decreased by 7.37% as compared to the same period of the previous year, mainly due to the decrease in revenue from urban rail transit vehicles. Operating costs decreased by 7.21% as compared to the same period of the previous year, mainly because the operating costs decreased in line with the decrease in revenue.

Revenue from the new industry business increased by 19.39% as compared to the same period of the previous year, mainly due to the increase in revenue from wind power and other clean energy equipment. Operating costs increased by 20.93% as compared to the same period of the previous year, mainly because the operating costs increased in line with the increase in revenue.

Revenue from the modern service business increased by 1.11%, which was largely flat as compared to the same period of the previous year. Operating costs decreased by 2.45%, which was flat as compared to the same period of the previous year.



Report of Directors

Revenue of the Company increased by 10.79% 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 45.27%, 15.41%, 37.76% and 1.56%, respectively, of the total revenue. In particular, revenue from the locomotive business of the railway equipment business was RMB29.706 billion; revenue from the passenger carriage business was RMB8.535 billion; revenue from the MUs business was RMB68.423 billion; revenue from the freight wagon business was RMB16.943 billion. Revenue from the urban rail vehicles of the urban rail transit vehicles and urban infrastructure business was RMB38.079 billion. Revenue from non-rail transit parts and components business under the new industry business was RMB78.989 billion. Revenue from the railway equipment repair and modification business under the railway equipment business was RMB45.694 billion. The Company sold 813 locomotives, 599 passenger carriages, 2,181 MUs, 30,748 freight wagons and 4,582 urban rail vehicles.

During the reporting period, the Company's revenue from the Chinese Mainland increased by 9.22%. Revenue from other countries or regions increased by 22.88%.

(2) Analysis of costs

Unit: '000 Currency: RMB

By industry	Amount for the current period	Proportion in total cost for the current period (%)	Cost of main business by industry		
			Amount for the same period of the previous year (Adjusted)	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 extent industries	214,684,021	100.00	193,774,900	100.00	10.79

Report of Directors

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 (Adjusted)	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	175,886,122	81.93	157,970,144	81.52	11.34
Direct labor costs	12,297,177	5.73	11,342,981	5.85	8.41
Manufacturing costs	12,035,514	5.61	11,680,735	6.03	3.04
Others	14,465,208	6.73	12,781,040	6.60	13.18
Total	214,684,021	100.00	193,774,900	100.00	10.79

(3) Information on major customers and suppliers

In 2025, the aggregate revenue from our sales to the top five customers amounted to RMB131.013 billion, representing 47.98% of the total annual sales revenue. Among the sales revenue from the top five customers, sales revenue from related parties amounted to RMB0 million, accounting for 0% of the total annual sales revenue.

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 43.64% of the total sales of the Company for the year.

In 2025, our aggregate procurement from the top five suppliers amounted to RMB11.420 billion, representing 9.97% of the total annual procurement. Among the procurement from the top five suppliers, procurement from related parties amounted to RMB0 million, accounting for 0% of the total annual procurement volume.

None of the Directors of the Company or their close associates or any shareholders holding more than 5% of the Company's share capital has any interest in the above suppliers or customers.



Report of Directors

Relationship with customers:

Since the product unit value was relatively high, our sales model mainly consisted of participating in tenders or tender negotiations, through bidding in tenders, communication and negotiation based on historical prices in determining the final price and secure orders. Our sales customers were mainly railway and urban rail transportation operators. Railway customers were divided into railway customers and non-railway customers. Non-railway customers were mainly large-scale plants, mining groups and ports, etc., the demand of which shows a trend of a year-on-year increase. Such customers were fragmented and thus the Company was not over-reliant on them. Urban rail transit customers are rail transit operators in different cities and the number of operators has increased year by year. The customers are fragmented, and thus the Company was also not over-reliant on them. For the year ended 31 December 2025, approximately 47.98% of our products were sold to our five largest customers.

Relationship with suppliers:

Our principal raw materials and components were purchased through external procurement while some were supplied by internal production. We have established direct and stable supply channels with our major suppliers and external contracted production units. Since our suppliers were not highly concentrated, there was little risk of overreliance on any single supplier. For the year ended 31 December 2025, approximately 9.97% of our products were manufactured by our five largest suppliers.



3. Expenses

Selling expenses increased by approximately 6.11% as compared to the same period of the previous year, mainly due to the increase in employee benefits and operating expenses.

Administrative expenses increased by approximately 2.70% as compared to the same period of the previous year, mainly due to the increase in employee benefits, depreciation expenses and repair expenses.

Financial expenses were RMB4.0 million, compared to RMB12.0 million in the same period of the previous year, which was largely flat with the same period of the previous year.

4. R&D investment

(1) R&D Investment

Unit: '000 Currency: RMB

Expensed R&D investment for the current period	17,640,973
Capitalized R&D investment in the current period	523,256
Total R&D investment	18,164,229
Proportion of R&D investment in revenue (%)	6.65
Proportion of R&D inputs capitalized (%)	2.88

(2) Table of R&D personnel

Number of R&D personnel in the Company	23,339
Number of R&D personnel as a percentage of the total number of personnel in the Company (%)	15.39

Academic structure of R&D personnel

Education level	Number of people in education level
PhD	514
Postgraduate	11,981
Undergraduate and below	10,844

Age structure of R&D personnel

Age group	Number of people in the age group
Below 35	13,125
36 to 50	9,096
51 or above	1,118



Report of Directors

(3) Description

In 2025, the Company continued to expedite key technological projects on every level. The Company initiated CRRC's 2025 project for cultivation of original technology for a term of 10 years, commencing 30 projects across four industrial directions: advanced rail transit equipment, clean energy equipment, critical generic technologies, and future industries. In addition, the Company successfully organized the conclusion of the first-phase project approvals for the Joint Fund for Enterprise Innovation and Development under the National Natural Science Foundation of China. Fully leveraging its role as a "initiator of research directions" within CRRC, the Company secured approval for 16 projects in the initial phase and released guidelines for 26 project proposals in 2025. The Company focused on tackling the challenges of key core technologies and developing major new products, accelerating the application and promotion of innovative achievements from significant scientific research projects. In 2025, the Company's R&D investment accounted for 6.65% of its revenue. In addition, the Company established 649 projects at the CRRC level. Through progress management methods such as visualized working progress and milestone tracking, the Company ensured the accelerated implementation of major projects and the smooth progress of various projects, thereby effectively supporting its sustainable and healthy development.

5. Cash flow

The net cash flow from operating activities was a net inflow of RMB24.186 billion, compared to a net inflow of RMB27.057 billion in the same period of the previous year, mainly due to the increase the cash payments for purchase of goods and receipt of services and the cash paid for employees' remuneration and tax expenses 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 RMB14.865 billion, compared to a net outflow of RMB17.018 billion in the same period of last year, mainly due to the decrease in the cash paid by the Company for purchase of fixed assets as compared to the same period of the previous year.

The net cash flow from financing activities was a net outflow of RMB12.737 billion, compared to a net outflow of RMB9.435 billion in the same period of last year, primarily attributable to the increase in cash paid for repayment of debts and dividend distribution during the reporting period compared to the same period last year.

(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 (Adjusted)	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 (%)
Non-current assets due					
within one year	2,681,021	0.49	4,887,643	0.95	-45.15
Other current assets	9,730,303	1.77	7,366,106	1.44	32.10
Investment properties	1,005,693	0.18	772,208	0.15	30.24
Other non-current assets	48,982,193	8.89	37,444,593	7.30	30.81
Bills payable	67,185,913	12.20	47,347,867	9.23	41.90
Long-term borrowings	7,558,981	1.37	5,648,597	1.10	33.82

Other descriptions:

Non-current assets due within one year decreased by approximately 45.15%, primarily due to the decrease in certificates of large amount deposit due within one year.

Other current assets increased by approximately 32.10%, mainly attributable to an increase in the Company's purchases of certificates of deposit during the year.

Investment properties increased by approximately 30.24%, primarily due to new purchases and construction by the Company during the year.

Other non-current assets increased by approximately 30.81%, mainly attributable to an increase in purchases of certificates of deposit of the Company during the year.

Bills payable increased by approximately 41.90%, primarily due to an increase in bank acceptances and commercial acceptances payables of the Company during the year.

Long-term borrowings increased by approximately 33.82%, mainly due to an increase in secured borrowings and credit borrowings of the Company during the year.

Report of Directors

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” in “VII. Notes of Consolidated Financial Statements” in the Financial Report.

3. Information on financial assets and financial liabilities held in foreign currency

Item	31 December 2025 (RMB'000)	31 December 2024 (RMB'000)
Foreign currency financial assets:		
Cash and bank balances	12,555,737	8,351,487
Held-for-trading financial assets	394	5,499
Accounts receivable	4,499,661	4,057,489
Other receivables	497,455	426,278
Other non-current financial assets	217,893	222,840
Total	17,771,140	13,063,593
Foreign currency financial liabilities:		
Short-term borrowings	3,100,729	3,384,552
Accounts payable	3,283,627	3,913,552
Other payables	1,917,068	1,342,207
Long-term borrowings (including those due within one year)	4,312,556	3,016,926
Lease liabilities (including those due within one year)	369,458	450,436
Total	12,983,438	12,107,673

4. Significant capital expenditure and capital commitment during the reporting period

(1) Significant capital expenditure

Item	From January to December 2025 (RMB'000)	From January to December 2024 (RMB'000)
Fixed assets	4,328,530	2,612,363
Construction in progress	8,361,111	8,510,801
Intangible assets	198,541	408,162
Development expenditures	18,156,619	16,602,661
Total	31,044,801	28,133,987

(2) Capital commitment

As at 31 December 2025, the capital commitments that the Group had contracted but not yet undertaken was RMB3,394 million, which will be used mainly for construction in progress, fixed assets and land use right.

5. 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 – IV. Significant Contracts and Their Implementation" and those items as disclosed in Note XIV to the consolidated financial statements of this annual report.

6 Detailed information on mortgaged assets of the Company

Item	31 December 2025 Amount (RMB'000)
Bills receivable	1,197,706
Accounts receivable	51,530
Contract assets	521,932
Fixed assets	122,583
Intangible assets	828,815
Long-term equity investment	304,000
Total	3,026,566

7. Borrowings, corporate bonds and notes

As at 31 December 2025, the Group had total borrowings, bonds and notes of approximately RMB19,692 million, as compared to the total amount of approximately RMB17,498 million as at 31 December 2024.

As at 31 December 2025, out of the total borrowings, bonds and notes of the Group, RMB12,526 million was denominated in Renminbi, RMB568 million was denominated in USD, and RMB1,484 million was denominated in Euro.

The Group's long-term interest-bearing borrowings, bonds and notes and short-term borrowings, bonds and notes interest-bearing borrowings as at 31 December 2025 were RMB7,559 million and RMB12,133 million, respectively.

As at 31 December 2025, the total bank and other borrowings of the Group with floating interest rates amounted to RMB7,035 million, as compared to RMB8,736 million as at 31 December 2024.



Report of Directors

	31 December 2025 Amount (RMB'000)	31 December 2024 Amount (RMB'000)
Within one year (starting date and ending date inclusive)	12,132,804	11,849,310
One to two years	296,666	235,399
Two to five years	952,862	989,501
Over five years	6,309,453	4,423,697
Total	19,691,785	17,497,907

8. Cash and cash equivalents

As at 31 December 2025, the cash and cash equivalents owned by the Group amounted to approximately RMB43,386 million, of which RMB31,836 million was denominated in RMB, RMB4,600 million was denominated in USD, and RMB1,992 million was denominated in Euro.

(IV) Analysis of industrial and operational information

Please refer to "Report of Directors – A. Business Overview" and "Report of Directors – B. Management Discussion and Analysis – I. Discussion and analysis of operation" for relevant information.

(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 RMB23.791 billion, representing an increase of RMB1.374 billion or 6.13% from the beginning of the year, which was mainly due to an increase of new investment. For details, please refer to Note VII. 15 Long-term equity investments to the financial statements.

Report of Directors

(1) Significant equity investment

During the reporting period, the Company had no material equity investment.

(2) Significant non-equity investment

During the reporting period, the Company had no material non-equity investment.

(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	8,222,272	294,883	-	-	6,983,950	-9,108,250	-296,410	6,096,445
2. Other equity instrument investment	2,703,385	-	98,045	-	10,000	-510,625	-35,779	2,265,026
3. Receivables at FVTOCI	8,353,838	-	150	-	-	-	2,393,053	10,747,041
4. Other non-current financial assets	222,840	-	-	-	-	-	-4,337	218,503
Total	19,502,335	294,883	98,195	-	6,993,950	-9,618,875	2,056,527	19,327,015

Private equity fund investments

For details, please refer to the announcement published by the Company on 29 December 2025 regarding the Establishment of the Huayu Yongyuan Zhanxin (Ningbo) Equity Investment Fund Partnership Enterprise (Limited Partnership) (華興甬元戰新(寧波)股權投資基金合夥企業(有限合夥)) by a Subsidiary of CRR Corporation Limited (2025-056). As of now, this partnership has completed the filing for its private investment fund.

Report of Directors

(VI) Significant sale of assets and equity

During the reporting period, the Company did not have any significant asset or equity sales.

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

Unit: '000 Currency: RMB

Company name	Products 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	Revenue from January to December 2025	Operating profit from January to December 2025	Net profit from January to December 2025 attributable to the shareholders of the parent company
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.	7,141,978	88,486,028	25,846,141	45,377,367	4,509,936	3,686,498
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.	6,317,053	75,014,666	26,288,832	37,521,680	3,190,079	2,905,267
CRRC ZELRI	Research and manufacturing on electric drive and control technologies related to rail transit and relevant electrical equipment; research and development and manufacturing of new energy power generation equipment; and research and development and manufacturing of railway locomotives and accessories thereof etc.	9,126,840	112,611,584	26,175,346	67,849,308	5,087,437	1,692,849
CRRC Zhuzhou	R&D and manufacturing of railway electric locomotives, MUs and urban rail transit vehicles etc.	5,613,927	39,573,373	11,875,508	21,503,725	1,249,253	1,022,301

Acquisition and disposal of subsidiaries during the reporting period

Company name	Method of acquisition and disposal of subsidiaries during the reporting period	Impact on the overall production, operation and results
CRRC Zhicheng	Business combination under common control	For details, please refer to "1. Merger of enterprises under the same control" of "IX. Change in the Scope of Consolidation" in "Financial Report"
Beijing Equipment Technology Company	Business combination under common control	For details, please refer to "1. Merger of enterprises under the same control" of "IX. Change in the Scope of Consolidation" in "Financial Report"
Zhuzhou CRRC-AVC Thermal Technology Co., Ltd	Equity Transfer	For details, please refer to "2. Disposal of subsidiaries" of "IX. Change in the Scope of Consolidation" in "Financial Report"
CRRC Changzhou Vehicle Co., Ltd	Equity Transfer	For details, please refer to "2. Disposal of subsidiaries" of "IX. Change in the Scope of Consolidation" in "Financial Report"

(VIII) Structured entities controlled by the Company

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

III. DISCUSSION AND ANALYSIS ON THE COMPANY'S FUTURE DEVELOPMENT

(I) Landscape and trend of the industry

The year 2025 marks a pivotal year, serving as both the culmination of the "14th Five-Year Plan" and the groundwork for the "15th Five-Year Plan". The intensive roll-out of national macro-policies and industry-specific plans has charted a clear course for us in the fields of rail transportation equipment and clean energy equipment. At the macro level, the Central Economic Work Conference has signaled a more proactive and impactful macro-policy, emphasizing the continuous expansion of domestic demand, the development of new quality productive forces tailored to local conditions, and the deep integration of a unified national market. The "14th Five-Year Plan for National Economic and Social Development of the People's Republic of China and the Outline of Long-Range Objectives for 2035" along with its mid-term evaluation report, have cemented the national strategies to become a leader in manufacturing and transportation. This necessitates consolidating the leading position of competitive industries, such as rail transportation equipment, and steering the



Report of Directors

manufacturing sector towards high-end, intelligent, and green development, while also proactively cultivating industries of the future. Furthermore, the policy recommendations for the “15th Five-Year Plan” adopted at the Fourth Plenary Session of the 20th CPC Central Committee in 2025 reinforce the imperative to maintain a rational proportion of manufacturing, implement rolling actions for high-quality industrial chain development, and explicitly identify quantum technology, hydrogen energy, and embodied AI as new frontiers for future industries. These top-level designs provide the Company with a stable and long-term policy expectation.

At the industry policy level, a series of special plans have injected momentum into our two core business segments. The Outline for Building a Leading Transportation Nation and the National Comprehensive Three-dimensional Transportation Network Planning Outline lay out a blueprint for establishing a “National 123 Travel & Transport Circle” and a “Global 123 Express Logistics Circle” by 2035. These plans call for a railway network spanning 200,000 kilometers (including 70,000 kilometers of high-speed rail) and research into the layout of high-speed maglev corridors. The “14th Five-Year Plan for Modern Comprehensive Transportation System Development” directly mandates the R&D of advanced equipment such as the CR450 Fuxing high-speed train and a full spectrum of metro cars, emphasizing self-reliance and control over key components. The “14th Five-Year Implementation Plan for New Urbanization” proposes the addition of 3,000 kilometers of intercity and suburban railways, strongly promoting the “integration of four railway networks”. The “Action Plan to Effectively Reduce Logistics Costs Across Society” calls for the transformation of railway freight towards modern logistics and encourages exploration of high-speed rail express services. In the clean energy sector, the “Implementation Plan for Promoting High-Quality Development of New Energy in the New Era” promotes the construction of large-scale wind and solar power bases. The extensive roll-out of policies in 2025, including market-oriented reforms for new energy feed-in tariffs and initiatives for stable growth and high-quality development of power equipment, signals a complete industry shift towards a market-driven model. These policies require that equipment be autonomously controllable and upgraded intelligently and sustainably. Furthermore, the “Implementation Opinions on ‘AI + Transportation’” promotes the deep integration of transportation infrastructure with artificial intelligence, 5G, and satellite internet, providing a clear technological pathway for the intelligent upgrading of our products.

Looking ahead, the market space for our core businesses remains vast. High levels of railway investment, steady development in urban rail transit construction, and the continuous expansion of clean energy investment will directly drive demand for our rail transportation equipment and clean energy equipment, underpinning a steady increase in revenue. Meanwhile, the policy-driven push for high-end, intelligent, and green upgrades will help enhance product value and optimize the profit structure. However, increased investment in technological self-reliance, downward price pressure from intensifying market competition, and expenditures during the incubation period of new businesses may exert some pressure on net profit growth in the short term. Over the long run, if we can effectively leverage our industrial chain integration advantages, accelerate the industrialization of innovations, and seize the opportunities presented by new energy market reforms to reduce costs and improve efficiency, we are well positioned to seize the initiative in the new round of industrial upgrading, consolidate its industry leadership, and achieve high-quality sustainable development.

(II) Development strategies of the Company

The “14th Five-Year” strategic plan: based on the new development stage, it will implement the new development concept, and build a new development pattern. By taking the promotion of high-quality development as the theme, and with reform and innovation as the fundamental driving force, it will practice the strategy of the construction of China into a powerhouse of science and technology, manufacturing, transportation and quality. It will work to create an innovation-driven business development system with six characteristics (digitalization, high-end, green, internationalization, coordination, and branding), and an efficient and compliant management system of “five forces” (namely, strategic leadership, emerging strategic leadership, organizational reform strength, value creativity, risk prevention and control), and strong Party building and leading system of “five guarantees” (namely, political guarantee, ideological guarantee, organizational guarantee, talent guarantee, discipline guarantee). It will build new CRRC with good development prospects, excellent operating performance, beautiful social image, high happiness index, and strong Party building leadership, and become a world-class high-end equipment manufacturer and system solution provider with rail transit equipment as its core and global competitiveness.

1. Railway equipment business

While highlighting global competitiveness, innovation, influence and control, the Company works to establish a full-factor market management philosophy, maintain domestic market share, and stabilize the No.1 place in the global industry scale. It will deepen the follow-up cooperation strategy with major customers such as the State Railway Group, actively adapt to the development trends of high-speed, heavy-load, service-based, intelligent-oriented, and green development, and continue to enhance the market response, product development and quality assurance capabilities of the main railway line and provide strong support for the high-quality development of China’s railway. It will build a collaborative and integrated after-sales service system, deepen the construction of parts centers, forming an integrated after-sales service solution. It will also carry out in-depth product maintenance and overhaul technology research, vigorously expand the maintenance business, and strengthen and improve the overhaul business. It will enhance product life cycle service capabilities, build a product life cycle technology and cost framework system, build a life cycle management big data platform, and accelerate the transition from manufacturing to “Product+”.



Report of Directors

2. Urban rail transit vehicle and urban infrastructure business

The Company will conduct in-depth research and overall planning of the top-level design of eight smart urban rail systems, promote serialized demonstration applications of Chinese standard metro cars, and actively develop new-standard small and medium-sized urban rail equipment such as trams, maglev, monorail, APM, etc., to help the development of new urbanization. It will vigorously develop mainline railways, inter-city railways, inter-city (suburban) railways, and urban rail transportation equipment that adapt to the integrated development of multi-level, multi-mode, and multi-standard rail transit systems to meet the diverse needs of the development of urban agglomerations and metropolitan areas in China. It will give full play to the Company's overall advantages, strengthen planning and design consulting, mechanical and electrical integration and general contracting, construction project general contracting and consulting, operation services and consulting, investment and financing support, gradually forming the entire industry chain systematic solution capability of the rail transit industry.

3. New industry business

The Company will accelerate the serialization, genealogy, standardization, and modularization of core systems and key components, enhance core competitiveness, and expand the global market, creating individual champions and invisible champions. By emphasizing specialization, scale, growth and high-quality development, it will focus on transportation, energy, and industry, and leverage the advantages of "technology homology, industrial co-chain, resource sharing, and system integration" to strengthen innovation-driven development, integrate key resources, and promote the integrated development and cluster development of energy and transportation. It will focus on the development of clean energy generation equipment centered on "wind energy, photovoltaic energy, hydrogen energy and energy storage" to provide high-end equipment and system solutions for construction of new power systems. It will emphasize the development of low-carbon and zero-carbon transportation equipment centered on components of new energy vehicles, forming a green and diversified development model, and becoming a new industrial cluster. It will accurately grasp the "one system, two sides" relationship of digital and intelligent industries and digital transformation of CRRC, fully utilize the extensive application scenarios of CRRC, accelerate the development of system solutions for the high-end equipment manufacturing industry that integrate "intelligent equipment + smart factories + intelligent services". It will form a new development pattern for rail transit equipment and clean energy equipment industries supported by CRRC's digitalized and intelligent offerings, cultivating digital and intelligent industries that integrate automation, lean management, greenization and intelligence.

4. Modern service business

The Company will highlight the supporting role, driving role, synergy effect, and risk prevention and control. Based on the principle of overall benefit maximization of CRRC, it will focus on serving the main business industry, innovate business models, optimize the allocation of elements, standardize internal operations, and steadily develop modern service businesses. In accordance with the principles of marketization, standardization and co-construction, sharing and win-win outcome, it will standardize the development of centralized procurement and supply chain services, capital centralized services, financial services, information-based construction and asset management, operation and maintenance services, technical research services which are forward-looking, common and basic, and internal support businesses including general engineering contracting. With high-quality development as the goal, the Company will focus on its main responsibilities and core businesses, continue to promote the optimization and adjustment of the financial business, and further optimize the landscape of the financial business. The Company will mobilize social capital and support the long-term construction of the industrial chain by the integration of internal and external resources, the improvement of professional capabilities and the steady development of platform businesses such as financial services, industry funds and overseas fund management, improve the mechanism for coordinated industrial development, so as to provide financial service system solutions for industrial development and drive the development of the Company's "Two Tracks and Two Clusters" industries.

5. International business

The Company shall build an organizational structure and control system suitable for the international operation, strengthen the internationalization infrastructure and promote the synergistic sharing of information, marketing and manufacturing resources. In accordance with the principle of "complete machines drive components, manufacturing drives services, rail transportation drives strategic emerging, and turnkey drives the industry chain", the Company will continue to expand the scale and market share of its overseas operations by leveraging on its advantage as a dominant enterprise as a traction driver. By establishing a sound marketing network and mastering international business logics flexibly, the Group will enrich market development methods, make full use of the resource capacity of overseas organizations, and build up the ability to provide system solutions that meet the needs of the target market, using the host enterprises of rail transportation equipment to drive the supporting enterprises and the whole industry chain to "go global". The Group will also actively compete in the international market for strategic emerging industries and continue to expand the international market for wind power equipment, new materials and other business areas. Furthermore, the Group will strive to make international business an important part of CRRC's development and business growth; continue to optimize the business structure, increase the proportion of overseas DLS business and new industries, complete the global regional layout, and form a globalized control mode of resource pooling and rapid response; strengthen the ability of business synergies, realize brand unification and effective synergies and complementarities of resources; and build up the complete capability of comprehensive system solutions and full life cycle solutions.

Report of Directors

(III) Operation plans

The year 2025 was a critical year for the Company, marking the successful conclusion of the “14th Five-Year Plan” goals and a continued march toward high-quality development. Over the past year, facing a complex and changing domestic and international market environment, profound industrial transformation, and deep challenges from transformation and upgrading, the Company adhered to high-quality development as its main theme. With the enhancement of core functions and the improvement of core competitiveness as the overarching drivers, the Company deepened the three major themes of “value creation, innovation leadership, and reform empowerment”. It accelerated the construction of a modern industrial system highlighting the “Six Modernizations” features, steadily advanced high-level scientific and technological self-reliance, cultivated new quality productive forces, and essentially formed a new industrial development pattern characterized by “dual tracks and dual clusters”. Throughout the year, focusing on the strategic path of promoting “seven new breakthroughs” through “seven pillars”, the Company achieved new breakthroughs in areas such as core technology research, digital and intelligent transformation, and green and low-carbon development. It completed the “nine key tasks” to a high standard, with business performance meeting expectations. Its positioning as the “Two Providers” became more mature and stable, and its international operations entered a new stage of high-quality development.

The year 2026 marks both the first year of the 15th Five-Year Plan and the starting point for the Company to accelerate high-quality development and fully build a world-class CRRC. Standing at a new development stage, the Company will fully, accurately, and comprehensively implement the new development concept, keeping in mind its mission and responsibilities. It will maintain strategic determination, enhance historical initiative, and better coordinate development and security. The Company will effectively strengthen its core functions and improve its core competitiveness, continuously polish the national business card, serve the country’s major strategic needs from a higher position, and lead the high-quality development of the industry with greater responsibility. The main approach for operating work is to adhere to the general principle of pursuing progress while ensuring stability, with high-quality development as the theme. Guided by value creation, innovation leadership, and reform empowerment, and aimed at accelerating the construction of a modern industrial system characterized by the “Six Modernizations”, the Company will pursue “seven new breakthroughs” through the “seven priorities” path. It will fully implement the “nine key tasks”, striving to write a new chapter in the practice of Chinese-style modernization for enterprises and contributing greater strength to the comprehensive building of a great modern socialist country.

(IV) 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 reforms 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. The Intercity Railway Company has been inclined to replace the urban railway construction mode with the inter-city railway mode. China 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; fully leverage the national “Two New” policies, and proactively promote the incremental development of new energy locomotives in markets outside of China Railway. In order to hedge against the downside risks of the industry, the urban rail 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 digitalized, intelligent and green full life cycle system solutions and services and to create new sources of income. Strengthen internal management; improve operation and management standards; reduce operating costs; endeavor to improve operational efficiency and enhance the ability to mitigate policy risks.

Report of Directors

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. Promote the Company to establish a long-term cooperation mechanism with relevant regions and cities that is open for sharing and mutually beneficial, and vigorously develop "Product+" and "System+" businesses. Make efforts to reduce cost in wind turbines to improve the gross profit margin, and effectively respond to market competition through measures such as enhancing the technological competitiveness of products and improving supply chain management.

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 key focus of widespread attention. Any major safety and quality issues may have an adverse impact on the Company, and even impact on the development of the rail transportation 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: The Company will deepen the construction and implementation of its quality management standard system, consolidate full-life-cycle quality management, and standardize quality control throughout the entire product realization process. It will improve quality control capabilities across all functions, including R&D, production, supply, marketing, and services, strengthen full-process quality traceability and closed-loop management, and ensure that the quality of products remains under control. Focusing on various technical and quality issues that affect the safe operation, the Company will carry out rectification of source quality problems and continuously improve the level of quality and safety assurance for products. It will continue to promote the construction of an emergency support mechanism for operation problems of products, improve the response speed and coordination capacity in dealing with emergencies and emergency rescues, and make every effort to eliminate the hazards and impacts caused by safety 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 duration 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. Carry out exchange rate risk monitoring and actively respond to the challenges from exchange rate fluctuations.

Report of Directors

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 Sinosure will be used to control the risk of payment collection after projects are implemented.

IV. Proposal for profit distribution or transfer of capital reserve to share capital

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

After the establishment of CRRC, the Company has formulated and perfected relevant contents of profit distribution in the Articles of Association. According to the spirit of "positively returning to shareholders", the Company has regulated rules, policies, basic requirements, decisions and adjustment procedures for profit distribution, clarified the specific ratio of cash dividends, which fully protects the legitimate rights of medium to small investors.

On 28 March 2025, the Company held the 23rd meeting of the third session of the Board, pursuant to which the 2024 Proposal for Profit Distribution Plan of CRRC Corporation Limited was considered and approved to distribute cash dividends to all shareholders based on the total share capital registered on the registration date for dividend distribution. As of 31 December 2024, the total share capital of the Company was 28,698,864,088 shares, based on which and calculating at cash dividend of RMB0.21 (tax inclusive) per share, the Company was proposed to distribute cash dividend of RMB6.027 billion (tax inclusive) in aggregate, and the remaining undistributed profit would be carried forward for next year's distribution. The Company's cash dividends for 2024 accounted for 48.65% of the Company's net profit attributable to shareholders of listed company in 2024. On 18 June 2025, the resolution was approved at the 2024 annual general meeting of the Company. On 14 August 2025, the implementation of the profit distribution plan for 2024 was completed.

Report of Directors

On 22 August 2025, the Company held the 35th meeting of the third session of the Board, pursuant to which the first half of 2025 Proposal for Profit Distribution Plan of CRRC Corporation Limited was considered and approved to distribute cash dividends to all shareholders based on the total share capital registered on the registration date for dividend distribution. As of 30 June 2025, the total share capital of the Company was 28,698,864,088 shares, based on which and calculating at cash dividend of RMB0.11 (tax inclusive) per share, the Company was proposed to distribute cash dividend of RMB3.157 billion (tax inclusive) in aggregate. The Company's cash dividends for the first half of 2025 accounted for 23.95% of the Company's net profit attributable to shareholders of listed company in 2025. On 22 September 2025, the resolution was approved at the 2025 second extraordinary shareholders' meeting of the Company. On 20 November 2025, the implementation of the interim profit distribution plan for 2025 was completed.

On 27 March 2026, the Company held the eighth meeting of the fourth session of the Board, pursuant to which the 2025 Proposal for Profit Distribution Plan of CRRC Corporation Limited was considered and approved to distribute cash dividends to all shareholders based on the total share capital registered on the registration date for dividend distribution (the specific date will be clarified in the announcement on the implementation of dividend distribution). As of 31 December 2025, the total share capital of the Company was 28,698,864,088 shares, based on which and calculating at cash dividend of RMB0.12 (tax inclusive) per share, the Company was proposed to distribute cash dividend of RMB3.444 billion (tax inclusive) in aggregate, and the remaining undistributed profit will be carried forward for next year's distribution. The Company's 2025 interim dividend amounted to RMB3.157 billion (tax inclusive). Together with the proposed annual cash dividend of RMB3.444 billion (tax inclusive), the total distribution amounts to RMB6.601 billion (tax inclusive), accounting for 50.08% of the Company's net profit attributable to shareholders of listed company in 2025. In the case where from the date of disclosure of announcement on profit distribution plan to the registration date for dividend distribution, there are changes in the total share capital of the Company due to the conversion of convertible bonds, repurchase of shares, cancellation of repurchased shares granted under equity incentive schemes, cancellation of repurchased shares due to material asset restructuring, etc., the Company proposes to keep the total distribution amount unchanged, and to adjust the distribution proportion per share accordingly. If the total share capital of the Company changes subsequently, specific adjustments will be announced separately. The profit distribution plan is subject to the consideration and approval at the 2025 annual general meeting of the Company.

If the proposal for profit distribution mentioned above is considered and approved by the general meeting of the Company, it is expected that the Company will pay dividends in cash on or before 13 August 2026. When the specific time is determined for convening the general meeting, the Company will make a separate announcement on further details regarding the closure of the registration of members of the H shares and the expected cash dividend payment date, if any update, in respect of the relevant dividend distribution.



Report of Directors

On 27 March 2026, the Company held the eighth meeting of the fourth session of the Board of Directors, at which the Resolution on Authorizing the Board of Directors to Implement the 2026 Interim Profit Distribution was reviewed and approved. It was agreed to propose the shareholders' meeting to authorize the Board of Directors to handle the matters relating to the 2026 interim profit distribution within the conditions stipulated in the resolution. This resolution is still subject to review and approval by the shareholders' meeting of the Company.

(II) Special notes on cash dividend policy

Whether it complies with the provisions of the Articles of Association or the resolution of shareholders' meetings	✓ Yes	<input type="checkbox"/> No
Whether the criteria and ratio of dividend distribution are clear and explicit	✓ Yes	<input type="checkbox"/> No
Whether the relevant decision-making procedures and mechanisms are sufficient	✓ Yes	<input type="checkbox"/> No
Whether the independent Directors have performed their duties and responsibilities and played their due roles	✓ Yes	<input type="checkbox"/> No
Whether minority shareholders have adequate opportunities to express their opinions and requests, and whether their legitimate rights and interests are adequately protected	✓ Yes	<input type="checkbox"/> No

(III) Proposed distribution of profits and transfer of capital reserves to share capital during the reporting period

Unit: '000 Currency: RMB

Number of shares to be distributed for every ten shares (shares)	-
Amount to be distributed for every ten shares (RMB) (tax inclusive)	2.3
Number of shares to be converted into share capital for every ten shares (shares)	-
Amount of cash dividend (tax inclusive)	6,600,739
Net profit attributable to ordinary shareholders of listed company in the consolidated financial statements	13,181,015
Percentage of amount of cash dividend to the net profit attributable to ordinary shareholders of the listed company in the consolidated financial statements (%)	50.08
Amount of shares repurchased in cash included in distribution of cash dividend	-
Total amount of dividends (tax inclusive)	6,600,739
Percentage of the total amount of dividends to the net profit attributable to ordinary shareholders of the listed company in the consolidated financial statements (%)	50.08

(IV) Cash dividend for the latest three accounting years

Unit: '000 Currency: RMB

Cumulative cash dividend (including tax) for the latest three accounting years (1)	18,367,273
Cumulative repurchase and cancellation amount for the latest three accounting years (2)	-
Cumulative cash dividend and repurchase and cancellation amount for the latest three accounting years (3)=(1)+(2)	18,367,273
Average annual net profit for the latest three accounting years (4)	12,426,950
Cash dividend ratio for the latest three accounting years (%) (5)=(3)/(4)	147.80
Net profit attributable to ordinary shareholders of the Company in the consolidated financial statements for the latest one accounting year	13,181,015
Undistributed profits at the end of the year for the financial statements of the Company for the latest one accounting year	4,525,327

V. Tax and Tax Relief

In accordance with the revised Enterprise Income Tax Law of the People's Republic of China and its implementation rules which became effective on 29 December 2018, and the circular on Issues Relating to the Withholding of Enterprise Income Tax for Dividends Distributed by Resident Enterprises in China to Overseas Non-resident Enterprise Shareholders Holding H Shares issued by the State Administration of Taxation (Guo Shui Han [2008] No. 897), enterprise income tax shall be withheld at a rate of 10% when the Company pays final dividends to non-resident enterprise shareholders whose names appear on the register of H shareholders of the Company. The enterprise income tax shall be withheld for the dividends of any H Shares under the names of non-individual shareholders (any H Shares of the Company registered in the name of HKSCC Nominees Limited, other nominees and trustees, or other organizations and institutions, shall be deemed as shares held by non-resident enterprise shareholders).



Report of Directors

According to “Notice on Issues Concerning the Collection and Administration of Individual Income Tax After the Repeal of Guo Shui Fa [1993] No. 045” (Guo Shui Han [2011] No. 348) issued by the State Administration of Taxation, the Company shall withhold and pay individual income tax for dividend payable to individual H shareholders. Individual H shareholders are entitled to the relevant preferential tax treatment pursuant to the provisions in the tax agreements between the countries where they are residents and China or the tax arrangements between the Chinese Mainland and Hong Kong (Macao). If the individual H shareholders are Hong Kong or Macao residents or residents of the countries having an agreed dividend tax rate of 10% with China, the Company shall withhold and pay the individual income tax at a rate of 10%. Should the individual H shareholders be residents of the countries having an agreed dividend tax rate of less than 10% with China, the Company would apply for entitlement of the relevant agreed preferential tax treatment on their behalf in accordance with the Measures for the Administration of Non-Resident Taxpayers’ Enjoyment of Treaty Benefits (SAT Announcement 2019 No. 35) 《非居民納稅人享受協定待遇管理辦法》(國家稅務總局公告2019年第35號)) of the State Administration of Taxation. Should the individual H shareholders be residents of the countries having an agreed dividend tax rate exceeding 10% but lower than 20% with China, the Company shall withhold and pay the individual income tax at the actual agreed rate. In the cases of individual H shareholders who are residents of countries having not entered into any tax agreement with China or otherwise, the Company shall withhold and pay the individual income tax at a rate of 20%.

According to the requirements of the Notice of MOF, SAT and CSRC on the Tax Policies Related to the Pilot Program of the Shanghai-Hong Kong Stock Connect (Cai Shui [2014] No. 81) (《財政部、國家稅務總局、證監會關於滬港股票市場交易互聯互通機制試點有關稅收政策的通知》(財稅[2014]81號)), for the dividends received by investors (including enterprises and individuals) in the Hong Kong market from investing in A shares listed on the SSE, the listed companies shall withhold tax at the rate of 10%, and the listed companies shall report to their competent tax authorities for withholding tax. For investors in the Hong Kong market who are tax residents of other countries and whose countries of domicile have signed tax treaties with China stipulating that the tax rate for dividends is less than 10%, enterprises or individuals may apply to the competent tax authorities of the listed companies to enjoy the tax treaty treatment, either by themselves or by appointing withholding and payment agents. After the review by the competent tax authorities, the difference between the tax levied and the tax payable calculated according to the agreed tax rate shall be refunded. For dividends received by domestic individual investors and domestic securities investment funds investing in H shares listed on the Stock Exchange through the Shanghai-Hong Kong Stock Connect, the H-share companies shall withhold personal income tax at the rate of 20% but no tax will be withheld on dividends of domestic corporate investors who shall report to the tax authorities and pay the tax payable themselves.

According to the requirements of the Notice of MOF, SAT and CSRC on the Tax Policies Related to the Pilot Program of the Shenzhen-Hong Kong Stock Connect (Cai Shui [2016] No. 127) (《財政部、國家稅務總局、證監會關於深港股票市場交易互聯互通機制試點有關稅收政策的通知》(財稅[2016]127號)), for the dividends received by domestic individual investors and domestic securities investment funds from investing in H shares listed on the Hong Kong Stock Exchange via the Shenzhen-Hong Kong Stock Connect, the H-share companies shall withhold personal income tax at the rate of 20% but no tax will be withheld on dividends of domestic corporate investors who shall report to the tax authorities and pay the tax payable themselves.

Under current practice of the Hong Kong Inland Revenue Department, no tax is payable in Hong Kong in respect of dividends paid by the Company.

Shareholders of the Company are subject to tax and/or enjoy tax relief in accordance with the aforementioned regulations.

VI. Connected Transactions

(I) Non-exempt one-off connected transactions

1. Acquisition of 100% equity interest in Beijing Equipment Technology Company held by Erqi Locomotive by CRRC Changchun

On 30 October 2025, CRRC Changchun entered into the Equity Transfer Agreement with CRRC Beijing Locomotive Co., Ltd. ("Erqi Locomotive"), pursuant to which, CRRC Changchun agreed to acquire and Erqi Locomotive agreed to sell 100% equity interest in Beijing Equipment Technology Company at a consideration of RMB186.2090 million. Upon completion of the Transaction, Erqi Locomotive will no longer hold any equity interest in Beijing Equipment Technology Company, and Beijing Equipment Technology Company will become a wholly-owned subsidiary of CRRC Changchun.

Through the Transaction, CRRC Changchun can effectively obtain the site and space resources needed for development, break through the bottlenecks of its current production capacity and business layout. It provides solid vehicle and resources guarantee for the implementation of strategic new businesses such as smart equipment and new materials, as well as for achieving the development of the Company as a hub for the industry of system solutions encompassing the entire lifecycle of high-end, green, digital and intelligent rail transit and clean energy equipment in Beijing.

Report of Directors

On 30 October 2025, Erqi Locomotive is a wholly-owned subsidiary of CRRC GROUP, and CRRC GROUP is the controlling Shareholder directly holding 51.45% of the shares of the Company, therefore Erqi Locomotive is a connected person of the Company under the Hong Kong Listing Rules. Therefore, the entering into of the Equity Transfer Agreement constitutes a connected transaction of the Company under Chapter 14A of the Hong Kong Listing Rules.

As the highest applicable percentage ratio (as defined in the Hong Kong Listing Rules) in respect of the transaction contemplated under the Equity Transfer Agreement exceeds 0.1% but is less than 5%, the transaction is subject to reporting and announcement requirements but is exempt from independent shareholders' approval requirement under Chapter 14A of the Hong Kong Listing Rules.

For details of the above transaction, please refer to the connected transaction announcement dated 30 October 2025 published by the Company on the website of the Stock Exchange.

(II) Non-exempt continuing connected transactions

1. Provision of the performance guarantee

On 18 July 2021, as considered and passed at the 30th meeting of the second session of Board of the Company, CRRC Zhuzhou (a wholly-owned subsidiary of the Company) and CRRC Zhuzhou Electric Locomotive Industrial Management Co., Ltd. (a wholly-owned subsidiary of CRRC GROUP) ("**Zhuzhou Locomotive Industrial**") entered into the "Agreement between CRRC Zhuzhou Electric Locomotive Industrial Management Co., Ltd. and CRRC Zhuzhou Locomotive Co., Ltd. in relation to the entrustment of 100% equity interest in CRRC ZELC SA PTY LTD. (南非中車株機有限公司)" (the "**Equity Entrustment Agreement**") and a series of related agreements to entrust Zhuzhou Locomotive Industrial in respect of the management of the 100% equity interest in CRRC ZELC SA PTY LTD. (a holding subsidiary of CRRC Zhuzhou) (the "**Target Company**", together with its subsidiaries, the "**Target Group**") and entrust Zhuzhou Locomotive Industrial to exercise all shareholders' rights from the date of the entering into of the Equity Entrustment Agreement. Based on the Equity Entrustment Agreement, during the entrustment period, all the operating income or operating losses of the Target Company shall be enjoyed or borne by Zhuzhou Locomotive Industrial, and the rewards and risks of changes in the overall value of the subject equity interest shall also be enjoyed or borne by Zhuzhou Locomotive Industrial. CRRC Zhuzhou shall relinquish all shareholders' rights from the date of the Equity Entrustment Agreement and the Target Company shall no longer be consolidated into the financial statements of the Group as a subsidiary of CRRC Zhuzhou. Prior to the entrustment, CRRC Zhuzhou provided performance guarantee in respect of the performance obligations under the locomotive supply contract for the Target Group. After completion of the entrustment, CRRC Zhuzhou will continue to provide performance guarantee for the Target Group, and at the same time, CRRC GROUP will provide counter guarantee for any form of guarantee or potential guarantee

obligations of CRRC Zhuzhou to the Target Group, including but not limited to guarantee agreements and project performance guarantees, etc. CRRC GROUP will provide full guarantee for CRRC Zhuzhou by way of counter guarantee. CRRC GROUP and CRRC Zhuzhou have signed the counter guarantee agreement. On 18 July 2021, the total outstanding amount of the performance guarantees provided by CRRC Zhuzhou for the Target Group shall be no more than ZAR4.378 billion. As at 31 December 2025, the outstanding balance of the performance guarantees provided by CRRC Zhuzhou for the Target Group amounted to ZAR2.886 billion (equivalent to approximately RMB1.219 billion calculated by the exchange rate as at 31 December 2025).

Upon the effective date of the Equity Entrustment Agreement, the Target Company will become a subsidiary of CRRC GROUP. Therefore, the Target Company will become a connected person of the Company under Chapter 14A of the Hong Kong Listing Rules. The provision of the performance guarantee by CRRC Zhuzhou to the Target Group constitutes the financial assistance provided by the Company to its connected person, therefore, the guarantees and the transactions thereunder will become continuing connected transactions of the Company. Pursuant to Rule 14A.60 of the Hong Kong Listing Rules, the continuing connected transactions of the Company under the guarantees are subject to the annual review and disclosure requirements including publishing an announcement and annual reporting under Chapter 14A of the Hong Kong Listing Rules. When renewing or revising the terms of the guarantees, the Company shall comply with all the requirements for connected transactions under Chapter 14A of the Hong Kong Listing Rules.

The provision of the counter guarantee by CRRC GROUP to CRRC Zhuzhou under the counter guarantee agreement constitutes the financial assistance provided by a connected person of the Company. As the counter guarantee will be provided on normal commercial terms and will not be secured by the Group's assets, pursuant to Rule 14A.90 of the Hong Kong Listing Rules, the counter guarantee is fully exempt from the reporting, annual review, announcement and independent shareholder's approval requirements under Chapter 14A of the Hong Kong Listing Rules.

For details of the above transaction, please refer to the connected transaction announcement dated 18 July 2021 published by the Company on the website of the Stock Exchange.

Report of Directors

2. The Product and Service Mutual Provision Framework Agreement entered into between the Company and CRRCG

The Company and CRRCG entered into the Product and Service Mutual Provision Framework Agreement on 28 March 2024, pursuant to which CRRCG and its subsidiaries will sell raw materials, accessories, components, equipment, packing materials, vehicles, energy resource and other products, and provide repairing, installation, training, processing, greening, security, sanitation, project contracting, project operation and business consulting services to the Company or its associates; and CRRCG and/or its subsidiaries will sell raw materials, accessories, components, equipment, packing materials and other products, and provide repairing, installation, training, processing, greening, security, sanitation, project contracting, project operation and business consulting services to the Company or its associates. This agreement has an effective term from 1 January 2025 to 31 December 2027.

Under the Product and Service Mutual Provision Framework Agreement: (i) the annual caps for the amounts paid by CRRCG and/or its associates for provision of products and services by the Group for each of the three years ended 31 December 2027 amounted to RMB7,000 million, RMB7,000 million and RMB7,000 million, respectively; and (ii) the annual caps for the amounts paid by the Group for provision of products and services by CRRCG and/or its associates for each of the three years ended 31 December 2027 amounted to RMB4,000 million, RMB4,000 million and RMB4,000 million, respectively.

The Company considers that it is in the interest of the Group to enter into the aforesaid transactions with CRRCG to ensure the stable provision and supply of the products and services of the Company. CRRCG is familiar with the business needs of the Company and the transactions between the parties and will therefore facilitate the internal development of the Group and minimize the associated administrative and transportation costs.

CRRCG is the controlling shareholder of the Company and is thus a connected person of the Company under the Hong Kong Listing Rules. Accordingly, the Product and Service Mutual Provision Framework Agreement and the transactions contemplated thereunder will constitute continuing connected transactions of the Company under Chapter 14A of the Hong Kong Listing Rules. Since the highest applicable size test percentage ratio exceeds 0.1% but is less than 5% in respect of the relevant continuing connected transactions under the Product and Service Mutual Provision Framework Agreement, such transactions are therefore subject to annual reporting and announcement requirements but are exempt from the independent shareholders' approval requirement of the Hong Kong Listing Rules.

For details of the above non-exempt continuing connected transaction, please refer to the continuing connected transaction announcement dated 28 March 2024 published by the Company on the website of the Stock Exchange.

3. The Fixed Assets and Property Leasing Framework Agreement entered into between the Company and CRRCG

The Company and CRRCG entered into the Fixed Assets and Property Leasing Framework Agreement on 28 March 2024, pursuant to which CRRCG and its subsidiaries and the Company will lease their fixed assets and properties to each other, respectively, according to the Fixed Assets and Property Leasing Framework Agreement. This agreement has an effective term from 1 January 2025 to 31 December 2027.

Under the Fixed Assets and Property Leasing Framework Agreement, (i) the annual caps for the expense transactions by the Group for leasing of fixed assets and properties from CRRCG and/or its associates for each of the three years ended 31 December 2027 amounted to RMB500 million, RMB500 million and RMB500 million, respectively; and (ii) the annual caps for the revenue transactions of CRRCG and/or its associates for leasing of fixed assets and properties from the Group for each of the three years ended 31 December 2027 amounted to RMB200 million, RMB200 million and RMB200 million, respectively.

As the fixed assets and properties leased between the Group and CRRCG are complementary in terms of geographical location, the Company considers that it is in the interest of the Group to enter into the aforesaid transactions with CRRCG to ensure the stable provision and usage of the property leasing business of the Company. In addition, CRRCG is familiar with the business needs of the Company and the transactions between the parties and will therefore minimize the administrative costs of the Group.

CRRCG is the controlling shareholder of the Company and is thus a connected person of the Company under the Hong Kong Listing Rules. Accordingly, the Fixed Assets and Property Leasing Framework Agreement and the transactions contemplated thereunder will constitute continuing connected transactions of the Company under Chapter 14A of the Hong Kong Listing Rules. Since the highest applicable size test percentage ratio exceeds 0.1% but is less than 5% in respect of the relevant continuing connected transactions under the Fixed Assets and Property Leasing Framework Agreement, such transactions are therefore subject to annual reporting and announcement requirements but are exempt from the independent shareholders' approval requirement of the Hong Kong Listing Rules.

For details of the above non-exempt continuing connected transaction, please refer to the continuing connected transaction announcement dated 28 March 2024 published by the Company on the website of the Stock Exchange.

Report of Directors

4. The Financial Services Framework Agreement entered into between Finance Company and CRRCG

Finance Company and CRRCG entered into the Financial Services Framework Agreement on 28 March 2024, pursuant to which Finance Company will provide deposit services, credit services and miscellaneous financial services (including but not limited to, provision of services of financial consultancy, credit worthiness verification and related consultation and agency services; the receipt and payment of transaction funds; the arrangement of entrusted loans and bond underwriting; the arrangement of fund settlement and receipt and payment; the provision of certificates of deposits, creditworthiness certificates, clearing and settlement and sale of foreign exchange services, guarantees and bill acceptances) to CRRCG. This agreement has an effective term from 1 January 2025 to 31 December 2027.

Under the Financial Services Framework Agreement: (i) the maximum daily balance of RMB and foreign currency-denominated deposits (including accrued interests) in respect of the provision of deposit services by Finance Company to CRRCG and/or its associates for each of the three years ended 31 December 2027 amounted to RMB20 billion, RMB21 billion and RMB22 billion, respectively; (ii) the maximum daily balance of credit (including accrued interests) in respect of the provision of credit services by Finance Company to CRRCG and/or its associates for each of the three years ended 31 December 2027 amounted to RMB10 billion, RMB10 billion and RMB10 billion, respectively; and (iii) the annual caps for the amounts received by Finance Company for provision of miscellaneous financial services to CRRCG and/or its associates for each of the three years ended 31 December 2027 amounted to RMB22 million, RMB22 million and RMB22 million, respectively.

Finance Company is a non-bank financial institution of the Group under the supervision of the relevant regulatory authorities and has a well-functioning internal control and risk management system. Finance Company is also familiar with the operations of CRRCG, which is advantageous for Finance Company in providing CRRCG with custom-made and efficient financial services. The entering into of the Financial Services Framework Agreement is also beneficial for Finance Company to expand its financing channels, enhance its efficiency of fund usage and reduce its financing cost. Furthermore, the interest rates for credit services under the Financial Services Framework Agreement are set pursuant to the normal commercial terms and in the interests of the Company and the shareholders. CRRCG is a large state-owned enterprise under the direct management of the SASAC and holds a sound reputation in the financial market. Taking into account the creditworthiness of CRRCG, and on the condition of strict risk control of Finance Company, the Company considers that providing credit services to CRRCG through Finance Company is a low-risk fund investment option and will generate a considerable return for the Group.

Report of Directors

CRRCG is the controlling shareholder of the Company and is thus a connected person of the Company under the Hong Kong Listing Rules. Finance Company is a subsidiary of the Company. Accordingly, the Financial Services Framework Agreement and the transactions contemplated thereunder will constitute continuing connected transactions of the Company under Chapter 14A of the Hong Kong Listing Rules.

The placing of deposits by CRRCG with Finance Company constitutes a financial assistance provided by the connected person to the Company. As the placing of deposits by CRRCG with Finance Company and the deposit services provided by Finance Company to CRRCG are on normal commercial terms which are no less favorable than those offered by major commercial banks for the provision of comparable services in the PRC and are for the benefit of the Group, and no security over the assets of the Group is or will be granted in respect of placing of deposits and the provision of such deposit services, the placing of deposits by CRRCG with Finance Company and the deposit services to be provided by Finance Company to CRRCG under the Financial Services Framework Agreement are exempt from the independent shareholders' approval, annual reporting and announcement requirements pursuant to Rule 14A.90 of the Hong Kong Listing Rules.

The provision of loans and other credit services by Finance Company to CRRCG constitutes a financial assistance provided by the Company to its connected person, and therefore constitutes a connected transaction. As the highest applicable percentage ratio in respect of the provision of credit services under the Financial Services Framework Agreement exceeds 5% on an annual basis, the credit services to be provided by Finance Company to CRRCG are therefore subject to the reporting, announcement and independent shareholders' approval requirements under Chapter 14A of the Hong Kong Listing Rules. As the highest applicable percentage ratio in respect of the provision of credit services under the Financial Services Framework Agreement exceeds 5% but is less than 25%, the credit services to be provided by Finance Company to CRRCG also constitutes a disclosable transaction of the Company under Chapter 14 of the Hong Kong Listing Rules.

As the highest applicable percentage ratio in respect of the provision of miscellaneous financial services under the Financial Services Framework Agreement is less than 0.1%, the miscellaneous financial services to be provided by Finance Company to CRRCG are therefore fully exempted from the independent shareholders' approval, annual reporting and announcement requirements pursuant to Rule 14A.76 of the Hong Kong Listing Rules.

For details of the above non-exempt continuing connected transaction, please refer to the continuing connected transaction announcement dated 28 March 2024 and the circular dated 24 May 2024 published by the Company on the website of the Stock Exchange.



Report of Directors

5. Actual transaction amounts of non-exempt continuing connected transactions during the year

The Company confirms that the actual transaction amounts of the following non-exempt continuing connected transactions did not exceed the relevant caps in 2025. Please refer to the table below for details.

Currency: RMB Unit: million

No.	Category of connected transactions	Annual cap for 2025	Actual transaction amount for 2025
1.	Purchase of products and services by the Group under the Product and Service Mutual Provision Framework Agreement with CRRCG and/or its associates	4,000.00	625.80
2.	Sale of products and provision of services by the Group under the Product and Service Mutual Provision Framework Agreement with CRRCG and/or its associates	7,000.00	917.35
3.	Expense transactions by the Group under the Fixed Assets and Property Leasing Framework Agreement with CRRCG and/or its associates	500.00	69.20
4.	Revenue transactions by the Group under the Fixed Assets and Property Leasing Framework Agreement with CRRCG and/or its associates	200.00	2.58
5.	Maximum daily balance of credit (accrued interest included) in respect of the credit services provided by Finance Company under the Financial Services Framework Agreement between Finance Company and CRRCG and/or its associates	10,000.00	9.45
6.	Charges for miscellaneous financial services provided by Finance Company under the Financial Services Framework Agreement between Finance Company and CRRCG and/or its associates	22.00	-

(III) Annual review of non-exempt continuing connected transactions

The finance and internal auditing units and relevant teams of the Company have reviewed the above non-exempt continuing connected transactions and related internal control procedures and submitted the results to the independent non-executive Directors. The Company also provided key information to the independent non-executive Directors for their review.

The independent non-executive Directors of the Company have confirmed to the Board that they have reviewed the above non-exempt continuing connected transactions and are of the opinion that such transactions are:

- (1) in the ordinary course of business of the Group;
- (2) conducted on normal commercial terms or more favorable terms; and
- (3) conducted on the terms of the relevant transaction agreements (including but not limited to the pricing policy and mechanism), which are fair and reasonable and in the interests of the shareholders of the Company as a whole.

The independent non-executive Directors of the Company ensure that:

- (1) the methods and procedures established by the Company are sufficient to ensure that transactions are conducted on normal commercial terms and not prejudicial to the interests of the Company and its minority shareholders; and
- (2) the Company has appropriate internal control procedures in place and its internal auditing unit will review the above continuing connected transactions.

Pursuant to Rule 14A.56 of the Hong Kong Listing Rules, the listed issuer must engage its auditors to report on the continuing connected transaction every year. The auditors must provide a letter to the listed issuer's board of directors confirming whether anything has come to their attention that causes them to believe that the continuing connected transactions:

- (1) have not been approved by the listed issuer's board of directors;
- (2) were not, in all material respects, in accordance with the pricing policies of the listed issuer's group if the transactions involve the provision of goods or services by the listed issuer's group;
- (3) were not entered into, in all material respects, in accordance with the relevant agreement governing the transactions; and
- (4) have exceeded the cap.

Report of Directors

Pursuant to the above requirements under Rule 14A.56 of the Hong Kong Listing Rules, the Board engaged the auditors of the Company to report on the Group's continuing connected transactions in accordance with Hong Kong Standard on Assurance Engagements 3000 "Assurance Engagements Other Than Audits or Reviews of Historical Financial Information" and with reference to Practice Note 740 "Auditor's Letter on Continuing Connected Transactions under the Hong Kong Listing Rules" issued by the Hong Kong Institute of Certified Public Accountants. The auditors have issued their unqualified letter containing their findings and conclusions in respect of the continuing connected transactions in accordance with Rule 14A.56 of the Hong Kong Listing Rules.

(IV) Related party transactions

In addition, details of the related party transactions of the Company for the year ended 31 December 2025 are set out in Note XIII to the consolidated financial statements. Except for the related party transactions between the Company and joint ventures and associates set out in Note XIII, all related party transactions are connected transactions of the Company under Chapter 14A of the Hong Kong Listing Rules. The Company confirms that such related party transactions have complied with the applicable disclosure requirements under Chapter 14A of the Hong Kong Listing Rules.

(V) Non-competition agreements and undertakings

For details of the provision of non-competition agreements and undertakings to the Company by the controlling shareholder of the Company, please refer to relevant content in the section named "Significant Events – I. Performance of Undertakings" of this annual report.

VII. Other Discloseable Matters

(I) Principal businesses

The Group and the Company are mainly engaged in research and development, design, manufacturing, refurbishment, sales, leasing and technical services of railway locomotives, MUs, urban rail transit vehicles, engineering machinery, various electromechanical equipment, electronic equipment and parts, electric products and environmental protection equipment; information consultancy; industrial investment and management; asset management; export/import business.

(II) Major customers and suppliers

For details of the major customers and suppliers of the Company, please refer to the section headed "Report of Directors – B. Management Discussion and Analysis – II. Major operation results during the reporting period" of this annual report.

(III) Reserves

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

(IV) Reserves available for distribution to shareholders

As at 31 December 2025, the reserves of the Company available for distribution to shareholders amounted to RMB4,525,327 thousand.

(V) Share capital

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

(VI) Bank loans and other loans

Details of the bank loans and other loans of the Company as at 31 December 2025 are set out in Note VII. 28. Short-term borrowings and Note VII. 39. Long-term borrowings to the financial statements of this annual report prepared under the China Accounting Standards for Business Enterprises.

(VII) Property, plant and equipment

Details of changes in the property, plant and equipment of the Company in 2025 are set out in Note VII. 19. Fixed assets to the financial statements of this annual report prepared under the China Accounting Standards for Business Enterprises.

(VIII) Donations

The total charitable and other donations of the Company amounted to approximately RMB20,860 thousand during the reporting period.

(IX) Service contracts of Directors

None of the Directors entered into a service contract with the Company which is not terminable within one year without payment of compensation other than normal statutory compensation.

Report of Directors

(X) Interests in transactions, arrangements or contracts of the Directors or entities related to the Directors

The Company did not enter into any transaction, arrangement or contract of significance in which Director(s) of the Company or entities related to the Directors held, either directly or indirectly, any material interests for the year ended 31 December 2025.

(XI) Loans provided to Directors and Senior Management of the Company

The Company did not provide Director(s) or other Senior Management with any loans or quasi-loans.

(XII) Directors' interest in businesses competing with the Company

None of the Directors have interests in any business which directly or indirectly competes or may compete with the Company.

(XIII) Financial, business or family relationship among members of the Board

None of the members of the Board of the Company had any financial, business, family or other material relationship with each other.

(XIV) Management contracts

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

(XV) Pre-emptive rights

There are no provisions regarding pre-emptive rights under the Articles of Association and the PRC laws which oblige the Company to offer new shares to its existing shareholders on a pro-rata basis

(XVI) Employee retirement plan

Details of the employee retirement plan of the Company are set out in Note VII. 34. Employee benefits payable to the financial statements of this annual report prepared under the China Accounting Standards for Business Enterprises.

(XVII) The Company's environmental policies and compliance

Details regarding the Company's environmental policies and compliance are set out in the 2025 Sustainability Report of CRRC Corporation Limited published by the Company on the websites of the SSE and the HKEX on the same day.

(XVIII) Relationship with employees, customers and suppliers

For details, please refer to the sections headed "Report of Directors –B. Management Discussion and Analysis" and "Directors, Senior Management and Staff – Staff of the Parent Company and Principal Subsidiaries" of this annual report.

(XIX) Compliance with laws, regulations and rules

The Company is aware of the importance of complying with legal and regulatory requirements. The Company has established a relatively sophisticated system to ensure persistent compliance with applicable laws, regulations and rules. More specifically, the legal department of the Company and other relevant departments are primarily responsible for reviewing whether the Group's operations have complied with the relevant laws and regulations. The Company has also deployed corresponding departments and sufficient manpower and resources to monitor the compliance situation at the subsidiary level. For the year ended 31 December 2025, to the best of our knowledge, the Company has complied with the laws and regulations of the relevant areas in all material respects, including but not limited to laws and regulations such as the Railway Law of the People's Republic of China (《中華人民共和國鐵路法》), the Law of the People's Republic of China on Work Safety (《中華人民共和國安全生產法》), the Environmental Protection Law of the People's Republic of China (《中華人民共和國環境保護法》) and Regulation on the Administration of Railway Safety (《鐵路安全管理條例》), which have great significance or impact on the operation of the Company in aspects such as rail transit equipment production, safety and environmental protection. The Company is listed on the SSE and the Stock Exchange. For the year ended 31 December 2025, the Company complied with the listing rules and all applicable laws and regulations of its places of listing.



Directors, Senior Management and Staff

As at the latest practicable date prior to the printing of this report, members of the Board include:

Sun Yongcai
Chairman, Executive Director

Wang An
Executive Director

Wang Xifeng
Independent non-executive Director

Ngai Ming Tak
Independent non-executive Director

Yang Jiayi
Independent non-executive Director

Zhang Zhenrong
Independent non-executive Director

Fan Bing
Non-executive Director

Yi Ran
Employee Director

Directors, Senior Management and Staff

I. Shareholding Changes and Remuneration

(I) Shareholding changes and remuneration of current and resigned Directors and Senior Management during the reporting period

Name	Position	Gender	Age	Commencement of term of office	Expiration of term of office	Number of shares held at the beginning of the year	Number of shares held at the end of the year	Changes in number of shares for the year	Reason for the change	Current remuneration received from the Company during the reporting period	Whether receiving remuneration from related parties of the Company
										(RMB'0,000)	
Sun Yongcai	Executive Director, Chairman	Male	61	22 September 2025	21 September 2028	111,650	111,650	-	-	92.35	No
Wang An	Executive Director	Male	55	22 September 2025	21 September 2028	-	-	-	-	83.11	No
Wang Xifeng	Independent non-executive Director	Male	61	22 September 2025	21 September 2028	-	-	-	-	1.50	No
Ngai Ming Tak	Independent non-executive Director	Male	58	22 September 2025	21 September 2028	-	-	-	-	14.90	No
Yang Jiayi	Independent non-executive Director	Male	67	22 September 2025	21 September 2028	-	-	-	-	1.50	No
Zhang Zhenrong	Independent non-executive Director	Male	61	22 September 2025	21 September 2028	-	-	-	-	1.50	No
Fan Bing	Non-executive Director	Male	54	22 September 2025	21 September 2028	-	-	-	-	-	No
Yi Ran ^{note 2}	Employee Director	Female	43	22 September 2025	21 September 2028	-	-	-	-	42.33	No
Wang Feng	President	Male	52	27 March 2026	21 September 2028	-	-	-	-	-	No
	Vice President			22 September 2025	27 March 2026	-	-	-	-	79.44	No
Yu Weiping	Vice President	Male	59	22 September 2025	21 September 2028	-	-	-	-	82.65	No
Gu Xiaoli ^{note 3}	Chief Financial Officer (Chief Accountant)	Male	55	28 February 2026	21 September 2028	-	-	-	-	-	No
Liu Ke'an	Vice President	Male	54	22 September 2025	21 September 2028	-	-	-	-	79.44	No
Wang Jian	Secretary to the Board	Male	53	22 September 2025	21 September 2028	-	-	-	-	94.29	No
Ma Yunshuang	Executive Director (resigned)	Male	54	19 March 2024	20 March 2025	-	-	-	-	46.01	No
	President (resigned)			22 February 2024	20 March 2025	-	-	-	-	-	
Shi Jianzhong	Independent non-executive Director (resigned)	Male	68	22 December 2021	22 September 2025	-	-	-	-	8.50	No
Weng Yiran	Independent non-executive Director (resigned)	Male	71	22 December 2021	22 September 2025	-	-	-	-	6.50	No
Zhao Hu ^{note 4}	Employee Supervisor (resigned)	Male	58	17 November 2021	22 September 2025	-	-	-	-	73.37	No
	Chairman of the Board of Supervisors (resigned)			22 December 2021	22 September 2025	-	-	-	-	-	
Chen Zhenhan ^{note 4}	Supervisor (resigned)	Male	51	22 December 2021	22 September 2025	-	-	-	-	64.46	No
Zhang Shidong ^{note 4}	Supervisor (resigned)	Male	53	23 November 2023	22 September 2025	-	-	-	-	60.78	No
Li Zheng	Chief Financial Officer (resigned)	Female	53	23 December 2021	15 July 2025	-	-	-	-	62.15	No
Lin Cunzeng	Vice President (resigned)	Male	53	22 September 2025	5 January 2026	-	-	-	-	79.44	No
Total	/	/	/	/	/	111,650	111,650	-	/	974.22	/

Directors, Senior Management and Staff

Note 1: The above remunerations received by Sun Yongcai, Wang An, Wang Feng, Yu Weiping, Liu Ke'an, Ma Yunshuang (resigned), Li Zheng (resigned) and Lin Cunzeng (resigned) from the Company during the reporting period were approved by the SASAC.

Note 2: Yi Ran received the remuneration from a subsidiary of the Company during the reporting period.

Note 3: On 28 February 2026, the Company held the 7th meeting of the 4th session of the Board of Directors and appointed Qu Xiaoli as the Company's Chief Financial Officer (Chief Accountant), with the term commencing from the date of approval by the Board of Directors of the Company until the conclusion of the term of the 4th session of the Board of Directors. During the reporting period, Mr. Qu Xiaoli did not receive any remuneration from the Company.

Note 4: On 22 September 2025, the Company held the 2025 second extraordinary general meeting to consider and approve the resolution in relation to the abolishment of the Board of Supervisors and amendments to the Articles of Association of CRRC Corporation Limited, and it was agreed that the Company shall abolish the Board of Supervisors.

Note 5: During the reporting period, Sun Yongcai, Wang An, Wang Feng, Yu Weiping, Liu Ke'an, Ma Yunshuang (resigned), Li Zheng (resigned), and Lin Cunzeng (resigned) received 2022-2024 tenure incentive income from the Company, the details of which are as follows:

Name	Position	Term incentive time	2022-2024 tenure incentive income (RMB'0,000)
Sun Yongcai	Executive Director, Chairman	2022.01-2024.12	80.60
Wang An	Executive Director	2022.01-2024.12	72.54
Yu Weiping	Vice President	2022.01-2024.12	72.14
Wang Feng	Vice President	2024.01-2024.12	21.92
Liu Ke'an	Vice President	2024.01-2024.12	21.92
Ma Yunshuang	Executive Director (resigned), President (resigned)	2022.01-2024.12	74.73
Li Zheng	Chief Financial Officer (Chief Accountant) (resigned)	2022.01-2024.12	72.00
Lin Cunzeng	Vice President (resigned)	2024.01-2024.12	21.92
Total	/	/	437.77

Directors, Senior Management and Staff

(II) Major work experiences of the current Directors and Senior Management for the recent five years

Directors

Mr. Sun Yongcai, born in 1964, a Chinese national with no right of abode overseas, is a holder of doctoral degree and is a professorate senior engineer. He serves as a delegate to the 20th National Congress of the CPC, a member of the 14th CPPCC National Committee, the Party secretary of the Party Committee, the chairman and an executive Director of the Company, and also serves as the secretary of the Party committee and the chairman of CRRCG. Mr. Sun once served as a director and deputy general manager, the Party secretary, vice chairman and deputy general manager of Dalian Railway Transportation Equipment Company Limited and the chief engineer of CNR, as well as a standing member of the Party committee of CNRG. From December 2010 to May 2015, he served as a vice president and standing member of the Party committee of CNR. He has served as a standing member of the Party committee of the Company since May 2015, a vice president of the Company from June 2015 to June 2017, an executive Director of the Company since June 2017, the deputy secretary of the Party committee of the Company from September 2017 to March 2021, and the president of the Company from October 2017 to August 2021. He has served as the secretary of the Party committee and the chairman of the Company since March 2021. Mr. Sun is entitled to special government allowance granted by the State Council, was awarded the First Prize for the State Scientific and Technological Progress Award (國家科學技術進步一等獎), the National Innovation Award (全國創新爭先獎) and the special prize and the first prize from China Railway Society. He has been awarded the title of "Reform Pioneer" of the 40th Anniversary of Reform and Opening Up by the Central Committee of the Communist Party of China and the State Council and awarded as the host of the research and development of "Fuxing" high-speed train in 2018, and has been awarded the title of "most beautiful struggler" of the 70th Anniversary of the Founding of the People's Republic of China by nine departments such as the Publicity Department and the Organization Department of the Communist Party of China in 2019.

Mr. Wang An, born in 1970, a Chinese national with no right of abode overseas, is a holder of doctoral degree and a senior engineer. He currently serves as a deputy secretary of the Party committee, an executive Director of the Company and the chairman of the trade union, as well as a deputy secretary of the Party committee, an employee representative director and the chairman of the trade union of CRRC GROUP. Mr. Wang used to be a deputy department director of the Office of the State Economic and Trade Commission (國家經貿委辦公廳), a deputy director of the secretary office and a researcher of the Office of the SASAC (國資委辦公廳) (the Party committee office), a Party committee secretary at the division chief level and a secretary at the deputy director general level of the SASAC. He has served as the deputy head of the First Bureau of Management of Enterprise Leaders of the SASAC (國資委企業領導人員管理一局) (during which he was appointed as the deputy secretary of the Party committee of Daqing Oilfield Limited Company (大慶油田有限公司) for one year), and a secretary of the disciplinary committee of CRRC GROUP. He has been a standing member of the Party committee of the Company since December 2018, and a secretary of the disciplinary committee of the Company from December 2018 to September 2021. He has been serving as a deputy secretary of the Party committee of the Company since September 2021, an executive Director of the Company since December 2021 and the chairman of the Trade Union since January 2026.

Directors, Senior Management and Staff

Mr. Wang Xifeng, born in 1964, a Chinese national with no right of abode overseas, is a university graduate with a master's degree, researcher. He is currently an independent non-executive Director of the Company and an external director of Aero Engine Corporation of China (中國航空發動機集團有限公司). Mr. Wang served as a deputy director, assistant to the dean, assistant to the dean and the general manager of Zhenhua Electromechanical Company, assistant to the dean, a director and the vice president of the Complant Institute (成套所), the vice president of the General Institute of Mechanical Science, the deputy general manager of the General Institute of Mechanical Science, the deputy general manager, the deputy secretary of the Party committee, a director, the deputy general manager, the deputy secretary of the Party committee, a director and the general manager of the General Institute of Mechanical Sciences Group Co., Ltd. (機械科學研究總院集團有限公司), the deputy secretary of the Party committee, a director and the general manager of China Academy of Machinery Science and Technology Group Co., Ltd. Since September 2025, he has been an independent non-executive Director of the Company.

Mr. Ngai Ming Tak, born in 1967, a Hong Kong Chinese national, is a holder of master's degree. He currently serves as an independent non-executive Director of the Company as well as the chairman of The Red Group (安德資本集團), the chairman of Asia GreenTech Fund (亞洲綠色科技基金), a member of the 12th, the 13th and the 14th CPPCC National Committee, and a member of the Legislative Council of Hong Kong. Mr. Ngai is also an independent non-executive director of China Longyuan Power Group Corporation Limited (龍源電力集團股份有限公司), an external director of China Merchants Group Limited, an independent non-executive director of Seres Group Corporation Limited (賽力斯集團股份有限公司), an independent non-executive director of True Partner Capital Holding Limited and an independent non-executive director of Sanergy Group Limited. He was the managing director of UBS Investment Bank (瑞士銀行), an independent non-executive director of Starlight Culture Entertainment Group Limited (星光文化娛樂集團有限公司) and an external director of China COSCO Shipping Corporation Limited. Mr. Ngai is also the chairman of Hong Kong Finance Association (香港金融發展協會), a Fellow Commoner of Clare Hall, University of Cambridge (劍橋大學克萊爾學堂院士同席人), the head of the Council of City University of Hong Kong, a Honorary Fellow of the Lingnan University, and a honorary citizen of Harbin, Heilongjiang Province. He has been an independent non-executive Director of the Company since December 2021.

Mr. Yang Jiayi, born in 1958, a Chinese national with no right of abode overseas, a master's degree, a certified public accountant, senior accountant, senior engineer at professor level. He is currently an independent non-executive Director of the Company and an external director of China Anneng Construction Group Co., Ltd. (中國安能建設集團有限公司). Mr. Yang was a director, the associate professor and the deputy director of the teaching and research department of the department of investment economics of the Central Finance Institute (中央財政金融學院) (now the Central University of Finance and Economics), the deputy general manager of Beijing International Power Development and Investment Company (北京國際電力開發投資公司) (now Beijing Energy Group Corporation (北京能源集團公司)) and a director of Datang International Power Generation Co., Ltd., the chief accountant of China Energy Conservation Investment Corporation (中國節能投資公司), the chief accountant and a member of the Standing Committee of the Party Committee of China Energy Conservation and Environmental Protection Group, an independent director of China XD Electric Co., Ltd., an independent director of CGN Power Co., Ltd., and an external director of China Electrical Equipment Group Co., Ltd. He has been an independent non-executive Director of the Company since September 2025.

Directors, Senior Management and Staff

Mr. Zhang Zhenrong, born in 1964, a Chinese national with no right of abode overseas, a master's degree, senior engineer at researcher level. He is currently an independent non-executive Director of the Company and an external director of China Minmetals Corporation. Mr. Zhang was the deputy director of the production department, the executive deputy director of the production operation headquarters, the deputy general manager, the member of the standing committee of the party committee and the deputy secretary of the party committee of China First Heavy Industries Group Co., Ltd. (中國第一重型機械集團公司) (during which he served as the deputy director of the Economic Committee of the Chongqing Municipal People's Government and a member of the party group for 2 years), the deputy secretary of the Party committee, a director and the deputy secretary of the party committee of China First Heavy Industries, and a director and the deputy secretary of the Party Group of China General Technology (Group) Holdings Co., Ltd. (中國通用技術(集團)控股有限責任有限公司). He has been an independent non-executive Director of the Company since September 2025.

Mr. Fan Bing, born in 1971, a Chinese national with no right of abode overseas, is a holder of master's degree, is currently a non-executive Director of the Company, an external director of State Development & Investment Corp., Ltd. and an external director of China Changan Automobile Group Co., Ltd. Mr. Fan was the assistant general manager of China Mobile Group Beijing Co., Ltd. (中國移動通信集團北京有限公司), a member of the standing committee of the Party committee, the head of the discipline inspection team, the chairman of the labor union and the deputy general manager, the chairman, the general manager, the secretary of the party committee and the general manager of China Mobile Group Tibet Co., Ltd. (中國移動通信集團西藏有限公司), and a director, the general manager and the deputy secretary of the Party committee, the chairman, the general manager and the secretary of the Party committee of China Mobile Capital Holding Co., Ltd. He has been a non-executive Director of the Company since September 2025.

Ms. Yi Ran, born in 1982, a Chinese national with no right of abode overseas. She graduated from a university. She is chief technician, senior engineer, and a representative of the 20th CPC National Congress. She currently serves as an employee Director and the vice chairwoman (concurrent post) of the trade union of the Company. She is also the welding team leader and process quality controller at the production center of CRRC Zhuzhou Rolling Stock Co., Ltd., and the vice chairwoman (concurrent post) of Hunan Federation of Trade Unions. Ms. Yi previously served as a welder and the welding team leader in the assembly workshop of CSR Zhuzhou Rolling Stock Factory, the welding team leader in the assembly workshop of Zhuzhou Branch of CSR Yangtze Company, the welding team leader in the assembly workshop of CRRC Zhuzhou Rolling Stock Co., Ltd., and the welding team leader and process quality controller at the second manufacturing division of CRRC Zhuzhou Rolling Stock Co., Ltd. She has been the vice chairwoman (concurrent post) of Hunan Federation of Trade Unions since July 2023, the vice chairwoman (concurrent post) of the trade union of the Company since November 2023 and the welding team leader and process quality controller at the production center of CRRC Zhuzhou Rolling Stock Co., Ltd. since July 2024. She has served as the employee Director of the Company since March 2025.

Directors, Senior Management and Staff

Senior Management

Mr. Wang Feng, born in 1973, a Chinese national with no right of abode overseas, is a holder of bachelor's degree, master's degree in business administration for senior management and master's degree in engineering. He is a professorate senior engineer, a deputy secretary of the Party committee and the president of the Company. He also serves as a deputy secretary of the Party committee, director and general manager of CRRCG. Mr. Wang previously served as the deputy general manager of CNR Changchun Railway Vehicle Co., Ltd. (中國北車長春軌道客車股份有限公司); the deputy general manager, deputy secretary of the Party committee, the director, general manager, the Party secretary of the Party committee and the chairman of CRRC Changchun Railway Vehicles Co., Ltd. (中車長春軌道客車股份有限公司). From February 2024 to March 2026, he served as a member of the standing committee of the Party committee and vice president of the Company. Since March 2026, he has served as a deputy secretary of the Party committee and the president of the Company.

Mr. Yu Weiping, born in 1966, a Chinese national with no right of abode overseas, is a holder of doctoral degree and a professorate senior engineer. He serves as a vice president of the Company. Mr. Yu once served as a deputy general manager of Changchun Railway Vehicle Co., Ltd., and the chairman and the Party secretary, the chairman and general manager and deputy Party secretary, the chairman and deputy Party secretary of Tangshan Railway Vehicle Co., Ltd., as well as a standing member of the Party committee of CNRG. From November 2013 to May 2015, he served as a vice president and a standing member of the Party committee of CNR. From May 2015 to September 2020, he served as a standing member of the Party committee of the Company. He has served as a vice president of the Company since June 2015.

Mr. Qu Xiaoli, born in 1970, is a Chinese citizen without permanent residency outside China. He graduated from a university and is a senior accountant. He is a member of the Standing Committee of the Party Committee and the chief financial officer (chief accountant) of the Company, and also serves as a member of the Standing Committee of the Party Committee of CRRC. Mr. Qu previously served as Deputy Director of the Material Manufacturing Department of China National Materials Group Corporation (中國材料工業科工集團公司), Director of the Finance Department of China National Materials Company Limited (中國中材股份有限公司), Deputy General Manager and General Manager of the Finance Department of China National Building Material Group Co., Ltd. (中國建材集團有限公司), the Assistant General Manager, Deputy Chief Accountant, General Manager of the Finance Department, and General Manager of the Strategic Development Department of China National Building Material Group Co., Ltd., Party Committee Secretary and General Manager of Beijing New Building Material Group Co., Ltd., Party Committee Secretary and Chairman of Beijing New Building Material Group Co., Ltd. (北新建材集團有限公司), Chairman of China National Building Material Group Finance Co., Ltd., and a member of the Standing Committee of the Party Committee and Deputy General Manager of China National Building Material Group Co., Ltd. (中國建材集團財務有限公司). He has served as a member of the Standing Committee of the Party Committee and the chief financial officer (chief accountant) of the Company since February 2026.

Directors, Senior Management and Staff

Mr. Liu Ke'an, born in 1971, a Chinese national with no right of abode overseas, is a holder of doctoral degree. He is a professorate senior engineer, a member of the standing committee of the Party committee and vice president of the Company. He also serves as a standing member of the Party committee of CRRCG. Mr. Liu previously served as the deputy secretary of the Party committee and general manager of Zhuzhou CRRC Times Electric Co., Ltd. (株洲中車時代電氣股份有限公司); the deputy secretary of the Party committee, the director and general manager of CRRC Zhuzhou Electric Locomotive Research Institute Co., Ltd. (中車株洲電力機車研究所有限公司). Since February 2024, he has served as a member of the standing committee of the Party committee and vice president of the Company.

Mr. Wang Jian, born in 1972, a Chinese national with no right of abode overseas, is a holder of master's degree and a master's degree in business administration, and is a senior accountant. He currently serves as the secretary to the Board and the joint company secretary. Previously, Mr. Wang Jian served as the deputy director of the accounting office of the finance department and the deputy head of the finance department of CNRG, the deputy head and the director of funding division in the finance department, the head of the finance department, the assistant to chief accountant and the head of the finance department of CNR. From June 2015 to May 2020, he served as the deputy chief accountant and the head of the finance department, and the head of the finance department of the Company. He has served as the director of the finance and capital operation center of the Company since May 2020, the joint company secretary of the Company since August 2021, and the secretary to the Board of the Company since October 2021. He has also been the head of the Finance and Capital Operation Department of the Company from November 2022 to July 2023.

(III) Share incentive scheme granted to Directors and Senior Management during the reporting period

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

II. Positions Held by Current and Resigned Directors and Senior Management during the Reporting Period

(I) Positions held in shareholder's entity

Employee's name	Name of the shareholder's entity	Position held in the shareholder's entity	Commencement of term of office	Expiration of term of office
Sun Yongcai	CRRCG	Chairman	March 2021	-
Wang An	CRRCG	Employee Director	November 2021	-
Wang Feng	CRRCG	Director and general manager	March 2026	-
Ma Yunshuang (resigned)	CRRCG	Director General manager	January 2024 February 2024	March 2025 March 2025

Directors, Senior Management and Staff

(II) Positions held in other entities

Employee's name	Name of other entities	Position held in other entities	Commencement of term of office	Expiration of term of office
Wang Xifeng	Aero Engine Corporation of China	External director	April 2025	-
Ngai Ming Tak	The Red Group	Chairman	December 2013	-
	Asia Green Tech Fund	Chairman	February 2020	-
	Green Economy Development Limited	President	August 2021	March 2025
	China COSCO Shipping Corporation Limited	External director	May 2022	-
	China Longyuan Power Group Corporation Limited	Independent non-executive director	November 2021	-
	True Partner Capital Holding Limited	Independent non-executive director	October 2020	-
	Sanergy Group Limited	Independent non-executive director	December 2022	-
Yang Jiayi	China Anneng Construction Group Co., Ltd. (中國安能建設集團有限公司)	External director	September 2025	-
Zhang Zhenrong	China Minmetals Corporation	External director	December 2025	-
Fan Bing	State Development & Investment Corp., Ltd.	External director	July 2025	-
	China Changan Automobile Group Co., Ltd.	External director	October 2025	-
Shi Jianzhong (resigned)	China Electronics Technology Group Corporation Limited	External director	March 2020	-
	Aero Engine Corporation of China	Director	July 2016	-

Notes:

- (1) Green Economy Development Limited is a company listed on the Main Board of the Stock Exchange (stock code: 1315).
- (2) China Longyuan Power Group Corporation Limited is a company listed on the Main Board of the Stock Exchange (stock code: 916) and the Main Board of the Shenzhen Stock Exchange (stock code: 1289).
- (3) True Partner Capital Holding Limited is a company listed on the GEM board of the Stock Exchange (stock code: 8657).
- (4) Sanergy Group Limited is a company listed on the Main Board of the Stock Exchange (stock code: 2459).

Directors, Senior Management and Staff

III. Remuneration of Directors and Senior Management

Decision-making procedures of the remuneration of Directors and Senior Management	The Remuneration and Evaluation Committee of the Board submits proposals to the Board in respect of the remuneration for Directors and members of the Senior Management. The Board decides the remuneration, incentives and punishment matters for members of the management. The general meeting of the Company decides matters relating to the remuneration for the relevant Directors and Supervisors.
Whether a Director withdrew from the Board's discussion on their own remuneration	Yes
Details of the recommendations expressed on the matters in relation to remuneration of Directors and Senior Management in the Remuneration and Evaluation Committee or special meetings of independent Directors	The Remuneration and Evaluation Committee of the Board of the Company considered and approved the relevant resolution on the remuneration of Directors and Senior Management of the Company for the year 2025 on 26 March 2026 and submitted it to the eighth meeting of the fourth session of the Board of the Company for consideration.
Determination basis of the remuneration of Directors and Senior Management	The Company determined the remuneration of Directors and Senior Management with reference to the Articles of Association and relevant requirements.
Actual payment of the remuneration of Directors and Senior Management	The Company, pursuant to relevant provisions, paid remunerations to the Directors and Senior Management, except for Fan Bing, a non-executive Director, who is concurrently a professional external director of SASAC and does not receive remuneration from the Company pursuant to the requirement of SASAC; independent Directors received remuneration pursuant to the standard approved at the general meeting in accordance with the requirement of SASAC.
Total actual remuneration of all the Directors and Senior Management at the end of the reporting period	The total remuneration for the year was RMB11.4806 million and the total incentives for the 2022-2024 period amounted to RMB4.3777 million.
Evaluation basis and completion status of the actual remuneration of all the Directors and Senior Management at the end of the reporting period	All Directors and Senior Management have completed the annual performance assessment and evaluation in accordance with the relevant provisions of the SASAC and the performance appraisal of the Company's headquarters.
Deferred payment arrangements for the actual remuneration of all Directors and Senior Management at the end of the reporting period	None
Details of withholding and clawback of actual remuneration of all Directors and Senior Management at the end of the reporting period	None

During the reporting period, none of the Directors or the Supervisors waived or agreed to waive their respective emoluments.



Directors, Senior Management and Staff

IV. Changes in Directors, Supervisors and Senior Management of the Company

On 20 March 2025, Mr. Ma Yunshuang resigned as an executive Director, the president, a member of the Strategy and Sustainable Development Committee and a member of the Nomination Committee of the Board due to work adjustment.

On 25 March 2025, the second employee delegation (group) leader joint meeting of the second session of the employee representative meeting elected Ms. Yi Ran as the employee Director of the third session of the Board of the Company with her term of office commencing from the date of election at the meeting until the date of expiry of the term of the third session of the Board.

On 15 July 2025, Ms. Li Zheng resigned as the chief financial officer (chief accountant) due to work adjustment.

In light of the expiration of the term of office for the Directors of the third session of the Board of the Company, the Company held the 2025 second extraordinary general meeting on 22 September 2025 to elect non-employee Directors for the fourth session of the Board of the Company. The fourth session of the Board consists of eight Directors, including one employee Director and the following individuals, namely Mr. Sun Yongcai, Mr. Wang An, Mr. Wang Xifeng, Mr. Ngai Ming Tak, Mr. Yang Jiayi, Mr. Zhang Zhenrong, and Mr. Fan Bing. Upon the election at the third employee delegation (group) leader joint meeting of the second session of the employee representative meeting of the Company, Ms. Yi Ran was elected as the employee Director of the fourth session of the Board of the Company on 22 September 2025.

On 22 September 2025, the Company held the first meeting of the fourth session of the Board and elected Mr. Sun Yongcai as the Chairman of the fourth session of the Board of the Company; held the second meeting of the fourth session of the Board and appointed Mr. Yu Weiping, Mr. Lin Cunzeng, Mr. Wang Feng, and Mr. Liu Ke'an as Vice Presidents of the Company, Mr. Wang Jian as the secretary to the Board of the Company and Mr. Jin Yonggang as the securities affairs representative of the Company.

The above persons shall hold office until the date of expiry of the term of office of the fourth session of the Board of the Company.

On 22 September 2025, the Company held the 2025 second extraordinary general meeting to consider and approve the resolution in relation to the abolishment of the Board of Supervisors and amendments to the Articles of Association of CRRC Corporation Limited, and it was agreed that the Company shall abolish the Board of Supervisors.

On 5 January 2026, Mr. Lin Cunzeng resigned as Vice President of the Company due to work adjustment.

On 28 February 2026, the Company held the 7th meeting of the 4th session of the Board of Directors and appointed Qu Xiaoli as the Company's Chief Financial Officer (Chief Accountant), with the term commencing from the date of approval by the Board of Directors of the Company until the conclusion of the term of the 4th session of the Board of Directors.

On 27 March 2026, the Company held the eighth meeting of the fourth session of the Board of Directors, at which Mr. Wang Feng was appointed as the President of the Company. His term of office shall commence from the date of approval by the Board of Directors and shall expire on the date of conclusion of the term of the fourth session of the Board of Directors.

Directors, Senior Management and Staff

V. Staff of the Parent Company and Principal Subsidiaries

(I) Staff information

Total number of staff with the parent company	190
Total number of staff with principal subsidiaries	151,412
Total number of staff	151,602
Number of employees whose retirement expenses are borne by the parent company and principal subsidiaries	130,621

By profession

Category of profession	Number of each profession
Production personnel	73,595
Technical personnel	44,077
Management personnel	29,692
Other personnel	4,238
Total	151,602

By education

Education level	Number (person)
Doctors	750
Masters	21,345
University graduates	58,694
Tertiary college graduates	30,797
Secondary school and below	40,016
Total	151,602

Directors, Senior Management and Staff

(II) Remuneration policies

In 2025, the Company fully implemented its remuneration management policies. Firstly, by focusing on the Company's operational efficiency and labor productivity, the Company established a differentiated salary determination mechanism, implemented the Board's authority over employee wage distribution management, and guided eligible enterprises in formulating, reviewing, and implementing the management measures for filing the total remuneration package. Secondly, the Company strengthened the orientation towards performance contribution, standardized the remuneration composition for the persons-in-charge of enterprises, and adjusted the ratio and determination mechanism of base salary and performance-related pay. Thirdly, the Company implemented the remuneration incentive policies for scientific and technological talents by diversifying incentive measures and increasing their intensity, thereby significantly enhancing the market competitiveness of their compensation. The Company also accelerated the promotion of medium- and long-term incentives, introduced innovative approaches, and carried out centralized research, coaching, and approval processes, and ultimately achieved the goals set forth in the three-year action plan for medium- and long-term incentives.

(III) Training Scheme

In 2025, the Company fully implemented the "14th Five-Year Plan" human resources strategic plan of CRRC according to its industrial development and business needs. The Company intensified efforts in talent training and development, followed the rules of employee career progression, and emphasized systematic and targeted policy support. The Company further improved its talent cultivation system and established a connected talent training mechanism. By strengthening whole-process control over training, the Company formulated the 2025 CRRC training plan by level and category, customized training programs accordingly, and promoted the large-scale, systematic implementation of various talent training initiatives. These efforts continuously enhanced the quality and effectiveness of training empowerment.

In 2025, with the goal of strengthening systematic and targeted empowerment, the Company achieved notable success in talent development. Focusing on key initiatives, including leadership development, digital and intelligent transformation, international operations, industrial engineering and business administration, DLS business, young cadres, scientific and technological talents, young rising stars, and highly skilled personnel, as well as training programs for headquarter departments, the Company planned and delivered 49 key training programs at the corporate level, reaching more than 10,000 employees. In addition, affiliated enterprises conducted training sessions at the subsidiary and workshop levels, attracting a total of 341,000 participants. Among them, approximately 49,000 were management personnel, around 77,000 were professional and technical staff, and 215,000 were skilled workers. These comprehensive training efforts provided a solid talent foundation for the Company's high-quality development and accelerated progress toward building a world-class CRRC.

Corporate Governance Report

I. Explanation of Related Circumstance of 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, the Securities Law and the Code of Corporate Governance for Listed Companies as well as relevant requirements of the SSE and the Stock Exchange, and established a modern corporate governance structure. Through the establishment of an effective corporate governance mechanism, corporate governance and operation management has been continuously improved such that the corporate governance of the Company is further perfected.

The Company established its corporate governance rules according to the Corporate Governance Code (the "Code") as set out in Appendix C1 to the Hong Kong Listing Rules. In certain aspects, the corporate governance practices adopted by the Company are more stringent than the code provisions set out in the Code. After reviewing the corporate governance documents adopted by the Company, the Board is of the opinion that during the year, the Company was in compliance with the principles and code provisions in Part 2 of the Code, and adopted part of the recommended best practices specified therein.

II. Shareholders and General Meetings

(I) Shareholders and general meetings

Safeguarding shareholders' interests and promoting their values always serves as the Company's goal of development. The general meeting is the highest authority of the Company, through which shareholders may exercise their powers. The Company convened and held general meetings to resolve related matters in strict compliance with relevant laws and regulations as well as the requirements under the Rules of Procedure for General Meetings of the Company. The Company ensured that all shareholders, especially minority shareholders, were entitled to their legal interest based on their shareholdings in the Company and to fully exercise their rights.

(II) Relationship between the controlling shareholder and the Company

The Company is strictly independent from its controlling shareholder in terms of assets, business, organization, finance and personnel. The Board and internal departments are able to operate independently. The controlling shareholder of the Company places stringent constraint on individual behaviors and exercises rights and undertakes obligations as a shareholder pursuant to laws. The Company is not aware of any appropriation of the Company's capital and assets by the controlling shareholder.

Corporate Governance Report

III. Directors and the Board

(I) Directors and the Board

Currently, the Board of the Company consists of eight Directors, including four independent non-executive Directors. The Board acts in the best interests of the Company and shareholders and is responsible for the consideration and approval of business strategies and material investment and other significant matters of the Company. The main duties of the Board shall also include consideration and approval of the Company's regular announcements on results and operating conditions. The convening, holding, voting and other relevant procedures of the Company's Board meetings were executed in strict compliance with relevant laws and regulations as well as requirements of the Rules of Regular Meetings of the Board and the Rules of Procedure for the Board of Directors. All Directors are familiar with their rights, obligations and responsibilities as Directors and are capable of performing their functions with due diligence in a faithful and diligent manner. All Directors were punctual at Board meetings. They duly considered every resolution proposed at the Board meetings and the general meetings and gave constructive advice thereof, bringing into full play their decision-making roles in corporate governance as Directors. The independent Directors of the Company actively participated in corporate governance and raised suggestions and advice for reform and development of the Company with their knowledge and rich work experience, facilitating the Company with optimization of strategy, enhancement of management and improvement of operation.

The Board of the Company has established four special committees hereunder, namely the Strategy and Sustainable Development Committee, the Nomination Committee, the Remuneration and Evaluation Committee, and the Audit and Risk Management Committee. During the reporting period, all the committees carried out work in a regular manner, and presented work proposals from their respective professional perspectives independently for discussion and consideration, whereby providing strong support to the Board.

The Company has established a sound mechanism to clarify the nomination policy of the Directors, the terms of reference of the Remuneration and Nomination Committee, the procedures for the election and appointment of the Directors (including independent non-executive Directors) and the criteria for their appointment, the mechanism for abstention of the Directors from voting on relevant proposals to be considered by the Board, the authority of the independent board committee to engage independent financial advisors or other professional advisors, etc. through the formulation and improvement of internal policies such as the Articles of Association, the Rules of Procedure for the Board of Directors and the Rules of Work for the Independent Directors of CRRC Corporation Limited to ensure that the Board can obtain independent views and opinions. The Company has reviewed the implementation and effectiveness of the above mechanism and considers that the above mechanism can ensure that the Board can obtain independent views and opinions.

Corporate Governance Report

The Board is mainly responsible for formulating and reviewing the corporate governance policies and practices of the Company and authorizing the special committees to perform specific functions of corporate governance. Details of the Board committees performing corporate governance functions are set out in the section headed "Board committees" in this chapter. The composition of the Board, biographical details of Directors and relationship between them are detailed in the chapter headed "Directors, Senior Management and Staff" and the section headed "Financial, business or family relationship among members of the Board" under "Report of Directors". Each Director was appointed for a term of three years. Upon expiry, such terms are renewable upon re-election.

In 2025, the Company purchased liability insurance for Directors and Senior Management of the Company to provide security for the compensation liabilities that may rise during the performance of their duties in accordance with laws.

(II) Convening of the Board meetings during the reporting period

Meeting session	Convention date	Meeting resolution
31st meeting of the third session of the Board	6 January 2025	The "Resolution on the Addition of Members to the Relevant Special Committees of the third session of the Board of CRRC Corporation Limited"; the "Resolution on the Provision of a Credit Facility Guarantee for the Dubai Metro Blue Line Project of CRRC (Hong Kong) Co., Ltd."; the "Resolution on Amendments to Rules of Procedure for General Meetings of CRRC Corporation Limited"; the "Resolution on Amendments to Rules of Procedure for the Board of Directors of CRRC Corporation Limited"; and the "Resolution on Convening the First Extraordinary General Meeting of CRRC Corporation Limited in 2025" were all considered and approved at the meeting.



Corporate Governance Report

Meeting session	Convention date	Meeting resolution
32nd meeting of the third session of the Board	28 March 2025	The "Resolution on the 2024 Annual Report of CRRC Corporation Limited"; the "Resolution on the 2024 Final Financial Account Report of CRRC Corporation Limited"; the "Resolution on the 2024 Work Report of the Board of Directors of CRRC Corporation Limited"; the "Resolution on the 2024 Work Report of the President of CRRC Corporation Limited"; the "Resolution on Requesting the Shareholders' Meeting to Grant a General Mandate to the Board of Directors to Issue Additional A Shares and H Shares of the Company"; the "Resolution on the Balances Due from the Controlling Shareholder and Other Related Parties of CRRC Corporation Limited for the Year 2024"; and the "Resolution on the 2024 Profit Distribution Plan of CRRC Corporation Limited" were all considered and approved at the meeting.
34th meeting of the third session of the Board	18 June 2025	The "Resolution on the Addition of a Member to the Nomination Committee of the Third Session of the Board of Directors of CRRC Corporation Limited" was considered and approved at the meeting.

Corporate Governance Report

Meeting session	Convention date	Meeting resolution
35th meeting of the third session of the Board	22 August 2025	The "Resolution on the 2025 Interim Report of CRRC Corporation Limited"; the "Resolution on the 2025 Interim Profit Distribution Plan of CRRC Corporation Limited"; the "Resolution on the Abolition of the Supervisory Committee and Related Amendments"; the "Resolution on Amendments to the Rules of Procedure for Shareholders' Meetings of CRRC Corporation Limited"; the "Resolution on Amendments to the Rules of Procedure for the Board of Directors of CRRC Corporation Limited"; the "Resolution on Nominating Candidates for Non-independent Directors of the Fourth Session of the Board of Directors of CRRC Corporation Limited" (considered and approved item by item); the "Resolution on Nominating Candidates for Independent Non-executive Directors of the Fourth Session of the Board of Directors of CRRC Corporation Limited" (considered and approved item by item); the "Resolution on the 'Action Plan for Improving Quality, Enhancing Efficiency, and Emphasizing Returns' of CRRC Corporation Limited and the 2025 Interim Evaluation Report"; and the "Resolution on Convening the Second Extraordinary Shareholders' Meeting of CRRC Corporation Limited in 2025" were all considered and approved at the meeting.
First meeting of the fourth session of the Board	22 September 2025	The "Resolution on Electing the Chairman of the fourth session of the Board of Directors of CRRC Corporation Limited"; and the "Resolution on Electing the Members of the Special Committees of the fourth session of the Board of Directors of CRRC Corporation Limited" (considered and approved item by item) were all considered and approved at the meeting.

Corporate Governance Report

Meeting session	Convention date	Meeting resolution
Second meeting of the fourth session of the Board	22 September 2025	The "Resolution on the Appointment of the Vice President of CRRC Corporation Limited"; the "Resolution on the Appointment of the Secretary to the Board of Directors of CRRC Corporation Limited"; the "Resolution on the Appointment of the Authorized Representative of CRRC Corporation Limited"; the "Resolution on the Appointment of the Company Secretary of CRRC Corporation Limited"; the "Resolution on the Appointment of the Securities Affairs Representative of CRRC Corporation Limited"; and the "Resolution on Amendments to the Detailed Rules for the Work of the Audit and Risk Management Committee of the Board of Directors of CRRC Corporation Limited" were all considered and approved at the meeting.
Third meeting of the fourth session of the Board	30 October 2025	The "Resolution on the 2025 Third Quarterly Report of CRRC Corporation Limited"; the "Resolution on the Expropriation by the Government of the Land in the Old Factory Area on Wuwei Road Owned by CRRC Lanzhou Locomotive Co., Ltd."; the "Resolution on the Gratuitous Transfer of Part of the Shares of Zhuzhou Times New Material Technology Co., Ltd. Held by CRRC Zhuzhou Electric Locomotive Research Institute Co., Ltd. to CRRC Corporation Limited"; and the "Resolution on the Acquisition of 100% Equity Interest Held by CRRC Erqi Loco-motive Co., Ltd. in Beijing CRRC Equipment Technology Co., Ltd. by CRRC Changchun Railway Vehicles Co., Ltd. and the Related Party Transaction" were all considered and approved at the meeting.

Corporate Governance Report

Meeting session	Convention date	Meeting resolution
Fourth meeting of the fourth session of the Board	27 November 2025	The "Resolution on the Background, Purpose, Commercial Rationale, Necessity, and Feasibility Analysis of the Spin-off and Listing of the Wholly-owned Subsidiary, CRRC Qishuyan Locomotive & Rolling Stock Technology Research Institute Co., Ltd., on the ChiNext Board of the Shenzhen Stock Exchange"; the "Resolution on the Spin-off and Listing of the Wholly-owned Subsidiary, CRRC Qishuyan Locomotive & Rolling Stock Technology Research Institute Co., Ltd., on the ChiNext Board of the Shenzhen Stock Exchange Complying with Relevant Laws and Regulations"; the "Resolution on the Initial Public Offering and Listing Plan on the ChiNext Board of the Shenzhen Stock Exchange for the Subsidiary, CRRC Qishuyan Locomotive & Rolling Stock Technology Research Institute Co., Ltd."; the "Resolution on the 'Proposal (Revised Draft) of CRRC Corporation Limited on the Spin-off and Listing of its Wholly-owned Subsidiary, CRRC Qishuyan Locomotive & Rolling Stock Technology Research Institute Co., Ltd., on the ChiNext Board of the Shenzhen Stock Exchange'"; the "Resolution on the Spin-off and Listing of the Subsidiary on the ChiNext Board Complying with the 'Spin-off Rules for Listed Companies (Trial)"; the "Resolution on the Spin-off and Listing of the Wholly-owned Subsidiary, CRRC Qishuyan Locomotive & Rolling Stock Technology Research Institute Co., Ltd., on the ChiNext Board of the Shenzhen Stock Exchange Being Beneficial for Protecting the Legitimate Rights and Interests of Shareholders and Creditors"; the "Resolution on the Company Maintaining its Independence and Going Concern Capability"; the "Resolution on CRRC Qishuyan Locomotive & Rolling Stock Technology Research Institute Co., Ltd. Possessing the Corresponding Capability for Standardized Operation"; the "Resolution on the Explanation of the Completeness and Compliance of the Legal Procedures Followed for this Spin-off and the Validity of the Submitted Legal Documents"; the "Resolution on Requesting the Shareholders' Meeting to Authorize the Board of Directors and its Authorized Persons to Fully Handle Matters Related to this Spin-off and Listing"; and the "Resolution on Convening the Third Extraordinary Shareholders' Meeting of CRRC Corporation Limited in 2025" were all considered and approved at the meeting.

During the reporting period, the Company convened eleven Board meetings, of which three were held physically and eight were held both physically and virtually.

Corporate Governance Report

(III) Attendance of Directors at the Board meetings and the general meetings

Name of Directors	Independent Director or not	Required attendance at the Board meetings during the year	Attendance at the Board meetings				Attendance at the general meetings		
			Attendance in person	Attendance by communication	Attendance by proxy	Absent	Absent from two consecutive meetings or not	Required attendance at the general meetings during the year	Number of attendance at the general meetings
Sun Yongcai	No	11	11	0	0	0	No	4	4
Wang An	No	11	11	6	0	0	No	4	3
Wang Xifeng	Yes	5	5	0	0	0	No	1	1
Ngai Ming Tak	Yes	11	9	5	2	0	No	4	3
Yang Jiayi	Yes	5	5	0	0	0	No	1	1
Zhang Zhenrong	Yes	5	5	0	0	0	No	1	1
Fan Bing	No	5	4	0	1	0	No	1	1
Yi Ran	No	10	10	3	0	0	No	3	3
Ma Yunshuang	No	1	1	0	0	0	No	1	0
Shi Jianzhong	Yes	6	6	0	0	0	No	3	3
Weng Yiran	Yes	6	6	0	0	0	No	3	3

Note: On 29 April 2025, the Company held the 33rd meeting of the third session of the Board, Mr. Ngai Ming Tak was unable to attend the meeting in person due to other official duties, and appointed Shi Jianzhong to attend the meeting on his behalf. On 30 October 2025, the Company held the third meeting of the fourth session of the Board, Mr. Fan Bing was unable to attend the meeting in person due to other official duties, and appointed Wang Xifeng to attend the meeting on his behalf. On 27 November 2025, the Company held the fourth meeting of the fourth session of the Board, Mr. Ngai Ming Tak was unable to attend the meeting in person due to other official duties, and appointed Wang Xifeng to attend the meeting on his behalf.

Corporate Governance Report

(IV) Development and refreshment of knowledge and skills by Directors

The Board Office provides comprehensive services and sufficient information for the Directors, so that the Directors can understand the conditions of the Company in a timely manner. The Board Office delivers to Directors the latest information and bulletins related to the business changes and development of the Company and the latest laws, rules and regulations in relation to their positions and responsibilities. The Board Office also arranges themed trainings and seminars for Directors. In 2025, pursuant to the requirements under code provision C.1.4 of the Code, Directors of the Company all participated in continuous professional development activities in relation to their positions and responsibilities, to develop and refresh their knowledge and skills, so as to ensure that their contribution to the Board remains informed and relevant. Based on the trainings arranged for the Directors by the Company and the records of learning and trainings submitted by the Directors personally, the trainings received by each Director in 2025 are as follows:

Name of Director	Trainings ^{Note}
Executive Directors	
Sun Yongcai	ABC
Wang An	ABC
Non-executive Director	
Fan Bing	ABC
Independent Non-executive Directors	
Wang Xifeng	ABC
Ngai Ming Tak	ABC
Yang Jiayi	ABC
Zhang Zhenrong	ABC
Employee Director	
Yi Ran	ABC

Note:

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

- A. Attending trainings on corporate governance organized by regulatory institutions
- B. Attending seminar trainings in aspects such as legal regulation, corporate governance and financial control organized by professional institutions
- C. Studying and reading relevant laws and regulations (revised and amended) such as the Hong Kong Listing Rules

Ms. Yi Ran obtained legal advice under Rule 3.09D of the Hong Kong Listing Rules on 25 March 2025. Mr. Wang Xifeng, Mr. Yang Jiayi, Mr. Zhang Zhenrong and Mr. Fan Bing obtained legal advice under Rule 3.09D of the Hong Kong Listing Rules on 22 August 2025. They confirmed that they understood their responsibilities as directors of a listed issuer.

Corporate Governance Report

(V) Independent non-executive Directors and their independence

The Board currently comprises four independent non-executive Directors. Independent non-executive Directors represent the majority of the members of the Nomination Committee, the Remuneration and Evaluation Committee and the Audit and Risk Management Committee under the Board, and the chairmen of the Nomination Committee, the Remuneration and Evaluation Committee and the Audit and Risk Management Committee are all independent non-executive Directors.

The independent non-executive Directors of the Company have extensive expertise and experience, among whom Yang Jiayi is a financial expert. Each of the independent non-executive Directors confirmed that he has met the independence guidelines set out in Rule 3.13 of the Hong Kong Listing Rules. The Company considers that the independence of each of the independent non-executive Directors has been established. During the reporting period, the independent non-executive Directors did not raise objections to the relevant matters of the Company.

(VI) Responsibilities of the Board

The Board is the decision-making institution of the Company, who reports to the general meeting and exercises several powers in accordance with the Articles of Association, mainly including, but not limited to the following: (1) to convene general meetings and implement resolutions of the general meetings; (2) to decide on the Company's business plans and investment plans; (3) to formulate the Company's annual financial budget plan, final accounts, profit distribution plan and plan for recovery of losses; (4) to formulate proposals for material acquisition, share repurchase by the Company, or merger, division, dissolution and transformation of the Company form; (5) to appoint or remove Senior Management members and, to decide on their remuneration and award and punishment matters; (6) to formulate the Company's basic management system; (7) to decide on the establishment of special committees of the Board and to consider and approve the proposals proposed by each special committee of the Board; and (8) to manage information disclosure matters of the Company, etc.

Corporate Governance Report

(VII) Board committees

1. Strategy and Sustainable Development Committee

During the reporting period, the Strategy and Sustainable Development Committee, in strict compliance with the requirements of the Working Rules for Strategy and Sustainable Development Committee of the Board of the Company, performed its duties in an independent and objective manner. The Strategy and Sustainable Development Committee currently comprises Mr. Sun Yongcai and Mr. Wang An as executive Directors, Mr. Wang Xifeng as an independent non-executive Director, Mr. Fan Bing as a non-executive Director and Ms. Yi Ran as an employee Director. Mr. Sun Yongcai serves as the chairman of the committee. The Strategy and Sustainable Development Committee shall be held accountable to the Board and its primary responsibilities are to study and make recommendations on the long-term development strategies and major investment decisions of the Company, and to supervise and examine the implementation of the annual business plan and investment plan under the authorization of the Board.

During the reporting period, the Strategy and Sustainable Development Committee of the Board of the Company held two meetings in total.

Convention date	Content of the meeting	Important comments and suggestions	Other performance of duties
28 March 2025	The "Resolution on the 2025 Annual Investment Plan of CRRC Corporation Limited" and 3 other resolutions were considered	The Strategy and Sustainable Development Committee carried out its work in strict accordance with the relevant laws, administrative regulations and departmental rules and regulations, exercised due diligence and made relevant comments based on the actual situation of the Company. After thorough discussions, it agreed to submit all the resolutions to the Board of the Company for consideration.	None



Corporate Governance Report

Convention date	Content of the meeting	Important comments and suggestions	Other performance of duties
27 November 2025	The "Resolution on the Background, Purpose, Commercial Rationale, Necessity, and Feasibility Analysis of the Spin-off and Listing of the Wholly-owned Subsidiary, CRRC Qishuyan Locomotive & Rolling Stock Technology Research Institute Co., Ltd., on the ChiNext Board of the Shenzhen Stock Exchange" and 8 other proposals were considered	The Strategy and Sustainable Development Committee carried out its work in strict accordance with the relevant laws, administrative regulations and departmental rules and regulations, exercised due diligence and made relevant comments based on the actual situation of the Company. After thorough discussions, it agreed to submit all the resolutions to the Board of the Company for consideration.	None

The attendance of each member is as follows:

Name of Directors	Number of attendance/ Number of meetings	Attendance rate
Sun Yongcai	2/2	100%
Wang An	2/2	100%
Wang Xifeng	1/1	100%
Fan Bing	1/1	100%
Yi Ran	1/1	100%
Shi Jianzhong (resigned)	1/1	100%
Weng Yiran (resigned)	1/1	100%

2. Nomination Committee

During the reporting period, the Nomination Committee of the Board, in strict compliance with the requirements of the Working Rules for Nomination Committee of the Board of the Company, performed its duties in an independent and objective manner. The Nomination Committee of the Board of the Company currently comprises Mr. Ngai Ming Tak as an independent non-executive Director, Mr. Sun Yongcai as an executive Director, Mr. Yang Jiayi and Mr. Zhang Zhenrong as independent non-executive Directors, and Ms. Yi Ran as an employee Director. Mr. Ngai Ming Tak serves as the chairman of the committee. The Nomination Committee shall be held accountable to the Board and its primary responsibilities are to formulate the nomination procedures and selection standards of the Directors and Senior Management and to preliminarily review the eligibility and other qualifications of the candidates for the Directors and Senior Management. The standards for recommendation on the nomination of the Directors include suitable professional knowledge and industry experience, personal conduct, integrity and skills and commitment to devoting sufficient time; and to monitor the implementation of the Board Diversity Policy and to review and amend the policy, as appropriate, to ensure its effectiveness. During the reporting period, the Nomination Committee successfully accomplished the following work: reviewing the independence of the independent non-executive Directors and considering each independent non-executive Director being independent.

Diversity Policy

All appointments to the Board are made on the basis of merit, and objective criteria are used for consideration of candidates with due regard to the benefits of diversity on the Board and, from time to time, the Company's own business model and specific needs. The Company has adopted a diversity policy for the Board. In accordance with the Board Diversity Policy, the Nomination Committee shall take into account relevant factors to achieve diversity of members of the Board based on the business model and specific needs of the Company. The committee may consider the diversity of members of the Board in various aspects, including but not limited to gender, age, cultural and educational background, race, professional experience, skills, knowledge and length of service. After considering the relevant factors, the committee makes final recommendations to the Board for appointments based on the strengths of the Director candidates and the contribution they can make to the Board. For the purpose of implementing the Board Diversity Policy, the Company has adopted the following measurable objectives:

- 1: There is at least one female member on the Board;
- 2: There is at least one independent non-executive Director on the Board who ordinarily resides in Hong Kong;
- 3: There is at least one financial expert on the Board with professional qualifications and experience in finance and auditing as recognized by the regulatory authorities;



Corporate Governance Report

- 4: The number of non-executive Directors (including independent non-executive Directors) on the Board reaches at least one-half of the number of the Directors on the Board, and the number of independent non-executive Directors reaches one-third of the number of the Directors on the Board;
- 5: The age composition of the Directors is reasonable, with the existing eight Directors with the age range from 43 to 67, of whom 4 are below 60 years old and 4 are over 60 years old;
- 6: Diversity in the professions practiced by the Directors, with the existing 8 Directors having a balanced mix of experience in the fields of operation and management, rail transportation, law, administration and accounting.

The Senior Management of the Company is composed of five members. The Company has always adhered to the principle of equal employment between men and women and eliminated gender discrimination. Since the Company is mainly engaged in the rail transportation industry, many production positions in the Company are labor-intensive and not suitable for female employees due to objective factors such as physical ability and operating environment. In order to protect the employment rights of women, the Company arranges jobs within the capacity of female employees as far as possible and ensures that the proportion of female employees is not less than the current level. As at the end of the reporting period, the ratio of female employees to all employees of the Company was 16.3%.

During the reporting period, the Nomination Committee of the Board of the Company held three meetings in total.

Convention date	Content of the meeting	Important comments and suggestions	Other performance of duties
27 March 2025	The "Resolution on Assessing the Independence of Independent Non-executive Directors" and 1 other resolution were considered	The Nomination Committee carried out its work in strict accordance with the relevant laws, administrative regulations and departmental rules and regulations, exercised due diligence and made relevant comments based on the actual situation of the Company. After thorough discussions, it considered and passed the resolutions.	None

Corporate Governance Report

Convention date	Content of the meeting	Important comments and suggestions	Other performance of duties
22 August 2025	The "Resolution on Nominating Candidates for Non-independent Directors of the fourth session of the Board of Directors of CRRC Corporation Limited" and 1 other proposal were considered	The Nomination Committee carried out its work in strict accordance with the relevant laws, administrative regulations and departmental rules and regulations, exercised due diligence and made relevant comments based on the actual situation of the Company. After thorough discussions, it considered and passed both the resolutions and agreed to submit them to the Board of the Company for consideration.	None
22 September 2025	The "Resolution on the Nomination of the Vice President of CRRC Corporation Limited" and 4 other proposals were considered	The Nomination Committee carried out its work in strict accordance with the relevant laws, administrative regulations and departmental rules and regulations, exercised due diligence and made relevant comments based on the actual situation of the Company. After thorough discussions, it considered and passed the resolution and agreed to submit it to the Board of the Company for consideration.	None

Corporate Governance Report

The attendance of each member is as follows:

Name of Directors	Number of attendance/ Number of meeting	Attendance rate
Ngai Ming Tak	3/3	100%
Sun Yongcai	3/3	100%
Yang Jiayi	1/1	100%
Zhang Zhenrong	1/1	100%
Yi Ran	2/2	100%
Shi Jianzhong (resigned)	2/2	100%
Weng Yiran (resigned)	2/2	100%

3. Remuneration and Evaluation Committee

During the reporting period, the Remuneration and Evaluation Committee of the Board, in strict compliance with the requirements of the Working Rules for Remuneration and Evaluation Committee of the Board of the Company, performed its duties in an independent and objective manner. The Remuneration and Evaluation Committee of the Board of the Company currently comprises Mr. Wang Xifeng, Mr. Ngai Ming Tak, Mr. Yang Jiayi and Mr. Zhang Zhenrong as independent non-executive Directors and Mr. Fan Bing as a non-executive Director. Mr. Wang Xifeng serves as the chairman of the committee. The Remuneration and Evaluation Committee shall be held accountable to the Board and its primary responsibilities are to submit proposals to the Board on the Company's remuneration policy and structure for all Directors and Senior Management and on the establishment of a formal and transparent procedure for developing remuneration policy; to review the remuneration policies and schemes for the Directors and Senior Management; to formulate the evaluation criteria for them and to evaluate their performance of duties; to submit proposals to the Board on the formulation of the remuneration packages for certain executive Directors and Senior Management; to review and monitor the continuing professional development of the Directors and Senior Management; and to monitor the implementation of the Company's remuneration system. During the reporting period, the Remuneration and Evaluation Committee successfully accomplished the following work: determining the remuneration for the Directors and Senior Management for 2024 based on the remuneration policies for the Directors and Senior Management and submitting the proposal to the Board for consideration and approval.

Corporate Governance Report

During the reporting period, the Remuneration and Evaluation Committee of the Board of the Company held two meetings in total.

Convention date	Content of the meeting	Important comments and suggestions	Other performance of duties
27 March 2025	The "Resolution on Remuneration of Directors of CRRC Corporation Limited for 2024" and 1 other resolution were considered	The Remuneration and Evaluation Committee carried out its work in strict accordance with the relevant laws, administrative regulations and departmental rules and regulations, exercised due diligence and made relevant comments based on the actual situation of the Company. After thorough discussions, it agreed to submit all resolutions to the Board of the Company for consideration.	None
29 December 2025	The "Report on the Implementation of the Medium and Long-term Incentive Work of CRRC Corporation Limited" was heard	The Remuneration and Evaluation Committee carried out its work in strict accordance with the relevant laws, administrative regulations and departmental rules and regulations, exercised due diligence and made relevant comments based on the actual situation of the Company.	None

Corporate Governance Report

The attendance of each member is as follows:

Name of Directors	Number of attendance/ Number of meeting	Attendance rate
Wang Xifeng	1/1	100%
Ngai Ming Tak	2/2	100%
Yang Jiayi	1/1	100%
Zhang Zhenrong	1/1	100%
Fan Bing	1/1	100%
Shi Jianzhong (resigned)	1/1	100%
Weng Yiran (resigned)	1/1	100%

4. Audit and Risk Management Committee

During the reporting period, the Audit and Risk Management Committee of the Board, in strict compliance with the requirements of the Working Rules for Audit and Risk Management Committee of the Board and the Annual Report Working Procedures for the Audit and Risk Management Committee of the Board of the Company, performed its duties in an independent and objective manner. The Audit and Risk Management Committee of the Board of the Company currently comprises Mr. Yang Jiayi, Mr. Wang Xifeng, Mr. Ngai Ming Tak and Mr. Zhang Zhenrong as independent non-executive Directors and Mr. Fan Bing as a non-executive Director. Mr. Yang Jiayi has extensive professional knowledge and experience in accounting and is a certified public accountant serving as the chairman of the Audit and Risk Management Committee. The Audit and Risk Management Committee shall be held accountable to the Board and its primary responsibilities are to propose the appointment or replacement of external auditors, to supervise and evaluate the work of external auditors, to review the Company's financial information and its disclosure, to monitor the Company's internal audit system and its implementation, to review the Company's internal control and risk management system as well as communication between internal auditors and external auditors. During the reporting period, the Audit and Risk Management Committee successfully accomplished the following work: (1) supervising external audit procedures and quality. The Audit and Risk Management Committee communicated with auditors for the annual audit plan in respect of the 2024 annual audit arrangement and timetable. Having been debriefed special reports from the accounting firms, respectively, the committee determined the audit work arrangement of the Company for 2025. (2) reviewing the financial information of the Company and the disclosure thereof. The Audit and Risk Management Committee examined and studied the financial information as disclosed in the Company's report and financial statements, and carefully reviewed the resolutions in relation to the financial report of the Company. (3) providing guidance to the Company's internal audit. The Audit and Risk Management Committee considered the proposals submitted by the audit department and reviewed and approved the internal audit work plan put forward by the Company and gave guidance and lay down requirements for carrying out internal audit. (4) reviewing the Company's implementation of internal control and risk management. The Audit and Risk Management Committee considered the proposals regarding internal control and risk management submitted by the Company and expressed review opinions on the internal control audit report of the Company for 2024.

Corporate Governance Report

During the reporting period, the Audit and Risk Management Committee of the Board of the Company held six meetings in total.

Convention date	Content of the meeting	Important comments and suggestions	Other performance of duties
6 January 2025	The "Resolution on the Policy of Prior Consent for the Provision of Non-Assurance Services by the Auditors of CRRC Corporation Limited" was considered	The Audit and Risk Management Committee carried out its work in strict accordance with the relevant laws, administrative regulations and departmental rules and regulations, exercised due diligence and made relevant comments based on the actual situation of the Company. After thorough discussions, it considered and passed the resolution.	None
27 March 2025	The "Resolution on the 2024 Annual Report of CRRC Corporation Limited" and 13 other resolutions were considered	The Audit and Risk Management Committee carried out its work in strict accordance with the relevant laws, administrative regulations and departmental rules and regulations, exercised due diligence and made relevant comments based on the actual situation of the Company. After thorough discussions, it considered and passed all the resolutions and agreed to submit the relevant resolutions to the Board of the Company for consideration.	None

Corporate Governance Report

Convention date	Content of the meeting	Important comments and suggestions	Other performance of duties
29 April 2025	The "Report on the 2025 First Quarterly Report of CRRC Corporation Limited" was heard	The Audit and Risk Management Committee carried out its work in strict accordance with the relevant laws, administrative regulations and departmental rules and regulations, exercised due diligence and made relevant comments based on the actual situation of the Company.	None
22 August 2025	The "Resolution on the 2025 Interim Report of CRRC Corporation Limited" was considered	The Audit and Risk Management Committee carried out its work in strict accordance with the relevant laws, administrative regulations and departmental rules and regulations, exercised due diligence and made relevant comments based on the actual situation of the Company. After thorough discussions, it considered and passed the resolution and agreed to submit the resolution to the Board of the Company for consideration.	None

Corporate Governance Report

Convention date	Content of the meeting	Important comments and suggestions	Other performance of duties
9 September 2025	The "Resolution on CRRC (Hong Kong) Co., Limited's Provision of a Guarantee for the Bridge Financing of the Intercity Railway North Axis PPP Project in the State of São Paulo, Brazil" was considered	The Audit and Risk Management Committee carried out its work in strict accordance with the relevant laws, administrative regulations and departmental rules and regulations, exercised due diligence and made relevant comments based on the actual situation of the Company. After thorough discussions, it considered and passed the resolution and agreed to submit the resolution to the Board of the Company for consideration.	None
29 October 2025	The "Resolution on the Acquisition of 100% Equity Interest in Beijing CRRC Equipment Technology Co., Ltd. Held by CRRC Erqi Locomotive Co., Ltd. by CRRC Changchun Railway Vehicles Co., Ltd., and the Related Party Transaction" was considered	The Audit and Risk Management Committee carried out its work in strict accordance with the relevant laws, administrative regulations and departmental rules and regulations, exercised due diligence and made relevant comments based on the actual situation of the Company. After thorough discussions, it considered and passed the resolution and agreed to submit the resolution to the Board of the Company for consideration.	None

Corporate Governance Report

The attendance of each member is as follows:

Name of Directors	Number of attendance/ Number of meeting	Attendance rate
Yang Jiayi	3/3	100%
Wang Xifeng	3/3	100%
Ngai Ming Tak	6/8	75%
Zhang Zhenrong	3/3	100%
Fan Bing	2/3	67%
Shi Jianzhong (resigned)	5/5	100%
Weng Yiran (resigned)	5/5	100%

IV. Chairman and President

To ensure the balanced distribution of power and authorization and to avoid excessive concentration of power, the positions of the chairman and the president are assumed by different persons, so as to improve independence, accountability and responsibility. The chairman and the president are two distinctly different positions, with clean division of responsibilities as set out in the Articles of Association.

As the legal representative of the Company, the chairman presides over the operations of the Board, with the aim to ensure that the Board acts in the best interests of the Company and operates effectively, performs its responsibilities accordingly and has discussion over various important and appropriate matters so that the Directors have access to accurate, timely and clear data. The president, on the other hand, leads the management and is responsible for the management of the day-to-day operations of the Company, including the implementation of the policies adopted by the Board, and reporting to the Board on the Company's overall operation. The Articles of Association set out in detail the respective responsibilities of the chairman and the president.

During the reporting period, Mr. Sun Yongcai served as the chairman of the Board of the Company and Mr. Ma Yunshuang served as the president of the Company (up to 20 March 2025).

On 27 March 2026, the Company held the eighth meeting of the fourth session of the Board of Directors, at which Mr. Wang Feng was appointed as the President of the Company. His term of office shall commence from the date of approval by the Board of Directors and shall expire on the date of conclusion of the term of the fourth session of the Board of Directors.

V. Responsibilities of the Management

The Board is responsible for reviewing and approving the overall strategies and significant events of the Company. The Board delegates to the management of the Company to be in charge of the management of the daily operation and strategy implementation of the Company. The main responsibilities of the management include taking charge of the operation and management of the Company, organizing the implementation of the resolutions of the Board, and reporting its work to the Board. The management also organizes the implementation of the annual business and investment plans of the Company. In addition, the management proposes the annual targets and a development plan of the Company based on the national industry policies and the demand of markets and organizes the implementation of the same upon consideration and approval at the Board meetings and general meetings. The Board gives clear guidelines on the delegation to the management and regularly reviews the responsibilities delegated to the management and their performance so as to ensure the overall interest of the Group. The management of the Company submits briefing reports to the Board on a monthly basis, which set out the financial position and significant operating performance of the Company. Issues such as the significant activities and decisions in the operation and management will also be reported to the Board of Directors by the management.

VI. Company Secretary and Training

The company secretary is responsible for organizing and completing the proceedings of the Board and general meetings, coordinating the organization of information disclosure, handling investor relations and assisting in maintaining smooth communication between the management of the Company and the Directors and shareholders. The joint company secretaries of the Company are Mr. Wang Jian and Mr. Xiao Shaoping. Mr. Wang Jian is a full-time employee of the Company and has obtained the qualification of secretary to the Board of the Shanghai Stock Exchange. Mr. Xiao Shaoping is a full-time employee of CRRC Hong Kong Capital Management Co., Ltd. (中車香港資本管理有限公司), a wholly-owned subsidiary of the Company, and holds qualifications of ACA (Chartered Accountants in England and Wales), HKICPA (Certified Public Accountant in Hong Kong) and CPA (Certified Public Accountant in China). During the reporting period, both Mr. Wang Jian and Mr. Xiao Shaoping have completed not less than 15 hours of relevant professional training.

VII. Shareholders' Rights

(I) Convening of an extraordinary general meeting by shareholders

Pursuant to the Articles of Association, shareholders individually or collectively holding more than ten percent (10%) of the issued shares of the Company with voting rights are entitled to propose to the Board for convening the extraordinary general meeting or separate meetings of class shareholders by written request. Feedback on whether agreeing to convene the extraordinary general meeting or separate meetings of class shareholders shall be given by the Board within ten (10) days upon receipt of the request.

Corporate Governance Report

(II) Putting enquiry to the Board by shareholders

Shareholders can make enquiries to the Board at any time by contacting the Board Office. Shareholders who raise enquiries shall provide evidence on their interests in the Company's shares, such as documents of shareholding. Written means such as email, facsimile and post with sufficient contact details are recommended by the Company for timely and appropriate handling and recording of the enquiries.

Contact details of the Board Office of the Company are as follows:

Tel: (8610) 5186 2188

Fax: (8610) 6398 4785

Email: crrc@crrcgc.cc

Postal address: No.16-5, Central West Fourth Ring Road, Haidian District, Beijing, the PRC

(III) Submission of proposals to the general meetings by shareholders

Shareholders individually or collectively holding more than one percent (1%) of the shares of the Company may submit additional proposal(s) in writing to the convenor on or before ten (10) days prior to the date of the general meeting. The additional proposal(s) should be within the terms of reference of the general meeting and with explicit subject and specific matters to be resolved on. Shareholders can contact the Board Office of the Company for submitting proposal(s) to the general meeting, the contact details of which are set out in the section headed "Putting enquiry to the Board by shareholders" of this chapter.

The Board of the Company has reviewed the implementation of the Company's shareholder communication policy for 2025. Taking into account the above-mentioned communication channels, the steps taken and the events held by the Company, the Company considers that the shareholder communication policy for 2025 has been effectively implemented. Details of the steps taken and events held by the Company are set out in the chapter headed "Investor Relations" of this annual report.

Corporate Governance Report

VIII. Significant Change in the Articles of Association during the Reporting Period

Pursuant to the relevant requirements of the Company Law of the People's Republic of China and the "Arrangements on the Related Transition Period for the Implementation of the Supporting Rules and Systems under the New 'Company Law'" of the China Securities Regulatory Commission, and considering the Company's actual circumstances, the Company has decided to abolish the Supervisory Committee, the Company held the 2025 second extraordinary general meeting of the Company on 22 September 2025 to consider and approve the Resolutions on the Abolition of the Supervisory Committee and the Amendment of the Articles of Association. For details of the amendments to the Articles of Association, please refer to the announcement dated 22 August 2025 and the circular of the Company dated 2 September 2025 published by the Company on the website of the Stock Exchange.

IX. Establishment and Implementation on the Evaluation and Incentive System for the Senior Management during the Reporting Period

The Company conducts an annual evaluation on the performance of the Senior Management by focusing on the evaluation and appraisal made on work performance, personal objective and behavior as well as teamwork. The remuneration of the Senior Management, including basic salary and performance bonus, is determined based on results for the year and personal evaluations made by the Company in the year.

X. Directors' Responsibilities in Respect of Financial Statements

The Directors confirm that they are responsible for the preparation of the financial statements of the Company for the year ended 31 December 2025, in order to truly and impartially report on the financial conditions and business results of the Company and undertake relevant responsibilities for preparation of the financial statements of the Company. The Audit and Risk Management Committee of the Company has reviewed the financial statements of the Company for the financial year ended 31 December 2025.

With the assistance of the accounting department, the Directors ensure that the financial statements of the Company are prepared in accordance with relevant laws, regulations and applicable accounting standards. The Directors also ensure that the financial statements will be published in due course.

The responsibility statement made by the Company's auditors in respect of the financial statements is set out in the section headed "Financial Report" of this annual report.

Corporate Governance Report

XI. Code of Conduct Regarding Securities Transactions by Directors

The Company has formulated and adopted the Provisions on the Management of Shareholding and Changes of Shares Held by Directors and Senior Management of CRRC Corporation Limited on terms no less exacting than the required standards of securities transaction 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 documents.

As of 31 December 2025, after making specific inquiries with all Directors, the Company confirmed that all Directors had complied with the relevant codes on securities transactions by Directors as set out in the Model Code and the Provisions on the Management of Shareholding and Changes of Shares Held by Directors and Senior Management of CRRC Corporation Limited.

XII. Auditors

On 18 June 2025, the 2024 annual general meeting of the Company considered and approved the resolution in relation to the appointment of auditors of CRRC Corporation Limited for 2025 and decided to appoint KPMG Huazhen LLP as the financial report auditors and internal control auditors of the Company for 2025. During the past three years, the Company has not changed its auditors.

In 2025, the Company paid the auditors an aggregate fee (tax inclusive) of RMB29.6 million, which included advance payments such as travel expenses and communication costs etc. In particular, the audit fees (tax inclusive) paid in respect of financial statements amounted to RMB27.6 million, audit fees (tax inclusive) paid in respect of internal control amounted to RMB2 million.

KPMG Huazhen LLP, the auditors of the Company for the year 2025, is a Public Interest Entity Auditor recognized in accordance with the Accounting and Financial Reporting Council Ordinance.

XIII. Risk Management and Internal Control

Based on the Company's core values, the Company has defined a unified risk concept, and through the combination of training and system promotion, the Company has continuously created a risk management culture that strictly implements risk management and internal control processes and has formed a good working environment and atmosphere for risk internal control. The Company has established a Three Defense Lines for risk management and has established a "classification, layering and centralized management and control" model for major risks. In order to guarantee standardized development and systematic implementation of risk management and internal control, the Company has continuously established and improved its risk management system. So far, two basic risk management systems have been formulated and 72 internal control guidelines and guidebooks for risk management and internal control have been released.

The Company has established appropriate policies and monitoring procedures to ensure that no assets will be used or disposed of without authorization. The Company maintains reliable financial and accounting records in accordance with relevant accounting standards and regulatory reporting procedures, and properly identifies major risks which may affect the Company's performance and reasonably ensures that the level of risk is within the acceptable scope of the Company. The Company embeds risk management and internal control into daily business management activities and major project decision-making processes, and establishes an all-round risk management and control mechanism, i.e., pre-assessment and control of major risks, dynamic in-process control, post-control response evaluation, and rectification. The Company establishes a relatively complete internal control organization, working system and processes, and uses a closed-loop mechanism of "process streamlining-internal control assessment-defect identification-defect rectification", and internal control self-evaluation and internal control audit work are carried out.

The Board is responsible for ongoing supervision of the Company's risk management and internal control and shall ensure that the risk management and internal control of functional departments and affiliated entities of the Company shall be assessed at least annually. The Board shall ensure that the risk management and internal control is assessed on sufficiency of resources, staff qualification and experience, relevant training and relevant budget on an annual basis. The Company has disclosed the risk management and internal control assessment in compliance with the relevant requirements under the Guidelines on Comprehensive Risk Management of Central Enterprises, the Basic Practices of Internal Control of Enterprises and the Hong Kong Listing Rules, etc.

The Company has established its internal auditing function, and the Board is responsible for supervising the Company's risk management and internal control systems and reviewing their effectiveness through the Audit and Risk Management Committee. The Audit and Risk Management Committee shall assist the Board in the performance of its supervision of the Company's resources in finance, operation, compliance, risk management and internal control and financial and internal auditing functions as well as its role in corporate governance.

Corporate Governance Report

The Company has established a clearly defined organization structure with proper authorization and has strict rules of procedure and reporting procedures in place. The audit risk department of the Company assists the Board and the Audit and Risk Management Committee in the ongoing supervision and improvement of the effectiveness of the risk management and internal control systems. The Board is regularly informed of material risks which may affect the Company's performance through the Audit and Risk Management Committee.

The Board is responsible for the risk management and internal control systems mentioned above and is responsible for reviewing the effectiveness of such systems. The Board further clarifies that the above mentioned systems were established to manage rather than eliminate the risk of failure to achieve business objectives and can only provide a reasonable but not absolute assurance against misstatement or loss.

The Company regulates the handling and dissemination of inside information in accordance with the obligation policy and various supplementary procedures of the Company so that inside information remains confidential until their disclosure is duly approved, and such information can be published effectively and consistently.

The risk management and internal control structure of the Company is guided under the following "Three Defense Lines (三道防線)" model.

The risk management and internal control department of the Company organizes the functional departments and affiliated entities of the Company to conduct annual internal control and risk assessment and report to the Audit and Risk Management Committee annually on a regular basis. The functional departments and affiliated entities of the Company implement responding measures in respect of material risks in accordance with their respective responsibilities and report to the risk management and internal control department of the Company annually. Matters to be assessed include, among other things, risk management and internal control work scope of operation management, reporting of risk management and internal control work by operation management to the Board or the Audit and Risk Management Committee, changes in nature and severity of material risks subsequent to review in the previous year, the Company's abilities to respond to business transformation and changes in external environment and assessment on material risk management and internal control errors or material risk management and internal control defects identified during the period.

The audit risk department of the Company reports to the Audit and Risk Management Committee on a regular basis, including annual work plan, important audit report, material risks and responding measures implemented.

The audit risk department of the Company carries out the work based on risks and problems. The annual work plan of the audit risk department of the Company covers the Company's operation, business and finance and major procedures of its affiliated entities and reports the audit findings to the Board and management of the Company. The audit risk department of the Company urges relevant entities to rectify the problems identified in the audit process and reports the progress of rectification to the Audit and Risk Management Committee and the management on a regular basis.



Corporate Governance Report

The audit risk department of the Company reports the sufficiency and effectiveness of its monitoring to the Board, the Audit and Risk Management Committee, the president and chief finance officer of the Company.

The management of the Company, with assistance of the risk management and internal control department and the internal audit department, is responsible for the design, implementation and monitoring of the risk management and internal control systems and submitting the report on the effectiveness of risk management and internal control to the Board and the Audit and Risk Management Committee.

The Company has adopted various policies and procedures to evaluate and enhance the effectiveness of the risk management and internal control systems, including requiring the management of the Company to conduct assessment on a regular basis and control the risks at a level which is acceptable to the Company to ensure that the risk management and internal control systems operate effectively, which the Company believes will enhance the future corporate governance and improve the risk management and internal control capacities of the Company.

The Company has integrated risk management and internal control into its daily operations. The functional departments and affiliated entities of the Company continuously conduct risk assessment, formulate risk management strategies and risk responding measures, assess residual risk and report risk events and responding measures implemented to the risk management and internal control department of the Company on a seasonal basis. The audit risk department of the Company summarizes the possibility and effect of risk events, analyses the effectiveness of risk management strategies and responds measures and reports to the management and the Board of the Company on a regular basis.

In 2025, the risk management and internal control department of the Company organized various departments and affiliated entities to continuously conduct risk management and internal control activities to improve the effectiveness of risk management and internal control, including but not limited to the following: organized and conducted annual risk assessment and response management; organized and conducted annual internal control evaluation; carried out risk management and internal control consultation in respect of its affiliated entities in order to improve their risk management and internal control capacities; focused on risk evaluation of significant investment, overseas merger & acquisition, export-related project, new industry expansion, finance and finance-like, and PPP projects. During the reporting period, there were no significant changes in risk assessment and the risk control systems adopted of the Company. The audit risk department submitted the latest report on risk management and internal control to the Board and the Audit and Risk Management Committee during the year and assisted the Directors in reviewing the effectiveness of the risk management and internal control systems of the Company.

In 2025, the internal audit department of the Company carried out special inspection and monitoring on the effectiveness of the risk management and internal control systems of the Company in terms of finance, operation and compliance monitoring and reported the relevant findings to the management and the Board of the Company.

Corporate Governance Report

The Audit and Risk Management Committee and the Board have not identified any risk event which materially affects the Company's financial condition or operating results and consider that the risk management and internal control systems are reasonably designed and operated effectively, and there are sufficient resources, staff qualification and experience for accounting, internal audit and financial reporting functions as well as sufficient staff training programs and budget.

In addition to monitoring and inspection of the risk management and internal control implemented by the Company, external auditors also evaluate the sufficiency and effectiveness of the risk management and internal control of the Company as part of its statutory audit. The Company will adopt the relevant recommendations of external auditors to enhance its risk management and internal control.

In 2025, KPMG Huazhen LLP audited the financial statements and the effectiveness of relevant internal control of the Company and issued an audit report with unqualified opinion. The relevant report has been reviewed and approved by the Audit and Risk Management Committee.

XIV. Dividend Policy

Pursuant to the Articles of Association, the specific policy for dividend distribution of the Company is as follows:

1. When formulating a dividend distribution plan, the Company takes into account the interests of shareholders and development needs of the Company;
2. The Company maintains a stable dividend level every year, and the cumulative profit distributed during the last three years is not less than 45% of the profits available for distribution in the last three years;
3. The Company prefers to distribute dividends in cash, and only considers non-cash dividends when special and significant investment needs arise.

XV. Corporate Culture

CRRC is an established enterprise with rich culture and a history dating back to 1881. The Company attaches great importance to the construction and inheritance of corporate culture, with "connecting the world and benefiting mankind" as its mission, "becoming a first-class enterprise group with rail transit equipment as the core and a global leader with multinational operations" as its vision, and "conduct, righteousness, skillfulness and pursuit of excellence" as its core values. The Company is committed to sustainable development, and is dedicated to providing green, intelligent and user-friendly products and services through rational deployment and efficient utilization of resources, thereby promoting affective communication, facility connectivity, unimpeded trade and financing access, in order to realize the ideals of promoting social development and a better life.

Corporate Governance Report

The Company believes that a healthy corporate culture is an endogenous force for corporate development, and all Directors must act with integrity and set an example to promote the corporate culture and guide all employees to establish the concept of "Compliance Being Our Core Competitiveness". The Company has set up a sound corporate culture system, prepared an established corporate culture training program, focused on creating the cultural heritage project of "embodying six elements in one", and vigorously implemented a cultural "BI Upgrading Project" to make leanness, compliance, quality, safety and responsibility a consensus. The Company is committed to letting all the management and employees perceive, recognize and practice the corporate culture, so that the corporate culture is internalized in the heart and externalized in the mindset and behavior of each employee, so that our customers, partners, investors and suppliers can benefit from the values we create together.

XVI. Anti-Corruption Policy and Whistleblowing Policy

The Company continuously strengthened the construction of Party conduct and integrity, intensified its efforts in the fight against corruption, steadfastly upheld a rigorous standard consistently, and strove to foster a clean and upright political environment and a conducive atmosphere for entrepreneurship and career development. An annual meeting on Party conduct and anti-corruption development was convened, where responsibilities were cascaded and reinforced at each level, the objective of which is to drive the implementation of requirements for comprehensive and rigorous Party governance across all aspects and throughout the entire process of corporate governance. In 2025, CRRC convened two warning and education conferences for cadres, attended by nearly 12,000 Party members and cadres. To safeguard the supervisory rights of employees and the public, the Company established various channels including petition reporting mailboxes, e-mail addresses, and hotlines to ensure unimpeded reporting channels, handling real-time reports of issues and tip-offs raised by employees. This continuous effort to strengthen the oversight network of conduct has effectively advanced the in-depth development of the Company's clean Party conduct and anti-corruption initiatives.

Information on Bonds

(1) DEBT FINANCING INSTRUMENTS FOR NON-FINANCIAL ENTERPRISES IN THE INTER-BANK BOND MARKET

1. Basic information on debt financing instruments for non-financial enterprises

The Company's outstanding debt financing instruments for non-financial enterprises during the reporting period are as follows. The proceeds raised from these financing instruments were primarily used for repaying interest-bearing liabilities and replenishing working capital.

Unit: '000 Currency: RMB

Name	Abbreviation	Code	Issue date	Interest starting date	Maturity date	Balance	Interest rate (%)	Way to repay principal and interest	Trade place	Appropriate arrangement of the investors (if any)	Trade mechanism	Whether there is risk of listing termination
The 2025 First Tranche Ultra Short-Term Commercial Paper of CRRC Corporation Limited	25 CRRC SCP001	012581471.IB	2025-06-23	2025-06-23	2025-09-23	0.00	1.46	Repayment of principal with interest upon maturity	Inter-bank bond market	Institutional investors in the national inter-bank bond market	Inquiry and Click-to-Trade	No
The 2025 Second Tranche Ultra Short-Term Commercial Paper of CRRC Corporation Limited	25 CRRC SCP002	012581490.IB	2025-06-24	2025-06-25	2025-12-25	0.00	1.47	Repayment of principal with interest upon maturity	Inter-bank bond market	Institutional investors in the national inter-bank bond market	Inquiry and Click-to-Trade	No
The 2025 Third Tranche Ultra Short-Term Commercial Paper of CRRC Corporation Limited	25 CRRC SCP003	012581483.IB	2025-06-24	2025-06-25	2025-09-23	0.00	1.46	Repayment of principal with interest upon maturity	Inter-bank bond market	Institutional investors in the national inter-bank bond market	Inquiry and Click-to-Trade	No
The 2025 Fourth Tranche Ultra Short-Term Commercial Paper of CRRC Corporation Limited	25 CRRC SCP004	012582260.IB	2025-09-18	2025-09-19	2025-12-23	0.00	1.62	Repayment of principal with interest upon maturity	Inter-bank bond market	Institutional investors in the national inter-bank bond market	Inquiry and Click-to-Trade	No
The 2025 Fifth Tranche Ultra Short-Term Commercial Paper of CRRC Corporation Limited	25 CRRC SCP005	012582269.IB	2025-09-18	2025-09-19	2025-12-30	0.00	1.62	Repayment of principal with interest upon maturity	Inter-bank bond market	Institutional investors in the national inter-bank bond market	Inquiry and Click-to-Trade	No
The 2025 Sixth Tranche Ultra Short-Term Commercial Paper of CRRC Corporation Limited	25 CRRC SCP006	012582692.IB	2025-11-05	2025-11-06	2025-12-30	0.00	1.53	Repayment of principal with interest upon maturity	Inter-bank bond market	Institutional investors in the national inter-bank bond market	Inquiry and Click-to-Trade	No
The 2026 First Tranche Ultra Short-Term Commercial Paper of CRRC Corporation Limited	26 CRRC SCP001	012680757.IB	2026-03-23	2026-03-24	2026-06-24	1,500,000	1.50	Repayment of principal with interest upon maturity	Inter-bank bond market	Institutional investors in the national inter-bank bond market	Inquiry and Click-to-Trade	No

Information on Bonds

Interest payment and redemption of bonds during the reporting period

Bond name	Interest payment and redemption of bonds
25 CRRC SCP001	On 23 September 2025, the Company duly repaid the principal and interest of the "25 CRRC SCP001".
25 CRRC SCP002	On 25 December 2025, the Company duly repaid the principal and interest of the "25 CRRC SCP002".
25 CRRC SCP003	On 23 September 2025, the Company duly repaid the principal and interest of the "25 CRRC SCP003".
25 CRRC SCP004	On 23 December 2025, the Company duly repaid the principal and interest of the "25 CRRC SCP004".
25 CRRC SCP005	On 30 December 2025, the Company duly repaid the principal and interest of the "25 CRRC SCP005".
25 CRRC SCP006	On 30 December 2025, the Company duly repaid the principal and interest of the "25 CRRC SCP006".

(2) Utilization of the Proceeds as at the End of the Reporting Period

Unit: '000 Currency: RMB

Bond name	Total amount of proceeds raised	Amount utilized	Amount unutilized	Special accounts operation of proceeds (if any)	Rectification of illegal use of proceeds (if any)	Whether it is consistent with the purpose, usage plan and other provisions set out in the prospectus
25 CRRC SCP001	3,000,000.00	3,000,000.00	-	None	None	Yes
25 CRRC SCP002	3,000,000.00	3,000,000.00	-	None	None	Yes
25 CRRC SCP003	2,000,000.00	2,000,000.00	-	None	None	Yes
25 CRRC SCP004	3,000,000.00	3,000,000.00	-	None	None	Yes
25 CRRC SCP005	3,000,000.00	3,000,000.00	-	None	None	Yes
25 CRRC SCP006	3,000,000.00	3,000,000.00	-	None	None	Yes

Information on Bonds

(3) Accounting Data and Financial Indicators for the Latest Two Years as at the End of the reporting Period

Unit: '000 Currency: RMB

Major indicator	2025	2024 (Adjusted)	Change for the reporting period compared with the same period of the previous year (%)
Net profit attributable to the shareholders of the listed company deducting non-recurring gains or losses	10,975,128	10,143,061	8.20
Current ratio	1.18	1.24	-4.84
Quick ratio	0.87	0.96	-9.38
Debt-to-asset ratio (%)	60.77	59.00	Increase by 1.77 ppt
Total debt to EBITDA ratio	3.13	2.56	Increase by 0.57 ppt
Interest coverage ratio (times)	20.20	16.53	22.20
Cash interest coverage ratio (times)	26.03	26.84	-3.02
EBITDA interest coverage ratio (times)	29.23	24.06	21.49
Debt repayment ratio (%)	100.00	100.00	-
Interest repayment ratio (%)	103.18	102.82	Increase by 0.36 ppt

The reconciliation of EBITDA is as follows:

Unit: '000 Currency: RMB

	Reporting period (January to December)
Total net profit	19,318,631
Interest expenses	1,006,351
Depreciation of fixed assets	6,824,519
Amortization of intangible assets	1,173,541
Depreciation of right-of-use assets	817,360
Depreciation of investment properties	29,907
Amortization of long-term deferred expenses	249,359
EBITDA	29,419,668

Investor Relations

The Company attached great importance to investor relations management, respected all participants in the capital market, built a proactive, honest, transparent and interactive investor relationship, organized various types of investor communication activities in multiple formats and with high quality, delivered to investors in a timely and accurate manner the information such as the Company's operating and development status, progress of major projects, and latest technological achievements, and extensively listened to the opinions and suggestions of all shareholders regarding the Company.

The Company continued to properly carry out daily dynamic management and solidify the foundation for investor relations work. Firstly, it dynamically updated investor profiles and the capital market analyst database, regularly analyzed the Company's shareholder structure and investor focus hotspots, and timely improved basic information to provide support for investor communication. Secondly, it optimized daily monitoring of capital market dynamics and public sentiment, compiled and distributed daily capital market and media monitoring information, tracked stock price movements in real time, and conducted special analyses in a timely manner in response to significant events and share price fluctuations as to provide references for the Board of Directors and the senior management team to grasp market dynamics. Thirdly, it properly handled daily communication with investors, which facilitated investors' understanding of the Company's externally disclosed information, with designated personnel responsible for answering investor phone calls, receiving investor emails, paying attention to questions on the E-interactive platform, and conscientiously receiving both online and offline research visits from various institutional investors. Fourthly, it strengthened the construction of the Company's market value management system, formulated relevant systems for market value management, improved internal working mechanisms, promoted internal coordination by taking the quarterly working meetings as a starting point, analyzed capital market dynamics, tracked institutional research and media opinions, organically combined market value management work with daily operational work, and regularly submitted special work reports to the Company's management.

The Company continuously improved its regular communication mechanisms and enhanced its market value recognition. Firstly, it organized a series of offline activities for the annual and interim results releases. In April, the Chairman of the Company led a team to Hong Kong to hold annual results presentation and roadshow activities. In September, the senior management of the Company went to Beijing, Shanghai, and other cities to carry out interim results roadshows and conducted in-depth exchanges with over 50 domestic and foreign investment institutions and analysts regarding the operating results of the Company, opportunities faced, and development prospects. Secondly, it held four earnings conference calls for periodic reports to provide timely interpretations after the disclosure of periodic reports and answered questions of general concern to investment research institutions, with a total of approximately 400 participants from investment institutions and analysts. Thirdly, it held three online results briefing sessions. The Chairman, independent Directors, the Chief Financial Officer and Secretary of the Board attended the results briefings, engaged in real-time online interactions with investors through the internet and responded to questions of concern to capital market investors. Fourthly, it organized reverse roadshow activities. Considering the hot topics among investors, the Company carefully planned and held reverse roadshow activities in Changchun and Songyuan, and invited more than 30 representatives from domestic and foreign investment institutions and analysts to visit the production and R&D bases of its subsidiaries on-site. The executive officers and technical experts of the Company held discussions and exchanges with the participants on topics such as industry trends, technological innovation, and management improvement in rail transportation equipment and clean energy equipment, which enhanced investors' and analysts' understanding of the Company's industrial development pattern of building "dual tracks and dual clusters". Fifthly, it actively participated in the European roadshows organized by the Shanghai Stock Exchange, which helped expand its contacts with major European investment institutions.



Investor Relations

The Company continued to strengthen its cultural and brand construction and assisted in the dissemination of the Company's value. Through means such as press releases in mainstream financial media and on the official WeChat public account, visual long-graphics for periodic reports, and performance promotional posters, the Company achieved a synergistic mechanism between information disclosure and media relations management, showcasing its operating results through multiple channels and in an all-around way. While enhancing brand recognition and reputation, it increased investors' understanding of the Company's value, vividly telling the "CRRC's story".

Over the past year, the Company's efforts related to investor relations management and information disclosure management received widespread recognition from the capital market, regulatory authorities, and professional institutions: It was awarded Grade A in the evaluation of information disclosure of listed companies on the Shanghai Stock Exchange for 10 consecutive years. The Company won the "Tianma Award" for Investor Relations Management of Listed Companies in China at the 16th China Listed Companies Investor Relations Management Award organized by Securities Times, and won the "Top 100 Listed Companies on Main Board" Award at the 19th Listed Company Value Selection, the "Highest Investment Value Award" and the "Dividend Return Award" at the Listed Company Golden Bull Award organized by China Securities Journal, and the "Golden Bull Award for Outstanding Hong Kong-Listed Companies". Its practices were selected as Best Practice Cases for Investor Management and Best Practice Cases for Board Office by the China Association for Public Companies. The Company's annual report won awards including the Gold Award in the 2024 Vision Awards for Annual Report Competition held by the League of American Communications Professionals LLC, the Silver Award in the ARC International Annual Report Competition, etc.

Changes in Shares and Particulars of Shareholders

I. Changes in Share Capital

(I) Changes in ordinary shares

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

(II) Changes in shares subject to trading moratorium

During the reporting period, there were no changes in the restricted shares of the Company.

II. Particulars of Shareholders and Ultimate Controller

(I) Total number of shareholders

Total number of shareholders of ordinary shares as of the end of the reporting period (shareholder) ^{Note 1}	506,111
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Total number of shareholders of ordinary shares as at the end of the last month before the disclosure date of the annual report (shareholder) ^{Note 2}	560,297
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Note 1: As of the end of the reporting period, the Company had 504,109 holders of A Shares and 2,002 holders of H Shares.

Note 2: As of the end of the month prior to the date of the annual report, the Company had 558,322 holders of A Shares and 1,975 registered holders of H Shares.

Changes in Shares and Particulars of Shareholders

(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 at the end of the reporting period

Unit: share

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

Name of shareholder (full name)	Change during the reporting period	Number of shares held at the end of the reporting period	Percentage (%)	Shares pledged, marked or frozen			Nature of shareholder
				Number of shares subject to trading moratorium held	Pledged, marked or frozen	Number	
CRRCG ^{Note 1}	0	14,587,578,250	50.83	0	Nil	0	State-owned legal person
HKSCC NOMINEES LIMITED ^{Note 2}	1,483,340	4,360,134,881	15.19	0	Unknown	-	Overseas legal person
China Securities Finance Corporation Limited (中國證券金融股份有限公司)	0	605,663,637	2.11	0	Unknown	-	State-owned legal person
Hong Kong Securities Clearing Company Limited	-472,800,076	407,296,215	1.42	0	Unknown	-	Overseas legal person
Ping An Asset Management - Industrial and Commercial Bank of China - Ping An Assets Xiahe No. 21 Asset Management Product (平安資管-工商銀行-平安資產夏荷21號資產管理產品)	342,695,155	342,695,155	1.19	0	Unknown	-	Unknown
Central Huijin Asset Management Ltd. (中央匯金資產管理有限公司)	0	298,064,400	1.04	0	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)	0	234,982,900	0.82	0	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)	0	234,982,900	0.82	0	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)	0	234,982,900	0.82	0	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)	0	234,982,900	0.82	0	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)	0	234,982,900	0.82	0	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)	0	234,982,900	0.82	0	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)	0	234,982,900	0.82	0	Unknown	-	Unknown

Changes in Shares and Particulars of Shareholders

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

Name of shareholder (full name)	Change during the reporting period	Number of shares held at the end of the reporting period	Percentage (%)	Number of shares subject to trading moratorium held	Shares pledged, marked or frozen		Nature of shareholder
					Pledged, marked or frozen	Number	
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)	0	234,982,900	0.82	0	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)	0	234,982,900	0.82	0	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)	0	234,982,900	0.82	0	Unknown	-	Unknown

Shareholdings of the top ten shareholders not subject to trading moratorium (excluding shares lent through the refinancing business)

Name of shareholders	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}	4,360,134,881	Overseas listed foreign shares	4,360,134,881
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
Hong Kong Securities Clearing Company Limited	407,296,215	Ordinary shares denominated in RMB	407,296,215
Ping An Asset Management – Industrial and Commercial Bank of China – Ping An Assets Xiahe No. 21 Asset Management Product	342,695,155	Ordinary shares denominated in RMB	342,695,155
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

Changes in Shares and Particulars of Shareholders

Shareholdings of the top ten shareholders not subject to trading moratorium (excluding shares lent through the refinancing business)

Name of shareholders	Number of tradable shares held not subject to trading moratorium	Class and number of shares	
		Class	Number
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

Changes in Shares and Particulars of Shareholders

Shareholdings of the top ten shareholders not subject to trading moratorium (excluding shares lent through the refinancing business)

Name of shareholders	Number of tradable shares held not subject to trading moratorium	Class and number of shares	
		Class	Number
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 right	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) in total, representing approximately 51.45% of the total number of issued shares of the Company. All of the 177,863,000 H shares held by CRRCG were registered under the name of HKSCC NOMINEES LIMITED.

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

Strategic investors or ordinary legal persons who became top ten shareholders due to placing of shares

During the reporting period, there were no strategic investors or ordinary legal persons who became top ten shareholders due to placing of shares.

Changes in Shares and Particulars of Shareholders

(III) Shareholding interests of Directors and Chief Executive

As at 31 December 2025, the following Director had interests in the A shares of the Company and relevant details are set out as follows:

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

Save as disclosed above, as at 31 December 2025, none of the Directors and chief executive of the Company had interests and short positions in the shares or underlying shares of the Company or any of its associated corporations (within the meaning of Part XV of the SFO), which were required to be entered in the register maintained by the Company under section 352 of the SFO, or which were required to be notified to the Company and the Stock Exchange pursuant to the Model Code by the Directors.

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

As at 31 December 2025, the persons set out in the table below had interests in the Company's shares 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 held	Percentage of H shares or A shares held in the total issued H shares or total issued A shares (%)	Percentage of total share capital of the Company (%)
CRRC GROUP Co., Ltd.	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
Ping An Asset Management Co., Ltd.	Investment manager	H Shares	Long position	311,330,000	7.12	1.08
Ping An Insurance (Group) Company of China, Ltd.	Interest in corporations controlled by the substantial shareholder	H Shares	Long position	265,816,000	6.08	0.93
BlackRock, Inc.	Interest in corporations controlled by the substantial shareholder	H Shares	Long position	255,917,526	5.85	0.89
	Interest in corporations controlled by the substantial shareholder	H Shares	Short position	10,383,000	0.24	0.04

Save as disclosed above, as far as the Directors are aware, as at 31 December 2025, 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 required to be recorded in the register pursuant to section 336 of Part XV of the SFO, or was otherwise a substantial shareholder (as defined in the Hong Kong Listing Rules) of the Company.

Changes in Shares and Particulars of Shareholders

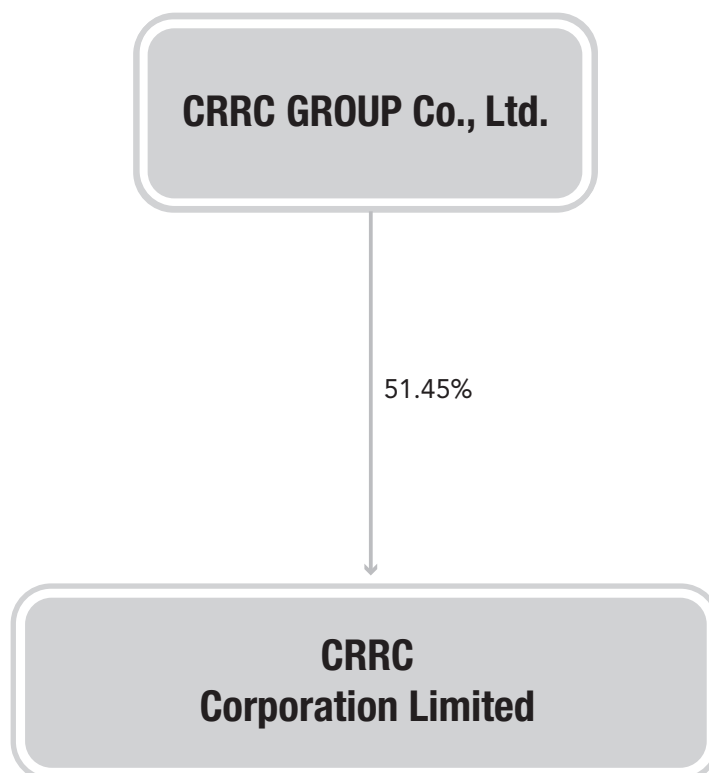
III. Particulars of Controlling Shareholder and the Ultimate Controller

(I) Controlling shareholder

1. Legal person

Name	CRRG GROUP Co., Ltd. (中國中車集團有限公司)
Responsible personnel or legal representative	Sun Yongcai
Establishment date	1 July 2002
Principal business	Research and development, manufacturing, sales, refurbishment and leasing of locomotives, passenger coaches, freight wagons, MUs, urban rail transit metro cars and key components as well as other businesses that utilize proprietary rolling stock technologies.
Equity interest in other controlling and investee companies listed in the PRC or overseas during the reporting period	As of 31 December 2025, CRRCG directly holds 14,783,251 shares of Guiyang Bank Co., Ltd. (601997). As of 31 December 2025, a subsidiary under CRRCG holds 226,586,955 shares of Vontron Technology Co., Ltd. (000920).

2. Framework of ownership and controlling relationship between the Company and the controlling shareholder as at the end of the reporting period

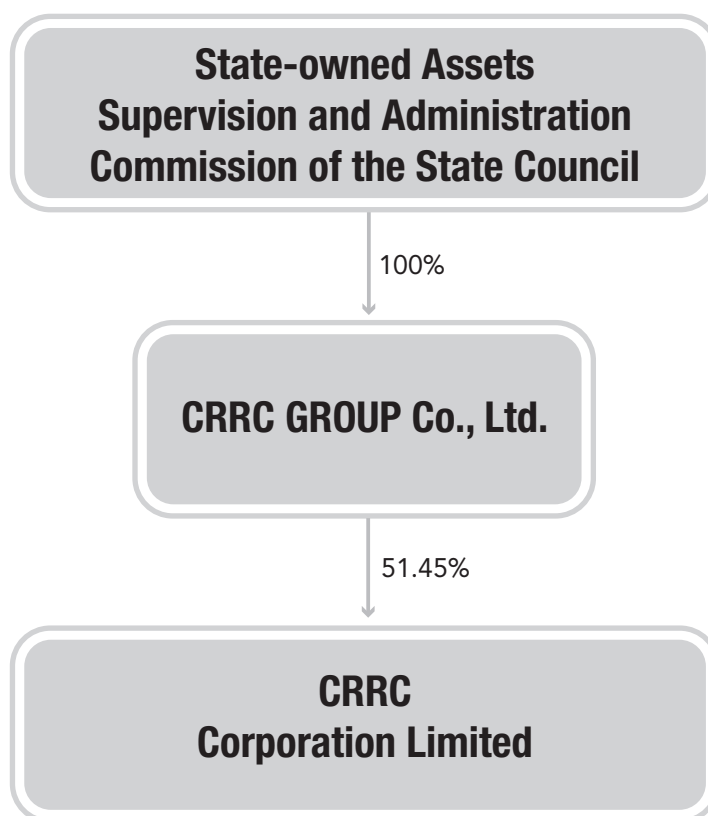


Changes in Shares and Particulars of Shareholders

Note: 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) in total, representing approximately 51.45% of the total number of issued shares of the Company. All of the 177,863,000 H shares held by CRRCG were registered under the name of HKSCC NOMINEES LIMITED.

(II) Ultimate controller

1. The ultimate controller of the Company is the SASAC.
2. Framework of ownership and controlling relationship between the Company and the ultimate controller



Note: 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) in total, representing approximately 51.45% of the total number of issued shares of the Company. All of the 177,863,000 H shares held by CRRCG were registered under the name of HKSCC NOMINEES LIMITED.

Changes in Shares and Particulars of Shareholders

IV. Other Corporate Shareholders with Over 10% Shareholdings

There were no other corporate shareholders holding over 10% shares of the Company as of the end of the reporting period.

V. Sufficient Public Float

As at the latest practicable date prior to the printing of this annual report, based on public information and as far as the Directors are aware, the Directors believe that the Company has sufficient public float which satisfies the minimum public float requirement under the Hong Kong Listing Rules.

VI. Purchase, Sale or Redemption of Securities of the Company

During the year ended 31 December 2025, the Company or any of its subsidiaries did not purchase, sell or redeem any of the listed securities of the Company (including the sale of treasury shares as defined under the Hong Kong Listing Rules). During the year ended 31 December 2025, the Company did not hold any such treasury shares.

Significant Events

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	Covenantors	Undertakings	Validity date	Whether duration specified	Validity Period	Whether timely and strictly performed	If not performed timely, describe the specific reasons	If not performed timely, describe plans in next steps
Undertakings in the Acquisition Report or Report on Changes in Equity	Others	CRRC	Undertaking to maintain the independence of Times New Material: CRRC issued the Letter of Undertaking to Maintain the Independence of Zhuzhou Times New Material Technology Co., Ltd. on 30 October 2025 in order to ensure that CRRC will not interfere with the independence of Times New Material after the acquisition of Times New Material shares. Pursuant to the Letter of Undertaking: (1) CRRC undertakes to be separate from Times New Material 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, intervene in the operating decisions of Times New Material, or damage the legitimate interests of Times New Material and other shareholders; and (2) If CRRC breaches the above undertaking and causes any economic losses to Times New Material, CRRC undertakes to assume compensation liability for the actual economic losses incurred by Times New Material.	30 October 2025	No	during the course of performance	Yes	-	-

Significant Events

Background	Type	Covenants	Undertakings	Validity date	Whether duration specified	Validity Period	Whether timely and strictly performed	If not performed timely, describe the specific reasons	If not performed timely, describe plans in next steps
	Resolution of same industry competitions	CRRC	Non-competition with Times New Material: CRRC issued the Letter of Undertaking of Non-competition with Zhuzhou Times New Material Technology Co., Ltd. on 30 October 2025 in order to avoid competition between CRRC and Times New Material after CRRC's acquisition of Times New Material shares, with specific undertakings as follows: (1) None of the businesses currently engaged in by CRRC and other enterprises under CRRC's control constitute substantive competition with Times New Material; (2) In the future, CRRC will not use its position as the controlling shareholder of Times New Material to engage in business activities that harm the interests of Times New Material and its shareholders, and will adopt legal and effective measures to avoid any new competition with Times New Material by CRRC and other enterprises under its control; and (3) If CRRC or other enterprises under its control breach the above undertakings and cause any economic losses to Times New Material, CRRC undertakes to assume compensation liability for the actual economic losses incurred by Times New Material.	30 October 2025	No	during the course of performance	Yes	-	-



Significant Events

Background	Type	Covenants	Undertakings	Validity date	Whether duration specified	Validity Period	Whether timely and strictly performed	If not performed timely, describe the specific reasons	If not performed timely, describe plans in next steps
	Resolution of related-party transactions	CRRC	<p>Undertaking for regulating related-party transactions with Times New Material and avoiding fund occupation:</p> <p>In order to regulate the related-party transactions between CRRC and Times New Material after CRRC's acquisition of Times New Material shares and to avoid fund occupation, CRRC issued the Letter of Undertaking for Regulating Related-party Transactions and Avoiding Fund Occupation on 30 October 2025. Pursuant to the Letter of Undertaking: (1) CRRC will endeavor to avoid related-party transactions between CRRC (including other enterprises under its control) and Times New Material (including its holding subsidiaries); (2) For related-party transactions that are unavoidable or occur for justifiable reasons, they shall be conducted on the principles of equality, voluntariness, fairness, and compensation with equivalent value. Transaction prices shall be determined based on reasonable market prices, and no such transactions shall be used to harm the interests of Times New Material and its shareholders. CRRC shall urge Times New Material to comply with legal decision-making procedures and fulfill information disclosure obligations in accordance with the relevant provisions of the Shanghai Stock Exchange Stock Listing Rules and the Articles of Association of Zhuzhou Times New Material Technology Co., Ltd.; and (3) As of the date of this Letter of Undertaking, there is no situation where CRRC or other enterprises under its control have non-operationally occupied funds of Times New Material or its holding subsidiaries. In the future, CRRC and enterprises under its control shall not occupy funds of Times New Material and its holding subsidiaries by means of loans, debt reimbursement, payment advances, or any other methods, and shall strictly comply with the relevant provisions of laws and regulations regarding the corporate governance of listed companies, avoiding fund transactions unrelated to normal production and operation with Times New Material and its holding subsidiaries; nor shall they require Times New Material to provide any form of guarantee to CRRC and enterprises under its control in violation of regulations.</p>	30 October 2025	No	during the course of performance	Yes	-	-

Significant Events

Background	Type	Covenants	Undertakings	Validity date	Whether duration specified	Validity Period	Whether timely and strictly performed	If not performed timely, describe the specific reasons	If not performed timely, describe plans in next steps
Material assets reorganization related commitment	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. 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 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 regulation, 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 de-listed or CRRC ceases to be an indirect controlling shareholder of Times Electric.</p>	5 August 2015	No	from the date of issuance of this letter of undertaking to the time when Times Electric is de-listed or CRRC ceases to be an indirect controlling shareholder of Times Electric	Yes	-	-

Significant Events

Background	Type	Covenants	Undertakings	Validity date	Whether duration specified	Validity Period	Whether timely and strictly performed	If not performed timely, describe the specific reasons	If not performed timely, describe plans in next steps
	Resolution of same industry competitions	CRRCG	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 been renamed as CRRCG) and CRRC after completion of merger of CNRG with CSRG. Pursuant to the Letter of Undertaking: CRRCG undertook that CRRCG itself will not engage, and will, through legal procedures, procure its wholly-owned and non-wholly-owned controlled subsidiaries to not engage in any businesses which might directly compete with the current operating businesses of CRRC; 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 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.	5 August 2015	No	during the course of performance	Yes	-	-

Significant Events

Background	Type	Covenants	Undertakings	Validity date	Whether duration specified	Validity Period	Whether timely and strictly performed	If not performed timely, describe the specific reasons	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 been 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.	5 August 2015	No	during the course of performance	Yes	-	-

Significant Events

Background	Type	Covenants	Undertakings	Validity date	Whether duration specified	Validity Period	Whether timely and strictly performed	If not performed timely, describe the specific reasons	If not performed timely, describe plans in next steps
	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 been 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.	5 August 2015	No	during the course of performance	Yes	-	-

Significant Events

Background	Type	Covenants	Undertakings	Validity date	Whether duration specified	Validity Period	Whether timely and strictly performed	If not performed timely, describe the specific reasons	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 been renamed as CRRCG) 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 2025, there were still 2 properties with a total gross floor area of 1,501.39 square meters which failed to apply for property ownership certificates due to historical reasons. As for the property for which CSR has not yet obtained property ownership certificates, CSRG 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.	18 August 2008	No	during the course of performance	Yes	-	-



Significant Events

Background	Type	Covenants	Undtakings	Validity date	Whether duration specified	Validity Period	Whether timely and strictly performed	If not performed timely, describe the specific reasons	If not performed timely, describe plans in next steps
	Others	CRRCG	Undtakings on the state-owned land use certificate without specifying the land use terms or termination date: CNR (the 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 been 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.	10 December 2009	No	during the course of performance	Yes	-	-

Significant Events

Background	Type	Covenants	Undertakings	Validity date	Whether duration specified	Validity Period	Whether timely and strictly performed	If not performed timely, describe the specific reasons	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 return for the current period: the Directors and Senior Management of the Company have 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 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 equity incentive plans in the future; (6) to perform the remedial measures for returns formulated by the Company as well as any commitment 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 commitment.	27 May 2016	No	during the course of performance	Yes	-	-
	Others	CRRCG	Undertaking to adopt measures of mitigating the potential dilution of return for the current period: on 27 May 2016, CRRCG committed not to intervene in the operation and management activities of the Company or unlawfully infringe upon the Company's interests.	27 May 2016	No	during the course of performance	Yes	-	-

Significant Events

II. EXPLANATION OF INTEGRITY OF THE COMPANY AND ITS CONTROLLING SHAREHOLDER AND ACTUAL CONTROLLER DURING THE REPORTING PERIOD

During the reporting period, the Company, its controlling shareholder and actual controller enjoyed a reputation of sound integrity. There was no failure to comply with the effective judgments of the court, outstanding liabilities due to a significant amount or other circumstances.

III. SHARE OPTION SCHEME, EMPLOYEE STOCK OWNERSHIP SCHEME AND OTHER STAFF INCENTIVES OF THE COMPANY AND THEIR IMPACTS

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

IV. SIGNIFICANT CONTRACTS AND THEIR IMPLEMENTATION

1. Entrusting, contracting or leasing

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

2. Guarantees

Unit: '000 Currency: RMB

Guarantees provided by the Company to external parties (excluding guarantees provided by the Company in favour of its subsidiaries)

Guarantor	Relationship between the guarantor and the listed company	Guaranteed	Guaranteed amount	Date of guarantee (date of signing agreement)	Commencement date	Maturity date	Guarantee type	Whether the guarantee has been fulfilled	Whether the guarantee is overdue or no	Outstanding amount of guarantee overdue	Counter guarantee	Whether the guarantee is provided to a related party or not	Related relationship
CRRCL Corporation Limited, CRRCL Nanjing Puzhen Co., Ltd. (中車南京浦鎮車輛有限公司) and Jiangsu CRRCL Urban Development Co., Ltd. (江蘇中車城市發展有限公司), both wholly-owned subsidiaries of the Company ^(a)	CRRC Corporation Wuhu Yunda Corporation Rail Transport Construction and Operation Limited (蕪湖市連 連軌道交通建設運 營有限公司)	Wuhu Yunda Rail Transport Construction and Operation Limited (蕪湖市連 連軌道交通建設運 營有限公司)	473,560	2017-04-27	2017-06-20	2047-06-20	Joint and several liability guarantee	No	No	-	No	No	-
CRRCL Zhuzhou Locomotive Co., Ltd.	Wholly-owned subsidiary	CRRC E-LOCO SUPPLY (PTY) LTD	1,218,932	2014-03-21	2014-03-17	Date of completion of project execution	Performance guarantee	No	No	-	Yes	Yes	Subsidiary of the controlling shareholder of the listed company

Significant Events

Guarantees provided by the Company to external parties (excluding guarantees provided by the Company in favour of its subsidiaries)

Guarantor	Relationship between the guarantor and the listed company	Guaranteed	Guaranteed amount	Date of guarantee (date of signing agreement)	Commencement date	Maturity date	Guarantee type	Whether the guarantee has been fulfilled	Whether the guarantee is overdue or no	Outstanding amount of guarantee overdue	Counter guarantee	Whether the guarantee is provided to a related party or not	Related relationship
CRRC Hongkong Co., Ltd.	Wholly-owned subsidiary	CONSORCIO TREN LIGERO LINEA 4 GUADALAJARA, S.A.P.I. de C.V. ("4 Guadalajara Project Company")	215,525	2023-09-15	2023-10-27	2029-10-25	Performance guarantee	No	No	-	No	No	-
CRRC Hongkong Co., Ltd.	Wholly-owned subsidiary	4 Guadalajara Project Company	390,451	2024-06-05	2024-06-05	2039-04-30	Financing guarantee	No	No	-	No	No	-
CRRC Hongkong Co., Ltd.	Wholly-owned subsidiary	TIC TRENS S.A. ("Brazil Project Company")	360,922	2024-06-02	2024-06-02	2031-06-02	Performance guarantee	No	No	-	No	No	-
CRRC Hongkong Co., Ltd.	Wholly-owned subsidiary	Brazil Project Company	157,089	2025-10-09	2025-10-09	2027-03-26	Financing guarantee	No	No	-	No	No	-
CRRC Hongkong Co., Ltd.	Wholly-owned subsidiary	Brazil Project Company	153,312	2025-09-23	2025-09-30	2027-03-26	Financing guarantee	No	No	-	No	No	-
CRRC Hongkong Co., Ltd.	Wholly-owned subsidiary	MLCC BLUE LINE CONTRACTING LLC ("Dubai Project Company")	709,942	2025-01-06	2025-03-05	2029-07-31	Performance guarantee	No	No	-	No	No	-
CRRC Hongkong Co., Ltd.	Wholly-owned subsidiary	Dubai Project Company	283,977	2025-01-06	2025-03-05	2032-09-20	Performance guarantee	No	No	-	No	No	-
CRRC Hongkong Co., Ltd.	Wholly-owned subsidiary	Dubai Project Company	322,292	2025-01-06	2025-05-15	2029-07-31	Performance guarantee	No	No	-	No	No	-
CRRC Hongkong Co., Ltd.	Wholly-owned subsidiary	Dubai Project Company	26,442	2025-03-05	2025-07-31	2032-07-31	Performance guarantee	No	No	-	No	No	-
CRRC International Co., Ltd.	Wholly-owned subsidiary	METRO TRAINS WEST PTY LTD ("Australia Sydney Trains West Project")	1,937,460	2025-12-19	2025-12-19	2047-02-11	Performance guarantee	No	No	-	No	No	-
CRRC Hongkong Co., Ltd.	Wholly-owned subsidiary	Australia Sydney Trains West Project	7,081	2025-12-19	2025-12-19	2047-12-19	Performance guarantee	No	No	-	No	No	-



Significant Events

Total guarantee amount provided during the reporting period (excluding guarantees provided by the Company in favor of its subsidiaries)	3,597,595
Total guarantee balance at the end of the reporting period (A) (excluding guarantees provided by the Company in favor of its subsidiaries)	6,256,985
Guarantees provided by the Company and its subsidiaries in favor of its subsidiaries	
Total guarantee amount provided to the Company's subsidiaries during the reporting period	16,970,222
Total guarantee balance provided to the Company's subsidiaries at the end of the reporting period (B)	53,078,454
Aggregate guarantee amount provided by the Company (including guarantees provided by the Company in favor of its subsidiaries)	
Total guarantee amount (A+B)	59,335,439
Percentage of total guarantee amount to net assets of the Company (%)	34.47
In which:	
Provision of guarantee to shareholders, ultimate controller and their respective related persons (C)	1,218,932
Amount of guarantees directly or indirectly provided in favor of parties with gearing ratio over 70% (D)	21,739,468
The total amount of guarantees provided which exceeds 50% of the net asset (E)	-
Total amount of the three above-stated guarantees (C+D+E)	22,958,400
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 31 December 2025 was RMB59.335 billion, accounting for 34.47% of net assets, of which:

The balance of guarantee for wholly-owned subsidiaries is RMB15.102 billion; the balance of guarantee for non-wholly-owned subsidiaries is RMB37.976 billion, the balance of guarantee for Wuhu Yunda Rail Transit Construction and Operation Limited is RMB0.474 billion, the balance of guarantee for CRRC E-LOCO SUPPLY (PTY) LTD is RMB1.219 billion, the balance of guarantee for 4 Guadalajara Project Company is RMB0.606 billion, the balance of guarantee for the Brazil Project Company is RMB0.671 billion, the balance of guarantee for the Dubai Project Company is RMB1.343 billion, and the balance of guarantee for the Australia Sydney Trains West Project is RMB1.945 billion.

By type of guarantee: RMB2.965 billion was provided for bank acceptance bills, RMB3.874 billion was provided for loans and medium-term notes, and RMB52.496 billion was provided for guarantees such as letters of guarantee, letters of credit and credit facilities.

There were guarantees provided by the Company for the controlling shareholder, the actual controller and their related parties, 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 current period, the guarantees provided by the Company for its wholly-owned and non-wholly-owned controlled subsidiaries with debt ratios exceeding 70% have all been approved by the Board and the shareholders' meeting in accordance with the Articles of Association.

Note: The equity interest in Wuhu Yunda Rail Transport Construction and Operation Limited (蕪湖市運達軌道交通建設運營有限公司) originally held by the guarantor, CRRC Zhaoyin (Tianjin) Equity Investment Fund Management Co., Ltd, through its management fund has been transferred to CRRC Nanjing Puzhen Co., Ltd. (中車南京浦鎮車輛有限公司). Furthermore, the guarantor formerly known as "Suzhou CRRC Construction Engineering Co., Ltd. (蘇州中車建設工程有限公司)" has been renamed as "Jiangsu CRRC Urban Development Co., Ltd. (江蘇中車城市發展有限公司)".

3. Other Significant Contracts

As of the disclosure date of this report, the Company had entered into several sales contracts. For details, please refer to the Company's announcements dated 12 May 2025, 29 July 2025, 29 September 2025, and 17 December 2025, published on the websites of the SSE and the Stock Exchange.

V. FULFILLMENT OF SOCIAL RESPONSIBILITY

For details of the fulfillment of social responsibility by the Group during the reporting period, please refer to the 2025 Annual Sustainable Development Report of CRRC Corporation Limited disclosed by the Company on the websites of the SSE and the Stock Exchange on the same date.

VI. ANALYSIS OF THE REASONS FOR AND EFFECTS OF CHANGES IN ACCOUNTING POLICIES AND

Accounting Estimates of the Company See "V. 30. Changes in Significant Accounting Policies and Accounting Estimates" in the "Financial Report".

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

On 27 November 2025, the Company held the fourth meeting of the fourth session of the Board of Directors at which the "Resolution on the 'Proposal (Revised Draft) of CRRC Corporation Limited on the Spin-off and Listing of its Wholly-owned Subsidiary, CRRC Qishuyan Locomotive & Rolling Stock Technology Research Institute Co., Ltd., on the ChiNext Board of the Shenzhen Stock Exchange'" and other resolutions related to this spin-off were reviewed and approved. It was proposed to spin off the Company's subsidiary, Qishuyan Institute, for listing on the ChiNext Board of the Shenzhen Stock Exchange. On 29 December 2025, the Company held the 2025 third extraordinary shareholders' meeting, at which the aforementioned resolution were considered and approved. For details, please refer to the announcements of the Company dated 27 November 2025 and 29 December 2025 published on the websites of the Shanghai Stock Exchange and the Stock Exchange.

Significant Events

VII. SUBSEQUENT SIGNIFICANT EVENTS

Profit Distribution on Ordinary Shares

On 27 March 2026, the Company held the eighth meeting of the fourth session of the Board of Directors, at which the Resolution on the Profit Distribution Proposal of CRRC Corporation Limited for 2025 was considered and approved. The Board proposed to distribute cash dividends to all shareholders based on the total share capital as recorded on the record date for the implementation of the distribution (the specific date will be specified in the announcement on the implementation of the distribution). As of 31 December 2025, the total share capital of the Company was 28,698,864,088 shares. Based on this share capital and a cash dividend of RMB1.20 per ten shares (including tax), the total proposed cash dividend amounts to RMB3.444 billion (including tax). The remaining undistributed profit will be carried forward to the following year. The Company's 2025 interim dividend amounted to RMB3.157 billion (tax inclusive). Together with the proposed annual cash dividend of RMB3.444 billion (tax inclusive), the total distribution amounts to RMB6.601 billion (tax inclusive), accounting for 50.08% of the net profit attributable to shareholders of the listed company for 2025. If the total share capital of the Company changes between the date of disclosure of the profit distribution proposal announcement and the record date for the implementation of the distribution due to reasons such as conversion of convertible bonds, share repurchases, cancellation of repurchased shares granted under share incentive schemes, or cancellation of repurchased shares related to major asset restructuring, the Company intends to maintain the total distribution amount unchanged and adjust the distribution per share accordingly. If the total share capital subsequently changes, the Company will announce the specific adjustments separately. The profit distribution proposal is subject to consideration and approval by the shareholders at the 2025 annual general meeting of the Company.

On 27 March 2026, the Company held the eighth meeting of the fourth session of the Board of Directors, at which the Resolution on Authorizing the Board of Directors to Implement the 2026 Interim Profit Distribution was reviewed and approved. It was agreed to propose the shareholders' meeting to authorize the Board of Directors to handle the matters relating to the 2026 interim profit distribution within the conditions stipulated in the proposal. This resolution is still subject to review and approval by the shareholders' meeting of the Company.

Financial Report

I. AUDITOR'S REPORT

KPMG HuaZhen ShenZi No. 2605203

The Shareholders of CRRC Corporation Limited:

I. OPINION

We have audited the accompanying financial statements of CRRC Corporation Limited ("CRRC"), which comprise the consolidated and company balance sheets as at 31 December 2025, the consolidated and company income statements, the consolidated and company cash flow statements, the consolidated and company statements of changes in shareholders' equity for the year then ended, and notes to the financial statements.

In our opinion, the accompanying financial statements present fairly, in all material respects, the consolidated and company financial position of CRRC as at 31 December 2025, and the consolidated and company financial performance and cash flows of CRRC for the year then ended in accordance with Accounting Standards for Business Enterprises issued by the Ministry of Finance of the People's Republic of China.

II. BASIS FOR OPINION

We conducted our audit in accordance with China Standards on Auditing for Certified Public Accountants ("CSAs"). Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are independent of CRRC in accordance with the China Code of Ethics for Certified Public Accountants ("the Code"), and the 'Independence Requirements' applicable to the audit of financial statements of Public Interest Entity in accordance with the Independent Standards for Certified Public Accountants of China No. 1- Requirements for Independence in the Audit and Review of Financial Statements, and we have fulfilled our other ethical responsibilities in accordance with the Code. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

III. KEY AUDIT MATTERS

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

Financial Report

I. AUDITOR'S REPORT *(continued)*

KPMG HuaZhen ShenZi No. 2605203

Revenue recognition	
Please refer to the accounting policy described in Note 25 under "V. Significant Accounting Policies and Accounting Estimates", as well as Note "52. Revenue and operating costs" under VII. Notes of Consolidated Financial Statements" and Note "4. Revenue and operating costs" under "XVII. Notes to the Key Items in the Company's Financial Statements" to the financial statements.	
The Key Audit Matter	How the matter was addressed in our audit
<p>CRRC and its subsidiary (referred to as "CRRC") had a revenue of RMB273,063,098 thousand in 2025, mainly from railway equipment business, urban rail and urban infrastructure business, new industry business and modern service business. The main clients are China National Railway Group Co., Ltd. (hereinafter referred to as "China Railway Group") and its subsidiaries or invested companies, as well as domestic and foreign urban rail transit groups.</p> <p>For rail transit equipment and its extended products, CRRC shall recognize revenue at the time when the customer obtains control of the goods, i.e. when the goods are signed for or accepted for transfer; For the extended services of rail transit equipment, as the customer obtains and consumes the economic benefits brought by the performance at the same time, it belongs to the performance obligation to be performed within a certain period of time. CRRC shall recognize the 'revenue' according to the performance progress.</p> <p>Revenue is one of CRRC's key performance indicators, and there is a risk that management may recognize revenue early or late in order to achieve specific goals or expectations. Therefore, we identify the closing misstatement risk of revenue recognition as a key audit matter.</p>	<p>Our audit procedures to evaluate revenue recognition included the following:</p> <ol style="list-style-type: none"> (1) Understanding and evaluating the design and operating effectiveness of key internal controls over financial reporting related to revenue recognition; (2) Selecting sales contracts to identify clauses related to the transfer of control of goods, and evaluating whether CRRC's revenue recognition policy meets the relevant requirements of the Accounting Standards for Business Enterprises; (3) Selecting revenue from sales of rail transport equipment and its extended products recorded during the year and agreeing it to the supporting documents such as sales contracts, acceptance certificates, acceptance and delivery notes and invoices, in order to evaluate whether the relevant revenue was recognised in accordance with CRRC's revenue recognition accounting policy; (4) Selecting revenue from rail transport equipment and its extended services recorded during the year, obtaining an understanding of the performance of service contracts during the year, and inspecting and agreeing to the relevant contracts, third-party supervision reports, bills to customer, records of receipt of goods, or records of labour hours, in order to evaluate the reasonableness of the progress of performance determined by the management;

I. AUDITOR'S REPORT *(continued)*

KPMG HuaZhen ShenZi No. 2605203

Revenue recognition	
Please refer to the accounting policy described in Note 25 under "V. Significant Accounting Policies and Accounting Estimates", as well as Note "52. Revenue and operating costs" under VII. Notes of Consolidated Financial Statements" and Note "4. Revenue and operating costs" under "XVII. Notes to the Key Items in the Company's Financial Statements" to the financial statements.	
The Key Audit Matter (Continued)	How the matter was addressed in our audit (Continued)
	<p>(5) Selecting revenue transactions recorded before and after the balance sheet date, inspecting supporting documents related to revenue recognition, and evaluating whether the relevant revenue was recorded in the appropriate accounting period;</p> <p>(6) Reviewing revenue accounting entries recorded after the balance sheet date to identify whether there was any significant sales return; if any, checking against the relevant supporting documents to evaluate whether the relevant revenue was recorded in the appropriate accounting period;</p> <p>(7) Selecting revenue accounting entries that meet specific risk criteria during the year and reviewing the relevant supporting documents.</p>

Financial Report

I. AUDITOR'S REPORT (*continued*)

KPMG HuaZhen ShenZi No. 2605203

IV. OTHER INFORMATION

CRRC's management is responsible for the other information. The other information comprises all the information included in 2025 annual report of CRRC, other than the financial statements and our auditor's report thereon.

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

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

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

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

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

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

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

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

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

I. AUDITOR'S REPORT *(continued)*

KPMG HuaZhen ShenZi No. 2605203

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

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

Financial Report

I. AUDITOR'S REPORT *(continued)*

KPMG HuaZhen ShenZi No. 2605203

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

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

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

KPMG Huazhen LLP

Beijing, China

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

Zhang Huan (Engagement Partner)

Cao Lu

27 March 2026

Consolidated Balance Sheet

31 December 2025

II. FINANCIAL STATEMENTS

Prepared by: CRRC Corporation Limited

RMB'000

ITEM	Note VII	31 December 2025	31 December 2024 (restated)
Net current assets			
Cash and bank balances	1	67,834,624	67,512,614
Held-for-trading financial assets	2	6,096,445	8,222,272
Bills receivable	3	13,718,774	11,392,953
Accounts receivable	4	116,502,100	110,846,856
Receivables at fair value through other comprehensive income	6	10,747,041	8,353,838
Prepayments	7	9,014,136	8,673,683
Other receivables	8	2,881,184	2,368,101
Inventories	9	95,142,504	78,951,355
Contract assets	5	29,656,388	37,738,998
Non-current assets due within one year	10	2,681,021	4,887,643
Other current assets	11	9,730,303	7,366,106
Total current assets		364,004,520	346,314,419
Non-current assets			
Loans and advances to customers	12	-	-
Debt investments	13	591,757	606,157
Long-term receivables	14	8,292,366	7,222,428
Long-term equity investments	15	23,790,987	22,416,806
Investments in other equity instruments	16	2,265,026	2,703,385
Other non-current financial assets	17	218,503	222,840
Investment properties	18	1,005,693	772,208
Fixed assets	19	68,706,391	64,241,583
Construction in progress	20	6,370,765	5,419,828
Right-of-use assets	21	2,822,644	2,619,386
Intangible assets	22	16,995,992	16,706,995
Development expenditures	23	849,654	956,787
Goodwill	24	312,056	306,816
Long-term deferred expenses		527,764	453,183
Deferred tax assets	25	5,038,123	4,438,113
Other non-current assets	26	48,982,193	37,444,593
Total non-current assets		186,769,914	166,531,108
Total assets		550,774,434	512,845,527

Consolidated Balance Sheet

31 December 2025

ITEM	Note VII	31 December 2025	31 December 2024 (restated)
Current liabilities			
Short-term borrowings	28	7,329,911	7,065,648
Held-for-trading financial liabilities		-	4,587
Bills payable	29	67,185,913	47,347,867
Accounts payable	30	162,639,370	161,945,924
Receipts in advance	31	5,766	9,151
Contract liabilities	32	34,284,868	28,198,249
Deposits from banks and other financial institutions	33	6,596,589	5,208,170
Employee benefits payable	34	2,117,078	2,104,519
Tax payable	35	3,447,823	3,628,950
Other payables	36	17,111,011	15,427,955
Non-current liabilities due within one year	37	4,464,986	4,930,756
Other current liabilities	38	3,392,862	2,804,161
Total current liabilities		308,576,177	278,675,937
Non-current liabilities			
Long-term borrowings	39	7,558,981	5,648,597
Lease liabilities	40	2,363,267	2,136,919
Long-term payables	41	157,145	188,312
Long-term employee benefits payable	42	2,016,663	2,248,623
Provisions	43	7,345,615	7,168,426
Deferred income	44	5,801,504	5,691,226
Deferred tax liabilities	25	590,462	521,994
Other non-current liabilities	45	286,120	319,891
Total non-current liabilities		26,119,757	23,923,988
Total liabilities		334,695,934	302,599,925

Consolidated Balance Sheet

31 December 2025

ITEM	Note VII	31 December 2025	31 December 2024 (restated)
Shareholders' equity			
Share capital	46	28,698,864	28,698,864
Capital reserve	47	41,761,594	42,474,101
Other comprehensive income	48	(577,814)	(610,891)
Special reserve	49	49,957	49,957
Surplus reserve	50	7,564,998	6,851,689
General risk reserve		800,642	755,846
Retained earnings	51	93,822,408	90,580,222
Total equity attributable to shareholders of the Company		172,120,649	168,799,788
Non-controlling interests		43,957,851	41,445,814
TOTAL SHAREHOLDERS' EQUITY		216,078,500	210,245,602
TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY		550,774,434	512,845,527

Legal representative
Sun Yongcai

Chief Accountant
Qu Xiaoli

Person in Charge of the
Accounting Department
Shi Jian Feng

The Company's Balance Sheet

31 December 2025

Prepared by: CRRC Corporation Limited

RMB'000

ITEM	Note XVII	31 December 2025	31 December 2024
Current assets			
Cash and bank balances	1	8,834,674	6,599,184
Accounts receivable		3,772	3,610
Prepayments		29,495	19,267
Other receivables	2	10,169,501	16,103,502
Non-current assets due within one year		915,342	153,910
Other current assets		10,064	5,727
Total current assets		19,962,848	22,885,200
Non-current assets			
Long-term receivables		8,959,917	9,059,694
Long-term equity investments	3	121,164,062	119,501,986
Investments in other equity instruments		470,305	531,546
Fixed assets		9,501	14,481
Construction in progress		18,002	17,609
Right-of-use assets		9,368	13,741
Intangible assets		88,894	109,072
Other non-current assets		34,255	53,256
Total non-current assets		130,754,304	129,301,385
Total assets		150,717,152	152,186,585
Current liabilities			
Employee benefits payable		60,294	57,027
Taxes payable		3,605	4,007
Other payables		47,020,951	46,458,652
Non-current liabilities due within one year		4,818	4,956
Total current liabilities		47,089,668	46,524,642
Non-current liabilities			
Lease liabilities		5,890	10,562
Deferred Revenue		-	194
Total non-current liabilities		5,890	10,756
Total liabilities		47,095,558	46,535,398

The Company's Balance Sheet

31 December 2025

ITEM	Note XVII	31 December 2025	31 December 2024
Shareholders' equity			
Share capital		28,698,864	28,698,864
Capital reserve		62,810,730	62,809,231
Other comprehensive income		21,675	2,217
Surplus reserve		7,564,998	6,851,689
Retained earnings		4,525,327	7,289,186
TOTAL SHAREHOLDERS' EQUITY		103,621,594	105,651,187
TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY		150,717,152	152,186,585

Legal representative
Sun Yongcai

Chief Accountant
Qu Xiaoli

Person in Charge of the
Accounting Department
Shi Jian Feng

Consolidated Income Statement

From January to December 2025

Prepared by: CRRC Corporation Limited

RMB'000

ITEM	Note VII	2025	2024 (restated)
I. Total operating income	52	273,063,098	246,474,389
II. Total operating costs		256,255,012	232,696,850
Including: Operating costs	52	214,684,021	193,774,900
Taxes and surcharges	53	2,052,485	1,882,693
Selling expenses	54	5,866,517	5,528,820
Administrative expenses	55	16,007,131	15,585,647
Research and development expense	56	17,640,973	15,936,698
Financial expense	57	3,885	(11,908)
Including: Interest expenses		1,006,351	1,122,486
Interest income		1,201,437	1,413,243
Add: Other income	58	2,761,701	3,465,525
Investment income	59	802,566	865,928
Including: Gains from investments in associates and joint ventures		727,908	791,813
Loss arising from derecognition of financial assets measured at amortised cost		(225,000)	(141,398)
Gains from changes in fair value	60	293,461	366,824
Impairment losses under expected credit loss model	61	(1,400,734)	(990,604)
Assets impairment losses	62	(924,492)	(755,919)
Gains on disposal of assets	63	381,046	206,354
III. Operating profit		18,721,634	16,935,647
Add: Non-operating income	64	849,396	695,155
Less: Non-operating expenses	65	252,399	197,944
IV. Total profit		19,318,631	17,432,858
Less: Income tax expenses	66	2,423,077	1,768,452
V. Net profit		16,895,554	15,664,406
(I) Net profit classified by operating continuity			
1. Net profit from continuing operations		16,895,554	15,664,406
(II) Net profit classified by ownership			
1. Net profit attributable to shareholders of the Company		13,181,015	12,387,776
2. Net profit attributable to non-controlling interests		3,714,539	3,276,630

Consolidated Income Statement

From January to December 2025

ITEM	Note VII	2025	2024 (restated)
VI. Other comprehensive income, net of income tax	48	232,586	406,127
(I) Other comprehensive income attributable to shareholders of the Company, net of income tax		35,990	290,466
1. Items that will not be reclassified to profit or loss		315,742	(233,194)
(1) Remeasurement of the changes in net liabilities or net assets of defined benefit plan		199,121	(79,621)
(2) Changes in fair value of investments in other equity instruments		111,468	(160,129)
(3) Others		5,153	6,556
2. Items that may be reclassified to profit or loss		(279,752)	523,660
(1) Other comprehensive income that may be reclassified to profit or loss under equity method		(57,985)	(9,959)
(2) Changes in fair value of other debt investments		(40,508)	57,848
(3) Translation differences arising from translation of foreign currency financial statements		(112,327)	398,584
(4) Cash flow hedge reserve		(68,932)	77,187
(II) Other comprehensive income attributable to non-controlling interests, net of income tax		196,596	115,661
VII. Total comprehensive income		17,128,140	16,070,533
(I) Total comprehensive income attributable to shareholders of the Company		13,217,005	12,678,242
(II) Total comprehensive income attributable to non-controlling interests		3,911,135	3,392,291
VIII. Earnings per share:			
(I) Basic earnings per share (RMB/per share)		0.46	0.43
(II) Diluted earnings per share (RMB/per share)		0.46	0.43

If a business merger under the same control occurs in the current period, the net loss realized by the merged party before the merger is: RMB(35,954) thousand, and the net profit realized by the merged party in the previous period is: RMB513 thousand.

Legal representative
Sun Yongcai

Chief Accountant
Qu Xiaoli

Person in Charge of the
Accounting Department
Shi Jian Feng

The Company's Income Statement

From January to December 2025

Prepared by: CRRC Corporation Limited

RMB'000

ITEM	Note XVII	2025	2024
I. Operating income	4	509,952	414,956
Less: Operating costs	4	4,047	4,096
Taxes and surcharges		1,080	1,741
Selling expenses		-	19,271
Administrative expenses		471,940	414,395
Research and development expenses		573,526	715,883
Financial expenses		210,445	148,245
Including: Interest expenses		725,507	859,704
Interest income		526,951	732,508
Add: Other income		1,907	1,774
Investment income	5	7,881,299	6,212,705
Including: Income from investment in associates and joint ventures		304,742	355,807
Impairment losses under expected credit loss model		3,670	779
Gains on disposal of assets		-	(88)
II. Operating profit		7,135,790	5,326,495
Add: Non-operating income		10	-
Less: Non-operating expenses		2,713	500
III. Total profit		7,133,087	5,325,995
Less: Income tax expenses		-	-
IV. Net profit		7,133,087	5,325,995
(I) Net profit from continuing operations		7,133,087	5,325,995
V. Other comprehensive income, net of income tax		19,458	8,513
(I) Items that will not be reclassified to profit or loss		12,460	6,612
1. Remeasurement of defined benefit plan		12,460	6,612
(II) Items that may be reclassified to profit or loss		6,998	1,901
1. Other comprehensive income recognized under equity method		6,998	1,901
VI. Total comprehensive income for the year		7,152,545	5,334,508

Legal representative
Sun Yongcai

Chief Accountant
Qu Xiaoli

Person in Charge of the
Accounting Department
Shi Jian Feng

The Consolidated Cash Flow Statement

From January to December 2025

Prepared by: CRRC Corporation Limited

RMB'000

ITEM	Note VII	2025	2024 (restated)
I. Cash flows from operating activities:			
Cash receipts from the sale of goods and the rendering of services		288,766,143	255,330,991
Net increase in deposits from banks and other financial institutions		1,388,419	-
Net decrease in loans and advances to customers		55,980	1,902,151
Receipts of tax refunds		1,973,727	1,906,986
Other cash receipts relating to operating activities	68	2,972,606	3,171,029
Sub-total of cash inflows from operating activities		295,156,875	262,311,157
Cash payments for goods purchased and services received		199,309,994	168,190,412
Net decrease in deposits from banks and other financial institutions		-	549,357
Cash payments to and on behalf of employees		41,760,762	39,702,475
Payment of various taxes		13,859,502	13,021,646
Other cash payments relating to operating activities	68	16,040,901	13,790,353
Sub-total of cash outflows from operating activities		270,971,159	235,254,243
Net cash flow from operating activities	69	24,185,716	27,056,914
II. Cash flows from investing activities:			
Cash receipts from recovery of investments		38,209,525	27,567,851
Cash receipts from investment income		937,772	1,071,680
Net cash receipts from disposals of fixed assets, intangible assets and other long-term assets		906,631	411,400
Net cash receipts from disposals discontinued operation		143,483	-
Other cash receipts relating to investing activities		252,918	-
Sub-total of cash inflows from investing activities		40,450,329	29,050,931
Cash payments to acquire or construct fixed assets, intangible assets and other long-term assets		9,382,515	10,185,342
Cash payments to acquire investments		45,932,801	35,719,408
Other cash paid relating to investing activities		-	164,616
Sub-total of cash outflows from investing activities		55,315,316	46,069,366
Net cash flow used in investing activities		(14,864,987)	(17,018,435)

The Consolidated Cash Flow Statement

From January to December 2025

ITEM	Note VII	2025	2024 (restated)
III. Cash flows from financing activities:			
Cash receipts from capital contributions		1,826,016	4,801,705
Including: Cash receipts from capital contributions by non-controlling interests of subsidiaries		1,826,016	4,791,705
Cash receipts from borrowings		22,312,596	20,444,461
Cash receipts from bonds issuing		17,000,000	-
Other cash received in connection with financing activities		119,808	-
Sub-total of cash inflows from financing activities		41,258,420	25,246,166
Cash repayments of borrowings		40,337,144	24,444,741
Cash payments for distribution of dividends or profits or settlement of interest expense		12,271,120	8,025,262
Including: Payments for distribution of dividends or profits to non-controlling interests of subsidiaries		2,121,393	1,238,288
Other cash payments relating to financing activities		1,387,187	2,211,516
Sub-total of cash outflows from financing activities		53,995,451	34,681,519
Net cash flow (used in)/from financing activities		(12,737,031)	(9,435,353)
IV. Effect of foreign exchange rate changes on cash and cash equivalents		249,358	(158,056)
V. Net increase in cash and cash equivalents	69	(3,166,944)	445,070
Add: Opening Balance of Cash and Cash Equivalents	69	46,553,233	46,108,163
VI. Closing Balance of Cash and Cash Equivalents	69	43,386,289	46,553,233

Legal representative
Sun Yongcai

Chief Accountant
Qu Xiaoli

Person in Charge of the
Accounting Department
Shi Jian Feng

The Company's Cash Flow Statement

From January to December 2025

Prepared by: CRRC Corporation Limited

RMB'000

ITEM	Note XVII	2025	2024
I. Cash flows from operating activities:			
Cash receipts from the sale of goods and rendering of services		561,454	440,020
Other cash receipts relating to operating activities		207,019	553,689
Sub-total of cash inflows from operating activities		768,473	993,709
Cash payments for goods purchased and services received		5,806	4,630
Cash payments to and on behalf of employees		183,084	165,939
Payment of various taxes		10,956	14,998
Other cash payments relating to operating activities		794,039	1,054,501
Sub-total of cash outflows from operating activities		993,885	1,240,068
Net cash flow (used in)/from operating activities	6	(225,412)	(246,359)
II. Cash flows from investing activities:			
Cash receipts from recovery of investments		34,832,929	27,944,834
Cash receipts from investment income		9,724,602	7,720,795
Sub-total of cash inflows from investing activities		44,557,531	35,665,629
Cash payments to acquire or construct fixed assets, intangible assets and other long-term assets		797	2,220
Payment for acquisition of investments		32,619,048	31,194,628
Sub-total of cash outflows from investing activities		32,619,845	31,196,848
Net cash flow from/(used in) investing activities		11,937,686	4,468,781
III. Cash flows from financing activities:			
Cash receipts from bonds issuing		17,000,000	-
Cash receipts from borrowings		-	2,000,000
Cash receipts from other financing activities		73,477,466	51,201,100
Sub-total of cash inflows from financing activities		90,477,466	53,201,100
Cash repayments of borrowings		17,000,000	10,500,000
Cash payments for distribution of dividends or profits or settlement of interest expenses		9,915,795	6,534,613
Other cash payments relating to financing activities		72,945,105	50,388,856
Sub-total of cash outflows from financing activities		99,860,900	67,423,469
Net cash flow (used in)/from financing activities		(9,383,434)	(14,222,369)
IV. Effect of Foreign Exchange Rate Changes on Cash and Cash Equivalents		13,297	(14,270)
V. Net increase in cash and cash equivalents	6	2,342,137	(10,014,217)
Add: Opening Balance of Cash and Cash Equivalents	6	5,704,430	15,718,647
VI. Closing Balance of Cash and Cash Equivalents	6	8,046,567	5,704,430

Legal representative
Sun Yongcai

Chief Accountant
Qu Xiaoli

Person in Charge of the
Accounting Department
Shi Jian Feng

The Consolidated Statement of Changes in Shareholders' Equity

From January to December 2025

Prepared by: CRRC Corporation Limited

RMB'000

ITEM	For the year ended 31 December 2025									
	Equity attributable to shareholders of the Company									Total
	Share capital	Capital reserve	Other comprehensive income	Special reserve	Surplus reserve	General risk reserve	Retained earnings	Sub-total	Noncontrolling interests	
I. Balance at the end of the previous year (before restatement)	28,698,864	42,448,601	(610,891)	49,957	6,851,689	755,846	90,579,708	168,773,774	41,420,820	210,194,594
Add: business combination under the same control	-	25,500	-	-	-	-	514	26,014	24,994	51,008
II. Balance at the beginning of the current (restated)	28,698,864	42,474,101	(610,891)	49,957	6,851,689	755,846	90,580,222	168,799,788	41,445,814	210,245,602
III. Changes for the year	-	(712,507)	33,077	-	713,309	44,796	3,242,186	3,320,861	2,512,037	5,832,898
(I) Total comprehensive income	-	-	35,990	-	-	-	13,181,015	13,217,005	3,911,135	17,128,140
(II) Shareholders' contributions and reduction	-	(712,507)	-	-	-	-	-	(712,507)	368,248	(344,259)
1. Contribution by ordinary shareholders	-	145,276	-	-	-	-	-	145,276	1,680,740	1,826,016
2. Others	-	(857,783)	-	-	-	-	-	(857,783)	(1,312,492)	(2,170,275)
(III) Profit distribution	-	-	-	-	713,309	44,796	(9,941,742)	(9,183,637)	(1,767,346)	(10,950,983)
1. Distributions to shareholders	-	-	-	-	-	-	(9,183,637)	(9,183,637)	(1,767,346)	(10,950,983)
2. Appropriation for surplus reserve	-	-	-	-	713,309	-	(713,309)	-	-	-
3. Appropriation to general risk reserve	-	-	-	-	-	44,796	(44,796)	-	-	-
4. Others	-	-	-	-	-	-	-	-	-	-
(IV) Transfers within shareholders' equity	-	-	(2,913)	-	-	-	2,913	-	-	-
1. Other comprehensive income carried forward to retained earnings	-	-	(2,913)	-	-	-	2,913	-	-	-
(V) Special reserve	-	-	-	-	-	-	-	-	-	-
1. Appropriation of special reserve	-	-	-	603,290	-	-	-	603,290	70,473	673,763
2. Amount utilised in the year	-	-	-	(603,290)	-	-	-	(603,290)	(70,473)	(673,763)
(VI) Others	-	-	-	-	-	-	-	-	-	-
IV. Balance at the end of the current period	28,698,864	41,761,594	(577,814)	49,957	7,564,998	800,642	93,822,408	172,120,649	43,957,851	216,078,500

Legal representative
Sun Yongcai

Chief Accountant
Qu Xiaoli

Person in Charge of the
Accounting Department
Shi Jian Feng

The Consolidated Statement of Changes in Shareholders' Equity

From January to December 2025

Prepared by: CRRC Corporation Limited

RMB'000

ITEM	For the year ended 31 December 2024									
	Equity attributable to shareholders of the Company									Total
	Share capital	Capital reserve	Other comprehensive income	Special reserve	Surplus reserve	General risk reserve	Retained earnings	Sub-total	Noncontrolling interests	
I. Balance at the end of the previous year (before restatement)	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
Add: business combination under the same control	-	20,400	-	-	-	-	253	20,653	19,843	40,496
II. Balance at the beginning of the current (restated)	28,698,864	41,588,578	(900,051)	49,957	6,319,090	670,960	84,566,628	160,994,026	35,569,785	196,563,811
III. Changes for the year (restated)	-	885,523	289,160	-	532,599	84,886	6,013,594	7,805,762	5,876,029	13,681,791
(I) Total comprehensive income (restated)	-	-	290,466	-	-	-	12,387,776	12,678,242	3,392,291	16,070,533
(II) Shareholders' contributions and reduction	-	885,523	-	-	-	-	-	885,523	3,717,267	4,602,790
1. Contribution by ordinary shareholders	-	995,364	-	-	-	-	-	995,364	3,821,440	4,816,804
2. Others	-	(109,841)	-	-	-	-	-	(109,841)	(104,173)	(214,014)
(III) Profit distribution	-	-	-	-	532,599	84,886	(6,375,488)	(5,758,003)	(1,233,529)	(6,991,532)
1. Distributions to shareholders	-	-	-	-	-	-	(5,739,773)	(5,739,773)	(1,222,310)	(6,962,083)
2. Appropriation for surplus reserve	-	-	-	-	532,599	-	(532,599)	-	-	-
3. Appropriation to general risk reserve	-	-	-	-	-	84,886	(84,886)	-	-	-
4. Others	-	-	-	-	-	-	(18,230)	(18,230)	(11,219)	(29,449)
(IV) Transfers within shareholders' equity	-	-	(1,306)	-	-	-	1,306	-	-	-
1. Other comprehensive income carried forward to retained earnings	-	-	(1,306)	-	-	-	1,306	-	-	-
(V) Special reserve	-	-	-	-	-	-	-	-	-	-
1. Appropriation of special reserve	-	-	-	541,442	-	-	-	541,442	96,482	637,924
2. Amount utilised in the year	-	-	-	(541,442)	-	-	-	(541,442)	(96,482)	(637,924)
(VI) Others	-	-	-	-	-	-	-	-	-	-
IV. Balance at the end of the current period	28,698,864	42,474,101	(610,891)	49,957	6,851,689	755,846	90,580,222	168,799,788	41,445,814	210,245,602

Legal representative
Sun Yongcai

Chief Accountant
Qu Xiaoli

Person in Charge of the
Accounting Department
Shi Jian Feng

The Company's Statement of Changes in Shareholders' Equity

From January to December 2025

Prepared by: CRRC Corporation Limited

RMB'000

ITEM	For the year ended 31 December 2025					Total
	Share capital	Capital reserve	Other comprehensive income	Surplus reserve	Retained earnings	
I. Closing balance of the previous year	28,698,864	62,809,231	2,217	6,851,689	7,289,186	105,651,187
II. Opening balance of the current year	28,698,864	62,809,231	2,217	6,851,689	7,289,186	105,651,187
III. Changes in equity during the period	-	1,499	19,458	713,309	(2,763,859)	(2,029,593)
(I) Total comprehensive income	-	-	19,458	-	7,133,087	7,152,545
(II) Owners' contributions and reduction in capital	-	1,499	-	-	-	1,499
1. Others	-	1,499	-	-	-	1,499
(III) Profit distribution	-	-	-	713,309	(9,896,946)	(9,183,637)
1. Appropriation for surplus reserve	-	-	-	713,309	(713,309)	-
2. Distributions to owners (or shareholders)	-	-	-	-	(9,183,637)	(9,183,637)
IV. Closing balance of the current period	28,698,864	62,810,730	21,675	7,564,998	4,525,327	103,621,594

Legal representative
Sun Yongcai

Chief Accountant
Qu Xiaoli

Person in Charge of the
Accounting Department
Shi Jian Feng

The Company's Statement of Changes in Shareholders' Equity

From January to December 2025

Prepared by: CRRC Corporation Limited

RMB'000

ITEM	For the year ended 31 December 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	-	(734)	8,513	532,599	(946,377)	(405,999)
(I) Total comprehensive income	-	-	8,513	-	5,325,995	5,334,508
(II) Owners' contributions and reduction in capital	-	(734)	-	-	-	(734)
1. Others	-	(734)	-	-	-	(734)
(III) Profit distribution	-	-	-	532,599	(6,272,372)	(5,739,773)
1. Appropriation for surplus reserve	-	-	-	532,599	(532,599)	-
2. Distributions to owners (or shareholders)	-	-	-	-	(5,739,773)	(5,739,773)
IV. Closing balance of the current period	28,698,864	62,809,231	2,217	6,851,689	7,289,186	105,651,187

Legal representative
Sun Yongcai

Chief Accountant
Qu Xiaoli

Person in Charge of the
Accounting Department
Shi Jian Feng

Notes to the Consolidated Financial Statements

For the year ended 31 December 2025

III. 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.

Notes to the Consolidated Financial Statements

For the year ended 31 December 2025

III. BASIC INFORMATION ABOUT THE COMPANY *(continued)*

1. General information *(continued)*

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.

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	6,317,053	93.54	93.54
CRRC Zhuzhou Electric Locomotive Research Institute Co., Ltd. ("CRRC Zhuzhou Institute")	China	Zhuzhou	Limited liability company	Li Dongjin	Manufacturing	9143020044517525X1	9,126,840	100.00	100.00
CRRC Zhuzhou Electric Locomotive Co., Ltd. ("CRRC Zhuzhou Locomotive")	China	Zhuzhou	Limited liability company	Wang Qiaolin	Manufacturing	914302007790310965	5,613,927	100.00	100.00
CRRC Tangshan Co., Ltd. ("CRRC Tangshan")	China	Tangshan	Limited liability company	Zhou Junnian	Manufacturing	911302216636887669	4,030,920	100.00	100.00
CRRC Dalian Co., Ltd. ("CRRC Dalian") Branch	China	Dalian	Limited liability company	Sun Rongkun	Manufacturing	91210200241283929E	4,388,870	100.00	100.00
CRRC Qiqihar Group Co., Ltd. ("CRRC Qiqihar Group")	China	Qiqihar	Limited liability company	Wang Hui rong	Manufacturing	91230200057435769W	8,000,000	100.00	100.00
CRRC Yangtze River Transportation Equipment Group Co., Ltd. ("CRRC Yangtze River Group")	China	Wuhan	Limited liability company	Zhang Lei	Manufacturing	91420115MA4KYAEH3B	5,716,509	100.00	100.00
CRRC Asset Management Co., Ltd. ("CRRC Asset Management")	China	Shanghai	Limited liability company	Tan Xiaofeng	Trading and financing lease	911100007109247853	2,909,285	100.00	100.00
CRRC Qishuyan Co., Ltd. ("CRRC Qishuyan")	China	Changzhou	Limited liability company	Xu Shibao	Manufacturing	913204006638182170	2,448,020	100.00	100.00



Notes to the Consolidated Financial Statements

For the year ended 31 December 2025

III. BASIC INFORMATION ABOUT THE COMPANY (continued)

2 Scope of consolidated financial statement (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 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	91110108MA0031464L	3,300,000	100.00	100.00
CRRC Nanjing Puzhen Co., Ltd. ("CRRC Nanjing Puzhen")	China	Nanjing	Limited liability company	Yang Qi	Manufacturing	91320191663764650N	5,149,355	100.00	100.00
CRRC Hong Kong Capital Management Co., Ltd. ("CRRC Hong Kong Capital Management")	China	Hong Kong	Limited liability company	Dong Xuzhang	Investment and capital operation	Not applicable	3,503,568	100.00	100.00
CRRC ITET Co., Ltd. ("CRRC ITET")	China	Beijing	Limited liability company	Liu Chuntao	Housing industry	91110106590663663T	1,500,000	50.00	50.00
CRRC Yongji Electric Co., Ltd. ("CRRC Yongji Electric")	China	Yongji	Limited liability company	Wang Bin	Manufacturing	91140881664458751J	1,873,301	100.00	100.00
CRRC Qingdao Sifang Institute Co., Ltd. ("CRRC Sifang Institute")	China	Qingdao	Limited liability company	Xing Xiaodong	Manufacturing	91370200264582788W	2,220,681	100.00	100.00
CRRC Finance Co., Ltd. ("CRRC Finance")	China	Beijing	Limited liability company	Hao Zhijun	Financing	911100000573064301	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	2,020,976	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
CRRC Datong Electric Locomotive Co., Ltd. ("CRRC Datong")	China	Datong	Limited liability company	Fu Yongjun	Manufacturing	91140200602161186E	1,140,000	100.00	100.00
CRRC Dalian Institute Co., Ltd. ("CRRC Dalian Institute")	China	Dalian	Limited liability company	Qu Tianwei	Manufacturing	91210200243024402A	1,103,000	100.00	100.00
CRRC Sifang Co., Ltd. ("CRRC Sifang")	China	Qingdao	Limited liability company	Xu Lei	Manufacturing	9137020016357624X1	223,375	100.00	100.00
CRRC Logistics Co., Ltd. ("CRRC Logistics")	China	Beijing	Limited liability company	Pan Shuping	Logistics and trade	91110108737682982M	963,560	100.00	100.00
CRRC Industrial Institute Co., Ltd. ("CRRC Industrial Institute")	China	Beijing	Limited liability company	Liang Jianying	Research and development	911101063066897448	356,440	100.00	100.00
CRRC International Co., Ltd. ("CRRC International")	China	Beijing	Limited liability company	Wu Yan	Trade	911101067109217367	2,590,000	100.00	100.00
CRRC Information Technology Co., Ltd. ("CRRC Information Technology")	China	Beijing	Limited liability company	Chen Kai	Software development	91110108700035941C	756,470	100.00	100.00

Notes to the Consolidated Financial Statements

For the year ended 31 December 2025

III. BASIC INFORMATION ABOUT THE COMPANY *(continued)*

2 Scope of consolidated financial statement *(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 SA (PTY) LTD	South Africa	South Africa	Limited liability company	Han Xiaobo	Manufacturing	Not applicable	ZAR1,000	66.00	66.00
Zhuzhou CRRC Times Electric Co., Ltd. (Times Electric*) (Note 1)	China	Zhuzhou	Limited company	Li Donglin	Manufacturing	914300007808508659	1,357,948	49.77	49.77
Zhuzhou Times New Material Technology Co., Ltd. (Times New Material*) (Note 2)	China	Zhuzhou	Limited company	Peng Huawen	Manufacturing	91430200712106524U	931,181	34.11	49.69
CRRC Qihang New Energy Technology Co., Ltd	China	Beijing	Limited liability company	Liu Jianxun	Research and development	91110108MAD3W43D43	700,000	100.00	100.00
CRRC (Chongqing) Smart Rail Transit Technology Co., Ltd (Chongqing Smart Rail Transit)	China	Chongqing	Limited liability company	Zhang Hongquan	Research and development	91500112MAD9CPOC01	200,000	100.00	100.00
CRRC Digital Intelligence Technology (Xiong'an) Co., Ltd	China	Boading	Limited liability company	Chen Kai	Software development	91133100MAE8YDTG6C	300,000	100.00	100.00

Note 1: CRRC Times Electric is a subsidiary of CRRC Zhuzhou Institute. CRRC Times Electric is a listed company on the Science and Technology Innovation Board of the Exchange of China (stock code: 688187) and a listed company on the main board of the Stock Exchange of Hong Kong (stock code: 03898). In 2024 and 2025, CRRC Times Electric repurchased 58,233,500 H Shares on the Exchange of Hong Kong, of which 58,288,500 H shares were cancelled. As at December 31, 2025, the Group's shareholding in CRRC Times Electric was 49.77%.

Note 2: Times New Material was originally a subsidiary of CRRC Zhuzhou Institute. Zhuzhou Times New Materials is a listed company on the Science and Technology Innovation Board of Shanghai Stock Exchange (stock code: 600458). On May 14, 2025, Zhuzhou Times New Materials Co., Ltd. was approved by the China Securities Regulatory Commission's ZJXK [2025] No. 996 document on approving the registration of Zhuzhou Times New Materials Technology Co., Ltd. to issue 106,732,348 non-public shares to specific targets, with a face value of 1 yuan per share and a net amount of raised funds of RMB1,289.37 million. The Group's shareholding in Zhuzhou Times New Materials has been passively diluted from 38.53% to 34.11%. At the same time, CRRC Group, the parent company of the Company, holds 9.88% of the equity of Zhuzhou Times New Materials, and CRRC Group authorizes the Group to exercise its proposal right and voting rights at the shareholders' meeting of Zhuzhou Times New Materials. On October 30, 2025, the Company held the third meeting of the fourth Board and passed the Proposal on CRRC Zhuzhou Electric Locomotive Research Institute Co., Ltd. Transferring Part of its Shares of Zhuzhou Times New Materials Technology Co., Ltd. to CRRC Co., Ltd. for Free. On October 31, 2025, the Company completed the free transfer and became the direct 'controlling shareholder' of Zhuzhou Times New Materials. At the same time, CRRC Group, the parent company of the Company, authorizes the Group to exercise its proposal rights and voting rights at the shareholders' meeting of Zhuzhou Times New Materials. As of December 31, 2025, the Group's total voting rights proportion of Zhuzhou Times New Materials is 49.69%.

Notes to the Consolidated Financial Statements

For the year ended 31 December 2025

IV. 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 31 December 2025 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.

Notes to the Consolidated Financial Statements

For the year ended 31 December 2025

V. 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 31 December 2025, and consolidated and the Company's operating results, changes in shareholders' equity and cash flows for the 12 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.

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.



Notes to the Consolidated Financial Statements

For the year ended 31 December 2025

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

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 assets 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.

Notes to the Consolidated Financial Statements

For the year ended 31 December 2025

V. 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)*

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.

(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.

Notes to the Consolidated Financial Statements

For the year ended 31 December 2025

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

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

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

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

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

The acquiree's identifiable assets, liabilities and contingent liabilities acquired by the acquirer in a business combination 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.

Notes to the Consolidated Financial Statements

For the year ended 31 December 2025

V. 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.

Notes to the Consolidated Financial Statements

For the year ended 31 December 2025

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

7 Criteria of control and basis for preparation of consolidated financial statements *(continued)*

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 V. 14.

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.

Notes to the Consolidated Financial Statements

For the year ended 31 December 2025

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

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.

Notes to the Consolidated Financial Statements

For the year ended 31 December 2025

V. 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 V. 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 V. 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.

Notes to the Consolidated Financial Statements

For the year ended 31 December 2025

V. 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)*

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.

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.

Notes to the Consolidated Financial Statements

For the year ended 31 December 2025

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

11 Financial instruments *(continued)*

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

(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.

Notes to the Consolidated Financial Statements

For the year ended 31 December 2025

V. 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.

Notes to the Consolidated Financial Statements

For the year ended 31 December 2025

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

11 Financial instruments *(continued)*

(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.

(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.

Notes to the Consolidated Financial Statements

For the year ended 31 December 2025

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

11 Financial instruments *(continued)*

(6) Impairment *(continued)*

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.

Notes to the Consolidated Financial Statements

For the year ended 31 December 2025

V. 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.

Notes to the Consolidated Financial Statements

For the year ended 31 December 2025

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

11 Financial instruments *(continued)*

(6) Impairment *(continued)*

Provisions for bad and doubtful debts arising from receivables *(continued)*

(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.

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.



Notes to the Consolidated Financial Statements

For the year ended 31 December 2025

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

11 Financial instruments *(continued)*

(6) Impairment *(continued)*

Significant increases in credit risk *(continued)*

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.

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.

Notes to the Consolidated Financial Statements

For the year ended 31 December 2025

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

11 Financial instruments *(continued)*

(6) Impairment *(continued)*

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.

Notes to the Consolidated Financial Statements

For the year ended 31 December 2025

V. 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.

When convertible instruments are converted, the Group transfers the liability component and equity component to equity related accounts. When the convertible instrument is redeemed, the price paid for redemption and the transaction costs incurred are allocated to the equity and liability components. The method of distributing the price and transaction costs is consistent with the distribution method adopted when the instrument is issued. After the price and transaction costs are distributed, the difference between the book value and the equity and liability components shall be included in equity if it is related to the equity component, and in profit and loss if it is related to the liability component.

Notes to the Consolidated Financial Statements

For the year ended 31 December 2025

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

11 Financial instruments *(continued)*

(8) Convertible instruments *(continued)*

- 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.

Notes to the Consolidated Financial Statements

For the year ended 31 December 2025

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

12 Inventories

Inventory Category, Valuation Method at Issue, Inventory System, Amortization Method for Low Value Consumables and Packaging Materials

(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.

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.

Notes to the Consolidated Financial Statements

For the year ended 31 December 2025

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

13 Assets held for sale and discontinued operations

(1) Recognition criteria and accounting treatment methods of divided into non-current assets held for sale or disposal group

Non-current assets and disposal groups are classified as held for sale category when the Group recovers the carrying amount through a sale (including an exchange of nonmonetary assets that has commercial substance) rather than continuing use.

Non-current assets or disposal groups classified as held for sale are required to satisfy both of the following conditions: (1) the asset or disposal group is available for immediate sale in its present condition subject only to terms that are usual and customary for sales of such asset or disposal group; (2) the sale is highly probable, i.e. the Group has made a resolution about selling plan and obtained a confirmed purchase commitment and the sale is expected to be completed within one year.

The Group measures the non-current assets or disposal groups classified as held for sale at the lower of their carrying amount and fair value less costs to sell. Where the carrying amount is higher than the net amount of fair value less costs to sell, carrying amount should be reduced to the net amount of fair value less costs to sell, and such reduction is recognised in impairment loss of assets and included in profit or loss for the period. Meanwhile, provision for impairment of held-for-sale assets are made. When there is increase in the net amount of fair value of assets classified as held for sale less costs to sell at the balance sheet date, the original deduction should be reversed in impairment loss of assets recognised after the classification of held-for-sale category, and the reverse amount is included in profit or loss for the period.

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

(2) Recognition criteria and presentation method of discontinued operations

The Group classifies a separate component as a discontinued operation either upon disposal of the operation or when the operation meets the criteria to be classified as held for sale if it is separately identifiable and satisfies one of the following conditions:

- It represents a separate major line of business or a separate geographical area of operations;
- It is part of a single co-ordinated plan to dispose of a separate major line of business or a separate geographical area of operations;
- It is a subsidiary acquired exclusively with a view to resale.



Notes to the Consolidated Financial Statements

For the year ended 31 December 2025

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

13 Assets held for sale and discontinued operations *(continued)*

(2) Recognition criteria and presentation method of discontinued operations *(continued)*

Where an operation is classified as discontinued in the current period, profit or loss from continuing operations and profit or loss from discontinued operations are separately presented in the income statement for the current period. Profit or loss from continuing operation in the comparative income statement is re-presented as if the operation had been discontinued from the start of the comparative year.

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 joint 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 joint control, the investment cost of the long-term equity investment is the cost of acquisition. For a business combination not involving enterprises under joint 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.

Notes to the Consolidated Financial Statements

For the year ended 31 December 2025

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

14 Long-term equity investments *(continued)*

(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.

(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.

Notes to the Consolidated Financial Statements

For the year ended 31 December 2025

V. 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 *(continued)*

The Group discontinues recognising its share of net losses of the investee after the carrying amount of the long-term equity investment together with any long-term interests that in substance form part of its net investment in the investee is reduced to zero. If the Group has incurred obligations to assume additional losses of the investee, a provision is recognised according to the expected obligation, and recorded as investment loss for the period. Where net profits are subsequently 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 V. 20.

Notes to the Consolidated Financial Statements

For the year ended 31 December 2025

V. 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 V. 20.

Notes to the Consolidated Financial Statements

For the year ended 31 December 2025

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

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 V. 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.

(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 V. 20.

Notes to the Consolidated Financial Statements

For the year ended 31 December 2025

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

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 V. 20.

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.

Notes to the Consolidated Financial Statements

For the year ended 31 December 2025

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

18 Borrowing Costs *(continued)*

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.

Notes to the Consolidated Financial Statements

For the year ended 31 December 2025

V. 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.

Notes to the Consolidated Financial Statements

For the year ended 31 December 2025

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

19 Intangible assets *(continued)*

(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 be 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.

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 V. 20.

Notes to the Consolidated Financial Statements

For the year ended 31 December 2025

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

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.



Notes to the Consolidated Financial Statements

For the year ended 31 December 2025

V. 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

Retirement benefits are classified into defined contribution plans and defined benefit plans.

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.

For defined benefit plans, the independent actuary makes actuarial estimation to determine cost of benefits offered and attributable period by using projected unit credit method. Defined benefit costs are categorised as follows:

- (i) Service costs include current service cost, past service cost, as well as gains and losses on and settlements. Current service cost refers to the increase amount of present value of defined benefit obligation arising from service rendered in current year; past service cost refers to the change of present value of defined benefit obligation arising from modification of defined benefit plans;
- (ii) Net interest expense or income net of liabilities or assets (including interest income of planned assets, interest expenses of defined benefit plan liabilities and effect of asset ceiling;
- (iii) Changes arising from remeasurement of net liabilities or net assets of defined benefit plans (including actuarial gains and losses).

Notes to the Consolidated Financial Statements

For the year ended 31 December 2025

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

22 Employee benefits *(continued)*

(2) Accounting for retirement benefits *(continued)*

Unless benefits costs recognised in the cost of assets are required or permitted by other standards, the Group presents the above (i) and (ii) in profit or loss while (iii) in other comprehensive income, which will not be reversed to the profit or loss during the subsequent accounting period.

The defined benefit plans provided by the Group are set out in Note VII. 42.

(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.

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.



Notes to the Consolidated Financial Statements

For the year ended 31 December 2025

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

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.

- 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 on each balance sheet date during the vesting period, 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.

Notes to the Consolidated Financial Statements

For the year ended 31 December 2025

V. 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 *(continued)*

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.

Notes to the Consolidated Financial Statements

For the year ended 31 December 2025

V. 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.

Notes to the Consolidated Financial Statements

For the year ended 31 December 2025

V. 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 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.

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 V. 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.

Notes to the Consolidated Financial Statements

For the year ended 31 December 2025

V. 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)*

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 V. 11 and 28.

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.

Notes to the Consolidated Financial Statements

For the year ended 31 December 2025

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

26 Contract costs *(continued)*

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.

(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.

Notes to the Consolidated Financial Statements

For the year ended 31 December 2025

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

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

(2) Deferred tax assets/deferred tax liabilities *(continued)*

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.

Notes to the Consolidated Financial Statements

For the year ended 31 December 2025

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

28 Leases

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 standalone 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.



Notes to the Consolidated Financial Statements

For the year ended 31 December 2025

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

28 Leases *(continued)*

(1) As a lessee *(continued)*

(b) Right-of-use assets *(continued)*

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 V. 20 for details.

(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.

Notes to the Consolidated Financial Statements

For the year ended 31 December 2025

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

28 Leases *(continued)*

(1) As a lessee *(continued)*

(c) Lease liabilities *(continued)*

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.

(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.

Notes to the Consolidated Financial Statements

For the year ended 31 December 2025

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

28 Leases *(continued)*

(1) As a lessee *(continued)*

(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 V. 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 V. 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.

Notes to the Consolidated Financial Statements

For the year ended 31 December 2025

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

28 Leases *(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 V. 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;

Notes to the Consolidated Financial Statements

For the year ended 31 December 2025

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

28 Leases *(continued)*

Lease classification standard and accounting treatment method as lessor

(1) As a lessor

(b) Classification of lease

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

- 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.

(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.

Notes to the Consolidated Financial Statements

For the year ended 31 December 2025

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

28 Leases *(continued)*

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

(1) As a lessor *(continued)*

(c) Lease modification *(continued)*

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 V. 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.

Notes to the Consolidated Financial Statements

For the year ended 31 December 2025

V. 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 V. 11.

Notes to the Consolidated Financial Statements

For the year ended 31 December 2025

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

29 Other significant accounting policies and accounting estimates

1. Other significant accounting policies

(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 joint 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 joint 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.

(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 2025, the Group has reassessed the historical actual credit loss rate and considered changes in forward-looking information.

Notes to the Consolidated Financial Statements

For the year ended 31 December 2025

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

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

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

(2) Impairment of goodwill *(continued)*

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

Notes to the Consolidated Financial Statements

For the year ended 31 December 2025

V. 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 V. 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

The Group has no significant changes in accounting policies and accounting estimates in the year 2025.

Notes to the Consolidated Financial Statements

For the year ended 31 December 2025

VI. 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 2025.

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.

Notes to the Consolidated Financial Statements

For the year ended 31 December 2025

VI. TAXES *(continued)*

2 Tax incentive *(continued)*

(2) Enterprise income tax *(continued)*

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 2024, and is subject to an enterprise income tax at a reduced rate of 15% from 2024 to 2026.

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 2025, and is subject to an enterprise income tax at a reduced rate of 15% from 2025 to 2027.

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 Changchun, CRRC Zhuzhou Institute, CRRC Zhuzhou Locomotive, CRRC Qishuyan, CRRC Yongji Moto, CRRC Zhuzhou Moto, CRRC Datong, CRRC Tangshan, CRRC Qishuyan Institute and Times New Material obtained high-tech enterprise certificate in 2023, and are subject to an enterprise income tax at a reduced rate of 15% from 2023 to 2025.

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 Sifang Institute and CRRC Dalian Institute 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.

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 2024, and is subject to an enterprise income tax at a reduced rate of 15% from 2024 to 2026.

Notes to the Consolidated Financial Statements

For the year ended 31 December 2025

VI. TAXES (continued)

2 Tax incentive (continued)

(2) Enterprise income tax (continued)

According to the Announcement on Continuing the Enterprise Income Tax Policy of the Western Development Strategy issued by the MoF, the General Administration of Customs and the State Administration of Taxation ([2020] No. 23), for the period from 1 January 2021 to 31 December 2030, the enterprise income tax imposed upon any enterprise established in western regions and included among the encouraged industries shall be collected at the reduced rate of 15%. As approved by the Sichuan Provincial Office of the State Administration of Taxation and the Chongqing Municipal Office of the State Administration of Taxation, CRRC Ziyang and Chongqing Smart Rail Transit is subject to an enterprise income tax at a reduced rate of 15% since its primary business is included among the encouraged industries.

According to the PRC Enterprise Income Tax Law and its implementing regulations, as well as the Notice of the MoF and the State Administration of Taxation on Extending the Period for Carryover of Losses of High-tech Enterprises and Small and Medium-sized Technological Enterprises (Cai Shui [2018] No.76), the enterprises with the qualification of high-tech enterprises or small and medium-sized technological enterprises (hereinafter referred to as "qualification") in 2018, are allowed to carry forward the losses occurred from 2013 to 2017 that have not yet been covered to subsequent years, regardless of whether they are the enterprises with the qualification from 2013 to 2017. The maximum carry-over period is 10 years. Enterprises that are qualified from the year after 2018 carry forward losses to offset tax on the same basis. A number of companies under the Group, as high-tech enterprises, will carry forward the deductible losses for 10 years since 2018 according to the provisions.

According to the Notice of MoF and SAT on Further Improvements to the Policy of Weighted Pre-tax Deduction for R&D Expenses(Cai Shui [2023] No. 7), since 1 January 2023, for some subsidiaries of the Group, the R&D expenses, which do not form intangible assets and are included in the current P/L, can be deducted in accordance with provisions, with 100% of the actual amount deducted before tax additionally. If intangible assets are formed, 200% of R&D expenses can be deducted before tax during the aforementioned period with the aim of motivating R&D activities.

According to the Inland Revenue (Amendment) (No. 2) Ordinance 2016 of the Government of the Hong Kong Special Administrative Region of the PRC ("the Amendment"), CRRC Hong Kong Capital Management is a qualified enterprise treasury center, therefore, the taxable profit from the business types specified in the Amendment (such as certain types of fund lending business, financial asset investment business, etc.) is subject to a preferential tax rate of 8.25%, and the statutory tax rate of 16.5% is still applicable to enterprise business.

Notes to the Consolidated Financial Statements

For the year ended 31 December 2025

VII. Notes of consolidated financial statements

1 Cash and bank balances

RMB'000

Item	Closing balance	Opening balance (restated)
Cash on hand	576	2,810
Bank deposits	66,634,560	65,058,783
Other cash and bank balances	1,199,488	2,451,021
Total	67,834,624	67,512,614
Including: Total amount deposited overseas	5,013,179	5,218,039

Other descriptions:

Restricted funds of the Group:

RMB'000

Item	Closing balance	Opening balance
Statutory reserve deposited by CRRC Finance at central bank	2,650,217	2,014,017
Guarantee deposits for acceptances	499,153	713,213
Guarantee deposits for letter of credit	28,182	20,866
Guarantee deposits for letter of guarantee	121,618	94,607
Other deposits subject to restrictions	1,270,378	2,412,616
Total	4,569,548	5,255,319

As at 31 December 2025, the term deposits that have not been pledged or restricted for use for three months or over three months is RMB19,878,787,000 (as at 31 December 2024: RMB15,704,062,000).

Notes to the Consolidated Financial Statements

For the year ended 31 December 2025

VII. Notes of consolidated financial statements (continued)

2 Held-for-trading financial assets

RMB'000

Item	Closing balance	Opening balance	Rationale and basis for designate
Investments in equity instruments	4,784,160	4,373,071	/
Derivatives	2,026	-	/
Others (Note)	1,310,259	3,849,201	/
Total	6,096,445	8,222,272	/

Other descriptions:

Note Others are mainly short-term floating income wealth certificate of deposits purchased by the Group.

3 Bills receivable

(1) Category of bills receivable

RMB'000

Item	Closing balance	Opening balance
Bank acceptances	1,433,165	1,127,735
Commercial acceptances	12,302,518	10,278,622
Less: Credit loss allowance	(16,909)	(13,404)
Total	13,718,774	11,392,953

Notes to the Consolidated Financial Statements

For the year ended 31 December 2025

VII. Notes of consolidated financial statements (continued)

3 Bills receivable (continued)

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

RMB'000

Item	Pledged amount at the end of the period
Bank acceptances	-
Commercial acceptances	-
Total	-

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

RMB'000

Item	Amount not derecognised at the end of the period
Bank acceptances	272,150
Commercial acceptances	922,109
Total	1,194,259

Notes to the Consolidated Financial Statements

For the year ended 31 December 2025

VII. 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 (%)			
Provision on portfolio basis	13,735,683	100.0	(16,909)	0.12	13,718,774	11,406,357	100.0	(13,404)	0.12	11,392,953
Total	13,735,683	100.0	(16,909)	/	13,718,774	11,406,357	100.0	(13,404)	/	11,392,953

Provision on portfolio basis:

RMB'000

Item	Closing balance		Proportion (%)
	Bill receivable	Credit loss allowance	
Bank acceptances	1,433,165	-	0.0
Commercial acceptances	12,302,518	(16,909)	0.1-2.0
Total	13,735,683	(16,909)	/

Provision on ECL basis:

RMB'000

Credit loss allowance	Lifetime ECL (Non-credit impaired)	Total
Balance at 1 January 2025	13,404	13,404
Provision	18,586	18,586
Reversal	(15,081)	(15,081)
Balance at 31 December 2025	16,909	16,909

Other descriptions:

As at 31 December 2025, bills receivable due from related parties are set out in Note XIII. 5.

Notes to the Consolidated Financial Statements

For the year ended 31 December 2025

VII. Notes of consolidated financial statements (continued)

4 Accounts receivable

(1) Aging analysis of accounts receivable

RMB'000

Ageing	Closing book value	Opening book value (restated)
Within 1 year	100,778,748	95,843,713
1 – 2 years	10,219,246	11,280,597
2 – 3 years	5,160,992	4,207,887
3 – 4 years	2,641,660	2,056,960
4 – 5 years	1,644,981	504,569
Over 5 years	3,331,661	3,120,016
Sub-total	123,777,288	117,013,742
Less: Credit loss allowance	(7,275,188)	(6,166,886)
Total	116,502,100	110,846,856

The aging of accounts receivable of the Group shall be calculated from the date of recognition of accounts receivable.

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

RMB'000

Category	Closing balance					Opening balance (restated)				
	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	5,769,913	4.7	(3,632,780)	63.0	2,137,133	4,885,862	4.2	(3,288,942)	67.3	1,596,920
Provision on portfolio basis	118,007,375	95.3	(3,642,408)	3.1	114,364,967	112,127,880	95.8	(2,877,944)	2.6	109,249,936
Total	123,777,288	100.0	(7,275,188)	/	116,502,100	117,013,742	100.0	(6,166,886)	/	110,846,856

Notes to the Consolidated Financial Statements

For the year ended 31 December 2025

VII. 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 an individual basis:

RMB'000

Item	Book value	Closing balance		Reason for provision
		Credit loss allowance	Proportion (%)	
Accounts receivable with individual provision for bad debts	5,769,913	(3,632,780)	63.0	note

Description of accounts receivable 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 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		Carrying amount at 31 December 2025
		Book value at 31 December 2025	Credit loss allowance	
Within 1 year	0.1-2.0	98,861,952	(609,875)	98,252,077
1 - 2 years	1.0-10.0	10,019,308	(619,205)	9,400,103
2 - 3 years	5.0-25.0	4,487,340	(522,948)	3,964,392
3 - 4 years	20.0-30.0	2,424,553	(706,464)	1,718,089
4 - 5 years	35.0-50.0	1,525,022	(718,358)	806,664
Over 5 years	60.0-70.0	689,200	(465,558)	223,642
Total	/	118,007,375	(3,642,408)	114,364,967

Notes to the Consolidated Financial Statements

For the year ended 31 December 2025

VII. 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)

Provision for bad debts based on expected credit loss general model:

RMB'000

Credit loss allowance	Lifetime ECL (Non-credit impaired)	Lifetime ECL (Credit impaired)	Total
At 1 January 2025(restated)	2,877,944	3,288,942	6,166,886
Provision	1,196,232	573,028	1,769,260
Reversal	(353,683)	(143,441)	(497,124)
Write-off	-	(169,244)	(169,244)
Other changes	(78,085)	83,495	5,410
At 31 December 2025	3,642,408	3,632,780	7,275,188

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

RMB'000

Entity name	Closing balance				Credit loss allowance
	Account receivable	Contract assets	Accounts receivable and contract assets	Proportion to total accounts receivable and contract assets(%)	
Entity 1	46,451,133	3,920,726	50,371,859	27.5	115,162
Entity 2	1,245	7,289,260	7,290,505	4.0	39,172
Entity 3	1,332,864	2,340,016	3,672,880	2.0	59,398
Entity 4	1,940,802	1,291,830	3,232,632	1.8	47,000
Entity 5	1,710,754	1,391,366	3,102,120	1.7	86,297
Total	51,436,798	16,233,198	67,669,996	37.0	347,029



Notes to the Consolidated Financial Statements

For the year ended 31 December 2025

VII. Notes of consolidated financial statements (continued)

4 Accounts receivable (continued)

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

Other descriptions:

As at 31 December 2025, the Group had accounts receivable with a carrying value equivalent to RMB51,441,000 (as at December 31, 2024: RMB45,864,000) as a pledge for the Group to obtain bank loans.

As at 31 December 2025, the accounts receivable balance includes amounts due from related parties of the Group, as detailed in note XIII. 5.

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	57,598,036	(848,563)	56,749,473	52,994,913	(695,423)	52,299,490
Engineering business related	10,024,282	(95,350)	9,928,932	16,044,229	(78,898)	15,965,331
Sub-total	67,622,318	(943,913)	66,678,405	69,039,142	(774,321)	68,264,821
Less: Contract assets presented under other non-current assets	/	/	(37,022,017)	/	/	(30,525,823)
Total	/	/	29,656,388	/	/	37,738,998

Notes to the Consolidated Financial Statements

For the year ended 31 December 2025

VII. Notes of consolidated financial statements *(continued)*

5 Contract assets *(continued)*

(1) Details of contract assets: *(continued)*

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 31 December 2025, the carrying amount of the Group's contract assets used for pledging amounted to RMB521,410,000 (as at December 31, 2024: contract assets with a carrying amount of RMB537,761,000 were used as pledges for the Group's acquisition of bank loans)

As at 31 December 2025, details of current account balances with related parties included in the balance of contract assets are set out in Note XIII. 5.

Notes to the Consolidated Financial Statements

For the year ended 31 December 2025

VII. 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

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	228,650	0.3	(187,977)	82.2	40,673	154,372	0.2	(98,687)	63.9	55,685
Provision on portfolio basis	67,393,668	99.7	(755,936)	1.1	66,637,732	68,884,770	99.8	(675,634)	1.0	68,209,136
Total	67,622,318	100.0	(943,913)	/	66,678,405	69,039,142	100.0	(774,321)	/	68,264,821

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

Item	Closing balance			
	Book value	Credit loss allowance	Proportion (%)	Reason for provision
Contract assets with individual provision for bad debts	228,650	(187,977)	82.2	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.

Notes to the Consolidated Financial Statements

For the year ended 31 December 2025

VII. 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)

(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	18,495,103	(46,072)	0.2
Portfolio 2	35,939,993	(526,274)	1.5
Portfolio 3	12,958,572	(183,590)	1.4
Total	67,393,668	(755,936)	/

(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 2025	675,634	98,687	774,321
Provision	155,735	91,484	247,219
Reversal	(80,459)	(1,912)	(82,371)
Write-off	(30)	(34)	(64)
Other changes	5,056	(248)	4,808
Balance at 31 December 2025	755,936	187,977	943,913

Notes to the Consolidated Financial Statements

For the year ended 31 December 2025

VII. 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	8,289,958	5,350,470
Accounts receivable	2,457,083	3,003,368
Total	10,747,041	8,353,838

(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	12,577,085
Commercial acceptances	7,453,005
Total	20,030,090

Notes to the Consolidated Financial Statements

For the year ended 31 December 2025

VII. Notes of consolidated financial statements (continued)

6 Receivables at FVTOCI (continued)

(4) Analysis of accounts 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	10,747,041	100.0	-	0.0	10,747,041	8,353,838	100.0	-	0.0	8,353,838
Total	10,747,041	100.0	-	/	10,747,041	8,353,838	100.0	-	/	8,353,838

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

RMB'000

Item	Closing balance
Cost	10,890,971
Fair value	10,747,041
Fair value changes accumulated included in other comprehensive income	(143,930)

(6) Other descriptions

As at 31 December 2025, amounts due from related parties of the Group are set out in Note XIII. 5.

Notes to the Consolidated Financial Statements

For the year ended 31 December 2025

VII. Notes of consolidated financial statements (continued)

7 Prepayments

(1) Prepayments presented by aging

RMB'000

Ageing	Closing balance		Opening balance (restated)	
	Amount	Percentage (%)	Amount	Percentage (%)
Within 1 year	7,935,751	88.0	7,194,713	83.0
1 – 2 years	572,688	6.4	678,891	7.8
2 – 3 years	74,419	0.8	113,397	1.3
Over 3 years	431,278	4.8	686,682	7.9
Total	9,014,136	100.0	8,673,683	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	1,383,079	15.34

- (3) As at 31 December 2025, prepayments made to related parties of the Group are set out in Note XIII. 5.

Notes to the Consolidated Financial Statements

For the year ended 31 December 2025

VII. Notes of consolidated financial statements *(continued)*

8 Other receivables

Presentation by categories

RMB'000

Item	Closing balance	Opening balance (restated)
Interest receivable	-	-
Dividends receivable	172,091	112,244
Other receivables	2,709,093	2,255,857
Total	2,881,184	2,368,101

Dividends receivable

RMB'000

Item (or investee)	Closing balance	Opening balance
Related party	174,979	114,873
Third party	87	346
Sub-total	175,066	115,219
Less: Credit loss allowance	(2,975)	(2,975)
Total	172,091	112,244

Notes to the Consolidated Financial Statements

For the year ended 31 December 2025

VII. Notes of consolidated financial statements (continued)

8 Other receivables (continued)

Other receivables

(1) Analysis by aging

RMB'000

Ageing	Closing book value	Opening book value (restated)
Within 1 year	2,009,278	1,777,874
1 - 2 years	505,919	276,689
2 - 3 years	158,978	196,721
3 - 4 years	139,496	120,182
4 - 5 years	111,440	275,362
Over 5 years	898,253	814,504
Sub-total	3,823,364	3,461,332
Less: Credit loss allowance	(1,114,271)	(1,205,475)
Total	2,709,093	2,255,857

(2) Categorised by nature:

RMB'000

Nature	Closing book value	Opening book value (restated)
Advances paid for others	1,371,916	1,136,872
Deposits and securities	586,761	739,494
Others	750,416	379,491
Total	2,709,093	2,255,857

Notes to the Consolidated Financial Statements

For the year ended 31 December 2025

VII. Notes of consolidated financial statements (continued)

8 Other receivables (continued)

Other receivables (continued)

(3) Details of provision for credit loss allowance

RMB'000

Credit loss allowance	Phase 1 12-month ECL (Non-credit impaired)	Phase 2 Lifetime ECL (Non-credit impaired)	Phase 3 Lifetime ECL (Credit impaired)	Total
Balance at 1 January 2025 (restated)	131,819	-	1,073,656	1,205,475
Provision	13,150	-	45,456	58,606
Reversal	(29,804)	-	(39,564)	(69,368)
Write-off	-	-	(82,389)	(82,389)
Other changes	(8)	-	1,955	1,947
Balance at 31 December 2025	115,157	-	999,114	1,114,271

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

RMB'000

Company name	Closing balance	Proportion to total closing balance of other receivables (%)	Nature	Aging	Provision for impairment
Sichuan CRRC Yuchai Engine Co. Ltd.	255,471	6.68	Current accounts	Over 3 years	255,471
Chaoyang Linggang Steel Sales Co. Ltd.	192,142	5.03	Current accounts	Over 5 years	192,142
China Railway United Logistics Co. Ltd.	174,408	4.56	Current accounts	Over 5 years	174,408
Qilihe District People's Government of Lanzhou city	132,021	3.45	Current accounts	Within 1 year	132
Fushun New Steel Co. Ltd.	106,300	2.78	Current accounts	Over 5 years	106,300
Total	860,342	22.50	/	/	728,453



Notes to the Consolidated Financial Statements

For the year ended 31 December 2025

VII. Notes of consolidated financial statements (continued)

9 Inventories

(1) Category of inventories

RMB'000

Item	Closing balance			Opening balance (restated)		
	Book value	Provision for impairment of inventories	Carrying amount	Book value	Provision for impairment of inventories	Carrying amount
Raw materials	22,908,679	(903,604)	22,005,075	20,989,808	(754,230)	20,235,578
Work in progress	48,813,799	(1,295,175)	47,518,624	39,401,630	(1,089,245)	38,312,385
Finished goods	25,793,822	(585,559)	25,208,263	20,645,587	(636,477)	20,009,110
Turnover materials	371,493	(22,480)	349,013	349,671	(16,897)	332,774
Commissioned processing materials	61,558	(29)	61,529	61,525	(17)	61,508
Total	97,949,351	(2,806,847)	95,142,504	81,448,221	(2,496,866)	78,951,355

(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	754,230	238,442	13,898	32,834	69,135	997	903,604	
Work in progress	1,089,245	331,730	1,364	57,336	68,605	1,223	1,295,175	
Finished goods	636,477	198,651	630	6,569	240,131	3,499	585,559	
Turnover materials	16,897	6,101	-	25	243	250	22,480	
Commissioned processing materials	17	12	-	-	-	-	29	
Total	2,496,866	774,936	15,892	96,764	378,114	5,969	2,806,847	

Notes to the Consolidated Financial Statements

For the year ended 31 December 2025

VII. Notes of consolidated financial statements *(continued)*

10 Non-current assets due within one year

RMB'000

Item	Closing balance	Opening balance (restated)
Long-term receivables due within one year (Note VII. 14)	1,316,859	1,959,151
Loans and advances due within one year (Note VII. 12)	136,263	158,798
Other non-current assets due within one year (Note VII. 26)	1,227,899	2,769,694
Total	2,681,021	4,887,643

11 Other current assets

RMB'000

Item	Closing balance	Opening balance
Withholding VAT	5,826,926	5,080,440
Large deposit certificate	3,649,731	2,154,545
Others	253,646	131,121
Total	9,730,303	7,366,106

Notes to the Consolidated Financial Statements

For the year ended 31 December 2025

VII. Notes of consolidated financial statements (continued)

12 Loans and advances to customers

RMB'000

Item	Closing balance	Opening balance (restated)
Loans and advances made by CRRC Finance	137,287	173,254
Less: Credit loss allowance	(1,024)	(14,456)
Sub-total	136,263	158,798
Including: Loans and advances due within one year (Note VII. 10)	136,263	158,798

RMB'000

Credit loss allowance	Phase 1 12-month ECL	Phase 2 Lifetime ECL (Non-credit impaired)	Phase 3 Lifetime ECL (Credit impaired)	Total
Balance at 1 January 2025	3,277	11,179	-	14,456
Provision	1,024	-	-	1,024
Reversal	(3,277)	(11,179)	-	(14,456)
Balance at 31 December 2025	1,024	-	-	1,024

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
Ten-year US dollar bonds of China Life	372,229	-	372,229	380,943	-	380,943
Ten-year US dollar bonds of CITIC Bank	210,695	-	210,695	215,145	-	215,145
Others	51,958	(43,125)	8,833	50,342	(40,273)	10,069
Total	634,882	(43,125)	591,757	646,430	(40,273)	606,157
Less: Debt investments included in non-current assets due within one year	-	-	-	-	-	-
Total	634,882	(43,125)	591,757	646,430	(40,273)	606,157

Notes to the Consolidated Financial Statements

For the year ended 31 December 2025

VII. Notes of consolidated financial statements (continued)

14 Long-term receivables

(1) Details of long-term receivables:

RMB'000

Item	Closing balance			Opening balance			Discount rate interval
	Book value	Credit loss allowance	Carrying amount	Book value	Credit loss allowance	Carrying amount	
Financing lease	1,147,079	(741,898)	405,181	1,693,651	(1,139,289)	554,362	4.75%-5.5%
Sales by instalments and others	9,437,204	(314,760)	9,122,444	8,865,375	(334,158)	8,531,217	1.0%-4.9%
Construction payment and Built-transfer receivables	480,000	(398,400)	81,600	480,000	(384,000)	96,000	4.75%
Total	11,064,283	(1,455,058)	9,609,225	11,039,026	(1,857,447)	9,181,579	/
Less: Long-term receivables due within one year (Note VII. 10)	/	/	(1,316,859)	/	/	(1,959,151)	/
Long-term receivables due after one year	/	/	8,292,366	/	/	7,222,428	/

(2) Analysis of Long-term receivables 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	11,064,283	100.0	(1,455,058)	13.2	9,609,225	11,039,026	100.0	(1,857,447)	16.8	9,181,579
Total	11,064,283	100.0	(1,455,058)	/	9,609,225	11,039,026	100.0	(1,857,447)	/	9,181,579

Notes to the Consolidated Financial Statements

For the year ended 31 December 2025

VII. 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 (continued)

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

RMB'000

Item	Book value	Closing balance		Reason for provision
		Credit loss allowance	Proportion (%)	
Long-term receivable 1	3,955,188	(56,298)	1.4	Note
Long-term receivable 2	3,200,081	(3,200)	0.1	Note
Long-term receivable 3	1,156,282	(10,609)	0.9	Note
Others	2,752,732	(1,384,951)	50.3	Note
Total	11,064,283	(1,455,058)	13.2	/

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:

RMB'000

Credit loss allowance	Phase 2 Lifetime ECL (Non-credit impaired)	Stage 3 Lifetime ECL (Credit impaired)	Total
At 1 January 2025	605,760	1,251,687	1,857,447
Provision	18,908	202,112	221,020
Reversal	(38,033)	(40,879)	(78,912)
Write-off	-	(584,783)	(584,783)
Other changes	144	40,142	40,286
At 31 December 2025	586,779	868,279	1,455,058

As at 31 December 2025, long-term receivables (inclusive of the portion due within one year) due from related parties of the Group are set out in Note XIII. 5.

Notes to the Consolidated Financial Statements

For the year ended 31 December 2025

VII. Notes of consolidated financial statements (continued)

15 Long-term equity investments

RMB'000

Investee	Opening balance	Increasing investment	Decreasing investment	Changes during the period						Closing balance
				Investment gains or losses under equity method	Adjustment of other comprehensive income	Other equity movements	Announcement of cash dividends or profits	Provision for impairment loss	Others	
I. Joint ventures										
Wuhu Yunda Rail Transit Construction And Operation Co., Ltd. ("Wuhu Yunda")	1,498,951	-	-	(51,412)	-	-	-	-	-	1,447,539
Others	2,619,797	12,534	-	196,187	-	1,167	(153,803)	-	(104,418)	2,571,464
Sub-total	4,118,748	12,534	-	144,775	-	1,167	(153,803)	-	(104,418)	4,019,003
II. Associates										
China United Insurance Holding Company ("China United Insurance")	5,429,929	-	-	78,719	6,728	(226)	-	-	-	5,515,150
China Foreign Trade Finance Lease	3,999,483	-	-	253,524	-	-	-	-	-	4,253,007
Jinan-Qingdao High-speed Railway Co., Ltd.	1,096,437	-	-	(3,150)	-	-	-	-	-	1,093,287
Others	7,772,209	1,423,563	(158,133)	254,040	(59,596)	30,857	(290,538)	-	(61,862)	8,910,540
Sub-total	18,298,058	1,423,563	(158,133)	583,133	(52,868)	30,631	(290,538)	-	(61,862)	19,771,984
Total	22,416,806	1,436,097	(158,133)	727,908	(52,868)	31,798	(444,341)	-	(166,280)	23,790,987

Note: CRRC (Hong Kong) Co., Ltd. (hereinafter referred to as "Hong Kong Co., Ltd."), a wholly-owned subsidiary of the Company, provides equity pledge guarantee for project financing in proportion to its shareholding in CONSORCIO TREN LIGERO LINEA 4 GUADALAJARA, S.A.P.I. de C.V. As at December 31, 2025, the book value of the pledged long-term equity investments is RMB304,000,000.

Notes to the Consolidated Financial Statements

For the year ended 31 December 2025

VII. Notes of consolidated financial statements (continued)

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	951,726	-	328,131	288,270	29,602	(35,779)	846,484	35,491	17,886	614,250	/
Unlisted equity instruments	1,751,659	10,000	182,494	53,368	213,991	-	1,418,542	24,473	156,048	401,684	Note
Total	2,703,385	10,000	510,625	341,638	243,593	(35,779)	2,265,026	59,964	173,934	1,015,934	/

Notes to the Consolidated Financial Statements

For the year ended 31 December 2025

VII. Notes of consolidated financial statements (continued)

16 Investments in other equity instruments (continued)

(2) Investments derecognised during the year

RMB'000

Item	Accumulated gains transferred to retained earnings due to derecognition	Accumulated losses transferred to retained earnings due to derecognition	Reason for derecognition
Listed equity instrument investments	2,913	-	disposal
Unlisted equity instruments	-	-	/
Total	2,913	-	/

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

RMB'000

Item	Closing balance	Opening balance
Financial assets investments: such as perpetual bond	218,503	222,840
Total	218,503	222,840

Notes to the Consolidated Financial Statements

For the year ended 31 December 2025

VII. 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	1,115,256	122,208	1,237,464
2. Increases	280,460	-	280,460
(1) Transfer from fixed assets (Note VII. 19)	43,636	-	43,636
(2) Transfer from construction in progress (Note VII. 20)	1,981	-	1,981
(3) Other Additions	234,843	-	234,843
3. Decreases	4,152	-	4,152
(1) Transfer to fixed assets (Note VII. 19)	3,233	-	3,233
(2) Other Decreases	919	-	919
4. Closing balance	1,391,564	122,208	1,513,772
II. Accumulated depreciation and amortisation			
1. Opening balance	423,987	35,828	459,815
2. Increases	41,386	2,439	43,825
(1) Provision or amortisation	27,468	2,439	29,907
(2) Transfer from fixed assets (Note VII. 19)	13,918	-	13,918
3. Decreases	1,002	-	1,002
(1) Transfer to fixed assets (Note VII. 19)	888	-	888
(2) Other Decreases	114	-	114
4. Closing balance	464,371	38,267	502,638
III. Provision for impairment			
1. Opening balance and closing balance	5,441	-	5,441
IV. Carrying amount			
1. Carrying amount at the end of the period	921,752	83,941	1,005,693
2. Carrying amount at the beginning of the period	685,828	86,380	772,208

Notes to the Consolidated Financial Statements

For the year ended 31 December 2025

VII. Notes of consolidated financial statements (continued)

19 Fixed assets

Presentation by item

RMB'000

Item	Closing balance	Opening balance (restated)
Fixed assets	68,692,239	64,213,348
Disposal of fixed assets	14,152	28,235
Total	68,706,391	64,241,583

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(restated)	264,990	58,952,672	61,892,088	2,829,291	8,210,957	132,149,998
2. Increases	10,795	3,316,217	7,383,801	207,588	1,183,118	12,101,519
(1) Additions	-	1,419,238	2,109,287	109,483	690,522	4,328,530
(2) Transfer from construction in progress (Note VII. 20)	-	1,452,635	5,033,761	95,451	474,855	7,056,702
(3) Increase in mergers of enterprises not under the same control	-	-	7,958	1,537	2,011	11,506
(4) Transfer from investment properties (Note VII. 18)	-	3,233	-	-	-	3,233
(5) Translation differences arising from translation of foreign currency financial statements	10,795	76,685	139,639	1,117	15,730	243,966
(6) Other additions	-	364,426	93,156	-	-	457,582
3. Decreases	14,075	474,810	1,637,947	142,921	284,282	2,554,035
(1) Disposal or retirement	11,203	176,637	1,346,308	131,654	277,964	1,943,766
(2) Disposal of subsidiaries	-	112,206	55,460	145	3,210	171,021
(3) Transfer to construction in progress (Note VII. 20)	-	118,986	227,622	9,994	190	356,792
(4) Transfer to investment properties (Note VII. 18)	-	43,636	-	-	-	43,636
(5) Translation differences arising from translation of foreign currency financial statements	2,872	23,345	8,557	1,128	2,918	38,820
4. Closing balance	261,710	61,794,079	67,637,942	2,893,958	9,109,793	141,697,482

Notes to the Consolidated Financial Statements

For the year ended 31 December 2025

VII. Notes of consolidated financial statements (continued)

19 Fixed assets (continued)

Fixed assets (continued)

Item	Land assets	Buildings	Machinery & equipment	Motor vehicles	Office & other equipment	Total
II. Accumulated depreciation						
1. Opening balance(restated)	-	20,433,519	38,792,806	2,195,698	5,915,905	67,337,928
2. Increases	-	2,108,204	3,951,520	101,887	873,839	7,035,450
(1) Provision	-	2,075,028	3,805,174	100,876	843,441	6,824,519
(2) Transfer from investment properties (Note VII. 18)	-	888	-	-	-	888
(3) Translation differences arising from translation of foreign currency financial statements	-	32,288	146,346	1,011	30,398	210,043
3. Decreases	-	154,389	1,512,170	108,796	162,387	1,937,742
(1) Disposal or retirement	-	79,183	1,271,231	99,325	157,320	1,607,059
(2) Disposal of subsidiaries	-	18,998	29,301	137	2,343	50,779
(3) Transfer to construction in progress (Note VII. 20)	-	38,349	206,435	8,288	150	253,222
(4) Transfer to investment properties (Note VII. 18)	-	13,918	-	-	-	13,918
(5) Translation differences arising from translation of foreign currency financial statements	-	3,941	5,203	1,046	2,574	12,764
4. Closing balance	-	22,387,334	41,232,156	2,188,789	6,627,357	72,435,636
III. Provision for impairment						
1. Opening balance	-	76,198	461,166	44,438	16,920	598,722
2. Increases	-	21,131	54,784	112	2,843	78,870
(1) Provision	-	21,125	49,644	112	1,612	72,493
(2) Translation differences arising from translation of foreign currency financial statements	-	6	5,140	-	1,231	6,377
3. Decreases	-	24,780	81,292	394	1,519	107,985
(1) Disposal or retirement	-	13,139	78,571	182	1,516	93,408
(2) Disposal of subsidiaries	-	11,641	-	-	3	11,644
(3) Transfer to construction in progress (Note VII. 20)	-	-	2,721	212	-	2,933
4. Closing balance	-	72,549	434,658	44,156	18,244	569,607
IV. Carrying amount						
1. Carrying amount at the end of the period	261,710	39,334,196	25,971,128	661,013	2,464,192	68,692,239
2. Carrying amount at the beginning of the period	264,990	38,442,955	22,638,116	589,155	2,278,132	64,213,348

Notes to the Consolidated Financial Statements

For the year ended 31 December 2025

VII. Notes of consolidated financial statements (continued)

19 Fixed assets (continued)

Fixed assets (continued)

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

RMB'000

Item	Carrying amount at the end of the period
Machinery and equipment	52,633
Motor vehicles	64,358
Office and other equipment	121
Total	117,112

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

RMB'000

Item	Carrying amount	Reasons for having not obtained the property right certificates
Buildings	872,247	In progress

Notes to the Consolidated Financial Statements

For the year ended 31 December 2025

VII. Notes of consolidated financial statements (*continued*)

19 Fixed assets (*continued*)

Disposal of fixed assets

	RMB'000	
Item	Closing balance	Opening balance
Buildings	5,525	16,619
Machinery and equipment	5,536	5,888
Motor vehicles	802	247
Office and other equipment	2,289	5,481
Total	14,152	28,235

Other descriptions:

As at 31 December 2025, the Group has land, buildings and machinery and equipment with carrying amount equivalent to RMB101,839,000 (31 December 2024: RMB189,185,000) 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 31 December 2025.

Notes to the Consolidated Financial Statements

For the year ended 31 December 2025

VII. Notes of consolidated financial statements (*continued*)

20 Construction in progress

Presentation by item

RMB'000

Item	Closing balance	Opening balance
Construction in progress	6,370,765	5,419,827
Materials for construction of fixed assets	-	1
Total	6,370,765	5,419,828

Construction in progress

(1) Details of construction in progress

RMB'000

Item	Closing balance			Opening balance		
	Book value	Provision for impairment	Carrying amounts	Book value	Provision for impairment	Carrying amounts
Construction in progress	6,371,834	(1,069)	6,370,765	5,425,560	(5,733)	5,419,827
Total	6,371,834	(1,069)	6,370,765	5,425,560	(5,733)	5,419,827



Notes to the Consolidated Financial Statements

For the year ended 31 December 2025

VII. 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
Industrialization of Medium and Low Voltage Power Devices Construction Project	5,292,860	109,278	2,539,296	(25,731)	-	-	-	-	2,622,843	50	50	-	-	-	Self-raised
Others	28,730,787	5,316,282	5,821,815	(7,030,971)	(435,841)	(1,981)	100,637	(20,950)	3,748,991	/	/	30,768	28,773	/	Proceeds, borrowings and self-raised
Total	34,023,647	5,425,560	8,361,111	(7,056,702)	(435,841)	(1,981)	100,637	(20,950)	6,371,834	/	/	30,768	28,773	/	Proceeds, borrowings and self-raised

Materials for construction of fixed assets

(3) 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	-	-	-	1	-	1
Specialised equipment	-	-	-	-	-	-
Total	-	-	-	1	-	1

Notes to the Consolidated Financial Statements

For the year ended 31 December 2025

VII. 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	3,896,278	400,190	75,281	28,077	4,399,826
2. Increases	1,057,234	85,593	14,249	29,194	1,186,270
(1) Newly rented	993,736	65,126	8,174	26,356	1,093,392
(2) Translation differences arising from translation of foreign currency financial statements	52,673	10,175	6,075	2,838	71,761
(3) Increase in mergers of enterprises not under the same control	10,825	10,292	-	-	21,117
3. Decreases	345,980	161,557	19,948	7,576	535,061
(1) Expiry of lease contract	340,194	161,557	19,948	7,576	529,275
(2) Translation differences arising from translation of foreign currency financial statements	5,786	-	-	-	5,786
4. Closing balance	4,607,532	324,226	69,582	49,695	5,051,035
II. Accumulated depreciation					
1. Opening balance	1,634,953	83,215	51,724	10,548	1,780,440
2. Increases	740,171	83,800	23,554	13,940	861,465
(1) Provision	707,192	79,143	17,695	13,330	817,360
(2) Translation differences arising from translation of foreign currency financial statements	32,979	4,657	5,859	610	44,105
3. Decreases	337,145	64,316	8,617	3,436	413,514
(1) Expiry of lease contract	324,849	64,316	8,617	3,436	401,218
(2) Translation differences arising from translation of foreign currency financial statements	12,296	-	-	-	12,296
4. Closing balance	2,037,979	102,699	66,661	21,052	2,228,391
III. Carrying amount					
1. Carrying amount at the end of the period	2,569,553	221,527	2,921	28,643	2,822,644
2. Carrying amount at the beginning of the period	2,261,325	316,975	23,557	17,529	2,619,386

Notes to the Consolidated Financial Statements

For the year ended 31 December 2025

VII. 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(restated)	17,390,784	6,155,643	4,986,846	376,765	59,170	28,969,208
2. Increases	630,157	464,067	706,028	991	-	1,801,243
(1) Transfer from construction in progress (Note VII. 20)	99,598	4,672	331,571	-	-	435,841
(2) Additions	29,209	7,004	162,328	-	-	198,541
(3) Increase in mergers of enterprises not under the same control	-	-	4,368	-	-	4,368
(4) Transfer from development expenditure (Note VII. 23)	-	433,000	197,389	-	-	630,389
(5) Translation differences arising from translation of foreign currency financial statements	1,223	19,391	10,372	991	-	31,977
(6) Other additions	500,127	-	-	-	-	500,127
3. Decreases	358,534	59,758	62,999	47,676	-	528,967
(1) Disposal	177,297	59,758	62,999	47,676	-	347,730
(2) Other disposal	181,237	-	-	-	-	181,237
4. Closing balance	17,662,407	6,559,952	5,629,875	330,080	59,170	30,241,484
II. Accumulated amortisation						
1. Opening balance	4,591,250	3,795,589	3,405,900	254,921	34,742	12,082,402
2. Increases	378,694	436,037	357,134	3,324	24,428	1,199,617
(1) Provision	378,440	430,691	338,999	983	24,428	1,173,541
(2) Translation differences arising from translation of foreign currency financial statements	254	5,346	18,135	2,341	-	26,076
3. Decreases	54,663	50,647	61,125	47,130	-	213,565
(1) Disposal	54,663	50,647	61,125	47,130	-	213,565
4. Closing balance	4,915,281	4,180,979	3,701,909	211,115	59,170	13,068,454

Notes to the Consolidated Financial Statements

For the year ended 31 December 2025

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

22 Intangible assets *(continued)*

(1) Details of intangible assets *(continued)*

Item	Land use rights	Proprietary technology, technical know-how & franchise rights	Software licences	Customer relationship	Backlog orders & technical service preferential contracts	Total
III. Provision for impairment						
1. Opening balance	1,120	58,023	1,700	118,968	-	179,811
2. Increases	-	1,538	-	-	-	1,538
(1) Provision	-	1,538	-	-	-	1,538
3. Decrease	-	1,538	-	2,773	-	4,311
(1) Disposal	-	1,538	-	-	-	1,538
(2) Translation differences arising from translation of foreign currency financial statements	-	-	-	2,773	-	2,773
4. Closing balance	1,120	58,023	1,700	116,195	-	177,038
IV. Carrying amount						
1. Carrying amount at the end of the period	12,746,006	2,320,950	1,926,266	2,770	-	16,995,992
2. Carrying amount at the beginning of the period	12,798,414	2,302,031	1,579,246	2,876	24,428	16,706,995

Notes to the Consolidated Financial Statements

For the year ended 31 December 2025

VII. 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	71,946	In progress

Other descriptions:

As at 31 December 2025, the Group has intangible assets with a carrying amount equivalent to RMB655,587,000 (31 December 2024: RMB694,203,000) as collateral.

23 Development expenditure

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	956,787	18,156,619	7,610	630,389	17,640,973	849,654

Notes to the Consolidated Financial Statements

For the year ended 31 December 2025

VII. Notes of consolidated financial statements (continued)

24 Goodwill

(1) Book value of goodwill

RMB'000

Name of investee	Opening balance	Increases	Decreases	Changes in foreign exchange rates	Closing balance
CRRC Zhuzhou Locomotive and its subsidiaries	56,934	-	-	-	56,934
CRRC Tangshan and its subsidiaries	36,379	-	-	-	36,379
CRRC Zhuzhou Institute and its subsidiaries	632,384	-	-	20,995	653,379
CRRC Times New Materials and its subsidiaries	673,667	-	-	62,170	735,837
Other	13,849	-	-	-	13,849
Total	1,413,213	-	-	83,165	1,496,378

(2) Provision for impairment losses of goodwill

RMB'000

Name of investees	Opening balance	Increases	decreases	Changes in foreign exchange rates	Closing balance
CRRC Zhuzhou Locomotive and its subsidiaries	20,156	-	-	-	20,156
CRRC Zhuzhou Institute and its subsidiaries(note)	415,183	-	-	13,654	428,837
CRRC Times New Materials and its subsidiaries	671,058	-	-	62,170	733,228
Other	-	2,101	-	-	2,101
Total	1,106,397	2,101	-	75,824	1,184,322

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



Notes to the Consolidated Financial Statements

For the year ended 31 December 2025

VII. Notes of consolidated financial statements (continued)

25 Deferred tax assets/Deferred tax liabilities

(1) Deferred tax assets before offsetting

RMB'000

Item	Closing balance		Opening balance (restated)	
	Deductible temporary differences	Deferred tax assets	Deductible temporary differences	Deferred tax assets
Expected warranty provisions	9,099,186	1,372,864	8,287,783	1,247,698
Provision for impairment of assets	2,422,881	369,443	2,415,298	388,223
Provision for credit losses	6,538,699	1,033,378	4,991,591	810,529
Unrealised profit from internal transactions	3,797,523	653,418	2,725,258	474,643
Estimated losses	326,558	60,098	240,877	40,480
Accrued expenses	3,750,228	596,184	3,147,386	477,446
Unpaid employee salaries	510,249	79,780	257,666	42,429
Deductible tax losses	14,587,726	3,443,553	12,564,062	2,758,588
Changes in fair value of investments in other equity instruments	1,131,474	170,303	983,424	147,799
Changes in fair value of receivables at FVTOCI	156,848	24,131	141,072	22,336
Lease liabilities	2,287,542	381,017	1,869,286	325,702
Others	2,986,847	517,724	3,483,960	532,894
Total	47,595,761	8,701,893	41,107,663	7,268,767

Notes to the Consolidated Financial Statements

For the year ended 31 December 2025

VII. 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	315,774	51,381	262,649	43,581
Depreciation difference due to inconsistency of depreciation period between tax law and accounting	3,340,824	548,769	3,030,807	462,958
Changes in fair value of investments in other equity instruments	197,774	29,958	148,721	22,773
Gains on changes in fair value during the holding period of the financial assets at fair value through profit or loss	939,692	235,825	697,882	173,644
Right-of-use assets	2,203,599	363,785	1,967,711	335,769
Others	11,700,311	3,024,514	8,377,469	2,313,923
Total	18,697,974	4,254,232	14,485,239	3,352,648

(3) Deferred tax assets/liabilities after offsetting

RMB'000

Item	Closing balance		Opening balance (restated)	
	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	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
Deferred tax assets	3,663,770	5,038,123	2,830,654	4,438,113
Deferred tax liabilities	3,663,770	590,462	2,830,654	521,994

Notes to the Consolidated Financial Statements

For the year ended 31 December 2025

VII. Notes of consolidated financial statements (continued)

25 Deferred tax assets/Deferred tax liabilities (continued)

(4) Details of unrecognised deferred tax assets

RMB'000

Item	Closing balance	Opening balance
Deductible temporary differences	11,945,468	11,767,131
Deductible tax losses	20,412,088	18,421,607
Total	32,357,556	30,188,738

(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
2025	-	1,677,994
2026	1,913,856	1,988,208
2027	2,877,899	2,975,193
2028	2,037,623	2,114,280
2029	2,383,207	2,437,339
2030	2,651,554	825,994
2031	1,017,909	1,020,269
2032	2,031,317	2,588,586
2033	1,156,566	1,224,894
2034	137,392	173,639
2035 and beyond	4,204,765	1,395,211
Total	20,412,088	18,421,607

Notes to the Consolidated Financial Statements

For the year ended 31 December 2025

VII. Notes of consolidated financial statements (continued)

26 Other non-current assets

RMB'000

Item	Closing balance	Opening balance
Contract assets (Note VII. 5)	37,022,017	30,525,823
Prepayment of intangible assets	574,707	619,986
Prepayments of engineering equipment	1,309,411	2,122,565
Large deposit certificate	8,530,339	4,576,436
Others	2,773,618	2,369,477
Sub-total	50,210,092	40,214,287
Less: Other non-current assets due within one year (Note VII. 10)	1,227,899	2,769,694
Total	48,982,193	37,444,593

As at 31 December 2025, prepayments made to related parties of the Group in the balance of other non-current assets are set out in Note XIII. 5.

27 Assets with restrictive ownership title or right of use

RMB'000

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	4,569,548	4,569,548	Other	Note VII. 1	5,255,319	5,255,319	Other	Note VII. 1
Bills receivable	1,197,706	1,194,259	Pledge&Other	Note VII. 3	2,421,314	2,419,205	Pledge&Other	Note VII. 3
Accounts receivable	51,530	51,441	Pledge&Other	Note VII. 4	45,906	45,864	Pledge	Note VII. 4
Contract assets (including current and non-current components)	521,932	521,410	Pledge	Note VII. 5	538,299	537,761	Pledge	Note VII. 5
Fixed assets	122,583	101,839	collateral	Note VII. 19	265,285	189,185	collateral	Note VII. 19
Intangible assets	828,815	655,587	collateral	Note VII. 22	831,513	694,203	collateral	Note VII. 22
Long-term equity investment	304,000	304,000	Pledge	Note VII. 15	236,137	236,137	Pledge	Note VII. 15
Total	7,596,114	7,398,084	/	/	9,593,773	9,377,674	/	/



Notes to the Consolidated Financial Statements

For the year ended 31 December 2025

VII. Notes of consolidated financial statements (*continued*)

28 Short-term borrowings

(1) Category of short-term borrowings

RMB'000

Item	Closing balance	Opening balance
Credit loans	6,274,570	6,840,918
Guaranteed loan	367,127	17,000
Pledged loans	688,214	207,730
Total	7,329,911	7,065,648

Description of short-term borrowings classification:

As at 31 December 2025, the annual interest rate of short-term borrowings ranged from 0.33% to 11.50% (31 December 2024: 0.12%-12%).

As of December 31, 2025, the balance of short-term loans was borrowed from related parties of the Group, as detailed in Note XIII. 5.

29 Bills payable

(1) Details of bills payable:

RMB'000

Category	Closing balance	Opening balance
Commercial acceptance bills	12,477,794	9,848,708
Bank acceptance bills	54,708,119	37,499,159
Total	67,185,913	47,347,867

Notes to the Consolidated Financial Statements

For the year ended 31 December 2025

VII. Notes of consolidated financial statements (continued)

30 Account payable

(1) Details of accounts payable:

RMB'000

Item	Closing balance	Opening balance (restated)
Related parties	7,092,926	6,456,812
Third party	155,546,444	155,489,112
Total	162,639,370	161,945,924

(2) Ageing analysis of accounts payable:

Item	Closing balance	Opening balance (restated)
Within 1 year	151,563,067	150,146,619
1-2 year	5,781,743	7,383,057
2-3 year	2,946,227	1,848,125
over 3 years	2,348,333	2,568,123
Total	162,639,370	161,945,924

Other descriptions:

The ageing of accounts payable of the Group from the date of recognition of the accounts payable.

As at 31 December 2025, details of accounts payable due to related parties are set out in Note XIII. 5.

Notes to the Consolidated Financial Statements

For the year ended 31 December 2025

VII. Notes of consolidated financial statements (*continued*)

31 Receipts in advance

(1) Details of receipts in advance:

	RMB'000	
Item	Closing balance	Opening balance
Related parties	-	-
Third party	5,766	9,151
Total	5,766	9,151

Other descriptions:

As at 31 December 2025, details of receipts payable due to related parties are set out in Note XIII. 5.

32 Contract liabilities

Details of contract liabilities

	RMB'000	
Item	Closing balance	Opening balance (restated)
Sale of goods related (Note 1)	28,050,464	27,754,110
Project contracting services related (Note 2)	754,973	177,822
Other	5,482,585	267,876
Sub-total	34,288,022	28,199,808
Less: Contract liabilities presented under other non-current liabilities (Note VII. 45)	(3,154)	(1,559)
Total	34,284,868	28,198,249

Other descriptions:

Note 1: As at 31 December 2025, 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 31 December 2025, 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 31 December 2025, details of current account balances with related parties included in the balance of contract liabilities are set out in Note XIII. 5.

Notes to the Consolidated Financial Statements

For the year ended 31 December 2025

VII. Notes of consolidated financial statements (*continued*)

33 Deposits from banks and other financial institutions

RMB'000

Item	31 December 2025	31 December 2024 (restated)
customer deposits of CRRC Finance	6,596,589	5,208,170
Total	6,596,589	5,208,170

As at 31 December 2025, details of deposits from banks and other financial institutions with related parties are set out in Note XIII. 5.

34 Employee benefits payable

(1) Details of employee benefits payable

RMB'000

Item	Opening balance (restated)	Increases	Decreases	Closing balance
I. Short-term employee benefits	1,872,063	36,321,895	36,299,448	1,894,510
II. Post-employment benefits-Defined contribution plan	72,701	4,560,197	4,548,538	84,360
III. Labour expenditures	11,623	1,209,922	1,211,152	10,393
IV. Post-employment benefits due within one year-Net liabilities in defined benefit plan (Chinese Mainland)	132,070	97,693	113,882	115,881
V. Post-employment benefits due within one year-Net liabilities in defined benefit plan (other countries and regions)	16,062	54,782	58,910	11,934
Total	2,104,519	42,244,489	42,231,930	2,117,078

Notes to the Consolidated Financial Statements

For the year ended 31 December 2025

VII. Notes of consolidated financial statements (continued)

34 Employee benefits payable (continued)

(2) Presentation of short-term benefits

RMB'000

Item	Opening balance (restated)	Increases	Decreases	Closing balance
I. Salaries, bonuses, allowances and subsidies	553,611	27,614,941	27,609,825	558,727
II. Welfare benefits	423,490	1,590,442	1,612,860	401,072
III. Social insurances	99,051	3,115,967	3,157,860	57,158
Including: Medical insurance	95,645	2,451,443	2,483,035	64,053
Work-related injury insurance	4,022	607,192	617,294	(6,080)
Maternity insurance	(616)	57,332	57,531	(815)
IV. Housing funds	37,843	2,456,910	2,456,256	38,497
V. Employee union funds and staff education funds	533,026	943,859	868,627	608,258
VI. Others	225,042	599,776	594,020	230,798
Total	1,872,063	36,321,895	36,299,448	1,894,510

Notes to the Consolidated Financial Statements

For the year ended 31 December 2025

VII. 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	47,253	3,236,097	3,222,200	61,150
2. Unemployment insurance	1,594	124,820	124,907	1,507
3. Enterprise annuity	23,854	1,199,280	1,201,431	21,703
Total	72,701	4,560,197	4,548,538	84,360

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 31 December 2025, there are no forfeited contributions that may be used by the Group to reduce the existing level of contribution (as at 31 December 2024: nil).

35 Tax payable

RMB'000

Item	Closing balance	Opening balance (restated)
VAT	1,959,959	2,048,195
Enterprise income tax	562,093	765,462
Individual income tax	462,642	384,287
City maintenance and construction tax	118,597	120,690
Education surcharges	93,373	103,097
Property tax	49,551	47,731
Land use tax	25,521	28,041
Others	176,087	131,447
Total	3,447,823	3,628,950



Notes to the Consolidated Financial Statements

For the year ended 31 December 2025

VII. Notes of consolidated financial statements (*continued*)

36 Other payables

(1) Presented by item

RMB'000

Item	Closing balance	Opening balance (restated)
Interests payable	-	-
Dividends payable	92,232	446,278
Other payables	17,018,779	14,981,677
Total	17,111,011	15,427,955

(2) Dividends payable

RMB'000

Item	Closing balance	Opening balance
Related parties	17,258	23,214
Third parties	74,974	423,064
Total	92,232	446,278

Notes to the Consolidated Financial Statements

For the year ended 31 December 2025

VII. Notes of consolidated financial statements (continued)

36 Other payables (continued)

(3) Other payable

Details of other payables by nature are as follows:

	RMB'000	
Item	Closing balance	Opening balance (restated)
Borrowings from CRRC Group	4,464,272	3,626,100
Current accounts with other parties	4,751,927	4,045,047
Payments for equipment and projects	2,086,532	1,721,369
Deposits and securities, housing fund, and public facilities maintenance funds	1,790,770	1,440,396
Technology royalties and research expenditures	453,416	336,060
Utilities, repair and transportation expenses	231,841	359,160
Others	3,240,021	3,453,545
Total	17,018,779	14,981,677

Other descriptions:

As at 31 December 2025, details of other payables due to related parties are set out in Note XIII. 5.

37 Non-current liabilities due within one year

	RMB'000	
Item	Closing balance	Opening balance
Long-term borrowings due within one year (Note VII. 39)	338,621	1,157,562
Long-term payables due within one year (Note VII. 41)	11,080	23,613
Lease liabilities due within one year (Note VII. 40)	687,407	598,059
Provisions due within one year (Note VII. 43)	3,426,614	3,149,294
Other non-current liabilities due within one year (Note VII. 45)	1,264	2,228
Total	4,464,986	4,930,756

Other descriptions:

As at 31 December 2025, 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 XIII. 5.

Notes to the Consolidated Financial Statements

For the year ended 31 December 2025

VII. Notes of consolidated financial statements (continued)

38 Other current liabilities

Details of other current liabilities:

RMB'000		
Item	Closing balance	Opening balance (restated)
Output VAT tax to be transferred and received VAT in advance	3,392,862	2,804,161
Total	3,392,862	2,804,161

The movements of short-term debentures payable:

RMB'000											
Bond name	Par value	Interest Rate %	Issue date	Maturity period (day)	Issuance amount	Opening balance	Issuance during the period	Accrued interests at par value	Repayment during the period	Closing balance	Default or not
25 CRRC SCP001	3,000,000	1.46	2025-06-23	92	3,000,000	-	3,000,000	11,040	3,011,040	-	No
25 CRRC SCP002	3,000,000	1.47	2025-06-24	183	3,000,000	-	3,000,000	22,111	3,022,111	-	No
25 CRRC SCP003	2,000,000	1.46	2025-06-24	90	2,000,000	-	2,000,000	7,200	2,007,200	-	No
25 CRRC SCP004	3,000,000	1.62	2025-09-18	95	3,000,000	-	3,000,000	12,649	3,012,649	-	No
25 CRRC SCP005	3,000,000	1.62	2025-09-18	102	3,000,000	-	3,000,000	13,581	3,013,581	-	No
25 CRRC SCP006	3,000,000	1.53	2025-11-05	54	3,000,000	-	3,000,000	6,791	3,006,791	-	No
Total	/	/	/	/	17,000,000	-	17,000,000	73,372	17,073,372	-	/

Notes to the Consolidated Financial Statements

For the year ended 31 December 2025

VII. Notes of consolidated financial statements (*continued*)

39 Long-term borrowings

Long-term loans by category

	RMB'000	
Item	Closing balance	Opening balance
Credit loans	3,101,723	1,819,363
Pledged loans	4,687,318	4,869,920
Mortgage loans	108,561	116,876
Total	7,897,602	6,806,159
Less: Long-term loans due within one year	(338,621)	(1,157,562)
Including: Credit loans	(140,199)	(884,550)
Pledged loans	(175,567)	(156,136)
Mortgage loans	(22,855)	(116,876)
Long-term borrowings due after one year	7,558,981	5,648,597
Including: Credit loans	2,961,524	934,813
Pledged loans	4,511,751	4,713,784
Mortgage loans	85,706	-

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	296,666	235,399
2 – 5 years	952,862	989,501
Over 5 years	6,309,453	4,423,697
Total	7,558,981	5,648,597

As at 31 December 2025, the annual interest rate of long-term borrowings ranged from 0.12% to 12.53% (31 December 2024: 0.12% to 12.53%).

Notes to the Consolidated Financial Statements

For the year ended 31 December 2025

VII. Notes of consolidated financial statements (continued)

40 Lease liabilities

RMB'000

Item	Closing balance	Opening balance
Lease liabilities	3,050,674	2,734,978
Less: Lease liabilities included in non-current liabilities due within one year (Note VII. 37)	(687,407)	(598,059)
Total	2,363,267	2,136,919
Lease liabilities due over one year	2,363,267	2,136,919

Other descriptions:

As at 31 December 2025, the lease liability (including the one-year maturity) due to the related parties are set out in XIII. 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	628,717
2 – 5 years	991,323
Over 5 years	1,328,794
Total undiscounted payments	2,948,834
Less: Unrecognised finance charges	(585,567)
Lease liabilities due over one year	2,363,267

Notes to the Consolidated Financial Statements

For the year ended 31 December 2025

VII. Notes of consolidated financial statements (*continued*)

41 Long-term payables

Presented by item

RMB'000

Item	Closing balance	Opening balance
Long-term payables	166,960	210,660
Special payables	1,265	1,265
Total	168,225	211,925
Less: Presented under non-current liabilities due within one year (Note VII. 37)	(11,080)	(23,613)
Long-term payables due over one year	157,145	188,312

Long-term payables

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

RMB'000

Item	Closing balance	Opening balance
Purchase of fixed assets by instalment, etc.	166,960	210,660
Less: Long-term payables due within one year	(9,815)	(22,348)
Long-term payables due over one year	157,145	188,312

Notes to the Consolidated Financial Statements

For the year ended 31 December 2025

VII. Notes of consolidated financial statements (continued)

41 Long-term payables (continued)

Special payables

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

	RMB'000			
Item	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	-	-	-	-

42 Long-term employee benefits payable

(1) Table of long-term employee benefits payable

	RMB'000	
Item	Closing balance	Opening balance
I. Post employment benefit – net liabilities of defined benefit plans (Mainland China) (Note 1)	1,049,478	1,207,801
II. Post employment benefit – net liabilities of defined benefit plans (other countries and regions) (Note 2)	817,546	874,969
III. Other long-term benefits	149,639	165,853
Total	2,016,663	2,248,623

Notes to the Consolidated Financial Statements

For the year ended 31 December 2025

VII. Notes of consolidated financial statements (continued)

42 Long-term employee benefits payable (continued)

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

Present value of the defined benefit plan obligation:

RMB'000

Item	Current year	Prior year
I. Opening balance	1,339,871	1,362,691
II. Defined benefit cost recognized in profit or loss	(19,594)	24,127
1. Net interests	18,962	32,213
2. Cost of service in the current year	(2,540)	1,880
3. Cost of service in prior years	(35,450)	(9,300)
4. Settlement losses	(566)	(666)
III. Defined benefit cost recognized in other comprehensive income	(41,036)	80,487
1. Actuarial (losses)/gains	(41,036)	80,487
IV. Other changes	(113,882)	(127,434)
1. Paid benefits	(113,882)	(127,434)
V. Closing balance	1,165,359	1,339,871
Less: Post-employment benefits due within one year- liabilities in defined benefit plan (Note VII. 34)	(115,881)	(132,070)
VI. Post-employment benefits due after one year-liabilities in defined benefit plan	1,049,478	1,207,801

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 Consolidated Financial Statements

For the year ended 31 December 2025

VII. 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 31 December 2025, 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	31 December 2025 (%)	31 December 2024 (%)
Discount rate	1.75	1.50
Average growth rate of medical cost	7.00/12.00/8.00	7.00/12.00/8.00

The sensitivity analysis below is based on reasonably possible changes in the corresponding assumptions at the end of the year (all other assumptions remain unchanged):

Item	(Decrease)/ increase in liability recognized for defined benefit plans	Increase/ (decrease) in liability recognized for defined benefit plans
Discount rate (Increase)/Decrease 0.25%	(20,020)	20,780
Average growth rate of medical cost Increase/(Decrease) 1%	13,430	(12,240)

The above sensitivity analysis is an inference based on the impact of key assumptions on the net defined benefit plan when there is a reasonable change on the balance sheet date. Because some of the assumptions may be relevant and one assumption cannot be changed in isolation, the above sensitivity analysis may not necessarily reflect the actual changes in the present value of the defined benefit plan obligations.

Notes to the Consolidated Financial Statements

For the year ended 31 December 2025

VII. Notes of consolidated financial statements *(continued)*

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

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

Present value of the defined benefit plan obligation:

RMB'000

Item	Current period	Prior period
I. Opening balance	977,291	999,487
II. Defined benefit cost recognized in profit or loss	41,967	48,356
1. Net interests	37,050	35,199
2. Cost of service in the current year	3,366	11,346
3. Cost of service in prior years	2,210	1,811
4. Settlement losses	(659)	-
III. Defined benefit cost recognized in other comprehensive income	(170,313)	(53,464)
1. Actuarial losses	(149,240)	(2,340)
2. Translation differences arising from translation of foreign currency financial statements	(21,073)	(51,124)
IV. Other changes	58,910	(17,088)
1. Paid benefits	58,910	(17,088)
V. Closing balance	907,855	977,291
Less: Post-employment benefits due within one year-liabilities in defined benefit plan (other countries and regions) (Note VII. 34)	(11,934)	(16,062)
VI. Post-employment benefits due after one year-liabilities in defined benefit plan (other countries and regions)	895,921	961,229

Notes to the Consolidated Financial Statements

For the year ended 31 December 2025

VII. 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	86,260	90,087
II. Additions during the year	-	-
III. Decreased during the year	15,684	-
IV. Translation differences arising from translation of foreign currency financial statements	7,799	(3,827)
IV. Closing balance	78,375	86,260

Net liabilities of defined benefit plans:

	RMB'000	
Item (Note 2)	Current period	Prior period
Present value of the defined benefit plan obligation	895,921	961,229
Less: plan assets	(78,375)	(86,260)
Net liabilities in defined benefit plan	817,546	874,969

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.

Notes to the Consolidated Financial Statements

For the year ended 31 December 2025

VII. 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 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 31 December 2025) 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 31 December 2025, the defined benefit plan is in the net liability position of RMB0.775 billion (31 December 2024: net liability of RMB0.815 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 31 December 2025, fair value of the plan asset of Germany BOGE was about RMB78,375,000 (31 December 2024: about RMB86,260,000).

As at 31 December 2025, obligations under these defined benefit plans of Germany BOGE are 10.27% (31 December 2024: 9.40%) covered by the plan assets

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

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 31 December 2025) 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 31 December 2025) 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.

Notes to the Consolidated Financial Statements

For the year ended 31 December 2025

VII. Notes of consolidated financial statements (continued)

42 Long-term employee benefits payable (continued)

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

As at 31 December 2025, the average period of defined benefit plan obligations is mainly 17-18 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	31 December 2025 (%)	31 December 2024 (%)
Discount rate	3.85-4.44	3.40-3.75
Expected increase in wages and salaries	0.50-3.00	0.50-3.00
Increase in post-employment benefits	2.00-3.00	2.20-3.00
Volatility	2.50-6.00	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

RMB'000

Item	Closing balance	Opening balance	Reason
Warranties for product quality	10,165,040	9,762,656	Agreement on after-sales service
Others	607,189	555,064	Estimated liquidated damages and onerous contracts to be executed etc.
Total	10,772,229	10,317,720	/
Less: Provisions expected to due within one year (Note VII. 37)	(3,426,614)	(3,149,294)	/
Provisions due after one year	7,345,615	7,168,426	/

Notes to the Consolidated Financial Statements

For the year ended 31 December 2025

VII. Notes of consolidated financial statements (*continued*)

44 Deferred income

Details of deferred income

RMB'000

Item	Opening balance	Increases	Decreases	Closing balance
Government grants related to assets	4,357,871	235,705	373,240	4,220,336
Government grants related to income	1,333,355	870,628	622,815	1,581,168
Total	5,691,226	1,106,333	996,055	5,801,504

45 Other non-current liabilities

RMB'000

Item	Closing balance	Opening balance
Contract liabilities	3,154	1,559
Others	284,230	320,560
Less: Other non-current liabilities due within one year (Note VII. 37)	(1,264)	(2,228)
Total	286,120	319,891

Notes to the Consolidated Financial Statements

For the year ended 31 December 2025

VII. Notes of consolidated financial statements (continued)

46 Share capital

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

RMB'000

Item	Opening balance (restated)	Increases	Decreases	Closing balance
Share premium	40,508,004	-	-	40,508,004
Other capital reserves (Note)	1,966,097	145,276	857,783	1,253,590
Total	42,474,101	145,276	857,783	41,761,594

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 Consolidated Financial Statements

For the year ended 31 December 2025

VII. Notes of consolidated financial statements (continued)

48 Other comprehensive income

RMB'000

Item	Opening balance	Before-tax amount	Amount before income tax in current period				Less: Previously recognised amount transferred to retained earnings	Closing balance
			Less: Reclassification adjustments for amounts transferred to profit or loss	Less: Income tax expense	Net-of-tax amount attributable to shareholders of the Company	Net-of-tax amount attributable to non-controlling interests		
I. Other comprehensive income that will not be reclassified to profit or loss	(1,132,172)	379,310	-	(13,918)	315,742	77,486	2,913	(819,343)
Including: Remeasurement of defined benefit plan	(208,992)	276,112	-	1,401	199,121	75,590	-	(9,871)
Changes in fair value of investments in other equity instruments	(929,736)	98,045	-	(15,319)	111,468	1,896	2,913	(821,181)
Other comprehensive income that cannot be converted into profit or loss under the equity method	6,556	5,153	-	-	5,153	-	-	11,709
II. Items that may be reclassified to profit or loss	521,281	(153,742)	-	6,900	(279,752)	119,110	-	241,529
Including: Other comprehensive income recognized under equity method	(67,715)	(58,021)	-	-	(57,985)	(36)	-	(125,700)
Changes in fair value of other debt investments (Note)	(45,832)	150	-	(1,795)	(40,508)	42,453	-	(86,340)
Translation differences arising from translation of foreign currency financial statements	653,122	39,290	-	8,695	(112,327)	142,922	-	540,795
Cash flow hedge reserve	(18,294)	(135,161)	-	-	(68,932)	(66,229)	-	(87,226)
Total other comprehensive income	(610,891)	225,568	-	(7,018)	35,990	196,596	2,913	(577,814)

Note: Changes in fair value of other debt investment comes from receivables at FVTOCI.



Notes to the Consolidated Financial Statements

For the year ended 31 December 2025

VII. Notes of consolidated financial statements (continued)

49 Special reserve

RMB'000

Item	Opening balance	Increases	Decreases	Closing balance
Safety fund	49,957	603,290	603,290	49,957
Total	49,957	603,290	603,290	49,957

50 Surplus reserve

RMB'000

Item	Opening balance	Increases	Decreases	Closing balance
Statutory surplus reserve	6,851,689	713,309	-	7,564,998
Total	6,851,689	713,309	-	7,564,998

51 Retained earnings

RMB'000

Item	Current period	Prior period (restated)
Retained earnings at the beginning of the period	90,579,708	84,566,375
Total retained earnings at the beginning of the adjustment period	514	253
Retained earnings at the beginning of later adjustment period	90,580,222	84,566,628
Add: Net profits for the period attributable to shareholders of the Company	13,181,015	12,387,776
Less: Appropriation for statutory surplus reserve	(713,309)	(532,599)
Appropriation to general risk reserve	(44,796)	(84,886)
Dividends to ordinary shares	(9,183,637)	(5,739,773)
Transfer of other comprehensive income to retained earnings	2,913	1,306
Others	-	(18,230)
Retained earnings at the end of the period	93,822,408	90,580,222

Note 1: Due to changes in the scope of consolidation caused by the same control, the beginning retained earnings of this year was RMB514 thousand (the beginning retained earnings of the previous year was RMB253 thousand).

Note 2: The 2024 profit distribution plan of the company has been approved at the 2024 annual shareholders' meeting held on June 18, 2025. Based on the total share capital of our company as of December 31, 2024, which is 28,698,864 thousand shares, we will distribute the 2024 annual dividend to all shareholders, with a cash dividend of RMB 0.21 (including tax) per share, totaling approximately RMB6,026,762 thousand. The profit distribution plan for the half year of 2025 of our company has been approved at the second extraordinary shareholders' meeting held on September 22, 2025. Based on the total share capital of 28,698,864 thousand shares of the company as of June 30, 2025, a semi annual dividend for the year 2025 will be distributed to all shareholders, with a cash dividend of RMB 0.11 (including tax) per share, totaling approximately RMB3,156,875 thousand. Our company distributed a total of RMB9,183,637 thousand in cash dividends for the year 2025.

Note 3: As at December 31, 2025, the balance of retained earnings of the Group includes surplus reserve of RMB21,841,448 thousand (December 31, 2024: RMB20,311,757 thousand) that has been withdrawn by subsidiaries.

Notes to the Consolidated Financial Statements

For the year ended 31 December 2025

VII. Notes of consolidated financial statements (*continued*)

52 Revenue and operating costs

(1) Details of revenue and operating costs

RMB'000

Item	Current period		Prior period (restated)	
	Revenue	Cost	Revenue	Cost
Principal operating activities	270,414,706	213,049,852	243,612,649	191,983,429
Other operating activities	2,648,392	1,634,169	2,861,740	1,791,471
Total	273,063,098	214,684,021	246,474,389	193,774,900

(2) Category of revenue and operating costs by business type

RMB'000

Item	Current period		Prior period (restated)	
	Revenue	Cost	Revenue	Cost
Sale of goods	213,358,346	169,656,032	189,681,059	150,600,041
Rendering of services	58,716,509	44,699,111	55,886,124	42,885,692
Sub-total	272,074,855	214,355,143	245,567,183	193,485,733
Interest income	680,898	128,494	640,062	130,249
Lease income	307,345	200,384	267,144	158,918
Total	273,063,098	214,684,021	246,474,389	193,774,900

Notes to the Consolidated Financial Statements

For the year ended 31 December 2025

VII. 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 (restated)
Categorized by sales region		
Mainland China	237,696,207	217,347,681
Other countries and regions	34,378,648	28,219,502
Total	272,074,855	245,567,183

(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.

Notes to the Consolidated Financial Statements

For the year ended 31 December 2025

VII. Notes of consolidated financial statements (*continued*)

53 Taxes and surcharges

RMB'000

Item	Current period	Prior period (restated)
City maintenance and construction tax	542,300	500,995
Education surcharges	406,005	368,195
Property tax	490,203	441,983
Land use tax	268,047	261,886
Vehicle and vessel use tax	1,161	1,618
Stamp duty	282,886	250,937
Others	61,883	57,079
Total	2,052,485	1,882,693

54 Selling expenses

RMB'000

Item	Current period	Prior period (restated)
Employee benefits	3,390,671	3,060,102
Travel expenses	400,672	375,151
Others	2,075,174	2,093,567
Total	5,866,517	5,528,820



Notes to the Consolidated Financial Statements

For the year ended 31 December 2025

VII. Notes of consolidated financial statements (continued)

55 Administrative expenses

RMB'000

Item	Current period	Prior period (restated)
Employee benefits	10,131,847	9,590,014
Depreciation of fixed assets	786,317	736,754
Amortization of intangible assets	690,555	701,792
Others	4,398,412	4,557,087
Total	16,007,131	15,585,647

For the year ended 2025, the audit expense of RMB29,600,000 (2024: RMB29,600,000) is included in aforementioned administrative expenses.

56 Research and development expenses

RMB'000

Item	Current period	Prior period
Employee benefits	8,061,138	7,099,664
Depreciation charge	577,092	586,847
Amortization of intangible assets	359,285	315,306
Others	8,643,458	7,934,881
Total	17,640,973	15,936,698

Notes to the Consolidated Financial Statements

For the year ended 31 December 2025

VII. Notes of consolidated financial statements (*continued*)

57 Financial expenses

RMB'000

Item	Current period	Prior period (restated)
Interest expense	965,072	1,040,478
Less: Capitalization of interest	(28,773)	(21,986)
Interest expense from lease liabilities	70,052	103,994
Interest income	(1,201,437)	(1,413,243)
Exchange gains or losses	3,824	195,270
Handling charge of financial institutions	279,355	209,229
Actuarial interest adjustment	86,625	74,507
Others	(170,833)	(200,157)
Total	3,885	(11,908)

58 Other income

RMB'000

Item	Current period	Prior period (restated)
VAT Refund	168,303	229,888
Others (Note)	2,593,398	3,235,637
Total	2,761,701	3,465,525

Note: Others mainly comprises additional tax deductions for advanced manufacturing industries.

Notes to the Consolidated Financial Statements

For the year ended 31 December 2025

VII. Notes of consolidated financial statements (continued)

59 Investment income

RMB'000

Item	Current period	Prior period
Income from long-term equity investment accounted for under equity method (Note VII. 15)	727,908	791,813
Investment income from disposal of subsidiaries	94,652	-
Investment losses from disposal of associates and joint ventures	30,018	68,471
Dividend income from other equity instrument investments during the holding period	59,964	44,473
Investment income from disposal of debt investment	3,617	3,542
Investment income from disposal of held-for-trading financial assets	21,687	77,940
Derecognition loss of financial assets measured at amortized cost	(225,000)	(141,398)
Gains from debt restructuring	(2,447)	23,058
Others	92,167	(1,971)
Total	802,566	865,928

60 Gains from changes in fair value

RMB'000

Sources of gains from changes in fair value	Current period	Prior period
Financial assets held for trading	294,883	338,664
Including: Gains on fair value changes of derivative financial instruments	6,607	-
Gains from changes in fair value of investments in equity instruments	276,746	295,270
Others	11,530	43,394
Financial liabilities held for trading	(1,422)	28,160
Including: Gains on fair value changes of derivative financial instruments	(1,422)	28,160
Total	293,461	366,824

Notes to the Consolidated Financial Statements

For the year ended 31 December 2025

VII. Notes of consolidated financial statements (*continued*)

61 Impairment losses under expected credit loss model

RMB'000

Item	Current period	Prior period (restated)
Losses of credit impairment on bills receivable	3,505	(5,850)
Losses of credit impairment on accounts receivable	1,272,136	899,851
Losses of credit impairment on other receivables	(10,762)	116,961
Losses of credit impairment on long-term receivables	142,108	(32,816)
Losses of credit impairment on debt investments	2,852	7,514
Losses of credit impairment on loans and advances	(13,432)	3,966
Losses of credit impairment on part of loan commitments and financial guarantee contracts	4,327	978
Total	1,400,734	990,604

62 Assets impairment losses

RMB'000

Item	Current period	Prior period
Impairment losses of inventories	678,172	551,720
Impairment losses of fixed assets	72,493	65,954
Impairment losses of construction in progress	1,069	300
Impairment losses of intangible assets	1,538	930
Goodwill impairment loss	2,101	-
Impairment losses of contract assets	164,848	116,896
Others	4,271	20,119
Total	924,492	755,919



Notes to the Consolidated Financial Statements

For the year ended 31 December 2025

VII. Notes of consolidated financial statements (*continued*)

63 Gains on disposal of assets

RMB'000

Item	Current period	Prior period
Gains on disposal of fixed assets	92,891	134,779
Gains from disposal of intangible assets	288,155	71,575
Total	381,046	206,354

64 Non-operating income

Details of non-operating income

RMB'000

Item	Current period	Prior period (restated)	Amount recognized in non-recurring profit and loss
Liquidated damages, fines and compensation	90,830	106,279	90,830
Unpayable amount	48,203	106,985	48,203
Gains on retirement of assets	23,715	22,730	23,715
Claim income	75,573	83,167	75,573
Others	611,075	375,994	611,075
Total	849,396	695,155	849,396

Notes to the Consolidated Financial Statements

For the year ended 31 December 2025

VII. Notes of consolidated financial statements (*continued*)

65 Non-operating expenses

RMB'000

Item	Current period	Prior period (restated)	Amount recognized in non-recurring profit and loss
Liquidated damages and penalty expenses	98,785	49,790	98,785
Relocation expenditure	–	37,051	–
Losses on retirement of assets	47,481	42,082	47,481
Donation expenses	20,862	20,132	20,862
Flood control fund	21,698	26,054	21,698
Others	63,573	22,835	63,573
Total	252,399	197,944	252,399

66 Income tax expenses

(1) Table of income tax expenses

RMB'000

Item	Current period	Prior period (restated)
Current income tax expenses	3,003,104	2,198,167
Deferred income tax expenses	(580,027)	(429,715)
Total	2,423,077	1,768,452



Notes to the Consolidated Financial Statements

For the year ended 31 December 2025

VII. Notes of consolidated financial statements (continued)

66 Income tax expenses (continued)

(2) Reconciliation of accounting profits and income tax expenses

RMB'000

Item	Current period	Prior period (restated)
Profit before tax	19,318,631	17,432,858
Income tax expenses at statutory tax rate (25%)	4,829,658	4,358,214
Effect of different tax rates applied by subsidiaries	(1,563,716)	(1,394,924)
Adjustments to income tax of previous periods	174,911	(33,714)
Effect of income free of tax	(14,991)	(11,118)
Effect of joint ventures and associates	(181,977)	(197,953)
Effect of non-deductible costs, expense and losses	278,339	232,636
Effect of using the deductible losses for which no deferred tax asset was recognized in previous periods	(309,030)	(213,388)
Effect of deductible temporary differences or deductible losses for which no deferred tax asset was recognized this period	829,444	575,537
Other tax incentives (Note)	(1,634,947)	(1,546,838)
Other items	15,386	-
Income tax expenses	2,423,077	1,768,452

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 VII. 48.

Notes to the Consolidated Financial Statements

For the year ended 31 December 2025

VII. Notes of consolidated financial statements *(continued)*

68 Items in the cash flow statement

(1) Cash related to operating activities

Other cash receipts relating to operating activities

RMB'000

Item	Current year	Prior year (restated)
Interest income	788,396	937,287
Others	2,184,210	2,233,742
Total	2,972,606	3,171,029

Other cash payments relating to operating activities

RMB'000

Item	Current year	Prior year (restated)
Product development, design fees	8,590,120	7,894,575
Expenses for product transportation, packaging and insurance	1,991,121	1,812,163
Marketing expenses	1,436,293	1,194,364
Product quality assurance expenses	1,143,721	811,227
Administrative office expenses	750,174	767,089
Others	2,129,472	1,310,935
Total	16,040,901	13,790,353

Notes to the Consolidated Financial Statements

For the year ended 31 December 2025

VII. Notes of consolidated financial statements (continued)

68 Items in the cash flow statement (continued)

(2) Cash related to financing activities

Changes in liabilities arising from financing activities

RMB'000

Item	31 Dec 2024	Increase during current year		Decrease during current year		31 Dec 2025
		Cash movements	Non-cash movements	Cash movements	Non-cash movements	
Short-term loan	7,065,648	9,255,851	9,937,728	10,608,533	8,320,783	7,329,911
Long-term debt (including due within one year)	6,806,159	3,292,473	-	2,200,971	59	7,897,602
Lease liabilities (including due within one year)	2,734,978	-	1,113,516	797,820	-	3,050,674
Other payables - loan from CRRC Group	3,626,100	9,764,272	-	8,926,100	-	4,464,272
Other payables - other related parties	-	-	2,567,631	2,567,631	-	-
Other accounts payable - dividends payable	446,278	-	10,950,983	11,305,029	-	92,232
Other current liabilities - ultra short-term financing bonds	-	17,000,000	-	17,000,000	-	-
Total	20,679,163	39,312,596	24,569,858	53,406,084	8,320,842	22,834,691

Notes to the Consolidated Financial Statements

For the year ended 31 December 2025

VII. 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 (restated)
1. Reconciliation of net profit to cash flow from operating activities:		
Net profit	16,895,554	15,664,406
Add: Assets impairment losses	924,492	755,919
Credit losses	1,400,734	990,604
Depreciation of fixed assets and amortisation of investment properties	6,854,426	6,152,845
Depreciation of right-of-use assets	817,360	704,343
Amortisation of intangible assets	1,173,541	1,339,447
Amortisation of long-term deferred expenses	249,359	257,914
Gains from disposal of fixed assets, intangible assets, and other long-term assets	(357,280)	(187,002)
Gains from changes in fair value	(293,461)	(366,824)
Financial expenses	343,954	804,597
Investment income	(1,027,566)	(1,007,326)
Changes in deferred tax assets and liabilities	(580,027)	(429,715)
Increase in gross inventories	(16,788,191)	(12,578,338)
Increase in operating receivables	(25,724,656)	(21,790,919)
Increase in operating payables	41,122,161	37,918,047
Changes in restricted monetary funds	(824,684)	(1,171,084)
Net cash flows from operating activities	24,185,716	27,056,914
2. Net changes in cash and cash equivalents:		
Closing balance of cash and cash equivalents	43,386,289	46,553,233
Less: Opening balance of cash and cash equivalents	46,553,233	46,108,163
Net (decrease)/increase in cash and cash equivalents	(3,166,944)	445,070

(2) Composition of cash and cash equivalents

RMB'000

Item	Closing balance	Opening balance (restated)
I. Cash	43,386,289	46,553,233
Including: Cash on hand	576	2,810
Bank deposits available on demand	43,385,713	46,550,423
II. Closing balance of cash and cash equivalents	43,386,289	46,553,233



Notes to the Consolidated Financial Statements

For the year ended 31 December 2025

VII. 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	770,810	7.0288	5,417,869
EUR	243,062	8.2355	2,001,737
HKD	726,089	0.9032	655,804
AUD	76,577	4.6892	359,085
MXN	3,286,230	0.3899	1,281,301
Others	/	/	2,839,941
Held-for-trading financial assets			
Including: USD	56	7.0288	394
Accounts receivable			
Including: USD	368,103	7.0288	2,587,325
EUR	129,042	8.2355	1,062,729
HKD	637,843	0.9032	576,100
MYR	152,727	1.7319	264,508
Others	/	/	616,905
Other receivables			
Including: USD	3,895	7.0288	27,377
EUR	9,738	8.2355	80,197
HKD	36,004	0.9032	32,519
AUD	1,106	4.6892	5,186
MXN	724,052	0.3899	282,308
Others	/	/	131,781
Other non-current financial assets			
Including: USD	31,000	7.0288	217,893
Short-term borrowings			
Including: USD	80,783	7.0288	567,808
EUR	167,025	8.2355	1,375,534
HKD	1,236,066	0.9032	1,116,415
Others	/	/	40,972

Notes to the Consolidated Financial Statements

For the year ended 31 December 2025

VII. Notes of consolidated financial statements *(continued)*

70 Foreign-currency monetary items *(continued)*

(1) Foreign-currency monetary items *(continued)*

Item	Foreign currency balance as at the end of the period	Exchange rate	Translated RMB balance as at the end of the period
Accounts payables			
Including: USD	104,276	7.0288	732,935
EUR	111,114	8.2355	915,079
HKD	34,368	0.9032	31,041
AUD	10,884	4.6892	51,037
MXN	2,630,469	0.3899	1,025,620
Others	/	/	527,915
Other payables			
Including: USD	140,834	7.0288	989,894
EUR	22,108	8.2355	182,070
HKD	37,569	0.9032	33,932
AUD	38,514	4.6892	180,600
MXN	13,806	0.3899	5,383
Others	/	/	525,189
Long-term borrowings (including those due within one year)			
Including: USD	13,182	8.2355	108,560
MXN	10,782,242	0.3899	4,203,996
Lease liabilities (including those due within one year)			
Including: USD	6,417	7.0288	45,104
EUR	31,636	8.2355	260,538
HKD	16,508	0.9032	14,910
AUD	4,147	4.6892	19,446
MXN	50,135	0.3899	19,548
Others	/	/	9,912

Notes to the Consolidated Financial Statements

For the year ended 31 December 2025

VII. 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) Lease expenses for short-term leases or low-value assets with simplified treatment

Lease expenses for short-term leases or low-value assets with simplified treatment for the period amounted to RMB212,949,000.

Total cash flow related to leases RMB1,036,365,000.

- (2) As leaser

Operating leases as leaser

Item	Lease income	Income related to variable lease payments not included in lease receivable
Operating leases	305,664	-
Total	305,664	-

Notes to the Consolidated Financial Statements

For the year ended 31 December 2025

VII. Notes of consolidated financial statements (continued)

71 Lease (continued)

(2) As leaser (continued)

Financing leases as lessor

RMB'000

Item	Gain/loss on sales	Financing gains	Income related to variable lease payments not included in lease receivable
Financing leases	-	1,680	-
Total	-	1,680	-

Reconciliation table of undiscounted lease receipts and net lease investment

RMB'000

Item	Closing balance	Opening balance
The minimum amount of the lease receivable:		
1st year after the balance sheet date	1,192,083	1,689,997
2nd year after the balance sheet date	58,525	349,539
3rd year after the balance sheet date	58,827	26,401
4th year after the balance sheet date	16,127	25,803
5th year after the balance sheet date	6,752	118
Years afterwards	-	-
Total of the minimum amount of the lease receivable	1,332,314	2,091,858
Less: Unrealised financing income	(185,235)	(398,207)
Credit loss allowance	(741,898)	(1,139,289)
Financing lease receivable	405,181	554,362
Including: Financing lease receivable due within one year	241,535	197,177
Financing lease receivable due after one year	163,646	357,185

Notes to the Consolidated Financial Statements

For the year ended 31 December 2025

VIII. R&D EXPENDITURES

1 Presented by the nature

Item	RMB'000	
	Current period	Prior period
Employee benefits	8,272,743	7,297,138
Depreciation charge	584,940	608,347
Amortisation of intangible assets	361,781	333,977
Others	8,944,765	8,446,126
Total	18,164,229	16,685,588
Including: Expense R&D expenditures	17,640,973	15,936,698
Capitalize R&D expenditures	523,256	748,890

IX. CHANGE IN THE SCOPE OF CONSOLIDATION

1 Merger of enterprises under the same control

(1) Mergers of enterprises under the same control that occurred in the current period

Name of merged party	Proportion of equity obtained in business merger	Basis for business combinations under the same control	Merge date	Basis for determining the merger date	Revenue of	Net profit of	Revenue of the merged party during the comparison period	Net profit of the merged party during the comparison period
					the merged party from the beginning of the merger period to the merger date	the merged party from the beginning of the merger period to the merger date		
CRRC Zhicheng Company	100%	CRRC Zhicheng and CRRC Logistics are both controlled by the same ultimate party, CRRC Group	3/4/2025	Actual time of obtaining control	15,814	52	49,776	513
Beijing Equipment Technology Company	100%	Beijing Equipment Technology Company and CRRC Changke Co., Ltd. are both controlled by the same ultimate party, CRRC Group	30/11/2025	Actual time of obtaining control	29,350	(36,006)	-	-

Notes to the Consolidated Financial Statements

For the year ended 31 December 2025

IX. CHANGE IN THE SCOPE OF CONSOLIDATION *(continued)*

1 Merger of enterprises under the same control *(continued)*

(2) Merger cost

RMB'000

Merger costs	CRRC Zhicheng Company	Beijing Equipment Technology Company
- cash	52,154	150,203

(3) Book value of assets and liabilities of the merged party on the merger date

RMB'000

	CRRC Zhicheng Company		Beijing Equipment Technology Company	
	Merge date	At the end of the previous period	Merge date	At the end of the previous period
Asset:				
Cash at bank and on hand	24,570	59,545	144	-
Accounts receivable	29,946	13,083	99,486	-
Receivables under financing	-	-	1,443	-
Prepayments	9,084	7,389	-	-
Other receivables	45,337	38,789	-	-
Other current assets	135	-	-	-
Inventory	3,343	4,470	-	-
Investment assets	-	-	1,235,751	-
Fixed assets	404	391	420,298	-
Intangible assets:	127	131	967,359	-
Deferred tax assets	89	88	-	-
Liability:				
Short-term loans	20,011	20,011	-	-
Accounts payable	13,704	22,467	-	-
Advance payments received	-	-	1,941	-
Contract liabilities	16,163	14,023	-	-
Employee benefits payable	36	600	76	-
Taxes payable	104	873	37	-
Other payables	11,957	14,063	2,567,631	-
Other current liabilities	-	841	-	-
Net assets	51,060	51,008	154,796	-



Notes to the Consolidated Financial Statements

For the year ended 31 December 2025

IX. CHANGE IN THE SCOPE OF CONSOLIDATION *(continued)*

2 Disposal of subsidiaries

Are there any transactions or events that result in the loss of control over subsidiaries in the current period.

Other descriptions:

The disposal of subsidiaries of the Group in this year mainly includes:

August 20, 2025, Zhuzhou Institute transferred its equity in Zhuzhou CRRC Qihong Cooling Technology Co., Ltd. for a transaction consideration of RMB133,375,000. The transaction generated investment income of RMB66,171,000.

On December 10, 2025, CRRC Nanjing Puzhen and CRRC Qishuyan transferred 100% equity of Changzhou CRRC Rail Transit Vehicle Co., Ltd. jointly held by them through a non-public agreement, with a transaction consideration of RMB19,819,000. This transaction generated investment income of RMB19,212,000.

X. 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 non-controlling interests during the period	Dividend declared to non-controlling shareholders during the period	Balance of non-controlling interests at 31 December 2025
CRRC Times Electric	50.23%	2,262,175	527,457	24,604,004
Times New Material	65.89%	357,612	160,286	5,806,788

Notes to the Consolidated Financial Statements

For the year ended 31 December 2025

X. INTERESTS IN OTHER ENTITIES (continued)

1 Interests in subsidiaries (continued)

(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 Times Electric	41,840,176	30,244,061	72,084,237	24,550,344	1,609,111	26,159,455	46,433,350	18,368,896	64,802,246	18,729,522	1,310,306	20,039,828
Times New Material	16,807,520	8,042,190	24,849,710	13,583,725	2,486,665	16,070,390	12,927,087	7,566,028	20,493,115	11,365,278	2,326,490	13,691,768

Name of the Subsidiary	2025				2024			
	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	28,702,700	4,309,064	4,344,889	3,964,724	24,908,938	3,948,756	3,965,366	3,361,121
Times New Material	21,470,544	577,883	833,323	2,182,147	20,055,007	433,949	380,504	1,142,376

2 Equity in associates or joint ventures

(1) Material associates or joint ventures

RMB'000

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	25.8851	-	Equity method

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.

Notes to the Consolidated Financial Statements

For the year ended 31 December 2025

X. INTERESTS IN OTHER ENTITIES *(continued)*

2 Equity in associates or joint ventures *(continued)*

(2) Key financial information of significant associates

RMB'000

	Balance at 31 December 2025/ Amount for the current period		Balance at 31 December 2024/ Amount for the prior period	
	China	Foreign Trade Financial	China	Foreign Trade Financial
	United Insurance	Leasing Co., Ltd:	United Insurance	Leasing Co., Ltd:
Total assets	127,440,440	54,573,574	119,428,316	58,920,632
Total liabilities	105,748,171	39,658,862	98,469,458	44,985,338
Non-controlling interests	2,303,714	-	2,222,678	-
Equities attributable to shareholders of parent company	19,388,555	14,914,712	18,736,180	13,935,294
Group's share of net assets	2,532,785	3,860,695	2,447,564	3,607,171
Goodwill	2,982,365	392,312	2,982,365	392,312
Carrying amount of equity investments in associates	5,515,150	4,253,007	5,429,929	3,999,483
Operating income	70,356,762	1,561,350	68,583,848	3,122,319
Net profit	715,669	979,419	525,801	1,262,047
Net profit attributable to shareholders of parent company	602,599	979,419	410,123	1,262,047
Other comprehensive income attributable to shareholders of parent company	51,507	-	17,692	(543)
Total comprehensive income attributable to shareholders of parent company	654,106	979,419	427,815	1,261,504
Dividends received from associates in the current year	-	-	-	-

Notes to the Consolidated Financial Statements

For the year ended 31 December 2025

X. INTERESTS IN OTHER ENTITIES *(continued)*

2 Equity in associates or joint ventures *(continued)*

(3) Financial information of insignificant joint ventures and associates

RMB'000

	Balance on 31 December 2025/Amount for the current year	Balance on 31 December 2024/Amount for the prior year
Joint ventures:		
Aggregate carrying amount of investments	4,019,003	4,118,748
Total amounts calculated based on shareholding proportions		
- Net profit	144,775	118,632
- Other comprehensive income	-	3
- Total other comprehensive income	144,775	118,635
Associates:		
Total carrying amount of investment	10,003,827	8,868,646
Total amounts calculated based on shareholding proportions		
- Net profit	250,890	319,920
- Other comprehensive income	(59,596)	(5,780)
- Total comprehensive income	191,294	314,140

Notes to the Consolidated Financial Statements

For the year ended 31 December 2025

XI. 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, 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.

Notes to the Consolidated Financial Statements

For the year ended 31 December 2025

XI. RISKS RELATED TO FINANCIAL INSTRUMENTS *(continued)*

2 Category of financial instruments

(1) Carrying amount of financial assets

RMB'000

Item	31 December 2025				Total
	At FVTPL	At amortised cost	Classified as at FVTOCI	Designed as at FVTOCI	
Cash and bank balances	-	67,834,624	-	-	67,834,624
Held-for-trading financial assets	6,096,445	-	-	-	6,096,445
Bills receivable	-	13,718,774	-	-	13,718,774
Accounts receivable	-	116,502,100	-	-	116,502,100
Receivables at FVTOCI	-	-	10,747,041	-	10,747,041
Other receivables (Except for government grant and advance to staffs)	-	2,621,027	-	-	2,621,027
Other current assets (Large deposit certificate)	-	3,649,731	-	-	3,649,731
Loans and advances to customers (including those due within one year)	-	136,263	-	-	136,263
Debt investments (including those due within one year)	-	591,757	-	-	591,757
Long-term receivables (including those due within one year) (except for finance lease)	-	9,204,044	-	-	9,204,044
Investments in other equity instruments	-	-	-	2,265,026	2,265,026
Other non-current financial assets	218,503	-	-	-	218,503
Other non-current assets	-	8,530,339	-	-	8,530,339
Total	6,314,948	222,788,659	10,747,041	2,265,026	242,115,674

Notes to the Consolidated Financial Statements

For the year ended 31 December 2025

XI. RISKS RELATED TO FINANCIAL INSTRUMENTS *(continued)*

2 Category of financial instruments *(continued)*

(2) Carrying amount of financial liabilities

RMB'000

Item	31 December 2025		
	Financial Liabilities at FVTPL	Financial liabilities at carrying amount	Total
Short-term borrowings	-	7,329,911	7,329,911
Deposits from banks and other financial institutions	-	6,596,589	6,596,589
Bills payable	-	67,185,913	67,185,913
Accounts payable	-	162,639,370	162,639,370
Employee benefits payable (Except for defined benefit plan)	-	1,989,263	1,989,263
Other payables	-	17,111,011	17,111,011
Lease liabilities (including those due within one year)	-	3,050,674	3,050,674
Long-term borrowings (including those due within one year)	-	7,897,602	7,897,602
Long-term payables (including those due within one year) (except for special accounts payable)	-	166,960	166,960
Total	-	273,967,293	273,967,293

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 of 31 December 2025, 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:

Notes to the Consolidated Financial Statements

For the year ended 31 December 2025

XI. RISKS RELATED TO FINANCIAL INSTRUMENTS *(continued)*

3 Credit risk *(continued)*

- (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 XIV. 2.

The Group only has transactions with recognized 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 V. 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 of 31 December 2025, included in the Group's accounts receivable, the accounts receivable from the top one and top five customers respectively account for 37.5% (31 December 2024: 40.0%) and 43.1% (31 December 2024: 45.9%);

As of 31 December 2025, 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 35.8% (31 December 2024: 29.0%) and 82.2% (31 December 2024: 81.5%) respectively.

Notes to the Consolidated Financial Statements

For the year ended 31 December 2025

XI. 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 VII	Balance at 31 December 2025			Total
		12-month ECL	Lifetime ECL (no credit loss occurred)	Lifetime ECL (Credit loss occurred)	
Financial assets measured at amortized cost					
Cash and bank balances	1	67,834,624	-	-	67,834,624
Bills receivable	3	-	13,735,683	-	13,735,683
Accounts receivable	4	-	118,007,375	5,769,913	123,777,288
Other receivables	8	2,570,933	-	1,252,431	3,823,364
Other current assets	11	3,649,731	-	-	3,649,731
Loans and advances to customers (including those due within one year)	12	67,851	69,436	-	137,287
Debt investments (including due within one year)	13	634,882	-	-	634,882
Long-term receivables (except for finance lease) (including those due within one year)	14	-	4,528,185	5,389,019	9,917,204
Financial assets classified as at FVTOCI					
Receivables at FVTOCI	6	-	10,747,041	-	10,747,041
Other items:					
Contract assets (Include non-current part)	5	-	67,393,668	228,650	67,622,318
Long-term receivables-finance lease (including those due within one year)	14	-	1,067,225	79,854	1,147,079

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 VII. 3, VII. 4, VII. 6, VII. 8, VII. 5, VII. 12, VII. 13 and VII. 14.

Notes to the Consolidated Financial Statements

For the year ended 31 December 2025

XI. 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	31 December 2025				Total
	Within 1 year (inclusive)	1-2 years (inclusive)	2-5 years (inclusive)	Over 5 years	
Short-term borrowings	7,329,911	-	-	-	7,329,911
Deposits from banks and other financial institutions	6,596,589	-	-	-	6,596,589
Bills payable	67,185,913	-	-	-	67,185,913
Accounts payable	162,639,370	-	-	-	162,639,370
Other payables	17,111,011	-	-	-	17,111,011
Long-term borrowings (including due within one year)	391,124	344,842	1,067,873	6,390,548	8,194,387
Long-term payables (including due within one year) (except for special accounts payable)	4,811	-	-	183,751	188,562
Lease liabilities (Including due within one year)	687,407	628,717	991,323	1,328,794	3,636,241
Total	261,946,136	973,559	2,059,196	7,903,093	272,881,984

Notes to the Consolidated Financial Statements

For the year ended 31 December 2025

XI. 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- December 2025		January- December 2024	
	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)	(24,436)	24,436	(41,835)	41,835

(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).

Notes to the Consolidated Financial Statements

For the year ended 31 December 2025

XI. RISKS RELATED TO FINANCIAL INSTRUMENTS *(continued)*

5 Market risk *(continued)*

(3) Currency risk *(continued)*

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.

(i) Foreign currency financial assets and financial liabilities

RMB'000

Item	31 December 2025	31 December 2024
Foreign currency financial assets:		
Cash and bank balances	12,555,737	8,351,487
Held-for-trading financial assets	394	5,499
Accounts receivable	4,499,661	4,057,489
Other receivables	497,455	426,278
Other non-current financial assets	217,893	222,840
Total	17,771,140	13,063,593
Foreign currency financial liabilities:		
Short-term borrowings	3,100,729	3,384,552
Accounts payable	3,283,627	3,913,552
Other payables	1,917,068	1,342,207
Long-term borrowings (including due within one year)	4,312,556	3,016,926
Lease liabilities (including due within one year)	369,458	450,436
Total	12,983,438	12,107,673

Notes to the Consolidated Financial Statements

For the year ended 31 December 2025

XI. RISKS RELATED TO FINANCIAL INSTRUMENTS *(continued)*

(3) Currency risk *(continued)*

(3) Currency risk *(continued)*

(i) Foreign currency financial assets and financial liabilities *(continued)*

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	31 December 2025		31 December 2024	
	Increase by	Reduce	Increase by	Reduce
Against RMB	12.05%	12.05%	3.94%	3.94%
(Decrease)/increase in net profit (RMB'000)	37,506	(37,506)	(11,506)	11,506

USD	31 December 2025		31 December 2024	
	Increase by	Reduce	Increase by	Reduce
Against RMB	2.04%	2.04%	1.55%	1.55%
(Increase)/Decrease in net profit (RMB'000)	107,116	(107,116)	37,722	(37,722)

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 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 31 December 2025 and 31 December 2024, the asset-liability proportion are as follows:

	31 December 2025	31 December 2024
Asset-liability proportion (%)	60.77	59.00

Notes to the Consolidated Financial Statements

For the year ended 31 December 2025

XI. RISKS RELATED TO FINANCIAL INSTRUMENTS *(continued)*

7 Transfer of financial assets

(i) Classification of transfer methods

RMB'000

Transfer mode	Nature of transferred financial assets	Amount of transferred financial assets	Termination of confirmation	Judgment basis for derecognition
Bill endorsement	Receivables at FVTOCI	2,166,251	Confirmation terminated	The risks and remuneration of ownership have been transferred
Bill discount	Receivables at FVTOCI	17,863,839	Confirmation terminated	The risks and remuneration of ownership have been transferred
Accounts receivable factoring	Accounts receivable	6,098,603	Confirmation terminated	The risks and remuneration of ownership have been transferred
Bill endorsement	Bills receivable	548,929	Confirmation not terminated	/
Bill discount	Bills receivable	645,330	Confirmation not terminated	/
Accounts receivable factoring	Accounts receivable	22,477	Confirmation not terminated	/
Total	/	27,345,429	/	/

(ii) Financial assets Recognized due to transfer

RMB'000

Project	The Way the Financial Assets are transferred	Termination of the amount of financial assets recognized	Profit or losses related to termination Confirmation
Receivables at FVTOCI	Bill endorsement	2,166,251	-
Receivables at FVTOCI	Bill discount	17,863,839	120,290
Accounts receivable	Accounts receivable factoring	6,098,603	104,710
Total	/	26,128,693	225,000



Notes to the Consolidated Financial Statements

For the year ended 31 December 2025

XII. DISCLOSURE OF FAIR VALUE

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

RMB'000

Item	Fair value at 31 December 2025				Valuation technique and inputs	Significant unobservable inputs
	Level 1 Fair value measurement	Level 2 Fair value measurement	Level 3 Fair value measurement	Total		
I. Recurring fair value measurements						
(I) Held-for-trading financial assets	-	1,312,285	4,784,160	6,096,445		
1. Derivative financial assets	-	2,026	-	2,026	Note 1	/
2. Certificate of deposits, etc.	-	1,310,259	-	1,310,259	Note 3	/
3. Unlisted equity instrument investments	-	-	4,784,160	4,784,160	Note 4	Note 4
(II) Receivables at FVTOCI	-	10,747,041	-	10,747,041	Note 3	/
(III) Investments in other equity instruments	846,484	-	1,418,542	2,265,026	/	/
1. Listed equity instrument investments	846,484	-	-	846,484	Note 2	/
2. Unlisted equity instrument investments	-	-	1,418,542	1,418,542	Note 5	Note 5
(IV) Other non-current financial assets	218,503	-	-	218,503	/	/
1. Perpetual bonds etc. investments	218,503	-	-	218,503	Note 1	/
Total assets measured at fair value on recurring basis	1,064,987	12,059,326	6,202,702	19,327,015	/	/

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 Consolidated Financial Statements

For the year ended 31 December 2025

XII. 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)
1 January 2025	4,373,071	1,751,659
Additions	5,692,736	10,000
Disposals	(5,558,393)	(182,494)
Transferred out in this period	-	-
Current gains	276,746	(160,623)
Included in profit or loss	276,746	-
Included in other comprehensive income	-	(160,623)
Exchange rate fluctuations	-	-
31 December 2025	4,784,160	1,418,542

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.

Notes to the Consolidated Financial Statements

For the year ended 31 December 2025

XII. DISCLOSURE OF FAIR VALUE (continued)

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 amortized cost are detailed in Note XI. 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	
	31 December 2025	31 December 2024	31 December 2025	31 December 2024
Fixed-rate debt investments	591,757	606,157	457,646	430,381
Fixed-rate long-term receivables	8,292,366	7,222,428	4,096,759	5,859,608
Fixed-rate long-term borrowings	5,682,175	4,168,322	3,450,999	2,416,391

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.

XIII. RELATED PARTIES AND RELATED PARTY TRANSACTIONS

1 Parent of the Company

Company name	Registered place	Nature of business	Registered capital	RMB'000	
				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").

Notes to the Consolidated Financial Statements

For the year ended 31 December 2025

XIII. RELATED PARTIES AND RELATED PARTY TRANSACTIONS *(continued)*

2 Subsidiaries of the Company

The Company's subsidiaries are detailed in Note III. 2.

3 Joint ventures and associates of the Company

Please see Note X. 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
Qiqihar EEE Forging Equipment Co., Ltd.	Associates
Changchun Changke Alstom Rolling Stock Co., Ltd	Joint ventures
Dalian Toshiba Locomotive Electrical Equipment Co., Ltd	Joint ventures
Beijing Nankou Sikaifu Railway Bearing Co., Ltd	Associates
Knorr Bremse Nankou Air Supply Equipment (Beijing) Co., Ltd	Associates
Datong Faweilai Rolling Stock Equipment Co., Ltd	Associates
Datong Hitachi Energy Traction Transformer Co., Ltd	Associates
Xinyang Tonghe Wheel Co., Ltd	Associates
Guangzhou Electric Locomotive Co., Ltd	Associates
Xi'an Alstom Yongji Electrical Equipment Co., Ltd	Associates
Qingdao Alstom Railway Equipment Co., Ltd	Associates
Qingdao Sifang Faweilai Rail Brake Co., Ltd	Joint ventures
Changchun Xiangtie Vehicle Equipment Manufacturing Co., Ltd	Associates
Tianjin Electric Locomotive Co., Ltd	Associates
Shenyang Westinghouse Brake Technology Co., Ltd	Joint ventures
China Railway Shenyang Railway Equipment Co., Ltd	Associates
Shanghai Alstom Transportation Electric Co., Ltd	Associates
Chengdu Changke Xinzhu Rail Transit Equipment Co., Ltd	Associates
CRRC Shenzhen Railway Vehicles Co., Ltd	Joint ventures
Rolling Stock Equipment (Thailand) Co., Ltd	Associates
Qingdao Sifang Kawasaki Vehicle Technology Co., Ltd	Joint ventures
Zhuzhou Shiling Transportation Equipment Co., Ltd	Joint ventures
Zhuzhou Siemens Traction Equipment Co., Ltd	Associates
Zhuzhou CRRC Times High tech Investment Co., Ltd	Joint ventures
Changzhou Langrui Dongyang Transmission Technology Co., Ltd	Joint ventures
Hunan Shidai Westinghouse Transportation Equipment Co., Ltd	Associates
Huaneng Tieling Wind Power Co., Ltd	Associates
Huaneng Panjin Wind Power Generation Co., Ltd	Associates
Hunan Maglev Transportation Development Co., Ltd	Associates

Notes to the Consolidated Financial Statements

For the year ended 31 December 2025

XIII. 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 Sifang Rail Transit Equipment Co., Ltd	Joint ventures
Xi'an Sifang Rail Transit Equipment Co., Ltd	Joint ventures
Sino German Rail Transit Technology (Dresden) Joint Research and Development Center Co., Ltd	Associates
Shanghai Shenzhong Rail Transit Operation Safety Engineering Technology Research Co., Ltd	Joint ventures
Changchun Changke Rail Environmental Protection Equipment Co., Ltd	Joint ventures
Beijing Sifang Tongchuang Rail Transit Equipment Co., Ltd	Associates
Huayu Capital (Tianjin) Equity Investment Fund Management Co., Ltd	Associates
Vertex Railcar Corporation	Associates
Beijing Beijiufang Rail Transit Technology Co., Ltd	Associates
Australian Innovation Railway Company	Associates
Baweitong Technology Co., Ltd	Associates
Wuhu Yunda Rail Transit Construction and Operation Co., Ltd	Joint ventures
Taizhou Taizhong Rail Transit Co., Ltd	Associates
Datong CRRC Macon Rail Transportation Equipment Co., Ltd	Associates
Beijing Tianlu Longxiang Transportation Equipment Co., Ltd	Joint ventures
Zhejiang Times Lanpu New Energy Co., Ltd	Joint ventures
CRRC Guochuang (Beijing) Fund Management Co., Ltd	Associates
Ziyang Zhonggong Locomotive Transmission Co., Ltd	Associates
Sichuan CRRC Railway Investment Rail Transit Co., Ltd	Associates
Shanghai Marine Engineering Equipment Manufacturing Innovation Center Co., Ltd	Associates
Wuhan Digital Design and Manufacturing Innovation Center Co., Ltd	Associates
Inner Mongolia Yiji Group Like Rubber and Plastic Products Co., Ltd	Associates
Zhuzhou Shidai Engineering Plastic Technology Co., Ltd	Associates
Hunan Honghui Technology Co., Ltd	Associates
Hunan Guoxin Semiconductor Technology Co., Ltd	Associates
Shangcai Shenhua CRRC New Energy Co., Ltd	Associates
Jiangsu Langrui Maoda Casting Co., Ltd	Joint ventures
Sichuan Zhongxin Composite Materials Co., Ltd	Associates
Qingdao Sifang Sirui Intelligent Technology Co., Ltd	Joint ventures
CRRC Voith Transmission Technology Co., Ltd	Associates
Zhuzhou Guochuang Rail Technology Co., Ltd	Associates
Tongche Zhongdian Railway Equipment Co., Ltd	Associates
Qingdao Metro Rail Transit Intelligent Maintenance Co., Ltd	Associates
Jiangxi Shanghuasheng Yilun Motor Co., Ltd	Associates
Zhuzhou Shidai Huaxin New Material Technology Co., Ltd	Associates
Zhixin Semiconductor Co., Ltd	Associates

Notes to the Consolidated Financial Statements

For the year ended 31 December 2025

XIII. 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
Dalian Kaifeng Heavy Industry Co., Ltd	Associates
Nanjing Tengsheng Energy Internet Technology Co., Ltd	Associates
Zhejiang Rail Transit Operation Management Group Co., Ltd	Associates
Jiangsu CRRC Digital Technology Co., Ltd	Associates
China United Insurance Holding Co., Ltd	Associates
Urban Rail Innovation Network Center Co., Ltd	Associates
Mowan Railway Co., Ltd	Associates
Jiqing High Speed Railway Co., Ltd	Associates
Foshan Gaoming Modern Rail Transit Construction Investment Co., Ltd	Associates
CCCC Foshan Investment Development Co., Ltd	Associates
Hunan Motor Vehicle Testing Technology Co., Ltd	Associates
China Power Construction (Yantai) Wind Power Generation Co., Ltd	Joint ventures
Jinan Sirui Rail Transit Equipment Technology Co., Ltd	Associates
IMATEQ SAS	Joint ventures
Zhuzhou CRRC Rail Transit Journal Co., Ltd	Associates
CRRC (Beijing) Transformation and Upgrading Fund Management Co., Ltd	Associates
Zhejiang CRRC Shangchi Electric Co., Ltd	Associates
Aviation Materials Guochuang (Qingdao) High speed Railway Materials Research Institute Co., Ltd	Associates
Harbin Welding Guochuang (Qingdao) Welding Engineering Innovation Center Co., Ltd	Associates
CSCEC (Shandong) Industrial Development Co., Ltd	Associates
Wuxi Times Intelligent Transportation Research Institute Co., Ltd	Associates
Zhengzhou Shidai Traffic Electrical Equipment Co., Ltd	Joint ventures
Jiangsu Zhongcheng Transportation Equipment Co., Ltd	Associates
Guangzhou Junfa Electrical Equipment Co., Ltd	Associates
Changshu Zhishui Environmental Protection Water Co., Ltd	Joint ventures
Hebei CRRC Luxing Anti loose Technology Co., Ltd	Associates
Foshan Zhongshi Zhihui Transportation Technology Co., Ltd	Associates
Guangzhou Qinglan Semiconductor Co., Ltd	Joint ventures
Tieke (Beijing) Rail Equipment Technology Co., Ltd	Associates
Huaneng Zhongji Environmental Protection Technology Co., Ltd	Joint ventures
Nanjing Metro Air Conditioning Technology Co., Ltd	Associates
China Resources New Energy (Alxa) Co., Ltd	Associates
China Resources New Energy (Ordos) Co., Ltd	Associates
Pioneer Electric (India) Co., Ltd	Associates
Chengdu Ruiyang Rail Transmission Technology Co., Ltd	Joint ventures

Notes to the Consolidated Financial Statements

For the year ended 31 December 2025

XIII. 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
Nanjing Rail Transit Industry Development Co., Ltd	Associates
Hunan Guoci Power Technology Co., Ltd	Associates
Guangzhou High Speed Rail Technology Co., Ltd	Associates
Qingdao Green Development Research Institute Co., Ltd	Associates
PriceSmart (Shanghai) Industrial Design Co., Ltd	Associates
Taizhou Changxing Rail Transit Operation Management Co., Ltd	Associates
Jiangsu China Railway Transportation Technology Co., Ltd	Associates
Guangxi Zhonggui Digital Technology Co., Ltd	Associates
Digital Rail (Shanghai) Transportation Technology Co., Ltd	Associates
Chengdu Digital China Railway Technology Co., Ltd	Associates
Anhui Zhiyun Digital Technology Co., Ltd	Associates
China Foreign Trade Finance Leasing Co., Ltd	Associates
Tiemei (Dalian) New Material Technology Co., Ltd	Joint ventures
Shenzhen Zhongshuputai Technology Co., Ltd	Associates
Hebei Yiyuan Guanghe New Energy Development Co., Ltd	Joint ventures
China Resources Wind Power (Caoxian) Co., Ltd	Associates
Guyang Changhui Energy Development Co., Ltd	Associates
China Ocean Engineering Equipment Technology Development Co., Ltd	Associates
Hunan Maglev Group Co., Ltd	Associates
Hebei Hongrui Environmental Protection Technology Co., Ltd	Associates
Zhongjuxin (Suzhou) Intelligent Technology Co., Ltd	Associates
Chongqing Ruiyang Rail Transit Equipment Co., Ltd	Joint ventures
Xi'an Ruiyang Rail Transmission Technology Co., Ltd	Joint ventures
Shanghai Rail Transit Testing and Certification (Group) Co., Ltd	Associates
Xiong'an Jingxiong Express Co., Ltd	Associates
Shaanxi Zhihui Clean Energy Technology Co., Ltd	Associates
Guangzhou Shidai Qizhi Electric Power Technology Co., Ltd	Associates
Datang Huayin Liling Clean Energy Co., Ltd	Associates
Zhuzhou Shidai Huasheng New Material Technology Co., Ltd	Associates
Hunan Huafeng Kecheng Advanced Polymer Materials Technology Research Institute Co., Ltd	Associates
Zhuzhou Shidai Engineering Plastic Industry Co., Ltd	Associates
Zhuzhou Shidai Dewei Coatings Co., Ltd	Associates
High Speed Train (Qingdao) Technology Innovation Center Co., Ltd	Associates
CONSORCIO TREN LIGERO LINEA 4 GUADALAJARA, S.A.P.I. de C.V	Associates
TIC TRENS S.A.	Associates
MLCC BLUE LINE CONTRACTING L.L.C	Associates

Notes to the Consolidated Financial Statements

For the year ended 31 December 2025

XIII. RELATED PARTIES AND RELATED PARTY TRANSACTIONS *(continued)*

4 Related party transactions

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

Purchase of goods/receipt of service

RMB'000

Related party	Content of related party transaction	January-December 2025	January-December 2024 (restated)
Joint ventures of the Group	Purchase of goods	119,863	343,939
Associates of the Group	Purchase of goods	638,971	1,030,416
CRRC Group and subsidiaries (Note 1)	Purchase of goods	556,832	686,985
Joint ventures and associates of CRRC Group and subsidiaries (Note 2)	Purchase of goods	2,546	9,517
Joint ventures of the Group	Receipt of service	33,430	57,883
Associates of the Group	Receipt of service	137,955	151,490
CRRC Group and subsidiaries (Note 1)	Receipt of service	58,587	101,313
Joint ventures and associates of CRRC Group and subsidiaries (Note 2)	Receipt of service	4,486	3,736
Total	/	1,552,670	2,385,279

Note 1: These connected transactions constitute continuing connected transactions as defined in Chapter 14A of the Listing Rules of the Hong Kong Stock Exchange.

Note 2: The amount of which constituted continuing connected transactions as defined in Chapter 14A of the Listing Rules of the Hong Kong Stock Exchange was RMB4,683,000.

Notes to the Consolidated Financial Statements

For the year ended 31 December 2025

XIII. 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

RMB'000

Related party	Content of related party transaction	January-December 2025	January-December 2024 (restated)
Joint ventures of the Group	Sale of goods	1,967,559	1,272,149
Associates of the Group	Sale of goods	2,860,428	2,978,787
CRRC Group and its subsidiaries (Note 1)	Sale of goods	258,042	435,673
Joint ventures and associates of CRRC Group and subsidiaries (Note 2)	Sale of goods	80,332	731,232
Joint ventures of the Group	Rendering of services	57,108	32,962
Associates of the Group	Rendering of services	29,781	38,048
CRRC Group and its subsidiaries (Note 1)	Rendering of services	59,703	40,568
Joint ventures and associates of CRRC Group and subsidiaries (Note 2)	Rendering of services	588,413	629,891
Total	/	5,901,366	6,159,310

Note 1: These connected transactions constitute continuing connected transactions as defined in Chapter 14A of the Listing Rules of the Hong Kong Stock Exchange.

Note 2: The amount of which constituted continuing connected transactions as defined in Chapter 14A of the Listing Rules of the Hong Kong Stock Exchange was RMB599,602,000.

Notes to the Consolidated Financial Statements

For the year ended 31 December 2025

XIII. RELATED PARTIES AND RELATED PARTY TRANSACTIONS *(continued)*

4 Related party transactions *(continued)*

(2) Leases with related parties

The Company as the lessor:

RMB'000

Name of lessee	Type of leased assets	Lease income recognised in current period	Lease income recognised in prior period
Joint ventures of the Group	Fixed assets	668	4,978
Associates of the Group	Fixed assets	11,104	5,673
CRRC Group and its subsidiaries (Note 1)	Fixed assets	911	692
Joint ventures and associates of CRRC Group and subsidiaries (Note 2)	Fixed assets	2,293	2,149
Total	/	14,976	13,492

Note 1: These related party transactions are continuing connected transactions in accordance with Chapter 14A of the Listing Rules by HKEx.

Note 2: Transaction amounts of RMB1,668,000 constituted the continuing connected transactions in accordance with Chapter 14A of the Listing Rules by HKEx.

Notes to the Consolidated Financial Statements

For the year ended 31 December 2025

XIII. RELATED PARTIES AND RELATED PARTY TRANSACTIONS (continued)

4 Related party transactions (continued)

(2) Leases with related parties

The Company as the lessee:

RMB'000

Name of lessee	Type of assets leased	January-December 2025					January-December 2024				
		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	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
Joint ventures of the Group	Fixed assets	-	-	-	-	-	-	-	-	-	-
Associates of the Group	Fixed assets	64	-	15,273	692	7,854	293	-	1,205	193	-
CRRC Group and its subsidiaries (Note 1)	Fixed assets	47,234	-	68,261	3,409	21,961	83,793	8,679	81,100	3,832	81,108
Joint ventures and associates of CRRC Group and its subsidiaries	Fixed assets	-	-	-	-	-	-	-	-	-	-

Note 1: These related party transactions constitute continuous connected transactions as defined in Chapter 14A of the listing Rules of the Hong Kong Stock Exchange, with an amount of RMB69,195,000.

Notes to the Consolidated Financial Statements

For the year ended 31 December 2025

XIII. RELATED PARTIES AND RELATED PARTY TRANSACTIONS *(continued)*

4 Related party transactions *(continued)*

(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	473,560	2017-06-20	2047-06-20	No
CRRCE-LOCOSUPPLY(PTY) LTD	1,218,932	2014-03-17	Date of completion of project implementation	No
CONSORCIOTRENLIGEROLINEA4 GUADALAJARA, S.A.P.I.deC.V	215,525	2023-10-27	2059-10-25	No
CONSORCIOTRENLIGEROLINEA4 GUADALAJARA, S.A.P.I.deC.V	390,451	2024-06-05	2039-04-30	No
TIC TRENS S.A.	360,922	2024-06-02	2031-06-02	No
TIC TRENS S.A.	157,089	2025-10-09	2027-03-26	No
TIC TRENS S.A.	153,312	2025-09-30	2027-03-26	No
MLCC BLUE LINE CONTRACTING L.L.C	709,942	2025-03-05	2029-07-31	No
MLCC BLUE LINE CONTRACTING L.L.C	283,977	2025-03-05	2032-09-20	No
MLCC BLUE LINE CONTRACTING L.L.C	322,292	2025-05-15	2029-07-31	No
MLCC BLUE LINE CONTRACTING L.L.C	26,442	2025-07-31	2032-07-31	No
METRO TRAINS WEST PTY LTD	1,937,460	2025-12-19	2047-02-11	No
METRO TRAINS WEST PTY LTD	7,081	2025-12-19	2047-12-19	No

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	1,218,932	2014-03-17	Date of completion of project implementation	No

Notes to the Consolidated Financial Statements

For the year ended 31 December 2025

XIII. RELATED PARTIES AND RELATED PARTY TRANSACTIONS *(continued)*

4 Related party transactions *(continued)*

(4) Funding from related party

RMB'000

Related party borrowing/loan	Amount of borrowing/loan	Inception date	Maturity date	Note
Funds received				
CRRC Group and its subsidiaries	108,410	12/12/2025	11/12/2026	/
CRRC Group and its subsidiaries	216,810	10/11/2025	09/11/2026	/
CRRC Group and its subsidiaries	385,000	10/11/2025	09/11/2026	/
CRRC Group and its subsidiaries	136,560	10/11/2025	09/11/2026	/
CRRC Group and its subsidiaries	1,100,000	10/11/2025	09/11/2026	/
CRRC Group and its subsidiaries	300,000	10/11/2025	09/11/2026	/
CRRC Group and its subsidiaries	44,850	10/11/2025	09/11/2026	/
CRRC Group and its subsidiaries	312,960	07/11/2025	06/11/2026	/
CRRC Group and its subsidiaries	22,560	07/11/2025	06/11/2026	/
CRRC Group and its subsidiaries	148,590	07/11/2025	06/11/2026	/
CRRC Group and its subsidiaries	249,770	07/11/2025	06/11/2026	/
CRRC Group and its subsidiaries	709,000	20/10/2025	19/10/2026	/
CRRC Group and its subsidiaries	8,120	17/06/2025	16/06/2026	/
CRRC Group and its subsidiaries	721,642	23/04/2025	22/04/2026	/

Notes to the Consolidated Financial Statements

For the year ended 31 December 2025

XIII. 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-December 2025	January-December 2024
Joint ventures of the Group	Purchase of fixed assets from related parties	-	148
Associates of the Group	Purchase of fixed assets from related parties	4,639	5,270
Joint ventures and associates of CRRC Group and subsidiaries (Note 2)	Purchase of fixed assets from related parties	1,179	461
CRRC Group and its subsidiaries (Note 1)	Purchase of fixed assets from related parties	4,520	1,611
Total	/	10,338	7,490

Note 1: These related party transactions are continuing connected transactions in accordance with Chapter 14A of the Listing Rules by HKEx.

Note 2: Transaction amounts of RMB1,179,000 constituted the continuing connected transactions in accordance with Chapter 14A of the Listing Rules by HKEx.

Notes to the Consolidated Financial Statements

For the year ended 31 December 2025

XIII. RELATED PARTIES AND RELATED PARTY TRANSACTIONS *(continued)*

4 Related party transactions *(continued)*

(6) Remuneration of key management personnel

RMB'000

Item	January-December 2025	January-December 2024
Remuneration of key management personnel	11,480	11,042

(i) Directors', supervisors' and chief executive's emoluments

RMB'000

	January-December 2025	January-December 2024
Fees	295	315
Other emoluments:		
Salaries	1,345	1,825
Performance-related bonuses (Note 1)	2,907	3,147
Social security contributions (other than pension scheme contributions) (Note 2)	560	762
Pension scheme contributions (Note 3)	168	198
Total	5,275	6,247

Note 1: The performance-related bonuses are determined by the remuneration committee in accordance with the relevant remuneration policies of the Company.

Note 2: The social security contribution (other than pension scheme contributions) represent the Company statutory contributions directly to the PRC government, and are determined based on a certain percentage of the salaries of the directors supervisors and the chief executive.

Note 3: The person scheme contributions represent the Company's statutory contributions to a defined contribution pension scheme organised by the PRC government, and are determined based on a certain percentage of the salaries of the director, supervisors and the chief executive.

Notes to the Consolidated Financial Statements

For the year ended 31 December 2025

XIII. RELATED PARTIES AND RELATED PARTY TRANSACTIONS *(continued)*

4 Related party transactions *(continued)*

(6) Remuneration of key management personnel *(continued)*

(i) Directors', supervisors' and chief executive's emoluments *(continued)*

As of December 31, 2025, the remuneration and welfare contributions of individual directors, supervisors and president are as follows:

RMB'000

	Fees	Salaries	Performance-related bonuses	Social security contribution (other than pension scheme contributions)	Pension scheme contributions	Total
Executive director:						
Sun Yongcai	-	245	679	131	34	1,089
Ma Yunshuang (Resigned)	-	41	419	22	6	488
Wang An	-	221	611	131	34	997
Sub-total	-	507	1,709	284	74	2,574
Independent non-executive directors:						
Shi Jianzhong (Resigned)	85	-	-	-	-	85
Weng Yiran (Resigned)	65	-	-	-	-	65
Wei Mingde	100	-	49	-	-	149
Zhang Zhenrong	15	-	-	-	-	15
Wang Xifeng	15	-	-	-	-	15
Yang Jiangyi	15	-	-	-	-	15
Sub-total	295	-	49	-	-	344
Supervisors:						
Zhao Hu	-	317	417	98	26	858
Chen Zhenhan	-	271	374	89	34	768
Zhang Shidong	-	250	358	89	34	731
Sub-total	-	838	1,149	276	94	2,357
Total	295	1,345	2,907	560	168	5,275

Notes to the Consolidated Financial Statements

For the year ended 31 December 2025

XIII. RELATED PARTIES AND RELATED PARTY TRANSACTIONS *(continued)*

4 Related party transactions *(continued)*

(6) Remuneration of key management personnel *(continued)*

(i) Directors', supervisors' and chief executive's emoluments *(continued)*

Contributions to the remuneration and benefits of individual directors, supervisors and the President for the year ended December 31, 2024, are as follows:

RMB'000

	Fees	Salaries	Performance-related bonuses	Social security contribution (other than pension scheme contributions)	Pension scheme contributions	Total
Executive director:						
Sun Yongcai	-	245	652	127	33	1,057
Ma Yunshuang(Departure)	-	243	564	127	33	967
Wang An	-	221	586	127	33	967
Sub-total	-	709	1,802	381	99	2,991
Non-executive directors:						
Jiang Renfeng(Departure)	-	-	-	-	-	-
Sub-total	-	-	-	-	-	-
Independent non-executive directors:						
Shi Jianzhong	80	-	-	-	-	80
Weng Yiran	80	-	-	-	-	80
Wei Mingde	155	-	-	-	-	155
Sub-total	315	-	-	-	-	315
Supervisors:						
Zhao Hu	-	422	493	127	33	1,075
Chen Zhenhan	-	361	431	127	33	952
Zhang Shidong	-	333	421	127	33	914
Sub-total	-	1,116	1,345	381	99	2,941
Total	315	1,825	3,147	762	198	6,247

Notes to the Consolidated Financial Statements

For the year ended 31 December 2025

XIII. RELATED PARTIES AND RELATED PARTY TRANSACTIONS *(continued)*

4 Related party transactions *(continued)*

(6) Remuneration of key management personnel *(continued)*

(ii) Five highest paid employees

The five highest paid employees of the Group during the year are neither directors, supervisors nor chief executive.

Details of the remuneration of the five highest paid employees during the year are as follows:

	RMB'000	
	Accrued during the period	Accrued during the prior period
Salaries	1,950	1,840
Performance-related bonuses	9,082	9,186
Social security contributions (other than pension scheme contributions)	587	571
Pension scheme contributions	292	179
Total	11,911	11,776

The number of five highest paid employees whose remuneration fell within the following band is as follows:

	2025	2024
HKD2,000,001 to HKD2,500,000	2	-
HKD2,500,001 to HKD3,000,000	3	5

Notes to the Consolidated Financial Statements

For the year ended 31 December 2025

XIII. RELATED PARTIES AND RELATED PARTY TRANSACTIONS *(continued)*

4 Related party transactions *(continued)*

(7) Other related party transactions

		RMB'000	
Related party	Nature of related party transaction	Accrued during the period	Accrued during the prior period (restated)
Joint ventures of the Group	Financial service and interest income	3,447	4,719
Associates of the Group	Financial service and interest income	2,798	953
CRRC Group and its subsidiaries (Note 1)	Financial service and interest income	670	4,294
Joint ventures of the Group	Interest expenses	165	328
Associates of the Group	Interest expenses	76	116
CRRC Group and its subsidiaries	Interest expenses	211,439	274,133
Total	/	218,595	284,543

Note 1: Transaction amounts of RMB0 constituted the continuing connected transaction in accordance with Chapter 14A of the Listing Rules by HKEx.

Notes to the Consolidated Financial Statements

For the year ended 31 December 2025

XIII. RELATED PARTIES AND RELATED PARTY TRANSACTIONS *(continued)*

5 Unsettled items such as receivables and payables to related parties

(1) Receivables

RMB'000

Item	Related party	Closing balance		Opening balance (restated)	
		Carrying amount	Provision for bad and doubtful debts	Carrying amount	Provision for bad and doubtful debts
Bills receivable	Joint ventures of the Group	110,392	198	39,472	39
Bills receivable	Associates of the Group	585,956	1,327	114,501	191
Bills receivable	CRRC Group and its subsidiaries	50	-	3,755	9
Accounts receivable	Joint ventures of the Group	442,633	6,275	972,916	19,489
Accounts receivable	Associates of the Group	1,287,475	71,167	1,286,513	79,062
Accounts receivable	CRRC Group and its subsidiaries	2,654,190	55,811	708,431	45,957
Accounts receivable	Joint ventures and associates of CRRC Group and its subsidiaries	184,351	5,394	130,172	5,403
Receivables at FVTOCI	Joint ventures of the Group	151,488	-	134,481	-
Receivables at FVTOCI	Associates of the Group	413,610	-	891,885	2
Receivables at FVTOCI	CRRC Group and its subsidiaries	118,004	-	31,932	-
Prepayments	Joint ventures of the Group	123,897	-	215,953	-
Prepayments	Associates of the Group	73,960	-	98,517	-
Prepayments	CRRC Group and its subsidiaries	8,305	-	19,591	-
Other receivables	Joint ventures of the Group	1,261	8	27,965	6
Other receivables	Associates of the Group	20,642	3,159	19,830	2,930
Other receivables	CRRC Group and its subsidiaries	162,478	11,505	58,816	8,117
Other receivables	Joint ventures and associates of CRRC Group and its subsidiaries	1,406	14	496	2
Contract assets	Joint ventures of the Group	17,769	174	20,974	121
Contract assets	Associates of the Group	307,092	2,549	212,272	2,890
Contract assets	CRRC Group and its subsidiaries	1,077,693	19,971	287,633	10,227
Contract assets	Joint ventures and associates of CRRC Group and its subsidiaries	34,429	314	12,256	77
Non-current assets due within one year	Associates of the Group	137,287	1,024	153,245	13,187
Non-current assets due within one year	CRRC Group and its subsidiaries	64,510	65	20,011	1,270



Notes to the Consolidated Financial Statements

For the year ended 31 December 2025

XIII. RELATED PARTIES AND RELATED PARTY TRANSACTIONS *(continued)*

5 Unsettled items such as receivables and payables to related parties *(continued)*

(1) Receivables *(continued)*

RMB'000

Item	Related party	Closing balance		Opening balance (restated)	
		Carrying amount	Provision for bad and doubtful debts	Carrying amount	Provision for bad and doubtful debts
Long-term receivables	Associates of the Group	11,433	11	-	-
Other non-current assets	Joint ventures of the Group	56,400	968	116,119	1,381
Other non-current assets	Associates of the Group	358,733	5,976	321,250	5,175
Other non-current assets	CRRC Group and its subsidiaries	1,546,717	5,904	1,114,781	1,103
Other non-current assets	Joint ventures and associates of CRRC Group and its subsidiaries	1,293,351	7,316	1,881,334	9,177
Total	/	11,245,512	199,130	8,895,101	205,815

(2) Payables

RMB'000

Item	Related party	Closing book Value	Beginning book value (restated)
Deposits from banks and other financial institutions	Joint ventures of the Group	31,771	3,461
Deposits from banks and other financial institutions	Associates of the Group	6,247	38,208
Deposits from banks and other financial institutions	CRRC Group and its subsidiaries	5,965,607	4,697,311
Deposits from banks and other financial institutions	Joint ventures and associates of CRRC Group and its subsidiaries	592,964	469,190
Bills payable	Joint ventures of the Group	145,851	182,790
Bills payable	Associates of the Group	507,019	18,044
Bills payable	CRRC Group and its subsidiaries	277,041	168,343

Notes to the Consolidated Financial Statements

For the year ended 31 December 2025

XIII. RELATED PARTIES AND RELATED PARTY TRANSACTIONS *(continued)*

5 Unsettled items such as receivables and payables to related parties *(continued)*

(2) Payables *(continued)*

RMB'000

Item	Related party	Closing book Value	Beginning book value (restated)
Bills payable	Joint ventures and associates of CRRC Group and its subsidiaries	760	2,981
Accounts payable	Joint ventures of the Group	1,483,123	1,171,813
Accounts payable	Associates of the Group	2,213,233	2,644,250
Accounts payable	CRRC Group and its subsidiaries	3,333,520	2,547,171
Accounts payable	Joint ventures and associates of CRRC Group and its subsidiaries	63,050	93,578
Contract liabilities	Joint ventures of the Group	1,679	5,065
Contract liabilities	Associates of the Group	63,785	55,577
Contract liabilities	CRRC Group and its subsidiaries	54,160	74,620
Contract liabilities	Joint ventures and associates of CRRC Group and its subsidiaries	54,294	131,199
Other payables	Joint ventures of the Group	15,132	18,319
Other payables	Associates of the Group	129,129	100,683
Other payables	CRRC Group and its subsidiaries	4,704,161	3,868,667
Other payables	Joint ventures and associates of CRRC Group and its subsidiaries	1,607	1,421
Lease liabilities	Associates of the Group	6,239	6,208
Lease liabilities	CRRC Group and its subsidiaries	74,012	65,786
Total	/	19,724,384	16,364,685

Notes to the Consolidated Financial Statements

For the year ended 31 December 2025

XIII. 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	31 December 2025	31 December 2024
Sale of goods to related parties	Joint ventures of the Group	-	136,919
Sale of goods to related parties	Associates of the Group	59,960	2,521
Sale of goods to related parties	CRRC Group and its subsidiaries	2,524,813	814
Providing Labor services to related parties	Associates of the Group	1,167,311	-
Providing Labor services to related parties	CRRC Group and its subsidiaries	132,373	-
Providing labor services to related parties	Joint ventures of CRRC Group and its subsidiaries	618,637	-
Purchase of goods from related parties	Joint ventures of the Group	3,465	6,635
Purchase of goods from related parties	Associates of the Group	50,634	11,359
Purchase of goods from related parties	CRRC Group and its subsidiaries	135,188	11,964
Purchase of goods from related parties	Joint ventures and associates of CRRC Group and its subsidiaries	376	91
Total	/	4,692,757	170,303

XIV. COMMITMENTS AND CONTINGENCIES

1 Significant commitments

RMB'000

Item	31 December 2025	31 December 2024
Construction in progress, fixed assets and land use rights	3,378,580	3,731,255
Other intangible assets	15,393	955
Total	3,393,973	3,732,210

Notes to the Consolidated Financial Statements

For the year ended 31 December 2025

XIV. COMMITMENTS AND CONTINGENCIES (continued)

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	473,560	Guarantee for performance, financing and profit or loss
CRRC Zhuzhou Locomotive Co., Ltd	CRRC E-LOCO SUPPLY(PTY) LTD	1,218,932	Guarantee for performance
CRRC (Hond Kong) Co., Ltd.	CONSORCIO TREN LIGERO LINEA 4 GUADALAJARA, S.A.P.I. de C.V	215,525	Guarantee for performance
CRRC (Hong Kong) Co. Limited.	CONSORCIO TREN LIGERO LINEA 4 GUADALAJARA, S.A.P.I. de C.V	390,451	Guarantee for financing
CRRC (Hond Kong) Co., Ltd.	TIC TRENS S.A	360,922	Guarantee for performance
CRRC (Hond Kong) Co., Ltd.	TIC TRENS S.A	157,089	Guarantee for financing
CRRC (Hond Kong) Co., Ltd.	TIC TRENS S.A	153,312	Guarantee for financing
CRRC (Hond Kong) Co., Ltd.	MLCC BLUE LINE CONTRACTING L.L.C	709,942	Guarantee for performance
CRRC (Hond Kong) Co., Ltd.	MLCC BLUE LINE CONTRACTING L.L.C	283,977	Guarantee for performance
CRRC (Hond Kong) Co., Ltd.	MLCC BLUE LINE CONTRACTING L.L.C	322,292	Guarantee for performance
CRRC (Hond Kong) Co., Ltd.	MLCC BLUE LINE CONTRACTING L.L.C	26,442	Guarantee for performance
CRRC International Co., Ltd	METRO TRAINS WEST PTY LTD	1,937,460	Guarantee for performance
CRRC (Hond Kong) Co., Ltd.	METRO TRAINS WEST PTY LTD	7,081	Guarantee for performance

Notes to the Consolidated Financial Statements

For the year ended 31 December 2025

XIV. 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 31 December 2025, the balance of the performance guarantee provided by CRRC Zhuzhou Locomotive for CRRC E-LOCO SUPPLY (PTY) LTD. amounted to RMB1.219 billion.

Notes to the Consolidated Financial Statements

For the year ended 31 December 2025

XV. SUBSEQUENT EVENTS

1 Profit distribution

	RMB'000
Profit or dividend to be distributed	3,443,864
Profits or dividends declared after consideration and approval	-

On March 27, 2026, the Company held the 8th meeting of the 4th Board and passed the Proposal on the Profit Distribution Plan of CRRC Corporation Limited for the Year 2025. It is planned to distribute cash dividends to all shareholders based on the total share capital registered on the equity distribution registration date (the specific date will be specified in the announcement on the implementation of equity distribution). As of December 31, 2025, the total share capital of the company is 28,698,864,088 shares. Based on this, a cash dividend of RMB1.2 (including tax) will be distributed for every 10 shares, with a total planned cash dividend of RMB3.444 billion (including tax). The remaining retained earnings will be carried forward to the next year for distribution. The proportion of cash dividends of the Company in this year to the 'net profit' attributable to shareholders of listing Company in 2025 is 50.08%. If, from the disclose date of the announcement of the company's profit distribution plan to the registration date of equity distribution, the total share capital of the company changes due to the conversion of convertible bonds/repurchase of shares/cancellation of share incentive granted share repurchase/cancellation of major asset restructuring share repurchase, etc., the company plans to maintain the total amount of distribution unchanged and adjust the distribution ratio per share accordingly. If there is any change in the total share capital in the future, the specific adjustment will be announced separately in announcement. The profit distribution plan still needs to be reviewed and approved by the company's 2025 annual shareholders' meeting.

Notes to the Consolidated Financial Statements

For the year ended 31 December 2025

XVI. OTHER SIGNIFICANT ITEMS

1 Correction of previous accounting errors

The Group has no prior accounting error corrections in 2025.

2 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 into 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

RMB'000

Item	Accrued during the period	Accrued during the prior period (restated)
Products and services information: Rail transit equipment and extended products and services	273,063,098	246,474,389
Total	273,063,098	246,474,389
Geographical information: Mainland China	238,241,828	218,137,670
Other countries and regions	34,821,270	28,336,719
Total	273,063,098	246,474,389

(ii) Total specified non-current assets

RMB'000

Item	31 December 2025	31 December 2024 (restated)
Mainland China	155,123,774	142,770,638
Other countries and regions	15,240,365	8,567,634
Total	170,364,139	151,338,272

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

Notes to the Consolidated Financial Statements

For the year ended 31 December 2025

XVI. OTHER SIGNIFICANT ITEMS *(continued)*

2 Segment information *(continued)*

(2) Financial information of reporting segments *(continued)*

(iii) Major customers

The Group's operating income from major customer China State Railway Group is RMB119,162,603 thousand (January- December 2024: RMB108,348,069 thousand). The Group has no other single customer from which the revenue accounts for over 10% of the Group's operating income.

3 Other significant transactions or events affecting investors' decision-making

(1) Net current assets

RMB'000

Item	31 December 2025	31 December 2024 (restated)
Current assets	364,004,520	346,314,419
Less: Current liabilities	308,576,177	278,675,937
Net current assets	55,428,343	67,638,482

(2) Total assets less current liabilities

RMB'000

Item	31 December 2025	31 December 2024 (restated)
Total assets	550,774,434	512,845,527
Less: Current liabilities	308,576,177	278,675,937
Total assets less current liabilities	242,198,257	234,169,590

Notes to the Consolidated Financial Statements

For the year ended 31 December 2025

XVI. OTHER SIGNIFICANT ITEMS (continued)

4 Others

(1) Basic earnings per share

The calculation of basic EPS has been based on the following profit attributable to ordinary shareholders and weighted-average number of ordinary shares outstanding.

Item	31 December 2025	31 December 2024 (restated)
Net profit of the year attributable to ordinary shareholders (RMB'000)	13,181,015	12,387,776
Number of ordinary shares issued in the current period (thousand shares)	28,698,864	28,698,864
Basic earnings per share (RMB/share)	0.46	0.43

(2) Diluted earnings per share

Item	31 December 2025	31 December 2024
Net profit of the year attributable to ordinary shareholders (RMB'000)	13,181,015	12,387,776
Plus: impact of convertible bonds (RMB'000)	-	-
Net profit used to calculate diluted earnings per share (RMB'000)	13,181,015	12,387,776
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)	0.46	0.43

Notes to the Consolidated Financial Statements

For the year ended 31 December 2025

XVII. NOTES TO KEY ITEMS IN THE COMPANY'S FINANCIAL STATEMENTS

1 Cash and bank on hand

(1) Cash at bank and on hand

RMB'000

Item	31 December 2025	31 December 2024
Deposits with banks	8,814,569	6,399,182
Other monetary funds	20,105	200,002
Total	8,834,674	6,599,184

(2) Cash at bank and on hand with restrictive ownership title or right of use

RMB'000

Category	31 December 2025	31 December 2024
Bank acceptance bills deposit	20,105	200,002
Total	20,105	200,002

As at 31 December 2025, there were RMB768,002,000 unsecured and unrestricted time deposits with maturity of three months and above (31 December 2024: RMB694,752,000).

2 Other receivables

Dividends receivable

RMB'000

Category	Closing balance	Opening balance
Dividends receivable	3,286,931	4,887,184
Other receivables	6,882,570	11,216,318
Total	10,169,501	16,103,502



Notes to the Consolidated Financial Statements

For the year ended 31 December 2025

XVII. NOTES TO KEY ITEMS IN THE COMPANY'S FINANCIAL STATEMENTS *(continued)*

2 Other receivables *(continued)*

Dividends by item

RMB'000

Item (or investee)	Closing balance	Opening balance
Dividends receivable from subsidiaries	3,286,931	4,887,184
Total	3,286,931	4,887,184

Other receivables

(1) Analysis by aging

RMB'000

Ageing	Carrying amount at the end of the period	Opening balance
Within 1 year	6,880,059	10,580,358
1-2 years	4,972	617,249
2-3 years	5,269	6,364
Over 3 years	2,809	27,525
Sub-total	6,893,109	11,231,496
Less: Credit loss allowance	(10,539)	(15,178)
Total	6,882,570	11,216,318

Notes to the Consolidated Financial Statements

For the year ended 31 December 2025

XVII. NOTES TO KEY ITEMS IN THE COMPANY'S FINANCIAL STATEMENTS (continued)

2 Other receivables (continued)

Other receivables (continued)

(2) Other receivables categorized by nature

RMB'000

Nature of other receivables	Carrying amount at the end of the period	Carrying amount at the beginning of the period
Transactions between subsidiaries	6,874,730	11,190,085
Others	7,840	26,233
Total	6,882,570	11,216,318

(3) Top five entities with the largest balances of other receivables

RMB'000

Name of enterprise	Book value at 31 December 2025	Proportion to total closing balance of other receivables (%)	Nature	Aging	Balance of loss allowance at 31 December 2025
CRRC Dalian	3,023,466	43.86	Internal loan	Within 1 year	3,023
CRRC Logistics	1,442,695	20.93	Internal loan	Within 1 year	1,443
CRRC Yongji Electric	1,154,615	16.75	Internal loan	Within 1 year	1,155
CRRC Zhuzhou Locomotive	802,380	11.64	Internal loan	Within 1 year	802
CRRC Beijing Nankou	167,329	2.43	Internal loan	Within 1 year	167
Total	6,590,485	95.61	/	/	6,590

3 Long-term equity investments

RMB'000

Item	Closing balance			Opening balance		
	Book value	Provision for impairment	Carrying amount	Book value	Provision for impairment	Carrying amount
Investments in subsidiaries	110,436,335	-	110,436,335	109,121,244	-	109,121,244
Investments in joint ventures and associates	10,727,727	-	10,727,727	10,380,742	-	10,380,742
Total	121,164,062	-	121,164,062	119,501,986	-	119,501,986

Notes to the Consolidated Financial Statements

For the year ended 31 December 2025

XVII. 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	36,750	-	12,015,056
CRRC Zhuzhou Institute	13,030,572	3,000	(2,089,255)	10,944,317
CRRC Zhuzhou Locomotive	5,828,383	178,532	-	6,006,915
CRRC Tangshan	8,462,469	-	-	8,462,469
CRRC Dalian	6,380,641	6,130	-	6,386,771
CRRC Qiqihar Group	8,794,071	100,000	-	8,894,071
CRRC Yangtze River Group	5,716,509	-	-	5,716,509
CRRC Asset Management	3,214,106	-	-	3,214,106
CRRC Qishuyan	2,411,044	150,000	-	2,561,044
CRRC Qishuyan Institute	2,254,296	-	-	2,254,296
CRRC Capital Management	3,311,188	-	-	3,311,188
CRRC Nanjing Puzhen	5,159,271	11,211	-	5,170,482
CRRC Hong Kong Capital Management	3,180,486	-	-	3,180,486
CRRC Construction Engineering	845,372	-	-	845,372
CRRC Yongji Electric	3,037,384	6,070	-	3,043,454
CRRC Sifang Institute	3,628,290	8,108	-	3,636,398
CRRC Finance	3,348,213	-	-	3,348,213
CRRC Zhuzhou Electric	1,380,977	5,100	-	1,386,077
CRRC Ziyang	1,061,086	-	-	1,061,086
CRRC Beijing Nankou	727,412	-	-	727,412
CRRC Datong	1,797,207	-	-	1,797,207
CRRC Dalian Institute	1,266,907	200,000	-	1,466,907
CRRC Logistics	654,196	179,560	-	833,756
CRRC Industrial Institute	250,830	105,610	-	356,440
CRRC International	2,572,337	-	-	2,572,337
CRRC Information Technology	817,525	8,120	-	825,645
CRRC Sifang Vehicles	6,547,833	16,900	-	6,564,733
CRRC Qihang New Energy Technology	480,000	-	-	480,000
CRRC Chongqing Smart	80,000	-	-	80,000
CRRC Digital Intelligence Technology	-	300,000	-	300,000
CRRC Era New Materials	-	2,089,255	-	2,089,255
Other subsidiaries	904,333	-	-	904,333
Total	109,121,244	3,404,346	(2,089,255)	110,436,335

Notes to the Consolidated Financial Statements

For the year ended 31 December 2025

XVII. NOTES TO KEY ITEMS IN THE COMPANY'S FINANCIAL STATEMENTS (continued)

3 Long-term equity investments (continued)

(2) Investments in joint ventures and associates

RMB'000

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	139,902	-	-	(4,798)	-	-	-	135,104
Sub-total	139,902	-	-	(4,798)	-	-	-	135,104
II. Associates								
China United Insurance	5,429,929	-	-	78,719	6,728	(226)	-	5,515,150
CRRC Financial Leasing	3,999,483	-	-	253,524	-	-	-	4,253,007
Others	811,428	40,000	-	(22,703)	270	1,724	(6,253)	824,466
Sub-total	10,240,840	40,000	-	309,540	6,998	1,498	(6,253)	10,592,623
Total	10,380,742	40,000	-	304,742	6,998	1,498	(6,253)	10,727,727

4 Revenue and operating cost

(1) Details of revenue and operating costs

RMB'000

Item	Accrued during the period		Accrued during the prior period	
	Income	Cost	Income	Cost
Principal operating activities	-	-	-	-
Other operating activities	509,952	4,047	414,956	4,096
Total	509,952	4,047	414,956	4,096

Notes to the Consolidated Financial Statements

For the year ended 31 December 2025

XVII. NOTES TO KEY ITEMS IN THE COMPANY'S FINANCIAL STATEMENTS *(continued)*

4 Revenue and operating cost *(continued)*

(2) Details of revenue from contracts

RMB'000

Type of contract	Rail transit equipment and extended products and services	Total
By geographical regions		
Mainland China	509,952	509,952
Other countries and regions	-	-
Total	509,952	509,952

5 Investment income

RMB'000

Item	January – December 2025	January – December 2024
Income from long-term equity investments accounted for using cost method	7,576,557	5,856,898
Income from long-term equity investments accounted for under equity method	304,742	355,807
Total	7,881,299	6,212,705

Notes to the Consolidated Financial Statements

For the year ended 31 December 2025

XVII. NOTES TO KEY ITEMS IN THE COMPANY'S FINANCIAL STATEMENTS (continued)

6 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	7,133,087	5,325,995
Credit losses	(3,670)	(779)
Depreciation of fixed assets	5,019	4,737
Depreciation of right-of-use assets	27,832	23,201
Amortization of intangible assets	20,459	22,676
Losses from disposal of fixed assets	-	88
Financial expenses	301,144	390,253
Investment income	(7,881,299)	(6,212,705)
Decrease in operating receivables	33,611	4,879
Increase in operating payables	138,405	195,296
Net cash flows generated from operating activities	(225,412)	(246,359)
2. Net changes in cash and cash equivalents		
Closing balance of cash and cash equivalents	8,046,567	5,704,430
Less: Opening balance of cash and cash equivalents	5,704,430	15,718,647
Net increase in cash and cash equivalents	2,342,137	(10,014,217)

(2) Composition of cash and cash equivalents

RMB'000

Item	Accrued during the period	Accrued during the prior period
I. Cash	8,046,567	5,704,430
Including: Cash on hand	-	-
Bank deposits available on demand	8,046,567	5,704,430
II. Cash equivalents	-	-
III. Closing balance of cash and cash equivalents	8,046,567	5,704,430



Notes to the Consolidated Financial Statements

For the year ended 31 December 2025

XVIII. SUPPLEMENTARY INFORMATION

1 Breakdown of non-recurring gain or loss

RMB'000

Item	Amount	Note
Profit or loss on disposal of non-current assets	381,046	/
Government grants recognized 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)	1,587,746	/
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	280,502	/
Gains or losses from debt restructuring	(2,447)	/
One-time expenses incurred by the enterprise due to the discontinuance of relevant business activities, such as staff compensation cost	(53,678)	/
Gains from disposal of residual equity of subsidiaries reclassified at fair value	-	/
Profit and loss from disposal of subsidiaries' assets	94,652	/
Other non-operating income and expenses besides items above	497,830	/
Other profit and loss items that meet the definition of non-recurring profit and loss	223,884	/
Tax effect	(571,829)	/
Effects attributable to minority interests (After tax)	(231,819)	/
Total	2,205,887	/

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	7.70	0.46	0.46
Net profit excluding extraordinary gain and loss attributable to the Company's ordinary equity shareholders	6.41	0.38	0.38

Definitions

Articles of Association	the Articles of Association of the Company
A Share(s)	the Company's domestic share(s) listed on the Shanghai Stock Exchange
Beijing CRRC Equipment Technology	Beijing CRRC Equipment Technology Co., Ltd. (北京中車裝備科技有限公司)
Board	the board of directors of the Company, unless the context requires otherwise
China United Insurance	China United Insurance Holding Corporation (中華聯合保險集團股份有限公司)
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)
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 or Company	CRRC Corporation Limited (中國中車股份有限公司)
CRRC Sifang	CRRC Qingdao Sifang Co., Ltd. (中車青島四方機車車輛股份有限公司)
CRRC ZELRI or Zhuzhou Institute	CRRC Zhuzhou Electric Locomotive Research Institute Co., Ltd. (中車株洲電力機車研究所有限公司)
CRRC Zhicheng	CRRC Zhicheng Culture Technology (Beijing) Co., Ltd (中車智程文化科技(北京)有限公司)
CRRC Zhuzhou	CRRC Zhuzhou Locomotive Co., Ltd. (中車株洲電力機車有限公司)
CSR	former CSR Corporation Limited (中國南車股份有限公司)
CSR and CNR	CSR and CNR
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)
Director(s)	director(s) of the Company, unless the context requires otherwise
Finance Company	CRRC Finance Co., Ltd. (中車財務有限公司)

Definitions

Group	the Company and its subsidiaries
Hong Kong Listing Rules	the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited
H Share(s)	the Company's foreign share(s) listed on the Stock Exchange
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 Assets Supervision and Administration Commission of the State Council (國務院國有資產監督管理委員會)
Senior Management	senior management of the Company, unless the context requires otherwise
SFO	the Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong)
SSE	Shanghai Stock Exchange
Stock Exchange	The Stock Exchange of Hong Kong Limited
Supervisor(s)	supervisor(s) of the Company, unless the context requires otherwise
State Railway Group	China State Railway Group Co., Ltd. (中國國家鐵路集團有限公司)
Board of Supervisors	the board of supervisors of the Company, unless the context requires otherwise
Times Electric	Zhuzhou CRRC Times Electric Co., Ltd. (株洲中車時代電氣股份有限公司)
Times New Material	Zhuzhou Times New Material Technology Co., Ltd. (株洲時代新材料科技股份有限公司)

Company Profile

CHINESE NAME	中國中車股份有限公司
ENGLISH NAME	CRRC Corporation Limited
REGISTERED OFFICE	No. 16 Central West Fourth Ring Road, Haidian District, Beijing 100036, the PRC
BUSINESS ADDRESS OF THE HEAD OFFICE	No. 16 Central West Fourth Ring Road, Haidian District, Beijing 100036, the PRC
PRINCIPAL PLACE OF BUSINESS IN HONG KONG	Unit 4601, 46/F., Office Tower, Convention Plaza, No. 1 Harbour Road, Wanchai, Hong Kong
LEGAL REPRESENTATIVE	Sun Yongcai
EXECUTIVE DIRECTORS	Sun Yongcai Wang An
INDEPENDENT NON-EXECUTIVE DIRECTORS	Wang Xifeng Ngai Ming Tak Yang Jiayi Ngai Ming Tak
NON-EXECUTIVE DIRECTOR	Fan Bing
EMPLOYEE DIRECTOR	Yi Ran
AUTHORIZED REPRESENTATIVES	Sun Yongcai Xiao Shaoping
JOINT COMPANY SECRETARIES	Wang Jian Xiao Shaoping
SECRETARY TO THE BOARD	Wang Jian
SECURITIES REPRESENTATIVE	Jin Yonggang
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Company Profile

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PLACES OF LISTING	The Stock Exchange of Hong Kong Limited Shanghai Stock Exchange
STOCK NAME	中國中車 (CRRC)
STOCK CODE	1766 (Hong Kong) 601766 (Shanghai)
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