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中国铁建

CRCC High-Tech Equipment Corporation Limited

中國鐵建高新裝備股份有限公司

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

(Stock Code: 1786)

**ANNOUNCEMENT OF INTERIM RESULTS FOR
THE SIX MONTHS ENDED 30 JUNE 2024**

The Board of Directors of the Company is pleased to announce the unaudited interim results of the Company and its subsidiaries for the six months ended 30 June 2024. This announcement complies with the relevant requirements of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited in relation to information to accompany preliminary announcement of interim results. The Company's 2024 interim report will be published on the websites of The Stock Exchange of Hong Kong Limited at www.hkexnews.hk and of the Company at www.crce.com.cn on or before 30 September 2024.

BUSINESS REVIEW AND OUTLOOK

Since the beginning of 2024, the Company has been making every effort to invigorate the vitality of reform, and focusing on quality improvement and efficiency enhancement, reinforcing scientific and technological innovation and improving production quality. Drawing upon the new quality productive forces as a significant pillar underpinning quality development, the Company maintained an overall upward momentum and achieved sound business performance.

Firstly, the Company consolidated and penetrated its foothold in China's railway market via constant expansion into the urban rail market, solid paces in the overseas markets and enhanced market development efforts. Secondly, it earnestly stepped up research and development quality to expedite the innovation and incubation of intelligent turnout tamping vehicles and other products, and propel breakthroughs in key devices. Thirdly, the Company strengthened implementation of production schedules, continued to deplete inventories, intensified product quality management and boost management and control over safety production to achieve quality and efficient production. Fourthly, it pressed ahead with in-depth reform and enhancement with steady progress, comprehensively rolled out lean management and established and optimized the "mass supervision" mechanism to secure an improvement in both management quality and efficiency.

During the first half of 2024, the Group achieved revenue of RMB1,722.45 million, representing a period-on-period increase of 7.43%, and profit attributable to owners of the Group of RMB61.35 million, representing a period-on-period increase of 37.59%.

During the second half of the year, the Company will render increased efforts to promote reform and enhancement, and focus on such key areas as scientific and technological innovation, market development, lean management, value creation and integration of business and finance, in a bid to upgrade management taking advantage of lean management. Besides, it will cement its principal business to cater to market demands, and make constant efforts to improve operating quality. In addition, the Company will commit itself to transformation of achievements and project execution, and enhance scientific and technological innovation. Dedicated to quality management and control throughout the whole process, the Company will refine product quality from each and every aspect, endeavoring to facilitate the accomplishment of various operating goals and achieve quality development.

MANAGEMENT DISCUSSION AND ANALYSIS

REVENUE

	For the six months ended 30 June	
	2024 (RMB million)	2023 (RMB million)
Sales of machinery	744.26	929.11
Sales of parts and components	525.13	367.07
Maintenance of railway track maintenance machinery	340.10	197.64
Railway line maintenance services	48.56	55.27
Mechanical design services	51.60	49.58
Revenue from other business	12.80	4.68
Total revenue	1,722.45	1,603.35

During the first half of 2024, upholding the philosophy of reinforcing its principal business of large-scale machinery, the Group strived to strengthen, complement and extend along the industry chain, and proactively diversified into relevant fields to generate economic benefits leveraging the synergistic effect. During the first half of the year, the Group recorded revenue of RMB1,722.45 million, representing a period-on-period increase of 7.43%.

Rooted in its principal business of large railway track maintenance machinery, the Group recorded sales revenue from sales of machinery of RMB744.26 million in the first half of 2024, representing a period-on-period decrease of RMB184.85 million, or 19.90%, as certain products were in production process and yet to be delivered.

Leveraging its efforts of consolidation and in-depth cultivation in China's railway market, the Group witnessed a steady increase in sales revenue from parts and components on China Railway Mall platform. During the first half of 2024, the Group achieved a period-on-period increase in sales revenue from parts and components of RMB158.06 million, or 43.06%.

Dedicated to enhancing its remanufacturing value appreciation service capacity, the Group recorded a period-on-period increase in orders undertaken for maintenance of railway track maintenance machinery business of RMB142.46 million, or 72.08% in the first half of 2024.

MANAGEMENT DISCUSSION AND ANALYSIS

Along its paces to promote the railway line maintenance business, the Group recorded a period-on-period decrease in revenue from railway line maintenance services of RMB6.71 million, or 12.13%, in the first half of 2024.

The Group stepped up management over its design business, strengthened business sharing and coordination, and recorded a period-on-period increase in revenue from mechanical design services of RMB2.02 million, or 4.07%, during the first half of 2024.

COST OF SALES

The Group's cost of sales increased by RMB79.96 million, or 6.06%, from RMB1,319.91 million for the six months ended 30 June 2023 to RMB1,399.87 million for the six months ended 30 June 2024, primarily attributable to a corresponding increase in revenue.

GROSS PROFIT

The Group's gross profit increased by RMB39.14 million, or 13.81%, from RMB283.44 million for the six months ended 30 June 2023 to RMB322.59 million for the six months ended 30 June 2024. During the first half of 2024, the Group's gross profit margin was 18.73%, representing an increase of 1.05 percentage points from 17.68% for the corresponding period of last year, mainly due to the combined effects of an increase in revenue and optimization of revenue mix.

OTHER GAINS

The Group's other gains increased by RMB21.21 million, or 546.69%, from RMB3.88 million for the six months ended 30 June 2023 to RMB25.09 million for the six months ended 30 June 2024, primarily due to the entitlement to the value-added tax incentive policies for advanced manufacturers.

SELLING EXPENSES

The Group's selling expenses increased by RMB3.87 million, or 4.92%, from RMB78.62 million for the six months ended 30 June 2023 to RMB82.49 million for the six months ended 30 June 2024, primarily due to the increase in the Group's after-sales service fees.

MANAGEMENT DISCUSSION AND ANALYSIS

ADMINISTRATIVE EXPENSES

The Group's administrative expenses decreased by RMB0.07 million, or 0.09%, from RMB78.12 million for the six months ended 30 June 2023 to RMB78.05 million for the six months ended 30 June 2024, mainly due to the achievements in internal control and earnest implementation of the cost reduction and efficiency enhancement measures of the Group.

RESEARCH AND DEVELOPMENT EXPENSES

The Group's research and development expenses increased by RMB11.65 million, or 9.60%, from RMB121.43 million for the six months ended 30 June 2023 to RMB133.08 million for the six months ended 30 June 2024, primarily owing to the Company's constant efforts to refine the scientific and technological system and steady increase in research and development investments.

FINANCE GAINS

The Group's finance gains decreased by RMB0.14 million, or 1.42%, from RMB10.20 million for the six months ended 30 June 2023 to RMB10.05 million for the six months ended 30 June 2024, primarily due to a period-on-period decrease in net foreign exchange gains as a result of fluctuations in exchange rate of US dollars during the Reporting Period.

IMPAIRMENT LOSSES

The Group's impairment losses increased by RMB36.94 million from RMB-32.77 million for the six months ended 30 June 2023 to RMB4.17 million for the six months ended 30 June 2024, primarily attributable to the reversal of bad debt provision following recovery of significant amount of business arrears during the corresponding period of last year, while impairment losses were provided as normal practice according to accounting standards during the current period.

NET OTHER BUSINESS INCOME

The Group's net other business income decreased by RMB1.03 million from RMB1.29 million for the six months ended 30 June 2023 to RMB0.26 million for the six months ended 30 June 2024, principally due to a decrease in income from liquidated damages during the current period.

PROFIT BEFORE TAX

The Group's profit before tax increased by RMB12.34 million, or 25.27%, from RMB48.84 million for the six months ended 30 June 2023 to RMB61.18 million for the six months ended 30 June 2024, which was attributable to the Group's enhanced marketing efforts and cost reduction and efficiency improvement measures.

MANAGEMENT DISCUSSION AND ANALYSIS

INCOME TAX EXPENSE

The Group's income tax expense decreased by RMB3.96 million from RMB3.77 million for the six months ended 30 June 2023 to RMB-0.19 million for the six months ended 30 June 2024. The decrease in income tax expense was mainly due to the tax adjustments and changes in deductible temporary differences in enterprise income tax according to the tax law.

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

Ruiweitong Company was accredited as a high and new technology enterprise in 2021 and received approvals from the relevant government authorities for being entitled to the preferential enterprise income tax rate of 15%.

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

PROFIT ATTRIBUTABLE TO OWNERS OF THE COMPANY

Profit attributable to owners of the Group increased by RMB16.76 million, or 37.59%, from RMB44.59 million for the six months ended 30 June 2023 to RMB61.35 million for the six months ended 30 June 2024. The increase in the profit attributable to owners of the Group was mainly due to the combined effects of the Group's enhanced marketing efforts and cost reduction and efficiency improvement measures.

PROFIT ATTRIBUTABLE TO NON-CONTROLLING INTERESTS

For the six months ended 30 June 2024, profit attributable to non-controlling interests was RMB0.03 million, representing a decrease of RMB0.44 million from the corresponding period of last year, mainly due to a period-on-period decrease in profit from Zhengzhou CRCC Equipment Technology Co., Ltd., a controlling subsidiary of the Company.

BASIC EARNINGS PER SHARE

Basic earnings per share increased from RMB0.03 for the six months ended 30 June 2023 to RMB0.04 for the six months ended 30 June 2024.

MANAGEMENT DISCUSSION AND ANALYSIS

LIQUIDITY AND SOURCE OF CAPITAL

Cash flows and working capital

The Group's needs for working capital were mainly satisfied by cash generated from operations. For the six months ended 30 June 2024, the closing balance of the Group's cash and cash equivalents amounted to RMB1,047.73 million and the net decrease in cash and cash equivalents was RMB409.86 million, which was mainly due to the combined effects of placement of term deposits of RMB256 million to obtain higher financial gains and a period-on-period increase in cash paid for the purchase of goods and acceptance of services during the first half of 2024.

Net cash outflow from operating activities

For the six months ended 30 June 2024, the Group's net cash flow from operating activities was RMB-246.32 million, which was mainly due to an increase in cash paid for purchase of goods and acceptance of services.

Net cash outflow from investing activities

For the six months ended 30 June 2024, the Group's net cash flow from investing activities was RMB-183.87 million. The cash outflow from investing activities was mainly due to the placement of term deposits of RMB256 million to obtain higher financial gains, which was recognized as investment pursuant to the information disclosure requirements and recorded in cash paid for other investing activities.

Net cash inflow from financing activities

For the six months ended 30 June 2024, the Group's net cash flow from financing activities was RMB19.30 million, primarily representing registered capital received by Zhengzhou CRCC Equipment Technology Co., Ltd., a controlling subsidiary of the Company, from one of its shareholders, Zhengzhou Railway Equipment Manufacturing Co., Ltd..

Liquidity

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

MANAGEMENT DISCUSSION AND ANALYSIS

COMMITMENTS

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

Capital commitments

	30 June 2024 (RMB million)	31 December 2023 (RMB million)
Contracted but not provided for	6.39	5.94

INDEBTEDNESS

The Group had no interest-bearing debts as at 30 June 2024.

PLEDGE

The Group had no pledge as at 30 June 2024.

GEARING RATIO

The Group monitors capital management by using the gearing ratio, which is net debt divided by the adjusted capital plus net debt. Net debt includes bank borrowings and other borrowings, trade and bills payables, financial liabilities included in other payables and accruals less cash and cash equivalents and pledged deposits. Capital includes equity attributable to owners of the Company. The Group's gearing ratio was 22.34% as at 31 December 2023 and 24.34% as at 30 June 2024.

CONTINGENT LIABILITIES

The Group had no material contingent liabilities as of 30 June 2024.

MARKET RISKS

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

MANAGEMENT DISCUSSION AND ANALYSIS

FOREIGN EXCHANGE RISKS

The majority of the Group's businesses are located in the PRC and most of the transactions are settled in RMB, with certain sales, procurement and German subsidiaries settled in foreign currencies including Euro and CHF. The fluctuation in exchange rates of these foreign currencies against RMB would have an impact on the operating results of the Group. The Group did not enter into any hedging transactions for the purpose of mitigating its foreign exchange risks as at 30 June 2024.

POLICY RISKS

The Group is subject to risks arising from changes in the construction policies of the railway market introduced by the PRC government.

APPOINTMENT AND DISMISSAL OF AUDITORS

Upon resolution at the annual general meeting of the Company held on 28 June 2024, the Company re-appointed BDO China SHU LUN PAN Certified Public Accountants LLP as the auditor of the Company for 2024 to carry out auditing for the annual financial statements of the Company for 2024 in accordance with the China Accounting Standards for Business Enterprises and to review its 2024 interim financial statements. For details, please refer to the circular dated 7 June 2024 and the announcement dated 28 June 2024 published by the Company on the website of the Hong Kong Stock Exchange (www.hkex.com.hk).

SUBSEQUENT EVENTS

Save for those disclosed in this report, there was no significant event subject to disclosure subsequent to 30 June 2024 and up to the date of this report that may cast a material impact on the Group's operations and financial performance.

OTHER INFORMATION

I. CORPORATE GOVERNANCE

1. Corporate Governance

The Company puts strong emphasis on the superiority, stability and rationality of corporate governance mechanism. For the six months ended 30 June 2024 (the “**Reporting Period**”), the Company has fully complied with the code provisions set out in part 2 of the CG Code.

2. Securities Transactions by the Directors and Supervisors

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

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

3. Board of Directors

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

OTHER INFORMATION

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

OTHER INFORMATION

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

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

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

4. Supervisory Committee

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

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

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

OTHER INFORMATION

5. Audit and Risk Management Committee

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

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

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

The audit and risk management committee of the Company has discussed the accounting standards adopted by the Group with the management and reviewed the interim report of the Group for the six months ended 30 June 2024, including the unaudited financial results prepared under the China Accounting Standards for Business Enterprises, and has confirmed that the unaudited results are in compliance with the applicable accounting standards and the relevant regulatory and legal requirements and that sufficient disclosures have been made.

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

On 31 May 2024, the Board received the resignation reports from Mr. Zhao Hui and Mr. Bai Yunfei, pursuant to which, Mr. Zhao Hui resigned as an executive Director and chairman of the Board, and Mr. Bai Yunfei resigned as a non-executive Director due to work adjustments. As considered and approved at the 12th meeting of the third session of the Board, Mr. Tong Pujiang was re-designated from a non-executive Director to an executive Director and was appointed as chairman of the Board. As nominated by the nomination committee and considered and approved at the 12th meeting of the third session of the Board and the 2023 annual general meeting of the Company, Mr. Xiang Daqiang was appointed as an executive Director of the third session of the Board, and Mr. Xie Huagang as a non-executive Director of the third session of the Board. On 2 July 2024, the Board received the resignation report from Mr. Zhou Huipeng, pursuant to which, Mr. Zhou Huipeng resigned as an executive Director due to work adjustment. As nominated by the nomination committee and considered and approved at the 13th meeting of the third session of the Board and the 2024 first extraordinary general meeting of the Company, Mr. Lyu Jing was appointed as a non-executive Director of the third session of the Board.

OTHER INFORMATION

On 31 May 2024, Mr. Zhou Huipeng resigned as the general manager of the Company due to work adjustment. As nominated by the nomination committee and considered and approved at the 13th meeting of the third session of the Board, Mr. Xiang Daqiang was appointed as the general manager of the Company.

II. INTERNAL CONTROL

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

During the Reporting Period, the internal control system of the Company was proved to be stable and reliable, and the Company continued to deepen its risk management practices. In the first half of 2024, the Company aimed at management improvement, enhanced the audit value-added services and put great emphasis on the close-circuit management of internal control and ensured the remedial measures for internal control deficiencies were fully implemented. The Company also continued to deepen its risk management and implemented specific measures to tackle and prevent high-risk events. Special audits covering services procurements, system procedures were carried out from multiple perspectives to realize enhancement in management, reduction in costs and boosts in efficiency. The Company is capable of withstanding changes in business and external environment in terms of financial, operational and risk management, so as to ensure the safety of the assets of the Company and the interests of Shareholders.

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

During the Reporting Period and as at 30 June 2024, none of the Directors, Supervisors and the general manager of the Company or their respective associates had any personal, family, corporate or other interests and short positions in the shares, underlying shares and debentures of the Company or any of its associated corporations (within the meaning of Part XV of the Securities and Futures Ordinance) that are required to be notified to the Company and the Hong Kong Stock Exchange pursuant to Part XV of the Securities and Futures Ordinance, or to be entered in the register pursuant to section 352 of the Securities and Futures Ordinance, or to be notified to the Company and the Hong Kong Stock Exchange pursuant to the Model Code.

OTHER INFORMATION

IV. STRUCTURE OF THE SHARE CAPITAL

The Share capital structure of the Company as at 30 June 2024 was as follows:

Shareholders	Class	Number of Shares	Percentage of issued Share capital as at 30 June 2024
China Railway Construction Corporation Limited	Domestic Share	968,224,320	63.70%
China Railway Construction Investment Group Co., Ltd.	Domestic Share	4,939,920	0.325%
China Railway Construction International Group Co., Ltd.	Domestic Share	4,939,920	0.325%
China Civil Engineering Construction Corporation	Domestic Share	4,939,920	0.325%
CRCC China-Africa Construction Limited	Domestic Share	4,939,920	0.325%
Shares in public hands	H Share	531,900,000	35.00%
Total		1,519,884,000	100%

OTHER INFORMATION

V. SUBSTANTIAL SHAREHOLDERS

To the knowledge of the Directors, as of 30 June 2024, except for the Directors, Supervisors or chief executive of the Company, the following persons had interests and short positions in the shares and underlying shares of the Company that, pursuant to section 336 of Part XV of the Securities and Futures Ordinance, are required to be entered in the register referred to therein:

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

OTHER INFORMATION

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

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

Note 3: As at 30 June 2024, China Railway Construction Group Corporation directly held approximately 51.13% shares of China Railway Construction Corporation Limited, while China Railway Construction Corporation Limited directly or indirectly held 987,984,000 domestic Shares of the Company. Therefore, China Railway Construction Group Corporation was deemed to be interested in these Shares.

Note 4: As at 30 June 2024, CRRC Zhuzhou Institute Co., Ltd. held 100% equity interest in CSR Zhuzhou Electric Locomotive Research Institute (Hong Kong) Co., Limited and was a wholly-owned subsidiary of CRRC Corporation Limited. CRRC Group Co., Ltd. held 50.73% shares of CRRC Corporation Limited. CSR Zhuzhou Electric Locomotive Research Institute (Hong Kong) Co., Limited held 44,285,500 H Shares of the Company. Thus, CRRC Zhuzhou Institute Co., Ltd., CRRC Corporation Limited and CRRC Group Co., Ltd. were deemed to be interested in these Shares.

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

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

VII. DIVIDEND DISTRIBUTION

1. 2023 Final Dividend Distribution Plan and Implementation

As considered and approved at the 2023 annual general meeting of the Company, the Company proposed final cash dividends for 2023 of RMB0.03 per Share (tax inclusive), totaling RMB45.60 million based on the total issued Shares capital of 1,519,884,000 Shares. The above proposed final dividends for 2023 were paid by the Company on 22 August 2024.

2. 2024 Interim Dividend Distribution Plan

The Board did not recommend the distribution of interim dividend for the six months ended 30 June 2024.

OTHER INFORMATION

VIII. EMPLOYEES AND TRAINING

As at 30 June 2024, the Company had a total number of 1,945 employees. Total remunerations (including wages and fringe benefits) for the six months ended 30 June 2024 amounted to approximately RMB231.10 million. The remuneration policies of the Group are determined based on the position, performance, qualifications and capability of staff members. No share option scheme has been adopted by the Company as of 30 June 2024.

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

REVIEW REPORT

Xin Kuai Shi Bao Zi [2024] No. ZG12022

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

We have reviewed the accompanying interim financial statements of CRCC High-Tech Equipment Corporation Limited (“**CRCCE**”), which comprise the consolidated and parent company balance sheets as at 30 June 2024, and the consolidated and parent company income statements, the consolidated and parent company cash flow statements and the consolidated and parent company statements of changes in owners’ equity for the six months ended 30 June 2024, and the notes to the interim financial statements. It is the responsibility of the management of CRCCE to prepare the interim financial statements that give a fair view in accordance with the China Accounting Standards for Business Enterprises, and our responsibility is to issue a report on review of the interim financial statements based on our review.

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

Based on our review, nothing has come to our attention that causes us to believe that the interim financial statements are not prepared in accordance with the requirements of China Accounting Standards for Business Enterprises and do not, in all material respects, give a fair view of the consolidated and parent company financial position as at 30 June 2024, and consolidated and parent company operating results and consolidated and parent company cash flows of CRCCE for the six months ended 30 June 2024.

BDO China SHU LUN PAN Certified Public Accountants LLP

Chinese Certified Public Accountant:

Chinese Certified Public Accountant:

Shanghai, China

23 August 2024

CONSOLIDATED BALANCE SHEET

30 June 2024

(Amounts expressed in RMB unless otherwise specified)

ASSETS	Note V	30 June 2024 (unaudited)	31 December 2023 (audited)
Current assets:			
Cash and bank balances	(I)	1,303,734,430.05	1,457,596,638.25
Settlement reserve			
Placements with banks and other financial institutions			
Held-for-trading financial assets			
Derivative financial assets			
Bills receivable	(II)	93,343,153.12	178,335,443.53
Accounts receivable	(III)	2,465,632,401.71	2,146,828,079.28
Receivables at FVTOCI	(IV)	127,981,244.78	105,024,338.93
Prepayments	(V)	74,890,607.69	50,139,398.55
Premium receivables			
Reinsurance premium receivables			
Reserves for reinsurance contract receivables			
Other receivables	(VI)	35,687,237.65	75,027,927.52
Financial assets acquired for resale			
Inventories	(VII)	2,642,064,697.32	2,782,427,893.94
Including: Data resources			
Contract assets	(VIII)	12,324,970.48	5,847,349.21
Assets held for sale			
Non-current assets due within one year			
Other current assets	(IX)	33,571,119.83	6,662,024.69
Total current assets		6,789,229,862.63	6,807,889,093.90

CONSOLIDATED BALANCE SHEET

30 June 2024

(Amounts expressed in RMB unless otherwise specified)

ASSETS	Note V	30 June 2024 (unaudited)	31 December 2023 (audited)
Non-current assets:			
Loans and advances			
Debt investments			
Other debt investments			
Long-term receivables			
Long-term equity investments			
Other equity instrument investments	(X)	483,924,000.00	356,034,000.00
Other non-current financial assets			
Investment property	(XI)	25,799,363.60	27,287,854.85
Fixed assets	(XII)	1,428,130,050.02	1,483,185,593.49
Construction in progress	(XIII)	19,162,147.63	3,561,675.94
Productive biological assets			
Oil and gas assets			
Right-of-use assets	(XIV)	16,213,917.05	17,188,711.85
Intangible assets	(XV)	321,364,609.36	326,231,786.68
Including: Data resources			
Development expenditure			
Including: Data resources			
Goodwill	(XVI)	12,488,542.97	12,488,542.97
Long-term deferred expenses			
Deferred income tax assets	(XVII)	7,306,725.32	11,151,579.63
Other non-current assets	(XVIII)	13,880,490.00	13,880,490.00
Total non-current assets		2,328,269,845.95	2,251,010,235.41
Total assets		9,117,499,708.58	9,058,899,329.31

The accompanying notes to the financial statements shall be an integral part of the financial statements.

Person in charge of the Company:
Tong Pujiang

CFO:
Kong Deming

Head of the Finance Department:
Li Zekun

CONSOLIDATED BALANCE SHEET

30 June 2024

(Amounts expressed in RMB unless otherwise specified)

Liabilities and owners' equity	Note V	30 June 2024 (unaudited)	31 December 2023 (audited)
Current liabilities:			
Short-term borrowings			
Borrowing from central bank			
Placement from banks and other financial institutions			
Held-for-trading financial liabilities			
Derivative financial liabilities			
Bills payable	(XX)	563,666,564.53	700,986,215.72
Accounts payable	(XXI)	2,054,084,083.97	1,996,937,400.06
Advance received	(XXII)	396,330.26	1,705,165.82
Contract liabilities	(XXIII)	236,395,185.87	289,791,440.82
Financial assets sold under repurchase agreements			
Deposit taking and interbank deposit			
Securities brokering			
Securities underwriting			
Employee benefits payable	(XXIV)	16,593,793.79	15,698,470.14
Taxes payable	(XXV)	10,770,288.48	70,166,433.29
Other payables	(XXVI)	134,828,625.19	56,613,892.93
Handling fee and commissions payable			
Reinsurance amount payable			
Liabilities held for sale			
Non-current liabilities due within one year	(XXVII)	51,553,970.13	34,893,202.21
Other current liabilities	(XXVIII)		57,798.16
Total current liabilities		3,068,288,842.22	3,166,850,019.15

CONSOLIDATED BALANCE SHEET

30 June 2024

(Amounts expressed in RMB unless otherwise specified)

Liabilities and owners' equity	Note V	30 June 2024 (unaudited)	31 December 2023 (audited)
Non-current liabilities:			
Insurance policy reserve			
Long-term borrowings			
Bonds payable			
Including: Preferred stock			
Perpetual bonds			
Lease liabilities	(XXIX)	15,897,792.46	15,631,369.84
Long-term payables			
Long-term employee benefits payable			
Estimated liabilities			
Deferred income	(XXX)	57,176.99	72,697.84
Deferred income tax liabilities	(XVII)	14,547,263.12	
Other non-current liabilities			
Total non-current liabilities		30,502,232.57	15,704,067.68
Total liabilities		3,098,791,074.79	3,182,554,086.83

CONSOLIDATED BALANCE SHEET

30 June 2024

(Amounts expressed in RMB unless otherwise specified)

Liabilities and owners' equity	Note V	30 June 2024 (unaudited)	31 December 2023 (audited)
Owners' equity:			
Share capital	(XXXI)	1,519,884,000.00	1,519,884,000.00
Other equity instruments			
Including: Preferred stock			
Perpetual bonds			
Capital reserve	(XXXII)	3,224,727,994.03	3,224,727,994.03
Less: Treasury shares			
Other comprehensive income	(XXXIII)	357,713,609.26	250,426,152.11
Special reserve	(XXXIV)		
Surplus reserve	(XXXV)	151,251,994.06	151,251,994.06
General risk reserve			
Undistributed profit	(XXXVI)	730,661,538.64	714,911,976.09
Total equity attributable to owners of parent company		5,984,239,135.99	5,861,202,116.29
Non-controlling interests		34,469,497.80	15,143,126.19
Total owners' equity		6,018,708,633.79	5,876,345,242.48
Total liabilities and owners' equity		9,117,499,708.58	9,058,899,329.31

The accompanying notes to the financial statements shall be an integral part of the financial statements.

Person in charge of the Company:
Tong Pujiang

CFO:
Kong Deming

Head of the Finance Department:
Li Zekun

PARENT COMPANY BALANCE SHEET

30 June 2024

(Amounts expressed in RMB unless otherwise specified)

Assets	Note XV	30 June 2024 (unaudited)	31 December 2023 (audited)
Current assets:			
Cash and bank balances		1,164,867,209.19	1,353,487,541.40
Held-for-trading financial assets			
Derivative financial assets			
Bills receivable		91,937,019.12	176,308,751.17
Accounts receivable	(I)	2,390,045,557.18	2,064,733,525.06
Receivables at FVTOCI		126,010,987.59	103,026,965.61
Prepayments		71,852,037.16	43,299,553.88
Other receivables	(II)	203,330,201.81	248,594,349.18
Inventories		2,368,332,997.15	2,532,061,408.50
Including: Data resources			
Contract assets		3,668,056.51	3,803,019.19
Assets held for sale			
Non-current assets due within one year			
Other current assets		27,978,187.97	4,045,565.52
Total current assets		6,448,022,253.68	6,529,360,679.51

PARENT COMPANY BALANCE SHEET

30 June 2024

(Amounts expressed in RMB unless otherwise specified)

Assets	Note XV	30 June 2024 (unaudited)	31 December 2023 (audited)
Non-current assets:			
Debt investments			
Other debt investments			
Long-term receivables			
Long-term equity investments	(III)	417,576,012.32	396,876,012.32
Other equity instrument investments		483,924,000.00	356,034,000.00
Other non-current financial assets			
Investment property		25,799,363.60	27,287,854.85
Fixed assets		1,313,556,799.06	1,366,826,214.62
Construction in progress		9,726,300.26	2,325,497.77
Productive biological assets			
Oil and gas assets			
Right-of-use assets			
Intangible assets		173,914,148.05	176,458,650.25
Including: Data resources			
Development expenditure			
Including: Data resources			
Goodwill			
Long-term deferred expenses			
Deferred income tax assets			3,804,962.08
Other non-current assets		13,880,490.00	13,880,490.00
Total non-current assets		2,438,377,113.29	2,343,493,681.89
Total assets		8,886,399,366.97	8,872,854,361.40

The accompanying notes to the financial statements shall be an integral part of the financial statements.

Person in charge of the Company:
Tong Pujiang

CFO:
Kong Deming

Head of the Finance Department:
Li Zekun

PARENT COMPANY BALANCE SHEET

30 June 2024

(Amounts expressed in RMB unless otherwise specified)

Liabilities and owners' equity	Note XV	30 June 2024 (unaudited)	31 December 2023 (audited)
Current liabilities:			
Short-term borrowings			
Held-for-trading financial liabilities			
Derivative financial liabilities			
Bills payable		563,666,564.53	700,986,215.72
Accounts payable		2,033,108,723.51	1,996,134,738.82
Advance received		396,330.26	1,705,165.82
Contract liabilities		210,042,472.18	277,515,675.49
Employee benefits payable		10,431,694.14	8,350,834.88
Taxes payable		8,831,855.99	64,529,182.88
Other payables		129,594,912.78	49,400,478.51
Liabilities held for sale			
Non-current liabilities due within one year		47,440,752.09	30,628,884.98
Other current liabilities			
Total current liabilities		3,003,513,305.48	3,129,251,177.10
Non-current liabilities:			
Long-term borrowings			
Bonds payable			
Including: Preferred stock			
Perpetual bonds			
Lease liabilities			
Long-term payables			
Long-term employee benefits payable			
Estimated liabilities			
Deferred income			
Deferred income tax liabilities		14,547,263.12	
Other non-current liabilities			
Total non-current liabilities		14,547,263.12	
Total liabilities		3,018,060,568.60	3,129,251,177.10

PARENT COMPANY BALANCE SHEET

30 June 2024

(Amounts expressed in RMB unless otherwise specified)

Liabilities and owners' equity	Note XV	30 June 2024 (unaudited)	31 December 2023 (audited)
Owners' equity:			
Share capital		1,519,884,000.00	1,519,884,000.00
Other equity instruments			
Including: Preferred stock			
Perpetual bonds			
Capital reserve		3,271,445,482.07	3,271,445,482.07
Less: Treasury shares			
Other comprehensive income		355,748,112.65	247,084,605.71
Special reserve			
Surplus reserve		151,251,994.06	151,251,994.06
Undistributed profit		570,009,209.59	553,937,102.46
Total owners' equity		5,868,338,798.37	5,743,603,184.30
Total liabilities and owners' equity		8,886,399,366.97	8,872,854,361.40

The accompanying notes to the financial statements shall be an integral part of the financial statements.

Person in charge of the Company:
Tong Pujiang

CFO:
Kong Deming

Head of the Finance Department:
Li Zekun

CONSOLIDATED INCOME STATEMENT

January to June 2024
(Amounts expressed in RMB unless otherwise specified)

Items	Note V	January to June 2024 (unaudited)	January to June 2023 (unaudited)
I. Total operating revenue		1,722,451,617.94	1,603,350,041.88
Including: Operating revenue	(XXXVII)	1,722,451,617.94	1,603,350,041.88
Interest income			
Premium earned			
Handling fee and commissions income			
II. Total operating cost		1,690,016,081.35	1,596,884,084.66
Including: Operating cost	(XXXVIII)	1,399,865,673.64	1,319,908,672.66
Interest expenses			
Handling fee and commissions expenses			
Cash surrender amount			
Net expenses of claim settlement			
Net provisions for insurance contract reserves			
Policy dividend expenses			
Reinsurance expenses			
Taxes and surcharges	(XXXVIII)	6,586,590.13	9,003,967.90
Selling expenses	(XXXIX)	82,489,233.35	78,620,879.23
Administrative expenses	(XL)	78,049,574.94	78,122,100.96
Research and development expenses	(XLI)	133,077,479.13	121,425,833.80
Finance expenses	(XLII)	-10,052,469.84	-10,197,369.89
Including: Interest expenses	(XLII)	266,422.62	389,917.92
Interest income	(XLII)	11,138,533.60	9,330,180.35
Add: Other income	(XLIII)	25,094,802.25	3,880,502.41
Investment income ("-" for losses)	(XLIV)	7,644,000.00	4,995,708.15
Including: Investment income from associates and joint ventures			
Revenue from derecognition of financial assets measured at amortized cost			
Foreign exchange gains ("-" for losses)			
Net exposure hedging returns ("-" for losses)			
Gain from fair value changes ("-" for losses)			
Credit impairment losses ("-" for losses)	(XLV)	-3,561,546.02	32,782,160.26
Impairment losses on assets ("-" for losses)	(XLVI)	-606,980.81	-13,252.68
Gains on disposal of assets ("-" for losses)	(XLVII)	-82,193.65	-556,185.83

CONSOLIDATED INCOME STATEMENT

January to June 2024

(Amounts expressed in RMB unless otherwise specified)

Items	Note V	January to June 2024 (unaudited)	January to June 2023 (unaudited)
III. Operating profit ("-" for losses)		60,923,618.36	47,554,889.53
Add: Non-operating income	(XLVIII)	320,395.17	1,348,227.93
Less: Non-operating expenses	(XLIX)	64,472.71	62,271.41
IV. Profit before tax ("-" for losses)		61,179,540.82	48,840,846.05
Less: Income tax expenses	(L)	-192,913.34	3,774,851.65
V. Net profit ("-" for net losses)		61,372,454.16	45,065,994.40
(I) Classification by continuity of business operation			
1. Net profit from continuing operations ("-" for net losses)		61,372,454.16	45,065,994.40
2. Net profit from discontinued operations ("-" for net losses)			
(II) Classification by ownership			
1. Net profit attributable to owners of the parent company ("-" for net losses)		61,346,082.55	44,592,350.58
2. Net profit attributable to non-controlling interests ("-" for net losses)		26,371.61	473,643.82
VI. Other comprehensive income after tax		107,287,457.15	-104,793,906.91
Other comprehensive income after tax attributable to owners of the parent company		107,287,457.15	-104,793,906.91
(I) Other comprehensive income that cannot be reclassified subsequently to profit or loss		108,706,500.00	-105,874,300.00
1. Changes in remeasurement of the defined benefit plan			
2. Other comprehensive income that cannot be reclassified to profit and loss under equity method			
3. Changes in fair value of other equity instrument investments		108,706,500.00	-105,874,300.00
4. Fair value changes in enterprise's own credit risk			

CONSOLIDATED INCOME STATEMENT

January to June 2024
(Amounts expressed in RMB unless otherwise specified)

Items	Note V	January to June 2024 (unaudited)	January to June 2023 (unaudited)
(II) Other comprehensive income that will be reclassified subsequently to profit or loss		-1,419,042.85	1,080,393.09
1. Other comprehensive income that may be reclassified to profit or loss under equity method			
2. Changes in fair values of other debt investments			
3. The amount of financial assets reclassified into other comprehensive income		-42,989.78	-284,299.43
4. Provision for credit impairment of other debt investments			
5. Reserve for cash flow hedging			
6. Translation difference of financial statements in foreign currencies		-1,376,053.07	1,364,692.52
7. Others			
Other comprehensive income after tax attributable to non-controlling interests			
VII. Total comprehensive income		168,659,911.31	-59,727,912.51
Total comprehensive income attributable to the owners of the parent company		168,633,539.70	-60,201,556.33
Total comprehensive income attributable to non-controlling interests		26,371.61	473,643.82
VIII. Earnings per share:			
(I) Basic earnings per share (RMB/share)	(LI)	0.04	0.03
(II) Diluted earnings per share (RMB/share)			

The accompanying notes to the financial statements shall be an integral part of the financial statements.

Person in charge of the Company:
Tong Pujiang

CFO:
Kong Deming

Head of the Finance Department:
Li Zekun

PARENT COMPANY INCOME STATEMENT

January to June 2024

(Amounts expressed in RMB unless otherwise specified)

Items	Note XV	January to June 2024 (unaudited)	January to June 2023 (unaudited)
I. Operating revenue	(IV)	1,685,137,582.65	1,583,767,560.56
Less: Operating cost	(IV)	1,397,087,826.03	1,323,492,934.91
Taxes and surcharges		5,728,648.83	8,267,009.76
Selling expenses		76,614,269.07	73,241,237.34
Administrative expenses		57,243,373.68	59,078,413.74
Research and development expenses		126,476,315.28	120,308,213.85
Finance expenses		-10,398,454.44	-10,039,263.56
Including: Interest expenses			
Interest income		10,883,125.02	9,069,419.32
Add: Other income		24,782,317.87	3,816,328.14
Investment income ("-" for losses)	(V)	9,412,117.85	9,435,956.48
Including: Investment income from associates and joint ventures			
Revenue from derecognition of financial assets measured at amortized cost			
Net exposure hedging returns ("-" for losses)			
Gain from fair value changes ("-" for losses)			
Credit impairment losses ("-" for losses)		-5,054,592.02	21,207,340.52
Impairment losses on assets ("-" for losses)		-644,246.16	-566,591.07
Gains on disposal of assets ("-" for losses)		-82,715.32	-512,195.08
II. Operating profit ("-" for losses)		60,798,486.42	42,799,853.51
Add: Non-operating income		55,649.19	934,417.81
Less: Non-operating expenses		9,196.27	32,026.52
III. Profit before tax ("-" for losses)		60,844,939.34	43,702,244.80
Less: Income tax expenses		-823,687.79	3,836,591.34
IV. Net profit ("-" for net losses)		61,668,627.13	39,865,653.46
(I) Net profit from continuing operations ("-" for net losses)		61,668,627.13	39,865,653.46
(II) Net profit from discontinued operations ("-" for net losses)			

PARENT COMPANY INCOME STATEMENT

January to June 2024
(Amounts expressed in RMB unless otherwise specified)

Items	Note XV	January to June 2024 (unaudited)	January to June 2023 (unaudited)
V. Other comprehensive income after tax		108,663,506.94	-106,224,741.96
(I) Other comprehensive income that cannot be reclassified subsequently to profit or loss		108,706,500.00	-105,874,300.00
1. Changes in remeasurement of the defined benefit plan			
2. Other comprehensive income that cannot be reclassified to profit and loss under equity method			
3. Changes in fair value of other equity instrument investments		108,706,500.00	-105,874,300.00
4. Fair value changes in enterprise's own credit risk			
(II) Other comprehensive income that will be reclassified subsequently to profit or loss		-42,993.06	-350,441.96
1. Other comprehensive income that may be reclassified to profit or loss under equity method			
2. Changes in fair values of other debt investments			
3. The amount of financial assets reclassified into other comprehensive income		-42,993.06	-350,441.96
4. Provision for credit impairment of other debt investments			
5. Reserve for cash flow hedging			
6. Translation difference of financial statements in foreign currencies			
7. Others			
VI. Total comprehensive income		170,332,134.07	-66,359,088.50
VII. Earnings per share:			
(I) Basic earnings per share (RMB/share)			
(II) Diluted earnings per share (RMB/share)			

The accompanying notes to the financial statements shall be an integral part of the financial statements.

Person in charge of the Company:
Tong Pujiang

CFO:
Kong Deming

Head of the Finance Department:
Li Zekun

CONSOLIDATED CASH FLOW STATEMENT

January to June 2024

(Amounts expressed in RMB unless otherwise specified)

Items	Note V	January to June 2024 (unaudited)	January to June 2023 (unaudited)
I. Cash flows from operating activities			
Cash received from sale of goods and rendering of services		1,475,373,253.52	1,547,332,333.43
Net increase in customer deposits and deposits in other banks			
Net increase in borrowings from the central bank			
Net increase in borrowings from other financial institutions			
Cash received from receiving insurance premiums of original insurance contracts			
Net cash received from reinsurance business			
Net increase in deposits and investments from policyholders			
Cash received from interest, handling charge and commission			
Net increase in loans from banks and other financial institutions			
Net capital increase in repurchase business			
Net cash received from acting sale and purchase of securities			
Refund of taxes and surcharges		12,165.53	6,483,221.50
Cash received from other operating activities		25,115,862.64	15,695,374.49
Sub-total of cash inflows from operating activities		1,500,501,281.69	1,569,510,929.42
Cash paid for goods purchased and services received		1,260,712,230.11	1,091,042,101.17
Net increase in loans and advances to customers			
Net increase in deposits with central bank and with banks and other financial institutions			
Cash paid for original insurance contract claims			
Net increase in lending funds			
Cash paid for interest, handling charge and commission			
Cash paid for policy dividend			
Cash paid to and for employees		260,490,351.72	269,117,584.08
Cash paid for taxes and surcharges		67,608,109.15	110,718,961.15
Cash paid for other operating activities		158,008,708.15	93,206,035.23
Sub-total of cash outflows from operating activities		1,746,819,399.13	1,564,084,681.63
Net cash flow from operating activities	(LII)	-246,318,117.44	5,426,247.79

CONSOLIDATED CASH FLOW STATEMENT

January to June 2024
(Amounts expressed in RMB unless otherwise specified)

Items	Note V	January to June 2024 (unaudited)	January to June 2023 (unaudited)
II. Cash flows from investing activities			
Cash received from disinvestment			
Cash received from return on investments			
Net cash received from disposal of fixed assets, intangible assets and other long-term assets		84,841,481.97	83,057.04
Net cash received from disposal of subsidiaries and other business units			
Cash received from other investing activities			
Sub-total of cash inflows from investing activities		84,841,481.97	83,057.04
Cash paid for acquisition of fixed assets, intangible assets and other long-term assets		12,709,076.06	19,613,067.22
Cash paid for investment			
Net increase in pledged loans			
Net cash paid for acquisition of subsidiaries and other business units			
Cash paid for other investing activities		256,000,000.00	
Sub-total of cash outflows from investing activities		268,709,076.06	19,613,067.22
Net cash flows from investing activities		-183,867,594.09	-19,530,010.18
III. Cash flows from financing activities			
Cash received from absorbing investments		19,300,000.00	
Including: Cash received from non-controlling interests' investment in subsidiaries		19,300,000.00	
Cash received from borrowings			
Cash received from other financing activities			
Sub-total of cash inflows from financing activities		19,300,000.00	
Cash paid for repayment of debts			
Cash paid for distribution of dividends, profits or payment of interest			
Including: Payments for distribution of dividends or profit to non-controlling interests by subsidiaries			
Cash paid for other financing activities			
Sub-total of cash outflows from financing activities			
Net cash flows from financing activities		19,300,000.00	

CONSOLIDATED CASH FLOW STATEMENT

January to June 2024

(Amounts expressed in RMB unless otherwise specified)

Items	Note V	January to June 2024 (unaudited)	January to June 2023 (unaudited)
IV. Effect of foreign exchange rate changes on cash and cash equivalents		1,023,503.33	1,347,795.76
V. Net increase in cash and cash equivalents		-409,862,208.20	-12,755,966.63
Add: Opening balance of cash and cash equivalents		1,457,596,638.25	1,163,149,863.13
VI. Closing balance of cash and cash equivalents		1,047,734,430.05	1,150,393,896.50

The accompanying notes to the financial statements shall be an integral part of the financial statements.

Person in charge of the Company:
Tong Pujiang

CFO:
Kong Deming

Head of the Finance Department:
Li Zekun

PARENT COMPANY CASH FLOW STATEMENT

January to June 2024
(Amounts expressed in RMB unless otherwise specified)

Items	Note	January to June 2024 (unaudited)	January to June 2023 (unaudited)
I. Cash flows from operating activities			
Cash received from sale of goods and rendering of services		1,378,295,609.00	1,472,829,572.17
Refund of taxes and surcharges			
Cash received from other operating activities		23,354,039.10	16,152,166.08
Sub-total of cash inflows from operating activities		1,401,649,648.10	1,488,981,738.25
Cash paid for goods purchased and services received		1,263,967,187.19	1,107,336,899.72
Cash paid to and for employees		193,532,434.28	207,834,021.70
Cash paid for taxes and surcharges		50,580,225.15	70,556,889.02
Cash paid for other operating activities		142,564,014.83	83,538,094.26
Sub-total of cash outflows from operating activities		1,650,643,861.45	1,469,265,904.70
Net cash flow from operating activities		-248,994,213.35	19,715,833.55
II. Cash flows from investing activities			
Cash received from disinvestment			
Cash received from return on investments		1,768,117.85	4,440,248.33
Net cash received from disposal of fixed assets, intangible assets and other long-term assets		84,840,960.30	82,800.00
Net cash received from disposal of subsidiaries and other business units			
Cash received from other investing activities			
Sub-total of cash inflows from investing activities		86,609,078.15	4,523,048.33
Cash paid for acquisition of fixed assets, intangible assets and other long-term assets		6,798,624.47	8,099,084.31
Cash paid for investment		20,700,000.00	
Net cash paid for acquisition of subsidiaries and other business units			
Cash paid for other investing activities		256,000,000.00	
Sub-total of cash outflows from investing activities		283,498,624.47	8,099,084.31
Net cash flows from investing activities		-196,889,546.32	-3,576,035.98

PARENT COMPANY CASH FLOW STATEMENT

January to June 2024

(Amounts expressed in RMB unless otherwise specified)

Items	Note	January to June 2024 (unaudited)	January to June 2023 (unaudited)
III. Cash flows from financing activities			
Cash received from absorbing investments			
Cash received from borrowings			
Cash received from other financing activities			
Sub-total of cash inflows from financing activities			
Cash paid for repayment of debts			
Cash paid for distribution of dividends, profits or payment of interest			
Cash paid for other financing activities			
Sub-total of cash outflows from financing activities			
Net cash flows from financing activities			
IV. Effect of foreign exchange rate changes on cash and cash equivalents		1,263,427.46	934,075.55
V. Net increase in cash and cash equivalents		-444,620,332.21	17,073,873.12
Add: Opening balance of cash and cash equivalents		1,353,487,541.40	1,038,023,740.27
VI. Closing balance of cash and cash equivalents		908,867,209.19	1,055,097,613.39

The accompanying notes to the financial statements shall be an integral part of the financial statements.

Person in charge of the Company:
Tong Pujiang

CFO:
Kong Deming

Head of the Finance Department:
Li Zekun

CONSOLIDATED STATEMENT OF CHANGES IN OWNERS' EQUITY

January to June 2024
(Amounts expressed in RMB unless otherwise specified)

Items	January to June 2024 (unaudited)											
	Equity attributable to the owners of the parent company											Non-controlling interests
	Other equity instruments			Other					Sub-total			
Share capital	Preferred stock	Perpetual bonds	Others	Capital reserve	Less: Treasury shares	comprehensive income	Special reserve	Surplus reserve		General risk reserve	Undistributed profit	Total owners' equity
Closing balance at the end of last year												
Add: Changes in accounting policies												
Correction of accounting errors in prior period												
Business combination involving entities under common control												
Others												
I. Opening balance for the year												
Movements in the current period												
(decrease is represented by "-")												
(I) Total comprehensive income												
(II) Capital contributed or reduced by owners												
1. Ordinary shares contributed by owners												
2. Capital contributed by owners of other equity instruments												
3. Amount of Share-based payment recognized in owners' equity												
4. Others												
(III) Profit distribution												
1. Appropriation of surplus reserve												
2. Appropriation of general risk reserve												
3. Appropriation of profit to owners (or shareholders)												
4. Others												
(IV) Internal carry-over of owners' equity												
1. Transfer of capital reserve to capital (or share capital)												
2. Transfer of surplus reserve to capital (or share capital)												
3. Surplus reserve to cover losses												
4. Defined benefit plan changes carried forward to retained earnings												
5. Other comprehensive income carried forward to retained earnings												
6. Others												
(V) Special reserve												
1. Appropriations in the current period												
2. Utilization in the current period												
(VI) Others												
Closing balance for the current period												

The accompanying notes to the financial statements shall be an integral part of the financial statements.

Person in charge of the Company: Tong Pujiang
CFO: Kong Deming
Head of the Finance Department: Li Zekun

CONSOLIDATED STATEMENT OF CHANGES IN OWNERS' EQUITY

January to June 2024

(Amounts expressed in RMB unless otherwise specified)

January to June 2023 (unaudited)														
Equity attributable to the owners of the parent company														
Items	Other equity instruments				Capital reserve	Less Treasury shares	Other comprehensive income	Special reserve	Surplus reserve	General risk reserve	Undistributed profit	Sub-total	Non-controlling interests	Total owners' equity
	Share capital	Preferred stock	Perpetual bonds	Others										
Closing balance at the end of last year														
I.	1,519,884,000.00				3,224,727,994.03		400,267,551.49		135,899,327.25		623,145,395.08	5,903,924,237.85	15,056,448.11	5,918,960,680.96
	Add: Changes in accounting policies													
	Correction of accounting errors in prior period													
	Business combination involving entities under common control													
	Others													
Opening balance for the year														
II.	1,519,884,000.00				3,224,727,994.03		400,267,551.49		135,899,327.25		623,226,617.98	5,904,005,970.75	15,056,448.11	5,919,041,913.86
Movements in the current period (decrease is represented by "-")														
(I)	Total comprehensive income													
(II)	Capital contributed or reduced by owners													
	1. Ordinary shares contributed by owners													
	2. Capital contributed by owners of other equity instruments													
	3. Amount of share-based payment recognized in owners' equity													
	4. Others													
(III)	Profit distribution													
	1. Appropriation of surplus reserve													
	2. Appropriation of general risk reserve													
	3. Appropriation of profit to owners (or shareholders)													
	4. Others													
(IV)	Internal carry-over of owners' equity													
	1. Transfer of capital reserve to capital (or share capital)													
	2. Transfer of surplus reserve to capital (or share capital)													
	3. Surplus reserve to cover losses													
	4. Defined benefit plan changes carried forward to retained earnings													
	5. Other comprehensive income carried forward to retained earnings													
	6. Others													
(V)	Special reserve													
	1. Appropriations in the current period													
	2. Utilization in the current period													
(VI)	Others													
Closing balance for the current period														
IV.	1,519,884,000.00				3,224,727,994.03		295,473,604.58		135,899,327.25		629,821,865.56	5,805,506,814.42	15,510,086.93	5,821,316,911.35
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The accompanying notes to the financial statements shall be an integral part of the financial statements.

Person in charge of the Company:
Tong Pujiang

CFO:
Kong Deming

Head of the Finance Department:
Li Zekun

PARENT COMPANY STATEMENT OF CHANGES IN OWNERS' EQUITY

January to June 2024
(Amounts expressed in RMB unless otherwise specified)

	January to June 2024 (unaudited)										
		Other equity instruments				Less: Treasury shares	Other comprehensive income			Undistributed profit	Total owners' equity
Items	Share capital	Preferred stock	Perpetual bonds	Others	Capital reserve			Special reserve	Surplus reserve		
I. Closing balance at the end of last year	1,519,884,000.00				3,271,445,482.07		247,084,605.71		151,251,994.06	553,937,102.46	5,743,603,184.30
Add: Changes in accounting policies											
Correction of accounting errors in prior period											
Others											
II. Opening balance for the year	1,519,884,000.00				3,271,445,482.07		247,084,605.71		151,251,994.06	553,937,102.46	5,743,603,184.30
III. Movements in the current period (decrease is represented by "-")											
(I) Total comprehensive income							108,663,506.94			16,072,107.13	124,735,614.07
(II) Capital contributed or reduced by owners							108,663,506.94			61,668,627.13	170,332,134.07
1. Ordinary shares contributed by owners											
2. Capital contributed by owners of other equity instruments											
3. Amount of share-based payment recognized in owners' equity											
4. Others											
(III) Profit distribution										-45,596,520.00	-45,596,520.00
1. Appropriation of surplus reserve											
2. Appropriation of profit to owners (or shareholders)										-45,596,520.00	-45,596,520.00
3. Others											
(IV) Internal carry-over of owners' equity											
1. Transfer of capital reserve to capital (or share capital)											
2. Transfer of surplus reserve to capital (or share capital)											
3. Surplus reserve to cover losses											
4. Defined benefit plan changes carried forward to retained earnings											
5. Other comprehensive income carried forward to retained earnings											
6. Others											
(V) Special reserve											
1. Appropriations in the current period								1,532,040.37			1,532,040.37
2. Utilization in the current period								1,532,040.37			1,532,040.37
(VI) Others											
IV. Closing balance for the current period	1,519,884,000.00				3,271,445,482.07		355,748,112.65		151,251,994.06	570,009,209.59	5,868,338,798.37

The accompanying notes to the financial statements shall be an integral part of the financial statements.

Person in charge of the Company:
Tong Pujiang

CFO:
Kong Deming

Head of the Finance Department:
Li Zekun

PARENT COMPANY STATEMENT OF CHANGES IN OWNERS' EQUITY

January to June 2024

(Amounts expressed in RMB unless otherwise specified)

Items	January to June 2023 (unaudited)									
	Share capital	Other equity instruments			Capital reserve	Less: Treasury shares	Other comprehensive income	Special reserve	Surplus reserve	Undistributed profit
		Preferred stock	Perpetual bonds	Others						
I. Closing balance at the end of last year	1,519,884,000.00				3,271,445,482.07		399,002,647.61		135,899,327.25	453,760,201.18
Add: Changes in accounting policies										
Correction of accounting errors in prior period										
Others										
II. Opening balance for the year	1,519,884,000.00				3,271,445,482.07		399,002,647.61		135,899,327.25	453,760,201.18
III. Movements in the current period (decrease is represented by "-")										
(I) Total comprehensive income							-106,224,741.96			1,868,553.46
(II) Capital contributed or reduced by owners							-106,224,741.96			39,865,653.46
1. Ordinary shares contributed by owners										
2. Capital contributed by owners of other equity instruments										
3. Amount of share-based payment recognized in owners' equity										
4. Others										
(III) Profit distribution										-37,997,100.00
1. Appropriation of surplus reserve										
2. Appropriation of profit to owners (or shareholders)										-37,997,100.00
3. Others										
(IV) Internal carry-over of owners' equity										
1. Transfer of capital reserve to capital (or share capital)										
2. Transfer of surplus reserve to capital (or share capital)										
3. Surplus reserve to cover losses										
4. Defined benefit plan changes carried forward to retained earnings										
5. Other comprehensive income carried forward to retained earnings										
6. Others										
(V) Special reserve										
1. Appropriations in the current period								1,777,526.49		1,777,526.49
2. Utilization in the current period								1,777,526.49		1,777,526.49
(VI) Others										
IV. Closing balance for the current period	1,519,884,000.00				3,271,445,482.07		292,777,905.65		135,899,327.25	455,628,754.64

The accompanying notes to the financial statements shall be an integral part of the financial statements.

Person in charge of the Company:
Tong Pujiang

CFO:
Kong Deming

Head of the Finance Department:
Li Zekun

NOTES TO 2024 INTERIM FINANCIAL STATEMENTS

(Amounts expressed in RMB unless otherwise specified)

I. BASIC INFORMATION ABOUT THE COMPANY

(I) Company profile

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

The principal activities of the Company and its subsidiaries (collectively referred to as the “**Group**”) mainly consist of manufacturing, sales, repair and remanufacturing of large railway track maintenance machinery, provision of annual inspection services and extended services for track maintenance machinery; production, manufacturing and sales of accessories, repair of components, and production, manufacturing and sales of small railway track maintenance machinery; mechanized maintenance and repair services for railway line; casting manufacturing and machining manufacturing; production and processing of railway materials, equipment and accessories, and sales, import and export business of railway machinery, equipment and accessories, construction materials, hardware and electric products, mechanical and electronic equipment.

The Company’s parent company is China Railway Construction Corporation Limited (“**CRCC**”) and the ultimate controller is China Railway Construction Group Corporation.

These financial statements were approved and authorized for issue by the board of directors of the Company on 23 August 2024.

(II) The scope of consolidated financial statements

For information of the subsidiaries of the Company, please refer to Note “VII. Interests in Other Entities”.

For the change in the scope of consolidation during the reporting period, please refer to Note “VI. Change in the Scope of Consolidation”.

NOTES TO 2024 INTERIM FINANCIAL STATEMENTS

(Amounts expressed in RMB unless otherwise specified)

II. BASIS OF PREPARATION OF FINANCIAL STATEMENTS

(I) Basis of preparation

These financial statements were prepared in accordance with the Accounting Standards for Business Enterprises— Basic Standards and various specific accounting standards, the Application Guidance for Accounting Standards for Business Enterprises, interpretations of the Accounting Standards for Business Enterprises and other relevant regulations issued by the Ministry of Finance (together referred to as the “**Accounting Standards for Business Enterprises**”), as well as relevant requirements under the Hong Kong Companies Ordinance and the Listing Rules of the Hong Kong Stock Exchange.

(II) Going concern

The financial statements are presented on a going-concern basis.

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

III. SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES

(I) Statement on compliance with the Accounting Standards for Business Enterprises

The financial statements are in compliance with the requirements of the Accounting Standards for Business Enterprises issued by the Ministry of Finance, and give a true and complete view of both consolidated and the parent company’s financial position as at 30 June 2024, and both consolidated and the parent company’s operating results and cash flows for the six months ended 30 June 2024.

(II) Accounting period

The accounting year adopts the calendar year from 1 January to 31 December each year. The accounting period in these financial statements is the six months from 1 January 2024 to 30 June 2024.

NOTES TO 2024 INTERIM FINANCIAL STATEMENTS

(Amounts expressed in RMB unless otherwise specified)

III. SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES (continued)

(III) Operating cycle

The Company's operating cycle is 12 months.

(IV) Functional currency

The Company's functional currency is Renminbi.

(V) Accounting treatment of business combinations under common control and not under common control

Business combinations under common control: The assets and liabilities acquired by acquirer through business combination shall be measured at the carrying value of the assets, liabilities (including goodwill arising from the acquisition of the acquiree by ultimate controlling party) of the acquiree in the consolidated financial statements of the ultimate controlling party at the date of combination. The difference between the carrying amount of the net assets obtained and the carrying amount of the consideration paid for the combination (or total nominal value of the issued shares) is adjusted to capital premium in capital reserve. If the capital reserve is not sufficient to absorb the difference, any excess shall be adjusted against retained earnings.

Business combinations not under common control: The cost of combination is the assets paid, the liabilities incurred or committed and fair value of the equity securities issued by the acquirer for acquisition of control over the acquiree on the date of acquisition. Where the cost of combination is higher than the fair value of the identifiable net assets acquired from the acquirer in business combination, such difference shall be recognized as goodwill; where the cost of combination is less than the fair value of the identifiable net assets acquired from the acquiree in business combination, such difference shall be charged to current profit or loss. Each of the identifiable assets, liabilities and contingent liabilities of the acquiree, which are acquired in the combination and meet the criteria for recognition, shall be measured at fair value on the date of acquisition.

The direct relevant expenses incurred for the business combinations are recognized as the profit or loss in the period when the costs are incurred; the transaction costs for the equity securities or debt securities issued for business combination shall be recognized as the initial recognition amount of equity securities or debt securities.

NOTES TO 2024 INTERIM FINANCIAL STATEMENTS

(Amounts expressed in RMB unless otherwise specified)

III. SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES (continued)

(VI) Standards for judgement of control and preparation method of consolidated financial statements

1. Standards for judgement of control

The scope of consolidation of the consolidated financial statements is determined on the basis of control, and the scope of consolidation comprises the Company and all of its subsidiaries. Control refers to the power of a company over the investee, the rights to enjoy variable returns from its involvement in relevant activities of the investee, and the ability to use its power over the investee to affect the amount of its returns.

2. Consolidation procedures

When preparing the consolidated financial statements, the Company considers the entire enterprise group as a single accounting entity and presents the overall financial position, operating results and cash flows of the enterprise group based on the consistent accounting policies. The impact of internal transactions between the Company and its subsidiaries, and among its subsidiaries, shall be offset. If internal transactions indicate impairment losses on relevant assets, such losses shall be recognized in full. Any inconsistent accounting policies and accounting period adopted by a subsidiary will be subject to necessary adjustments to align with those of the Company when preparing the consolidated financial statements.

Owners' equity, net profit or loss of the current period and comprehensive income attributable to minority shareholders of the current period of subsidiaries are stated separately under owners' equity in the consolidated balance sheet, net profit in the consolidated income statement and total comprehensive income respectively. Loss of the current period assumed by minority shareholders of a subsidiary in excess of minority shareholders' share of owners' equity in that subsidiary at the beginning of the period is offset against minority interests.

NOTES TO 2024 INTERIM FINANCIAL STATEMENTS

(Amounts expressed in RMB unless otherwise specified)

III. SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES (continued)

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

2. Consolidation procedures (continued)

(1) Addition of subsidiary or business

During the reporting period, if there is an addition of subsidiary or business due to business combination under common control, the operating results and cash flow of the subsidiary or business combination from the beginning of the period to the end of the reporting period will be included in the consolidated financial statements, and the amounts at the beginning of the period in the consolidated financial statements and relevant items in the comparative statements will also be adjusted as if the reporting entity after combination had been existing since the control of the ultimate controlling party started.

Where control over the investee under common control is obtained due to reasons such as increase in investments, for equity investment held before the control over the acquiree is obtained, profit or loss, other comprehensive income and other changes in net assets recognized from the later of the acquisition of the original equity interest and the date when the acquirer and the acquiree are placed under common control until the date of combination are offset against retained profit at the beginning of the period of the comparative financial statements or profit or loss of the period respectively.

During the reporting period, if there is an addition of subsidiary or business due to business combination not under common control, it shall be included, from the date of purchase, in the consolidated financial statements based on the fair value of each of the identifiable assets, liabilities or contingent liabilities determined on the date of purchase.

Where control over the investee not under common control is obtained due to reasons such as increase in investments, for the equity interest of the acquiree held before the date of purchase, the Company re-measures the equity interest at its fair value as at the date of purchase, and any difference between the fair value and its book value will be accounted for as investment gains of the period. Other comprehensive income that will be reclassified into losses and profits and other changes in owners' equity under equity accounting with respect to the equity interest in the acquiree held before the date of purchase are transferred to investment gains of the period to which the date of purchase belongs.

NOTES TO 2024 INTERIM FINANCIAL STATEMENTS

(Amounts expressed in RMB unless otherwise specified)

III. SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES (continued)

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

2. Consolidation procedures (continued)

(2) Disposal of subsidiaries

1 General treatment for disposal

When control over the investee is lost due to the disposal of part of the equity investment or other reasons, the Company re-measures the remaining equity investment after the disposal at fair value as at the date on which control is lost. The difference between the sum of the consideration received from equity disposal and the fair value of the remaining equity interest and the sum of the net assets of the subsidiary proportionate to the original shareholding accumulated from the date of purchase or combination and goodwill is included in investment gains of the period during which the control is lost. Other comprehensive income that will be reclassified into losses and profits and other changes in owners' equity under equity accounting with respect to the equity investment in the original subsidiary are transferred to investment gains of the period during which the control is lost.

2 Stepwise disposal of a subsidiary

In respect of stepwise disposal of equity investment in a subsidiary through multiple transactions until control is lost, if the terms, conditions and economic effects of the transactions of equity investment in the subsidiary satisfy one or more of the following conditions, the transactions are normally accounted for as a package of transactions:

- I. these transactions are entered into simultaneously or after considering the effects of each other;
- II. these transactions constitute a complete commercial result as a whole;
- III. one transaction is conditional upon at least one of the other transactions;
- IV. one transaction is not economical on its own but is economical when considering together with other transactions.

NOTES TO 2024 INTERIM FINANCIAL STATEMENTS

(Amounts expressed in RMB unless otherwise specified)

III. SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES (continued)

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

2. Consolidation procedures (continued)

(2) Disposal of subsidiaries (continued)

2 Stepwise disposal of a subsidiary (continued)

Where the transactions constitute a package of transactions, the Company accounts for the transactions as a transaction of disposal of a subsidiary resulting in the loss of control; the difference between the amount received each time for disposal before control is lost and the net assets of such subsidiary corresponding to the disposal of investment is recognized as other comprehensive income in the consolidated financial statements, and upon loss of control, is transferred to profit or loss of the period during which control is lost.

Where the transactions do not constitute a package of transactions, before the loss of control, the transactions are accounted for based on partial disposal of equity investment in a subsidiary that does not involve loss of control; when control is lost, they are accounted for using the general method for disposal of subsidiaries.

(3) Purchase of non-controlling interests in subsidiaries

For the difference between the long-term equity investment newly acquired due to the purchase of minority interests and the share of net assets of the subsidiary that the Company is entitled to calculated according to the new shareholding accumulated from the date of purchase or date of combination, share premium of the capital reserve in the consolidated balance sheet will be adjusted; where share premium of the capital reserve is insufficient for the write-down, retained profit will be adjusted.

(4) Partial disposal of equity investment in subsidiaries without loss of control

For the difference between the consideration received from disposal and the net assets of the subsidiary that the Company is entitled to corresponding to the long-term equity investment disposed accumulated from the date of purchase or date of combination, share premium of the capital reserve in the consolidated balance sheet will be adjusted; where share premium of the capital reserve is insufficient for the write-down, retained profit will be adjusted.

NOTES TO 2024 INTERIM FINANCIAL STATEMENTS

(Amounts expressed in RMB unless otherwise specified)

III. SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES (continued)

(VII) Classification of joint arrangements and accounting treatment for joint operations

Joint arrangements can be classified into joint operations and joint ventures.

Joint operations represent the joint arrangement that a party to a joint arrangement has rights to the assets, and obligations for the liabilities, relating to such arrangement.

The Company recognizes the following items in relation to its share of benefits in joint operations:

- (1) the assets held solely by the Company and those jointly held on a pro-rate basis;
- (2) the liabilities assumed solely by the Company and those jointly assumed on a pro-rata basis;
- (3) the income generated from the sale of the products of the joint operation attributable to the Company;
- (4) the income generated by the joint operation from the sale of products on a pro-rata basis;
- (5) the expenses incurred solely by the Company and those incurred by the joint operation on a pro-rata basis.

The Company's investment in joint ventures are accounted for using equity method, please refer to note "III. (XIV) Long-term Equity Investments".

(VIII) Recognition standard for cash and cash equivalents

Cash represents the Company's cash on hand and deposits that can be used readily for payments. Cash equivalents represent investments that satisfy four conditions, namely short-term, highly liquid, readily convertible to known amounts of cash, and subject to an insignificant risk of changes in value.

NOTES TO 2024 INTERIM FINANCIAL STATEMENTS

(Amounts expressed in RMB unless otherwise specified)

III. SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES (continued)

(IX) Foreign currency transactions and translation of financial statements denominated in foreign currency

1. Foreign currency transactions

Foreign currency transactions shall be translated into RMB at the spot exchange rate on the day when the transactions occurred.

Balance sheet date foreign currency monetary items shall be translated using the spot exchange rate at the balance sheet date. The resulting exchange difference are recognized in profit or loss for the current period, except for those differences related to a specific-purpose borrowing denominated in foreign currency for acquisitions and construction of the qualified assets, which should be capitalized as cost of the borrowings.

2. Translation of financial statements denominated in foreign currency

For the translation of financial statements of foreign operation denominated in foreign currency, the assets and liabilities in the balance sheets are translated at the spot exchange rates on the balance sheet date; except for “undistributed profit” items, all items under owner’s equity are translated at the spot exchange rates when incurred. The income and expense items in the income statement are translated at the spot exchange rates on the transaction dates.

On disposal of foreign operations, exchange differences in financial statements denominated in foreign currencies related to the foreign operation shall be transferred from owner’s equity items to profit or loss from disposal for the current period.

NOTES TO 2024 INTERIM FINANCIAL STATEMENTS

(Amounts expressed in RMB unless otherwise specified)

III. SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES (continued)

(X) Financial instruments

One of the financial asset, financial liabilities or equity instrument is recognized when the Company becomes a party to the contract of the financial instruments.

1. Classification of financial instruments

According to the business model of the Company for management of financial assets and the contractual cash flow characteristics of financial assets, financial assets are classified at the initial recognition as financial assets measured at amortized cost, or financial assets measured at fair value through other comprehensive income, or other financial assets that are measured at fair value through current profit or loss.

The Company shall classify financial assets that meet the following conditions and are not designated as financial assets at fair value through current profit or loss as financial assets measured at amortized cost:

- The objective of the business model is to collect contractual cash flows;
- The contractual cash flows are solely payment of the principal and the interest based on the outstanding principal amount.

The Company shall classify financial assets that meet the following conditions and are not designated as financial assets at fair value through current profit or loss as financial assets (debt instruments) measured at fair value through other comprehensive income:

- The objective of the business model for managing such financial assets is both to collect contractual cash flows and to dispose of the financial assets;
- The contractual cash flows are solely payment of the principal and the interest based on the outstanding principal amount.

NOTES TO 2024 INTERIM FINANCIAL STATEMENTS

(Amounts expressed in RMB unless otherwise specified)

III. SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES (continued)

(X) Financial instruments (continued)

1. Classification of financial instruments (continued)

For an investment in equity instruments not held for trading purposes, the Company may irrevocably designate it as financial assets (equity instruments) measured at fair value through other comprehensive income at the initial recognition. This designation is made on an investment-by-investment basis and the relevant investment meets the definition of equity instrument from the perspective of the issuer.

All financial assets not classified as measured at amortized cost and fair value through other comprehensive income as described above are classified as financial assets measured at fair value through current profit or loss. On initial recognition, the Company may irrevocably designate a financial asset that otherwise meets the requirements to be measured at amortized cost or at fair value through other comprehensive income as at fair value through current profit or loss if doing so eliminates or significantly reduces an accounting mismatch.

Financial liabilities, at initial recognition, are classified into financial liabilities at fair value through current profit or loss and financial liabilities measured at amortized cost.

When meeting any of the following criteria, the Company may, at initial recognition, designate a financial liability as measured at fair value through current profit or loss:

- 1) Such designation would eliminate or significantly reduce an accounting mismatch.
- 2) A group of financial liabilities or financial assets and financial liabilities is managed and its performance is evaluated on a fair value basis, in accordance with a documented risk management or investment strategy, and information about the group is provided internally on that basis to the entity's key management personnel.
- 3) The financial liabilities include embedded derivatives which can be split separately.

NOTES TO 2024 INTERIM FINANCIAL STATEMENTS

(Amounts expressed in RMB unless otherwise specified)

III. SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES (continued)

(X) Financial instruments (continued)

2. Recognition basis and measurement method of financial instruments

(1) Financial assets measured at amortized cost

Financial assets measured at amortized cost, including bills receivable and accounts receivable, other receivables, long-term receivables, and debt investments, are initially measured at fair value plus relevant transaction costs. Accounts receivable that do not contain significant financing components and accounts receivable that the Company has decided not to consider for a financing component of no more than one year are initially measured at the contractual transaction price.

Interest calculated under the effective interest method during the period of holding is included in current profit or loss.

When recovering or disposing, the difference between the price obtained and the book value of the financial asset is included in current profit or loss.

(2) Financial assets (debt instruments) measured at fair value through other comprehensive income

Financial assets (debt instruments) measured at fair value through other comprehensive income, including receivables at FVTOCI and other debt investments, are initially measured at fair value plus relevant transaction costs. These financial assets are subsequently measured at fair value, with changes in fair value are included in other comprehensive income except for interest, impairment losses or gains and exchange gains or losses calculated using the effective interest method.

On derecognition, the accumulated gain or loss previously recognized in other comprehensive income is transferred out from other comprehensive income and recognized in current profit or loss.

NOTES TO 2024 INTERIM FINANCIAL STATEMENTS

(Amounts expressed in RMB unless otherwise specified)

III. SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES (continued)

(X) Financial instruments (continued)

2. Recognition basis and measurement method of financial instruments (continued)

(3) *Financial assets (equity instruments) measured at fair value through other comprehensive income*

Financial assets (equity instruments) measured by fair value through other comprehensive income, including other equity instruments investments, are initially measured at fair value plus relevant transaction costs, and subsequently measured at fair value through other comprehensive income. The dividends received are included in current profit or loss.

When derecognized, the accumulated gain or loss previously recognized in other comprehensive income is transferred from other comprehensive income to retained earnings.

(4) *Financial assets at fair value through current profit or loss*

Financial assets measured at fair value through current profit or loss, including held-for-trading financial assets, derivative financial assets and other non-current financial assets, are initially measured at fair value with relevant transaction costs included in current profit or loss, such financial assets are subsequently measured at fair value through current profit or loss.

(5) *Financial liabilities measured at fair value through current profit or loss*

Financial liabilities measured at fair value through current profit or loss, including held-for-trading financial liabilities, derivative financial liabilities, etc., are initially measured at fair value with relevant transaction costs recognized in current profit or loss. Such financial liabilities are subsequently measured at fair value. Changes in fair value are recognized in current profit or loss.

On derecognition, the difference between the carrying amount and the consideration paid is recognized in current profit or loss.

NOTES TO 2024 INTERIM FINANCIAL STATEMENTS

(Amounts expressed in RMB unless otherwise specified)

III. SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES (continued)

(X) Financial instruments (continued)

2. Recognition basis and measurement method of financial instruments (continued)

(6) Financial liabilities measured at amortized cost

Financial liabilities measured at amortized cost, including short-term loans, bills payable, accounts payable, other payables, long-term borrowings, bonds payable and long-term payables, are initially measured at fair value plus relevant transaction costs.

Interest calculated under the effective interest method during the period of holding is included in current profit or loss.

On derecognition, the difference between the consideration paid and the carrying amount of the financial liability is recognized in current profit or loss.

3. Basis of determination and measurement method for derecognition of financial assets and financial asset transfers

The Company derecognizes a financial asset if it meets one of the following conditions:

- the contractual rights to receive the cash flows from the financial asset expire;
- the financial asset has been transferred, and substantially all the risks and rewards of ownership of the financial asset have been transferred to the transferee;
- the financial asset has been transferred, and the Company neither transferred nor retained substantially all rewards related to the ownership of the financial assets, but did not retain its control over the said financial assets.

If the Company revises or renegotiates the contract with the counterparty and such revision or renegotiation constitutes a substantial modification, the original financial asset is derecognised and a new financial asset is recognized in accordance with the revised terms.

When transferring a financial asset, if the Company retains substantially all risks and rewards of ownership of the financial asset, the Company shall continue to recognize such asset.

NOTES TO 2024 INTERIM FINANCIAL STATEMENTS

(Amounts expressed in RMB unless otherwise specified)

III. SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES (continued)

(X) Financial instruments (continued)

3. *Basis of determination and measurement method for derecognition of financial assets and financial asset transfers (continued)*

When judging whether the transfer of a financial asset meets the above criteria for derecognition, the substance-over-form principle shall be applied.

The Company differentiates the transfer of a financial asset as full transfer or partial transfer. If the full transfer of a financial asset meets the criteria for derecognition, then the difference between the following two included in current profit or loss:

- (1) the book value of the financial asset transferred;
- (2) the sum of the consideration received from the transfer and the total amount of the fair value changes that is directly charged or credited to owners' equity (if the asset transferred is a financial asset (debt instruments) at fair value through other comprehensive income).

When the partial transfer of a financial asset meets the criteria for derecognition, the entire book value of the financial asset transferred shall be allocated between the part derecognized and the part to be recognized based on their respective fair value, with the difference between the following two included in current profit or loss:

- (1) the book value of the part that is derecognized;
- (2) the sum of the consideration attributable to the part derecognized and the total amount of the fair value changes that is directly charged or credited to owners' equity and attributable to the part derecognized (if the asset transferred is a financial asset (debt instruments) at fair value through other comprehensive income).

If the transfer of a financial asset does not meet the criteria for derecognition, the financial asset shall continue to be recognized and the consideration received is recognized as a financial liability.

NOTES TO 2024 INTERIM FINANCIAL STATEMENTS

(Amounts expressed in RMB unless otherwise specified)

III. SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES (continued)

(X) Financial instruments (continued)

4. *Derecognition of financial liabilities*

If all or part of the current obligations of a financial liability have been discharged, the financial liability or part of it will be derecognized; if the Company signs an agreement with the creditor to replace the existing financial liability with new financial liability of substantially different contractual terms, the existing financial liability shall be derecognized while the new financial liability shall be recognized.

If substantial changes are made to the contractual terms (in whole or in part) of the existing financial liability, the existing financial liability (or part of it) shall be derecognized, and the financial liability after the modification of terms shall be recognized as a new financial liability.

When a financial liability is derecognized in whole or in part, the difference between the book value of the financial liability derecognized and the consideration paid (including the non-cash assets transferred out or the new financial liability assumed) shall be included in current profit or loss.

If the Company repurchases part of a financial liability, the book value of the entire financial liability is allocated between the part that continues to be recognized and the part that is derecognized on the repurchase date based on their respective relative fair value. The difference between the book value assigned to the part derecognized and the consideration paid (including the non-cash assets transferred out or the new financial liability assumed) shall be included in current profit or loss.

5. *Determination of fair value of financial assets and financial liabilities*

As for financial instruments with an active market, their fair values are determined by quoted prices in the active market. As for financial instruments without an active market, their fair values are determined by using valuation techniques. At the time of valuation, the Company adopts valuation techniques that are applicable in the current circumstances and sufficiently supported by available data and other information, and selects inputs that are consistent with the characteristics of the assets or liabilities considered by the market participants in the transactions of the relevant assets or liabilities, and prioritizes the use of relevant observable inputs. Unobservable inputs are used only if the relevant observable inputs are unavailable or not reasonably available.

NOTES TO 2024 INTERIM FINANCIAL STATEMENTS

(Amounts expressed in RMB unless otherwise specified)

III. SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES (continued)

(X) Financial instruments (continued)

6. Test and accounting methods for impairment of financial instruments

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

The probability-weighted amount of the difference in present value between the contractual cash flow of receivable from contracts and the cash flow expected to be received, weighted with the risk of default, will be measured by taking into account of reasonable and valid information on, among other things, past events, current status and the forecast of future economic conditions to recognize the expected credit losses.

For accounts receivable and contract asset formed by the transactions regulated in the Accounting Standards for Business Enterprises No. 14—Revenue whether contain significant financing components or otherwise, the Company always measures the loss provision at the lifetime expected credit loss.

For lease receivables derived from transactions specified in the Accounting Standards for Business Enterprises No. 21—Lease, the Company chooses to always measures the loss provisions at the lifetime expected credit loss.

For other financial instruments, the Company assesses the changes in credit risk of relevant financial instruments since initial recognition on each balance sheet date.

In determining changes in the risk of default during the expected lifetime of a financial instrument and assessing whether the credit risk of a financial instrument has increased significantly since initial recognition, the Company 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. Usually, if it is overdue for more than 30 days, the Company will consider that the credit risk of the financial instrument has increased significantly, unless there is conclusive evidence to prove that the credit risk on a financial instrument has not increased significantly since initial recognition.

For a financial instrument with lower credit risk on the balance sheet date, the Company assumes that its credit risk on a financial instrument has not increased significantly since the initial recognition.

NOTES TO 2024 INTERIM FINANCIAL STATEMENTS

(Amounts expressed in RMB unless otherwise specified)

III. SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES (continued)

(X) Financial instruments (continued)

6. *Test and accounting methods for impairment of financial instruments (continued)*

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

Where the Company no longer reasonably expects contractual cash flows of a financial asset to be fully or partially recoverable, the book balance of the financial asset is directly written down.

(XI) Inventories

1. *Classification and costs for inventories*

Inventories are classified into goods in transit, raw materials, turnover materials, goods in stock, goods in process, distributed goods and commissioned processing materials.

Inventories are initially measured at cost, which comprises purchase costs, processing costs and other expenses incurred in bringing the inventories to their current location and condition.

2. *Measurement for inventories delivered*

Upon delivery, inventories are measured with the weighted average method.

3. *Inventory system*

The perpetual inventory system is adopted.

NOTES TO 2024 INTERIM FINANCIAL STATEMENTS

(Amounts expressed in RMB unless otherwise specified)

III. SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES (continued)

(XI) Inventories (continued)

4. *Amortization of low-value consumables and packaging materials*

- (1) Low-value consumables are amortized using the immediate write-off method.
- (2) Packaging materials are amortized using the immediate write-off method.

5. *Recognition criteria and provision method of provision for impairment of inventories*

As at the balance sheet date, inventories are stated at the lower of cost and net realizable value. When the cost of inventories is higher than their net realizable value, a provision for impairment of inventories shall be made. Net realizable value is the estimated selling price of the inventories in the ordinary course of business deducting the estimated costs upon completion, the estimated selling expenses and the related taxes.

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

If the net realizable value of the inventory is higher than its book value due to the disappearance of the factors that previously wrote down the value of the inventory after the withdrawal of the inventory depreciation provision, it shall be reversed within the amount of the inventory depreciation provision that has been originally withdrawn, and the reversed amount shall be recorded into the current profit and loss.

NOTES TO 2024 INTERIM FINANCIAL STATEMENTS

(Amounts expressed in RMB unless otherwise specified)

III. SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES (continued)

(XII) Contract assets

1. Recognition and standard of contract assets

The Company presents contract assets or contract liabilities in the balance sheet based on the relationship between performance obligations and customer payments. The consideration that the Company has the right (and this right depends on factors other than passage of time) to receive for goods transferred to customers is listed as contract assets. Contract assets and contract liabilities under the same contract shall be shown on a net basis. The right of the Company to charge the customer unconditionally (only depends on the passage of time) is listed as a receivable individually.

2. Determination method and accounting method for expected credit loss of contract assets

For details of determination method and accounting method for expected credit loss of contract assets, please refer to the note "III. (X) Test and accounting methods for impairment of financial instruments".

(XIII) Holding for sale and discontinued operation

1. Holding-for-sale

A non-current asset or disposal group is classified as asset held-for-sale when the book amount of the asset is recovered principally through a disposal (including an exchange of non-monetary assets with commercial substance) rather than through continuing use.

The Company recognizes non-current assets or disposal groups which meet the following conditions as assets held for sale:

- (1) The assets or disposal groups must be available for sale immediately under the current conditions according to the usual terms of the sale of such assets or disposal groups in similar transactions;
- (2) The assets are highly likely to be sold, namely, the Company has been offered a resolution with one disposition of the assets and obtained a firm purchase commitment and the disposition will be completed within 1 year. If regulation needs to be approved by the relevant authorities or supervision department of the Company, such approval has been obtained.

NOTES TO 2024 INTERIM FINANCIAL STATEMENTS

(Amounts expressed in RMB unless otherwise specified)

III. SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES (continued)

(XIII) Holding for sale and discontinued operation (continued)

1. *Holding-for-sale (continued)*

For non-current assets (excluding financial assets, deferred income tax assets and asset formed by employee benefits) or disposal group which are classified as held-for-sale, if the book value of the non-current asset or disposal group is higher than the net amount after deducting the disposal cost from its fair value, the book value is reduced to the net amount after deducting the disposal cost from its fair value. The reduced amount is recognized as an asset impairment loss and accounted for as profit and loss for the current period, with provision for impairment loss on held-for-sale assets.

2. *Discontinued operation*

A discontinued operation is a component that satisfies one of the following conditions and can be distinguished separately, and that component has been disposed of by the Company or classified by the Company as held for sale:

- (1) such component represents a separate major line of business or geographical area of operations;
- (2) such component is part of a single coordinated plan to dispose of a separate major line of business or geographical area of operations;
- (3) such component is a subsidiary acquired exclusively with a view to resale.

The profits or losses from continuing operations and discontinued operations are presented in the income statement, respectively. The profits or losses from discontinued operations such as impairment losses and reversed amounts, and the profits or losses of disposal shall be presented as the profits or losses from discontinued operations. For discontinued operations presented in the current period, the information originally presented as the profits or losses from continuing operations in the current financial statements shall be presented as the profits or losses from discontinued operations during comparable accounting periods again.

NOTES TO 2024 INTERIM FINANCIAL STATEMENTS

(Amounts expressed in RMB unless otherwise specified)

III. SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES (continued)

(XIV) Long-term equity investments

1. *Judgment criteria for joint control and significant influence*

Joint control refers to the control shared over an arrangement in accordance with the relevant stipulations, and the decision-making of related activities of the arrangement shall not be made before the party sharing the control right agrees the same. Where the Company exercises joint control over the investee with other parties to the joint venture and enjoys the right on the investee's net assets, the investee is a joint venture of the Company.

Significant influence refers to the power to participate in making decisions on the financial and operating policies of an enterprise, but not the power to control, or jointly control with other parties, the formulation of such policies. Where the Company is able to exert significant influence over the investee, the investee is its associate.

2. *Determination of initial investment cost*

(1) *Long-term equity investments acquired through business combination*

For a long-term equity investment in subsidiaries resulting from a business combination involving entities under common control, the initial investment cost of long-term equity investments is its share of the book value of the own' equity of the acquiree in the financial statements of the ultimate controlling party on the date of combinations. The difference between initial investment cost of long-term equity investment and the carrying value of paid consideration is to adjust share premium in the capital reserve. If the balance of share premium in the capital reserve is insufficient, any excess is adjusted to retained earnings. In connection with imposing control over the investee under joint control as a result of additional investment and other reasons the difference between initial investment cost of long-term equity investment according to the aforesaid principle, and the sum of the carrying value of long-term equity investment before combination and the carrying value of newly paid consideration for additional shares acquired on the date of combination is to adjust share premium. If the balance of share premium is insufficient, any excess is adjusted to retained earnings.

NOTES TO 2024 INTERIM FINANCIAL STATEMENTS

(Amounts expressed in RMB unless otherwise specified)

III. SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES (continued)

(XIV) Long-term equity investments (continued)

2. *Determination of initial investment cost (continued)*

(1) *Long-term equity investments acquired through business combination (continued)*

For a long-term equity investment in subsidiaries resulting from a business combination involving entities not under common control, the cost of the combination determined on the date of acquisition shall be taken as the initial investment cost of the long-term equity investment. In connection with imposing control over the investee not under joint control as a result of additional investment and other reasons, the initial investment cost shall be the sum of the carrying value of the equity investment originally held and the newly increased investment cost.

(2) *Long-term equity investments acquired by other means other than business combination*

The initial investment cost of a long-term equity investment obtained by the Company by cash payment shall be the purchase cost which is actually paid.

The initial investment cost of a long-term equity investment obtained by the Company by means of issuance of equity securities shall be the fair value of the equity securities issued.

3. *Subsequent measurement and recognition of profit or loss*

(1) *Long-term equity investment accounted for by cost method*

Long-term equity investments in subsidiaries are accounted for using cost method unless the investments meet the conditions of held-for-sale. Except for the actual consideration paid for the acquisition of investment or the declared but not yet distributed cash dividends or profits which are included in the consideration, investment gains are recognized as the Company' share of the cash dividends or profits declared by the investee.

NOTES TO 2024 INTERIM FINANCIAL STATEMENTS

(Amounts expressed in RMB unless otherwise specified)

III. SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES (continued)

(XIV) Long-term equity investments (continued)

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

(2) Long-term equity investment accounted for by equity method

Long-term equity investments in associates and jointly controlled entities are accounted for using equity method. Where the initial investment cost of a long-term equity investment exceeds the Company's share of the fair value of the investee's identifiable net assets at the acquisition date, no adjustment shall be made to the initial investment cost; where the initial investment cost is less than the Company's share of the fair value of the investee's identifiable net assets at the acquisition date, the difference shall be charged to current profit or loss and the cost for long-term equity investment shall be adjusted.

The Company recognizes the investment income and other comprehensive income according to its shares of net profit or loss and other comprehensive income realized by the investee respectively, and simultaneously makes adjustment to the carrying value of long-term equity investments. The carrying value of long-term equity investment shall be reduced by attributable share of the profit or cash dividends for distribution declared by the investee. In relation to other changes of owner's equity (the **"Other Changes of Owner's Equity"**) except for net profits and losses, other comprehensive income and profit distribution of the investee, the carrying value of long-term equity investment shall be adjusted and included in owner's equity.

The Company's share of net profit or loss, other comprehensive income and Other Changes of Owner's Equity of an investee is determined based on the fair value of identifiable assets of the investee at the time when the investment is obtained, and according to the accounting policies and accounting period of the Company, recognition shall be made to the net profit of the investee after the adjustment and other comprehensive income, etc.

The unrealized profit or loss resulting from transactions between the Company and its associates or joint venture shall be eliminated in, based on which investment income or loss shall be recognized. Any losses resulting from transactions, which are attributable to impairment of assets, shall be fully recognized, except for the disposal of assets that consist of operations.

NOTES TO 2024 INTERIM FINANCIAL STATEMENTS

(Amounts expressed in RMB unless otherwise specified)

III. SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES (continued)

(XIV) Long-term equity investments (continued)

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

(2) Long-term equity investment accounted for by equity method (continued)

The Company discontinues recognizing its share of net losses of the investee after the carrying amount of the long-term equity investment and any long-term interest that is in substance forms part of the Company's net investment in the associate or the joint venture is reduced to zero, except to the extent that the Company has an obligation to assume additional losses. Where net profits are subsequently made by the associate or joint venture, the Company resumes recognizing its share of those profits only after its share of the profits equals the share of losses not recognized.

(3) Disposal of long-term equity investments

For disposal of long-term equity investments, the difference between the book value and the actual price shall be included into the current profit or loss.

For partial disposal of long-term equity investment accounted by equity method, if the remaining equity is still accounted by equity method, the other comprehensive income recognized by the original equity method shall be carried forward on the same basis as the corresponding proportion of invested unit's direct disposal of relevant assets or liabilities, and other changes in owner's equity shall be carried forward to the current profit and loss according to the proportion.

Where the Company loses the controls or material influence over the investee due to disposal of equity investment and other reasons, for other comprehensive income recognized in the original equity investment due to the equity method is adopted, it shall be treated using the same accounting basis as the investee used for direct disposal of relevant assets or liabilities when ceasing to use the equity method. All other changes in owner's equities shall be transferred into the current profit or loss when ceasing to use the equity method.

NOTES TO 2024 INTERIM FINANCIAL STATEMENTS

(Amounts expressed in RMB unless otherwise specified)

III. SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES (continued)

(XIV) Long-term equity investments (continued)

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

(3) Disposal of long-term equity investments (continued)

Where the Company loses the control over the investee on account of the disposal of partial equity and any other reason, at the preparation of any single financial statements, if the remaining equity has the common control over or significant influence on the investee, the accounting shall be made by the equity method, and an adjustment shall be made as if the remaining equity was accounted for by the equity method at acquisition; other comprehensive income recognized before the control over the investee is obtained shall be carried forward on the basis same with that for the direct disposal of relevant assets or liabilities by the investee, and other changes in owners' equity recognized on account of the accounting by the equity method shall be carried forward to the current profit or loss in proportion; if the remaining equity has no common control over or significant influence on the investee, relevant financial assets shall be recognized, the difference between the fair value on the day of losing control of such remaining equity and the book value of the same shall be included in the current profit or loss, and other comprehensive income and other changes in owners' equity which have been recognized before the control over the investee is obtained shall be carried forward in full.

Where the disposal of subsidiaries' equity investments till the loss of control by stages through multiple transactions belongs to a package deal, the accounting treatment shall be made by taking each transaction as the transaction where the subsidiaries' equity investments are disposed and the corresponding control is lost; before the loss of control, the difference between the disposal price and the book value of the long-term equity investment corresponding to the equity disposed shall be firstly recognized as other comprehensive income in the individual financial statements, and at the loss of control, all transferred to the profit or loss for the period when the control is lost. Where the aforesaid disposal does not belong to a package deal, the accounting treatment shall be made respectively for each transaction.

NOTES TO 2024 INTERIM FINANCIAL STATEMENTS

(Amounts expressed in RMB unless otherwise specified)

III. SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES (continued)

(XV) Investment property

Investment property is held to earn rentals or for capital appreciation or both which include leased land use rights; land use rights held for sale after appreciation; leased buildings (including buildings after self-completion of construction or development for the purpose of leasing and buildings that are being constructed or developed for the purpose of leasing in future).

Subsequent expenses related to the investment property shall be included in the cost of the investment property, if the related economic benefits are likely to flow into the enterprise, and the cost can be reliably measured. Otherwise, they should be included in the current profit and loss upon occurrence.

The Company's existing investment property is measured at cost. The investment property measured at cost – buildings held for leasing shall adopt the same depreciation policy for fixed assets of the Company, land use rights held for leasing shall adopt the same amortization policy for the intangible assets.

(XVI) Fixed assets

1. Recognition and initial measurement of fixed assets

Fixed assets are tangible assets that are held for use in production or supply of goods or services, for rental to others, or for administrative purposes, and have a useful life of more than one accounting year. Fixed asset is recognized when it meets the following conditions:

- (1) it is probable that the economic benefits associated with the fixed asset will flow to the enterprise;
- (2) its cost can be reliably measured.

Fixed assets are initially measured at cost (and taking into account the effect of estimated costs of disposal).

For subsequent expenses related to fixed assets, if the related economic benefits are likely to flow into the enterprise and its cost could be reliably measured, such expenses are included in the cost of the fixed asset; and the carrying amount of the replaced part will be derecognized. All other subsequent expenses are included in current profit or loss upon occurrence.

NOTES TO 2024 INTERIM FINANCIAL STATEMENTS

(Amounts expressed in RMB unless otherwise specified)

III. SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES (continued)

(XVI) Fixed assets (continued)

2. Methods for depreciation

Depreciation of the fixed assets is made using the straight-line method or other methods. The depreciation rates are determined according to the categories, estimated useful lives and estimated net residual rates of fixed assets. For fixed assets where the provision for impairment has been made, the depreciation amount in the future will be determined at the book value of the fixed assets where the provision for impairment has been deducted, based on the remaining useful life. Where various components of fixed assets are different in useful lives or bring economic benefits for the enterprise in different ways, then the Group should choose different depreciation rates or methods to separately provide for depreciation.

The depreciation methods, useful life of depreciation, residual value rate and annual depreciation rate of each category of fixed assets are as follows:

Category	Depreciation methods	Useful life (Years)	Residual value rate (%)	Annual depreciation rate (%)
House and buildings	Straight-line method	20-35	5	2.71-4.75
Engineering equipment	Straight-line method, unit of production method	10-25	5	3.8-9.5
Motor vehicles	Straight-line method	5-10	5	9.5-19
Production equipment	Straight-line method	5-10	5	9.5-19
Measurement and experimental equipment	Straight-line method, double-declining balance method	5	5	19
Other fixed assets	Straight-line method	3-5	5	19-31.67

3. Disposal of fixed assets

A fixed asset is derecognized on disposal or when no future economic benefits are expected from using or disposal. The amount of proceeds on sale, transfer, retirement or damage of a fixed asset net of its carrying amount and related taxes and expenses is recognized in current profit or loss.

NOTES TO 2024 INTERIM FINANCIAL STATEMENTS

(Amounts expressed in RMB unless otherwise specified)

III. SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES (continued)

(XVII) Construction in progress

Construction in progress is measured at actual cost. Actual cost comprises construction costs, installation costs, borrowing costs that are eligible for capitalization and other costs necessary to bring the construction in progress ready for their intended use. Construction in progress is transferred to fixed assets when the assets are ready for their intended use, and depreciation begins from the following month.

(XVIII) Intangible assets

1. Measurement of intangible assets

(1) *Intangible assets are initially measured at cost upon acquisition by the Company*

The costs of an externally purchased intangible asset include the purchase price, relevant tax expenses, and other expenditures directly attributable to bringing the asset ready for its intended use.

(2) *Subsequent measurement*

The Company shall analyze and judge the useful life of intangible assets upon acquisition.

As for intangible assets with a finite useful life, they are amortized over the term in which economic benefits are brought to the firm; if the term in which economic benefits are brought to the firm by an intangible asset cannot be estimated, the intangible asset shall be taken as an intangible asset with indefinite useful life, and shall not be amortized.

NOTES TO 2024 INTERIM FINANCIAL STATEMENTS

(Amounts expressed in RMB unless otherwise specified)

III. SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES (continued)

(XVIII) Intangible assets (continued)

2. Estimate of useful life for the intangible assets with finite useful life

Items	Estimated useful life (Years)	Amortization method	Residual value rate (%)	Basis
Land Use Rights	40-50	Straight-line method	0	Useful life indicated on the land use certificate
Software Use Rights	2-10	Straight-line method	0	Useful life agreed in the contract
Non-Patented Technology	2	Straight-line method	0	Useful life agreed in the contract
Others	7-10	Straight-line method	0	Useful life agreed in the contract, etc.

For an intangible asset with a finite useful life, the Group reviews the useful life and amortization method at the end of each period.

Upon review, there is no difference between the useful life and amortization method of intangible assets as at the end of the current period and previous estimation.

3. Basis for determining intangible assets with indefinite useful life and procedure for reviewing its useful life

As of the balance sheet date, the Company had no intangible assets with indefinite useful life.

4. Scope of concentration of R&D expenses

The expenses for internal research and development projects of the Company are divided into expenses in the research phase and expenses in the development phase.

Research phase: a phase in which innovative and scheduled investigations and research activities are conducted to obtain and understand new scientific or technological knowledge.

Development phase: a phase in which the research outcomes or other knowledge are applied for a plan or a design prior to the commercial production or use in order to produce new or substantially improved materials, devices, products, etc.

NOTES TO 2024 INTERIM FINANCIAL STATEMENTS

(Amounts expressed in RMB unless otherwise specified)

III. SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES (continued)

(XVIII) Intangible assets (continued)

5. *Specific criteria for the division of research phase and development phase*

The expenses for internal research and development projects of the Company are divided into expenses in the research phase and expenses in the development phase.

Research phase: a phase in which innovative and scheduled investigations and research activities are conducted to obtain and understand new scientific or technological knowledge.

Development phase: a phase in which the research outcomes or other knowledge are applied for a plan or a design prior to the commercial production or use in order to produce new or substantially improved materials, devices, and products, etc.

6. *Specific conditions for capitalization of expenditure incurred in development phase*

Expenditures incurred in the research stage are recognized in profit or loss for the period. Expenditures incurred in the development stage are recognized as intangible assets only when all of the following conditions are satisfied, and the expenditures in the development stage that does not meet all of the following conditions are recognized in profit or loss for the period:

- (1) the technical feasibility of completing the intangible asset so that it will be available for use or for sale;
- (2) the intention to complete the intangible asset for use or for sale;
- (3) the ways in which the intangible asset generates economic benefits, including there is evidence that the products produced using the intangible asset has a market or the intangible asset itself has a market, or if the intangible asset is for internal use, there is evidence that proves its usefulness;
- (4) the availability of adequate technical, financial and other resources to complete the development and the ability to use or sell the intangible asset;
- (5) the expenditures attributable to the development phase of the intangible asset could be reliably measured.

If the expenditures cannot be distinguished between the research phase and development phase, all of which should be included in the current profit or loss.

NOTES TO 2024 INTERIM FINANCIAL STATEMENTS

(Amounts expressed in RMB unless otherwise specified)

III. SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES (continued)

(XIX) Impairment of long-term assets

Long-term assets such as long-term equity investments, investment property measured under cost method, fixed assets, construction in progress, right-to-use assets, use of intangible assets and oil and gas assets with a finite useful life are tested for impairment if there is any indication that such assets may be impaired at the balance sheet date. If the result of the impairment test indicates that the recoverable amount of the asset is less than its carrying amount, a provision for impairment and an impairment loss are recognized for the amount by which the asset's carrying amount exceeds its recoverable amount. The recoverable amount is the higher of an asset's fair value less costs to sell and the present value of the future cash flows expected to be derived from the asset. Provision for asset impairment is determined and recognized on the individual asset basis. If it is not possible to estimate the recoverable amount of an individual asset, the recoverable amount of a group of assets to which the asset belongs is determined. A group of assets is the smallest group of assets that is able to generate independent cash inflows.

Goodwill formed by business merger, intangible assets with indefinite useful lives and intangible assets that are not yet ready for use are tested for impairment at least at the end of each year regardless of whether there is any sign of impairment.

When the Company performs impairment test on goodwill, the Company shall, as of the purchase day, allocate on a reasonable basis the carrying value of the goodwill formed by merger of enterprises to the relevant asset groups, or if there is a difficulty in allocation, to allocate it to the set of asset groups. The related asset groups or the set of asset groups refers to these ones that can benefit from the synergies of a business combination.

For the purpose of impairment test on the relevant asset groups or the set of asset groups containing goodwill, if any evidence shows that the impairment of asset groups or set of asset groups related to goodwill is possible, an impairment test will be made firstly on the asset groups or set of asset groups not containing goodwill, thus calculating the recoverable amount and comparing it with the relevant carrying value so as to recognize the corresponding impairment loss. Then, the Company will conduct impairment tests on the asset groups or set of asset groups that include goodwill and compare its carrying value against its recoverable amount. If the recoverable amount is lower than its carrying value, the amount of impairment loss is first offset against the carrying value of the goodwill allocated to the asset groups or set of asset groups, then, based on the proportion of the carrying value of other assets in the asset groups or set of asset groups other than goodwill, offset against the carrying value of other assets proportionally.

Once the above asset impairment loss is recognized, it will not be reversed in subsequent accounting periods.

NOTES TO 2024 INTERIM FINANCIAL STATEMENTS

(Amounts expressed in RMB unless otherwise specified)

III. SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES (continued)

(XX) Contract liabilities

The Company has presented contract assets or contract liabilities in the balance sheet based on the connection between the fulfilment of performance obligations and payment of the customers. A contract liability represents the obligation to transfer goods or services to a customer for which the Company has received a consideration or an amount of consideration that is due from the customer. A contract asset and a contract liability relating to the same contract are accounted for and presented on a net basis.

(XXI) Employee benefits

1. *Accounting treatment methods of short-term benefits*

In the accounting period in which employees provide service for the Company, short-term benefits actually incurred are recognized as liabilities and charged to current profit or loss or cost of relevant assets.

With regard to the social insurance and housing provident funds contributed and labor union expenses and employee education expenses paid as required by regulations, the Company should calculate and recognize the corresponding employee benefits payables according to the appropriation basis and proportion as stipulated by relevant requirements in the accounting period in which employees provide service.

At the time of actual occurrence, the Company's employee benefits are recorded in the current profit or loss or costs of relevant assets as incurred. The non-currency welfare expenses are measured at fair value.

NOTES TO 2024 INTERIM FINANCIAL STATEMENTS

(Amounts expressed in RMB unless otherwise specified)

III. SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES (continued)

(XXI) Employee benefits (continued)

2. Accounting for post-employment benefits

(1) Defined contribution plan

The Company will pay basic pension insurance and unemployment Insurance for the staff in accordance with the relevant provisions of the local government. During the accounting period when the staff provided service, the Company will calculate the amount payable in accordance with the local stipulated basis and proportions which will be recognized as liabilities, and the liabilities would be charged into current profit or loss or costs of relevant assets. In addition, the Company will participate in the corporate annuity scheme and supplementary pension insurance approved by the local government. The Company will make annuity contributions in proportion to its employees' total salaries to the annuity scheme or local social institutes. The payment would be charged into current profit or loss or costs of relevant assets.

(2) Defined benefit scheme

In respect of the defined benefit scheme, the Company shall attribute the welfare obligations under the defined benefit scheme in accordance with the estimated accrued benefit method to the service period of relevant employee, and record the obligation in profit loss for the current period or costs of related assets.

The deficit or surplus generated from the present value of obligations of the defined benefit scheme minus the fair value of the assets of defined benefit scheme is recognized as net liabilities or net assets of a defined benefit scheme. When the defined benefit Scheme has surplus, the Company will measure the net assets of the defined benefit scheme at the lower of the surplus of defined benefit scheme and the upper limit of the assets.

All defined benefit plans obligations, including the expected duty of payment within 12 months after the end of annual reporting period during which the staff provided service, are discounted based on the market yield of government bonds matching the term and currency of defined benefit plan obligations or corporate bonds of high quality in the active market on the balance sheet date.

NOTES TO 2024 INTERIM FINANCIAL STATEMENTS

(Amounts expressed in RMB unless otherwise specified)

III. SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES (continued)

(XXI) Employee benefits (continued)

2. Accounting for post-employment benefits (continued)

(2) Defined benefit scheme (continued)

The service cost incurred by the defined benefit scheme and the net interest of the net liabilities and net assets of the defined benefit scheme would be charged to current profit or loss or relevant costs of assets. The changes arising from the re-measurement of the net liabilities or net assets of the defined benefit scheme would be included in other comprehensive income and are not reversed to profit or loss in a subsequent accounting period; when the previously defined benefits plan is terminated, such amount previously included in other comprehensive income shall be transferred to undistributed profit.

When the defined benefit scheme is settled, the gain or loss is recognized based on the difference between the present value of obligations under the defined benefit scheme and the settlement price at the balance sheet date.

3. Accounting treatment of termination benefits

When the Company provides employees with termination benefits, the staff remuneration liabilities arising from termination benefits are recognized and recorded in current profit or loss whichever of the following is earlier: when the Company cannot unilaterally revoke such termination benefits provided due to dissolution of labor relationship plan or layoff proposal; when the Company recognizes such cost or expenses associated with the restructuring involving the payment of termination benefits.

NOTES TO 2024 INTERIM FINANCIAL STATEMENTS

(Amounts expressed in RMB unless otherwise specified)

III. SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES (continued)

(XXII) Estimated liabilities

The Company recognizes the obligation related to contingencies which meet the following conditions at the same time as liabilities:

- (1) such obligation is the present obligation of the Company;
- (2) the performance of such obligation is likely to lead to an outflow of economic benefits of the Company;
- (3) the amount of such obligation can be reliably measured.

The estimated liabilities are initially measured at the best estimate of expenditure required for the performance of relevant present obligations.

The Company shall take into consideration the risks, uncertainties, time value of money and other factors relating to the contingencies in determining the best estimate. If the time value of money is significant, the best estimates shall be determined after discount of relevant future cash outflows.

If there is a successive range of the required expenditure, and the likelihood of occurrence of various results within the range is the same, the best estimate is determined by the intermediate value. In other cases, the best estimate is handled as follows:

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

When all or part of the expenditures necessary for the settlement of an estimated liability is expected to be compensated by a third party, the compensation should be separately recognized as an asset only when it is virtually certain that the compensation will be received. The amount recognized for the compensation should not exceed the carrying amount of estimated liabilities.

The Company reviews the carrying amount of estimated liabilities on 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.

NOTES TO 2024 INTERIM FINANCIAL STATEMENTS

(Amounts expressed in RMB unless otherwise specified)

III. SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES (continued)

(XXIII) Revenue

1. *Accounting policies for revenue recognition and measurement*

The Company recognizes revenue when the performance obligation in a contract is fulfilled, namely the customer obtains control of relevant goods or services. Control of a good or service refers to the ability to direct the use of the good or service, and obtain substantially all of the benefits from the goods or services.

If a contract contains two or more performance obligations, at the commencement of the contract, the Company allocates the transaction price into each individual performance obligation according to the relative proportion of each individual selling price of goods or services committed by individual performance obligation, and measures the revenue according to the transaction price allocated to each individual performance obligation.

The transaction price is the amount of consideration to which the Company expects to be entitled in exchange for transferring promised goods or services to a customer, excluding amounts collected on behalf of third parties and those expected to be refunded to the customer. The Company considers the terms of the contract and its customary business practices to determine the transaction price. When determining the transaction price, the Company considers the effects of variable consideration, the existence of a significant financing component in the contract, non-cash consideration and consideration payable to a customer. The Company determines the transaction price that includes variable considerations based on the amount not exceeding the revenue accumulatively recognized which is not likely to be significantly reversed when the relevant uncertainty disappears. Where there are significant financing elements in the contract, the Company recognizes the transaction price at an amount that reflects the price that a customer would have paid for the promised goods or services if the customer had paid cash for those goods or services when (or as) they transfer to the customer. The difference between the transaction price and the amount of contract consideration is amortized using an effective interest method over the contract term.

NOTES TO 2024 INTERIM FINANCIAL STATEMENTS

(Amounts expressed in RMB unless otherwise specified)

III. SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES (continued)

(XXIII) Revenue (continued)

1. Accounting policies for revenue recognition and measurement (continued)

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

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

Where fulfillment of a performance obligation takes place over a certain period of time, revenue should be recognized as performance takes place, excluding the stage of performance cannot be determined. The Company considers the nature of the goods or services and adopts the output method or the input method to determine the fulfillment progress of the performance. When the fulfillment progress of the performance cannot be determined reasonably, but is expected to recover the costs incurred, the Company should recognize revenue only to the extent of the cost until a reliable measure of fulfillment progress can be made.

NOTES TO 2024 INTERIM FINANCIAL STATEMENTS

(Amounts expressed in RMB unless otherwise specified)

III. SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES (continued)

(XXIII) Revenue (continued)

1. Accounting policies for revenue recognition and measurement (continued)

For a performance obligation satisfied at a point in time, the Company shall recognize revenue when the customer obtains control of relevant goods or services. In judging whether customers obtain control of promised goods or services, the Company considers the following indications:

- The Company enjoys the right to collect cash on the goods or services, that is, the customer has the obligation to pay for the goods or services at the present time.
- The Company has transferred the legal ownership of the commodity to the customer, that is, the customer has the legal ownership of the commodity.
- The Company has transferred the goods in kind to the customers, that is, the customers have actually taken possession of the goods.
- The Company has transferred the main risks and rewards in the ownership of the commodity to its customers, that is, the customers have acquired the main risks and rewards in the ownership of the commodity.
- The customer has accepted the goods or services.

The Company determines whether it is a principal or an agent when engaging in the transaction based on whether it has control over the goods or services before transferring them to the customer. If the Company can control the goods or services before transferring the goods or services to the customer, the Company is the main responsible person and recognizes the income according to the total consideration received or receivable; otherwise, the Company is the agent and recognizes the income according to the amount of commission or handling fee expected to which the Company is entitled to.

NOTES TO 2024 INTERIM FINANCIAL STATEMENTS

(Amounts expressed in RMB unless otherwise specified)

III. SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES (continued)

(XXIII) Revenue (continued)

2. *Disclosure of specific revenue recognition method and measurement method by business type*

Sales of mechanical equipment:

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

Maintenance of large railway track maintenance machinery:

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

Accessories sales:

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

NOTES TO 2024 INTERIM FINANCIAL STATEMENTS

(Amounts expressed in RMB unless otherwise specified)

III. SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES (continued)

(XXIII) Revenue (continued)

2. *Disclosure of specific revenue recognition method and measurement method by business type (continued)*

Railway line maintenance services:

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

Mechanical design services:

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

(XXIV) Contract costs

Contract costs comprise contract performance costs and contract acquisition costs.

The costs incurred by the Company for the performance of the contract which does not fall under the scope of the standards relating to inventories, fixed assets and intangible assets are recognized as an asset as contract performance costs when the following conditions are met:

- Such cost is directly related to a current or expected contract.
- Such cost increases the resources of the Company to fulfill its performance obligations in the future.
- Such cost is expected to be recovered.

If the incremental cost incurred by the Company in obtaining the contract can be expected to be recovered, the contract acquisition cost shall be recognized as an asset.

NOTES TO 2024 INTERIM FINANCIAL STATEMENTS

(Amounts expressed in RMB unless otherwise specified)

III. SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES (continued)

(XXIV) Contract costs (continued)

Assets related to the cost of the contract are amortized on the same basis as the revenue recognition of the goods or services related to the asset; however, if the amortization period of the contract acquisition cost is less than one year, the Company will include it into the current profit or loss when it incurs.

For assets related to contract costs whose carrying amount is higher than the difference between the following two items, the Company will make provision for impairment for the excess and recognize it as asset impairment loss:

1. The remaining consideration expected to be obtained by the transfer of goods or services related to the asset;
2. The cost expected to be incurred for the transfer of the relevant goods or services.

If the above-mentioned excess is higher than the book value of such assets as a result of any subsequent change of impairment factors in the previous period, the provision for impairment of assets previously made shall be reversed and included in profit or loss for the period as incurred to the extent the book value of the reversed asset shall not exceed the book value of the asset on the date of the reverse assuming no provision for impairment is made.

(XXV) Government grants

1. Types

Government grants are monetary assets and non-monetary assets obtained by the Company from the government for free, and are divided into government grants related to assets and government grants related to revenue.

Government grants related to assets are those obtained by the Company for the purposes of acquisition, construction or other project that forms a long-term asset. Government grants related to revenue refer to the government grants other than those related to assets.

NOTES TO 2024 INTERIM FINANCIAL STATEMENTS

(Amounts expressed in RMB unless otherwise specified)

III. SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES (continued)

(XXV) Government grants (continued)

2. Timing for recognition

Government grants are recognized when the Company can comply with the conditions attached to it and when it can be received.

3. Accounting treatment

Asset-related government grants shall be used to offset the carrying amount of relevant asset or recognized as deferred income. The amount recognized as deferred income shall be recorded in current profit or loss by installments in a reasonable and systematic way over the useful life of the relevant assets (the government grants related to the Company's daily activities shall be included in other income; and the government grants unrelated to the Company's daily activities shall be included in non-operating income).

Government grants related to revenue that are used to compensate relevant costs or losses of the Company in subsequent periods are recognized as deferred income and recorded in current profit or loss when such costs and losses are recognized (government grants related to the Company's daily activities shall be included in other income; government grants unrelated to the Company's daily activities shall be included in non-operating income) or offset relevant costs or losses; and the grants used to compensate relevant costs or losses that have incurred by the Company are recorded directly in current profit or loss (government grants related to the Company's daily activities shall be included in other income; government grants unrelated to the Company's daily activities shall be included in non-operating income) or offset relevant costs or losses.

The interest subsidies for policy-related preferential loans obtained by the Company are divided into two types and subject to accounting treatment separately:

- (1) Where the interest subsidies are appropriated from the fiscal funds to the lending bank and then the bank provides loans to Company at a policy-based preferential interest rate, the Company will recognize the amount of borrowings received as the initial value and calculate the borrowing costs according to the principal amount and the policy-based preferential interest rate.
- (2) Where the interest subsidies are paid directly to the Company, the Company will use such interest subsidies to offset the corresponding borrowing costs.

NOTES TO 2024 INTERIM FINANCIAL STATEMENTS

(Amounts expressed in RMB unless otherwise specified)

III. SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES (continued)

(XXVI) Deferred income tax assets and deferred income tax liabilities

Income tax comprises current and deferred income tax. Current tax and deferred tax are recognized in profit or loss except to the extent that they relate to a business combination or items recognized directly in equity (including other comprehensive income).

Deferred tax assets and deferred tax liabilities are recognized based on the temporary differences between the tax bases and the carrying amount of assets and liabilities.

Deferred income tax assets are recognized to the extent that it is probable that future taxable profits will be available against which deductible temporary differences can be utilized. For deductible losses and tax credits that can be reversed in the future period, deferred tax assets shall be recognized to the extent that it is probable that taxable profit will be available in the future to offset the deductible losses and tax credits.

Save for exceptions, deferred income tax liabilities shall be recognized for the taxable temporary difference.

The exceptions for not recognition of deferred income tax assets and liabilities include:

- the initial recognition of the goodwill;
- a transaction or event that is neither a business combination nor affects accounting profit and taxable profit (or deductible losses) when it occurs, and a transaction or business in which the assets and liabilities initially recognized do not result in transactions or events that generate equal taxable temporary differences and deductible temporary differences.

Deferred tax liabilities are recognized for temporary differences arising from investments in subsidiaries, associates and joint ventures, except where the Company is able to control the timing of the reversal of the temporary difference, and it is probable that the temporary difference will not reverse in the foreseeable future. When it is probable that the temporary differences arising from investments in subsidiaries, joint ventures and associates will be reversed in the foreseeable future and that the taxable profit will be available in the future against which the temporary differences can be utilized, the corresponding deferred tax assets are recognized.

NOTES TO 2024 INTERIM FINANCIAL STATEMENTS

(Amounts expressed in RMB unless otherwise specified)

III. SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES (continued)

(XXVI) Deferred income tax assets and deferred income tax liabilities (continued)

On the balance sheet date, deferred tax assets and deferred tax liabilities are measured at the applicable tax rates during the period when the relevant assets are expected to be recovered or the relevant liabilities are expected to be settled in accordance with the provisions of the tax law.

The carrying amount of a deferred tax asset is reviewed at each balance sheet date, and is reduced to the extent that it is no longer probable that the related tax benefits will be utilized. Such reduction is reversed to the extent that it becomes probable that sufficient taxable profits will be available.

When the Group has a legally enforceable right to set-off and intends either to settle on a net basis or to acquire the income tax asset and settle the income tax liability simultaneously, current income tax assets and current income tax liabilities shall be presented as the net amount after offsetting.

At the balance sheet date, deferred tax assets and deferred tax liabilities are offset if all of the following conditions are met:

- When the taxable entity has the legal right to set off current income tax assets and current income tax liabilities on a net basis;
- When the deferred income tax assets and deferred income tax liabilities are related to income tax to be paid by the same entity liable to pay tax to the same tax authority, or related to different entities liable to pay tax but the relevant entities intend to settle on a net basis or to acquire the income tax assets and settle the income tax liabilities simultaneously in the future period in which significant deferred income tax assets and liabilities would be reversed.

(XXVII) Lease

A lease is a contract that conveys the right to use an asset for a period of time in exchange for consideration. At inception of a contract, the Company assesses whether a contract is, or contains, a lease. A contract is, or contains, a lease if the contract conveys the right to control the use of one or more identified asset(s) for a period of time in exchange for consideration.

NOTES TO 2024 INTERIM FINANCIAL STATEMENTS

(Amounts expressed in RMB unless otherwise specified)

III. SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES (continued)

(XXVII) Lease (continued)

For a contract that contains multiple separate leases, the Company separates and accounts for each lease component as a lease separately. For a contract that contains lease and non-lease components, the lessee and lessor separates the lease and non-lease components.

1. The Company as a lessee

(1) Right-of-use assets

At the commencement date of lease term, the Company recognizes right-of-use assets for leases (excluding short-term leases and leases of low-value assets). Right-of-use assets are measured initially at cost. Such cost comprises:

- The amount of the initial measurement of lease liability;
- Lease payments made at or before the inception of the lease less any lease incentives already received (if there is a lease incentive);
- Initial direct costs incurred by the Company;
- The costs of the Company expected to be incurred for dismantling and removing the leased asset, restoring the site on which the leased asset is located or restoring it to the condition as agreed in the terms of the lease, except those incurred for the production of inventories.

The Company subsequently depreciates right-of-use assets using the straight-line method. If there is reasonable certainty that the Company will obtain the ownership of a leased asset at the end of the lease term, the Company depreciates the right-of-use asset from the commencement date to the end of the useful life of the underlying asset; otherwise, the Company depreciates the leased asset from the commencement date to the earlier of the end of the useful life of the right-of-use asset or the end of the lease term.

The Company determines whether the right-of-use assets have been impaired in accordance with the principles described in the Note "III. (XIX) Impairment of Long-term Assets" and conducts accounting treatment for impairment loss identified.

NOTES TO 2024 INTERIM FINANCIAL STATEMENTS

(Amounts expressed in RMB unless otherwise specified)

III. SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES (continued)

(XXVII) Lease (continued)

1. The Company as a lessee (continued)

(2) Lease liabilities

At the commencement date of lease term, the Company recognizes lease liabilities for leases (excluding short-term leases and leases of low-value assets). Lease liabilities are initially measured based on the present value of outstanding lease payment. Lease payment includes:

- Fixed payments (including in-substance fixed payments), less any lease incentives (if there is a lease incentive);
- Variable lease payment that are based on an index or a rate;
- Amounts expected to be payable under the guaranteed residual value provided by the Company;
- The exercise price of a purchase option if the Company is reasonably certain to exercise that option;
- Payments of penalties for terminating the lease option, if the lease term reflects that the Company will exercise that option.

The Company adopts the interest rate implicit in the lease as the discount rate. If that rate cannot be determined reasonably, the Company's incremental borrowing rate is used.

The Company shall calculate the interest expenses of lease liabilities over the lease term at the fixed periodic interest rate, and include it into profit or loss in the period or cost of relevant assets.

Variable lease payments not included in the measurement of lease liabilities are charged to profit or loss in the period or cost of relevant assets in which they actually arise.

NOTES TO 2024 INTERIM FINANCIAL STATEMENTS

(Amounts expressed in RMB unless otherwise specified)

III. SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES (continued)

(XXVII) Lease (continued)

1. The Company as a lessee (continued)

(2) Lease liabilities (continued)

After the commencement date of lease term, if the following circumstances occur, the Company re-measures the lease liability and adjusts the carrying value of the right-of-use asset accordingly. If the carrying value of the right-of-use asset has been reduced to zero, the lease liability still needs to be further reduced. The Company accounts for the difference in the current profit or loss:

- When there is a change in the assessment results of the purchase, extension or termination option, or when the actual exercise of the aforementioned options is inconsistent with the original valuation result, the Company re-measures the lease liabilities in accordance with the lease payments after changes and the present value calculated using the revised discount rate;
- When there is a change in-substance fixed payments, the amount expected to be payable under the guaranteed residual value or the index or rate arising from the confirmation of lease payments, the Company re-measures the lease liabilities in accordance with the lease payments after changes and the present value calculated using the initial discount rate. However, if the lease payments change is due to a change in a floating interest rate, in which case a revised discount rate is used.

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

The right-of-use asset and lease liability are not recognized by the Company for short-term leases and leases of low-value assets, and the relevant lease payments are included in profit or loss in the period or costs of relevant assets in each period of the lease term on a straight-line basis. Short-term leases are defined as leases with a lease term of not more than 12 months from the commencement date and excluding a purchase option. Leases of low-value assets are defined as leases with underlying low value when new. Where the Company subleases or expects to sublease a leased asset, the original lease shall not belong to a lease of low value asset.

NOTES TO 2024 INTERIM FINANCIAL STATEMENTS

(Amounts expressed in RMB unless otherwise specified)

III. SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES (continued)

(XXVII) Lease (continued)

1. The Company as a lessee (continued)

(4) Lease change

The Company will account for the lease change as a separate lease if the lease changes and meets the following conditions:

- The lease change expands the scope of lease by increasing the rights to use one or more leased assets;
- The increased consideration and the individual price of the expanded part of the lease are equivalent to the amount adjusted for the contract.

If the lease change is not accounted for as a separate lease, the Company shall re-allocate the consideration of a changed contract, re-determine the lease term, and re-measure the lease liabilities by the present value calculated from the changed lease payments at a revised discount rate on the effective date of the lease change.

If the lease change results in a narrower lease or a shorter lease term, the Company reduces the carrying value of the right-of-use asset accordingly, and recognizes the related gains or losses that partially terminate or completely terminate the leases into the current profit and loss. For other lease change that causes the lease liabilities to be remeasured, the Company adjusts the carrying value of the right-of-use assets accordingly.

NOTES TO 2024 INTERIM FINANCIAL STATEMENTS

(Amounts expressed in RMB unless otherwise specified)

III. SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES (continued)

(XXVII) Lease (continued)

2. The Company as a lessor

At the commencement date of lease term, the Company classifies leases as financing leases and operating leases. A financing lease is a lease that transfers substantially all the risks and rewards incidental to ownership of a leased asset, irrespective of whether the ownership of the asset is eventually transferred. An operating lease is a lease other than a finance lease. As a sub-leasing lessor, the Company classifies the subleases based on the right-of-use assets of the original leases.

(1) Accounting treatment of operating leases

The lease payments derived from operating leases are recognized as rental income on a straight-line basis over the respective lease terms. Initial direct costs relating to operating leases to be incurred by the Company shall be capitalized and then included in the current income by stages at the same base as the recognition of rental income over the lease term. The variable lease payments not included in the measurement of lease payments shall be recognized in profit or loss in the period in which they are occurred. Where there is a modification in an operating lease, the Company accounts for it as a new lease from the effective date of the modification, and the amount of lease receipts received or receivable in advance relating to the pre-modification lease is treated as receipts under the new lease.

(2) Accounting treatment of financing leases

At the commencement date of lease term, the Company recognizes financing lease receivable and derecognizes the underlying assets. The Company initially measures financing lease receivable in the amount of net investment in the lease. Net investment in the lease is the sum of present value of unguaranteed residual value and the lease payments receivable at the commencement date of lease term, discounted at the interest rate implicit in the lease.

The Company calculates and recognizes interest income in each period during the lease term, based on a constant periodic interest rate. The derecognition and impairment of financing lease receivable are accounted for in accordance with Note "III. (X) Financial Instruments".

Variable lease payments not included in the measurement of the net investment in the lease are included in profit or loss in the period in which they are occurred.

NOTES TO 2024 INTERIM FINANCIAL STATEMENTS

(Amounts expressed in RMB unless otherwise specified)

III. SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES (continued)

(XXVII) Lease (continued)

2. The Company as a lessor (continued)

(2) Accounting treatment of financing leases (continued)

Accounting treatment of lease changes when a financial lease is changed and the following conditions are simultaneously met, the Company accounts for the lease change as a separate lease:

- The change expands the scope of lease by adding the right to use one or more leased assets;
- The increase in consideration and the separate price of the expanded scope of lease are equivalent to the amount adjusted according to the contract.

Where a change in a financial lease is not accounted for as a separate lease, the Company deals with the lease after the change according to the following situation:

- In case where the lease would have been classified as an operating lease assuming the modification became effective at the commencement date of the lease, the Company accounts for it as a new lease from the effective date of the modification and the net investment in the lease prior to the effective date of the modification is taken as the carrying amount of the leased assets;
- In case where the lease would have been classified as a finance lease assuming the modification became effective at the commencement date of the lease, the Company conducts accounting treatment in accordance with the policy regarding the modification or renegotiation of contracts described in this note "III. (X) Financial Instruments".

NOTES TO 2024 INTERIM FINANCIAL STATEMENTS

(Amounts expressed in RMB unless otherwise specified)

III. SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES (continued)

(XXVII) Lease (continued)

3. Sale and leaseback transactions

The Company determines whether the asset transfer in the sale and leaseback transaction is a sale in accordance with principles described in Note “III. (XXIII) Revenue”.

(1) As a lessee

If the asset transfer in the sale and leaseback transaction is a sale, the Company, as a lessee, measures the right-of-use assets formed by the sale and leaseback based on the part of the book value of the original assets related to the use rights obtained from the leaseback, and recognize relevant gains or losses only for the right to transfer to the lessor.

After the commencement date of the lease term, the subsequent measurement of the right-of-use assets and lease liabilities and lease changes are detailed in the note “III. (XXVII) Lease 1. The Company as a lessee”. In the subsequent measurement of the lease liabilities arising from the sale and leaseback, the Company determines whether the lease payment or the changed lease payment method will not lead to the recognition of gains or losses related to the right of use obtained by the leaseback.

If the transfer of assets in the sale and leaseback transaction is not a sale, the Company, as the lessee, continues to recognize the transferred assets and recognizes a financial liability equal to the transfer income. For details of accounting treatment for financial liabilities, please see the note “III. (X) Financial Instruments”.

(2) As a lessor

If the transfer of assets in the sale and leaseback transaction is a sale, the Company, as a lessor, accounts for asset purchase, and accounts for asset lease in accordance with policies in the aforementioned “2. The Company as a lessor”; if the transfer of assets in the sale and leaseback transaction is not a sale, the Company, as a lessor, does not recognize the transferred assets, but recognizes a financial asset equal to the transfer income. For details of accounting treatment for financial assets, please see Note “III. (X) Financial Instruments”.

NOTES TO 2024 INTERIM FINANCIAL STATEMENTS

(Amounts expressed in RMB unless otherwise specified)

III. SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES (continued)

(XXVIII) Fair value measurement

The Group measures the relevant assets and liabilities at fair value based on the following assumptions:

- The sales of assets or transfer of liabilities by the market participant on the measurement date belongs to the orderly transaction under the current market conditions.
- Such orderly transaction is carried out in the major market of relevant assets or liabilities. If the major market does not exist, it is assumed that such transaction is carried out in the market most beneficial to relevant assets or liabilities.
- The assumption used by the market participant in order to maximize the benefits at the time of pricing such assets or liabilities.

According to the property of the said transaction and the characteristic of the said assets or liabilities, the Group recognizes the transaction value as the fair value of initial recognition.

If other relevant accounting standards require or permit the Company to conduct initial measurement on the relevant assets or liabilities at the said fair value, and the transaction value is different from the fair value, the Company will include relevant gains or losses in the current profit or loss, unless otherwise specified in other relevant accounting standards.

For the measurement of non-financial assets at fair value, the capability of the market participant in bringing about economic interest via the best use of such assets, or the capability in selling such assets to the other market participant for bringing about economic interest with the best use of such assets should be taken into account.

NOTES TO 2024 INTERIM FINANCIAL STATEMENTS

(Amounts expressed in RMB unless otherwise specified)

III. SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES (continued)

(XXVIII) Fair value measurement (continued)

The valuation techniques which are applicable to the current situation and have sufficient usable data and other information support are taken into account by the Group for the adoption of valuation technique. Relevant observable input values are preferentially adopted for valuation techniques, and the unobservable input values can be used only when the observable input values are unable or impractical to be obtained. Input values used in the fair value measurement are divided into three levels:

- Level 1 inputs are quoted prices (unadjusted) in active markets for identical assets or liabilities that the Company can access on the measurement date.
- Level 2 input values refer to input values that are directly or indirectly observable for relevant assets or liabilities, other than Level 1 input values.
- Level 3 input values are unobservable input values for relevant assets or liabilities. The fair value measurement is categorized in its entirety in the same level of the fair value hierarchy as the lowest level input that is significant to the entire measurement.

(XXIX) Discontinued operations

A discontinued operation is a component that satisfies one of the following conditions and can be distinguished separately, and that component has been disposed of by the Company or classified by the Company as held for sale:

- (1) such component represents a separate major line of business or geographical area of operations;
- (2) such component is part of a single coordinated plan to dispose of a separate major line of business or geographical area of operations;
- (3) such component is a subsidiary acquired exclusively with a view to resale. The profits or losses from continuing operations and discontinued operations are presented in the income statement, respectively. The profits or losses from discontinued operations such as impairment losses and reversed amounts, and the profits or losses of disposal shall be presented as the profits or losses from discontinued operations. For discontinued operations presented in the current period, the information originally presented as the profits or losses from continuing operations in the current financial statements shall be presented as the profits or losses from discontinued operations during comparable accounting periods again.

NOTES TO 2024 INTERIM FINANCIAL STATEMENTS

(Amounts expressed in RMB unless otherwise specified)

III. SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES (continued)

(XXX) Segment reporting

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

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

(XXXI) Safety expense and maintenance expense

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

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

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

NOTES TO 2024 INTERIM FINANCIAL STATEMENTS

(Amounts expressed in RMB unless otherwise specified)

III. SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES (continued)

(XXXII) Significant accounting estimates and judgments

When using the accounting policies stated above, due to uncertainty of operating activities, the Group needs to make judgment, estimation and assumption on the book value of reporting items could not be calculated accurately. These judgments, estimation and assumptions are based on past experience of the Group's management while considering other related factors. The actual result may differ from the Group's estimation.

The Group regularly reviews the aforesaid judgment, estimation and assumption on the basis of continuous operation. Where the changes in accounting estimation only impact the current period, the impact shall be recognized during the current period; where such changes impact both the current and future period, the impact shall be confirmed during the current or future period when such changes occur.

The key assumptions and uncertainties adopted in accounting estimates

The key assumptions and uncertainties in accounting estimates at the balance sheet date that have a significant risk of causing a material adjustment to the carrying amount of assets and liabilities in future periods are mainly:

Useful lives and residual values of fixed assets

The useful lives of fixed assets are estimated based on the actual useful lives of fixed assets of similar nature and function in the past, based on historical experience. To determine the useful life and estimated net residual value of fixed assets, the Group regularly reviews changes in market conditions, the actual wear and tear of assets and asset maintenance. If the useful life of fixed assets is reduced, the Group will increase the depreciation rate and retire those assets that are idle or technically obsolete. The Group reviews the useful lives and estimated net residual values of fixed assets at the end of the year in the light of changes in circumstances.

NOTES TO 2024 INTERIM FINANCIAL STATEMENTS

(Amounts expressed in RMB unless otherwise specified)

III. SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES (continued)

(XXXII) Significant accounting estimates and judgments (continued)

Impairment of trade receivables

The Group measures loss allowance for trade receivables arising from transactions regulated by Revenue Standard based on the amount of full lifetime ECL. For receivables that are individually significant and for which credit impairment has occurred, the management determines the credit loss by estimating the cash flows expected to be collected based on objective evidence that credit impairment has occurred and taking into account forward-looking information. For receivables other than those mentioned above, the Group divides the items into different portfolios based on the common risk characteristics, and employs impairment matrix on the basis of portfolios to determine the credit loss of related items. The expected credit loss rate is determined based on the Group's historical actual loss rate taking into account the forward-looking information. The determination of expected credit losses involves the estimates and judgement of the management and if the re-estimated results differ from existing estimates, such differences will impact the profit and carrying value of trade receivables in the period in which the estimates are changed.

Impairment of goodwill

The impairment testing of goodwill requires the calculation of the present value of the estimated future cash flows of the relevant asset group comprising the goodwill and requires the estimation of the future cash flows of that asset group and the determination of a pre-tax rate that appropriately reflects the current market time value of money and the risks specific to the asset. Further impairment may occur if actual future cash flows are less than expected.

Income tax and deferred tax assets

The Company and its subsidiaries are subject to enterprise income tax in their respective locations due to their geographical locations. In providing for enterprise income tax, reliable estimates and judgments are required based on current tax regulations and other relevant policies as certain matters relating to enterprise income tax have not been confirmed by the competent tax authorities. Where the final tax outcome of such matters differs from the amounts recognized, such differences will have an impact on the current income tax for the period.

Deferred tax assets relating to certain deductible temporary differences and tax losses are recognized to the extent that the management believes it is probable that sufficient taxable income will be available against which deductible temporary differences or deductible losses can be utilized in the future. If the estimate differs from the original estimate, such differences will have an impact on the deferred tax assets and tax recognized in the period of change.

NOTES TO 2024 INTERIM FINANCIAL STATEMENTS

(Amounts expressed in RMB unless otherwise specified)

III. SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES (continued)

(XXXIII) Changes in significant accounting policies and accounting estimates

1. *Changes in significant accounting policies*

(1) *Implementation of the Interpretation No. 17 to the Accounting Standards for Business Enterprises*

The Ministry of Finance promulgated the Interpretation No. 17 to the Accounting Standards for Business Enterprises (Cai Kuai [2023] No. 21, hereinafter referred to as the “**Interpretation No. 17**”) on 25 October 2023.

① *Division of current liabilities and non-current liabilities*

The Interpretation No. 17 specified that:

- If an enterprise does not have the substantive right to postpone the repayment of its liabilities to more than one year after the balance sheet date, the liabilities shall be classified as current liabilities.
- For the liabilities arising from the enterprise loan arrangement, the right of the enterprise to postpone the repayment of the liabilities for more than one year after the balance sheet date may depend on whether the enterprise has complied with the conditions stipulated in the loan arrangement (hereinafter referred to as contractual conditions). When judging whether its substantive right to postpone the repayment of debts exists, the enterprise should only consider the contractual conditions that should be followed on or before the balance sheet date, rather than the contractual conditions that the enterprise should follow after the balance sheet date.

NOTES TO 2024 INTERIM FINANCIAL STATEMENTS

(Amounts expressed in RMB unless otherwise specified)

III. SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES (continued)

(XXXIII) Changes in significant accounting policies and accounting estimates

1. *Changes in significant accounting policies (Continued)*

(1) *Implementation of the Interpretation No. 17 to the Accounting Standards for Business Enterprises (Continued)*

① Division of current liabilities and non-current liabilities (Continued)

- When classifying the liquidity of liabilities, debt settlement means that an enterprise discharges its liabilities by transferring cash, other economic resources (such as goods or services) or its own equity instruments to the counterparty. If the terms of liabilities cause an enterprise to pay off by delivering its own equity instruments under the choice of the counterparty, and the enterprise classifies the above options as equity instruments and recognizes them separately as equity components of composite financial instruments in accordance with the Accounting Standards for Business Enterprises No. 37-Presentation of Financial Instruments, such terms will not affect the liquidity division of the liabilities.

The interpretation has come into force on 1 January 2024. On initial implementation, an enterprise shall adjust the information of comparable periods according to the interpretation.

2. *Changes in significant accounting estimates*

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

NOTES TO 2024 INTERIM FINANCIAL STATEMENTS

(Amounts expressed in RMB unless otherwise specified)

IV. TAXES

(I) Main taxes types and tax rates

Tax types	Tax basis	Tax rates
Value-added tax	The value-added tax payable is the difference between output tax (calculated based on the revenue from sales of goods and taxable service income under the tax laws) and net of the input tax that is allowed to be deducted in the current period	6%, 9%, 13%
City maintenance and construction tax	Based on value-added tax and consumption duty paid	5%, 7%
Enterprise income tax	Based on taxable profits	The Company and its subsidiary, Beijing Ruiweitong Engineering Machinery Co., Ltd., are entitled to a preferential tax rate of 15% and the enterprise income tax of other domestic subsidiaries of the Group is calculated at 25% of the taxable income. The subsidiaries of the Company established overseas shall provide enterprise income tax according to the local income tax laws and regulations of the places of registration.
Education surcharge	Based on value-added tax and consumption duty paid	3%
Local education surcharge	Based on value-added tax and consumption duty paid	2%

NOTES TO 2024 INTERIM FINANCIAL STATEMENTS

(Amounts expressed in RMB unless otherwise specified)

IV. TAXES (continued)

(II) Tax concession

1. *Additional deduction of research and development expenses incurred*

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

2. *Preferential policy for high and new technology enterprises*

The Company's subsidiary, Beijing Ruiweitong Engineering Machinery Co., Ltd., applied to the Beijing Science and Technology Commission, Beijing Municipal Finance Bureau, and Beijing Municipal Tax Service, State Taxation Administration in 2021 and was finally recognized as a high-tech enterprise, and is entitled to a preferential enterprise income tax rate of 15% from October 2021 to October 2024.

3. *Additional VAT deduction policies for advanced manufacturers*

According to the Announcement of the Ministry of Finance and the State Administration of Taxation on the Policy of Additional VAT Deduction for Advanced Manufacturing Enterprises (Announcement No.43 of the Ministry of Finance and the State Administration of Taxation in 2023), from 1 January 2023 to 31 December 2027, advanced manufacturing enterprises are allowed a further 5% discount of the deductible input tax in the current period to offset the payable VAT. The Company complies with the above provisions, and the input tax is entitled to additional 5% discount.

NOTES TO 2024 INTERIM FINANCIAL STATEMENTS

(Amounts expressed in RMB unless otherwise specified)

IV. TAXES (continued)

(II) Tax concession (continued)

4. Tax preferential policy for the Western Region Development

Pursuant to the Announcement of the Ministry of Finance, the State Administration of Taxation and the National Development and Reform Commission on Continuing the Enterprise Income Tax Policies for Western Development Strategies (Cai Shui [2020] No. 23), the tax preferential policy for the Western Region Development are valid until 2030. The document stipulates that: “from 1 January 2021 to 31 December 2030, enterprise income tax shall be levied at a reduced rate of 15% on enterprises in the encouraged industries located in the western region. Enterprises in the encouraged industries as referred to in this article are those whose main business is in the industries specified in the Catalogue of Industries Encouraged to Develop in the Western Region and whose main business revenue accounts for more than 60% of the total revenue of the enterprise. The Catalogue of Industries Encouraged to Develop in the Western Region is formulated under the leadership of the Development and Reform Commission. If the catalogue is amended within the implementation period of this announcement, the new version will be implemented from the date of implementation of the amended version”. In 2022 and 2023, the Company satisfies the condition of “being located in the western region, whose main business is the projects in the encouraged industries as stipulated by the State, and with its main business revenue accounting for more than 60% of the total revenue of the enterprise in the year” as stipulated in the aforesaid document, the Company is eligible for the preferential tax policy for the Western Region Development, and is applicable to preferential income tax rate of 15%.

NOTES TO 2024 INTERIM FINANCIAL STATEMENTS

(Amounts expressed in RMB unless otherwise specified)

V. NOTES TO ITEMS IN THE CONSOLIDATED FINANCIAL STATEMENTS

(I) Cash and bank balances

Item	30 June 2024	31 December 2023
Cash on hand	12,935.90	10,104.88
Digital currency		
Bank deposits	1,018,200,276.84	1,428,289,526.81
Other cash and bank balances	256,000,000.00	
Deposit in finance company	29,521,217.31	29,297,006.56
Total	1,303,734,430.05	1,457,596,638.25
Including: Total amount of deposits overseas	58,076,507.68	66,144,144.11
Funds deposited overseas and subject to repatriation restrictions		

Other explanations:

As of 30 June 2024, funds deposited with CRCC Finance Company Limited., a related party under the common control of the parent of the Company, amounted to RMB29,521,217.31, which bears interest at the prevailing interest rate for bank deposits, and current bank deposits on demand accrue interest based on interest rates for current bank deposits.

NOTES TO 2024 INTERIM FINANCIAL STATEMENTS

(Amounts expressed in RMB unless otherwise specified)

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

(I) Cash and bank balances (continued)

A breakdown of restricted cash and bank balances is set forth below:

Item	30 June 2024	31 December 2023
Negotiated deposits	256,000,000.00	
Total	256,000,000.00	

(II) Bills receivable

1. Bills receivable shown as classification

Item	30 June 2024	31 December 2023
Bank acceptance bills		8,047,164.00
Commercial acceptance bills	93,612,013.19	170,920,754.86
Less: Bad debt provision	268,860.07	632,475.33
Total	93,343,153.12	178,335,443.53

NOTES TO 2024 INTERIM FINANCIAL STATEMENTS

(Amounts expressed in RMB unless otherwise specified)

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

(II) Bills receivable (continued)

2. Bills receivable by bad debt provision method

Category	30 June 2024					31 December 2023				
	Balance of carrying amount		Bad debt provision		Book value	Balance of carrying amount		Bad debt provision		Book value
	Amount	Proportion (%)	Amount	Proportion of provision (%)		Amount	Proportion (%)	Amount	Proportion of provision (%)	
Bills receivable with provision for the bad debt based on an individual basis										
Bills receivable with provision for the bad debts based on credit risk characteristic portfolio	93,612,013.19	100.00	268,860.07	0.29	93,343,153.12	178,967,918.86	100.00	632,475.33	0.35	178,335,443.53
Including:										
Bank acceptance bills						8,047,164.00	4.50	50,471.64	0.63	7,996,692.36
Commercial acceptance bills	93,612,013.19	100.00	268,860.07	0.29	93,343,153.12	170,920,754.86	95.50	582,003.69	0.34	170,338,751.17
Total	93,612,013.19	100.00	268,860.07		93,343,153.12	178,967,918.86	100.00	632,475.33		178,335,443.53

Provision for bad debts based on credit risk characteristic portfolio:

Items provided for based on portfolio:

Item	30 June 2024		Proportion of provision (%)
	Bills receivable	Bad debt provision	
Bank acceptance bills			
Commercial acceptance bills	93,612,013.19	268,860.07	0.29
Total	93,612,013.19	268,860.07	

NOTES TO 2024 INTERIM FINANCIAL STATEMENTS

(Amounts expressed in RMB unless otherwise specified)

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

(II) Bills receivable (continued)

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

Category	31 December 2023	Provision accrued	Movement during the period Recovered or reversed	Charged off or written off	Other movements	30 June 2024
Bank acceptance bills	50,471.64	10,000.00	60,471.64			
Commercial acceptance bills	582,003.69	288,598.56	601,742.18			268,860.07
Total	632,475.33	298,598.56	662,213.82			268,860.07

4. Closing bills receivable pledged

Item	Amount pledged as at 30 June 2024
Bank acceptance bills	
Finance company acceptance bills	
Commercial acceptance bills	2,000,000.00
Total	2,000,000.00

NOTES TO 2024 INTERIM FINANCIAL STATEMENTS

(Amounts expressed in RMB unless otherwise specified)

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

(II) Bills receivable (continued)

5. Bills receivable endorsed or discounted by the Company as at the end of the period and not yet falling due as at the balance sheet date

Item	Amount derecognized as at 30 June 2024	Amount underrecognized as at 30 June 2024
Bank acceptance bills		
Commercial acceptance bills	2,586,800.00	
Total	2,586,800.00	

(III) Accounts receivable

1. Accounts receivable shown by ageing of dates of revenue recognition

Ageing	30 June 2024	31 December 2023
Within 1 year	1,929,408,917.12	1,745,381,176.36
1–2 years	430,656,066.65	357,655,959.64
2–3 years	111,774,670.32	27,200,293.10
3–4 years	6,506,352.32	35,129,392.32
4–5 years	30,680,884.35	22,494,987.53
Over 5 years	60,236,360.69	58,415,297.88
Sub-total	2,569,263,251.45	2,246,277,106.83
Less: Bad debt provision	103,630,849.74	99,449,027.55
Total	2,465,632,401.71	2,146,828,079.28

NOTES TO 2024 INTERIM FINANCIAL STATEMENTS

(Amounts expressed in RMB unless otherwise specified)

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

(III) Accounts receivable (continued)

2. Classification of accounts receivable by basis of bad debt provisions made

Category	30 June 2024					31 December 2023				
	Balance of carrying amount		Bad debt provision		Book value	Balance of carrying amount		Bad debt provision		Book value
	Amount	Proportion (%)	Amount	Proportion of provision (%)		Amount	Proportion (%)	Amount	Proportion of provision (%)	
Accounts receivable with provision for the bad debt based on an individual basis	31,043,893.85	1.21	31,043,893.85	100.00		31,035,713.00	1.38	31,035,713.00	100.00	
Accounts receivable with provision for the bad debts based on credit risk characteristic portfolio	2,538,219,357.60	98.79	72,586,955.89	2.86	2,465,632,401.71	2,215,241,393.83	98.62	68,413,314.55	3.09	2,146,828,079.28
Including:										
The portfolio of related parties	497,245,336.91	19.35	590,213.02	0.12	496,655,123.89	484,862,198.74	21.59	510,560.24	0.11	484,351,638.50
The portfolio of ageing	2,040,974,020.69	79.44	71,996,742.87	3.53	1,968,977,277.82	1,730,379,195.09	77.03	67,902,754.31	3.92	1,662,476,440.78
Total	2,569,263,251.45	100.00	103,630,849.74		2,465,632,401.71	2,246,277,106.83	100.00	99,449,027.55		2,146,828,079.28

NOTES TO 2024 INTERIM FINANCIAL STATEMENTS

(Amounts expressed in RMB unless otherwise specified)

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

(III) Accounts receivable (continued)

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

Significant accounts receivable with provision made on an individual basis:

Item	30 June 2024			Basis for provision	31 December 2023	
	Balance of carrying amount	Bad debt provision	Proportion of provision (%)		Balance of carrying amount	Bad debt provision
Entity 1	28,640,000.00	28,640,000.00	100.00	Relatively high credit risks	28,640,000.00	28,640,000.00
Entity 2	1,834,716.62	1,834,716.62	100.00	Relatively high credit risks	1,834,716.62	1,834,716.62
Entity 3	340,000.00	340,000.00	100.00	Relatively high credit risks	340,000.00	340,000.00
Entity 4	12,396.17	12,396.17	100.00	Relatively high credit risks		
Entity 5	7,583.63	7,583.63	100.00	Relatively high credit risks		
Entity 6	176,374.71	176,374.71	100.00	Relatively high credit risks		
Entity 7	32,822.72	32,822.72	100.00	Relatively high credit risks		
Entity 8					6,406.35	6,406.35
Entity 9					180,921.22	180,921.22
Entity 10					33,668.81	33,668.81
Total	31,043,893.85	31,043,893.85			31,035,713.00	31,035,713.00

NOTES TO 2024 INTERIM FINANCIAL STATEMENTS

(Amounts expressed in RMB unless otherwise specified)

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

(III) Accounts receivable (continued)

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

Provision for bad debts based on credit risk characteristic portfolio:

Items provided for based on portfolio:

Item	30 June 2024		
	Accounts receivable	Bad debt provision	Proportion of provision (%)
The portfolio of related parties	497,245,336.91	590,213.02	0.12
The portfolio of ageing	2,040,974,020.69	71,996,742.87	3.53
Total	2,538,219,357.60	72,586,955.89	

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

Category	31 December 2023	Provision accrued	Movement during the period		Other movements	30 June 2024
			Recovered or reversed	Charged off or written off		
Accounts receivable with provision for the bad debt based on an individual basis	31,035,713.00	229,177.23	220,996.38			31,043,893.85
Accounts receivable with the provision for bad debt based on a portfolio basis	68,413,314.55	14,187,826.37	10,014,185.03			72,586,955.89
Total	99,449,027.55	14,417,003.60	10,235,181.41			103,630,849.74

NOTES TO 2024 INTERIM FINANCIAL STATEMENTS

(Amounts expressed in RMB unless otherwise specified)

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

(IV) Receivables at FVTOCI

1. Breakdown of receivables at FVTOCI

Item	30 June 2024	31 December 2023
Receivables at FVTOCI – Bank acceptance bills	127,981,244.78	105,024,338.93
Total	127,981,244.78	105,024,338.93

2. Movement and changes in fair value of receivables at FVTOCI during the period

Item	31 December 2023	Increase during the period	Derecognition during the period	Other movements	30 June 2024	Accumulated impairment provision recognized in other comprehensive income
Bank acceptance bills	105,024,338.93	149,544,167.05	124,536,685.50	-2,050,575.70	127,981,244.78	
Total	105,024,338.93	149,544,167.05	124,536,685.50	-2,050,575.70	127,981,244.78	

NOTES TO 2024 INTERIM FINANCIAL STATEMENTS

(Amounts expressed in RMB unless otherwise specified)

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

(V) Prepayments

1. Prepayments presented by ageing of the transaction dates

Ageing	30 June 2024		31 December 2023	
	Amount	Proportion (%)	Amount	Proportion (%)
Within 1 year	72,478,069.64	96.78	48,061,482.12	95.86
1–2 years	902,944.18	1.21	544,890.69	1.09
2–3 years	220,290.81	0.29	402,437.54	0.80
Over 3 years	1,289,303.06	1.72	1,130,588.20	2.25
Total	74,890,607.69	100.00	50,139,398.55	100.00

(VI) Other receivables

Item	30 June 2024	31 December 2023
Interest receivable		
Dividend receivable	7,644,000.00	
Other receivables	28,043,237.65	75,027,927.52
Total	35,687,237.65	75,027,927.52

NOTES TO 2024 INTERIM FINANCIAL STATEMENTS

(Amounts expressed in RMB unless otherwise specified)

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

(VI) Other receivables (continued)

1. Dividend receivable

(1) A breakdown of dividend receivable

Item (or the investee)	30 June 2024	31 December 2023
Zhuzhou CRRC Times Electric Co., Ltd.	7,644,000.00	
Sub-total	7,644,000.00	
Less: Bad debt provision		
Total	7,644,000.00	

2. Other receivables

(1) Other receivables shown by ageing of the transaction dates

Ageing	30 June 2024	31 December 2023
Within 1 year	18,679,353.73	76,321,178.76
1–2 years	55,214,727.58	44,660,900.85
2–3 years	3,094,080.42	3,129,009.73
3–4 years	676,623.79	761,366.89
4–5 years	703,308.88	705,701.25
Over 5 years	1,462,714.97	1,494,002.67
Sub-total	79,830,809.37	127,072,160.15
Less: Bad debt provision	51,787,571.72	52,044,232.63
Total	28,043,237.65	75,027,927.52

NOTES TO 2024 INTERIM FINANCIAL STATEMENTS

(Amounts expressed in RMB unless otherwise specified)

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

(VI) Other receivables (continued)

2. Other receivables (continued)

(2) Classification of other receivables by basis of bad debt provision method

Category	30 June 2024					31 December 2023				
	Balance of carrying amount		Bad debt provision		Book value	Balance of carrying amount		Bad debt provision		Book value
	Amount	Proportion (%)	Amount	Proportion of provision (%)		Amount	Proportion (%)	Amount	Proportion of provision (%)	
Other receivables with provision for the bad debt based on an individual basis	48,815,156.57	61.15	48,815,156.57	100.00		48,815,156.57	38.42	48,815,156.57	100.00	
Other receivables with provision for the bad debts based on credit risk characteristic portfolio	31,015,652.80	38.85	2,972,415.15	9.58	28,043,237.65	78,257,003.58	61.58	3,229,076.06	4.13	75,027,927.52
Including:										
The portfolio of related parties	1,121,000.00	1.40	151,550.00	13.52	969,450.00	1,321,000.00	1.04	51,605.00	3.91	1,269,395.00
The portfolio of ageing	29,894,652.80	37.45	2,820,865.15	9.44	27,073,787.65	76,936,003.58	60.55	3,177,471.06	4.13	73,758,532.52
Total	79,830,809.37	100.00	51,787,571.72		28,043,237.65	127,072,160.15	100.00	52,044,232.63		75,027,927.52

Significant other receivables with provision made on an individual basis:

Item	30 June 2024				31 December 2023	
	Balance of carrying amount	Bad debt provision	Proportion of provision (%)	Basis for provision	Balance of carrying amount	Bad debt provision
Entity 1	48,815,156.57	48,815,156.57	100.00	High credit risk	48,815,156.57	48,815,156.57
Total	48,815,156.57	48,815,156.57			48,815,156.57	48,815,156.57

NOTES TO 2024 INTERIM FINANCIAL STATEMENTS

(Amounts expressed in RMB unless otherwise specified)

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

(VI) Other receivables (continued)

2. Other receivables (continued)

(2) Classification of other receivables by basis of bad debt provision method (continued)

Provision for bad debts based on credit risk characteristic portfolio:

Items provided for based on portfolio:

Item	30 June 2024		Proportion of provision (%)
	Other receivables	Bad debt provision	
The portfolio of related parties	1,121,000.00	151,550.00	13.52
The portfolio of ageing	29,894,652.80	2,820,865.15	9.44
Total	31,015,652.80	2,972,415.15	

NOTES TO 2024 INTERIM FINANCIAL STATEMENTS

(Amounts expressed in RMB unless otherwise specified)

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

(VI) Other receivables (continued)

2. Other receivables (continued)

(3) Provision for bad debts

	First stage Expected credit loss in the next 12 months	Second stage Expected credit loss over the duration (no credit impairment occurred)	Third stage Expected credit loss over the duration (credit impairment occurred)	Total
Bad debt provision				
Closing balance for the previous year	3,229,076.06		48,815,156.57	52,044,232.63
Closing balance for the previous year in the current period	3,229,076.06		48,815,156.57	52,044,232.63
– transfer to the second stage				
– transfer to the third stage				
– transfer back to the second stage				
– transfer back to the first stage				
Accrued in current period	439,533.80			439,533.80
Reversal in current period	696,194.71			696,194.71
Charged off in current period				
Written off in current period				
Other movements				
Closing balance of the period	2,972,415.15		48,815,156.57	51,787,571.72

NOTES TO 2024 INTERIM FINANCIAL STATEMENTS

(Amounts expressed in RMB unless otherwise specified)

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

(VI) Other receivables (continued)

2. Other receivables (continued)

(3) Provision for bad debts (continued)

Changes in the balance of carrying amount of other receivables are as follows:

Balance of carrying amount	First stage Expected credit loss in the next 12 months	Second stage Expected credit loss over the duration (no credit impairment occurred)	Third stage Expected credit loss over the duration (credit impairment occurred)	Total
Closing balance for the previous year	78,257,003.58		48,815,156.57	127,072,160.15
Closing balance for the previous year in the current period	78,257,003.58		48,815,156.57	127,072,160.15
– transfer to the second stage				
– transfer to the third stage				
– transfer back to the second stage				
– transfer back to the first stage				
Increase during the period	18,679,353.73			18,679,353.73
Derecognition during the period	65,920,704.51			65,920,704.51
Other movements				
Closing balance of the period	31,015,652.80		48,815,156.57	79,830,809.37

NOTES TO 2024 INTERIM FINANCIAL STATEMENTS

(Amounts expressed in RMB unless otherwise specified)

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

(VI) Other receivables (continued)

2. Other receivables (continued)

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

Category	31 December 2023	Provision accrued	Movement during the period		Other movements	30 June 2024
			Recovered or reversed	Charged off or written off		
Other receivables with provision for the bad debt based on an individual basis	48,815,156.57					48,815,156.57
Other receivables with the provision for bad debt based on a portfolio basis	3,229,076.06	439,533.80	696,194.71			2,972,415.15
Total	52,044,232.63	439,533.80	696,194.71			51,787,571.72

(VII) Inventories

1. Classification of inventories

Category	30 June 2024			31 December 2023		
	Balance of carrying amount	Provision for inventory depreciation/ provision for impairment of contract performance cost	Book value	Balance of carrying amount	Provision for inventory depreciation/ provision for impairment of contract performance cost	Book value
Raw materials	630,445,892.35	25,321,517.69	605,124,374.66	788,919,257.68	24,736,991.38	764,182,266.30
Goods in transit	7,926,411.18		7,926,411.18	32,831,056.91		32,831,056.91
Goods in process	849,003,034.16		849,003,034.16	1,201,654,084.30		1,201,654,084.30
Finished products	1,259,559,232.96	79,548,355.64	1,180,010,877.32	877,153,709.77	93,393,223.34	783,760,486.43
Total	2,746,934,570.65	104,869,873.33	2,642,064,697.32	2,900,558,108.66	118,130,214.72	2,782,427,893.94

NOTES TO 2024 INTERIM FINANCIAL STATEMENTS

(Amounts expressed in RMB unless otherwise specified)

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

(VII) Inventories (continued)

2. Provision for inventory depreciation and provision for impairment of contract performance cost

Category	31 December 2023	Increase in the current period		Decrease in the current period		30 June 2024
		Provision accrued	Others	Reversal or write-off	Others	
Raw materials	24,736,991.38	2,792,510.02		2,207,983.71		25,321,517.69
Finished products	93,393,223.34			13,844,867.70		79,548,355.64
Total	118,130,214.72	2,792,510.02		16,052,851.41		104,869,873.33

(VIII) Contract assets

1. Breakdown of contract assets

Item	30 June 2024			31 December 2023		
	Balance of carrying amount	Provision for impairment	Book value	Balance of carrying amount	Provision for impairment	Book value
Quality guarantee deposit	3,687,242.72	19,186.21	3,668,056.51	3,822,883.61	19,864.42	3,803,019.19
Construction projects	8,700,416.05	43,502.08	8,656,913.97	2,064,699.39	20,369.37	2,044,330.02
Total	12,387,658.77	62,688.29	12,324,970.48	5,887,583.00	40,233.79	5,847,349.21

NOTES TO 2024 INTERIM FINANCIAL STATEMENTS

(Amounts expressed in RMB unless otherwise specified)

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

(VIII) Contract assets (continued)

2. Disclosure by category of contract assets based on the provision method for impairment

Category	30 June 2024					31 December 2023				
	Balance of carrying amount		Provision for impairment		Book value	Balance of carrying amount		Provision for impairment		Book value
	Amount	Proportion (%)	Amount	Proportion of provision (%)		Amount	Proportion (%)	Amount	Proportion of provision (%)	
Contract assets with the provision for impairment based on an individual basis										
Contract assets with the provision for impairment based on credit risk characteristic portfolio basis	12,387,658.77	100.00	62,688.29	0.51	12,324,970.48	5,887,583.00	100.00	40,233.79	0.68	5,847,349.21
Including:										
Quality guarantee deposit	3,687,242.72	29.77	19,186.21	0.52	3,668,056.51	3,822,883.61	64.93	19,864.42	0.52	3,803,019.19
Construction projects	8,700,416.05	70.23	43,502.08	0.50	8,656,913.97	2,064,699.39	35.07	20,369.37	0.99	2,044,330.02
Total	12,387,658.77	100.00	62,688.29		12,324,970.48	5,887,583.00	100.00	40,233.79		5,847,349.21

(IX) Other current assets

Item	30 June 2024	31 December 2023
VAT – Input tax to be certified	28,122,513.14	5,134,168.91
Enterprise income tax	5,358,993.07	1,527,855.78
Others	89,613.62	
Total	33,571,119.83	6,662,024.69

NOTES TO 2024 INTERIM FINANCIAL STATEMENTS

(Amounts expressed in RMB unless otherwise specified)

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

(X) Other equity instrument investments

1. Details of other equity instrument investments

Item	30 June 2024	31 December 2023	Gains recognized in other comprehensive income for the period	Losses recognized in other comprehensive income for the period	Accumulated gains included in other comprehensive income at the end of the period	Accumulated losses included in other comprehensive income at the end of the period	Dividend income recognized in the current period	Reason for being designated as at fair value through other comprehensive income
Zhuzhou CRRC Times Electric Co., Ltd.	483,924,000.00	356,034,000.00	127,890,000.00		430,952,197.19		7,644,000.00	The business model for managing such financial assets aims at both receiving contractual cash flows and disposing of such financial assets
Total	483,924,000.00	356,034,000.00	127,890,000.00		430,952,197.19		7,644,000.00	

NOTES TO 2024 INTERIM FINANCIAL STATEMENTS

(Amounts expressed in RMB unless otherwise specified)

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

(XI) Investment property

1. Investment properties measured by cost

Item	Buildings and constructions	Total
1. Original book value		
(1) Closing balance as at 31 December 2023	34,264,265.23	34,264,265.23
(2) Increase in the current period		
– External purchase amount		
(3) Decrease in the current period	1,959,510.00	1,959,510.00
– Converted to self-used properties and transfer out	1,959,510.00	1,959,510.00
(4) Closing balance as at 30 June 2024	32,304,755.23	32,304,755.23
2. Accumulated depreciation and accumulated amortization		
(1) Closing balance as at 31 December 2023	6,976,410.38	6,976,410.38
(2) Increase in the current period	456,169.84	456,169.84
– Provision or amortization	456,169.84	456,169.84
(3) Decrease in the current period	927,188.59	927,188.59
– Converted to self-used properties and transfer out	927,188.59	927,188.59
(4) Closing balance as at 30 June 2024	6,505,391.63	6,505,391.63
3. Provision for impairment		
(1) Closing balance as at 31 December 2023		
(2) Increase in the current period		
– Provision		
(3) Decrease in the current period		
– Disposal		
(4) Closing balance as at 30 June 2024		
4. Book value		
(1) Closing balance as at 30 June 2024	25,799,363.60	25,799,363.60
(2) Closing balance as at 31 December 2023	27,287,854.85	27,287,854.85

NOTES TO 2024 INTERIM FINANCIAL STATEMENTS

(Amounts expressed in RMB unless otherwise specified)

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

(XII) Fixed assets

1. Fixed assets and disposal of fixed assets

Item	30 June 2024	31 December 2023
Fixed assets	1,428,130,050.02	1,483,185,593.49
Disposal of fixed assets		
Total	1,428,130,050.02	1,483,185,593.49

2. Breakdown of fixed assets

Item	Buildings and constructions	Construction machinery	Motor vehicles	Production equipment	Measuring and experimental equipment	Other fixed assets	Total
1. Original book value							
(1) Balance as at 31 December 2023	906,328,853.65	935,167,609.63	33,174,452.13	323,834,713.54	166,946,372.97	137,469,055.18	2,502,921,057.10
(2) Increase in the current period	1,959,510.00	7,946,442.23		3,267,293.72	14,690.27	1,954,205.80	15,142,142.02
– Purchase		120,353.98		3,267,293.72	14,690.27	1,954,205.80	5,356,543.77
– Internal transfer in	1,959,510.00	7,826,088.25					9,785,598.25
(3) Decrease in the current period	96,000.00	21,205,738.93		379,710.00		1,370,147.00	23,051,595.93
– Disposal or retirement	96,000.00						96,000.00
– Disposal				379,710.00		1,370,147.00	1,749,857.00
– Internal transfer out		21,205,738.93					21,205,738.93
(4) Balance as at 30 June 2024	908,192,363.65	921,908,312.93	33,174,452.13	326,722,297.26	166,961,063.24	138,053,113.98	2,495,011,603.19

NOTES TO 2024 INTERIM FINANCIAL STATEMENTS

(Amounts expressed in RMB unless otherwise specified)

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

(XII) Fixed assets (continued)

2. Breakdown of fixed assets (continued)

Item	Buildings and constructions	Construction machinery	Motor vehicles	Production equipment	Measuring and experimental equipment	Other fixed assets	Total
2. Accumulated depreciation							
(1) Balance as at 31 December 2023	299,895,069.94	227,751,210.64	25,540,953.73	263,714,435.16	60,912,985.60	88,773,411.99	966,588,067.06
(2) Increase in the current period	13,086,520.91	34,318,849.06	777,952.56	4,560,841.62	6,476,465.73	2,277,236.07	61,497,865.95
– Provision	13,086,520.91	34,318,849.06	777,952.56	4,560,841.62	6,476,465.73	2,277,236.07	61,497,865.95
(3) Decrease in the current period	86,831.01	7,343,686.18		360,724.50		1,305,089.75	9,096,331.44
– Disposal or retirement	86,831.01						86,831.01
– Disposal				360,724.50		1,305,089.75	1,665,814.25
– Internal transfer out		7,343,686.18					7,343,686.18
(4) Balance as at 30 June 2024	312,894,759.84	254,726,373.52	26,318,906.29	267,914,552.28	67,389,451.33	89,745,558.31	1,018,989,601.57
3. Provision for impairment							
(1) Balance as at 31 December 2023		53,147,396.55					53,147,396.55
(2) Increase in the current period							
– Provision							
(3) Decrease in the current period		5,255,444.95					5,255,444.95
– Disposal or retirement		5,255,444.95					5,255,444.95
(4) Balance as at 30 June 2024		47,891,951.60					47,891,951.60
4. Book value							
(1) Balance as at 30 June 2024	595,297,603.81	619,289,987.81	6,855,545.84	58,807,744.98	99,571,611.91	48,307,555.67	1,428,130,050.02
(2) Balance as at 31 December 2023	606,433,783.71	654,269,002.44	7,633,498.40	60,120,278.38	106,033,387.37	48,695,643.19	1,483,185,593.49

NOTES TO 2024 INTERIM FINANCIAL STATEMENTS

(Amounts expressed in RMB unless otherwise specified)

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

(XIII) Construction in progress

1. Construction in progress and project materials

Item	30 June 2024			31 December 2023		
	Balance of carrying amount	Provision for impairment	Book value	Balance of carrying amount	Provision for impairment	Book value
Construction in progress	19,162,147.63		19,162,147.63	3,561,675.94		3,561,675.94
Total	19,162,147.63		19,162,147.63	3,561,675.94		3,561,675.94

2. Details of construction in progress

Project	30 June 2024			31 December 2023		
	Balance of carrying amount	Provision for impairment	Book value	Balance of carrying amount	Provision for impairment	Book value
Supporting facilities of industrial base	5,797,096.72		5,797,096.72	2,316,320.83		2,316,320.83
Programming software of Wang Peng Master Studio				9,176.94		9,176.94
Southern branch factory painting and drying room project	3,628,318.58		3,628,318.58			
OA system	300,884.96		300,884.96			
Electricity renovation project of Baofeng production base	3,755,793.19		3,755,793.19	1,117,922.55		1,117,922.55
Production office building renovation project of Baofeng production workshop	2,052,865.55		2,052,865.55	9,101.59		9,101.59
Workshop renovation project of Baofeng production base	3,627,188.63		3,627,188.63	109,154.03		109,154.03
Total	19,162,147.63		19,162,147.63	3,561,675.94		3,561,675.94

NOTES TO 2024 INTERIM FINANCIAL STATEMENTS

(Amounts expressed in RMB unless otherwise specified)

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

(XIII) Construction in progress (continued)

3. Changes in important construction in progress in the current period

Project name	Budget	31 December 2023	Increase in the current period	Amount transferred to fixed assets in the current period	Other decrease in the current period	30 June 2024	Proportion of cumulative investment in the budget	Project progress	Source of funds
Supporting facilities of industrial base	69,400,000.00	2,316,320.83	3,480,775.89			5,797,096.72	8.35%	8.35%	Self-raised funds
Southern branch factory painting and drying room project	4,000,000.00		3,628,318.58			3,628,318.58	90.71%	90.71%	Self-raised funds
Electricity renovation project of Baofeng production base	3,993,792.98	1,117,922.55	2,637,870.64			3,755,793.19	94.04%	94.04%	Self-raised funds
Production office building renovation project of Baofeng production workshop	2,275,397.50	9,101.59	2,043,763.96			2,052,865.55	90.22%	90.22%	Self-raised funds
Workshop renovation project of Baofeng production base	3,941,850.00	109,154.03	3,518,034.60			3,627,188.63	92.02%	92.02%	Self-raised funds
Total		3,552,499.00	15,308,763.67			18,861,262.67			

NOTES TO 2024 INTERIM FINANCIAL STATEMENTS

(Amounts expressed in RMB unless otherwise specified)

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

(XIV) Right-of-use assets

1. Breakdown of right-of-use assets

Item	Buildings and constructions	Production equipment	Total
1. Original book value			
(1) Balance as at 31 December 2023	18,414,321.43	1,044,597.64	19,458,919.07
(2) Increase in the current period			
– New leases			
(3) Decrease in the current period			
– Transferred out to fixed assets			
(4) Balance as at 30 June 2024	18,414,321.43	1,044,597.64	19,458,919.07
2. Accumulated depreciation			
(1) Balance as at 31 December 2023	2,154,543.83	115,663.39	2,270,207.22
(2) Increase in the current period	922,564.92	52,229.88	974,794.80
– Provision	922,564.92	52,229.88	974,794.80
(3) Decrease in the current period			
– Transferred out to fixed assets			
– Disposal			
(4) Balance as at 30 June 2024	3,077,108.75	167,893.27	3,245,002.02
3. Provision for impairment			
(1) Balance as at 31 December 2023			
(2) Increase in the current period			
– Provision			
(3) Decrease in the current period			
– Transferred out to fixed assets			
– Disposal			
(4) Balance as at 30 June 2024			
4. Book value			
(1) Balance as at 30 June 2024	15,337,212.68	876,704.37	16,213,917.05
(2) Balance as at 31 December 2023	16,259,777.60	928,934.25	17,188,711.85

NOTES TO 2024 INTERIM FINANCIAL STATEMENTS

(Amounts expressed in RMB unless otherwise specified)

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

(XV) Intangible assets

1. Breakdown of intangible assets

Item	Non-patented technology	Land use right	Software use right	Others	Total
1. Original book value					
(1) Balance as at 31 December 2023	13,293,607.82	441,425,134.23	53,083,632.51	6,868,741.95	514,671,116.51
(2) Increase in the current period			468,876.05		468,876.05
– Purchase			468,876.05		468,876.05
(3) Decrease in the current period					
– Disposal					
(4) Balance as at 30 June 2024	13,293,607.82	441,425,134.23	53,552,508.56	6,868,741.95	515,139,992.56
2. Accumulated amortization					
(1) Balance as at 31 December 2023	13,293,607.82	116,280,149.08	51,996,830.98	6,868,741.95	188,439,329.83
(2) Increase in the current period		4,776,603.24	559,450.13		5,336,053.37
– Provision		4,776,603.24	559,450.13		5,336,053.37
(3) Decrease in the current period					
– Disposal					
(4) Balance as at 30 June 2024	13,293,607.82	121,056,752.32	52,556,281.11	6,868,741.95	193,775,383.20
3. Provision for impairment					
(1) Balance as at 31 December 2023					
(2) Increase in the current period					
– Provision					
(3) Decrease in the current period					
– Disposal					
(4) Balance as at 30 June 2024					
4. Book value					
(1) Balance as at 30 June 2024		320,368,381.91	996,227.45		321,364,609.36
(2) Balance as at 31 December 2023		325,144,985.15	1,086,801.53		326,231,786.68

NOTES TO 2024 INTERIM FINANCIAL STATEMENTS

(Amounts expressed in RMB unless otherwise specified)

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

(XVI) Goodwill

1. Movement of goodwill

Name of investee or reason for goodwill	31 December 2023	Increase in the current period		Decrease in the current period		30 June 2024
		Goodwill on business combination	Others	Disposal	Others	
Original book value cideon	91,368,175.03					91,368,175.03
Sub-total	91,368,175.03					91,368,175.03
Provision for impairment cideon	78,879,632.06					78,879,632.06
Sub-total	78,879,632.06					78,879,632.06
Book value	12,488,542.97					12,488,542.97

Explanation: In February 2016, the Group purchased CE cideon engineering GmbH & Co.KG, CE cideon engineering Verwaltungs GmbH (both in Germany) and CE cideon engineering Schweiz AG (in Switzerland) (collectively referred to as "**CIDEON Company**"), and recognized goodwill of RMB91,368,175.03.

NOTES TO 2024 INTERIM FINANCIAL STATEMENTS

(Amounts expressed in RMB unless otherwise specified)

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

(XVI) Goodwill (continued)

1. Movement of goodwill (continued)

The goodwill acquired in the business combination has been allocated to the mechanical design services asset group, namely the CIDEON Company asset group (including goodwill), for impairment testing. As at 31 December 2023, the Group assessed the recoverable amount of the asset group to be RMB12,488,542.97. The recoverable amount of the asset group was determined based on the present value of the estimated future cash flows of the asset group. The future cash flows were determined on the basis of financial budgets approved by the management for a five-year period. Key assumptions used in estimating future cash flows are:

Forecast period of the mechanical design services asset group: 2024-2028, with a pre-tax discount rate of 9.61%.

Growth rate in the forecast period: 1.5% to 2%. Net profit margin in the forecast period: 3.34%.

Terminal growth rate of operating revenue: 0%.

As at 30 June 2024, the Group did not identify indications of further impairment of CIDEON Company asset group, and therefore did not provide for impairment during the period. As of 30 June 2024, cumulative impairment allowance of RMB78,879,632.06 was provided.

NOTES TO 2024 INTERIM FINANCIAL STATEMENTS

(Amounts expressed in RMB unless otherwise specified)

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

(XVII) Deferred income tax assets and deferred income tax liabilities

1. Deferred income tax assets before offset

Item	30 June 2024		31 December 2023	
	Deductible temporary differences	Deferred income tax assets	Deductible temporary differences	Deferred income tax assets
Credit impairment loss	147,448,237.80	22,117,235.67	145,191,348.47	21,778,702.27
Asset impairment loss	152,761,825.00	22,914,273.75	171,277,611.40	25,691,641.71
Lease liabilities	661,603.40	165,400.85	661,603.40	165,400.85
Post-leaving benefits payable	6,418,401.07	962,760.16	8,350,834.87	1,252,625.23
Unrealized intra-group profits	21,197,197.53	3,179,579.63	18,458,994.47	2,768,849.17
Estimated liabilities	47,440,752.09	7,116,112.81	30,628,884.93	4,594,332.74
Changes in fair value of receivables at FVTOCI	212,922.32	32,200.58	159,719.93	23,957.99
Advanced quality guarantee deposit	2,084,895.73	312,734.36	2,235,994.93	335,399.24
Labor-union expenses	2,675,528.73	401,329.31		
Supplementary medical insurance	1,337,764.37	200,664.65		
Total	382,239,128.04	57,402,291.77	376,964,992.40	56,610,909.20

2. Deferred income tax liabilities before offset

Item	30 June 2024		31 December 2023	
	Taxable temporary differences	Deferred income tax liabilities	Taxable temporary differences	Deferred income tax liabilities
Changes in fair value of other equity instrument investments	430,952,197.13	64,642,829.57	303,062,197.13	45,459,329.57
Total	430,952,197.13	64,642,829.57	303,062,197.13	45,459,329.57

NOTES TO 2024 INTERIM FINANCIAL STATEMENTS

(Amounts expressed in RMB unless otherwise specified)

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

(XVII) Deferred income tax assets and deferred income tax liabilities (continued)

3. Deferred income tax assets or deferred income tax liabilities presented at net amount after offset

Item	30 June 2024		31 December 2023	
	Offset amount between deferred income tax assets and liabilities	Balance of deferred income tax assets or liabilities after offset	Offset amount between deferred income tax assets and liabilities	Balance of deferred income tax assets or liabilities after offset
Deferred income tax assets	50,095,566.45	7,306,725.32	45,459,329.57	11,151,579.63
Deferred income tax liabilities	50,095,566.45	14,547,263.12	45,459,329.57	

4. Breakdown of unrecognized deferred income tax assets

Item	30 June 2024	31 December 2023
Deductible losses	24,597,721.00	
Total	24,597,721.00	

5. Deductible losses on unrecognized deferred income tax assets will expire in the following years

Year	30 June 2024	31 December 2023	Note
2034	24,597,721.00		
Total	24,597,721.00		

NOTES TO 2024 INTERIM FINANCIAL STATEMENTS

(Amounts expressed in RMB unless otherwise specified)

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

(XVIII) Other non-current assets

Item	30 June 2024			31 December 2023		
	Balance of carrying amount	Provision for impairment	Book value	Balance of carrying amount	Provision for impairment	Book value
Prepaid land acquisition amount	13,880,490.00		13,880,490.00	13,880,490.00		13,880,490.00
Total	13,880,490.00		13,880,490.00	13,880,490.00		13,880,490.00

(XIX) Assets with restricted ownership or right of use

Item	30 June 2024				31 December 2023			
	Balance of carrying amount	Book value	Type of restriction	Restrictions	Balance of carrying amount	Book value	Type of restriction	Restrictions
Cash and bank balances	256,000,000.00	256,000,000.00	Certificates of deposit	Term deposits due over three months (excluding three months)				
Bills receivable	2,000,000.00	2,000,000.00	Commercial bills	Deposit in the capital pool	5,000,000.00	5,000,000.00	Commercial bills	Deposit in the capital pool
Total	258,000,000.00	258,000,000.00			5,000,000.00	5,000,000.00		

NOTES TO 2024 INTERIM FINANCIAL STATEMENTS

(Amounts expressed in RMB unless otherwise specified)

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

(XX) Bills payable

Type	30 June 2024	31 December 2023
Bank acceptance bills	507,298,779.07	662,326,764.95
Commercial acceptance bills	56,367,785.46	38,659,450.77
Total	563,666,564.53	700,986,215.72

(XXI) Accounts payable

1. Breakdown of accounts payable by ageing of the transaction dates

Item	30 June 2024	31 December 2023
Within 1 year	2,021,166,706.03	1,746,898,234.83
1-2 years	18,636,051.84	239,356,744.34
2-3 years	8,306,628.25	8,066,109.54
Over 3 years	5,974,697.85	2,616,311.35
Total	2,054,084,083.97	1,996,937,400.06

(XXII) Advance received

1. Breakdown of advance received

Item	30 June 2024	31 December 2023
Rental deposit received in advance	396,330.26	1,705,165.82
Total	396,330.26	1,705,165.82

NOTES TO 2024 INTERIM FINANCIAL STATEMENTS

(Amounts expressed in RMB unless otherwise specified)

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

(XXIII) Contract liabilities

1. Breakdown of contract liabilities

Item	30 June 2024	31 December 2023
Advances from sale of goods	235,642,128.79	289,149,238.98
Advances from construction projects		642,201.84
Others	753,057.08	
Total	236,395,185.87	289,791,440.82

(XXIV) Employee benefits payable

1. Breakdown of employee benefits payable

Item	31 December 2023	Increase in the current period	Decrease in the current period	30 June 2024
Short-term benefits	7,347,635.26	264,990,946.77	262,163,189.28	10,175,392.75
Post-employment benefits – defined contribution plans		36,903,796.08	36,903,796.08	
Termination benefits	8,350,834.88	209,455.07	2,141,888.91	6,418,401.04
Other benefits due within one year				
Other benefits due over one year				
Total	15,698,470.14	302,104,197.92	301,208,874.27	16,593,793.79

NOTES TO 2024 INTERIM FINANCIAL STATEMENTS

(Amounts expressed in RMB unless otherwise specified)

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

(XXIV) Employee benefits payable (continued)

2. Breakdown of short-term benefits

Item	31 December 2023	Increase in the current period	Decrease in the current period	30 June 2024
(1) Wages or salaries, bonuses, allowances and subsidies	7,070,872.65	179,844,610.56	181,072,904.38	5,842,578.83
(2) Staff welfare		10,322,410.55	10,322,410.55	
(3) Social insurance contributions	276,762.61	21,075,979.95	19,925,712.30	1,427,030.26
Including: Basic medical insurance	276,762.61	16,998,952.93	17,186,449.65	89,265.89
Work-related injury insurance		1,290,710.41	1,290,710.41	
Supplementary medical insurance		1,913,401.72	575,637.35	1,337,764.37
Critical illness insurance		872,914.89	872,914.89	
(4) Housing provident funds		18,620,843.00	18,620,843.00	
(5) Labor union expenditures and employee education funds		3,098,548.28	192,764.62	2,905,783.66
(6) Short-term paid leave				
(7) Short-term profit-sharing plan				
(8) Others		32,028,554.43	32,028,554.43	
Total	7,347,635.26	264,990,946.77	262,163,189.28	10,175,392.75

NOTES TO 2024 INTERIM FINANCIAL STATEMENTS

(Amounts expressed in RMB unless otherwise specified)

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

(XXIV) Employee benefits payable (continued)

3. Breakdown of defined contribution plans

Item	31 December 2023	Increase in the current period	Decrease in the current period	30 June 2024
Basic pension insurance		23,911,361.60	23,911,361.60	
Unemployment insurance		989,391.57	989,391.57	
Annuity		12,003,042.91	12,003,042.91	
Total		36,903,796.08	36,903,796.08	

(XXV) Taxes and surcharges payable

Taxes and surcharges	30 June 2024	31 December 2023
VAT	1,916,803.35	52,721,634.23
Enterprise income tax	119,931.54	570,044.50
Individual income tax	157,851.94	256,622.12
Urban maintenance and construction tax	133,502.26	3,651,658.01
House property tax	3,937,331.85	4,131,811.48
Education surcharges	95,801.09	2,635,924.58
Land use tax	2,212,583.75	2,910,121.02
Others	2,196,482.70	3,288,617.35
Total	10,770,288.48	70,166,433.29

NOTES TO 2024 INTERIM FINANCIAL STATEMENTS

(Amounts expressed in RMB unless otherwise specified)

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

(XXVI) Other payables

Item	30 June 2024	31 December 2023
Interest payable		
Dividend payable	45,596,520.00	
Other payables	89,232,105.19	56,613,892.93
Total	134,828,625.19	56,613,892.93

1. Dividend payable

Item	30 June 2024	31 December 2023
Dividends on ordinary shares	45,596,520.00	
Total	45,596,520.00	

Explanation: Upon consideration and approval at the 2023 annual general meeting of the Company, the Company declared cash dividend of RMB0.03 (tax inclusive) per share, totalling RMB45,596,520.00 based on the issued share capital of 1,519,884,000.

NOTES TO 2024 INTERIM FINANCIAL STATEMENTS

(Amounts expressed in RMB unless otherwise specified)

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

(XXVI) Other payables (continued)

2. Other payables

(1) Breakdown of other payables by nature

Item	30 June 2024	31 December 2023
Deposit	30,084,857.41	40,167,005.57
Safety production expenses	6,669,957.79	11,193,546.31
Demolition expenses	38,350,880.68	
Others	14,126,409.31	5,253,341.05
Total	89,232,105.19	56,613,892.93

(XXVII) Non-current liabilities due within one year

Item	30 June 2024	31 December 2023
Estimated liabilities due within one year	49,335,024.73	32,674,256.81
Lease liabilities due within one year	2,218,945.40	2,218,945.40
Total	51,553,970.13	34,893,202.21

(XXVIII) Other current liabilities

Item	30 June 2024	31 December 2023
Pending output VAT		57,798.16
Total		57,798.16

NOTES TO 2024 INTERIM FINANCIAL STATEMENTS

(Amounts expressed in RMB unless otherwise specified)

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

(XXIX) Lease liabilities

Item	30 June 2024	31 December 2023
Lease payment	20,530,610.46	20,530,610.46
Less: Financing charges unrecognized	2,413,872.60	2,680,295.22
Reclassified to non-current liabilities due within 1 year	2,218,945.40	2,218,945.40
Total	15,897,792.46	15,631,369.84

(XXX) Deferred income

Item	31 December 2023	Increase in the current period	Decrease in the current period	30 June 2024	Reason
Other government grants	72,697.84		15,520.85	57,176.99	Other government grants
Total	72,697.84		15,520.85	57,176.99	

(XXXI) Share capital

Changes in current period ("+" for increase and "-" for decrease)						
Item	31 December 2023	New shares issued	Bonus shares	Conversion of reserves into shares	Others	Sub-total
Total shares	1,519,884,000.00					1,519,884,000.00

(XXXII) Capital reserve

Item	31 December 2023	Increase in the current period	Decrease in the current period	30 June 2024
Capital premium (share premium)	1,707,734,850.20			1,707,734,850.20
Other capital reserve	1,516,993,143.83			1,516,993,143.83
Total	3,224,727,994.03			3,224,727,994.03

NOTES TO 2024 INTERIM FINANCIAL STATEMENTS

(Amounts expressed in RMB unless otherwise specified)

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

(XXXIII) Other comprehensive income

		Amount incurred in current period						
			Less: Amount previously included in other comprehensive income and currently transferred to current profits or losses				Less: Other comprehensive income currently transferred to the retained earnings	
Item	31 December 2023	Pre-tax amount incurred in current period		Less: Income tax expenses	Amount after tax attributable to the parent company	Amount after tax attributable to non-controlling interests		30 June 2024
1. Other comprehensive income that cannot be reclassified to profit or loss	247,220,367.61	127,890,000.00		19,183,500.00	108,706,500.00			355,926,867.61
Including: Changes in re-measurement of the defined benefit plan	-10,382,497.94							-10,382,497.94
Other comprehensive income that cannot be transferred to profit or loss under the equity method								
Changes in fair value of other equity instrument investments	257,602,867.55	127,890,000.00		19,183,500.00	108,706,500.00			366,309,367.55
Fair value change in the enterprise's own credit risk								
2. Other comprehensive income that will be reclassified to profit or loss	3,205,784.50	-1,264,663.83		154,379.02	-1,419,042.85			1,786,739.65
Including: Other comprehensive income that can be transferred to profit or loss under the equity method								
Changes in fair value of other debt investments								
The amount of financial assets reclassified to other comprehensive income	-137,731.91	111,389.24		154,379.02	-42,989.78			-180,721.69
Provision for credit impairment on other debt investments								
Cash flow hedging reserve								
Translation difference of financial statements in foreign currencies	3,343,514.41	-1,376,053.07			-1,376,053.07			1,967,461.34
Others								
Total other comprehensive income	250,426,152.11	126,625,336.17		19,337,879.02	107,287,457.15			357,713,609.26

NOTES TO 2024 INTERIM FINANCIAL STATEMENTS

(Amounts expressed in RMB unless otherwise specified)

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

(XXXIV) Special reserve

Item	31 December 2023	Increase in the current period	Decrease in the current period	30 June 2024
Production safety expenses		3,573,187.31	3,573,187.31	
Total		3,573,187.31	3,573,187.31	

Production safety expenses provided by the Group during the period represented expenses on renovation and maintenance of safety protection equipment and facilities, rescue equipment, facilities, safety protection articles for personnel and safety production inspection and evaluation.

(XXXV) Surplus reserve

Item	31 December 2023	Increase in the current period	Decrease in the current period	30 June 2024
Statutory surplus reserve	151,251,994.06			151,251,994.06
Total	151,251,994.06			151,251,994.06

NOTES TO 2024 INTERIM FINANCIAL STATEMENTS

(Amounts expressed in RMB unless otherwise specified)

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

(XXXVI) Retained earnings

Item	30 June 2024	31 December 2023
Retained earnings at the end of previous year before adjustment	714,911,976.09	623,145,385.08
Adjustments to retained earnings as at beginning of the year ("+" for increase, and "-" for decrease)		81,232.90
Retained earnings at the beginning of the year after adjustment	714,911,976.09	623,226,617.98
Add: Net profit attributable to owners of the parent company in the current period	61,346,082.55	145,035,124.92
Less: Appropriation of statutory surplus reserve		15,352,666.81
Withdrawal of discretionary surplus reserve		
Withdrawal of general risk reserves		
Dividends payable to ordinary shareholders	45,596,520.00	37,997,100.00
Ordinary shares dividends transferred to share capital		
Retained earnings at the end of the period	730,661,538.64	714,911,976.09

NOTES TO 2024 INTERIM FINANCIAL STATEMENTS

(Amounts expressed in RMB unless otherwise specified)

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

(XXXVII) Operating revenue and operating cost

1. Breakdown of operating revenue and operating cost

Item	January to June 2024		January to June 2023	
	Revenue	Costs	Revenue	Costs
Principal business	1,709,650,684.94	1,387,669,886.64	1,598,668,357.23	1,317,696,899.35
Other business	128,009,933.00	12,195,787.00	4,681,684.65	2,211,773.31
Total	1,722,451,617.94	1,399,865,673.64	1,603,350,041.88	1,319,908,672.66

Breakdown of operating revenue:

Item	January to June 2024	January to June 2023
Revenue from sales of mechanical equipment	744,264,621.23	929,110,697.25
Revenue from maintenance of railway track maintenance machinery	340,095,719.13	197,636,480.37
Revenue from sales of accessories	525,127,338.33	367,065,801.87
Revenue from mechanical design services	51,600,361.11	49,584,722.35
Revenue from railway line construction services	48,562,645.14	55,270,655.39
Others	12,800,933.00	4,681,684.65
Total	1,722,451,617.94	1,603,350,041.88

NOTES TO 2024 INTERIM FINANCIAL STATEMENTS

(Amounts expressed in RMB unless otherwise specified)

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

(XXXVII) Operating revenue and operating cost (continued)

2. Breakdown of operating revenue

Details of revenue from customer contracts during the period:

Category	Revenue from sales of mechanical equipment Operating revenue	Revenue from maintenance of railway track maintenance machinery Operating revenue	Revenue from sales of accessories Operating revenue	Revenue from mechanical design services Operating revenue	Revenue from railway line construction services Operating revenue	Others Operating revenue	Total Operating revenue
Classified by the time of transferring goods:							
At a point in time	744,264,621.23	340,095,719.13	525,127,338.33			12,800,933.00	1,622,288,611.69
Over time				51,600,361.11	48,562,645.14		100,163,006.25
Total	744,264,621.23	340,095,719.13	525,127,338.33	51,600,361.11	48,562,645.14	12,800,933.00	1,722,451,617.94

3. Transaction price allocated to the remaining performance obligations

As of 30 June 2024, the amount of transaction price corresponding to the performance obligations contracted but have not been fulfilled or have not been fully fulfilled is RMB2,797,818,322.05 (excluding tax), of which RMB1,490,349,315.06 is expected to be recognized in July to December 2024, and RMB1,307,469,006.99 is expected to be recognized in 2025.

NOTES TO 2024 INTERIM FINANCIAL STATEMENTS

(Amounts expressed in RMB unless otherwise specified)

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

(XXXVIII) Taxes and surcharges

Item	January to June 2024	January to June 2023
City maintenance and construction tax	-1,000,102.90	59,835.65
Education and local surcharge	-712,112.22	59,822.89
House property tax	4,785,258.24	4,836,640.25
Urban land use tax	2,394,316.46	2,890,209.69
Stamp duty	1,094,655.54	1,128,024.63
Vehicle & vessel tax	19,837.80	24,705.80
Environmental protection tax	4,349.08	4,728.99
Water conservancy construction fund	388.13	
Total	6,586,590.13	9,003,967.90

(XXXIX) Selling expenses

Item	January to June 2024	January to June 2023
Employee benefits	29,072,632.44	25,437,798.26
Technical service fee	28,548,425.11	15,552,896.10
Depreciation cost	12,249,746.42	19,255,564.73
Traveling expenses	4,497,489.44	7,491,462.56
Entertainment expenses	4,165,709.68	3,683,723.03
Bidding expenses	1,694,250.93	4,283,387.92
Others	2,260,979.33	2,916,046.63
Total	82,489,233.35	78,620,879.23

NOTES TO 2024 INTERIM FINANCIAL STATEMENTS

(Amounts expressed in RMB unless otherwise specified)

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

(XL) Administrative expenses

Item	January to June 2024	January to June 2023
Employee benefits	45,603,992.80	45,056,947.76
Depreciation cost	5,926,465.58	9,801,183.24
Amortization of intangible assets	5,217,502.02	4,910,109.20
Property costs	4,569,485.25	3,612,015.48
Maintenance cost	3,037,521.67	1,098,801.36
Intermediary audit and evaluation fee	2,594,905.12	2,967,908.79
Traveling expenses	2,181,477.60	2,183,975.97
Entertainment expenses	801,915.37	724,198.45
Information construction fee	787,176.71	898,690.57
Communication expense	656,759.74	784,907.50
Others	6,672,373.08	6,083,362.64
Total	78,049,574.94	78,122,100.96

NOTES TO 2024 INTERIM FINANCIAL STATEMENTS

(Amounts expressed in RMB unless otherwise specified)

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

(XLI) Research and development expenses

Item	January to June 2024	January to June 2023
Employee benefits	68,400,755.14	55,702,618.98
Material and power cost	38,051,395.99	42,285,519.55
Depreciation cost	15,169,784.21	14,246,519.41
Development and manufacturing expenses of molds and process equipment for pilot experiment and product trial production	3,343,630.35	2,675,358.38
Intellectual property cost	756,732.19	789,808.62
Entrusted research and development expenditure	305,118.00	367,644.39
Rental maintenance cost	129,747.42	
Others	6,920,315.83	5,358,364.47
Total	133,077,479.13	121,425,833.80

(XLII) Finance costs

Item	January to June 2024	January to June 2023
Interest expenses	266,422.62	389,917.92
Including: Interest expenses on lease liabilities	266,422.62	389,917.92
Less: Interest income	11,138,533.60	9,330,180.35
Foreign exchange gains and losses	-2,410,752.30	-4,712,223.32
Others	3,230,393.44	3,455,115.86
Total	-10,052,469.84	-10,197,369.89

NOTES TO 2024 INTERIM FINANCIAL STATEMENTS

(Amounts expressed in RMB unless otherwise specified)

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

(XLIII) Other income

Item	January to June 2024	January to June 2023
Government grants	2,629,000.00	3,731,052.72
Handling fee for withholding individual income tax	195,871.39	149,449.69
Additional deduction for value-added tax (5% additional deduction for advanced manufacturers)	22,269,930.86	
Total	25,094,802.25	3,880,502.41

(XLIV) Investment income

Item	January to June 2024	January to June 2023
Dividend income from other equity instrument investments during the holding period	7,644,000.00	5,390,000.00
Investment income from derecognition of receivables at FVTOCI		-394,291.85
Total	7,644,000.00	4,995,708.15

(XLV) Credit impairment losses

Item	January to June 2024	January to June 2023
Bad debt losses of bills receivable	-363,615.26	-454,814.43
Bad debt losses of accounts receivable	4,181,822.19	-25,875,077.84
Bad debt losses of other receivables	-256,660.91	5,867,075.81
Prepayments		-12,319,343.80
Total	3,561,546.02	-32,782,160.26

NOTES TO 2024 INTERIM FINANCIAL STATEMENTS

(Amounts expressed in RMB unless otherwise specified)

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

(XLVI) Impairment losses on assets

Item	January to June 2024	January to June 2023
Loss on impairment of inventories and loss on impairment of contract performance cost	584,526.31	70,647.85
Loss on impairment of contract assets	22,454.50	-57,395.17
Total	606,980.81	13,252.68

(XLVII) Gains on disposal of assets

Item	January to June 2024	January to June 2023	Amount included in the current non-recurring profit or loss
Gains and losses from disposal of assets	-82,193.65	-92,548.10	-82,193.65
Others		-463,637.73	
Total	-82,193.65	-556,185.83	-82,193.65

(XLVIII) Non-operating income

Item	January to June 2024	January to June 2023	Amount included in the current non-recurring profit or loss
Gains from liquidated damages		1,060,035.00	
Others	250,065.38	288,192.93	250,065.38
Government grants	15,520.85		15,520.85
Gains from penalties	54,808.94		54,808.94
Total	320,395.17	1,348,227.93	320,395.17

NOTES TO 2024 INTERIM FINANCIAL STATEMENTS

(Amounts expressed in RMB unless otherwise specified)

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

(XLIX) Non-operating expenses

Item	January to June 2024	January to June 2023	Amount included in the current non-recurring profit or loss
Expenses on compensation, liquidated damages and various penalties	55,303.72		55,303.72
Loss on damage and scrap of non-current assets	9,168.99		9,168.99
Others		62,271.41	
Total	64,472.71	62,271.41	64,472.71

(L) Income tax expenses

1. Table of income tax expenses

Item	January to June 2024	January to June 2023
Current income tax expenses	590,883.31	190,874.23
Deferred income tax expenses	-783,796.65	3,583,977.42
Total	-192,913.34	3,774,851.65

NOTES TO 2024 INTERIM FINANCIAL STATEMENTS

(Amounts expressed in RMB unless otherwise specified)

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

(L) Income tax expenses (continued)

2. Reconciliation of accounting profits and income tax expenses

Item	January to June 2024
Total profits	61,372,454.16
Income tax expenses calculated at statutory or applicable tax rate	9,205,868.12
Effect of other tax rates used by certain subsidiaries	110,045.61
Adjustments of effect of income tax in previous periods	
Effect of non-assessable income	-1,411,817.68
Effect of costs, expenses and losses not deductible for tax purposes	288,493.00
Effect of utilization of deductible losses on unrecognized deferred income tax assets in prior periods	
Effect of deductible temporary differences or losses from deferred income tax assets unrecognized in current period	4,324,440.17
Tax concessions for research and development expenses	-12,709,942.57
Others	
Income tax expenses	-192,913.34

NOTES TO 2024 INTERIM FINANCIAL STATEMENTS

(Amounts expressed in RMB unless otherwise specified)

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

(LI) Earnings per share

1. Basic earnings per share

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

Item	January to June 2024	January to June 2023
Consolidated net profit attributable to ordinary shareholders of the parent company	61,346,082.55	44,592,350.58
Weighted average number of ordinary shares issued by the Company	1,519,884,000.00	1,519,884,000.00
Basic earnings per share	0.04	0.03
Including: Basic earnings per share of continuing operations	0.04	0.03
Basic earnings per share of discontinued operations		

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

NOTES TO 2024 INTERIM FINANCIAL STATEMENTS

(Amounts expressed in RMB unless otherwise specified)

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

(LII) Supplementary information of cash flow statements

1. Supplementary information of cash flow statements

Supplementary information	January to June 2024	January to June 2023
1. Net profits reconciled to cash flows from operating activities		
Net profit	61,372,454.16	45,065,994.40
Add: Credit impairment losses	3,561,546.02	-32,782,160.26
Asset impairment provision	606,980.81	13,252.68
Depreciation of fixed assets	61,954,035.79	62,821,756.47
Depletion of oil and gas assets		
Depreciation of right-of-use assets	974,794.80	974,794.80
Amortization of intangible assets	5,336,053.37	5,000,358.77
Amortization of long-term deferred expenses		
Losses on disposal of fixed assets, intangible assets and other long-term assets ("-" for gains)	82,193.65	556,185.83
Losses from scrapping of fixed assets ("-" for gains)	9,168.99	
Losses on change in fair values ("-" for gains)		
Finance expenses ("-" for gains)	266,422.62	-4,526,972.50
Investment loss ("-" for gains)	-7,644,000.00	-4,995,708.15
Decreases in deferred income tax assets ("-" for increases)	3,844,854.31	3,751,821.23
Increases in deferred income tax liabilities ("-" for decreases)	14,547,263.12	4,549,042.39
Decreases in inventories ("-" for increases)	153,623,538.01	-330,704,706.46
Decreases in contract assets ("-" for increases)	-6,477,621.27	11,784,037.12
Decreases in operating receivables ("-" for increases)	-395,997,206.96	-234,573,691.17
Increases in operating payables ("-" for decreases)	-142,378,594.86	478,492,242.64
Others		
Net cash flows from operating activities	-246,318,117.44	5,426,247.79
2. Significant investing and financing activities not involving cash receipts and payments		
Conversion of debt into capital		
Convertible corporate bonds due within one year	16,213,917.05	
Acquisition of right-of-use assets through undertaking lease liabilities		
3. Net movements in cash and cash equivalents	1,047,734,430.05	1,150,393,896.50
Cash at the end of the period	1,457,596,638.25	1,163,149,863.13
Less: Cash at the beginning of the period		
Add: Cash equivalents at the end of the period		
Less: Cash equivalents at the beginning of the period		
Net increase in cash and cash equivalents	-409,862,208.20	-12,755,966.63

NOTES TO 2024 INTERIM FINANCIAL STATEMENTS

(Amounts expressed in RMB unless otherwise specified)

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

(LII) Supplementary information of cash flow statements (continued)

2. Breakdown of cash and cash equivalents

Item		January to June 2024	31 December 2023
I.	Cash	1,047,734,430.05	1,457,596,638.25
	Including: Cash on hand	12,935.90	10,104.88
	Unrestricted digital currency		
	Unrestricted bank deposits	1,018,200,276.84	1,428,289,526.81
	Other cash and bank balances		
	Unrestricted deposits in finance company	29,521,217.31	29,297,006.56
	Deposit in other banks		
	Loans to other banks		
II.	Cash equivalents		
	Including: Bond investment due within three months		
III.	Balance of cash and cash equivalents at the end of the period	1,047,734,430.05	1,457,596,638.25
	Including: Cash and cash equivalents held but not available for use by the parent company or other group members		

NOTES TO 2024 INTERIM FINANCIAL STATEMENTS

(Amounts expressed in RMB unless otherwise specified)

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

(LIII) Foreign currency monetary items

1. Foreign currency monetary items

Item	30 June 2024	Conversion exchange rate	Balance of RMB equivalent as at the end of the period
Cash and bank balances			106,741,929.75
Including: US dollars	5,004,418.46	7.1268	35,665,489.48
Euros	4,913,331.57	7.6617	37,644,472.49
Franc	2,569,377.42	7.9471	20,419,099.29
Hong Kong dollars	14,257,865.28	0.9127	13,012,868.48
Accounts receivable			44,744,856.66
Including: Franc	481,197.45	7.9471	3,824,124.25
Euros	5,340,946.84	7.6617	40,920,732.40

(LIV) Lease

1. As the lessee

Item	January to June 2024	January to June 2023
Interest expense on lease liabilities	266,422.62	389,917.92

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

Remaining lease term	Undiscounted lease payments
Within 1 year	2,285,513.76
1–2 years	2,285,513.76
2–3 years	2,285,513.76
Over 3 years	13,674,069.18
Total	20,530,610.46

NOTES TO 2024 INTERIM FINANCIAL STATEMENTS

(Amounts expressed in RMB unless otherwise specified)

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

(LIV) Lease (continued)

2. As the lessor

(1) Operating lease

	January to June 2024	January to June 2023
Operating lease income	1,513,065.53	1,543,493.37

VI. CHANGE IN THE SCOPE OF CONSOLIDATION

There was no change in the Company's scope of consolidation during the reporting period.

NOTES TO 2024 INTERIM FINANCIAL STATEMENTS

(Amounts expressed in RMB unless otherwise specified)

VII. INTERESTS IN OTHER ENTITIES

(I) Interests in subsidiaries

1. Group members

Name of subsidiary	Registered capital	Principal place of business	Place of registration	Business nature	Shareholding percentage (%)		Obtained by
					Direct	Indirect	
Beijing Ruiweitong Engineering Machinery Co., Ltd.	584,370,622.18	Beijing	Beijing	Industrial manufacturing	100		Establishment
Beijing Kunweitong Railway Mechanization Engineering Co., Ltd.	60,000,000.00	Beijing	Beijing	Engineering construction	100		Establishment
Zhengzhou CRCC Equipment Technology Co., Ltd.	70,000,000.00	Zhengzhou	Zhengzhou	Industrial manufacturing	51		Establishment
CRCC Yukun Limited		Hong Kong	Hong Kong	Investment holding	100		Acquisition
CECIDEONEngineeringGmbH&Co.KG		Germany	Germany	Mechanical design		100	Acquisition
CECIDEONEngineeringVerwaltungsGmbH		Germany	Germany	Mechanical design		100	Acquisition
CECIDEONEngineeringSchweizAG		Switzerland	Switzerland	Mechanical design		100	Acquisition

2. Major non-wholly-owned subsidiary

Name of subsidiary	Shareholding ratio of minority shareholders	Profit or loss attributable to minority shareholders during the period	Dividends declared to be distributed to minority shareholders during the period	Balance of minority interest as at 30 June 2024
Zhengzhou CRCC Equipment Technology Co., Ltd.	49%	26,371.61		34,469,497.80

NOTES TO 2024 INTERIM FINANCIAL STATEMENTS

(Amounts expressed in RMB unless otherwise specified)

VII. INTERESTS IN OTHER ENTITIES (continued)

(i) Interests in subsidiaries (continued)

3. Key financial information of major non-wholly-owned subsidiary

Name of subsidiary	30 June 2024						31 December 2023					
	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
Zhengzhou CRCC Equipment Technology Co., Ltd.	84,653,724.61	37,421,984.62	122,075,709.23	35,508,575.04	15,897,792.46	51,406,367.50	39,720,868.52	30,247,634.86	69,968,503.38	23,963,806.37	15,631,369.84	39,595,176.21

Name of subsidiary	January to June 2024				January to June 2023			
	Operating revenue	Net profit	Total comprehensive income	Cash flow from operating activities	Operating revenue	Net profit	Total comprehensive income	Cash flow from operating activities
Zhengzhou CRCC Equipment Technology Co., Ltd.	13,345,107.25	296,014.56	296,014.56	-2,884,560.99	1,524,136.21	966,620.05	966,620.05	-1,336,868.79

NOTES TO 2024 INTERIM FINANCIAL STATEMENTS

(Amounts expressed in RMB unless otherwise specified)

VIII. RISKS RELATED TO FINANCIAL INSTRUMENTS

(I) Risks arising from financial instruments

The Company is exposed to various financial risks in the course of its business: credit risk, liquidity risk and market risk (including foreign exchange risk, interest rate risk and other price risk). The risks associated with these financial instruments and the risk management policies adopted by the Company to reduce these risks are as follows:

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

The Company diversifies the risk of financial instruments through appropriate diversified investment and business portfolios, and formulates corresponding risk management policies to reduce the risk of concentration in a single industry, specific region or specific counterparties.

1. Credit risk

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

The Company's credit risk mainly arises from cash and bank balances, bills receivable, accounts receivable, receivables at FVTOCI, contract assets, other receivables, debt investments, other debt investments and financial guarantee contract, as well as the debt instrument investments and derivative financial assets at fair value through profit or loss that are not included in the impairment assessment etc. The maximum exposure of the financial assets of the Group equals to the book value of these financial assets as at the balance sheet date.

NOTES TO 2024 INTERIM FINANCIAL STATEMENTS

(Amounts expressed in RMB unless otherwise specified)

VIII. RISKS RELATED TO FINANCIAL INSTRUMENTS (continued)

(I) Risks arising from financial instruments (continued)

1. Credit risk (continued)

The Company expects that there is no significant credit risk associated with cash and bank balances since they are deposited at state-owned banks and other medium or large size listed banks with good reputation and higher credit rating. The Company does not expect that there will be any significant losses from non-performance by these counterparties.

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

2. Liquidity risk

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

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

NOTES TO 2024 INTERIM FINANCIAL STATEMENTS

(Amounts expressed in RMB unless otherwise specified)

VIII. RISKS RELATED TO FINANCIAL INSTRUMENTS (continued)

(I) Risks arising from financial instruments (continued)

2. Liquidity risk (continued)

Financial liabilities of the Company should be presented at undiscounted contractual cash flows on the maturity date as follows:

30 June 2024							
Item	On demand	Within 1 year	1-2 years	2-5 years	Over 5 years	Total undiscounted contract amount	Book value
Bills payable		563,666,564.53				563,666,564.53	563,666,564.53
Accounts payable		2,054,084,083.97				2,054,084,083.97	2,054,084,083.97
Other payables		134,828,625.19				134,828,625.19	134,828,625.19
Lease liabilities		2,285,513.76	2,285,513.76	6,856,541.28	9,103,041.66	20,530,610.46	18,116,737.86
Total		2,754,864,787.45	2,285,513.76	6,856,541.28	9,103,041.66	2,773,109,884.15	2,770,696,011.55

31 December 2023							
Item	On demand	Within 1 year	1-2 years	2-5 years	Over 5 years	Total undiscounted contract amount	Book value
Bills payable		700,986,215.72				700,986,215.72	700,986,215.72
Accounts payable		1,996,937,400.06				1,996,937,400.06	1,996,937,400.06
Other payables		56,613,892.93				56,613,892.93	56,613,892.93
Lease liabilities		2,285,513.76	2,285,513.76	6,856,541.28	6,422,746.48	17,850,315.28	17,850,315.28
Total		2,756,823,022.47	2,285,513.76	6,856,541.28	6,422,746.48	2,772,387,823.09	2,772,387,823.99

NOTES TO 2024 INTERIM FINANCIAL STATEMENTS

(Amounts expressed in RMB unless otherwise specified)

VIII. RISKS RELATED TO FINANCIAL INSTRUMENTS (continued)

(I) Risks arising from financial instruments (continued)

3. Market risk

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

(1) Interest rate risk

Interest rate risk refers to the risks of fluctuation in the fair value or future cash flows of financial instruments due to changes in market interest rate.

Fixed-rate and floating-rate interest-bearing financial instruments expose the Company to fair value interest rate risk and cash flow interest rate risk, respectively. The Company determines the ratio of fixed-rate instruments to floating-rate instruments based on market conditions and maintains an appropriate mix of fixed-rate and floating-rate instruments through regular review and monitoring. When necessary, the Company uses interest rate swap instruments to hedge interest rate risk.

As at 31 December 2023 and 30 June 2024, the Group did not have any balance of interest-bearing borrowings.

(2) Exchange rate risk

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

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

NOTES TO 2024 INTERIM FINANCIAL STATEMENTS

(Amounts expressed in RMB unless otherwise specified)

VIII. RISKS RELATED TO FINANCIAL INSTRUMENTS (continued)

(I) Risks arising from financial instruments (continued)

3. Market risk (continued)

(2) Exchange rate risk (continued)

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

Item	30 June 2024			Total
	US dollars	Euro	Other foreign currencies	
Cash and bank balances	35,665,489.48	37,644,472.49	33,429,930.68	106,739,892.65
Total	35,665,489.48	37,644,472.49	33,429,930.68	106,739,892.65

Item	31 December 2023			Total
	US dollars	Euro	Other foreign currencies	
Cash and bank balances	38,188,518.15	45,350,166.77	26,698,945.75	110,237,630.66
Total	38,188,518.15	45,350,166.77	26,698,945.75	110,237,630.66

As at 30 June 2024, with all other variables held constant, if RMB appreciates or depreciates by 5% against US dollars, net profit of the Company will increase or decrease by RMB1,515,783.30. If RMB appreciates or depreciates by 5% against Euro, net profit of the Company will increase or decrease by RMB1,599,890.08. If RMB appreciates or depreciates by 5% against other currencies, net profit of the Company will increase or decrease by RMB1,420,772.05.

NOTES TO 2024 INTERIM FINANCIAL STATEMENTS

(Amounts expressed in RMB unless otherwise specified)

VIII. RISKS RELATED TO FINANCIAL INSTRUMENTS (continued)

(I) Risks arising from financial instruments (continued)

3. Market risk (continued)

(3) Other price risks

Other price risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market prices other than exchange rate risk and interest rate risk.

The Company's other price risk arises primarily from investments in various types of equity instruments, which are subject to the risk of changes in the price of equity instruments.

As at 30 June 2024, with all other variables held constant, if the value of equity instruments rises or falls by 0.5%, other comprehensive income of the Company will increase or decrease by RMB2,056,677.00.

IX. DISCLOSURE OF FAIR VALUE

The input value used for measuring fair value is divided into three levels:

Level 1 inputs are quoted prices (unadjusted) in active markets for identical assets or liabilities that the Company can access on the measurement date.

Level 2 inputs are directly or indirectly observable inputs of relevant assets or liabilities other than first-level inputs.

Level 3 inputs refer to unobservable inputs of relevant assets or liabilities.

The fair value measurement is categorized in its entirety in the same level of the fair value hierarchy as the lowest level input that is significant to the entire measurement.

NOTES TO 2024 INTERIM FINANCIAL STATEMENTS

(Amounts expressed in RMB unless otherwise specified)

IX. DISCLOSURE OF FAIR VALUE (continued)

(i) Fair value of assets and liabilities measured at fair value as at the end of the period

Item	Fair value as at 30 June 2024			Total
	Measurement of fair value at level 1	Measurement of fair value at level 2	Measurement of fair value at level 3	
I. Continuous measurement at fair value				
– Held-for-trading financial assets				
– Receivables at FVTOCI		127,981,244.78		127,981,244.78
– Other debt investments				
– Other equity instrument investments	483,924,000.00			483,924,000.00
– Other non-current financial assets				
Total assets with continuous measurement at fair value	483,924,000.00	127,981,244.78		611,905,244.78
Total liabilities with continuous measurement at fair value				
II. Non-continuous fair value measurement				
– Held-for-trading assets				
Total assets with non-continuous measurement at fair value				
– Held-for-trading liabilities				
Total liabilities with non-continuous measurement at fair value				

(ii) Basis for determining the market price of items that are continuously and non-continuously measured at level 1 fair value

The Group's other investments in equity instruments measured at level 1 fair value at the end of the period are publicly issued shares of Zhuzhou CRRC Times Electric Co., Ltd. held by the Company not for short-term trading, and the fair value at the end of the period represents the share price as at 30 June 2024.

(iii) Qualitative and quantitative information of valuation technique and key parameters used for items that are continuously and non-continuously measured at level 2 fair value

The receivables at FVTOCI measured at level 2 fair value held by the Company are bills receivable, the fair value of which is determined using the discounted cash flow method at a discount rate equal to that of bank acceptance bills for the same period.

NOTES TO 2024 INTERIM FINANCIAL STATEMENTS

(Amounts expressed in RMB unless otherwise specified)

X. RELATED PARTIES AND RELATED-PARTY TRANSACTIONS

(I) Parent company of the Company

Name of parent company	Registration place	Business nature	Registered capital (RMB0'000)	Shareholding ratio of the parent company in the Company (%)	Voting right ratio of the parent company in the Company (%)
China Railway Construction Corporation Limited	Beijing	Civil engineering construction industry	1,357,954.15	65.0039	65.0039

The Company's parent company is China Railway Construction Corporation Limited.

Its ultimate holding parent company is China Railway Construction Group Corporation which is registered at 40 Fuxing Road, Haidian District, Beijing.

(II) Information on subsidiaries of the Company

Please refer to "Note VII. Interests in Other Entities" for details of subsidiaries of the Company.

NOTES TO 2024 INTERIM FINANCIAL STATEMENTS

(Amounts expressed in RMB unless otherwise specified)

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

(III) Information on other related parties

Name of other related parties	Relationship with the Company
CRCC Finance Company Limited	Under common control of the same parent company with the Company
China Railway Materials Group Co., Ltd.	Under common control of the same parent company with the Company
China Railway 11th Bureau Group Co., Ltd.	Under common control of the same parent company with the Company
China Railway 15th Bureau Group Co., Ltd.	Under common control of the same parent company with the Company
China Railway 14th Bureau Group Co., Ltd.	Under common control of the same parent company with the Company
China Railway 16th Bureau Group Co., Ltd.	Under common control of the same parent company with the Company
China Railway 12th Bureau Group Co., Ltd.	Under common control of the same parent company with the Company
China Railway 18th Bureau Group Co., Ltd.	Under common control of the same parent company with the Company
China Railway Construction South China Construction Co., Ltd.	Under common control of the same parent company with the Company
China Railway 21st Bureau Group Co., Ltd.	Under common control of the same parent company with the Company
China Railway 24th Bureau Group Co., Ltd.	Under common control of the same parent company with the Company
China Railway 23rd Bureau Group Co., Ltd.	Under common control of the same parent company with the Company
China Railway 20th Bureau Group Co., Ltd.	Under common control of the same parent company with the Company
China Railway 22nd Bureau Group Co., Ltd.	Under common control of the same parent company with the Company
China Civil Engineering Construction Corporation	Under common control of the same parent company with the Company
China Railway Construction Heavy Industry Corporation Limited	Under common control of the same parent company with the Company
China Railway Construction Investment Group Co., Ltd.	Under common control of the same parent company with the Company
China Railway Construction Electrification Bureau Group Co., Ltd.	Under common control of the same parent company with the Company
CRCC Financial Leasing Co., Ltd.	Under common control of the same parent company with the Company
CRCC Xinjiang Jingxin Expressway Co., Ltd.	Under common control of the same parent company with the Company

NOTES TO 2024 INTERIM FINANCIAL STATEMENTS

(Amounts expressed in RMB unless otherwise specified)

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

(IV) Related party transactions

1. Related-party transactions on purchase and sales of goods, and rendering and receipt of services

Purchase of goods/receipt of services

Related party	Content of related-party transaction	January to June 2024	January to June 2023
China Railway Construction Heavy Industry Corporation Limited	Purchase of goods	21,268,530.85	10,623,385.50
China Railway 20th Bureau Group Co., Ltd.	Purchase of goods		10,009,076.84
China Railway Materials Group Co., Ltd.	Purchase of goods		264,149.34

Sale of goods/rendering of services

Related party	Content of related-party transaction	January to June 2024	January to June 2023
China Railway Construction Heavy Industry Corporation Limited	Sale of goods	66,308.44	357,936,486.21
China Railway Materials Group Co., Ltd.	Sale of goods		616,352.19
China Railway Construction Electrification Bureau Group Co., Ltd.	Sale of goods	79,780,104.09	34,651,432.80
China Civil Engineering Construction Corporation	Sale of goods	29,982,300.89	1,764,523.90
China Railway Construction Group Co., Ltd.	Sale of goods	12,234,384.39	
China Railway 11th Bureau Group Co., Ltd.	Sale of goods	2,459,508.24	7,787,614.00
China Railway 12th Bureau Group Co., Ltd.	Sale of goods		13,662,589.91
China Railway 14th Bureau Group Co., Ltd.	Sale of goods		545.35

NOTES TO 2024 INTERIM FINANCIAL STATEMENTS

(Amounts expressed in RMB unless otherwise specified)

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

(IV) Related party transactions (continued)

1. Related-party transactions on purchase and sales of goods, and rendering and receipt of services (continued)

The Company as a lessee:

Name of lessor	Type of leased asset	January to June 2024 Rental paid	January to June 2023 Rental paid
Zhengzhou Railway Equipment Manufacturing Co., Ltd.	Baofeng plant	2,218,945.40	2,218,945.40

NOTES TO 2024 INTERIM FINANCIAL STATEMENTS

(Amounts expressed in RMB unless otherwise specified)

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

(V) Outstanding receivables from and payables to related parties

1. Receivables

Item	Related party	30 June 2024	Bad debt	31 December 2023	Bad debt
		Balance of carrying amount	provision	Balance of carrying amount	provision
Cash and bank balances	CRCC Finance Company Limited	29,521,217.31		29,297,006.56	
Accounts receivable	China Railway Construction Heavy Industry Corporation Limited	254,126,609.84	254,126.62	317,910,430.45	317,910.43
	China Railway 12th Bureau Group Co., Ltd.	80,108,202.00	80,108.20	80,142,122.00	80,142.12
	China Railway Construction Electrification Bureau Group Co., Ltd.	60,725,534.37	60,725.53	30,625,549.57	30,625.55
	China Civil Engineering Construction Corporation	51,714,209.00	51,714.21	15,859,500.00	15,859.50
	China Railway 11th Bureau Group Co., Ltd.	25,053,993.94	25,053.99	24,549,503.82	24,549.50
	China Railway Construction Group Co., Ltd.	9,146,762.42	9,146.76	6,424,510.00	32,122.55
	China Railway Materials Group Co., Ltd.	5,028,527.91	5,028.53	6,498,527.88	6,498.53
	China Railway 15th Bureau Group Co., Ltd.	2,780,000.00	2,780.00		
	China Railway Construction South China Construction Co., Ltd.	2,103,055.02	2,103.06	2,103,055.02	2,103.06
	China Railway Construction Heavy Industry Corporation Limited			8,000,000.00	8,407.59
	China Civil Engineering Construction Corporation			1,351,036.00	1,351.04
	China Railway Construction Electrification Bureau Group Co., Ltd.	49,800,000.00	49,800.00		
Other receivables	China Railway 12th Bureau Group Co., Ltd.	1,000,000.00	150,000.00	1,000,000.00	50,000.00
	China Civil Engineering Construction Corporation	120,000.00	1,500.00	320,000.00	1,600.00
	China Railway 11th Bureau Group 6th Project Co., Ltd.	1,000.00	50.00	1,000.00	5.00

NOTES TO 2024 INTERIM FINANCIAL STATEMENTS

(Amounts expressed in RMB unless otherwise specified)

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

(V) Outstanding receivables from and payables to related parties (continued)

2. Payables

Item	Related party	30 June 2024	31 December 2023
Accounts payable	China Railway 20th Bureau Group Co., Ltd.	73,669,654.82	73,711,974.40
	China Railway Construction Heavy Industry Corporation Limited	17,208,146.18	8,463,847.47
	China Railway 23rd Bureau Group Co., Ltd.	198,325.00	661,765.00
	China Railway 14th Bureau Group Co., Ltd.	155,033.27	155,033.27
Bills payable	China Railway Construction Heavy Industry Corporation Limited	43,290,344.01	34,328,071.70
Other payables	China Railway Construction Investment Xi'an Weiyang University Town Development Co., Ltd.	20,000.00	20,000.00
Contract liabilities	China Railway 18th Bureau Group Co., Ltd.	12,058,700.93	
	China Railway Construction Group Co., Ltd.	8,422,974.66	
	China Railway Construction Electrification Bureau Group Co., Ltd.	8,230,088.50	8,230,088.50
	China Railway Materials Group Co., Ltd.	5,440,000.00	5,440,000.00
	China Railway 15th Bureau Group Co., Ltd.	2,780,000.00	
	China Railway 24th Bureau Group Co., Ltd.	1,769,911.50	1,769,911.50
	China Railway 14th Bureau Group Co., Ltd.	1,592,920.35	1,592,920.35

NOTES TO 2024 INTERIM FINANCIAL STATEMENTS

(Amounts expressed in RMB unless otherwise specified)

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

(VI) Centralized management of funds

1. Funds collected by the Company to the Group

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

Item	30 June 2024		31 December 2023	
	Balance of carrying amount	Bad debt provision	Balance of carrying amount	Bad debt provision
Cash and bank balances	29,521,217.31		29,297,006.56	
Total	29,521,217.31		29,297,006.56	
Including: Restricted funds due to centralized management				

NOTES TO 2024 INTERIM FINANCIAL STATEMENTS

(Amounts expressed in RMB unless otherwise specified)

XI. COMMITMENTS AND CONTINGENCIES

1. Contracted but not yet recognized in the financial statements:

Item	30 June 2024	31 December 2023
Commitments on acquisition and construction of fixed assets	6,388,674.00	5,937,094.00
Total	6,388,674.00	5,937,094.00

XII. EVENTS AFTER THE BALANCE SHEET DATE

As of 30 June 2024, there were no events after the balance sheet date subject to disclosure.

XIII. CAPITAL MANAGEMENT

The primary objectives of the Company's capital management are:

- to ensure the Company's abilities of going concern, therefore, the Company can provide continued returns to shareholders and other stakeholders.
- pricing the products and services according to the risk level, so as to provide sufficient returns to shareholders.

NOTES TO 2024 INTERIM FINANCIAL STATEMENTS

(Amounts expressed in RMB unless otherwise specified)

XIII. CAPITAL MANAGEMENT (continued)

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

The Group uses a gearing ratio to manage its capital. The gearing ratio refers to the percentage of net debt versus the amount of adjusted capital plus net debt. Net debt includes net amount of bills payable, accounts payable and other payables minus cash and bank balances. Capital refers to equity attributable to shareholders of the parent. The Group's gearing ratio at each balance sheet date was as follows:

	30 June 2024	31 December 2023
Total liabilities	3,098,791,074.79	3,182,554,086.83
Less: Cash and cash equivalents	1,303,734,430.05	1,457,596,638.25
Advance received	396,330.26	1,705,165.82
Contract liabilities	236,395,185.87	289,791,440.82
Employee benefits payable	16,593,793.79	15,698,470.14
Taxes payable	10,770,288.48	70,166,433.29
Non-current liabilities due within one year	51,553,970.13	34,893,202.21
Deferred income tax liabilities	14,547,263.12	
Adjusted net debt	1,464,799,813.09	1,312,702,736.30
Owners' equity	6,018,708,633.79	5,876,345,242.48
Adjusted capital	6,018,708,633.79	5,876,345,242.48
Gearing ratio	24.34%	22.34%

NOTES TO 2024 INTERIM FINANCIAL STATEMENTS

(Amounts expressed in RMB unless otherwise specified)

XIV. OTHER IMPORTANT MATTERS

There were no other important matters during the reporting period.

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

(I) Accounts receivable

1. Accounts receivable shown by ageing of the dates of revenue recognition

Ageing	30 June 2024	31 December 2023
Within 1 year	1,873,651,653.00	1,684,334,539.83
1–2 years	421,650,831.12	350,629,160.98
2–3 years	109,459,721.64	24,622,791.48
3–4 years	5,437,256.10	30,029,902.51
4–5 years	14,339,377.51	5,509,976.34
Over 5 years	55,539,187.62	54,105,884.28
Sub-total	2,480,078,026.99	2,149,232,255.42
Less: Bad debt provision	90,032,469.81	84,498,730.36
Total	2,390,045,557.18	2,064,733,525.06

NOTES TO 2024 INTERIM FINANCIAL STATEMENTS

(Amounts expressed in RMB unless otherwise specified)

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

(I) Accounts receivable (continued)

2. Classification of accounts receivable by basis of bad debt provisions made

Category	30 June 2024					31 December 2023				
	Balance of carrying amount		Bad debt provision		Book value	Balance of carrying amount		Bad debt provision		Book value
	Amount	Proportion (%)	Amount	Proportion of provision (%)		Amount	Proportion (%)	Amount	Proportion of provision (%)	
Accounts receivable with provision for the bad debt based on an individual basis	28,640,000.00	1.15	28,640,000.00	100.00		28,640,000.00	1.33	28,640,000.00	100.00	
Accounts receivable with provision for bad debts based on credit risk characteristic portfolio	2,451,438,026.99	98.85	61,392,469.81	2.50	2,390,045,557.18	2,120,592,255.42	98.67	55,858,730.36	2.63	2,064,733,525.06
Including:										
Related parties within the scope of consolidation	17,074,190.51	0.69			17,074,190.51	9,844,909.11	0.46			9,844,909.11
The portfolio of related parties	491,535,894.50	19.82	491,535.90	0.10	491,044,358.60	484,862,198.74	22.56	510,560.24	0.11	484,351,638.50
The portfolio of ageing	1,942,827,941.98	78.34	60,900,933.91	3.13	1,881,927,008.07	1,625,885,147.57	75.65	55,348,170.12	3.40	1,570,536,977.45
Total	2,480,078,026.99	100.00	90,032,469.81		2,390,045,557.18	2,149,232,255.42	100.00	84,498,730.36		2,064,733,525.06

Significant accounts receivable with provision made on an individual basis:

Item	30 June 2024				31 December 2023	
	Balance of carrying amount	Bad debt provision	Proportion of provision (%)	Basis for provision	Balance of carrying amount	Bad debt provision
Entity 1	28,640,000.00	28,640,000.00	100.00	Relatively high credit risk	28,640,000.00	28,640,000.00
Total	28,640,000.00	28,640,000.00			28,640,000.00	28,640,000.00

NOTES TO 2024 INTERIM FINANCIAL STATEMENTS

(Amounts expressed in RMB unless otherwise specified)

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

(I) Accounts receivable (continued)

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

Provision for bad debts based on credit risk characteristic portfolio:

Items provided for based on portfolio:

	30 June 2024		
Item	Accounts receivable	Bad debt provision	Proportion of provision (%)
Related parties within the scope of consolidation	17,074,190.51		
The portfolio of related parties	491,535,894.50	491,535.90	0.10
The portfolio of ageing	1,942,827,941.98	60,900,933.91	3.13
Total	2,451,438,026.99	61,392,469.81	

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

Category	31 December 2023	Provision accrued	Movement during the period		Other movements	30 June 2024
			Recovered or reversed	Charged off or written off		
Accounts receivable with provision for the bad debt based on an individual basis	28,640,000.00					28,640,000.00
Accounts receivable with the provision for bad debt based on a portfolio basis	55,858,730.36	13,199,597.59	7,665,858.14			61,392,469.81
Total	84,498,730.36	13,199,597.59	7,665,858.14			90,032,469.81

NOTES TO 2024 INTERIM FINANCIAL STATEMENTS

(Amounts expressed in RMB unless otherwise specified)

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

(II) Other receivables

Item	30 June 2024	31 December 2023
Interest receivable		
Dividend receivable	7,644,000.00	
Other receivables	195,686,201.81	248,594,349.18
Total	203,330,201.81	248,594,349.18

1. Dividend receivable

(1) Breakdown of dividend receivable

Item (or the investee)	30 June 2024	31 December 2023
Zhuzhou CRRC Times Electric Co., Ltd.	7,644,000.00	
Sub-total	7,644,000.00	
Less: Bad debt provision		
Total	7,644,000.00	

2. Other receivables

(1) Other receivables shown by ageing of the transaction dates

Ageing	30 June 2024	31 December 2023
Within 1 year	187,344,959.52	242,076,929.06
1–2 years	43,689,482.49	42,217,134.89
2–3 years	2,969,301.16	2,762,964.40
3–4 years	645,475.00	624,675.00
4–5 years	666,900.00	671,500.00
Over 5 years	824,148.85	824,148.85
Sub-total	236,140,267.02	289,177,352.20
Less: Bad debt provision	40,454,065.21	40,583,003.02
Total	195,686,201.81	248,594,349.18

NOTES TO 2024 INTERIM FINANCIAL STATEMENTS

(Amounts expressed in RMB unless otherwise specified)

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

(II) Other receivables (Continued)

2. Other receivables (Continued)

(2) Classification of other receivables by basis of bad debt provision method

Category	30 June 2024					31 December 2023				
	Balance of carrying amount		Bad debt provision		Book value	Balance of carrying amount		Bad debt provision		Book value
	Amount	Proportion (%)	Amount	Proportion of provision (%)		Amount	Proportion (%)	Amount	Proportion of provision (%)	
Other receivables with provision for the bad debt based on an individual basis	38,273,264.57	16.21	38,273,264.57	100.00		38,273,264.57	13.24	38,273,264.57	100.00	
Other receivables with provision for bad debts based on credit risk characteristic portfolio	197,867,002.45	83.79	2,180,800.64	1.10	195,686,201.81	250,904,087.63	86.76	2,309,738.45	5.69	248,594,349.18
Including:										
Related parties within the scope of consolidation	171,137,849.95	72.47			171,137,849.95	178,421,665.23	61.70			178,421,665.23
Other related parties	1,121,000.00	0.47	151,550.00	13.52	969,450.00	1,321,000.00	0.46	51,605.00	3.91	1,269,395.00
Other external entities	25,608,152.50	10.84	2,029,250.64	7.92	23,578,901.86	71,161,422.40	24.61	2,258,133.45	3.17	68,903,288.95
Total	236,140,267.02	100.00	40,454,065.21		195,686,201.81	289,177,352.20	100.00	40,583,003.02		248,594,349.18

Significant other receivables for which bad debt provision is made on an individual basis:

Item	30 June 2024				31 December 2023	
	Balance of carrying amount	Bad debt provision	Proportion of provision (%)	Basis for provision	Balance of carrying amount	Bad debt provision
Entity 1	38,273,264.57	38,273,264.57	100.00	Expected high risk in recovery	38,273,264.57	38,273,264.57
Total	38,273,264.57	38,273,264.57			38,273,264.57	38,273,264.57

NOTES TO 2024 INTERIM FINANCIAL STATEMENTS

(Amounts expressed in RMB unless otherwise specified)

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

(II) Other receivables (Continued)

2. Other receivables (Continued)

(2) Classification of other receivables by basis of bad debt provision method (Continued)

Provision for bad debts based on credit risk characteristic portfolio:

Items provided for based on portfolio:

Item	Other receivables	30 June 2024	
		Bad debt provision	Proportion of provision (%)
Related parties within the scope of consolidation	171,137,849.95		
Other related parties	1,121,000.00	151,550.00	13.52
Other external entities	25,608,152.50	2,029,250.64	7.92
Total	197,867,002.45	2,180,800.64	

NOTES TO 2024 INTERIM FINANCIAL STATEMENTS

(Amounts expressed in RMB unless otherwise specified)

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

(II) Other receivables (Continued)

2. Other receivables (Continued)

(3) Provision for bad debts

Bad debt provision	First stage Expected credit loss in the next 12 months	Second stage Expected credit loss over the duration (no credit impairment occurred)	Third stage Expected credit loss over the duration (credit impairment occurred)	Total
Closing balance for the previous year	2,309,738.45		38,273,264.57	40,583,003.02
Closing balance for the previous year in the current period	2,309,738.45		38,273,264.57	40,583,003.02
– transfer to the second stage				
– transfer to the third stage				
– transfer back to the second stage				
– transfer back to the first stage				
Accrued in current period	356,054.79			356,054.79
Reversal in current period	484,992.60			484,992.60
Charged off in current period				
Written off in current period				
Other movements				
Closing balance	2,180,800.64		38,273,264.57	40,454,065.21

NOTES TO 2024 INTERIM FINANCIAL STATEMENTS

(Amounts expressed in RMB unless otherwise specified)

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

(II) Other receivables (Continued)

2. Other receivables (Continued)

(3) Provision for bad debts (Continued)

Changes in the balance of carrying amount of other receivables are as follows:

Bad debt provision	First stage Expected credit loss in the next 12 months	Second stage Expected credit loss over the duration (no credit impairment occurred)	Third stage Expected credit loss over the duration (credit impairment occurred)	Total
Closing balance for the previous year	250,904,087.63		38,273,264.57	289,177,352.20
Closing balance for the previous year in the current period	250,904,087.63		38,273,264.57	289,177,352.20
– transfer to the second stage				
– transfer to the third stage				
– transfer back to the second stage				
– transfer back to the first stage				
Increase during the period	187,344,959.52			187,344,959.52
Derecognition during the period	240,382,044.70			240,382,044.70
Other movements				
Closing balance	197,867,002.45		38,273,264.57	236,140,267.02

NOTES TO 2024 INTERIM FINANCIAL STATEMENTS

(Amounts expressed in RMB unless otherwise specified)

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

(II) Other receivables (Continued)

2. Other receivables (Continued)

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

Category	31 December 2023	Provision accrued	Movement during the period		Other movements	30 June 2024
			Recovered or reversed	Charged off or written off		
Other receivables with provision for the bad debt based on an individual basis	38,273,264.57					38,273,264.57
Other receivables with the provision for bad debt based on a portfolio basis	2,309,738.45	356,054.79	484,992.60			2,180,800.64
Total	40,583,003.02	356,054.79	484,992.60			40,454,065.21

(III) Long-term equity investments

Item	30 June 2024			31 December 2023		
	Balance of carrying amount	Provision for impairment	Book value	Balance of carrying amount	Provision for impairment	Book value
Investment in subsidiaries	417,576,012.32		417,576,012.32	396,876,012.32		396,876,012.32
Investment in associates and joint ventures						
Total	417,576,012.32		417,576,012.32	396,876,012.32		396,876,012.32

NOTES TO 2024 INTERIM FINANCIAL STATEMENTS

(Amounts expressed in RMB unless otherwise specified)

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

(III) Long-term equity investments (Continued)

1. Investment in subsidiaries

Investee	31 December 2023	Closing balance of impairment provision for the previous year	Additional investment	Increase/decrease during the period Decrease in investment	Impairment provided in the period	Others	30 June 2024	Closing balance of impairment provision for the period
Beijing Kunweitong Railway Mechanization Engineering Co., Ltd.	60,000,000.00						60,000,000.00	
Beijing Ruiweitong Engineering Machinery Co., Ltd.	321,876,012.32						321,876,012.32	
CRCC Yukun Limited Zhengzhou CRCC Equipment Technology Co., Ltd.	15,000,000.00		20,700,000.00				35,700,000.00	
Total	396,876,012.32		20,700,000.00				417,576,012.32	

(IV) Operating revenue and operating cost

1. Breakdown of operating revenue and operating cost

Item	January to June 2024		January to June 2023	
	Revenue	Costs	Revenue	Costs
Principal business	1,672,506,883.07	1,384,892,039.03	1,578,117,410.31	1,320,173,128.42
Other business	12,630,699.58	12,195,787.00	5,650,150.25	3,319,806.49
Total	1,685,137,582.65	1,397,087,826.03	1,583,767,560.56	1,323,492,934.91

NOTES TO 2024 INTERIM FINANCIAL STATEMENTS

(Amounts expressed in RMB unless otherwise specified)

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

(V) Investment income

Item	January to June 2024	January to June 2023
Income from long-term equity investments accounted for using the cost method	1,768,117.85	4,440,248.33
Dividend income from other equity instrument investments during the holding period	7,644,000.00	5,390,000.00
Others		-394,291.85
Total	9,412,117.85	9,435,956.48

BASIC CORPORATE INFORMATION

Name in Chinese	中國鐵建高新裝備股份有限公司
Name in English	CRCC HIGH-TECH EQUIPMENT CORPORATION LIMITED
Authorized representatives	Chen Yongxiang (陳永祥) Law Chun Biu (羅振彪)
Joint company secretaries	Li Wanqing (李萬清) Law Chun Biu (羅振彪)
Registered office	No. 384, Yangfangwang Jinma Town, Kunming Yunnan Province, the PRC
Telephone	+86 871 63831988
Fax	+86 871 63831000
Website	http://www.crcce.com.cn
Principal place of business in Hong Kong	23/F, Railway Plaza 39 Chatham Road South Tsim Sha Tsui Kowloon Hong Kong
Listing information	H share The Stock Exchange of Hong Kong Limited Stock Code: 1786 Stock Abbreviation: CRCCE
H share registrar	Computershare Hong Kong Investor Services Limited Shops 1712-1716, 17th Floor Hopewell Centre 183 Queen's Road East Wanchai Hong Kong

BASIC CORPORATE INFORMATION

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Xicheng District, Beijing
PRC

Auditor

BDO China SHU LUN PAN Certified Public Accountants LLP
4th Floor
No. 61, Nanjing East Road
Huangpu District, Shanghai

DEFINITIONS

"Articles of Association"	the Company's articles of association
"BDO"	BDO China SHU LUN PAN Certified Public Accountants LLP
"Board" or "Board of Directors"	the board of Directors of the Company
"CG Code"	the Corporate Governance Code set out in Appendix C1 of the Listing Rules
"Company"	CRCC High-Tech Equipment Corporation Limited (中國鐵建高新裝備股份有限公司), a joint stock company incorporated in the PRC with limited liability
"Company Law"	Company Law of the People's Republic of China, as amended and adopted by the Standing Committee of the Tenth National People's Congress on 27 October 2005 and effective on 1 January 2006, as amended, supplemented or otherwise modified from time to time, subsequently amended on 28 December 2013 and effective on 1 March 2014, subsequently amended and effective on 26 October 2018, and subsequently amended on 29 December 2023 and effective on 1 July 2024
"CRCC"	China Railway Construction Corporation Limited (中國鐵建股份有限公司), the controlling shareholder of the Company
"CRCCG"	China Railway Construction Group Corporation (中國鐵道建築集團有限公司), the indirect controlling shareholder of the Company
"Director(s)"	the directors of the Company
"Group"	the Company and its subsidiaries
"H Share(s)"	overseas listed foreign share(s) in the share capital of the Company with a nominal value of RMB1.00 each, which are subscribed for and traded in HK dollars and are listed on the Hong Kong Stock Exchange
"Hong Kong Stock Exchange" or "Stock Exchange"	The Stock Exchange of Hong Kong Limited
"Listing Rules"	the Rules Governing the Listing of Securities on the Hong Kong Stock Exchange
"Model Code"	the Model Code for Securities Transactions by Directors of Listed Issuers set out in Appendix C3 of the Listing Rules

DEFINITIONS

"PRC"	the People's Republic of China
"Ruiweitong Company"	Beijing Ruiweitong Engineering Machinery Co., Ltd. (北京瑞維通工程機械有限公司), a wholly-owned subsidiary of the Company
"Shareholder(s)"	holder(s) of shares of the Company
"Supervisor(s)"	the supervisor(s) of the Company
"Supervisory Committee"	the supervisory committee of the Company

By Order of the Board
CRCC High-Tech Equipment Corporation Limited
Tong Pujiang
Chairman

Kunming, the People's Republic of China, 23 August 2024

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