CRRC

中国中车股份有限公司
CRRC CORPORATION LIMITED

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

Stock Code: 1766

2026
Interim Report

IMPORTANT

I. The board of directors (the "Board") of the Company and its director(s) (the "Director(s)") and senior management (the "Senior Management") warrant that there are no false representations, misleading statements or material omissions in this interim report, and they will assume joint and several legal liabilities for the truthfulness, accuracy and completeness of the contents disclosed herein.

II. This interim report has been considered and approved at the eleventh meeting of the fourth session of the Board of the Company and all Directors of the Company attended the board meeting.

III. The interim report is unaudited.

IV. Sun Yongcai, the Chairman of the Company, Qu Xiaoli, the responsible person for the Company's accounting work, and Shi Jianfeng, the head of the Accounting Department (person in charge of accounting affairs) warrant the truthfulness, accuracy and completeness of the financial statements in this interim report.

V. Proposal on profit distribution or transfer of capital reserve fund during the reporting period considered and approved by the Board

Pursuant to the authorization granted at the Company's 2025 Annual General Meeting, on 19 August 2026, the Company held the eleventh meeting of the fourth session of the Board and considered and approved the "Resolution in Relation to the 2026 Interim Profit Distribution Proposal of CRRC Corporation Limited", and proposes to distribute cash dividends to all shareholders based on the total share capital registered on the registration date for dividend distribution (the specific date will be clarified in the announcement on the implementation of dividend distribution). As of 30 June 2026, the total share capital of the Company was 28,698,864,088 shares, based on which and calculating at a cash dividend of RMB0.11 (tax inclusive) per share, the Company proposes to distribute cash dividend of RMB3.157 billion (tax inclusive) in aggregate. In the case where from the date of disclosure of announcement on profit distribution plan to the registration date for dividend distribution, there are changes in the total share capital of the Company due to the conversion of convertible bonds, repurchase of shares, cancellation of repurchased shares granted under equity incentive schemes, cancellation of repurchased shares due to material asset restructuring, etc., the Company proposes to remain the total distribution amount unchanged, and to adjust the distribution proportion per share accordingly. If the total share capital of the Company changes subsequently, specific adjustments will be announced separately.

VI. Disclaimer for forward-looking statements

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

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

VII. There was no appropriation of funds by the controlling shareholder and its associates for non-operating purposes.

VIII. There was no provision of guarantee by the Company in favour of any external party in violation of the prescribed decision-making procedures.

IX. There are no circumstances where more than half of the Directors of the Company are unable to guarantee the truthfulness, accuracy and completeness of the interim report disclosed by the Company.

X. Major risk reminder

The major risk factors faced by the Company include strategic risks, market risks, product quality risks, exchange rate risks and overseas operating risks, which have been described in detail in this report. Please refer to the description of "Potential Risks" in "Report of Directors".

XI. The 2026 interim results of the Company have been prepared in accordance with the Accounting Standards for Business Enterprises issued by the Ministry of Finance of the PRC and the relevant rules.

XII. Unless specified otherwise, the recording currency used in this report is Renminbi.

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COMPANY INFORMATION

1.

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

2.

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

3.

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

4.

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

5.

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

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

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

8. Joint company secretaries: Wang Jian, Xiao Shaoping

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

RESULTS HIGHLIGHTS

Revenue
(RMB'000)

Reporting period (January to June)
131,682,442

Same period last year
119,758,127

9.96%

Total profit
(RMB'000)

Reporting period (January to June)
11,466,411

Same period last year
10,695,092

7.21%

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

Reporting period (January to June)
7,990,535

Same period last year
7,245,652

10.28%

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

Reporting period (January to June)
7,408,122

Same period last year
6,661,007

11.22%

Net cash flow from operating activities
(RMB'000)

Reporting period (January to June)
-16,139,470

Same period last year
-8,997,544

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

End of the reporting period
176,477,086

End of last year
172,120,649

2.53%

Total assets
(RMB'000)

End of the reporting period
545,680,549

End of last year
550,774,434

-0.92%

Basic earnings per share
(RMB/share)

Reporting period (January to June)
0.28

Same period last year
0.25

12.00%

Diluted earnings per share
(RMB/share)

Reporting period (January to June)
0.28

Same period last year
0.25

12.00%

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

Reporting period (January to June)
0.26

Same period last year
0.23

13.04%

Weighted average return on net assets (%)

Reporting period (January to June)
4.54

Same period last year
4.20

Increase of 0.34 ppt

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

Reporting period (January to June)
4.21

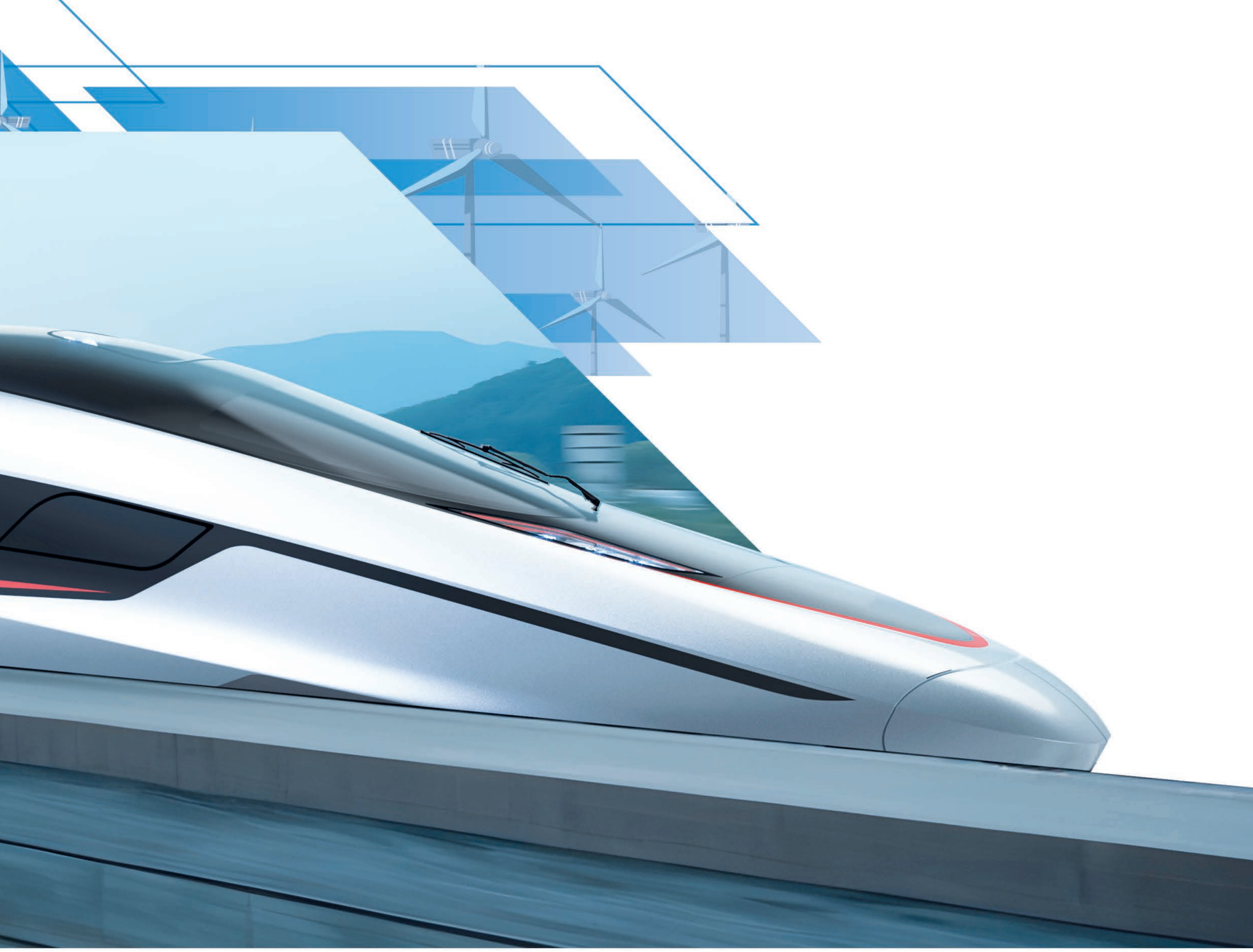
Same period last year
3.87

Increase of 0.34 ppt

A. BUSINESS OVERVIEW

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

The rail transit equipment industry, in which the Company operates, has maintained an overall trend of stable growth and is undergoing an accelerated transition characterized by the deep integration of high-quality development with green and intelligent technologies. The global economy was experiencing a moderate recovery. In conjunction with the ongoing advancement of the "Dual Carbon" goals, the green energy revolution has continued to evolve, propelling the industry towards a new phase of intelligent and efficient low-carbon and zero-carbon development. Market demand has remained robust and positive, while the competitive landscape has continued to expand towards full-industry-chain system solutions, lifecycle services, and new energy equipment businesses. Internationally, although international market demand remained generally stable, the barriers to localized support, mutual recognition of standards and ESG compliance continued to rise. The basis of competition has completely shifted from a sole focus on cost-effectiveness to comprehensive competition across the "technology + standards + services" full-industry-chain ecosystem. Domestically, the resilience of the macroeconomy continued to strengthen, the tasks for the opening phase of the 15th Five-Year Plan were advancing steadily, and the effects of the strategy to expand domestic demand were further unleashed. State Railway Group has thoroughly implemented its initiative for high-quality railway development. In the first half of 2026, the national railways carried a total of 2.348 billion passengers trips (a year-on-year increase of 5.0%), and transported 2.015 billion tons of freight (a year-on-year increase of 1.8%). A number of key indicators reached record highs, effectively supporting the recovery of cultural and tourism consumption and the circulation of the real economy. Railway investment remained at a high level, with priority given to urban (suburban) railways, inter-city railway, and the "integration of four networks". Demand for equipment upgrades and intelligent transformation on existing lines was released on a concentrated basis. The urban rail transit industry has entered a phase where equal emphasis is placed on both "existing business operation and structural optimization", placing higher demands on safety and resilience, full-lifecycle cost control, and green and intelligence development. In addition, the construction of new-type power systems continued to improve market conditions in the new energy equipment industry, unlocking new opportunities for the Company's diversified business expansion. In the face of industry transformation and market opportunities, CRRC has anchored itself to the strategic positioning of "One Core, Two Providers, First Class" and continued to build a modernized industrial system encompassing rail transportation equipment, new energy equipment, and new energy vehicle components. Focusing on the cultivation of new quality productive forces, the Company was promoting the deep integration of digital and intelligent technologies with its equipment business, thereby strengthening cross-business synergy and accelerating its transformation from an equipment supplier to a "manufacturing + service" and full lifecycle system solutions provider. By enhancing its value creation capabilities, the Company was fully committed to contributing "CRRC Power" to building China into a country with strong manufacturing capabilities, transportation network and energy system.



(I) Main business

1. Railway equipment business

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

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

2. Urban rail transit vehicles and urban infrastructure business

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

Facing the global market, the Company seized new opportunities for the development of metropolitan areas and urban agglomerations, expedited innovations in urban rail transportation equipment technology and products to increase its core competitiveness. The Company created a systematic, modular, standardized and green product platform and technology platform, constantly consolidated and expanded domestic and international markets with high-quality products and services. The Company gave full play to its professional advantage, overall advantages, technological advantage, human resources advantage, capital advantage, supply chain control and management advantage and cost advantage, developed the forward and backward market expansion of our urban transportation business and continued to expand into the service area, general contracting of electromechanical area, and operation and maintenance area. The Company promoted the high-quality development of "Product+" and "System+" businesses supported by digitization, intelligentization and greenization, created a cost-effective urban rail transit system with low to medium capacity, and enhanced the ability to provide full-cycle system solutions.

3. New industry business

The new industry business mainly includes: (1) mechanical and electrical business; (2) new energy equipment business; and (3) digital intelligence industry business.

In the mechanical and electrical business, the Company strived to improve technology platform and the construction of industrial chain and promote upgrade in core business technologies of rail transportation equipment with the focus on mastering core technologies, breaking through key technologies and increasing core competitiveness, and expedited the specialized and scale development of key systems and important spare parts in the industrial, transportation and energy fields. As the Company's core operation, the new energy equipment business adheres to the principles of "relevant diversification, high-end positioning, comprehensive advancement, and entire-chain leadership". By strengthening resource allocation and leveraging core technological advantages, it is building an industrial cluster for new energy equipment. This sector has formed an emerging business landscape with two key growth poles, namely wind power equipment and new materials, and several important growth points, including photovoltaics, energy storage, hydrogen energy, environmental protection, industrial digitalization, automotive electric drive systems and components, marine electric propulsion, and offshore engineering equipment. Having achieved steady development, the new energy equipment business has become a vital component of the Company's business portfolio. Meanwhile, the digital intelligence industry focuses on empowering the digital and intelligent transformation of railway equipment, urban rail transit, urban infrastructure, and new energy equipment businesses. Following the implementation path of "integration of five priorities", namely high-end orientation, automation, leanness, eco-friendliness, and digitalization, it develops businesses across multiple areas: smart manufacturing system integration; robotics and intelligent equipment; semiconductors and electronic components; industrial software and industrial AI; information technology and services; and internet production service platforms. This sector has emerged as a key future growth area that the Company is strategically cultivating.

4. Modern service business

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

By adhering to "integration of industry and financing, promoting industry with financing", the Company focused on its principal responsibilities and major businesses, continuously proceeded the optimization and integration of its financial business, strengthened risk control, standardized the construction of financial service platforms and investment and financing platforms, and accelerated the integrated development of the manufacturing industry and the service industry. The Company made continuous efforts in the industry and financing platform, utilizing industrial funds and domestic and overseas capital management platforms in a comprehensive manner to provide systematic financial solutions for industrial expansion and structural optimization, and to keep enhancing the role of its major businesses in the development as the physical business. The Company developed its industrial and intelligent logistics business by promoting the extensive application of industrial intelligent logistics to enterprises in CRRC's industrial chain and establishing a benchmark for logistics in the discrete manufacturing industry. The Company continuously promoted the optimization and development of the "CRRC Procurement (中車購)" 2.0 platform and the e-commerce platform business of CRRC. The brand awareness of the green circular economy of the trading platform "Enterprises-friendly Purchase (宜企拍)" has been significantly heightened.

5. International business

The Company has insisted on being market-oriented and business-oriented, actively expanded into countries and regions participating in the "Belt and Road" initiative, promoted the five-pronged approach of "leveraging the strong to support the weak, the large to support the small, manufacturing to drive maintenance services, integrated systems to drive component business, and rail transit to drive strategic emerging industries", strengthened business synergy between leading subsidiaries and supporting subsidiaries, and maximized value creation for CRRC. Focusing on digitalization, intelligentization and greenization, CRRC developed its distinctive DLS (Digital and Intelligent Life Cycle Solution) model, an integrated full-life cycle system solution covering the entire process from investment and financing to construction, operation, and maintenance, with general contracting of electromechanical system at its core. CRRC actively implemented the "five-locals model" of "local manufacturing, local procurement, local workforce, local maintenance and local marketing", and fulfilled its "Four Roles" as a cultural ambassador, talent incubator, industry catalyst and a good community partner, thereby continuously enhancing its brand's global influence.

(II) Major products

Product structure	Main product functions
MUs	Mainly include various electric multiple units and diesel multiple units at the speed of 200 km/hour and below, 200-250 km/hour, 300-350 km/hour and above, which are mainly used to provide main line railway and inter-city railway passenger transport services. On the basis of "import, digestion, absorption and re-innovation", the MU products represented by "Fuxing" EMUs have independent intellectual property rights.
Locomotives	Mainly include various DC driving and AC driving electric locomotives, diesel locomotives and new energy locomotives with the largest traction power of 28,800 KW and the highest speed of 200 km/hour, which are mainly used to provide passenger and goods transport services and vehicle marshalling and grouping services in main line railway. The Company's locomotive products have independent intellectual property rights.
Passenger carriages	Mainly include seater cars, sleeping cars, dining cars, luggage vans, generator cars, special vehicles, plateau cars and double-deck railway passenger carriages at the speed of 120-160 km/hour, which are mainly used to provide passenger transport services in main line railway. The Company's passenger carriages have independent intellectual property rights.
Freight wagons	Mainly include various railway gondola trucks, box wagon, flatcar, tank truck, hopper car and other special goods transport trucks, which are mainly used to transport goods for main line railway and industrial and mining enterprises. The Company's freight wagons have independent intellectual property rights.

Product structure	Main product functions
Track machinery	Mainly includes operation and service equipment for tasks such as ballast cleaning and tamping, rail flaw detection and grinding, turnout replacement, overhead line laying and maintenance, tunnel cleaning and inspection, bridge inspection, and lifting and rescue operations within the scope of railway subgrades, overhead catenary systems, tunnels, bridges, and lifting and rescue. The Company owns independent intellectual property rights in respect of the above track machinery products.
Urban rail transit vehicles	Mainly include subway vehicles, light-rail vehicles, urban (suburb) vehicles, straddle-type monorail vehicles, suspended monorail vehicles, maglev trains, tramcars, automated guideway rubber-tyred vehicles, electronically guided rubber-tyred vehicles, etc., which are mainly used to provide commuter and passenger transport services between cities and suburbs. The Company's urban rail transit vehicles have independent intellectual property rights.
Electrical and mechanical equipment	Mainly include traction electric driving and network control system, diesel engine, braking system, cooling and heat transfer system, train operation and control system, passenger information system, power supply system, gear assembly, etc., which are mainly used to complement with MUs, locomotives, urban rail transit vehicles, track engineering machinery products in main line railway and inter-city railway, and part of them are provided to third party customers as spare parts. All of the aforesaid products of the Company have independent intellectual property rights.
Emerging industries	Mainly include wind power equipment and parts (wind turbines, blades, gearboxes, towers, converters, wind power elastic supports, wind power super capacitors, etc.), new materials (vibration and noise reduction materials, light quantitative materials, aramid, etc.), and multi-industry complete machines, components, and parts products such as electric drive systems and components, photovoltaic power, energy storage, hydrogen energy, environmental protection, information technology and services, heavy machinery, marine and offshore engineering equipment, intelligent manufacturing system integration, industrial robots and intelligent equipment. All of the aforesaid products of the Company have independent intellectual property rights.

(III) Operation model

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

1. **Production model:** As the value of the product of rolling stock and new energy equipment per unit is comparatively high, its production model is to "limit production to sales", meaning that the arrangement of production is based on purchase order contracts obtained from customers. Not only does this model avoid excess inventory of finished products, but it also satisfies the needs of customers by arranging for production according to the particular order.

2. **Purchasing model:** A combination of centralized procurement and decentralized procurement is commonly used. For centralized procurement, it mainly adopts the "unified management, two-level concentration" management model in which purchase demands for bulk materials and key components are submitted by the Company to form a centralized procurement plan for conduction of management of centralized supplier, purchase price, procurement bidding as well as centralized ordering and centralized settlement by the Company. For other materials, the subsidiaries formulate procurement plans based on production requirements and select appropriate suppliers and enter into supply contracts through centralized tendering and other procurement procedures to achieve centralized procurement. Whether it will be done by the Company or its subsidiaries, a centralized procurement shall be completed on the "CRRC Procurement" e-commerce procurement platform to realize open, transparent and traceable management of CRRC's procurement business to ensure timely supply of raw materials for production and reduce procurement costs.

3. **Sales model:** The Company takes advantage of industry technologies to build and improve technology platforms and product platforms for a variety of rail transit equipment and new energy equipment in response to user needs, and, for the purpose of providing safe, reliable and affordable products and services, actively participates in open tender or negotiated tender of users inside and outside China, signs supply contracts through bidding and rigorous business negotiations to form orders to guarantee quality and quantity and production on schedule and finally achieve sales.

4. **Distribution of the industrial chain:** The Company has a number of rolling stock equipment and new energy equipment manufacturing bases and research bases at an internationally advanced level. The Company has formed a complete nationwide industrial chain and production system with the main machinery companies of high-speed MUs, locomotives, urban rail transit vehicles, passenger carriages and freight wagons, and complete machine companies of new energy equipment as its core and supporting companies as its backbone.

5. **Distribution of the value chain:** The product value of the Company mainly lies in the value chain distribution system of the comprehensive rolling stock equipment and new energy equipment with the production of high-speed MUs, high-power locomotives, urban rail transit vehicles, passenger carriages and freight wagons as well as the manufacturing and repairing of related supporting products and manufacturing of new energy equipment and related supporting products as core value and supplemented with financial products, financial-related products and financial leasing products.

6. **Scientific and technological innovation model:** The Company adheres to the innovation roadmap of "exploring for a generation, pre-researching for a generation, researching and manufacturing for a generation and equipping for a generation", set the strategic positioning of "One Core, Two Providers, First Class", created a landscape of industrial development of "Two Tracks and Two Clusters" for the rail transit equipment and new energy equipment, and has a two-level research and development management model of "centralizing research and development of technology, jointly developing products and building and sharing capability" in place, gradually building a technological innovation system with "development, synergy, integration, global distribution and autonomy and control", and forming an innovation landscape of "two verticals, two horizontals and one connect".

(IV) Industry position

As the world's leading and diverse manufacturer of high-end equipment and system solutions provider with advanced technology, CRRC has consecutively ranked first in the world in terms of sales volume of rolling stock equipment for years. It is also a key enterprise in China's new energy equipment sector. CRRC has actively implemented the national strategy of building China into a country with strong manufacturing capabilities, transportation network and energy system, and fully, accurately and comprehensively implemented the new development concept based on the new development stages. We served and integrated into the construction of a new development layout, actively adapted to the environment and changes, seized market opportunities to accelerate the structural adjustment, transformation and upgrading. We made great efforts to achieve new breakthroughs in business layout, market expansion, scientific and technological innovation, reform and innovation, management improvement, integration of industry and finance and the Party building "golden name card". The position in the industry has been further consolidated.

II. Analysis of the core competitiveness during the reporting period

(I) Continued leading market position

Since its establishment, CRRC has consistently focused on its principal responsibilities and major businesses, strengthened strategic leadership, capitalised on development opportunities and actively responded to challenges. It has developed into the world's leading and diverse manufacturer of high-end equipment and system solutions provider with advanced technology, as well as a key enterprise in new energy equipment and has received significant attention and recognition from the Party and state leadership. The series of rolling stock equipment represented by Chinese standard high-speed MUs of "China Fuxing" EMUs became the "golden name card" of China's high-end equipment going global. In the first half of 2026, the Company accelerated the construction of a world-class enterprise, focusing on the layout optimization and structural adjustment. The Company further consolidated its position in the rail transit equipment industry and maintained its stable position in the new energy equipment industry, whilst all of its business operations continued to develop steadily; the ability of providing system solutions and the level of integration of industry and financing, informatization and industrialization, etc., has been further enhanced. The Company continued to take a lead in the global rail transit equipment manufacturing industry. The revenue of rail transit equipment business remain the highest in the world, and industrial chains for wind power equipment, energy storage equipment and polymer composite materials remained at the forefront of the industry in China.

(II) Innovation-driven technological capabilities

CRRC insisted on self-reliance and strength in science and technology, vigorously implemented the innovation-driven development strategy, deepened the reform of the science and technology system, accelerated the construction of hubs for original technology innovation and its role as a leader of modern industrial chains, continuously enhanced its independent innovation capabilities, expedited the cultivation and development of new quality productive forces, and seized the initiative for future development. In the first half of 2026, the Company accelerated the deployment of fundamental research, promoted the deep integration of technological and industrial innovation and formulated high-quality documents such as the "15th Five-Year" Science and Technology Development Plan, guidelines for major special projects and other related documents. The Company optimized the coordination and implementation model for major special projects, clarified requirements regarding process control, innovation integration and quantitative evaluation for major projects, advanced on a rolling basis the acceptance of Phase I and the deployment of Phase II of the high-quality development initiative, while accelerating the construction of Phase II of the sources of original technologies and other related initiatives. We comprehensively assessed the requirements for end-to-end management of scientific research projects and advanced the intelligent upgrade of the science and technology management platform. The Company published the 2025 CRRC Catalogue of Major Scientific and Technological Innovation Achievements for Transformation, Application, and Promotion, featuring 138 selected innovative achievements across six fields, including rail transit equipment and new energy equipment. In the 26th China Patent Awards, we won one Gold Award, two Silver Awards and three Excellence Awards. We continued to advance the research and development of major equipment such as the CR450 MUs, the 600 km/h maglev train, serialized urban rail transit vehicles and urban vehicles, and equipment for the Sichuan-Tibet Railway. We facilitated collaborative innovation between complete equipment and components, thereby supporting industrial self-reliance and control.

(III) The development direction of international operations

CRRC adhered to the path of internationalization, focused on infrastructure interconnection brought about by the Belt and Road Initiative and international production capacity cooperation as an opportunity, proactively adapted to the new trends of multilateral and bilateral regional investment and trade cooperation, strived to broaden the reach of the international market, and actively responded to challenges such as the new trends of globalization and intensified industry competition. It also promoted the "going out" of the whole industrial chain, built a respected international company and achieved the transformation and upgrading as well as sustained and healthy development of international operations. In the first half of 2026, international business achieved breakthroughs across multiple areas. The rail transit equipment business continued to consolidate its market share in Central Asia, Latin America, Southeast Asia and Africa. The DLS business successfully expanded its market presence from Latin America and the Gulf region to Oceania, thereby enhancing both its market scale and regional influence. The new energy equipment business also made market breakthroughs in areas such as wind turbine generators, further accelerating its overseas expansion. While expanding into new markets, we advanced major cooperation projects under the Belt and Road Initiative, including the China-Laos Railway, the Jakarta-Bandung High-Speed Railway and the Budapest-Belgrade Railway, to a high standard. Among these projects, the operation of electric MUs on the China-Laos Railway remained stable, yielding positive socio-economic benefits and serving as a successful model. Since the Jakarta-Bandung High-Speed Railway commenced operations nearly three years ago, it has continuously burnished the golden brand of Belt and Road cooperation. All trains for the Budapest-Belgrade High-Speed Railway have obtained operational acceptance certificates and have officially commenced commercial operation.

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

The discussion and analysis on the Company's future development is not materially different from the information contained in the Company's 2025 Annual Report.

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

I. Discussion and analysis of operation

In the first half of 2026, the Company achieved revenue of RMB131.682 billion, representing an increase of 9.96%; net profit attributable to shareholders of the Company was RMB7.991 billion, representing an increase of 10.28%.

(I) Analysis of main business

1. Analysis of changes in relevant items in financial statements

Unit:'000 Currency: RMB

Item	Amount for the current period	Amount for the same period of previous year	Change (%)
Revenue	131,682,442	119,758,127	9.96
Operating costs	102,362,041	93,633,993	9.32
Selling expenses	2,404,633	2,386,657	0.75
Administrative expenses	6,844,119	6,515,047	5.05
Financial expenses	683,310	-274,626	–
Research and development expenses	7,770,498	6,779,531	14.62
Net cash flow from operating activities	-16,139,470	-8,997,544	–
Net cash flow from investing activities	3,087,528	-11,007,126	–
Net cash flow from financing activities	-2,335,299	9,046,120	–

(1) Analysis of revenue and cost

Revenue increased by 9.96% as compared to the same period of the previous year, mainly due to the increase in revenue from railway equipment and new industry.

Operating costs increased by 9.32% as compared to the same period of the previous year, mainly because of the increase in revenue from railway equipment and new industry. Operating costs increased followed by the increase in revenue. Operating costs increased at a slightly lower rate than revenue due to the different product mix.

Information on main business by industry, product and region

Main business by industry

Unit:'000 Currency: RMB

By industry	Revenue	Operating costs	Gross profit margin (%)	Increase/ decrease in revenue from the same period of the previous year (%)	Increase/ decrease in operating costs from the same period of the previous year (%)	Increase/decrease in gross profit margin from the same period of the previous year (%)
Railway transportation equipment and their extended industries	131,682,442	102,362,041	22.27	9.96	9.32	Increased by 0.46 ppt

Main business by product

By product	Revenue	Operating costs	Gross profit margin (%)	Increase/ decrease in revenue from the same period of the previous year (%)	Increase/ decrease in operating costs from the same period of the previous year (%)	Increase/decrease in gross profit margin from the same period of the previous year
Railway equipment	66,922,368	49,646,836	25.81	12.09	11.12	Increased by 0.64 ppt
Urban rail transit vehicles and urban infrastructure	17,593,375	14,204,194	19.26	1.10	0.60	Increased by 0.40 ppt
New industry	45,547,132	37,502,022	17.66	11.82	11.92	Decreased by 0.08 ppt
Modern service	1,619,567	1,008,989	37.70	-15.53	-23.89	Increased by 6.84 ppt
Total	131,682,442	102,362,041	22.27	9.96	9.32	Increased by 0.46 ppt

Main business by region

By region	Revenue	Increase/ decrease in revenue from the same period of the previous year (%)
Chinese Mainland	115,478,800	8.41
Other countries or regions	16,203,642	22.44

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

Revenue from the railway equipment business increased by 12.09% as compared to the same period of the previous year, mainly due to the increase in revenue from the MUs business and the passenger carriage business. Operating costs increased by 11.12% as compared to the same period of the previous year, mainly because the operating costs increased following the increase in revenue. The increase in operating costs was lower than the increase in revenue due to the different product structure.

Revenue from the urban rail transit vehicles and urban infrastructure business increased by 1.10% as compared to the same period of the previous year, mainly due to the growth in revenue from urban rail engineering business. Operating costs increased by 0.60% as compared to the same period of the previous year, mainly because the operating costs increased following the increase in revenue.

Revenue from the new industry business increased by 11.82% as compared to the same period of the previous year, mainly due to the increase in revenue from the high-end parts and components and new energy equipment businesses. Operating costs increased by 11.92% as compared to the same period of the previous year, mainly because the operating costs increased following the increase in revenue.

Revenue from the modern service business decreased by 15.53% as compared to the same period of the previous year, mainly due to the decrease in the revenue from the logistics and trading business. Operating costs decreased by 23.89% as compared to the same period of the previous year, mainly because the operating costs decreased following the decrease in revenue.

Revenue of the Company increased by 9.96% as compared to the same period of the previous year, and revenue from railway equipment business, urban rail transit vehicles and urban infrastructure business, new industry business and modern service business accounted for 50.82%, 13.36%, 34.59%, 1.23% respectively, of the total revenue. In particular, revenue generated by the locomotive business of the railway equipment business was RMB10.700 billion; revenue generated by the passenger carriage business was RMB6.864 billion; revenue generated by the MUs business was RMB40.009 billion; revenue generated by the freight wagon business was RMB9.349 billion. Revenue generated by the urban rail vehicles of the urban rail transit vehicles and urban infrastructure business was RMB15.433 billion. Revenue from non-rail transit parts and components business under the new industry business was RMB31.803 billion. Revenue generated by the railway equipment repair and modification business of the railway equipment business was RMB21.364 billion. During the reporting period, the Company signed new orders in the value of approximately RMB141.9 billion, of which newly signed overseas orders amounted to approximately RMB29.9 billion.

During the reporting period, the Company's revenue from the Chinese Mainland increased by 8.41%. Revenue from other countries or regions increased by 22.44%.

(2) Analysis of cost

Unit:'000 Currency: RMB

By industry

By industry	Amount for the current period	Proportion in total cost for the current period (%)	Amount for the same period of the previous year	Proportion in total cost for the same period of the previous year (%)	Proportion of change of amount for the current period as compared to amount for the same period of the previous year (%)
Railway transportation equipment and their extended industries	102,362,041	100.00	93,633,993	100.00	9.32

By product

By product	Amount for the current period	Proportion in total cost for the current period (%)	Amount for the same period of the previous year	Proportion in total cost for the same period of the previous year (%)	Proportion of change of amount for the current period as compared to amount for the same period of the previous year (%)
Direct materials	83,804,671	81.87	76,524,943	81.73	9.51
Direct labor costs	6,012,723	5.87	5,424,312	5.79	10.85
Manufacturing costs	5,689,760	5.56	5,370,362	5.74	5.95
Others	6,854,887	6.70	6,314,376	6.74	8.56
Total	102,362,041	100.00	93,633,993	100.00	9.32

(3) Information on major customers and suppliers

Sales to top 5 customers amounted to RMB74.424 billion, accounting for 56.52% of the total sales for the period, of which sales to related parties was RMB0, representing 0% of total sales for the period.

Purchases from top 5 suppliers amounted to RMB6.256 billion, accounting for 9.05% of the total purchases for the period, of which procurement from related parties was RMB0, representing 0% of total purchases for the period.

Other descriptions

State Railway Group (including its affiliated railway bureau group company and its subsidiaries) is the largest customer of the Company, sales to which accounted for 51.79% of the total sales for the period.

(4) Expenses

Selling expenses rose by 0.75% as compared to the same period of the previous year, remaining broadly unchanged.

Administrative expenses rose by 5.05% compared with the same period of the previous year, primarily due to the increase in employee benefits and repair expenses.

Financial expenses were RMB683 million, compared to RMB-275 million in the same period of the previous year, mainly due to the impact of exchange rate fluctuations, which contributed to exchange gains in the corresponding period of the previous year and exchange losses in the current period.

(5) R&D investment

During the reporting period, the total R&D investments amounted to approximately RMB7.900 billion, representing 6.00% of the revenue during the reporting period. The Company accelerated to promote the in-depth integration of scientific and technological innovation with industrial innovation, while continuing to conduct technical research and product development, strengthening basic and cutting-edge research on common technologies, and making every effort to tackle the challenges from key core technologies and commercialise the achievements from scientific and technological innovation, for all of which the R&D projects are currently under smooth progress.

(6) Cash flow

The net cash flow from operating activities was a net outflow of RMB16.139 billion, compared to a net outflow of RMB8.998 billion in the same period of the previous year, mainly due to the increase in the cash payments for purchase of goods and receipt of services by the Company during the reporting period as compared to the same period of the previous year.

The net cash flow from investing activities was a net inflow of RMB3.088 billion, compared to a net outflow of RMB11.007 billion in the same period of the previous year, mainly due to the decrease in cash payments to acquire investments by the Company during the reporting period as compared to the same period of the previous year.

The net cash flow from financing activities was a net outflow of RMB2.335 billion, compared to a net inflow of RMB9.046 billion in the same period of the previous year, mainly due to the decrease in the issuance of super short-term financing bills during the reporting period as compared to the same period of the previous year.

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

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

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

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

(III) Analysis of assets and liabilities

1. Assets and liabilities

Unit:'000 Currency: RMB

Item	Amount at the end of the period	Amount at the end of the period as a percentage of total assets (%)	Amount at the end of the previous period	Amount at the end of the previous period as a percentage of total assets (%)	Proportion of change of amount at the end of the period compared to amount at the end of the previous period (%)
Cash and bank balances	44,199,265	8.10	67,834,624	12.32	-34.84
Held-for-trading financial assets	10,503,747	1.92	6,096,445	1.11	72.29
Other current assets	5,610,294	1.03	9,730,303	1.77	-42.34

Other explanations

Cash and bank balances decreased by approximately 34.84%, primarily due to an increase in payments made by the Company during the reporting period;

Held-for-trading financial assets increased by approximately 72.29%, primarily due to an increase in financial products purchased by CRRC Finance under the Company during the reporting period;

Other current assets decreased by approximately 42.34%, primarily due to the maturity of certificates of large amount deposit held by CRRC Finance under the Company during the reporting period.

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

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

(IV) Debt structure, liquidity and cash flow

1. Debt structure

As of 30 June 2026, the Company's gearing ratio decreased to 59.68% from 60.77% at the beginning of the year (the ratio was calculated by dividing the Group's total liabilities by its total assets as at 30 June 2026).

2. Significant capital expenditure and capital commitment

(1) Significant capital expenditure

From January to June 2026, the significant capital expenditure of the Company is set out in the following table:

Item	From January to June 2026 Amount (RMB'000)
Fixed assets	725,661
Construction in progress	2,206,284
Intangible assets	117,762
Development expenditures	7,899,819
Total	10,949,526

(2) Capital commitment

As at 30 June 2026, the capital commitments that the Company had contracted but not yet undertaken were RMB2,469 million, which will be used mainly for property, plant and equipment, land lease prepayments and other intangible assets.

3. Detailed information on contingent liabilities of the Company

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

4. Detailed information on mortgaged assets of the Company

Item	30 June 2026 Amount (RMB'000)
Bills receivable	697,485
Accounts receivable	34,336
Contract assets	513,248
Fixed assets	116,628
Intangible assets	834,423
Long-term equity investment	327,470
Total	2,523,590

5. **Borrowings, corporate bonds and notes**

As at 30 June 2026, the Company had total borrowings, bonds and notes of approximately RMB19,205 million, as compared to the total amount of approximately RMB19,692 million as at 31 December 2025.

As at 30 June 2026, out of the total borrowings, bonds and notes of the Company, RMB10,671 million was denominated in Renminbi, RMB1,258 million was denominated in USD, and RMB1,650 million was denominated in Euro.

The Company's long-term interest-bearing borrowings, bonds and notes and short-term borrowings, bonds and notes interest-bearing borrowings as at 30 June 2026 were RMB7,422 million and RMB11,783 million, respectively.

As at 30 June 2026, the total bank and other borrowings of the Company with floating interest rates amounted to RMB6,681 million, as compared to RMB7,035 million as at 31 December 2025.

The following table sets out the maturity profile of the Company's repayable borrowings, bonds and notes as at 31 December 2025 and 30 June 2026:

	30 June 2026 Amount (RMB'000)	31 December 2025 Amount (RMB'000)
Within one year (starting date and ending date inclusive)	11,783,620	12,132,804
One to two years	461,256	296,666
Two to five years	878,252	952,862
Over five years	6,082,070	6,309,453
Total	19,205,198	19,691,785

The Company's borrowings, bonds and notes as at 30 June 2026 totalled RMB19,205 million, representing a decrease of 2.47% as compared to RMB19,692 million as at 31 December 2025, primarily due to repayment of borrowings.

6. **Cash and cash equivalents**

As at 30 June 2026, the cash and cash equivalents owned by the Company amounted to approximately RMB27,629 million, of which RMB19,684 million was denominated in RMB, RMB1,977 million was denominated in USD, and RMB1,912 million was denominated in Euro.

(V) Analysis of investment

1. **Overall analysis of external equity investment**

As of the end of the reporting period, the long-term equity investment of the Company was RMB24.171 billion, representing an increase of RMB0.380 billion or 1.60% from the beginning of the year. For details, please refer to "15 Long-term equity investments" under "V. Notes of Consolidated Financial Statements" in "Financial Report".

(1) Significant equity investment

There was no significant equity investment during the reporting period.

(2) Significant non-equity investment

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

(3) Financial assets measured at fair value

Unit:'000 Currency: RMB

Asset class	Opening balance	Gains/ losses from changes in fair value during the current period	Aggregate changes in fair value included in equity	Provision for impairment loss during the current period	Amount purchased during the current period	Amount disposed/ redeemed during the current period	Other changes	Closing balance
1. Held-for-trading financial assets	6,096,445	140,065	–	–	8,935,465	-4,666,549	-1,679	10,503,747
2. Other equity instrument investment	2,265,026	–	-71,541	–	–	-81,254	-22,812	2,089,419
3. Receivables at FVTOCI	10,747,041	–	39,505	–	–	–	-706,237	10,080,309
4. Other non-current financial assets	218,503	–	–	–	–	–	-6,754	211,749
Total	19,327,015	140,065	-32,036	–	8,935,465	-4,747,803	-737,482	22,885,224

(VI) Significant sales of assets and equity

There was no significant sale of assets and equity during the reporting period.

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

Major subsidiaries and invested companies affecting 10% or more of the Company's net profit

Unit:'000 Currency: RMB

Company name	Type of company	Main business	Registered capital	Total assets at the end of the period	Net assets at the end of the period attributable to the parent company	Revenue from January to June 2026	Operating profit from January to June 2026	Net profit from January to June 2026 attributable to the shareholders of the parent company
CRRC Sifang	Subsidiary	R&D and manufacturing of railway MUs, passenger carriages and urban rail transit vehicles; and repair services for railway MUs and high-end passenger carriages etc.	7,141,978	82,305,283	26,832,401	26,951,466	3,750,528	3,092,489
CRRC Changchun	Subsidiary	Design, manufacturing, repair, sale and lease of railway passenger carriages, MUs, urban rail transit vehicles and the accessories thereof, as well as related technical services and technical consultancy etc.	6,317,053	75,546,486	26,686,285	19,539,488	2,323,661	2,023,863
CRRC ZIC	Subsidiary	Research and manufacturing on electric drive and control technologies related to rail transit and relevant electrical equipment; R&D and manufacturing of new energy power generation equipment; and R&D and manufacturing of railway locomotives and accessories thereof etc.	9,126,840	115,089,438	26,856,669	22,582,503	1,819,870	536,496
CRRC ZELC	Subsidiary	R&D and manufacturing of railway electric locomotives, MUs and urban rail transit vehicles etc.	5,613,927	41,700,795	12,537,509	8,722,507	543,560	488,861

(VIII) Structured entities controlled by the Company

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

II. Other Discloseable Matters

Potential Risks

1. Strategic risks

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

Response measures: Collect information, in a timely manner, of industrial policy or industrial planning which is in relation to the Company's operation; conduct proper studies on policy and trend and positively deal with possible changes in policies and industrial planning; fully leverage the national "Two New" policies, and proactively promote the incremental development of new energy locomotives in markets outside the China Railway Group system. In order to hedge against the downside risks of the industry, the urban rail transportation business has adopted the basic policy of transformation and structural adjustment to seek business transformation and has made every effort to create the "Product+" and "System+" business models to provide users with digitalized, intelligent and green full life cycle system solutions and services and to create new sources of income. Strengthen internal management; improve operation and management standards; reduce operating costs; endeavor to improve operational efficiency and enhance the ability to mitigate policy risks.

2. Market risks

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

Response measures: Adhere to systematic thinking, conduct in-depth study and analysis of the development pathways of domestic and overseas competitors. Optimize the Company's industrial structure and expand new business models by adhering to an innovation-driven approach, extending the industrial chain and providing system solutions. Promote the Company to establish a long-term cooperation mechanism with relevant regions and cities that is open for sharing and mutually beneficial and vigorously develop "Product+" and "System+" businesses. Make efforts to reduce costs in wind turbines to improve the gross profit margin, and effectively respond to market competition through measures such as enhancing the technological competitiveness of products and improving supply chain management.

3. **Product quality risks**

As a core enterprise in the railway transportation equipment industry, the Company provides various types of MUs, locomotives, passenger carriages, freight wagons and urban rail transit vehicles which are directly related to the life and property safety of the general public and have become a key focus of widespread attention. Any major safety and quality issues may have an adverse impact on the Company, and even impact on the development of the rail transportation industry within a certain period of time. In order to ensure the safety of railway transportation, competent authorities in the industry (including the National Railway Administration) and major clients (including the State Railway Group) have made every effort to establish a safety mechanism for railway transportation, thus posing higher standards for the safety and reliability of the rail transportation equipment.

Response measures: The Company will further strengthen the development and implementation of its quality management standards system, reinforce full-life-cycle quality management, and standardize quality management throughout the entire product realization process. It will enhance quality control capabilities across all stages, including R&D, production, supply, marketing, and services, strengthen full-process quality traceability and closed-loop management, and ensure effective quality control of its products. Focusing on various technical and quality issues that may affect safe operation, the Company will address source quality problems and continuously improve product quality and safety assurance. It will continue to promote the construction of an emergency support mechanism for product operational issues, improve the response speed and coordination capacities in dealing with emergencies and rescue operations, and make every effort to eliminate the hazards and impacts caused by safety incidents.

4. **Foreign exchange risks**

With the accelerated pace of internationalization of the Company, product exports, overseas investments, mergers and acquisitions and other activities will further increase, which may trigger various risks due to exchange rate fluctuations. For example, due to the volatility in the international financial environment, the extended collection period for payments under DLS projects and the unpredictable exchange rate fluctuations, the Company may incur foreign exchange losses. In addition, since certain overseas product projects are settled in non-major currencies, making it difficult to achieve natural hedge against foreign exchange risks; uncertainties surrounding foreign exchange collection time may limit the availability and effectiveness of hedging arrangements.

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

5. **Overseas operating risks**

Certain overseas countries are increasing security checks on foreign investment, and have included national security, and infrastructure and high and new technologies in their screening scope of foreign investment. Certain overseas countries pursue trade protectionism, which affects the acquisition of export orders and increases the difficulty of implementing the orders at hand. In addition, the continued impact of adverse factors, including overseas labor shortages, shortages in the supply of overseas components, and increased project costs continues to persist, which may adversely affect the Company's overseas operations.

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

I. CHANGE IN DIRECTORS AND SENIOR MANAGEMENT

Name	Position	Change	Reason for the change	Description of the reason for the change
Lin Cunzeng	Vice President	Resignation	Work adjustment	
Qu Xiaoli	Chief Financial Officer (Chief Accountant)	Appointment	New appointment	Refer to the description of changes
Wang Feng	President	Appointment	New appointment	
	Director	Election	New appointment	
Ning Wenze	Vice President	Appointment	New appointment	
Tan Mu	Vice President	Appointment	New appointment	

Description of changes in Directors and Senior Management of the Company

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

On 28 February 2026, the Company held the seventh meeting of the fourth session of the Board and appointed Mr. Qu Xiaoli as the Company's Chief Financial Officer (Chief Accountant), with the term of office commencing from the date of approval by the Board of the Company until the date of expiry of the term of office of the fourth session of the Board.

On 27 March 2026, the Company held the eighth meeting of the fourth session of the Board, at which Mr. Wang Feng was appointed as the President of the Company, with the term of office commencing from the date of approval by the Board of the Company until the date of expiry of the term of office of the fourth session of the Board.

On 27 April 2026, the Company held the 2026 first extraordinary general meeting to appoint Mr. Wang Feng as an additional executive Director of the fourth session of the Board of the Company, with the term of office commencing from the date of approval at the extraordinary general meeting of the Company until the date of expiry of the term of office of the fourth session of the Board.

On 29 April 2026, the Company held the ninth meeting of the fourth session of the Board to approve the adjustment of the members of the special committee under the Board of the Company. It was agreed that Mr. Wang Feng shall serve as a member of the Strategy and Sustainable Development Committee, and that Ms. Yi Ran shall cease to serve as a member of the Strategy and Sustainable Development Committee. The members of the Strategy and Sustainable Development Committee are revised as follows: Sun Yongcai (chairman of the committee), Wang Feng, Wang An, Wang Xifeng, and Fan Bing.

On 29 May 2026, the Company held the tenth meeting of the fourth session of the Board, at which the appointments of Mr. Ning Wenze and Mr. Tan Mu as Vice Presidents of the Company were approved with their terms of office commencing from the date of approval by the Board until the date of expiry of the term of office of the fourth session of the Board.

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

The interim proposed profit distribution proposal or proposal for capital increase by way of transfer from reserves

Whether to allocate or convert to increment	Yes
Bonus share for every 10 shares (shares)	Not applicable
Dividend for every 10 shares (yuan) (tax inclusive)	1.1
Conversion into share capital for every 10 shares (shares)	Not applicable

Explanation on profit distribution proposal or proposal for capital increase by way of transfer from reserves

At the 2025 Annual General Meeting held on 16 June 2026, the Company considered and approved the 'Resolution in Relation to Seeking the General Meeting's Authorization for the Board to Implement the 2026 Interim Profit Distribution'. The Annual General Meeting agreed to authorise the Board of the Company to determine the specific plan for the 2026 interim profit distribution and to handle all procedure relating to the interim profit distribution with full authority. Pursuant to the authorisation granted by the Annual General Meeting, on 19 August 2026, the Company held the eleventh meeting of the fourth session of the Board and considered and approved the "Resolution on the 2026 Interim Profit Distribution Proposal of CRRC Corporation Limited". The Company proposed to distribute cash dividends to all shareholders based on the total share capital registered on the registration date for dividend distribution (the specific date will be clarified in the announcement on the implementation of dividend distribution). As of 30 June 2026, the total share capital of the Company was 28,698,864,088 shares, based on which and calculating at cash dividend of RMB0.11 (tax inclusive) per share, the Company proposes to distribute cash dividend of RMB3.157 billion (tax inclusive) in aggregate. In the case where from the date of disclosure of announcement on profit distribution plan to the registration date for dividend distribution, there are changes in the total share capital of the Company due to the conversion of convertible bonds, repurchase of shares, cancellation of repurchased shares granted under equity incentive schemes, cancellation of repurchased shares due to material asset restructuring, etc., the Company proposes to remain the total distribution amount unchanged, and to adjust the distribution proportion per share accordingly. If the total share capital of the Company changes subsequently, specific adjustments will be announced separately. The Company expects the cash dividend to be paid on or before 15 October 2026. For details regarding the closure of H share register of members for the dividend payments and the expected cash dividend payment date, please refer to the Company's H share announcement published on 19 August 2026.

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

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

IV. EMPLOYEES OF THE COMPANY AND THEIR REMUNERATION AND TRAINING

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

V. CORPORATE GOVERNANCE

During the reporting period, the Company carried out corporate governance work in strict compliance with requirements of laws and regulations such as the Company Law of the People's Republic of China, the Securities Law of the People's Republic of China and the Code of Corporate Governance for Listed Companies as well as relevant requirements of the SSE and the Stock Exchange and established a modern corporate governance structure. Through the establishment of an effective corporate governance mechanism, corporate governance and operation management has been continuously improved, thereby further perfecting the corporate governance of the Company.

(I) Compliance with the Corporate Governance Code

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

(II) Code of Conduct Regarding Securities Transactions by Directors

The Company has formulated and adopted the Provisions on the Management of Shareholding and Changes of Shares Held by Directors and Senior Management of CRRC Corporation Limited on terms no less exacting than the required standards of securities transaction set out in the Model Code. Relevant employees who are likely to have knowledge of inside information in relation to the securities of the Company are also subject to the rules required under such documents.

As of 30 June 2026, after making specific enquiries with all Directors, the Company confirmed that all Directors had complied with the standards on securities transactions by directors as set out in the Model Code and the Provisions on the Management of Shareholding and Changes of Shares Held by Directors and Senior Management of CRRC Corporation Limited.

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

The audit and risk management committee has reviewed the Company's unaudited interim condensed consolidated financial statements and the interim report for the six months ended 30 June 2026 and has agreed on their submission to the Board for consideration and approval.

I. PERFORMANCE OF UNDERTAKINGS

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

Background	Type	Covenantors	Undertakings	Validity date	Whether duration specified	Validity Period	Whether timely and strictly performed	If not performed timely, describe the specific reasons	If not performed timely, describe plans in next steps
Undertakings in the Acquisition Report or Report on Changes in Equity Interest	Others	CRRC	Undertaking to maintain the independence of Times New Material: CRRC issued the Letter of Undertaking on Maintaining the Independence of Zhuzhou Times New Material Technology Co., Ltd. (《關於保持株洲時代新材料科技股份有限公司獨立性的承諾函》) on 30 October 2025 in order to ensure that CRRC will not interfere with the independence of Times New Material Technology Co., Ltd ("Times New Material"), following its acquisition of Times New Material shares. Pursuant to the Letter of Undertaking: (1) CRRC undertakes to maintain separation from Times New Material in respect of areas such as assets, personnel, finance, organization and business and will, in strict compliance with the relevant requirements on the independence of a listed company imposed by the CSRC, not to use its position as the controlling shareholder to violate the standardized operation procedures of a listed company, intervene in the operating decisions of Times New Material, or damage the lawful rights and interests of Times New Material and other shareholders; and (2) If CRRC breaches the above undertaking and causes any economic losses to Times New Material, CRRC undertakes to assume compensation liability for the actual economic losses incurred by Times New Material.	30 October 2025	No	during the course of performance	Yes	–	–
	Resolution of same industry competitions	CRRC	Non-competition undertaking with Times New Material: CRRC issued the Letter of Undertaking of Non-competition with Zhuzhou Times New Material Technology Co., Ltd. (《關於避免與株洲時代新材料科技股份有限公司同業競爭的承諾函》) on 30 October 2025 in order to avoid competition between CRRC and Times New Material after CRRC's acquisition of Times New Material shares, with specific undertakings as follows: (1) None of the businesses currently engaged in by CRRC and other enterprises under CRRC's control constitute material same industry competition with Times New Material; (2) CRRC will not, in the future, exploit its position as the controlling shareholder of Times New Material to engage in business activities that is detrimental to the interests of Times New Material and its shareholders, and will adopt lawful and effective measures to avoid any new competition with Times New Material by CRRC and other enterprises under its control; and (3) If CRRC or other enterprises under its control breaches the above undertakings and cause any economic losses to Times New Material, CRRC undertakes to assume compensation liability for the actual economic losses incurred by Times New Material.	30 October 2025	No	during the course of performance	Yes	–	–

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

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

Background	Type	Covenantors	Undertakings	Validity date	Whether duration specified	Validity Period	Whether timely and strictly performed	If not performed timely, describe the specific reasons	If not performed timely, describe plans in next steps
	Resolution of same industry competitions	CRRCG	Non-competition undertaking with CRRC: CNRG issued the Letter of Undertaking of Non-competition with CRRC Corporation Limited (《關於避免與中國中車股份有限公司同業競爭的承諾函》) on 5 August 2015 in order to avoid competition between CNRG (which has completed restructuring and been renamed as CRRCG) and CRRC after completion of merger of CNRG with CSRG. Pursuant to the Letter of Undertaking: (1) CRRCG undertook that CRRCG itself will not engage, and will, through legal procedures, procure its wholly-owned and non-wholly-owned controlled subsidiaries to not engage in any businesses which might directly compete with the current operating businesses of CRRC; (2) subject to the aforesaid undertaking (1), if CRRCG (including its wholly-owned subsidiaries and non-wholly-owned subsidiaries or other related entities) provide any products or services that might be in competition with the principal products or services of CRRC in the future, CRRCG will agree to grant CRRC pre-emptive right to acquire the assets or its entire equity interests in such subsidiaries related to such products or services from CRRCG; (3) subject to the aforesaid undertaking (1), CRRCG may develop advanced and lucrative projects in the future which fall within the business scope of CRRC, but it should preferentially transfer any achievement on such projects to CRRC for its own operation on equal terms of transfer; and (4) CRRCG should compensate CRRC for its actual losses arising from any failure to comply with the aforesaid undertakings.	5 August 2015	No	during the course of performance	Yes	–	–
	Others	CRRCG	Undertaking to maintain the independence of CRRC: CNRG issued the Letter of Undertaking to Maintain the Independence of CRRC Corporation Limited (《關於保持中國中車股份有限公司獨立性的承諾函》) on 5 August 2015 in order to ensure that CNRG (which has completed restructuring and been renamed as CRRCG) will not interfere with the independence of CRRC after completion of the merger of CNRG with CSRG. Pursuant to the Letter of Undertaking: CRRCG undertook to be separate from CRRC in respect of areas such as assets, personnel, finance, organization and business and will, in strict compliance with the relevant requirements on the independence of a listed company imposed by the CSRC, not to use its position as the controlling shareholder to violate the standardized operation procedures of a listed company to intervene in the operating decisions of CRRC and to damage the legitimate interests of CRRC and other shareholders. CRRCG and other companies under its control undertook not to, by any means, use the funds of CRRC and companies under its control.	5 August 2015	No	during the course of performance	Yes	–	–
	Resolution of related-party transactions	CRRCG	Undertaking for regulating related-party transactions with CRRC: in order to regulate related-party transactions entered into between CNRG (which has completed the restructuring and been renamed as CRRCG) and CRRC after the merger between CNRG and CSRG, CNRG issued the Letter of Undertaking to Regulate the Related-party Transactions with CRRC Corporation Limited (《關於規範與中國中車股份有限公司關聯交易的承諾函》) on 5 August 2015, pursuant to which CRRCG and other companies controlled by CRRCG will endeavor not to enter into or reduce the related-party transactions with CRRC and other companies in which it holds a controlling interest. For related-party transactions that are inevitable or reasonable, CRRCG will continue to perform the obligations under the related-party transaction framework agreements entered into between CRRCG and CRRC and will comply with the approval procedures and information disclosure obligations in accordance with the relevant laws and regulations as well as the provisions under the Articles of Association of CRRC. Prices of the related-party transactions will be determined based on prices of the same or comparable transactions conducted with other independent third parties.	5 August 2015	No	during the course of performance	Yes	–	–

Background	Type	Covenantors	Undertakings	Validity date	Whether duration specified	Validity Period	Whether timely and strictly performed	If not performed timely, describe the specific reasons	If not performed timely, describe plans in next steps
Undertakings in relation to the initial public issuance	Others	CRRCG	Undertakings on property ownership issues: CSR (which has completed merger and been renamed as CRRC) disclosed in its prospectus that CSR has not yet obtained proper property ownership certificates for 326 properties with a total gross floor area of 282,019.03 square meters, representing 7.85% of the total gross floor area of the property in use of CSR. As at 30 June 2026, there were still 2 properties with a total gross floor area of 1,501.39 square meters which failed to apply for property ownership certificates due to historical reasons. As for the property for which CSR has not yet obtained property ownership certificates, CSRG has made a written undertaking which was inherited by CRRCG after the merger. Pursuant to the undertaking: for properties that could not obtain complete property ownership certificates due to reasons such as incomplete procedures in planning and constructions and, which were included in the asset injection to CRRC by CRRCG, CRRCG undertook that such properties satisfy the usage requirements necessary for the production and operations of CRRC. Moreover, if there is any loss incurred to CRRC due to such properties, CRRCG shall undertake all compensation liabilities and all economic losses that CRRC incurred.	18 August 2008	No	during the course of performance	Yes	–	–
	Others	CRRCG	Undertakings on the state-owned land use certificate without specifying the land use terms or termination date: CNR (the relevant matters were inherited by CRRC after the merger) disclosed in the prospectus that the land use terms or termination date were not specified in the state-owned land use certificate for part of the authorized lands acquired by CNR. As such, CNRG (which has completed restructuring and been renamed as CRRCG) has made a written undertaking. Pursuant to the undertaking: CRRCG will compensate the relevant wholly-owned subsidiaries of CRRC for the loss caused as a result of the state-owned land use certificate not specifying the land use terms or termination date for the authorized land.	10 December 2009	No	during the course of performance	Yes	–	–
Undertakings in relation to the refinancing	Others	Directors, Senior Management of the Company	Undertaking to adopt measures of mitigating the potential dilution of return for the current period: the Directors and Senior Management of the Company have made the following undertakings on 27 May 2016: (1) not to transfer interests to other entities or individuals without consideration or with unfair consideration nor otherwise damage the Company's interests in any other ways; (2) to constrain expenses relating to the performance of their duties; (3) not to use the Company's assets for investments and consumption activities unrelated to the performance of their duties; (4) that the remuneration system formulated by the Board or the Remuneration and Evaluation Committee is in line with implementation of the remedial measures for the returns by the Company; (5) that the vesting conditions of share incentives to be formulated by the Company will be in line with the implementation of the remedial measures for returns by the Company if the Company were to make such equity incentive plans in the future; (6) to perform the remedial measures for returns formulated by the Company as well as any commitment made by them for such remedial measures. The Directors and Senior Management will be liable for indemnifying the Company or the investors for their losses in the event of failure to perform the commitment.	27 May 2016	No	during the course of performance	Yes	–	–
	Others	CRRCG	Undertaking to adopt measures of mitigating the potential dilution of return for the current period: on 27 May 2016, CRRCG committed not to intervene in the operation and management activities of the Company or unlawfully infringe upon the Company's interests.	27 May 2016	No	during the course of performance	Yes	–	–

II. BANKRUPTCY AND REORGANIZATION

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

III. MATERIAL LITIGATION AND ARBITRATION

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

IV. MATERIAL CONTRACTS AND THEIR IMPLEMENTATION

(I) Trusteeship, contracting or leasing

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

(II) Details of material guarantees executed and pending during the reporting period

Unit: '000 Currency: RMB

Guarantees provided by the Company to external parties (excluding guarantees provided by the Company in favour of its subsidiaries)													
Guarantor	Relationship between the guarantor and the listed company	Guaranteed	Guaranteed amount	Date of guarantee (date of signing agreement)	Commencement date	Maturity date	Guarantee type	Whether the guarantee has been fulfilled	Whether the guarantee is overdue or not	Outstanding amount of guarantee overdue	Counter guarantee	Whether the guarantee is provided to a related party or not	Related relationship
CRRC Corporation Limited, CRRC Nanjing Puzhen Co., Ltd. (中車南京浦鎮車輛有限公司) and Jiangsu CRRC Urban Development Co., Ltd. (江蘇中車城市發展有限公司), both wholly-owned subsidiaries of the Company	CRRC Corporation Limited, its wholly-owned subsidiary and non-wholly-owned subsidiary	Wuhu Yunda Rail Transit Construction and Operation Limited (蕪湖市運達軌道交通建設運營有限公司)	473,560	27 April 2017	20 June 2017	20 June 2047	Joint and several liability guarantee	No	No	-	No	No	-
CRRC Zhuzhou Locomotive Co., Ltd.	Wholly-owned subsidiary	CRRC E-LOCO SUPPLY (PTY) LTD	1,195,846	21 March 2014	17 March 2014	Date of completion of project execution	Performance guarantee	No	No	-	Yes	Yes	Subsidiary of the controlling shareholder of the listed company
CRRC Hongkong Co., Ltd. (中國中車(香港)有限公司)	Wholly-owned subsidiary	CONSORCIO TREN LIGERO LINEA 4 GUADALAJARA, S.A.P.I. de C.V ("4 Guadalajara Project Company")	215,414	15 September 2023	27 October 2023	25 October 2059	Performance guarantee	No	No	-	No	No	-
CRRC Hongkong Co., Ltd. (中國中車(香港)有限公司)	Wholly-owned subsidiary	4 Guadalajara Project Company	390,251	5 June 2024	5 June 2024	30 April 2039	Financing guarantee	No	No	-	No	No	-
CRRC Hongkong Co., Ltd. (中國中車(香港)有限公司)	Wholly-owned subsidiary	TIC TRENS S.A. ("Brazil Project Company")	371,262	2 June 2024	2 June 2024	2 June 2031	Performance guarantee	No	No	-	No	No	-
CRRC Hongkong Co., Ltd. (中國中車(香港)有限公司)	Wholly-owned subsidiary	Brazil Project Company	157,704	23 September 2025	30 September 2025	26 March 2027	Financing guarantee	No	No	-	No	No	-
CRRC Hongkong Co., Ltd. (中國中車(香港)有限公司)	Wholly-owned subsidiary	Brazil Project Company	157,089	9 October 2025	9 October 2025	26 March 2027	Financing guarantee	No	No	-	No	No	-
CRRC Hongkong Co., Ltd. (中國中車(香港)有限公司)	Wholly-owned subsidiary	MLCC BLUE LINE CONTRACTING L.L.C ("Dubai Project Company")	689,095	6 January 2025	5 March 2025	31 July 2029	Performance guarantee	No	No	-	No	No	-
CRRC Hongkong Co., Ltd. (中國中車(香港)有限公司)	Wholly-owned subsidiary	Dubai Project Company	275,638	6 January 2025	5 March 2025	20 September 2032	Performance guarantee	No	No	-	No	No	-
CRRC Hongkong Co., Ltd. (中國中車(香港)有限公司)	Wholly-owned subsidiary	Dubai Project Company	279,259	6 January 2025	15 May 2025	31 July 2029	Performance guarantee	No	No	-	No	No	-

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

Guarantor	Relationship between the guarantor and the listed company	Guaranteed	Guaranteed amount	Date of guarantee (date of signing agreement)	Commencement date	Maturity date	Guarantee type	Whether the guarantee has been fulfilled	Whether the guarantee is overdue or not	Outstanding amount of guarantee overdue	Counter guarantee	Whether the guarantee is provided to a related party or not	Related relationship
CRRC Hongkong Co., Ltd. (中國中車(香港)有限公司)	Wholly-owned subsidiary	Dubai Project Company	36,959	5 March 2025	31 July 2025	31 July 2032	Performance guarantee	No	No	–	No	No	–
CRRC International Co., Ltd.	Wholly-owned subsidiary	METRO TRAINS WEST PTY LTD ("Australia Sydney Trains West Project")	1,933,824	19 December 2025	19 December 2025	11 February 2047	Performance guarantee	No	No	–	No	No	–
CRRC Hongkong Co., Ltd. (中國中車(香港)有限公司)	Wholly-owned subsidiary	Australia Sydney Trains West Project	7,067	19 December 2025	19 December 2025	19 December 2047	Performance guarantee	No	No	–	No	No	–
CRRC Hongkong Co., Ltd. (中國中車(香港)有限公司)	Wholly-owned subsidiary	Australia Sydney Trains West Project	59,165	22 January 2026	22 January 2026	10 September 2032	Performance guarantee	No	No	–	No	No	–
CRRC Hongkong Co., Ltd. (中國中車(香港)有限公司)	Wholly-owned subsidiary	Australia Sydney Trains West Project	59,165	22 January 2026	22 January 2026	10 September 2033	Performance guarantee	No	No	–	No	No	–
CRRC Hongkong Co., Ltd. (中國中車(香港)有限公司)	Wholly-owned subsidiary	Australia Sydney Trains West Project	29,582	22 January 2026	22 January 2026	10 September 2034	Performance guarantee	No	No	–	No	No	–
CRRC Hongkong Co., Ltd. (中國中車(香港)有限公司)	Wholly-owned subsidiary	Australia Sydney Trains West Project	152,498	12 March 2026	12 March 2026	28 August 2031	Performance guarantee	No	No	–	No	No	–

Total guarantee amount provided during the reporting period (excluding guarantees provided by the Company in favour of its subsidiaries)	300,410
Total guarantee balance at the end of the reporting period (A) (excluding guarantees provided by the Company in favour of its subsidiaries	6,483,378
Guarantees provided by the Company to subsidiaries	
Total guarantee amount provided to the Company's subsidiaries during the reporting period	2,769,441
Total guarantee balance provided to the Company's subsidiaries at the end of the reporting period (B)	50,294,407
Aggregate guarantee amount provided by the Company (including guarantees provided by the Company in favour of its subsidiaries)	
Total guarantee amount (A+B)	56,777,785
Percentage of total guarantee amount to net assets of the Company (%)	32.17
In which:	
Provision of guarantee to shareholders, actual controller and their respective related persons (C)	1,195,846
Amount of guarantees directly or indirectly provided in favour of parties with gearing ratios over 70% (D)	29,303,319
The total amount of guarantees provided which exceeds 50% of the net assets (E)	–
Total amount of the three above-stated guarantees (C+D+E)	30,499,165
Explanation on guarantees undue that might be involved in any joint and several liability	/
Explanation on guarantees	Percentage of total guarantee amount to net assets of the Company = amount of guarantees/owner's equity attributable to the parent company. The balance of guarantee as of 30 June 2026 was RMB56.778 billion, accounting for 32.17% of net assets, among which: The balance of guarantee for wholly-owned subsidiaries is RMB16.634 billion; the balance of guarantee for non-wholly-owned subsidiaries is RMB33.660 billion; the balance of guarantee for Wuhu Yunda Rail Transit Construction and Operation Company Limited is RMB474 million; the balance of guarantee for CRRC E-LOCO SUPPLY (PTY) LTD is RMB1.196 billion; the balance of guarantee for 4 Guadalajara Project Company is RMB606 million; the balance of performance guarantees for Brazil Project Company is RMB686 million; the balance of performance guarantees for Dubai Project Company is RMB1.281 billion; and the balance of performance guarantees for the Australia Sydney Trains West Project is RMB2.241 billion. As far as guarantee type is concerned, RMB1.614 billion was provided for bank acceptance bills; RMB3.288 billion was provided for loans and medium-term notes; and RMB51.876 billion was provided for letters of guarantee, letters of credit and credit, etc. There were guarantees provided by the Company for the controlling shareholder, the actual controller and their related persons, as detailed in the Announcement of CRRC Corporation Limited on Entrustment of Assets and Related Transaction disclosed by the Company on 19 July 2021. As at the end of the period, the guarantees provided by the Company for its wholly owned and non-wholly owned subsidiaries with gearing ratios over 70% have all been approved by the Board and the general meeting in accordance with the Articles of Association.

(III) Other material contracts

As of the date of this report, the Company signed a number of sales contracts. For details, please refer to announcements regarding the signing of these contracts dated 29 April 2026 and 30 June 2026 published by the Company on the websites of the SSE and the Stock Exchange.

V. EXPLANATION OF OTHER SIGNIFICANT EVENTS

On 27 March 2026, upon consideration and approval at the eighth meeting of the fourth session of the Board of the Company, Mr. Wang Feng, the general manager of CRRCG (the controlling shareholder of the Company), was appointed as the president of the Company. In June 2026, CRRCG received the Letter on the Waiver of the Senior Management of CRRC GROUP Co., Ltd. from Concurrent Post Limit (Listing Department Letter [2026] No.961) (《關於同意豁免中國中車集團有限公司高級管理人員兼職限制的函》(上市司函[2026]961號)) from the CSRC, according to which it agreed to waive Mr. Wang Feng from concurrent post limit as a Senior Management.

CHANGES IN SHARES AND PARTICULARS OF SHAREHOLDERS

I. CHANGES IN SHARE CAPITAL

(I) Changes in shares

1. Changes in shares

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

2. Public float

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

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

During the reporting period, neither the Company nor its subsidiaries purchased, sold or redeemed any of the securities (including treasury shares) of the Company under the Hong Kong Listing Rules. As of the end of the reporting period, no treasury share was held by the Company.

II. PARTICULARS OF SHAREHOLDERS

(I) Total number of shareholders:

Total number of holders of ordinary shares as of the end of the reporting period (shareholder)[Note 1] 585,454

Note 1: As of the end of the reporting period, the Company had 583,497 holders of A shares and 1,957 registered holders of H shares.

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

Unit: share

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

Name of shareholder	Change during the reporting period	Number of shares held at the end of the reporting period	Percentage (%)	Number of shares held subject to trading moratorium	Shares pledged, marked or frozen: Pledged, marked or frozen	Shares pledged, marked or frozen: Number	Nature of shareholder
CRRCG[Note 1]	0	14,587,578,250	50.83	0	Nil	0	State-owned legal person
HKSCC NOMINEES LIMITED[Note 2]	-270,930	4,360,405,811	15.19	0	Unknown	–	Overseas legal person
Ping An Asset Management – Industrial and Commercial Bank of China – Ping An Assets Xiahe No. 21 Asset Management Product (平安資管－工商銀行－平安資產夏荷21號資產管理產品)	0	342,695,155	1.19	0	Unknown	–	Unknown
Hong Kong Securities Clearing Company Limited	-100,368,085	306,928,130	1.07	0	Unknown	–	Overseas legal person
Guoxin Hongsheng Investment (Beijing) Co., Ltd. (國新宏盛投資(北京)有限公司)	113,736,600	166,639,550	0.58	0	Unknown	–	Unknown
Rui Life Insurance Company Limited – Proprietary Funds (瑞眾人壽保險有限責任公司－自有資金)	151,618,400	151,658,400	0.53	0	Unknown	–	Unknown
CDB Capital Co., Ltd. (國開金融有限責任公司)	0	103,636,700	0.36	0	Unknown	–	State-owned legal person
Rui Life Insurance Company Limited – Universal Products (瑞眾人壽保險有限責任公司－萬能產品)	82,798,900	82,798,900	0.29	0	Unknown	–	Unknown
Basic Pension Insurance Fund Portfolio 2004 (基本養老保險基金二零零四組合)	72,197,700	72,197,700	0.25	0	Unknown	–	Unknown
Huatai Premium Commingled No. 5 Pension Product – Bank of China Limited (華泰優逸五號混合型養老金產品－中國銀行股份有限公司)	67,900,685	67,900,685	0.24	0	Unknown	–	Unknown

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

Name of shareholder	Number of tradable shares held not subject to trading moratorium	Class and number of shares: Class	Number
CRRCG[Note 1]	14,587,578,250	Ordinary shares denominated in RMB	14,587,578,250
HKSCC NOMINEES LIMITED[Note 2]	4,360,405,811	Overseas listed foreign shares	4,360,405,811
Ping An Asset Management – Industrial and Commercial Bank of China – Ping An Assets Xiahe No. 21 Asset Management Product (平安資管－工商銀行－平安資產夏荷21號資產管理產品)	342,695,155	Ordinary shares denominated in RMB	342,695,155
Hong Kong Securities Clearing Company Limited	306,928,130	Ordinary shares denominated in RMB	306,928,130
Guoxin Hongsheng Investment (Beijing) Co., Ltd. (國新宏盛投資(北京)有限公司)	166,639,550	Ordinary shares denominated in RMB	166,639,550
Rui Life Insurance Company Limited – Proprietary Funds (瑞眾人壽保險有限責任公司－自有資金)	151,658,400	Ordinary shares denominated in RMB	151,658,400
CDB Capital Co., Ltd. (國開金融有限責任公司)	103,636,700	Ordinary shares denominated in RMB	103,636,700
Rui Life Insurance Company Limited – Universal Products (瑞眾人壽保險有限責任公司－萬能產品)	82,798,900	Ordinary shares denominated in RMB	82,798,900
Basic Pension Insurance Fund Portfolio 2004 (基本養老保險基金二零零四組合)	72,197,700	Ordinary shares denominated in RMB	72,197,700
Huatai Premium Commingled No. 5 Pension Product – Bank of China Limited (華泰優逸五號混合型養老金產品－中國銀行股份有限公司)	67,900,685	Ordinary shares denominated in RMB	67,900,685
Explanations of the repurchase of special accounts among the top 10 shareholders			N/A
Explanation of the above-mentioned shareholders' entrusted voting rights, been entrusted voting rights, and waiver of voting right			N/A
Details relating to the related relationship of the above shareholders or the parties acting in concert			N/A
Explanations on the shares and voting rights restored of preferred shareholders			N/A

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

In view of the Company's future sustainable and stable development prospects and recognition of its long-term investment value, CRRCG has decided to increase its shareholding in the Company's A shares in a manner permitted under the system of the Shanghai Stock Exchange within 6 months starting from 20 July 2026. The aggregate amount of the increase in shareholding shall be no less than RMB150 million and no more than RMB300 million. For details of the Shareholding Increase Plan and its progress, please refer to the announcements published by the Company on 20 July 2026 and 28 July 2026.

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

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

As at 30 June 2026, the person set out in the table below had an interest or short position in the shares of the Company as recorded in the register required to be kept under section 336 of the SFO:

Name of shareholder	Capacity	H shares or A shares	Nature of interest	Number of H shares or A shares interested in	Percentage of H shares or A shares interested in of the total issued H shares or total issued A shares (%)	Percentage of total share capital of the Company (%)
CRRCG	Beneficial owner	A shares	Long position	14,587,578,250	59.96	50.83
	Beneficial owner	H shares	Long position	177,863,000	4.07	0.62
Ping An Asset Management Co., Ltd.	Investment manager	H shares	Long position	354,203,000	8.10	1.23
Ping An Insurance (Group) Company of China, Ltd. (中國平安保險(集團)股份有限公司)	Interest of corporation controlled by the substantial shareholder	H shares	Long position	265,816,000	6.08	0.93

Name of shareholder	Capacity	H shares or A shares	Nature of interest	Number of H shares or A shares interested in	Percentage of H shares or A shares interested in of the total issued H shares or total issued A shares (%)	Percentage of total share capital of the Company (%)
JPMorgan Chase & Co.	Beneficial owner	H shares	Long position	79,728,762	1.82	0.28
	Investment manager	H shares	Long position	69,107,000	1.58	0.24
	Person having a security interest in shares	H shares	Long position	10,612,797	0.24	0.04
	Beneficial owner	H shares	Short position	117,031,320	2.67	0.41
	Approved lending agent	H shares	Lending Pool	60,991,467	1.39	0.21

Save as disclosed above, as far as the Directors of the Company are aware, as at 30 June 2026, no other person had interests and/or short positions in the shares or underlying shares (as the case may be) of the Company which were, pursuant to section 336 of Part XV of the SFO, required to be recorded in the register referred to therein, or was otherwise a substantial shareholder (as defined in the Hong Kong Listing Rules) of the Company.

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

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

III. PARTICULARS OF DIRECTORS AND SENIOR MANAGEMENT

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

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

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

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

(III) Shareholding interests of Directors and chief executive

As at 30 June 2026, the following Director had interests in the A shares of the Company, relevant details of which are set out as follows:

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

Save as disclosed above, as at 30 June 2026, none of the Directors and chief executive of the Company had interests and short positions in the shares or underlying shares of the Company or any of its associated corporations (within the meaning of Part XV of the SFO), which were required to be entered in the register maintained by the Company under section 352 of the SFO, or which were required to be notified to the Company and the Stock Exchange pursuant to the Model Code by the Directors.

IV. CHANGES IN CONTROLLING SHAREHOLDER OR ACTUAL CONTROLLER

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

CONSOLIDATED BALANCE SHEET

30 June 2026

Prepared by: CRRC Corporation Limited RMB'000

ITEM	Note V	30 June 2026	31 December 2025
Net current assets			
Cash and bank balances	1	44,199,265	67,834,624
Held-for-trading financial assets	2	10,503,747	6,096,445
Bills receivable	3	12,282,279	13,718,774
Accounts receivable	4	126,374,232	116,502,100
Receivables at fair value through other comprehensive income	6	10,080,309	10,747,041
Prepayments	7	10,898,425	9,014,136
Other receivables	8	2,988,389	2,881,184
Inventories	9	99,451,784	95,142,504
Contract assets	5	33,072,560	29,656,388
Non-current assets due within one year	10	2,564,721	2,681,021
Other current assets	11	5,610,294	9,730,303
Total current assets		358,026,005	364,004,520
Non-current assets			
Loans and advances to customers	12	–	–
Debt investments	13	573,701	591,757
Long-term receivables	14	8,662,753	8,292,366
Long-term equity investments	15	24,170,842	23,790,987
Investments in other equity instruments	16	2,089,419	2,265,026
Other non-current financial assets	17	211,749	218,503
Investment properties	18	1,019,046	1,005,693
Fixed assets	19	68,282,861	68,706,391
Construction in progress	20	5,658,546	6,370,765
Right-of-use assets	21	3,026,866	2,822,644
Intangible assets	22	16,620,883	16,995,992
Development expenditures	23	940,595	849,654
Goodwill	24	303,444	312,056
Long-term deferred expenses		537,376	527,764
Deferred tax assets	25	5,167,731	5,038,123
Other non-current assets	26	50,388,732	48,982,193
Total non-current assets		187,654,544	186,769,914
Total assets		545,680,549	550,774,434

ITEM	Note V	30 June 2026	31 December 2025
Current liabilities			
Short-term borrowings	28	7,229,344	7,329,911
Held-for-trading financial liabilities		518	–
Bills payable	29	50,810,804	67,185,913
Accounts payable	30	164,074,151	162,639,370
Receipts in advance	31	5,546	5,766
Contract liabilities	32	35,884,453	34,284,868
Deposits from banks and other financial institutions	33	7,174,758	6,596,589
Employee benefits payable	34	2,702,377	2,117,078
Tax payable	35	2,501,126	3,447,823
Other payables	36	21,319,040	17,111,011
Non-current liabilities due within one year	37	4,203,713	4,464,986
Other current liabilities	38	3,371,247	3,392,862
Total current liabilities		299,277,077	308,576,177
Non-current liabilities			
Long-term borrowings	39	7,421,578	7,558,981
Lease liabilities	40	2,467,039	2,363,267
Long-term payables	41	177,000	157,145
Long-term employee benefits payable	42	1,969,894	2,016,663
Provisions	43	7,743,749	7,345,615
Deferred income	44	5,700,988	5,801,504
Deferred tax liabilities	25	606,438	590,462
Other non-current liabilities	45	283,987	286,120
Total non-current liabilities		26,370,673	26,119,757
Total liabilities		325,647,750	334,695,934
Shareholders' equity			
Share capital	46	28,698,864	28,698,864
Capital reserve	47	41,751,796	41,761,594
Other comprehensive income	48	(751,701)	(577,814)
Special reserve	49	49,957	49,957
Surplus reserve	50	7,564,998	7,564,998
General risk reserve		800,642	800,642
Retained earnings	51	98,362,530	93,822,408
Total equity attributable to shareholders of the Company		176,477,086	172,120,649
Non-controlling interests		43,555,713	43,957,851
TOTAL SHAREHOLDERS' EQUITY		220,032,799	216,078,500
TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY		545,680,549	550,774,434

Sun Yongcai	**Qu Xiaoli**	**Shi Jian Feng**
Legal representative	*Chief Accountant*	*Person in Charge of the Accounting Department*

THE COMPANY'S BALANCE SHEET

30 June 2026

Prepared by: CRRC Corporation Limited | RMB'000

ITEM	Note XIV	30 June 2026	31 December 2025
Current assets			
Cash and bank balances	1	5,862,483	8,834,674
Accounts receivable		129,148	3,772
Prepayments		59,795	29,495
Other receivables	2	11,305,256	10,169,501
Non-current assets due within one year		749,460	915,342
Other current assets		12,427	10,064
Total current assets		18,118,569	19,962,848
Non-current assets			
Long-term receivables		9,626,273	8,959,917
Long-term equity investments	3	121,297,810	121,164,062
Investments in other equity instruments		462,117	470,305
Fixed assets		7,603	9,501
Construction in progress		–	18,002
Right-of-use assets		18,911	9,368
Intangible assets		97,404	88,894
Other non-current assets		12,250	34,255
Total non-current assets		131,522,368	130,754,304
Total assets		149,640,937	150,717,152
Current liabilities			
Employee benefits payable		22,025	60,294
Taxes payable		197	3,605
Other payables		45,931,050	47,020,951
Non-current liabilities due within one year		16,775	4,818
Total current liabilities		45,970,047	47,089,668
Non-current liabilities			
Lease liabilities		15,512	5,890
Total non-current liabilities		15,512	5,890
Total liabilities		45,985,559	47,095,558
Shareholders' equity			
Share capital		28,698,864	28,698,864
Capital reserve		62,811,973	62,810,730
Other comprehensive income		56,689	21,675
Surplus reserve		7,564,998	7,564,998
Retained earnings		4,522,854	4,525,327
Total Shareholders' Equity		103,655,378	103,621,594
Total Liabilities and Shareholders' Equity		149,640,937	150,717,152

Sun Yongcai	**Qu Xiaoli**	**Shi Jian Feng**
Legal representative	*Chief Accountant*	*Person in Charge of the Accounting Department*

CONSOLIDATED INCOME STATEMENT

From January to June 2026

Prepared by: CRRC Corporation Limited RMB'000

ITEM	Note V	Six months ended 30 June 2026	2025
I. Total operating income	52	131,682,442	119,758,127
Including: Operating income	52	131,682,442	119,758,127
II. Total operating costs		121,040,805	109,977,235
Including: Operating costs	52	102,362,041	93,633,993
Taxes and surcharges	53	976,204	936,633
Selling expenses	54	2,404,633	2,386,657
Administrative expenses	55	6,844,119	6,515,047
Research and development expense	56	7,770,498	6,779,531
Financial expense	57	683,310	(274,626)
Including: Interest expenses		591,663	511,706
Interest income		625,709	637,024
Add: Other income	58	818,624	1,279,644
Investment income	59	318,794	358,430
Including: Gains from investments in associates and joint ventures		287,563	336,080
Loss arising from derecognition of financial assets measured at amortised cost		(27,959)	(21,497)
Gains from changes in fair value	60	140,065	112,635
Impairment losses under expected credit loss model	61	(396,872)	(739,942)
Assets impairment losses	62	(163,517)	(207,856)
Gains on disposal of assets	63	30,308	16,125
III. Operating profit		11,389,039	10,599,928
Add: Non-operating income	64	184,939	214,891
Less: Non-operating expenses	65	107,567	119,727
IV. Total profit		11,466,411	10,695,092
Less: Income tax expenses	66	1,793,729	1,777,657
V. Net profit		9,672,682	8,917,435
(I) Net profit classified by operating continuity			
1. Net profit from continuing operations		9,672,682	8,917,435
(II) Net profit classified by ownership			
1. Net profit attributable to shareholders of the Company		7,990,535	7,245,652
2. Net profit attributable to non-controlling interests		1,682,147	1,671,783

From January to June 2026

ITEM	Note V	Six months ended 30 June 2026	2025
VI. Other comprehensive income, net of income tax	48	(225,389)	21,522
(I) Other comprehensive income attributable to shareholders of the Company, net of income tax		(180,436)	(88,176)
1. Items that will not be reclassified to profit or loss		(76,171)	115,349
(1) Remeasurement of the changes in net liabilities or net assets of defined benefit plan		2,471	3,221
(2) Changes in fair value of investments in other equity instruments		(78,642)	107,886
(3) Others		–	4,242
2. Items that may be reclassified to profit or loss		(104,265)	(203,525)
(1) Other comprehensive income that may be reclassified to profit or loss under equity method		26,742	(11,279)
(2) Changes in fair value of other debt investments		9,886	799
(3) Translation differences arising from translation of foreign currency financial statements		(140,893)	(193,045)
(4) Cash flow hedge reserve		–	–
(II) Other comprehensive income attributable to non-controlling interests, net of income tax		(44,953)	109,698
VII. Total comprehensive income		9,447,293	8,938,957
(I) Total comprehensive income attributable to shareholders of the Company		7,810,099	7,157,476
(II) Total comprehensive income attributable to non-controlling interests		1,637,194	1,781,481
VIII. Earnings per share:			
(I) Basic earnings per share (RMB/per share)		0.28	0.25
(II) Diluted earnings per share (RMB/per share)		0.28	0.25

Sun Yongcai	**Qu Xiaoli**	**Shi Jian Feng**
Legal representative	*Chief Accountant*	*Person in Charge of the Accounting Department*

THE COMPANY'S INCOME STATEMENT

From January to June 2026

Prepared by: CRRC Corporation Limited RMB'000

ITEM	Note XIV	Six months ended 30 June 2026	2025
I. Operating income	4	139,302	103,868
Less: Operating costs	4	2,023	2,023
Taxes and surcharges		237	–
Administrative expenses		115,597	164,108
Research and development expenses		122,962	106,611
Financial expenses		166,533	82,838
Including: Interest expenses		330,409	383,348
Interest income		196,305	272,205
Add: Other income		1,947	–
Investment income	5	3,709,417	2,970,680
Including: Income from investment in associates and joint ventures		117,277	183,303
Impairment losses under expected credit loss model		(1,923)	(6,862)
II. Operating profit		3,441,391	2,712,106
Less: Non-operating expenses		–	500
III. Total profit		3,441,391	2,711,606
Less: Income tax expenses		–	–
IV. Net profit		3,441,391	2,711,606
(I) Net profit from continuing operations		3,441,391	2,711,606
V. Other comprehensive income, net of income tax		35,014	(6,143)
(I) Items that will not be reclassified to profit or loss		3,328	903
1. Remeasurement of defined benefit plan		3,328	903
(II) Items that may be reclassified to profit or loss		31,686	(7,046)
1. Other comprehensive income recognized under equity method		31,686	(7,046)
VI. Total comprehensive income for the year		3,476,405	2,705,463

Sun Yongcai
Legal representative

Qu Xiaoli
Chief Accountant

Shi Jian Feng
Person in Charge of the Accounting Department

THE CONSOLIDATED CASH FLOW STATEMENT

From January to June 2026

Prepared by: CRRC Corporation Limited | RMB'000

ITEM	Note V	Six months ended 30 June 2026	2025
I. Cash flows from operating activities:			
Cash receipts from the sale of goods and the rendering of services		136,615,725	120,711,231
Net increase in deposits from banks and other financial institutions		578,169	–
Net decrease in loans and advances to customers		88,156	162,114
Receipts of tax refunds		1,122,636	908,395
Other cash receipts relating to operating activities	68	1,628,600	1,530,844
Sub-total of cash inflows from operating activities		140,033,286	123,312,584
Cash payments for goods purchased and services received		124,000,309	100,382,689
Net decrease in deposits from banks and other financial institutions		–	186,479
Cash payments to and on behalf of employees		17,114,313	16,549,824
Payment of various taxes		7,287,652	7,843,026
Other cash payments relating to operating activities	68	7,770,482	7,348,110
Sub-total of cash outflows from operating activities		156,172,756	132,310,128
Net cash flow from operating activities	69	(16,139,470)	(8,997,544)
II. Cash flows from investing activities:			
Cash receipts from recovery of investments		18,366,520	18,704,676
Cash receipts from investment income		280,130	418,390
Net cash receipts from disposals of fixed assets, intangible assets and other long-term assets		97,751	198,649
Sub-total of cash inflows from investing activities		18,744,401	19,321,715
Cash payments to acquire or construct fixed assets, intangible assets and other long-term assets		3,033,606	3,514,780
Cash payments to acquire investments		12,623,267	26,814,061
Sub-total of cash outflows from investing activities		15,656,873	30,328,841
Net cash flow used in investing activities		3,087,528	(11,007,126)
III. Cash flows from financing activities:			
Cash receipts from capital contributions		185,020	1,319,578
Including: Cash receipts from capital contributions by non-controlling interests of subsidiaries		185,020	1,319,578
Cash receipts from borrowings		7,602,806	7,720,968
Cash receipts from bonds issuing		1,500,000	8,000,000
Other cash received in connection with financing activities		–	92,031
Sub-total of cash inflows from financing activities		9,287,826	17,132,577
Cash repayments of borrowings		9,142,407	6,389,778
Cash payments for distribution of dividends or profits or settlement of interest expense		841,071	1,098,992
Including: Payments for distribution of dividends or profits to non-controlling interests of subsidiaries		313,436	656,064
Other cash payments relating to financing activities		1,639,647	597,687
Sub-total of cash outflows from financing activities		11,623,125	8,086,457
Net cash flow used in financing activities		(2,335,299)	9,046,120
IV. Effect of foreign exchange rate changes on cash and cash equivalents		(370,085)	289,094
V. Net increase in cash and cash equivalents	69	(15,757,326)	(10,669,456)
Add: Opening Balance of Cash and Cash Equivalents	69	43,386,289	46,553,233
VI. Closing Balance of Cash and Cash Equivalents	69	27,628,963	35,883,777

Sun Yongcai
Legal representative

Qu Xiaoli
Chief Accountant

Shi Jian Feng
Person in Charge of the Accounting Department

THE COMPANY'S CASH FLOW STATEMENT

From January to June 2026

Prepared by: CRRC Corporation Limited

RMB'000

ITEM	Note XIV	Six months ended 30 June 2026	2025
I. Cash flows from operating activities:			
Cash receipts from the sale of goods and rendering of services		22,018	103,868
Other cash receipts relating to operating activities		76,666	164,148
Sub-total of cash inflows from operating activities		98,684	268,016
Cash payments to and on behalf of employees		88,185	86,526
Payment of various taxes		3,729	10,236
Other cash payments relating to operating activities		190,606	181,174
Sub-total of cash outflows from operating activities		282,520	277,936
Net cash flow (used in)/from operating activities	6	(183,836)	(9,920)
II. Cash flows from investing activities:			
Cash receipts from recovery of investments		8,409,739	12,215,350
Cash receipts from investment income		3,930,548	6,028,626
Sub-total of cash inflows from investing activities		12,340,287	18,243,976
Cash payments to acquire or construct fixed assets, intangible assets and other long-term assets		78	157
Payment for acquisition of investments		10,172,319	22,245,886
Sub-total of cash outflows from investing activities		10,172,397	22,246,043
Net cash flow from/(used in) investing activities		2,167,890	(4,002,067)
III. Cash flows from financing activities:			
Cash receipts from bonds issuing		1,500,000	8,000,000
Cash receipts from other financing activities		45,019,000	29,869,762
Sub-total of cash inflows from financing activities		46,519,000	37,869,762
Cash repayments of borrowings		1,500,000	–
Cash payments for distribution of dividends or profits or settlement of interest expenses		319,970	354,344
Other cash payments relating to financing activities		49,581,227	37,781,668
Sub-total of cash outflows from financing activities		51,401,197	38,136,012
Net cash flow (used in)/from financing activities		(4,882,197)	(266,250)
IV. Effect of Foreign Exchange Rate Changes on Cash and Cash Equivalents		(31,366)	(25,708)
V. Net increase in cash and cash equivalents	6	(2,929,509)	(4,303,945)
Add: Opening Balance of Cash and Cash Equivalents	6	8,046,567	5,704,430
VI. Closing Balance of Cash and Cash Equivalents	6	5,117,058	1,400,485

Sun Yongcai
Legal representative

Qu Xiaoli
Chief Accountant

Shi Jian Feng
Person in Charge of the Accounting Department

THE CONSOLIDATED STATEMENT OF CHANGES IN SHAREHOLDERS' EQUITY

From January to June 2026

Prepared by: CRRC Corporation Limited

RMB'000

ITEM	For the six months ended 30 June 2026 Equity attributable to shareholders of the Company Share capital	Capital reserve	Comprehensive income	Special reserve	Surplus reserve	General risk reserve	Retained earnings	Sub-total	Non-controlling interests	Total
I. Balance at the end of the previous year	28,698,864	41,761,594	(577,814)	49,957	7,564,998	800,642	93,822,408	172,120,649	43,957,851	216,078,500
II. Balance at the beginning of the current period	28,698,864	41,761,594	(577,814)	49,957	7,564,998	800,642	93,822,408	172,120,649	43,957,851	216,078,500
III. Changes for the period	-	(9,798)	(173,887)	-	-	-	4,540,122	4,356,437	(402,138)	3,954,299
(I) Total comprehensive income	-	-	(180,436)	-	-	-	7,990,535	7,810,099	1,637,194	9,447,293
(II) Shareholders' contributions and reduction	-	(9,798)	-	-	-	-	-	(9,798)	(826,193)	(835,991)
1. Contribution by ordinary shareholders	-	37,025	-	-	-	-	-	37,025	137,872	174,897
2. Others	-	(46,823)	-	-	-	-	-	(46,823)	(964,065)	(1,010,888)
(III) Profit distribution	-	-	-	-	-	-	(3,443,864)	(3,443,864)	(1,213,139)	(4,657,003)
1. Appropriation for surplus reserve	-	-	-	-	-	-	-	-	-	-
2. Appropriation to general risk reserve	-	-	-	-	-	-	-	-	-	-
3. Distributions to shareholders	-	-	-	-	-	-	(3,443,864)	(3,443,864)	(1,213,139)	(4,657,003)
4. Others	-	-	-	-	-	-	-	-	-	-
(IV) Transfers within shareholders' equity	-	-	6,549	-	-	-	(6,549)	-	-	-
1. Other comprehensive income carried forward to retained earnings	-	-	6,549	-	-	-	(6,549)	-	-	-
(V) Special reserve	-	-	-	-	-	-	-	-	-	-
1. Appropriation of special reserve	-	-	-	136,054	-	-	-	136,054	25,752	161,806
2. Amount utilised in the period	-	-	-	(136,054)	-	-	-	(136,054)	(25,752)	(161,806)
IV. Balance at the end of the current period	28,698,864	41,751,796	(751,701)	49,957	7,564,998	800,642	98,362,530	176,477,086	43,555,713	220,032,799

For the six months ended 30 June 2025

ITEM	Equity attributable to shareholders of the Company								Non-controlling interests	Total
	Share capital	Capital reserve	Comprehensive income	Special reserve	Surplus reserve	General risk reserve	Retained earnings	Sub-total		
I. Balance at the end of the previous year	28,698,864	42,448,601	(610,891)	49,957	6,851,689	755,846	90,579,708	168,773,774	41,420,820	210,194,594
Add: business combination under the same control	–	25,500	–	–	–	–	514	26,014	24,994	51,008
II. Balance at the beginning of the current period	28,698,864	42,474,101	(610,891)	49,957	6,851,689	755,846	90,580,222	168,799,788	41,445,814	210,245,602
III. Changes for the period	–	8,330	(88,176)	–	–	–	1,216,936	1,137,090	548,242	1,685,332
(I) Total comprehensive income	–	–	(88,176)	–	–	–	7,245,652	7,157,476	1,781,481	8,938,957
(II) Shareholders' contributions and reduction	–	8,330	–	–	–	–	–	8,330	(1,539)	6,791
1. Contribution by ordinary shareholders	–	706	–	–	–	–	–	706	1,321,640	1,322,346
2. Others	–	7,624	–	–	–	–	–	7,624	(1,323,179)	(1,315,555)
(III) Profit distribution	–	–	–	–	–	–	(6,028,716)	(6,028,716)	(1,231,700)	(7,260,416)
1. Appropriation for surplus reserve	–	–	–	–	–	–	–	–	–	–
2. Appropriation to general risk reserve	–	–	–	–	–	–	–	–	–	–
3. Distributions to shareholders	–	–	–	–	–	–	(6,026,761)	(6,026,761)	(1,230,225)	(7,256,986)
4. Others	–	–	–	–	–	–	(1,955)	(1,955)	(1,475)	(3,430)
(IV) Transfers within shareholders' equity	–	–	–	–	–	–	–	–	–	–
1. Other comprehensive income carried forward to retained earnings	–	–	–	–	–	–	–	–	–	–
(V) Special reserve	–	–	–	–	–	–	–	–	–	–
1. Appropriation of special reserve	–	–	–	136,513	–	–	–	136,513	28,540	165,053
2. Amount utilised in the period	–	–	–	(136,513)	–	–	–	(136,513)	(28,540)	(165,053)
IV. Balance at the end of the current period	28,698,864	42,482,431	(699,067)	49,957	6,851,689	755,846	91,797,158	169,936,878	41,994,056	211,930,934

Sun Yongcai
Legal representative

Qu Xiaoli
Chief Accountant

Shi Jian Feng
Person in Charge of the Accounting Department

THE COMPANY'S STATEMENT OF CHANGES IN SHAREHOLDERS' EQUITY

From January to June 2026

Prepared by: CRRC Corporation Limited

RMB'000

ITEM	For the six months ended 30 June 2026					
	Share capital	Capital reserve	Other comprehensive income	Surplus reserve	Retained earnings	Total
I. Closing balance of the previous year	28,698,864	62,810,730	21,675	7,564,998	4,525,327	103,621,594
II. Opening balance of the current period	28,698,864	62,810,730	21,675	7,564,998	4,525,327	103,621,594
III. Changes in equity during the period	–	1,243	35,014	–	(2,473)	33,784
(I) Total comprehensive income	–	–	35,014	–	3,441,391	3,476,405
(II) Owners' contributions and reduction in capital	–	1,243	–	–	–	1,243
1. Others	–	1,243	–	–	–	1,243
(III) Profit distribution	–	–	–	–	(3,443,864)	(3,443,864)
1. Appropriation for surplus reserve	–	–	–	–	–	–
2. Distributions to owners (or shareholders)	–	–	–	–	(3,443,864)	(3,443,864)
(IV) Transfers within shareholders' equity	–	–	–	–	–	–
IV. Closing balance of the current period	28,698,864	62,811,973	56,689	7,564,998	4,522,854	103,655,378

ITEM	For the six months ended 30 June 2025					
	Share capital	Capital reserve	Other comprehensive income	Surplus reserve	Retained earnings	Total
I. Closing balance of the previous year	28,698,864	62,809,231	2,217	6,851,689	7,289,186	105,651,187
II. Opening balance of the current period	28,698,864	62,809,231	2,217	6,851,689	7,289,186	105,651,187
III. Changes in equity during the period	–	1,287	(6,143)	–	(3,315,155)	(3,320,011)
(I) Total comprehensive income	–	–	(6,143)	–	2,711,606	2,705,463
(II) Owners' contributions and reduction in capital	–	1,287	–	–	–	1,287
1. Others	–	1,287	–	–	–	1,287
(III) Profit distribution	–	–	–	–	(6,026,761)	(6,026,761)
1. Appropriation for surplus reserve	–	–	–	–	–	–
2. Distributions to owners (or shareholders)	–	–	–	–	(6,026,761)	(6,026,761)
(IV) Transfers within shareholders' equity	–	–	–	–	–	–
IV. Closing balance of the current period	28,698,864	62,810,518	(3,926)	6,851,689	3,974,031	102,331,176

Sun Yongcai
Legal representative

Qu Xiaoli
Chief Accountant

Shi Jian Feng
Person in Charge of the Accounting Department

I. BASIC INFORMATION ABOUT THE COMPANY

1. General information

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

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

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

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

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

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

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

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

1. General information *(continued)*

Company name	Principal place of business	Registered office	Type of legal entity	Legal representative	Business scope/ Nature of business	Unified social credit code	Paid-in capital (RMB'000)	Shareholding proportion (%)	Voting proportion (%)
CRRC Changchun Railway Vehicles Co. Ltd. ("CRRC Changchun")	China	Changchun	Limited company	Lin Changqing	Manufacturing	91220000735902224D	6,317,053	93.54	93.54
CRRC Zhuzhou Electric Locomotive Research Institute Co., Ltd. ("CRRC Zhuzhou Institute")	China	Zhuzhou	Limited liability company	Li Donglin	Manufacturing	9143020044517525X1	9,126,840	100.00	100.00
CRRC Zhuzhou Electric Locomotive Co., Ltd. ("CRRC Zhuzhou Locomotive")	China	Zhuzhou	Limited liability company	Wang Qiaolin	Manufacturing	914302007790310965	5,613,927	100.00	100.00
CRRC Tangshan Co., Ltd. ("CRRC Tangshan")	China	Tangshan	Limited liability company	Zhou Junnian	Manufacturing	911302216636887669	4,030,920	100.00	100.00
CRRC Dalian Co., Ltd. ("CRRC Dalian")	China	Dalian Branch	Limited liability company	Sun Rongkun	Manufacturing	91210200241283929E	4,395,000	100.00	100.00
CRRC Qiqihar Group Co., Ltd. ("CRRC Qiqihar Group ")	China	Qiqihar	Limited liability company	Wang Hui rong	Manufacturing	91230200057435769W	8,000,000	100.00	100.00
CRRC Yangtze River Transportation Equipment Group Co., Ltd. ("CRRC Yangtze River Group")	China	Wuhan	Limited liability company	Zhang Lei	Manufacturing	91420115MA4KYAEH3B	5,716,509	100.00	100.00
CRRC Asset Management Co., Ltd ("CRRC Asset Management")	China	Shanghai	Limited liability company	Tan Xiaofeng	Trading and financing lease	911100007109247853	2,909,285	100.00	100.00
CRRC Qishuyan Co., Ltd. ("CRRC Qishuyan")	China	Changzhou	Limited liability company	Xu Shibao	Manufacturing	913204006638182170	2,448,020	100.00	100.00
CRRC Qishuyan Locomotive & Rolling Stock Technology Research Institute Co., Ltd. ("CRRC Qishuyan Institute")	China	Changzhou	Limited company	Wang Chenglong	Manufacturing	91320400137168058A	650,000	84.20	84.20
CRRC Capital Management Co., Ltd. ("CRRC Capital Management")	China	Beijing	Limited liability company	Lu Jianzhou	Finance	91110108MA00314Q4L	3,300,000	100.00	100.00
CRRC Nanjing Puzhen Co., Ltd. ("CRRC Nanjing Puzhen")	China	Nanjing	Limited liability company	Yang Qi	Manufacturing	91320191663764650N	5,149,355	100.00	100.00
CRRC Hong Kong Capital Management Co., Ltd. ("CRRC Hong Kong Capital Management")	China	Hong Kong	Limited liability company	Dong Xuzhang	Investment and capital operation	Not applicable	3,503,568	100.00	100.00
CRRC ITET Co., Ltd. ("CRRC ITET")	China	Beijing	Limited liability company	Liu Chuntao	Housing industry	91110106590663663T	1,500,000	50.00	50.00
CRRC Yongji Electric Co., Ltd. ("CRRC Yongji Electric")	China	Yongji	Limited liability company	Wang Bin	Manufacturing	91140881664458751J	1,873,301	100.00	100.00
CRRC Qingdao Sifang Research Institute Co., Ltd. ("CRRC Sifang Institute")	China	Qingdao	Limited liability company	Xing Xiaodong	Manufacturing	91370200264582788W	2,220,681	100.00	100.00
CRRC Finance Co., Ltd. ("CRRC Finance")	China	Beijing	Limited liability company	Hao Zhijun	Financing	911100000573064301	3,200,000	91.36	91.36
CRRC Zhuzhou Electric Co., Ltd. ("CRRC Zhuzhou Electric")	China	Zhuzhou	Limited liability company	Nie Ziqiang	Manufacturing	914302007607187 1X7	1,375,300	100.00	100.00
CRRC Ziyang Co., Ltd. ("CRRC Ziyang")	China	Ziyang	Limited liability company	Chen Zhixin	Manufacturing	91512000786693055N	2,020,976	100.00	100.00
CRRC Beijing Nankou Co., Ltd. ("CRRC Beijing Nankou")	China	Beijing	Limited liability company	Tao Lu	Manufacturing	9111000066462558 0F	1,008,000	100.00	100.00

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

1. General information *(continued)*

Company name	Principal place of business	Registered office	Type of legal entity	Legal representative	Business scope/ Nature of business	Unified social credit code	Paid-in capital (RMB'000)	Shareholding proportion (%)	Voting proportion (%)
CRRC Datong Electric Locomotive Co., Ltd. (CRRC Datong")	China	Datong	Limited liability company	Fu Yongjun	Manufacturing	91140200602161186E	1,140,000	100.00	100.00
CRRC Dalian Research Institute Co., Ltd. ("CRRC Dalian Institute")	China	Dalian	Limited liability company	Qu Tianwei	Manufacturing	91210200243024402A	1,103,000	100.00	100.00
CRRC Sifang Co., Ltd.("CRRC Sifang")	China	Qingdao	Limited liability company	Xu Lei	Manufacturing	9137020016357624X1	223,375	100.00	100.00
CRRC Logistics Co., Ltd. ("CRRC Logistics")	China	Beijing	Limited liability company	Pan Shuping	Logistics and trade	91110108737682982M	963,560	100.00	100.00
CRRC Industrial Research Institute Co., Ltd. ("CRRC Industrial Institute")	China	Beijing	Limited liability company	Liang Jianying	Research and development	911101063066897448	356,440	100.00	100.00
CRRC International Co., Ltd. ("CRRC International")	China	Beijing	Limited liability company	Wu Yan	Trade	911101067109217367	2,590,000	100.00	100.00
CRRC Information Technology Co., Ltd. ("CRRC Information Technology ")	China	Beijing	Limited liability company	Chen Kai	Software development	91110108700035941C	756,470	100.00	100.00
CRRC SA (PTY) LTD	South Africa	South Africa	Limited liability company	Han Xiaobo	Manufacturing	Not applicable	ZAR 1,000	66.00	66.00
Zhuzhou CRRC Times Electric Co., Ltd. (CRRC Times Electric") (Note 1)	China	Zhuzhou	Limited company	Li Donglin	Manufacturing	914300007808508659	1,347,703	50.15	50.15
Zhuzhou Times New Material Technology Co., Ltd. (Zhuzhou Times New Material") (Note 2)	China	Zhuzhou	Limited company	Peng Huawen	Manufacturing	91430200712106524U	952,297	33.35	48.58
CRRC Qihang New Energy Technology Co., Ltd	China	Beijing	Limited liability company	Liu Jianxun	Research and development	91110108MAD3W43D43	700,000	100.00	100.00
CRRC (Chongqing) Smart Rail Transit Technology Co., Ltd (Chongqing Smart Rail Transit)	China	Chongqing	Limited liability company	Zhang Hongquan	Research and development	91500112MAD9CP0C01	200,000	100.00	100.00
CRRC Digital Intelligence Technology (Xiong'an) Co., Ltd	China	Baoding	Limited liability company	Chen Kai	Software development	91133100MAE8YDTG6C	300,000	100.00	100.00

Note 1: CRRC Times Electric is a subsidiary of CRRC Zhuzhou Institute. CRRC Times Electric is a listed company on the Science and Technology Innovation Board of the Exchange of China (stock code: 688187) and a listed company on the main board of the Stock Exchange of Hong Kong (stock code: 03898). During the six-month period ending June 30, 2026, the Company has conducted a series of repurchases and cancellations of H Shares on the Stock Exchange of Hong Kong Limited, with a total of 27,245,000 H Shares repurchased and 10,245,600 H Shares cancelled. As at June 30, 2026, the Group's shareholding in CRRC Times Electric was 50.15%.

Note 2: Zhuzhou Times New Materials is a listed company on the Shanghai Stock Exchange (stock code: 600458). On January 16, 2026, Zhuzhou Times New Materials completed the repurchase and cancellation of 426,980 restricted shares and received the "Securities Change Registration Certificate" issued by China Securities Depository and Clearing Corporation Limited Shanghai Branch. On May 28, 2026, Zhuzhou Times New Materials held the 16th (temporary) meeting of the 10th Board and passed the Proposal on the First Granting of Restricted Stocks to the Incentive Objects of the Company's 2025 Restricted Stock Incentive Plan. As at the completion of the equity registration date, Zhuzhou Times New Materials has issued 21.543 million shares of share capital, and the Group's shareholding in Zhuzhou Times New Materials has been passively diluted from 34.11% to 33.35%. At the same time, CRRC Group, the parent company of the Company, has authorized the Group to exercise its proposal and voting rights at the general meeting of Zhuzhou Times New Materials. Therefore, the Group's proportion of 'voting rights' in Zhuzhou Times New Materials has been passively diluted from 49.69% to 48.58%.

II. BASIS OF PREPARATION OF FINANCIAL STATEMENTS

1. Basis of preparation

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

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

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

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

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

2. Going concern

The Group evaluated the going concern capability for the next twelve months from 30 June 2026 and found no matters or circumstances that could raise serious doubts about the going concern capability. These financial statements have been prepared on a going concern basis.

III. SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES

1 Statement of compliance with the ASBE

These financial statements are in compliance with the ASBE to truly and completely reflect consolidated and the Company's financial position as at 30 June 2026, and consolidated and the Company's operating results, changes in shareholders' equity and cash flows for the 6 month period then ended.

2 Accounting period

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

3 Business cycle

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

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

4 Reporting currency

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

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

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

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

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

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

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

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

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

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

(1) Business combinations involving enterprises under common control

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

8 Classification of joint arrangements and accounting methods for joint management

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

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

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

9 Recognition criteria of cash and cash equivalent

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

10 Translation of transactions and financial statements denominated in foreign currencies

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

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

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

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

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

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

11 Financial instruments

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

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

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

A financial asset or financial liability is measured initially at fair value. For financial assets and financial liabilities measured at fair value through profit or loss, any related directly attributable transaction costs are charged to profit or loss; for other categories of financial assets and financial liabilities, any related directly attributable transaction costs are included in their initial costs. Accounts receivables that do not have a significant financing component or do not account for the significant financing component in one-year-or-less contracts under the practical expedient are initially measured at the transaction price in accordance with Note III.26.

(2) Classification and subsequent measurement of financial assets

(a) Classification of financial assets

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

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

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

– it is held under a business model whose objective is to hold assets to collect contractual cash flows; and

– its contractual terms give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

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

– it is held under a business model whose objective is achieved by both collecting contractual cash flows and selling financial assets; and

– its contractual terms give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

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

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

11 Financial instruments *(continued)*

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

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

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

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

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

(b) Subsequent measurement of financial assets

– ***Financial assets at FVTPL***

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

– ***Financial assets at amortised cost***

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

– ***Debt investments at FVOCI***

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

– ***Equity investments at FVOCI***

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

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

11 Financial instruments *(continued)*

(3) Classification and subsequent measurement of financial liabilities

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

– **Financial liabilities at FVTPL**

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

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

– **Financial liabilities at amortised cost**

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

(4) Offsetting

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

– The Group currently has a legally enforceable right to set off the recognised amounts;

– The Group intends either to settle on a net basis, or to realise the financial asset and settle the financial liability simultaneously.

(5) Derecognition of financial assets and financial liabilities

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

– the Group's contractual rights to the cash flows from the financial asset expire;

– the financial asset has been transferred and the Group transfers substantially all of the risks and rewards of ownership of the financial asset; or

– the financial asset has been transferred; and although the Group neither transfers nor retains substantially all of the risks and rewards of ownership of the financial asset, it does not retain control over the transferred asset.

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

– the carrying amount of the financial asset transferred measured at the date of derecognition;

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

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

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

11 Financial instruments *(continued)*

(6) Impairment

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

– financial assets measured at amortised cost;

– contract assets; and

– lease receivables.

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

Measurement of ECLs

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

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

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

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

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

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

– Financial instruments that have been determined to have low credit risk at the balance sheet date;

– Financial instruments for which credit risk has not increased significantly since initial recognition.

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

11 Financial instruments *(continued)*

(6) Impairment *(continued)*

Provisions for bad and doubtful debts arising from receivables

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

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

(b) Criteria for individual assessment

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

Financial instruments that have low credit risk

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

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

11 Financial instruments *(continued)*

(6) Impairment *(continued)*

Significant increases in credit risk

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

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

– failure to make payments of principal or interest on their contractual due dates;

– an actual or expected significant deterioration in a financial instrument's external or internal credit rating (if available);

– an actual or expected significant deterioration in the operating results of the debtor; and

– existing or forecast changes in the technological, market, economic or legal environment that have a significant adverse effect on the debtor's ability to meet its obligation to the Group.

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

Credit-impaired financial assets

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

– significant financial difficulties of the issuer or debtor;

– a breach of contract, such as a default or delinquency in interest or principal payments;

– for economic or contractual reasons relating to the debtor's financial difficulties, the Group having granted to the debtor a concession that it would not otherwise consider;

– it is probable that the debtor will enter bankruptcy or other financial reorganisation; or

– the disappearance of an active market for the financial asset because of financial difficulties of the issuer or debtor.

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

11 Financial instruments *(continued)*

(6) Impairment *(continued)*

Presentation of allowance for ECL

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

Write-off

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

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

(7) Equity instruments

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

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

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

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

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

11 Financial instruments *(continued)*

(8) Convertible instruments

– **Convertible instruments containing an equity component**

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

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

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

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

– **Other convertible instruments not containing an equity component**

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

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

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

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

11 Financial instruments *(continued)*

(9) Preference shares and perpetual bonds

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

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

12 Inventories

(1) Categories

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

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

(2) Measurement method of cost of inventories

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

(3) Inventory count system

The perpetual inventory system is maintained for stock system.

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

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

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

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

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

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

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

13 Assets held for sale and discontinued operations

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

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

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

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

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

Recognition criteria and presentation method of discontinued operations

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

– It represents a separate major line of business or a separate geographical area of operations;

– It is part of a single co-ordinated plan to dispose of a separate major line of business or a separate geographical area of operations;

– It is a subsidiary acquired exclusively with a view to resale.

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

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

14 Long-term equity investments

(1) Judgment criteria for joint control and significant influence

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

(2) Determination of investment cost

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

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

(3) Subsequent measurement and recognition of profit or loss

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

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

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

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

14 Long-term equity investments *(continued)*

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

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

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

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

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

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

(c) Disposal of long-term equity investments

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

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

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

15 Investment properties

(1) Adoption of the Cost Model

Depreciation or Amortization Methods

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

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

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

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

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

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

16 Fixed assets

(1) Recognition criteria

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

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

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

16 Fixed assets *(continued)*

(2) Depreciation method

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

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

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

17 Construction in progress

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

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

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

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

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

18 Borrowing Costs

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

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

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

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

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

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

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

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

19 Intangible assets

(1) Valuation method, useful life and impairment test

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

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

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

19 Intangible assets *(continued)*

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

The useful lives of the intangible assets are as follows:

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

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

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

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

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

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

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

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

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

19 Intangible assets *(continued)*

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

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

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

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

20 Impairment of long-term assets

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

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

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

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

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

21 Long-term deferred expenses

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

22 Employee benefits

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

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

22 Employee benefits *(continued)*

(1) Accounting for short-term employee benefits

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

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

(2) Accounting for retirement benefits

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

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

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

(i) Service costs include current service cost, past service cost, as well as gains and losses on and settlements. Current service cost refers to the increase amount of present value of defined benefit obligation arising from service rendered in current year; past service cost refers to the change of present value of defined benefit obligation arising from modification of defined benefit plans;

(ii) Net interest expense or income net of liabilities or assets (including interest income of planned assets, interest expenses of defined benefit plan liabilities and effect of asset ceiling;

(iii) Changes arising from remeasurement of net liabilities or net assets of defined benefit plans (including actuarial gains and losses).

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

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

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

22 Employee benefits *(continued)*

(3) Accounting for termination benefits

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

(i) The Group cannot unilaterally withdraw from the termination plan or the redundancy offer; or

(ii) The Group recognises costs relating to termination benefits payment in respect of restructuring.

23 Provisions

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

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

24 Share-based payments

(1) Classification of share-based payments

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

(2) Accounting treatment of share-based payments

– **Equity-settled share-based payments**

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

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

24 Share-based payments *(continued)*

(2) Accounting treatment of share-based payments *(continued)*

– Equity-settled share-based payments *(continued)*

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

– Cash-settled share-based payments

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

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

25 Deferred tax assets/Deferred tax liabilities

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

(1) Current income tax

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

(2) Deferred tax assets/deferred tax liabilities

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

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

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

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

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

- Where taxable temporary differences arise from the initial recognition of goodwill; or the initial recognition of an asset or liability in a transaction that is not a business combination, and at the time of the transaction, it affects neither accounting profit nor taxable profit or loss;

- For taxable temporary differences associated with investments in subsidiaries, joint ventures and associates, where the timing of the reversal of the temporary differences can be controlled by the Group and it is probable that the temporary differences will not reverse in the foreseeable future.

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

- Where the deferred tax asset arises from a transaction that is not a business combination and, at the time of the transaction, neither affects the accounting profit nor taxable profit or loss;

- Deductible temporary differences associated with investments in subsidiaries, joint ventures and associates, a deferred tax asset is only recognised to the extent that it is probable that the temporary differences will reverse in the foreseeable future and taxable profit will be available against which the temporary differences can be utilised in the future.

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

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

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

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

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

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

26 Revenue

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

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

(i) Revenue from selling of goods;

(ii) Revenue from rendering of services

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

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

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

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

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

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

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

26 Revenue *(continued)*

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

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

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

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

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

(i) The addition of promised goods or services are distinct and the price of the contract increases by an amount of consideration reflects stand-alone selling prices of the additional promised goods or services, the Group shall account for a contract modification as a separate contract;

(ii) If the above criteria are not met, and the remaining goods or services are distinct from the goods or services transferred on the date of the contract modification, the Group accounts for the contract modification as if it were a termination of the existing contract and the creation of a new contract;

(iii) If the above criteria are not met, and the remaining goods or services are not distinct from the goods or services transferred on the date of the contract modification, the Group accounts for the contract modification as if it were a part of the existing contract. The effect that the contract modification has on the revenue is recognised as an adjustment to revenue in the reporting period.

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

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

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

26 Revenue *(continued)*

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

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

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

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

27 Contract costs

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

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

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

(i) the costs relate directly to an existing contract or to a specifically identifiable anticipated contract, including direct labour, direct materials, allocations of overheads (or similar costs), costs that are explicitly chargeable to the customer and other costs that are incurred only because the Group entered into the contract;

(ii) the costs generate or enhance resources of the Group that will be used in satisfying (or in continuing to satisfy) performance obligations in the future; and

(iii) the costs are expected to be recovered.

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

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

(i) remaining amount of consideration that the Group expects to receive in exchange for the goods or services to which the asset relates; less

(ii) the costs that relate directly to providing those goods or services that have not yet been recognised as expenses.

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

28 Leases

Basis for Judgement and Accounting Treatment for Lessee's Election of Simplified Treatment for Short-term Leases and Low-value Asset Leases

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

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

(1) As a lessee

(a) Allocation

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

(b) Right-of-use assets

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

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

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

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

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

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

28 Leases *(continued)*

(1) As a lessee *(continued)*

(c) Lease liabilities

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

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

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

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

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

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

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

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

28 Leases *(continued)*

(1) As a lessee *(continued)*

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

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

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

(e) Lease modifications

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

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

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

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

(2) Sales and lease back

The Group acts as the seller and lessee

The Group determines whether the asset transfer in the sale and leaseback transaction is a sale in accordance with Note III. 26. If the transfer of assets is not a sale, the Group continues to recognise the transferred assets and recognises a financial liability equal to the transfer income, and accounts for the financial liabilities in accordance with Note III.11. Where the transfer of assets belongs to sales, the Group measures the right-of-use assets formed by the sale and leaseback based on the portion of the original asset's book value that is related to the use rights obtained from the leaseback, and only recognises the relevant gains or loss of the rights to transfer to the lessor.

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

28 Leases *(continued)*

Lease classification standard and accounting treatment method as lessor

(1) As a lessor

(a) Allocation

Where the contract includes both the lease and non-lease components, the Group apportions the contract consideration according to the provisions of Note III. 26 on the transaction price sharing. The basis of the apportionment is the individual selling price of the leased part and the non-lease part.

(b) Classification of lease

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

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

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

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

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

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

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

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

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

28 Leases *(continued)*

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

(1) As a lessor *(continued)*

(c) Lease modification

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

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

- The modification expands the scope of the lease by increasing the right to use one or more leased assets;

- The increased consideration is equal to the individual price of the expanded portion of the lease, as adjusted by the contractual situation.

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

- If the lease is classified as an operating lease when the change becomes effective on the lease start date, the Group begins accounting as a new lease from the effective date of the lease change and uses the net lease investment before the effective date of the lease change as the book value of the leased asset;

- If the change is effective on the lease start date and the lease is classified as a finance lease, the Group performs accounting treatment in accordance with the "Accounting Standards for Business Enterprises No. 22 – Recognition and Measurement of Financial Instruments" provisions for the modification or re-arrangement of contracts.

(2) Sales and leaseback

The Group acts as the buyer and lessor

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

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

29 Other significant accounting policies and accounting estimates

1. Other significant accounting policies

(1) Profit distribution

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

(2) Production safety expenses

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

(3) Debt restructuring

Recording debt restructuring obligation as a creditor

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

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

(4) Related parties

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

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

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

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

2. Significant accounting estimates and judgements

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

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

(1) Credit loss allowance for receivables and contract assets

Except for that the Group recognises credit loss for receivables and contract assets that are individually significant or have credit impaired on an individually basis, the Group determines the expected credit loss of receivables and contract assets on a collectively basis using a provision matrix. For receivables and contract assets whose credit loss are determined individually, the Group determines the credit loss by estimating the expected cash flows based on reasonable and evidenced information available on the balance sheet date with forward-looking information taken into consideration. For receivables and contract assets other than the above, the Group, based on the historical collection condition, determines the proportion of corresponding loss provision for each type of receivables and contract assets with similar credit risk characteristics on a portfolio basis. The provision matrix is based on the Group's historical credit loss experience and is based on reasonable and evidence-based forward-looking information that is available without undue cost or effort. As at 30 June 2026, the Group has reassessed the historical actual credit loss rate and considered changes in forward-looking information.

(2) Impairment of goodwill

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

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

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

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

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

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

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

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

(5) Provision for impairment of inventories

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

(6) Deferred tax assets

Besides the exceptions that have been illustrated in the Note III. 25, deferred tax assets are recognised for unused tax losses and deductible temporary differences to the extent that it is probable that taxable profit will be available against which the losses and deductible temporary differences can be utilised. Significant management judgement is required to determine the amount of deferred tax assets that can be recognised, based upon the likely timing and level of future taxable profits together with future tax planning strategies.

(7) Long-term assets impairment (excluding goodwill)

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

(8) Warranties for product quality

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

IV. TAXES

1 Major categories of taxes and tax rates

Summary of major categories of taxes and tax rates

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

2 Tax incentive

(1) VAT

According to The Notice of the MoF and the State Administration of Taxation on the Policy of Value Added Tax on Software Products (Cai Shui [2011] No. 100), the part of the actual tax burden of VAT exceeding 3% was levied and refunded upon collection, when CRRC Information Technology, CRRC Qiqihar Group, CRRC Sifang Institute and CRRC Dalian Institute, CRRC Zhuzhou Institute, CRRC Zhuzhou Locomotive and its holding subsidiaries sell their self- developed and self-produced software products in 2026.

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

(2) Enterprise income tax

As approved by relevant Provincial Department of Science and Technology, Provincial Department of Finance, Provincial Office of the State Administration of Taxation, and Provincial Local Taxation Bureau, CRRC Qihang New Energy obtained high-tech enterprise certificate in 2025, and is subject to an enterprise income tax at a reduced rate of 15% from 2026 to 2028.

As approved by relevant Provincial Department of Science and Technology, Provincial Department of Finance, Provincial Office of the State Administration of Taxation, and Provincial Local Taxation Bureau, CRRC Industrial Institute and CRRC Nanjing Puzhen obtained high-tech enterprise certificate in 2024, and is subject to an enterprise income tax at a reduced rate of 15% from 2024 to 2026.

As approved by Beijing Municipal Science & Technology Commission, Beijing Municipal Bureau of Finance, Beijing Municipal Office of the State Administration of Taxation and Beijing Local Taxation Bureau, CRRC Information Technology obtained high-tech enterprise certificate in 2025, and is subject to an enterprise income tax at a reduced rate of 15% from 2026 to 2028.

IV. TAXES *(continued)*

2 Tax incentive *(continued)*

(2) Enterprise income tax *(continued)*

As approved by relevant Provincial Department of Science and Technology, Provincial Department of Finance, Provincial Office of the State Administration of Taxation, and Provincial Local Taxation Bureau, CRRC Changchun, CRRC Zhuzhou Institute, CRRC Zhuzhou Locomotive, CRRC Qishuyan, CRRC Yongji Moto, CRRC Zhuzhou Moto, CRRC Datong, CRRC Tangshan, CRRC Qishuyan Institute and Times New Material obtained high-tech enterprise certificate in 2023, and are subject to an enterprise income tax at a reduced rate of 15% from 2023 to 2025.The Group expects that the above-mentioned companies can still pay corporate income tax at a preferential tax rate of 15% in 2026.

As approved by relevant Municipal Department of Science and Technology, Municipal Department of Finance, Municipal Office of the State Administration of Taxation, and Municipal Local Taxation Bureau, CRRC Sifang Institute and CRRC Dalian Institute obtained high-tech enterprise certificate in 2023, and is subject to an enterprise income tax at a reduced rate of 15% from 2023 to 2025.The Group expects that the above-mentioned companies can still pay corporate income tax at a preferential tax rate of 15% in 2026.

As approved by relevant Municipal Department of Science and Technology, Municipal Department of Finance, Municipal Office of the State Administration of Taxation, and Municipal Local Taxation Bureau, CRRC Dalian obtained high-tech enterprise certificate in 2024, and is subject to an enterprise income tax at a reduced rate of 15% from 2024 to 2026.

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

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

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

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

V. NOTES OF CONSOLIDATED FINANCIAL STATEMENTS

1 Cash and bank balances

RMB'000

Item	Closing balance	Opening balance
Cash on hand	622	576
Bank deposits	43,239,485	66,634,560
Other cash and bank balances	959,158	1,199,488
Total	44,199,265	67,834,624
Including: Total amount deposited overseas	3,729,455	5,013,179

Restricted funds of the Group:

RMB'000

Item	Closing balance	Opening balance
Statutory reserve deposited by CRRC Finance at central bank	2,681,210	2,650,217
Guarantee deposits for acceptances	151,890	499,153
Guarantee deposits for letter of credit	18,098	28,182
Guarantee deposits for letter of guarantee	75,537	121,618
Other deposits subject to restrictions	1,437,812	1,270,378
Total	4,364,547	4,569,548

As at 30 June 2026, the term deposits that have not been pledged or restricted for use for three months or over three months is RMB12,070,707,000 (as at 31 December 2025: RMB19,878,787,000).

2 Held-for-trading financial assets

RMB'000

Item	Closing balance	Opening balance	Specified Reasons and Basis
Investments in equity instruments	5,325,257	4,784,160	/
Derivatives	–	2,026	/
Others (Note)	5,178,490	1,310,259	/
Total	10,503,747	6,096,445	/

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

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

3 Bills receivable

(1) Category of bills receivable

RMB'000

Item	Closing balance	Opening balance
Bank acceptances	972,176	1,433,165
Commercial acceptances	11,323,143	12,302,518
Less: Credit loss allowance	(13,040)	(16,909)
Total	12,282,279	13,718,774

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

RMB'000

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

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

RMB'000

Item	Amount not derecognised at the end of the period
Bank acceptances	123,327
Commercial acceptances	573,196
Total	696,523

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

3 Bills receivable *(continued)*

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

RMB'000

Category	Closing balance					Opening balance				
	Book value		Credit loss allowance			Book value		Credit loss allowance		
	Amount	Percentage (%)	Amount	Percentage (%)	Carrying amount	Amount	Percentage (%)	Amount	Percentage (%)	Carrying amount
Provision on portfolio basis	12,295,319	100.0	(13,040)	0.11	12,282,279	13,735,683	100.0	(16,909)	0.12	13,718,774
Total	12,295,319	100.0	(13,040)	/	12,282,279	13,735,683	100.0	(16,909)	/	13,718,774

Provision on portfolio basis:

RMB'000

Item	Closing balance		
	Bill receivable	Credit loss allowance	Proportion (%)
Bank acceptances	972,176	–	–
Commercial acceptances	11,323,143	(13,040)	0.1-2.0
Total	12,295,319	(13,040)	/

Provision on ECL basis:

RMB'000

Credit loss allowance	Lifetime ECL (Non-credit impaired)	Total
Balance at 1 January 2026	16,909	16,909
Provision	13,715	13,715
Reversal	(17,584)	(17,584)
Balance at 30 June 2026	13,040	13,040

As at 30 June 2026, bills receivable due from related parties are set out in Note X.5.

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

4 Accounts receivable

(1) Aging analysis of accounts receivable

RMB'000

Ageing	Closing book value	Opening book value
Within 1 year	107,632,467	100,778,748
1 – 2 years	13,415,139	10,219,246
2 – 3 years	5,143,258	5,160,992
3 – 4 years	2,820,206	2,641,660
4 – 5 years	1,450,814	1,644,981
Over 5 years	3,573,416	3,331,661
Sub-total	134,035,300	123,777,288
Less: Credit loss allowance	(7,661,068)	(7,275,188)
Total	126,374,232	116,502,100

The aging of accounts receivable of the Group is classified based on the related invoice dates.

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

RMB'000

	Closing balance					Opening balance				
	Book value		Credit loss allowance			Book value		Credit loss allowance		
Category	Amount	Percentage (%)	Amount	Percentage (%)	Carrying amount	Amount	Percentage (%)	Amount	Percentage (%)	Carrying amount
Provision on individual basis	5,520,329	4.1	(3,623,385)	65.6	1,896,944	5,769,913	4.7	(3,632,780)	63.0	2,137,133
Provision on portfolio basis	128,514,971	95.9	(4,037,683)	3.1	124,477,288	118,007,375	95.3	(3,642,408)	3.1	114,364,967
Total	134,035,300	100.0	(7,661,068)	/	126,374,232	123,777,288	100.0	(7,275,188)	/	116,502,100

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

4 Accounts receivable *(continued)*

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

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

RMB'000

Item	Closing balance			
	Book value	Credit loss allowance	Proportion (%)	Reason for provision
Accounts receivable with individual provision for bad debts	5,520,329	(3,623,385)	65.6	Note

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

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

Provision on portfolio basis:

RMB'000

Ageing	Closing balance			
	Expected credit loss rate (%)	Book value at 30 June 2026	Credit loss allowance	Carrying amount at 30 June 2026
Within 1 year	0.1-2.0	105,813,387	(860,436)	104,952,951
1 – 2 years	1.0-10.0	13,272,140	(712,511)	12,559,629
2 – 3 years	5.0-25.0	4,554,960	(543,193)	4,011,767
3 – 4 years	20.0-30.0	2,572,815	(668,191)	1,904,624
4 – 5 years	35.0-50.0	1,270,966	(579,052)	691,914
Over 5 years	60.0-70.0	1,030,703	(674,300)	356,403
Total	/	128,514,971	(4,037,683)	124,477,288

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

4 Accounts receivable *(continued)*

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

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

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

RMB'000

Credit loss allowance	Lifetime ECL (Non-credit impaired)	Lifetime ECL (Credit impaired)	Total
At 1 January 2026	3,642,408	3,632,780	7,275,188
Provision	579,968	10,703	590,671
Reversal	(183,253)	(14,129)	(197,382)
Write-off	–	(10,655)	(10,655)
Other changes	(1,440)	4,686	3,246
At 30 June 2026	4,037,683	3,623,385	7,661,068

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

RMB'000

Entity name	Closing balance				
	Account receivable	Contract assets	Accounts receivable and contract assets	Proportion to total accounts receivable and contract assets (%)	Credit loss allowance
Entity 1	52,839,825	4,633,834	57,473,659	27.9	151,445
Entity 2	6,194	7,498,291	7,504,485	3.6	39,172
Entity 3	1,512,239	2,037,011	3,549,250	1.7	98,115
Entity 4	1,518,429	1,542,459	3,060,888	1.5	130,345
Entity 5	1,011,550	1,430,487	2,442,037	1.2	33,815
Total	56,888,237	17,142,082	74,030,319	35.9	452,892

As at 30 June 2026, the Group had accounts receivable with a carrying value equivalent to RMB33,357,000 (as at December 31, 2025: RMB51,441,000) as a pledge for the Group to obtain bank loans.

As at 30 June 2026, the accounts receivable balance includes amounts due from related parties of the Group, as detailed in note X.5.

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

5 Contract assets

(1) Details of contract assets:

RMB'000

Item	Closing balance Book value	Closing balance Credit loss allowance	Closing balance Carrying amount	Opening balance Book value	Opening balance Credit loss allowance	Opening balance Carrying amount
Sale of goods related (Note 1)	61,982,278	(917,377)	61,064,901	57,598,036	(848,563)	56,749,473
Engineering business related (Note 2)	10,178,442	(76,358)	10,102,084	10,024,282	(95,350)	9,928,932
Sub-total	72,160,720	(993,735)	71,166,985	67,622,318	(943,913)	66,678,405
Less: Contract assets presented under other non-current assets	/	/	(38,094,425)	/	/	(37,022,017)
Total	/	/	33,072,560	/	/	29,656,388

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

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

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

As at 30 June 2026, the carrying amount of the Group's contract assets used for pledging amounted to RMB512,734,000 (as at December 31, 2025: contract assets with a carrying amount of RMB521,410,000 were used as pledges for the Group's acquisition of bank loans)

As at 30 June 2026, details of current account balances with related parties included in the balance of contract assets are set out in Note X.5.

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

RMB'000

Category	Closing balance Book value Amount	Closing balance Book value Percentage (%)	Closing balance Credit loss allowance Amount	Closing balance Credit loss allowance Percentage (%)	Closing balance Carrying amount	Opening balance Book value Amount	Opening balance Book value Percentage (%)	Opening balance Credit loss allowance Amount	Opening balance Credit loss allowance Percentage (%)	Opening balance Carrying amount
Provision on individual basis	228,601	0.3	(195,249)	85.4	33,352	228,650	0.3	(187,977)	82.2	40,673
Provision on portfolio basis	71,932,119	99.7	(798,486)	1.1	71,133,633	67,393,668	99.7	(755,936)	1.1	66,637,732
Total	72,160,720	100.0	(993,735)	/	71,166,985	67,622,318	100.0	(943,913)	/	66,678,405

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

5 Contract assets *(continued)*

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

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

RMB'000

Item	Closing balance Book value	Credit loss allowance	Proportion (%)	Reason for provision
Contract assets with individual provision for bad debts	228,601	(195,249)	85.4	Note

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

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

RMB'000

	Closing balance Contract assets	Credit loss allowance	Proportion (%)
Portfolio 1	21,679,491	(45,919)	0.2
Portfolio 2	35,741,829	(557,546)	1.6
Portfolio 3	14,510,799	(195,021)	1.3
Total	71,932,119	(798,486)	/

(3) Provision for credit loss allowance of contract assets

RMB'000

Credit loss allowance	Lifetime ECL (Non-credit impaired)	Lifetime ECL (Credit impaired)	Total
Balance at 1 January 2026	755,936	187,977	943,913
Provision	64,058	7,597	71,655
Reversal	(21,299)	(325)	(21,624)
Write-off	–	–	–
Other changes	(209)	–	(209)
Balance at 30 June 2026	798,486	195,249	993,735

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

6 Receivables at FVTOCI

(1) Category of bills receivables at FVTOCI

RMB'000

Item	Closing balance	Opening balance
Bills receivable	7,829,143	8,289,958
Accounts receivable	2,251,166	2,457,083
Total	10,080,309	10,747,041

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

RMB'000

Item	Closing balance
Bank acceptances	–
Total	–

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

RMB'000

Item	Closing balance
Bank acceptances	5,665,968
Commercial acceptances	20,450
Total	5,686,418

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

RMB'000

	Closing balance					Opening balance				
	Book value		Credit loss allowance			Book value		Credit loss allowance		
Category	Amount	Percentage (%)	Amount	Percentage (%)	Carrying amount	Amount	Percentage (%)	Amount	Percentage (%)	Carrying amount
Provision on portfolio basis	10,080,309	100.0	–	0.0	10,080,309	10,747,041	100.0	–	0.0	10,747,041
Total	10,080,309	100.0	–	/	10,080,309	10,747,041	100.0	–	/	10,747,041

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

6 Receivables at FVTOCI *(continued)*

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

RMB'000

Item	Closing balance
Cost	10,184,736
Fair value	10,080,309
Fair value changes accumulated included in other comprehensive income	(104,427)

As at 30 June 2026, amounts due from related parties of the Group are set out in Note X.5.

7 Prepayments

(1) Prepayments presented by aging

RMB'000

Ageing	Closing balance Amount	Closing balance Percentage (%)	Opening balance Amount	Opening balance Percentage (%)
Within 1 year	10,221,386	93.8	7,935,751	88.0
1 – 2 years	361,303	3.3	572,688	6.4
2 – 3 years	88,357	0.8	74,419	0.8
Over 3 years	227,379	2.1	431,278	4.8
Total	10,898,425	100.0	9,014,136	100.0

(2) Details of prepayments with Top five closing balance

RMB'000

Entity name	Relationship with the Group	Closing balance	Proportion to total prepayments (%)
Top 5 prepayments	Third party	2,204,152	20.22

As at 30 June 2026, prepayments made to related parties of the Group are set out in Note X. 5.

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

8 Other receivables

Presentation by categories

RMB'000

Item	Closing balance	Opening balance
Interest receivable	–	–
Dividends receivable	183,393	172,091
Other receivables	2,804,996	2,709,093
Total	2,988,389	2,881,184

Dividends receivable

(1) Dividends receivable

RMB'000

Item (or investee)	Closing balance	Opening balance
Related party	184,886	174,979
Third party	1,482	87
Sub-total	186,368	175,066
Less: Credit loss allowance	(2,975)	(2,975)
Total	183,393	172,091

Other receivables

(1) Analysis by aging

RMB'000

Ageing	Closing book value	Opening book value
Within 1 year	1,999,754	2,009,278
1 – 2 years	588,499	505,919
2 – 3 years	207,758	158,978
3 – 4 years	80,456	139,496
4 – 5 years	80,395	111,440
Over 5 years	961,921	898,253
Sub-total	3,918,783	3,823,364
Less: Credit loss allowance	(1,113,787)	(1,114,271)
Total	2,804,996	2,709,093

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

8 Other receivables *(continued)*

Other receivables *(continued)*

(2) Categorised by nature:

RMB'000

Nature	Closing book value	Opening book value
Advances paid for others	1,436,196	1,371,916
Deposits and securities	604,000	586,761
Others	764,800	750,416
Total	2,804,996	2,709,093

(3) Details of provision for credit loss allowance

RMB'000

Credit loss allowance	Phase 1 12-month ECL (Non-credit impaired)	Phase 2 Lifetime ECL (Non-credit impaired)	Phase 3 Lifetime ECL (Credit impaired)	Total
Balance at 1 January 2026	115,157	–	999,114	1,114,271
Provision	29,871	–	5,887	35,758
Reversal	(12,984)	–	(19,354)	(32,338)
Write-off	–	–	(2,617)	(2,617)
Other changes	(215)	–	(1,072)	(1,287)
Balance at 30 June 2026	131,829	–	981,958	1,113,787

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

RMB'000

Company name	Closing balance	Proportion to total closing balance of other receivables (%)	Nature	Aging	Provision for impairment
Sichuan CRRC Yuchai Engine Co., Ltd	248,801	6.35	Current accounts	Over 4 years	248,801
Chaoyang Linggang Steel Sales Co., Ltd	192,142	4.90	Current accounts	Over 5 years	192,142
China Railway United Logistics Co., Ltd	174,408	4.45	Current accounts	Over 5 years	174,408
Fushun New Steel Co., Ltd	106,300	2.71	Current accounts	Over 5 years	106,300
Qilihe District People's Government of Lanzhou City	82,021	2.09	Current accounts	Within 1 year	82
Total	803,672	20.50	/	/	721,733

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

9 Inventories

(1) Category of inventories

RMB'000

Item	Closing balance Book value	Closing balance Provision for impairment of inventories	Closing balance Carrying amount	Opening balance Book value	Opening balance Provision for impairment of inventories	Opening balance Carrying amount
Raw materials	27,398,678	(906,976)	26,491,702	22,908,679	(903,604)	22,005,075
Work in progress	48,880,827	(1,285,282)	47,595,545	48,813,799	(1,295,175)	47,518,624
Finished goods	25,429,377	(569,875)	24,859,502	25,793,822	(585,559)	25,208,263
Turnover materials	438,458	(28,417)	410,041	371,493	(22,480)	349,013
Commissioned processing materials	95,013	(19)	94,994	61,558	(29)	61,529
Total	102,242,353	(2,790,569)	99,451,784	97,949,351	(2,806,847)	95,142,504

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

RMB'000

Item	Opening balance	Increases: Provision	Increases: Others	Decreases: Reversal	Decreases: Write-off	Decreases: Others	Closing balance
Raw materials	903,604	49,190	–	13,322	27,133	5,363	906,976
Work in progress	1,295,175	35,975	3,235	7,247	41,856	–	1,285,282
Finished goods	585,559	64,529	186	38,557	41,425	417	569,875
Turnover materials	22,480	6,003	–	–	65	1	28,417
Commissioned processing materials	29	–	–	–	10	–	19
Total	2,806,847	155,697	3,421	59,126	110,489	5,781	2,790,569

10 Non-current assets due within one year

RMB'000

Item	Closing balance	Opening balance
Long-term receivables due within one year (Note V.14)	1,395,489	1,316,859
Loans and advances due within one year (Note V.12)	48,954	136,263
Other non-current assets due within one year (Note V.26)	1,120,278	1,227,899
Total	2,564,721	2,681,021

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

11 Other current assets

RMB'000

Item	Closing balance	Opening balance
Withholding VAT	4,504,276	5,826,926
Large deposit certificate	939,554	3,649,731
Others	166,464	253,646
Total	5,610,294	9,730,303

12 Loans and advances to customers

RMB'000

Item	Closing balance	Opening balance
Loans and advances made by CRRC Finance	49,131	137,287
Less: Credit loss allowance	(177)	(1,024)
Sub-total	48,954	136,263
Including: Loans and advances due within one year (Note V.10)	48,954	136,263

RMB'000

Credit loss allowance	Phase 1 12-month ECL	Phase 2 Lifetime ECL (Non-credit impaired)	Phase 3 Lifetime ECL (Credit impaired)	Total
Balance at 1 January 2026	1,024	–	–	1,024
Provision	177	–	–	177
Reversal	(1,024)	–	–	(1,024)
Balance at 30 June 2026	177	–	–	177

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

13 Debt investments

(1) Details of debt investments

RMB'000

Item	Closing balance Book value	Closing balance Credit loss allowance	Closing balance Carrying amount	Opening balance Book value	Opening balance Credit loss allowance	Opening balance Carrying amount
Ten-year US dollar bonds of China Life	360,569	–	360,569	372,229	–	372,229
Ten-year US dollar bonds of CITIC Bank	204,095	–	204,095	210,695	–	210,695
Others	53,159	(44,122)	9,037	51,958	(43,125)	8,833
Total	617,823	(44,122)	573,701	634,882	(43,125)	591,757
Less: Debt investments included in non-current assets due within one year	–	–	–	–	–	–
Total	617,823	(44,122)	573,701	634,882	(43,125)	591,757

14 Long-term receivables

(1) Details of long-term receivables:

RMB'000

Item	Closing balance Book value	Closing balance Credit loss allowance	Closing balance Carrying amount	Opening balance Book value	Opening balance Credit loss allowance	Opening balance Carrying amount	Discount rate interval
Financing lease	990,903	(759,006)	231,897	1,147,079	(741,898)	405,181	3.35%-5.50%
Sales by instalments and others	10,021,712	(299,919)	9,721,793	9,437,204	(314,760)	9,122,444	1.00%-4.90%
Construction payment and Built-transfer receivables	503,184	(398,632)	104,552	480,000	(398,400)	81,600	4.85%-5.27%
Total	11,515,799	(1,457,557)	10,058,242	11,064,283	(1,455,058)	9,609,225	/
Less: Long-term receivables due within one year (Note V.10)	/	/	(1,395,489)	/	/	(1,316,859)	/
Long-term receivables due after one year	/	/	8,662,753	/	/	8,292,366	/

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

RMB'000

Category	Closing balance Book value Amount	Closing balance Book value Percentage (%)	Closing balance Credit loss allowance Amount	Closing balance Credit loss allowance Percentage (%)	Closing balance Carrying amount	Opening balance Book value Amount	Opening balance Book value Percentage (%)	Opening balance Credit loss allowance Amount	Opening balance Credit loss allowance Percentage (%)	Opening balance Carrying amount
Provision on individual basis	11,515,799	100.0	(1,457,557)	12.7	10,058,242	11,064,283	100.0	(1,455,058)	13.2	9,609,225
Total	11,515,799	100.0	(1,457,557)	/	10,058,242	11,064,283	100.0	(1,455,058)	/	9,609,225

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

14 Long-term receivables *(continued)*

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

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

RMB'000

Item	Closing balance			
	Book value	Credit loss allowance	Proportion (%)	Reason for provision
Long-term receivable 1	4,095,980	(42,327)	1.0	Note
Long-term receivable 2	3,200,081	(3,200)	0.1	Note
Long-term receivable 3	1,156,282	(10,609)	0.9	Note
Others	3,063,456	(1,401,421)	45.7	Note
Total	11,515,799	(1,457,557)	12.7	/

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

(3) Provision for credit loss allowance:

RMB'000

Credit loss allowance	Phase 2 Lifetime ECL (Non-credit impaired)	Stage 3 Lifetime ECL (Credit impaired)	Total
At 1 January 2026	586,779	868,279	1,455,058
Provision	868	103,446	104,314
Reversal	(14,840)	(85,151)	(99,991)
Other changes	–	(1,824)	(1,824)
At 30 June 2026	572,807	884,750	1,457,557

As at 30 June 2026, long-term receivables (inclusive of the portion due within one year) due from related parties of the Group are set out in Note X.5.

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

15 Long-term equity investments

RMB'000

Investee	Opening balance	Changes during the period: Increasing investment	Decreasing investment	Investment gains or losses under equity method	Adjustment of other comprehensive income	Other equity movements	Announcement of cash dividends or profits	Provision for impairment loss	Others	Closing balance
I. Joint ventures										
Wuhu Yunda Rail Transit Construction And Operation Co., Ltd.("Wuhu Yunda")	1,447,539	-	-	(24,261)	-	-	-	-	-	1,423,278
Others	2,571,464	12,250	-	62,096	-	-	(25,599)	-	-	2,620,211
Sub-total	4,019,003	12,250	-	37,835	-	-	(25,599)	-	-	4,043,489
II. Associates										
China United Insurance Holding Company ("China United Insurance")	5,515,150	-	-	31,546	31,686	-	(10,000)	-	-	5,568,382
China Foreign Trade Finance Lease	4,253,007	-	-	102,386	-	-	-	-	-	4,355,393
Jiqing High Speed Railway Co., Ltd.	1,093,287	-	-	(1,177)	-	-	-	-	-	1,092,110
Others	8,910,540	104,571	-	116,973	(4,984)	25,827	(38,207)	(12,118)	8,866	9,111,468
Sub-total	19,771,984	104,571	-	249,728	26,702	25,827	(48,207)	(12,118)	8,866	20,127,353
Total	23,790,987	116,821	-	287,563	26,702	25,827	(73,806)	(12,118)	8,866	24,170,842

Note: CRRC (Hong Kong) Co., Ltd. (hereinafter referred to as "Hong Kong Co., Ltd."), a wholly-owned subsidiary of the Company, provides equity pledge guarantee for project financing in proportion to its shareholding in CONSORCIO TREN LIGERO LINEA 4 GUADALAJARA, S.A.P.I. de C.V. As at 30 June 2026, the book value of the pledged long-term equity investments is RMB327,470,000.

16 Investments in other equity instruments

(1) Details of investments in other equity instruments:

RMB'000

Item	Opening balance	Changes during the period: Increasing investment	Decreasing investment	Gains included in other comprehensive income during the period	Losses included in other comprehensive income during the period	Others	Closing balance	Dividend income recognized during the period	Accumulated gains included in other comprehensive income	Accumulated losses included in other comprehensive income	Reason for derecognition
Listed equity instrument investments	846,484	-	67,398	47,816	120,642	(12,812)	693,448	3,332	65,702	763,767	/
Unlisted equity instruments	1,418,542	-	13,856	3,607	2,322	(10,000)	1,395,971	440	167,684	426,393	Note
Total	2,265,026	-	81,254	51,423	122,964	(22,812)	2,089,419	3,772	233,386	1,190,160	/

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

16 Investments in other equity instruments *(continued)*

(2) Investments derecognised during the period

RMB'000

Item	Accumulated gains transferred to retained earnings due to derecognition	Accumulated losses transferred to retained earnings due to derecognition	Reason for derecognition
Listed equity instrument investments	–	6,549	disposal
Unlisted equity instruments	–	–	/
Total	–	6,549	/

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

17 Other non-current financial assets

RMB'000

Item	Closing balance	Opening balance
Financial assets investments: such as perpetual bond	211,749	218,503
Total	211,749	218,503

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

18 Investment properties

Measurement models of investment properties

(1) Investment properties measured using a cost model

RMB'000

Item	Buildings	Land use rights	Total
I. COST			
1. Opening balance	1,391,564	122,208	1,513,772
2. Increases	44,890	–	44,890
(1) Transfer from fixed assets (Note V.19)	27,347	–	27,347
(2) Transfer from construction in progress (Note V.20)	354	–	354
(3) Other Additions	17,189	–	17,189
3. Decreases	9,470	–	9,470
(1) Transfer to fixed assets (Note V.19)	9,470	–	9,470
4. Closing balance	1,426,984	122,208	1,549,192
II. Accumulated depreciation and amortization			
1. Opening balance	464,371	38,267	502,638
2. Increases	26,487	1,219	27,706
(1) Provision or amortisation	19,946	1,219	21,165
(2) Transfer from fixed assets (Note V.19)	6,541	–	6,541
3. Decreases	5,639	–	5,639
(1) Transfer to fixed assets (Note V.19)	5,639	–	5,639
4. Closing balance	485,219	39,486	524,705
III. Provision for impairment			
1. Opening balance and closing balance	5,441	–	5,441
IV. Carrying amount			
1. Carrying amount at the end of the period	936,324	82,722	1,019,046
2. Carrying amount at the beginning of the period	921,752	83,941	1,005,693

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

19 Fixed assets

Presentation by item

RMB'000

Item	Closing balance	Opening balance
Fixed assets	68,264,159	68,692,239
Disposal of fixed assets	18,702	14,152
Total	68,282,861	68,706,391

Fixed assets

(1) Details of fixed assets:

RMB'000

Item	Land assets	Buildings	Machinery & equipment	Motor vehicles	Office & other equipment	Total
I. COST						
1. Opening balance	261,710	61,794,079	67,637,942	2,893,958	9,109,793	141,697,482
2. Increases	–	972,030	2,482,704	15,168	199,725	3,669,627
(1) Additions	–	27,167	604,419	4,918	89,157	725,661
(2) Transfer from construction in progress (Note V.20)	–	924,010	1,874,393	10,190	109,037	2,917,630
(3) Transfer from investment properties (Note V.18)	–	9,470	–	–	–	9,470
(4) Translation differences arising from translation of foreign currency financial statements	–	11,383	3,892	60	1,531	16,866
3. Decreases	14,215	372,769	568,686	192,201	100,326	1,248,197
(1) Disposal or retirement	–	48,980	384,448	188,667	71,592	693,687
(2) Transfer to construction in progress (Note V.20)	–	218,557	52,267	2,420	–	273,244
(3) Transfer to investment properties (Note V.18)	–	27,347	–	–	–	27,347
(4) Translation differences arising from translation of foreign currency financial statements	14,215	77,885	131,971	1,114	28,734	253,919
4. Closing balance	247,495	62,393,340	69,551,960	2,716,925	9,209,192	144,118,912

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

19 Fixed assets *(continued)*

Fixed assets *(continued)*

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

Item	Land assets	Buildings	Machinery & equipment	Motor vehicles	Office & other equipment	Total
II. Accumulated depreciation						
1. Opening balance	–	22,387,334	41,232,156	2,188,789	6,627,357	72,435,636
2. Increases	–	1,086,765	2,176,251	52,672	305,145	3,620,833
(1) Provision	–	1,078,325	2,172,988	52,623	304,607	3,608,543
(2) Transfer from investment properties (Note V.18)	–	5,639	–	–	–	5,639
(3) Translation differences arising from translation of foreign currency financial statements	–	2,801	3,263	49	538	6,651
3. Decreases	–	92,277	449,422	124,203	85,536	751,438
(1) Disposal or retirement	–	28,806	323,387	121,173	63,464	536,830
(2) Transfer to construction in progress (Note V.20)	–	29,469	46,628	2,145	–	78,242
(3) Transfer to investment properties (Note V.18)	–	6,541	–	–	–	6,541
(4) Translation differences arising from translation of foreign currency financial statements	–	27,461	79,407	885	22,072	129,825
4. Closing balance	–	23,381,822	42,958,985	2,117,258	6,846,966	75,305,031
III. Provision for impairment						
1. Opening balance	–	72,549	434,658	44,156	18,244	569,607
2. Increases	–	1,084	–	–	–	1,084
(1) Provision	–	1,084	–	–	–	1,084
3. Decreases	–	7,439	12,517	–	1,013	20,969
(1) Disposal or retirement	–	6,865	7,190	–	7	14,062
(2) Translation differences arising from translation of foreign currency financial statements	–	574	5,327	–	1,006	6,907
4. Closing balance	–	66,194	422,141	44,156	17,231	549,722
IV. Carrying amount						
1. Carrying amount at the end of the period	247,495	38,945,324	26,170,834	555,511	2,344,995	68,264,159
2. Carrying amount at the beginning of the period	261,710	39,334,196	25,971,128	661,013	2,464,192	68,692,239

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

19 Fixed assets *(continued)*

Fixed assets *(continued)*

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

RMB'000

Item	Carrying amount at the end of the period
Machinery and equipment	66,823
Motor vehicles	62,656
Office and other equipment	109
Total	129,588

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

RMB'000

Item	Carrying amount	Reasons for having not obtained the property right certificates
Buildings	739,325	In progress

Disposal of fixed assets

RMB'000

Item	Closing balance	Opening balance
Buildings	5,513	5,525
Machinery and equipment	8,799	5,536
Motor vehicles	874	802
Office and other equipment	3,516	2,289
Total	18,702	14,152

Other descriptions:

As at 30 June 2026, the Group has land, buildings and machinery and equipment with carrying amount equivalent to RMB82,038,000 (31 December 2025: RMB101,839,000) as collateral for the Group to obtain bank loans. Except for the fixed assets used as collateral, there was no other restriction on the ownership of fixed assets as at 30 June 2026.

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

20 Construction in progress

Presentation by item

RMB'000

Item	Closing balance	Opening balance
Construction in progress	5,658,546	6,370,765
Materials for construction of fixed assets	–	–
Total	5,658,546	6,370,765

Construction in progress

(1) Details of construction in progress

RMB'000

Item	Closing balance			Opening balance		
	Book value	Provision for impairment	Carrying amounts	Book value	Provision for impairment	Carrying amounts
Construction in progress	5,660,942	(2,396)	5,658,546	6,371,834	(1,069)	6,370,765
Total	5,660,942	(2,396)	5,658,546	6,371,834	(1,069)	6,370,765

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

20 Construction in progress *(continued)*

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

RMB'000

Item	Budget	Opening balance	Increases	Transfers to fixed assets during the period	Transfer to intangible assets	Transfer to investment properties	Transfer from fixed assets	Others	Closing balance	Percentage of actual cost to budget (%)	Project progress (%)	Accumulated capitalized interest	Interest capitalised in the current period	Capitalisation rate of interests (%)	Sources of funding
Industrialization of Medium and Low Voltage Power Devices Construction Project	5,292,860	2,622,843	292,446	(1,365,761)	–	–	–	–	1,549,528	55	55	–	–	–	self-raised
Others	22,472,966	3,748,991	1,913,838	(1,551,869)	(188,332)	(354)	195,002	(5,862)	4,111,414	/	/	36,194	6,827	/	Borrowings and self-raised
Total	27,765,826	6,371,834	2,206,284	(2,917,630)	(188,332)	(354)	195,002	(5,862)	5,660,942	/	/	36,194	6,827	/	Borrowings and self-raised

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

21 Right-of-use assets

RMB'000

Item	Plant & buildings	Machinery & equipment	Motor vehicles	Office & other equipment	Total
I. COST					
1. Opening balance	4,607,532	324,226	69,582	49,695	5,051,035
2. Increases	590,803	15,191	3,332	3,002	612,328
(1) Newly rented	590,247	15,191	3,332	3,002	611,772
(2) Translation differences arising from translation of foreign currency financial statements	556	–	–	–	556
3. Decreases	119,265	2,756	3,944	1,689	127,654
(1) Expiry of lease contract	81,326	965	1,118	974	84,383
(2) Translation differences arising from translation of foreign currency financial statements	37,939	1,791	2,826	715	43,271
4. Closing balance	5,079,070	336,661	68,970	51,008	5,535,709
II. Accumulated depreciation					
1. Opening balance	2,037,979	102,699	66,661	21,052	2,228,391
2. Increases	352,009	25,076	4,755	7,528	389,368
(1) Provision	351,510	25,076	4,755	7,528	388,869
(2) Translation differences arising from translation of foreign currency financial statements	499	–	–	–	499
3. Decreases	101,543	2,222	3,666	1,485	108,916
(1) Expiry of lease contract	77,821	898	1,023	974	80,716
(2) Translation differences arising from translation of foreign currency financial statements	23,722	1,324	2,643	511	28,200
4. Closing balance	2,288,445	125,553	67,750	27,095	2,508,843
III. Carrying amount					
1. Carrying amount at the end of the period	2,790,625	211,108	1,220	23,913	3,026,866
2. Carrying amount at the beginning of the period	2,569,553	221,527	2,921	28,643	2,822,644

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

22 Intangible assets

(1) Details of intangible assets

RMB'000

Item	Land use rights	Proprietary technology, technical know-how & franchise rights	Software licences	Customer relationship	Backlog orders & technical service preferential contracts	Total
I. COST						
1. Opening balance	17,662,407	6,559,952	5,629,875	330,080	59,170	30,241,484
2. Increases	51,880	62,986	213,693	–	–	328,559
(1) Transfer from construction in progress (Note V.20)	49,306	–	139,026	–	–	188,332
(2) Additions	2,574	41,419	73,769	–	–	117,762
(3) Transfer from development expenditure (Note V.23)	–	21,567	898	–	–	22,465
3. Decreases	12,351	28,703	28,330	10,294	–	79,678
(1) Disposal	3,368	1,562	15,225	–	–	20,155
(2) Translation differences arising from translation of foreign currency financial statements	8,983	27,141	13,105	10,294	–	59,523
4. Closing balance	17,701,936	6,594,235	5,815,238	319,786	59,170	30,490,365
II. Accumulated amortisation						
1. Opening balance	4,915,281	4,180,979	3,701,909	211,115	59,170	13,068,454
2. Increases	173,100	213,568	291,648	6,651	–	684,967
(1) Provision	173,100	213,568	291,648	6,651	–	684,967
3. Decreases	1,390	17,770	24,512	9,408	–	53,080
(1) Disposal	1,245	1,034	14,493	–	–	16,772
(2) Translation differences arising from translation of foreign currency financial statements	145	16,736	10,019	9,408	–	36,308
4. Closing balance	5,086,991	4,376,777	3,969,045	208,358	59,170	13,700,341
III. Provision for impairment						
1. Opening balance	1,120	58,023	1,700	116,195	–	177,038
2. Increases	–	–	–	–	–	–
(1) Provision	–	–	–	–	–	–
3. Decrease	1,120	–	–	6,777	–	7,897
(1) Disposal	1,120	–	–	–	–	1,120
(2) Translation differences arising from translation of foreign currency financial statements	–	–	–	6,777	–	6,777
4. Closing balance	–	58,023	1,700	109,418	–	169,141
IV. Carrying amount						
1. Carrying amount at the end of the period	12,614,945	2,159,435	1,844,493	2,010	–	16,620,883
2. Carrying amount at the beginning of the period	12,746,006	2,320,950	1,926,266	2,770	–	16,995,992

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

22 Intangible assets *(continued)*

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

RMB'000

Item	Carrying amount	Reasons for having not obtained the property right certificates
Project land	65,725	In progress

As at 30 June 2026, the Group has intangible assets with a carrying amount equivalent to RMB651,831,000 (31 December 2025: RMB655,587,000) as collateral.

23 Development expenditure

RMB'000

Item	Opening balance	Increases: Internal development	Decreases: Recognised as intangible assets	Decreases: Transfer to profit or loss	Decreases: Others	Closing balance
Development expenditures	849,654	7,899,819	22,465	7,770,498	15,915	940,595

24 Goodwill

(1) Book value of goodwill

RMB'000

Name of investee	Opening balance	Increases	Decreases	Changes in foreign exchange rates	Closing balance
CRRC Zhuzhou Locomotive and its subsidiaries	56,934	–	–	–	56,934
CRRC Tangshan and its subsidiaries	36,379	–	–	–	36,379
CRRC Zhuzhou Institute and its subsidiaries	653,379	–	–	(24,631)	628,748
CRRC Times New Materials and its subsidiaries	735,837	–	–	(41,024)	694,813
Others	13,849	–	–	–	13,849
Total	1,496,378	–	–	(65,655)	1,430,723

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

24 Goodwill *(continued)*

(2) Provision for impairment losses of goodwill

RMB'000

Name of investees	Opening balance	Increases	decreases	Changes in foreign exchange rates	Closing balance
CRRC Zhuzhou Locomotive and its subsidiaries	20,156	–	–	–	20,156
CRRC Zhuzhou Institute and its subsidiaries	428,837	–	–	(16,019)	412,818
CRRC Times New Materials and its subsidiaries(note)	733,228	–	–	(41,024)	692,204
Other	2,101	–	–	–	2,101
Total	1,184,322	–	–	(57,043)	1,127,279

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

25 Deferred tax assets/Deferred tax liabilities

(1) Deferred tax assets before offsetting

RMB'000

Item	Closing balance		Opening balance	
	Deductible temporary differences	Deferred tax assets	Deductible temporary differences	Deferred tax assets
Expected warranty provisions	9,194,061	1,400,363	9,099,186	1,372,864
Provision for impairment of assets	2,376,951	358,890	2,422,881	369,443
Provision for credit losses	6,894,993	1,125,938	6,538,699	1,033,378
Unrealised profit from internal transactions	4,015,725	638,231	3,797,523	653,418
Estimated losses	350,546	66,304	326,558	60,098
Accrued expenses	3,413,092	518,092	3,750,228	596,184
Unpaid employee salaries	573,519	90,085	510,249	79,780
Deductible tax losses	15,030,045	3,487,589	14,587,726	3,443,553
Changes in fair value of investments in other equity instruments	1,264,100	190,196	1,131,474	170,303
Changes in fair value of receivables at FVTOCI	99,842	15,600	156,848	24,131
Lease liabilities	2,288,371	392,989	2,287,542	381,017
Others	3,036,295	527,026	2,986,847	517,724
Total	48,537,540	8,811,303	47,595,761	8,701,893

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

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

(2) Deferred tax liabilities before offsetting

RMB'000

Item	Closing balance Taxable temporary differences	Closing balance Deferred tax liabilities	Opening balance Taxable temporary differences	Opening balance Deferred tax liabilities
Adjustment on fair value of acquisition of subsidiaries	286,489	51,323	315,774	51,381
Depreciation difference due to inconsistency of depreciation period between tax law and accounting	2,541,767	405,589	3,340,824	548,769
Changes in fair value of investments in other equity instruments	363,595	54,575	197,774	29,958
Gains on changes in fair value during the holding period of the financial assets at fair value through profit or loss	1,077,362	270,016	939,692	235,825
Right-of-use assets	2,216,021	372,547	2,203,599	363,785
Others	12,225,997	3,095,960	11,700,311	3,024,514
Total	18,711,231	4,250,010	18,697,974	4,254,232

(3) Deferred tax assets/liabilities after offsetting

RMB'000

Item	Amount of offsetting of deferred tax assets and liabilities at the end of the period	Balances of deferred tax assets or liabilities after offsetting at the end of the period	Amount of offsetting of deferred tax assets and liabilities at the beginning of the period	Balances of deferred tax assets or liabilities after offsetting at the beginning of the period
Deferred tax assets	3,643,572	5,167,731	3,663,770	5,038,123
Deferred tax liabilities	3,643,572	606,438	3,663,770	590,462

(4) Details of unrecognised deferred tax assets

RMB'000

Item	Closing balance	Opening balance
Deductible temporary differences	12,183,766	11,945,468
Deductible tax losses	20,867,060	20,412,088
Total	33,050,826	32,357,556

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

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

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

RMB'000

Year	Closing balance	Opening balance
2026	1,725,878	1,913,856
2027	2,855,558	2,877,899
2028	1,993,746	2,037,623
2029	2,229,311	2,383,207
2030	2,629,596	2,651,554
2031	1,397,407	1,017,909
2032	1,999,249	2,031,317
2033	1,153,032	1,156,566
2034	111,582	137,392
2035	1,660,422	1,666,576
2036 and beyond	3,111,279	2,538,189
Total	20,867,060	20,412,088

26 Other non-current assets

RMB'000

Item	Closing balance	Opening balance
Contract assets (Note V. 5)	38,094,425	37,022,017
Prepayment of intangible assets	577,679	574,707
Prepayments of fixed assets	1,395,622	1,309,411
Large deposit certificate	8,113,812	8,530,339
Others	3,327,472	2,773,618
Sub-total	51,509,010	50,210,092
Less: Other non-current assets due within one year (Note V.10)	1,120,278	1,227,899
Total	50,388,732	48,982,193

As at 30 June 2026, prepayments made to related parties of the Group in the balance of other non-current assets are set out in Note X. 5.

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

27 Assets with restrictive ownership title or right of use

RMB'000

Item	Closing balance Carrying Amount	Closing balance Carrying Value	Closing balance Reason of restriction	Closing balance Notes for restriction	Opening balance Carrying Amount	Opening balance Carrying Value	Opening balance Reason for restriction	Opening balance Note for restriction
Cash and bank balances	4,364,547	4,364,547	Other	Note V.1	4,569,548	4,569,548	Other	Note V.1
Bills receivable	697,485	696,523	Pledge&Other	Note V.3	1,197,706	1,194,259	Pledge&Other	Note V.3
Accounts receivable	34,336	33,357	Pledge&Other	Note V.4	51,530	51,441	Pledge&Other	Note V.4
Contract assets (including current and non-current components)	513,248	512,734	Pledge	Note V.5	521,932	521,410	Pledge	Note V.5
Fixed assets	116,628	82,038	collateral	Note V.19	122,583	101,839	collateral	Note V.19
Intangible assets	834,423	651,831	collateral	Note V.22	828,815	655,587	collateral	Note V.22
Long-term equity investment	327,470	327,470	Pledge	Note V.15	304,000	304,000	Pledge	Note V.15
Total	6,888,137	6,668,500	/	/	7,596,114	7,398,084	/	/

28 Short-term borrowings

Category of short-term borrowings

RMB'000

Item	Closing balance	Opening balance
Credit loans	6,625,036	6,274,570
Guaranteed loan	–	367,127
Pledged loans	604,308	688,214
Total	7,229,344	7,329,911

Description of short-term borrowings classification:

As at 30 June 2026, the annual interest rate of short-term borrowings ranged from 0.05% to 8.80% (31 December 2025: 0.33%-11.50%).

As at 30 June 2026, the balance of short-term loans was borrowed from related parties of the Group, as detailed in Note X. 5.

29 Bills payable

Details of bills payable:

RMB'000

Category	Closing balance	Opening balance
Commercial acceptance bills	9,914,416	12,477,794
Bank acceptance bills	40,896,388	54,708,119
Total	50,810,804	67,185,913

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

30 Account payable

(1) Details of accounts payable:

RMB'000

Item	Closing balance	Opening balance
Related parties	6,243,352	7,092,926
Third party	157,830,799	155,546,444
Total	164,074,151	162,639,370

(2) Aging analysis of accounts payable:

Item	Closing balance	Opening balance
Within 1 year	152,552,953	151,563,067
1-2 year	5,520,492	5,781,743
2-3 year	2,936,082	2,946,227
Over 3 years	3,064,624	2,348,333
Total	164,074,151	162,639,370

Other descriptions:

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

As at 30 June 2026, details of accounts payable due to related parties are set out in Note X. 5.

31 Receipts in advance

Details of receipts in advance:

RMB'000

Item	Closing balance	Opening balance
Related parties	38	–
Third party	5,508	5,766
Total	5,546	5,766

Other descriptions:

As at 30 June 2026, details of advance receipts due to related parties are set out in Note X. 5.

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

32 Contract liabilities

Details of contract liabilities

RMB'000

Item	Closing balance	Opening balance
Sale of goods related (Note 1)	33,509,940	28,050,464
Project contracting services related (Note 2)	895,343	754,973
Other	1,484,857	5,482,585
Sub-total	35,890,140	34,288,022
Less: Contract liabilities presented under other non-current liabilities (Note V. 45)	(5,687)	(3,154)
Total	35,884,453	34,284,868

Other descriptions:

Note 1: As at 30 June 2026, the acceptance and transfer of certain sales of goods of the Group was later than the customer's payment, generating contract liabilities related to the contract on sales of goods.

Note 2: As at 30 June 2026, the Group's contract liabilities related to the project contracting service contracts represented the excess of the settled amount over revenue recognised based on the progress of construction.

As at 30 June 2026, details of current account balances with related parties included in the balance of contract liabilities are set out in Note X. 5.

33 Deposits from banks and other financial institutions

RMB'000

Item	30 June 2026	31 December 2025
Customer deposits of CRRC Finance	7,174,758	6,596,589
Total	7,174,758	6,596,589

As at 30 June 2026, details of deposits from banks and other financial institutions with related parties are set out in Note X.5.

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

34 Employee benefits payable

(1) Details of employee benefits payable

RMB'000

Item	Opening balance	Increases	Decreases	Closing balance
I. Short-term employee benefits	1,894,510	15,045,787	14,423,124	2,517,173
II. Post-employment benefits-Defined contribution plan	84,360	2,619,267	2,622,691	80,936
III. Labour expenditures	10,393	457,179	458,757	8,815
IV. Post-employment benefits due within one year-Net liabilities in defined benefit plan (Chinese Mainland)	115,881	11,303	42,987	84,197
V. Post-employment benefits due within one year-Net liabilities in defined benefit plan (other countries and regions)	11,934	9,821	10,499	11,256
Total	2,117,078	18,143,357	17,558,058	2,702,377

(2) Presentation of short-term benefits

RMB'000

Item	Opening balance	Increases	Decreases	Closing balance
I. Salaries, bonuses, allowances and subsidies	558,727	11,253,564	10,545,278	1,267,013
II. Welfare benefits	401,072	541,616	554,946	387,742
III. Social insurances	57,158	1,344,939	1,351,785	50,312
Including: Medical insurance	64,053	1,223,759	1,230,008	57,804
Work-related injury insurance	(6,080)	103,840	104,283	(6,523)
Maternity insurance	(815)	17,340	17,494	(969)
IV. Housing funds	38,497	1,370,727	1,367,160	42,064
V. Employee union funds and staff education funds	608,258	330,371	273,054	665,575
VI. Others	230,798	204,570	330,901	104,467
Total	1,894,510	15,045,787	14,423,124	2,517,173

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

34 Employee benefits payable *(continued)*

(3) Details of defined contribution plan

RMB'000

Item	Opening balance	Increases	Decreases	Closing balance
1. Basic pension insurance	61,150	1,862,354	1,867,801	55,703
2. Unemployment insurance	1,507	72,912	73,124	1,295
3. Enterprise annuity	21,703	684,001	681,766	23,938
Total	84,360	2,619,267	2,622,291	80,936

Other descriptions:

Employees of the Group are required to participate in defined contribution schemes which are administered and operated by the local municipal government. The Group contributes funds which are calculated on certain percentage as agreed by the local municipal government to the scheme. The Group's contributions to the defined contribution plan, including the social pension insurance schemes and the annuity plan, are recognised as expenses when incurred. As at 30 June 2026, there are no forfeited contributions that may be used by the Group to reduce the existing level of contribution (as at 31 December 2025: nil).

35 Tax payable

RMB'000

Item	Closing balance	Opening balance
VAT	1,334,998	1,959,959
Enterprise income tax	821,653	562,093
Individual income tax	48,145	462,642
City maintenance and construction tax	81,351	118,597
Education surcharges	64,914	93,373
Property tax	53,183	49,551
Land use tax	29,333	25,521
Others	67,549	176,087
Total	2,501,126	3,447,823

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

36 Other payables

(1) Presented by item

RMB'000

Item	Closing balance	Opening balance
Interests payable	–	–
Dividends payable	4,432,377	92,232
Other payables	16,886,663	17,018,779
Total	21,319,040	17,111,011

(2) Dividends payable

RMB'000

Item	Closing balance	Opening balance
Related parties	1,975,357	17,258
Third parties	2,457,020	74,974
Total	4,432,377	92,232

(3) Other payable

Details of other payables by nature are as follows:

RMB'000

Item	Closing balance	Opening balance
Borrowings from CRRC Group	4,188,653	4,464,272
Current accounts with other parties	4,978,933	4,751,927
Payments for equipment and projects	1,922,061	2,086,532
Deposits and securities, housing fund, and public facilities maintenance funds	1,945,263	1,790,770
Technology royalties and research expenditures	979,833	453,416
Utilities, repair and transportation expenses	250,320	231,841
Others	2,621,600	3,240,021
Total	16,886,663	17,018,779

Other descriptions:

As at 30 June 2026, details of other payables due to related parties are set out in Note X. 5.

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

37 Non-current liabilities due within one year

RMB'000

Item	Closing balance	Opening balance
Long-term borrowings due within one year (Note V. 39)	365,623	338,621
Long-term payables due within one year (Note V. 41)	2,786	11,080
Lease liabilities due within one year (Note V. 40)	712,309	687,407
Provisions due within one year (Note V. 43)	3,122,926	3,426,614
Other non-current liabilities due within one year (Note V. 45)	69	1,264
Total	4,203,713	4,464,986

Other descriptions:

As at 30 June 2026, details of current account balances with related parties included in the balance of non-current liabilities due within one year are set out in Note X. 5.

38 Other current liabilities

Details of other current liabilities:

RMB'000

Item	Closing balance	Opening balance
Output VAT tax to be transferred and received VAT in advance	3,371,247	3,392,862
Total	3,371,247	3,392,862

The movements of short-term debentures payables:

RMB'000

Bond name	Par value	Interest Rate %	Issue date	Maturity period (day)	Issuance amount	Opening balance	Issuance during the period	Accrued interests at par value	Repayment during the period	Closing balance	Default or not
26 CRRC SCP001	1,500,000	1.50	2026-03-23	92	1,500,000	-	1,500,000	5,671	1,505,671	-	NO
TOTAL	/	/	/	/	1,500,000	-	1,500,000	5,671	1,505,671	-	/

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

39 Long-term borrowings

Long-term loans by category

RMB'000

Item	Closing balance	Opening balance
Credit loans	3,074,730	3,101,723
Pledged loans	4,620,862	4,687,318
Mortgage loans	91,609	108,561
Total	7,787,201	7,897,602
Less: Long-term loans due within one year	(365,623)	(338,621)
Including: Credit loans	(152,824)	(140,199)
Pledged loans	(191,244)	(175,567)
Mortgage loans	(21,555)	(22,855)
Long-term borrowings due after one year	7,421,578	7,558,981
Including: Credit loans	2,921,906	2,961,524
Pledged loans	4,429,618	4,511,751
Mortgage loans	70,054	85,706

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

RMB'000

Subsequent to the balance sheet date	Closing balance	Opening balance
1 – 2 years	461,256	296,666
2 – 5 years	878,252	952,862
Over 5 years	6,082,070	6,309,453
Total	7,421,578	7,558,981

As at 30 June 2026, the annual interest rate of long-term borrowings ranged from 0.12% to 12.53% (31 December 2025: 0.12% to 12.53%).

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

40 Lease liabilities

RMB'000

Item	Closing balance	Opening balance
Lease liabilities	3,179,348	3,050,674
Less: Lease liabilities included in non-current liabilities due within one year (Note V. 37)	(712,309)	(687,407)
Total	2,467,039	2,363,267
Lease liabilities due over one year	2,467,039	2,363,267

Other descriptions:

As at 30 June 2026, the lease liability (including the one-year maturity) due to the related parties are set out in Note X.5.

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

RMB'000

Subsequent to the balance sheet date:	Closing balance
1 – 2 years	593,082
2 – 5 years	1,009,910
Over 5 years	1,405,407
Total undiscounted payments	3,008,399
Less: Unrecognised finance charges	(541,360)
Lease liabilities due over one year	2,467,039

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

41 Long-term payables

Presented by item

RMB'000

Item	Closing balance	Opening balance
Long-term payables	178,521	166,960
Special payables	1,265	1,265
Total	179,786	168,225
Less: Presented under non-current liabilities due within one year (Note V. 37)	(2,786)	(11,080)
Long-term payables due over one year	177,000	157,145

Long-term payables

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

RMB'000

Item	Closing balance	Opening balance
Purchase of fixed assets by instalment, etc.	178,521	166,960
Less: Long-term payables due within one year	(1,521)	(9,815)
Long-term payables due over one year	177,000	157,145

Special payables

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

RMB'000

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

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

42 Long-term employee benefits payable

(1) Table of long-term employee benefits payable

RMB'000

Item	Closing balance	Opening balance
I. Post employment benefit – net liabilities of defined benefit plans (Mainland China) (Note 1)	1,048,342	1,049,478
II. Post employment benefit – net liabilities of defined benefit plans (other countries and regions) (Note 2)	773,838	817,546
III. Other long-term benefits	147,714	149,639
Total	1,969,894	2,016,663

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

Present value of the defined benefit plan obligation:

RMB'000

Item	Current period	Prior period
I. Opening balance	1,165,359	1,339,871
II. Defined benefit cost recognized in profit or loss	10,167	9,995
1. Net interests	9,125	8,999
2. Cost of service in the current period	285	307
3. Cost of service in prior periods	757	510
4. Settlement losses	–	179
III. Defined benefit cost recognized in other comprehensive income	–	–
1. Actuarial (losses)/gains	–	–
IV. Other changes	(42,987)	(43,048)
1. Paid benefits	(42,987)	(43,048)
V. Closing balance	1,132,539	1,306,818
Less: Post-employment benefits due within one year-liabilities in defined benefit plan (Note V. 34)	(84,197)	(103,027)
VI. Post-employment benefits due after one year-liabilities in defined benefit plan	1,048,342	1,203,791

Other descriptions:

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

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

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

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

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

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

As at 30 June 2026, significant actuarial assumptions (discount rate and average growth rate of medical cost) used in determining present value of defined benefit plan obligations are as follows:

Item	30 June 2026 (%)	31 December 2025 (%)
Discount rate	1.75	1.75
Average growth rate of medical cost	7.00/12.00/8.00	7.00/12.00/8.00

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

Present value of the defined benefit plan obligation:

RMB'000

Item	Current period	Prior period
I. Opening balance	907,855	977,291
II. Defined benefit cost recognized in profit or loss	18,747	20,897
1. Net interests	17,069	16,599
2. Cost of service in the current period	1,385	2,265
3. Cost of service in prior periods	293	2,033
III. Defined benefit cost recognized in other comprehensive income	(41,265)	108,203
1. Actuarial (losses)/gains	12,792	(5,830)
2. Translation differences arising from translation of foreign currency financial statements	(54,057)	114,033
IV. Other changes	(10,499)	(8,506)
1. Paid benefits	(10,499)	(8,506)
V. Closing balance	874,838	1,097,885
Less: Post-employment benefits due within one year-liabilities in defined benefit plan (other countries and regions) (Note V. 34)	(11,256)	(24,324)
VI. Post-employment benefits due after one year-liabilities in defined benefit plan	863,582	1,073,561

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

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

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

Plan assets:

RMB'000

Item	Current period	Prior period
I. Opening balance	78,375	86,260
II. Additions during the period	16,402	–
III. Decreased during the period	–	–
IV. Translation differences arising from translation of foreign currency financial statements	(5,033)	10,049
V. Closing balance	89,744	96,309

Net liabilities of defined benefit plans:

RMB'000

Item (Note 2)	Current period	Prior period
Present value of the defined benefit plan obligation	863,582	1,073,561
Less: plan assets	(89,744)	(96,309)
Net liabilities in defined benefit plan	773,838	977,252

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

The principal pension plan of Germany BOGE provides a defined benefit plan for all eligible employees in Germany. For Germany BOGE, the actuarial valuation of the present value of the defined benefit plan obligations for the most recent period (i.e. the period ended 30 June 2026) was estimated and determined by the third-party evaluation agency, Mercer Deutschland GmbH, based on the expected cumulative benefit unit method. Mercer Deutschland GmbH is an actuarial institution with professional certification qualifications in Germany and a member of the German Association of Actuaries. As at 30 June 2026, the defined benefit plan is in the net liability position of RMB0.732 billion (31 December 2025: net liability of RMB0.775 billion). According to the Pension Plan 2005 ("Rentenordnung 2005") and the Pension Plan 2004 ("Versorgungszusage 2004"), Germany BOGE provides a traditional German pension plan group, including normal and early retirement benefits and benefits for long-term disabled people and survivors of deceased employees.

Germany BOGE paid Euros to the third party escrow account, which is a restricted asset and its fair value at period-end is approximate to its book value. As at 30 June 2026, fair value of the plan asset of Germany BOGE was about RMB89,744,000 (31 December 2025: about RMB78,375,000).

As at 30 June 2026, obligations under these defined benefit plans of Germany BOGE are 11.07% (31 December 2025: 10.27%) covered by the plan assets.

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

The Blue Group's post-employment benefit plan is a defined benefit plan for all eligible employees in Italy under the Italian Civil Code 2120 (2120 del codice civile italiano). For Blue Group, the actuarial valuation of the present value of the defined benefit plan obligations for the most recent period (i.e. the period ended 30 June 2026) was estimated and determined by the third-party evaluation agency, MANAGERS & PARTNERS-ACTUARIAL SERVICESS. P.A, based on the expected cumulative benefit unit method. MANAGERS & PARTNERS-ACTUARIAL SERVICESS.P.A is an actuarial institution with professional certification qualifications in Italy and a member of the Italian Society of Actuaries.

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

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

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

The principal pension plan of Vossloh Group provides a defined benefit plan for all eligible employees in German, including normal and early retirement benefits and benefits for survivors of deceased employees. For Vossloh Group, the actuarial valuation of the present value of the defined benefit plan obligations for the most recent period (i.e. the period ended 30 June 2026) was estimated and determined by the third-party evaluation agency, Lurse Pension & Benefits Consulting GmbH, based on the expected cumulative benefit unit method. Lurse Pension & Benefits Consulting GmbH is an actuarial institution with professional certification qualifications in Germany and a member of the German Association of Actuaries.

As at 30 June 2026, the average period of defined benefit plan obligations is mainly 17-18 years.

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

Item	30 June 2026 (%)	31 December 2025 (%)
Discount rate	3.85-4.44	3.85-4.44
Expected increase in wages and salaries	0.50-3.00	0.50-3.00
Increase in post-employment benefits	2.00-3.00	2.00-3.00
Volatility	2.50-6.00	2.50-6.00

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

43 Provisions

RMB'000

Item	Closing balance	Opening balance	Reason
Warranties for product quality	10,380,771	10,165,040	Agreement on after-sales service
Others	485,904	607,189	Estimated liquidated damages and onerous contracts to be executed etc.
Total	10,866,675	10,772,229	/
Less: Provisions expected to due within one year (Note V. 37)	(3,122,926)	(3,426,614)	/
Provisions due after one year	7,743,749	7,345,615	/

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

44 Deferred income

Details of deferred income

RMB'000

Item	Opening balance	Increases	Decreases	Closing balance
Government grants related to assets	4,220,336	46,562	104,902	4,161,996
Government grants related to income	1,581,168	173,564	215,740	1,538,992
Total	5,801,504	220,126	320,642	5,700,988

45 Other non-current liabilities

RMB'000

Item	Closing balance	Opening balance
Contract liabilities	5,687	3,154
Others	278,369	284,230
Less: Other non-current liabilities due within one year (Note V. 37)	(69)	(1,264)
Total	283,987	286,120

46 Share capital

RMB'000

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

47 Capital reserve

RMB'000

Item	Opening balance	Increases	Decreases	Closing balance
Share premium	40,508,004	–	–	40,508,004
Other capital reserves (Note)	1,253,590	37,025	46,823	1,243,792
Total	41,761,594	37,025	46,823	41,751,796

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

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

48 Other comprehensive income

RMB'000

Item	Opening balance	Amount before income tax in current period: Before-tax amount	Less: Previously recognised amount transferred to profit or loss	Less: Income tax expense	Net-of-tax amount attributable to shareholders of the Company	Net-of-tax amount attributable to non-controlling interests	Less: Previously recognised amount transferred to retained earnings	Closing balance
I. Other comprehensive income that will not be reclassified to profit or loss	(819,343)	(84,333)	–	2,426	(76,171)	(10,588)	(6,549)	(888,965)
Including: Remeasurement of defined benefit plan	(9,871)	(12,792)	–	(2,297)	2,471	(12,966)	–	(7,400)
Changes in fair value of investments in other equity instruments	(821,181)	(71,541)	–	4,723	(78,642)	2,378	(6,549)	(893,274)
Other comprehensive income that cannot be converted into profit or loss under the equity method	11,709	–	–	–	–	–	–	11,709
II. Items that may be reclassified to profit or loss	241,529	(139,262)	–	(632)	(104,265)	(34,365)	–	137,264
Including: Other comprehensive income recognized under equity method	(125,700)	26,702	–	–	26,742	(40)	–	(98,958)
Changes in fair value of other debt investments (Note)	(86,340)	39,505	–	8,532	9,886	21,087	–	(76,454)
Translation differences arising from translation of foreign currency financial statements	540,795	(205,469)	–	(9,164)	(140,893)	(55,412)	–	399,902
Cash flow hedge reserve	(87,226)	–	–	–	–	–	–	(87,226)
Total other comprehensive income	(577,814)	(223,595)	–	1,794	(180,436)	(44,953)	(6,549)	(751,701)

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

49 Special reserve

RMB'000

Item	Opening balance	Increases	Decreases	Closing balance
Safety fund	49,957	136,054	136,054	49,957
Total	49,957	136,054	136,054	49,957

50 Surplus reserve

RMB'000

Item	Opening balance	Increases	Decreases	Closing balance
Statutory surplus reserve	7,564,998	–	–	7,564,998
Total	7,564,998	–	–	7,564,998

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

51 Retained earnings

RMB'000

Item	Current period	Prior period
Retained earnings at the beginning of the period	93,822,408	90,579,708
Total retained earnings at the beginning of the adjustment period	–	514
Retained earnings at the beginning of later adjustment period	93,822,408	90,580,222
Add: Net profits for the period attributable to shareholders of the Company	7,990,535	7,245,652
Less: Appropriation for statutory surplus reserve	–	–
Appropriation to general risk reserve	–	–
Dividends to ordinary shares	(3,443,864)	(6,026,761)
Transfer of other comprehensive income to retained earnings	(6,549)	–
Others	–	(1,955)
Retained earnings at the end of the period	98,362,530	91,797,158

52 Revenue and operating costs

(1) Details of revenue and operating costs

RMB'000

Item	Current period		Prior period	
	Revenue	Cost	Revenue	Cost
Principal operating activities	130,391,673	101,668,852	118,203,773	92,678,253
Other operating activities	1,290,769	693,189	1,554,354	955,740
Total	131,682,442	102,362,041	119,758,127	93,633,993

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

RMB'000

Item	Current period		Prior period	
	Revenue	Cost	Revenue	Cost
Sale of goods	103,435,341	80,739,154	91,599,209	72,540,743
Rendering of services	27,790,734	21,461,652	27,689,751	20,942,940
Sub-total	131,226,075	102,200,806	119,288,960	93,483,683
Interest income	321,565	58,621	352,206	62,638
Lease income	134,802	102,614	116,961	87,672
Total	131,682,442	102,362,041	119,758,127	93,633,993

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

52 Revenue and operating costs *(continued)*

(3) Disaggregation of revenue from contracts with customers

RMB'000

Rail transportation products and their extended industries	Current period	Prior period
Categorized by sales region		
Mainland China	115,063,491	106,106,113
Other countries and regions	16,162,584	13,182,847
Total	131,226,075	119,288,960

(4) Description on performance obligations

(i) Revenue from sales of goods (revenue recognised at a certain time point):

The goods sold by the Group are mainly rail transit equipment and its extension products. The Group recognises revenue when the customer obtains control of the goods, i.e. at the time of acceptance and delivery of the goods.

(ii) Revenue from rendering of services (revenue recognised within a certain period of time):

The Group's revenue from rendering of services is mainly extended services of railway transportation equipment. The Group recognises the revenue within a certain period of time according to the progress of the performance as the customer simultaneously receives and consumes the benefits provided by the Group's performance as the Group performs.

53 Taxes and surcharges

RMB'000

Item	Current period	Prior period
City maintenance and construction tax	263,092	235,560
Education surcharges	202,059	177,080
Property tax	245,789	240,192
Land use tax	140,107	128,905
Vehicle and vessel use tax	421	509
Stamp duty	108,867	119,862
Others	15,869	34,525
Total	976,204	936,633

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

54 Selling expenses

RMB'000

Item	Current period	Prior period
Employee benefits	1,434,344	1,349,234
Travel expenses	165,385	156,473
Others	804,904	880,950
Total	2,404,633	2,386,657

55 Administrative expenses

RMB'000

Item	Current period	Prior period
Employee benefits	4,494,749	4,234,588
Depreciation of fixed assets	420,354	414,582
Amortization of intangible assets	347,809	360,626
Others	1,581,207	1,505,251
Total	6,844,119	6,515,047

56 Research and development expenses

RMB'000

Item	Current period	Prior period
Employee benefits	3,428,877	3,156,665
Depreciation charge	334,783	292,525
Amortization of intangible assets	177,113	166,431
Others	3,829,725	3,163,910
Total	7,770,498	6,779,531

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

57 Financial expenses

RMB'000

Item	Current period	Prior period
Interest expense	529,730	452,902
Less: Capitalization of interest	(6,827)	(3,989)
Interest expense from lease liabilities	68,760	62,793
Interest income	(625,709)	(637,024)
Exchange gains or losses	558,720	(278,231)
Handling charge of financial institutions	130,149	106,859
Actuarial interest adjustment	27,024	26,529
Others	1,463	(4,465)
Total	683,310	(274,626)

58 Other income

RMB'000

Item	Current period	Prior period
VAT Refund	27,223	132,371
Others (Note)	791,401	1,147,273
Total	818,624	1,279,644

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

59 Investment income

RMB'000

Item	Current period	Prior period
Income from long-term equity investment accounted for under equity method	287,563	336,080
Investment (loss)/income from disposal of associates and joint ventures	–	(954)
Dividend income from other equity instrument investments during the holding period	3,772	34,647
Investment income obtained from holding and disposal of debt investment	2,894	3,617
Investment income obtained from holding and disposal financial assets held for trading	37,695	6,502
Derecognition loss of financial assets measured at amortized cost	(27,959)	(21,497)
Others	14,829	35
Total	318,794	358,430

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

60 Gains from changes in fair value

RMB'000

Sources of gains from changes in fair value	Current period	Prior period
Financial assets held for trading	140,065	115,358
Including: Gains on fair value changes of derivative financial instruments	(2,538)	3,087
Gains from changes in fair value of investments in equity instruments	134,565	104,162
Others	8,038	8,109
Financial liabilities held for trading	–	(2,723)
Total	140,065	112,635

61 Impairment losses under expected credit loss model

RMB'000

Item	Current period	Prior period
Losses of credit impairment on bills receivable	(3,869)	4,548
Losses of credit impairment on accounts receivable	393,289	505,296
Losses of credit impairment on other receivables	3,420	(26,414)
Losses of credit impairment on long-term receivables	4,323	263,440
Losses of credit impairment on debt investments	997	1,294
Losses of credit impairment on loans and advances	(847)	(8,229)
Others	(441)	7
Total	396,872	739,942

62 Assets impairment losses

RMB'000

Item	Current period	Prior period
Impairment losses of inventories	96,571	158,625
Impairment losses of fixed assets	1,084	2,363
Impairment losses of contract assets	50,031	49,500
Impairment losses of construction in progress	1,327	–
Impairment losses of long-term equity investments	12,118	–
Others	2,386	(2,632)
Total	163,517	207,856

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

63 Gains on disposal of assets

RMB'000

Item	Current period	Prior period
Gains on disposal of fixed assets	(3,962)	16,125
Gains from disposal of intangible assets	34,270	–
Total	30,308	16,125

64 Non-operating income

RMB'000

Item	Current period	Prior period	Amount recognized in non-recurring profit and loss
Liquidated damages, fines and compensation	49,222	36,129	49,222
Unpayable amount	18,707	29,225	18,707
Gains on retirement of assets	11,530	10,073	11,530
Claim income	13,924	10,620	13,924
Others	91,556	128,844	91,556
Total	184,939	214,891	184,939

65 Non-operating expenses

RMB'000

Item	Current period	Prior period	Amount recognized in non-recurring profit and loss
Liquidated damages and penalty expenses	15,213	44,708	15,213
Losses on retirement of assets	9,364	9,641	9,364
Donation expenses	18,973	14,447	18,973
Flood control fund	7,593	14,111	7,593
Others	56,424	36,820	56,424
Total	107,567	119,727	107,567

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

66 Income tax expenses

(1) Table of income tax expenses

RMB'000

Item	Current period	Prior period
Current income tax expenses	1,909,156	1,958,731
Deferred income tax expenses	(115,427)	(181,074)
Total	1,793,729	1,777,657

(2) Reconciliation of accounting profits and income tax expenses

RMB'000

Item	Current period	Prior period
Profit before tax	11,466,411	10,695,092
Income tax expenses at statutory tax rate (25%)	2,866,603	2,673,773
Effect of different tax rates applied by subsidiaries	(956,149)	(842,245)
Adjustments to income tax of previous periods	184,790	114,493
Effect of income free of tax	(943)	(8,662)
Effect of joint ventures and associates	(71,891)	(84,020)
Effect of non-deductible costs, expense and losses	90,111	164,246
Effect of using the deductible losses for which no deferred tax asset was recognized in previous periods	(127,772)	(91,019)
Effect of deductible temporary differences or deductible losses for which no deferred tax asset was recognized this period	282,915	260,464
Other tax incentives (Note)	(473,935)	(409,373)
Income tax expenses	1,793,729	1,777,657

Other description:

Note: Other tax incentives are mainly weighted deduction performed on technology research and development expenditures

67 Other comprehensive income

Please refer to Note V.48.

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

68 Items in the cash flow statement

(1) Cash related to operating activities

Other cash receipts relating to operating activities

RMB'000

Item	Current period	Prior period
Interest income	425,528	341,478
Others	1,203,072	1,189,366
Total	1,628,600	1,530,844

Other cash payments relating to operating activities

RMB'000

Item	Current period	Prior period
Product development, design fees	3,800,678	3,148,517
Expenses for product transportation, packaging and insurance	882,812	869,696
Marketing expenses	382,491	479,800
Product quality assurance expenses	388,138	363,830
Administrative office expenses	284,653	274,617
Utilities and energy expenses	72,352	69,338
Others	1,959,358	2,142,312
Total	7,770,482	7,348,110

(2) Cash related to financing activities

Changes in liabilities arising from financing activities

RMB'000

Item	31 Dec 2025	Increase during current period		Decrease during current period		30 June 2026
		Cash movements	Non-cash movements	Cash movements	Non-cash movements	
Short-term loan	7,329,911	4,179,981	539,181	3,829,586	990,143	7,229,344
Long-term debt (including due within one year)	7,897,602	122,825	–	237,201	(3,975)	7,787,201
Lease liabilities (including due within one year)	3,050,674	–	676,865	548,191	–	3,179,348
Other payables – loan from CRRC Group	4,464,272	3,300,000	–	3,575,619	–	4,188,653
Other accounts payable – dividends payable	92,232	–	4,658,258	313,436	4,677	4,432,377
Other current liabilities – ultra short-term financing bonds	–	1,500,000	–	1,500,000	–	–
Total	22,834,691	9,102,806	5,874,304	10,004,033	990,845	26,816,923

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

69 Supplementary information to the cash flow statement

(1) Supplementary information to the cash flow statement

RMB'000

Supplementary information	Current period	Prior period
1. Reconciliation of net profit to cash flow from operating activities:		
Net profit	9,672,682	8,917,435
Add: Assets impairment losses	163,517	207,856
Credit losses	396,872	739,942
Depreciation of fixed assets and amortisation of investment properties	3,629,708	3,241,908
Depreciation of right-of-use assets	388,869	427,705
Amortisation of intangible assets	684,967	623,826
Amortisation of long-term deferred expenses	122,793	100,012
Gains from disposal of fixed assets, intangible assets, and other long-term assets	(32,474)	(16,557)
Gains from changes in fair value	(140,065)	(112,635)
Financial expenses	761,566	(72,930)
Investment income	(346,753)	(379,927)
Changes in deferred tax assets and liabilities	(115,427)	(181,074)
Increase in gross inventories	(4,403,491)	(18,003,623)
Increase in operating receivables	(13,899,783)	(16,680,357)
(Decrease)/Increase in operating payables	(13,461,156)	11,778,780
Changes in restricted monetary funds	438,705	412,095
Net cash flows from operating activities	(16,139,470)	(8,997,544)
2. Net changes in cash and cash equivalents:		
Closing balance of cash and cash equivalents	27,628,963	35,883,777
Less: Opening balance of cash and cash equivalents	43,386,289	46,553,233
Net decrease in cash and cash equivalents	(15,757,326)	(10,669,456)

(2) Composition of cash and cash equivalents

RMB'000

Item	Closing balance	Opening balance
I. Cash	27,628,963	43,386,289
Including: Cash on hand	166,326	576
Bank deposits available on demand	27,462,637	43,385,713
II. Closing balance of cash and cash equivalents	27,628,963	43,386,289

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

70 Foreign-currency monetary items

(1) Foreign-currency monetary items

RMB'000

Item	Foreign currency balance as at the end of the period	Exchange rate	Translated RMB balance as at the end of the period
Cash and bank balances			
Including: USD	606,654	6.8109	4,131,860
EUR	287,186	7.7671	2,230,602
HKD	827,816	0.8686	719,041
AUD	141,015	4.6804	660,007
MXN	2,678,473	0.3897	1,043,801
Others	/	/	2,357,453
Held-for-trading financial assets			
Including: USD	4,634	6.8109	31,562
Accounts receivable			
Including: USD	344,224	6.8109	2,344,475
EUR	167,627	7.7671	1,301,976
HKD	902,251	0.8686	783,695
MYR	201,570	1.7319	349,099
Others	/	/	752,243
Other receivables			
Including: USD	2,631	6.8109	17,919
EUR	8,064	7.7671	62,634
HKD	38,205	0.8686	33,185
AUD	2,425	4.6804	11,350
MXN	807,472	0.3897	314,672
Others	/	/	135,277
Debt investments (including those due within one year)			
Including: USD	82,906	6.8109	564,664
Long-term receivables (including those due within one year)			
Including: USD	106,300	6.8109	723,999
EUR	65,332	7.7671	507,440
Other non-current financial assets			
Including: USD	31,000	6.8109	211,138

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

70 Foreign-currency monetary items *(continued)*

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

Item	Foreign currency balance as at the end of the period	Exchange rate	Translated RMB balance as at the end of the period
Short-term borrowings			
Including: USD	184,090	6.8109	1,253,819
EUR	200,538	7.7671	1,557,599
HKD	708,220	0.8686	615,160
MXN	1,899,861	0.3897	740,376
Others	/	/	114,929
Accounts payables			
Including: USD	95,143	6.8109	648,009
EUR	203,822	7.7671	1,583,106
HKD	20,752	0.8686	18,025
AUD	11,033	4.6804	51,639
MXN	3,346,682	0.3897	1,304,202
Others	/	/	694,171
Other payables			
Including: USD	98,721	6.8109	672,379
EUR	18,033	7.7671	140,064
HKD	45,467	0.8686	39,493
AUD	8,754	4.6804	40,972
MXN	19,317	0.3897	7,528
Others	/	/	452,156
Long-term borrowings (including those due within one year)			
Including: USD	591	6.8109	4,025
EUR	11,920	7.7671	92,584
MXN	10,663,202	0.3897	4,155,450
Lease liabilities (including those due within one year)			
Including: USD	1,170	6.8109	7,969
EUR	50,521	7.7671	392,402
HKD	139,757	0.8686	121,393
AUD	2,769	4.6804	12,960
Others	/	/	187,784

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

70 Foreign-currency monetary items *(continued)*

(2) Notes to overseas business entity including disclosures of significant principal place of business, functional currency and basis for determining the functional currency as well as reasons for changes in functional currency for those significant overseas business entity

Name of overseas business entity	Principal place of business	Functional currency
CRRC NEW MATERIAL TECHNOLOGIES GMBH	Germany	EUR
Specialist Machine Developments	Britain	GBP

71 Lease

(1) As lessee

Lease expenses for short-term leases or low-value assets with simplified treatment for the period amounted to RMB89,495,000.

Total cash flow related to leases RMB637,686,000

(2) As lessor

Operating leases as lessor

RMB'000

Item	Lease income	Income related to variable lease payments not included in lease receivable
Operating leases	134,176	–
Total	134,176	–

Financing leases as lessor

RMB'000

Item	Gain/loss on sales	Financing gains	Income related to variable lease payments not included in lease receivable
Financing leases	–	626	–
Total	–	626	–

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

71 Lease *(continued)*

(2) As lessor *(continued)*

Reconciliation table of undiscounted lease receipts and net lease investment

RMB'000

Item	Closing balance	Opening balance
The minimum amount of the lease receivable:		
1st year after the balance sheet date	1,064,803	1,192,083
2nd year after the balance sheet date	48,003	58,525
3rd year after the balance sheet date	48,003	58,827
4th year after the balance sheet date	8,945	16,127
5th year after the balance sheet date	3,958	6,752
Years afterwards	–	–
Total of the minimum amount of the lease receivable	1,173,712	1,332,314
Less: Unrealised financing income	(182,809)	(185,235)
Credit loss allowance	(759,006)	(741,898)
Financing lease receivable	231,897	405,181
Including: Financing lease receivable due within one year	126,856	241,535
Financing lease receivable due after one year	105,041	163,646

VI. R&D EXPENDITURES

(1) Presented by the nature.

RMB'000

Item	Current period	Prior period
Employee benefits	3,518,990	3,299,089
Depreciation charge	334,932	310,233
Amortisation of intangible assets	177,113	166,431
Others	3,868,784	3,163,910
Total	7,899,819	6,939,663
Including: Expense R&D expenditures	7,770,498	6,779,531
Capitalize R&D expenditures	129,321	160,132

VII. INTERESTS IN OTHER ENTITIES

1 Interests in subsidiaries

(1) Material non-wholly owned subsidiaries

RMB'000

Name of the Subsidiary	Proportion of ownership interest held by non-controlling interests (%)	Profit or loss allocated to non-controlling interests during the period	Dividend declared to non-controlling shareholders during the period	Balance of non-controlling interests at 30 June 2026
CRRC Times Electric	49.85	897,126	456,844	24,445,961
Zhuzhou Times New Material	66.65	241,294	100,542	5,985,659

(2) Key financial information of significant non-wholly owned subsidiaries

RMB'000

Name of the Subsidiary	Balance at the end of the period						At the beginning of the period					
	Current assets	Non-current assets	Total assets	Current liabilities	Non-current liabilities	Total liabilities	Current assets	Non-current assets	Total assets	Current liabilities	Non-current liabilities	Total liabilities
CRRC Times Electric	41,917,800	28,976,572	70,894,372	23,289,353	1,704,309	24,993,662	41,840,176	30,244,061	72,084,237	24,550,344	1,609,111	26,159,455
Zhuzhou Times New Material	18,589,101	8,278,830	26,867,931	15,354,591	2,510,013	17,864,604	16,807,520	8,042,190	24,849,710	13,583,725	2,486,665	16,070,390

Name of the Subsidiary	30 June 2025				30 June 2024			
	Operating income	Net profit	Total comprehensive income	Cash flows from operating activities	Operating income	Net profit	Total comprehensive income	Cash flows from operating activities
CRRC Times Electric	13,070,519	1,767,525	1,759,967	1,481,283	12,213,972	1,784,196	1,831,729	1,879,416
Zhuzhou Times New Material	10,467,456	393,791	326,836	(1,087,688)	9,256,069	335,196	495,063	743,902

2 Equity in associates or joint ventures

(1) Material associates or joint ventures

RMB'000

Name of joint venture or associate	Principal place of business	Registered place	Nature of business	Shareholding percentage (%) Direct	Indirect	Accounting treatment of investments in joint ventures or associates
China United Insurance	Beijing	Beijing	Financial industry	13.0633	–	equity method
China Foreign Trade Financial Leasing Co., Ltd	Beijing	Beijing	Financial industry	25.8851	–	equity method

VII. INTERESTS IN OTHER ENTITIES *(continued)*

2 Equity in associates or joint ventures *(continued)*

(1) Material associates or joint ventures *(continued)*

Basis for holding less than 20% of the voting rights but having significant influence, or holding 20% or more of the voting rights but not having significant influence:

The Group holds 13.0633% of the voting rights of China United Insurance, and the Group has the right to appoint one director to the board of directors of China United Insurance, and enjoys the corresponding substantive right to participate in decision-making, which has a significant influence on China United Insurance.

(2) Key financial information of significant associates

RMB'000

	Balance at 30 June 2026/Amount for the current period		Balance at 31 December 2025/Amount for the prior period	
	China United Insurance	China Foreign Trade Financial Leasing Co., Ltd	China United Insurance	China Foreign Trade Financial Leasing Co., Ltd
Total assets	109,045,339	50,893,912	127,440,440	54,573,574
Total liabilities	86,924,590	35,583,659	105,748,171	39,658,862
Non-controlling interests	2,324,704	–	2,303,714	–
Equities attributable to shareholders of parent company	19,796,045	15,310,253	19,388,555	14,914,712
Group's share of net assets	2,586,017	3,963,081	2,532,785	3,860,695
Goodwill	2,982,365	392,312	2,982,365	392,312
Carrying amount of equity investments in associates	5,568,382	4,355,393	5,515,150	4,253,007
Operating income	31,641,222	950,051	35,216,455	1,239,079
Net profit	144,462	395,541	537,157	504,783
Net profit attributable to shareholders of parent company	120,987	395,541	440,420	504,783
Other comprehensive income attributable to shareholders of parent company	(157,791)	–	(54,610)	–
Total comprehensive income attributable to shareholders of parent company	(36,804)	395,541	385,810	504,783
Dividends received from associates in the current period	–	–	–	–

VII. INTERESTS IN OTHER ENTITIES *(continued)*

2 Equity in associates or joint ventures *(continued)*

(3) Financial information of insignificant joint ventures and associates

RMB'000

	Balance on 30 June 2026/Amount for the current period	Balance on 31 December 2025/Amount for the prior period
Joint ventures:		
Aggregate carrying amount of investments	4,043,489	4,019,003
Total amounts calculated based on shareholding proportions		
– Net profit	37,835	89,822
– Other comprehensive income	–	–
– Total other comprehensive income	37,835	89,822
Associates:		
Total carrying amount of investment	10,203,578	10,003,827
Total amounts calculated based on shareholding proportions		
– Net profit	115,796	58,060
– Other comprehensive income	(4,984)	88
– Total other comprehensive income	110,812	58,148

VIII. RISKS RELATED TO FINANCIAL INSTRUMENTS

1 Risks of financial instruments

The Group's main financial instruments include cash and bank balances, held-for-trading financial assets, bills receivable, accounts receivable, receivables at FVTOCI, a part of other receivables, a part of non-current assets due within one year, a part of other current assets, loans and advances to customers, debt investments, long-term receivables, investments in other equity instruments, other non-current financial assets, other non-current assets, short-term borrowings, borrowings from central bank, deposits from banks and other financial institutions, bills payable, accounts payable, a part of employee benefits payable, other payables, a part of non-current liabilities due within one year, long-term borrowings, bonds payable, lease liabilities, a part of other long-term payables. The risks associated with these financial instruments and the policies on how to mitigate these risks are set out below. Management manages and monitors these exposures to ensure the risks are monitored at a certain level.

The Group adopts sensitivity analysis technique to analyse how the profit and loss for the period and shareholders' equity would have been affected by reasonably possible changes in the relevant risk variables. As it is unlikely that risk variables will change in an isolated manner, and the interdependence among risk variables will have significant effect on the amount ultimately influenced by the changes in a single risk variable, the following are based on the assumption that the change in each risk variable is on a stand-alone basis.

VIII. RISKS RELATED TO FINANCIAL INSTRUMENTS *(continued)*

2 Category of financial instruments

(1) Carrying amount of financial assets

RMB'000

Item	30 June 2026 At FVTPL	At amortised cost	Classified as at FVTOCI	Designed as at FVTOCI	Total
Cash and bank balances	–	44,199,265	–	–	44,199,265
Held-for-trading financial assets	10,503,747	–	–	–	10,503,747
Bills receivable	–	12,282,279	–	–	12,282,279
Accounts receivable	–	126,374,232	–	–	126,374,232
Receivables at FVTOCI	–	–	10,080,309	–	10,080,309
Other receivables (Except for government grant and advance to staffs)	–	2,665,349	–	–	2,665,349
Other current assets (Large deposit certificate)	–	939,554	–	–	939,554
Loans and advances to customers (including those due within one year)	–	48,954	–	–	48,954
Debt investments (including those due within one year)	–	573,701	–	–	573,701
Long-term receivables (including those due within one year) (except for finance lease)	–	9,826,345	–	–	9,826,345
Investments in other equity instruments	–	–	–	2,089,419	2,089,419
Other non-current financial assets	211,749	–	–	–	211,749
Other non-current assets (Large deposit certificate)	–	8,113,812	–	–	8,113,812
Total	10,715,496	205,023,491	10,080,309	2,089,419	227,908,715

(2) Carrying amount of financial liabilities

RMB'000

Item	30 June 2026 Financial Liabilities at FVTPL	Financial liabilities at carrying amount	Total
Short-term borrowings	–	7,229,344	7,229,344
Deposits from banks and other financial institutions	–	7,174,758	7,174,758
Held-for-trading financial liabilities	518	–	518
Bills payable	–	50,810,804	50,810,804
Accounts payable	–	164,074,151	164,074,151
Employee benefits payable (Except for defined benefit plan)	–	2,606,924	2,606,924
Other payables	–	21,319,040	21,319,040
Other current liabilities – ultra short-term financing bonds	–	–	–
Lease liabilities (including those due within one year)	–	3,179,348	3,179,348
Long-term borrowings (including those due within one year)	–	7,787,201	7,787,201
Long-term payables (including those due within one year) (except for special accounts payable)	–	178,521	178,521
Total	518	264,360,091	264,360,609

VIII. RISKS RELATED TO FINANCIAL INSTRUMENTS *(continued)*

3 Credit risk

Credit risk represents the risk that the failure to perform obligation by one party of the financial instruments will cause financial loss to the other party.

As of 30 June 2026, the Group's maximum exposure to credit risk which will cause losses of financial assets, contract assets and lease accounts receivables to the Group due to failure to discharge an obligation by the counterparties is arising from:

(i) The carrying amount of the respective recognized financial assets as stated in the consolidated balance sheet. For financial instruments measured at fair value, the carrying amount reflects the exposure to risks but not the maximum exposure to risks. The maximum exposure to risks would vary according to the future changes in fair value.

(ii) The amounts of external guarantees disclosed in Note XI. 2.

The Group only has transactions with recognized and reputable third parties. According to the Group's policies, for all the customers that require to make transactions on credit, the Group needs to review the credit of the customers and determines the manner of sales on the basis of customers' credit grading, credit line and credit period. For sales on credit, the payment period and the amount on credit need to be specified in the sales contract, with the payment period not exceeding credit period, and the accumulated amount of credit sales shall not exceed the credit line. For cash on delivery, the goods are not shopped until all the collection procedures are completed, so as to ensure the Group will not be exposed to significant credit loss.

The specific method used by the Group to assess whether the credit risk of financial instruments has increased significantly since initial recognition and the basis for determining that the financial assets are impaired, as well as the policies of immediate write-off of financial assets etc. are set out in Note III. 11.

The Group's credit risk exposure to any single financial instrument is limited because the bank deposits are deposited with banks with high credit ratings.

China State Railway Group Co., Ltd. is one of the major customers for the Group (including the China State Railway Group Co., Ltd. it belongs to and other subsidiaries, together as "State Railway Group") accounts for a larger proportion of the Group's revenue, accordingly, the accounts receivable from such customer also account for a larger proportion. The Group's management believes that the customer is of reliable and good reputation, therefore the Group has no significant credit risk in respect of the receivables from this customer. Except for this customer, the Group has no other significant concentration of credit risk.

The Group's major operating activities and corresponding concentration of operating risk are located in Mainland China.

As of 30 June 2026, included in the Group's accounts receivable, the accounts receivable from the top one and top five customers respectively account for 39.4% (31 December 2025: 37.5%) and 44.1% (31 December 2025: 43.1%);

As of 30 June 2026, included in the Group's long-term receivables (including those due within one year), the long-term receivables from top one and top five customers account for 35.6% (31 December 2025: 35.8%) and 81.2% (31 December 2025: 82.2%) respectively.

VIII. RISKS RELATED TO FINANCIAL INSTRUMENTS *(continued)*

3 Credit risk *(continued)*

The credit risk exposure of the Group's financial assets and other items

RMB'000

Item	Note V	Balance at 30 June 2026 12-month ECL	Lifetime ECL (no credit loss occurred)	Lifetime ECL (Credit loss occurred)	Total
Financial assets measured at amortized cost					
Cash and bank balances	1	44,199,265	–	–	44,199,265
Bills receivable	3	–	12,295,319	–	12,295,319
Accounts receivable	4	–	128,514,971	5,520,329	134,035,300
Other receivables	8	2,779,240	–	1,139,543	3,918,783
Other current assets	11	939,554	–	–	939,554
Loans and advances to customers (including those due within one year)	12	24,282	24,849	–	49,131
Debt investments (including due within one year)	13	617,823	–	–	617,823
Long-term receivables (except for finance lease) (including those due within one year)	14	–	9,074,836	1,450,060	10,524,896
Financial assets classified as at FVTOCI					
Receivables at FVTOCI	6	–	10,080,309	–	10,080,309
Other items:					
Contract assets (Include non-current part)	5	–	71,932,119	228,601	72,160,720
Long-term receivables-finance lease (including those due within one year)	14	–	932,395	58,508	990,903

Note 1: For accounts receivable and contract assets formed under revenue standards as well as finance lease receivables formed under lease standards, the Group adopts simple method to measure the amount of lifetime ECL.

The movements of loss allowance for the Group's bills receivable, accounts receivable, receivables at FVTOCI, other receivables, contract assets, loans and advances to customers, debt investments and long-term receivables are detailed in Note V3, V4, V6, V8, V5, V12, V13 and V14.

VIII. RISKS RELATED TO FINANCIAL INSTRUMENTS *(continued)*

4 Liquidity risk

Liquidity risk represents the risk that the entity encounters shortage of funds when performing the obligation relating to financial liabilities. The Group's objective is to maintain the balance between the continuity and flexibility of financing by comprehensively using multiple financing measures such as settlement with notes, bank borrowing, short-term financing bonds and corporate bonds etc. and adopting proper combination of long-term and short-term financing as well as the method of optimizing financing structure. The Group has obtained bank credit from several commercial banks to meet its need of working capital and capital expenditures. The management has been monitoring the Group's liquidity so as to ensure the Group has sufficient liquidity to repay all the due debts and get maximum benefits from its financial resources.

Maturity analysis of non-derivative financial liabilities and lease liabilities based on undiscounted contract cash flows

RMB'000

	30 June 2026				
Item	Within 1 year (inclusive)	1-2 years (inclusive)	2-5 years (inclusive)	Over 5 years	Total
Short-term borrowings	7,229,344	–	–	–	7,229,344
Deposits from banks and other financial institutions	7,174,758	–	–	–	7,174,758
Bills payable	50,810,804	–	–	–	50,810,804
Accounts payable	164,074,151	–	–	–	164,074,151
Other payables	21,319,040	–	–	–	21,319,040
Long-term borrowings (including due within one year)	409,692	501,058	963,892	6,136,678	8,011,320
Long-term payables (including due within one year) (except for special accounts payable)	1,521	–	–	196,647	198,168
Lease liabilities (Including due within one year)	712,309	593,082	1,009,910	1,405,407	3,720,708
Total	251,731,619	1,094,140	1,973,802	7,738,732	262,538,293

VIII. RISKS RELATED TO FINANCIAL INSTRUMENTS *(continued)*

5 Market risk

Market risk is the risk that the fair value or future cash flows of financial instruments will fluctuate due to the changes in market price. The market risk mainly includes interest rate risk, currency risk and price risk.

(1) Interest rate risk

Interest risk is the risk that the fair value or future cash flows of financial instruments will fluctuate due to the changes in market interest rate. The risk of fluctuations in the fair value of the Group's financial instruments due to changes in market interest rates is primarily related to the Group's fixed-rate borrowings, bonds payable, other current assets, and long-term receivables. The risk of fluctuations in the future cash flows of the Group's financial instruments due to changes in market interest rates is primarily related to the Group's liabilities with floating interest rates.

The following table sets out the sensitivity analysis of interest rate risk, reflecting the effect of reasonably possible changes in interest rate on net profit (via effect on variable-rate borrowings) (with effect of capitalisation of borrowing costs considered) under the assumption that all the other variables held constant.

Item	**January-June 2026**		January-December 2025	
Rate of variable-rate borrowings	**Increase in 25 point**	**Decrease in 25 point**	Increase in 25 point	Decrease in 25 point
(Decrease)/Increase in net profit (RMB'000)	**(21,448)**	**21,448**	(24,436)	24,436

(2) Other price risk

The Group's price risk is mainly arising from held-for-trading equity instrument investments and equity instruments at fair value through other comprehensive income. The Group adopts combination of multiple equity securities to mitigate the price risk of investments in equity securities.

(3) Currency risk

Currency risk is the risk that the fair value or future cash flows of financial instruments will fluctuate because of changes in foreign exchange rates. The Group's exposure to the currency risk is primarily associated with its operating activities (settled in foreign currency other than the functional currency).

The Group's operating activities are mainly located in China and most of the transactions are denominated in RMB, except for certain sales, purchases and borrowings which are settled in foreign currency. The fluctuation of the exchange rate between such foreign currency and RMB will affect the Group's operating performance.

The Group tries to mitigate the currency risk to the minimum extent mainly by closely monitoring the changes in market exchange rate and actively adopting responsive measures. In the export business, the Group's policy is to provide quotation based on the expected changes of exchange rate in respect of the external contracts under negotiation; during the negotiation, it is required to specify the range of exchange rate and the risks on the buyer and seller respectively. In import business, the enterprises are required to seize the moment of foreign exchange settlement for import so as to control the currency risk.

VIII. RISKS RELATED TO FINANCIAL INSTRUMENTS *(continued)*

5 Market risk *(continued)*

(3) Currency risk *(continued)*

(i) Foreign currency financial assets and financial liabilities

RMB'000

Item	30 June 2026	31 December 2025
Foreign currency financial assets:		
Cash and bank balances	11,142,764	12,555,737
Held-for-trading financial assets	31,562	394
Accounts receivable	4,898,529	4,499,661
Other receivables	525,254	497,455
Other non-current financial assets	211,138	217,893
Long-term receivables (including due within one year)	870,275	168,909
Total	17,679,522	17,940,049
Foreign currency financial liabilities:		
Short-term borrowings	4,281,883	3,100,729
Accounts payable	4,299,152	3,283,627
Other payables	1,352,592	1,917,068
Long-term borrowings (including due within one year)	4,252,059	4,312,556
Lease liabilities (including due within one year)	722,508	369,458
Total	14,908,194	12,983,438

The following table sets out the sensitivity analysis on currency risk, reflecting the effect of reasonably possible changes in exchange rate of EUR and USD on net profit under the assumption that all the other variables held constant. As the effect changes in exchange rate of other currencies is not significant, related sensitivity analysis is not presented.

EUR	30 June 2026		31 December 2025	
Against RMB	Increase by 4.72%	Reduce 4.72%	Increase by 12.05%	Reduce 12.05%
(Decrease)/increase in net profit (RMB'000)	8,922	(8,922)	37,506	(37,506)

USD	30 June 2026		31 December 2025	
Against RMB	Increase by 2.73%	Reduce 2.73%	Increase by 2.04%	Reduce 2.04%
(Decrease)/increase in net profit (RMB'000)	107,517	(107,517)	107,116	(107,116)

VIII. RISKS RELATED TO FINANCIAL INSTRUMENTS *(continued)*

6 Capital management

The major objective of the Group's capital management is to ensure the Group's continuing operation and provide the shareholders with continuous return by establishing a price of products and service that matches the risk level so as to obtain financing at reasonable cost.

The Group reviews and manages its capital structure on a regular basis, aiming to achieve most ideal capital structure and return to shareholders. The factors that the Group takes into consideration include: the Group's future capital demand, capital efficiency, actual and expected profitability, expected cash flows, expected capital expenditures etc. If the economic conditions change and affect the Group, the Group will adjust the capital structure.

The Group monitors and manages its capital structure using asset-liability proportion. As at 30 June 2026 and 31 December 2025, the asset-liability proportion are as follows:

	30 June 2026	31 December 2025
Asset-liability proportion (%)	59.68	60.77

7 Transfer of financial assets

(i) Classification of transfer methods

Transfer mode	Nature of transferred financial assets	Amount of transferred financial assets	Termination of confirmation	Judgment basis for derecognition
Bill endorsement	Receivables at FVTOCI	1,579,218	Confirmation terminated	The risks and remuneration of ownership have been transferred
Bill discount	Receivables at FVTOCI	4,107,200	Confirmation terminated	The risks and remuneration of ownership have been transferred
Accounts receivable factoring	Accounts receivable	198,915	Confirmation terminated	The risks and remuneration of ownership have been transferred
Bill endorsement	Bills receivable	217,279	Confirmation not terminated	/
Bill discount	Bills receivable	479,244	Confirmation not terminated	/
Accounts receivable factoring	Accounts receivable	22,477	Confirmation not terminated	/
Total	/	6,604,333	/	/

(ii) Financial assets Recognized due to transfer

Project	The Way the Financial Assets are transferred	Termination of the amount of financial assets recognized	Profit or losses related to termination Confirmation
Receivables at FVTOCI	Bill endorsement	1,579,218	–
Receivables at FVTOCI	Bill discount	4,107,200	26,694
Accounts receivable	Accounts receivable factoring	198,915	1,265
Total	/	5,885,333	27,959

IX. DISCLOSURE OF FAIR VALUE

1 Closing fair value of assets and liabilities measured at fair value

RMB'000

Item	Fair value at 30 June 2026 Level 1 Fair value measurement	Level 2 Fair value measurement	Level 3 Fair value measurement	Total	Valuation technique and inputs	Significant unobservable inputs
I. Recurring fair value measurements						
(I) Held-for-trading financial assets	–	5,178,490	5,325,257	10,503,747		
1. Derivative financial assets	–	–	–	–	Note 1	/
2. Certificate of deposits, etc.	–	5,178,490	–	5,178,490	Note 3	/
3. Unlisted equity instrument investments	–	–	5,325,257	5,325,257	Note 4/Note 5	Note 4/Note 5
(II) Receivables at FVTOCI	–	10,080,309	–	10,080,309	Note 3	/
(III) Investments in other equity instruments	693,448	–	1,395,971	2,089,419		
1. Listed equity instrument investments	693,448	–	–	693,448	Note 2	/
2. Unlisted equity instrument investments	–	–	1,395,971	1,395,971	Note 4/Note 5	Note 4/Note 5
(IV) Other non-current financial assets	211,749	–	–	211,749		
1. Perpetual bonds etc. investments	211,749	–	–	211,749	Note 2	/
Total assets measured at fair value on recurring basis	905,197	15,258,799	6,721,228	22,885,224		
(V) Held-for-trading financial assets	–	518	–	518		
1. Derivative financial liabilities	–	518	–	518	Note 3	/
Total liabilities measured at fair value on recurring basis	–	518	–	518		

Note 1: Discounted cash flow method. Future cash flows are based on forward exchange rate (sourced from the forward exchange rate observed at financial statement date) and estimated contractual forward exchange rate, and discounted using the discounting rate reflecting the credit risk of counterparty.

Note 2: Quoted price (unadjusted) in active market.

Note 3: Discounted cash flow method. Future cash flows are estimated based on expected return and discounted using the discounting rate reflecting the credit risk of counterparty.

Note 4: Discounted cash flow method. Unobservable inputs include revenue growth and system risk factor. The revenue growth is based on the estimate of the management of the investee. The system risk factor is based on the system risk factor of historical stock price of comparative companies.

Note 5: Comparative listed company comparing method and dividends discounting model. The unobservable inputs of the comparative listed company comparing method include liquidity discount. The unobservable inputs of dividends discounting model include expected growth rate and discounting rate.

IX. DISCLOSURE OF FAIR VALUE *(continued)*

2 Reconciliation from the opening balances to the closing balances, and sensitivity analysis on unobservable inputs for items measured at recurring Level 3 fair value measurements.

RMB'000

Item	Held-for-trading financial assets (unlisted equity instrument investments)	Investments in other equity instruments (unlisted equity instruments investment)
1 January 2026	4,784,160	1,418,542
Additions	570,000	–
Disposals	(163,468)	(13,856)
Transferred out in this period	–	–
Current gains	134,565	1,285
Included in profit or loss	134,565	–
Included in other comprehensive income	–	1,285
Other changes	–	(10,000)
30 June 2026	5,325,257	1,395,971

3 Fair value of financial assets and financial liabilities that are not measured at fair value

The Group's financial assets and financial liabilities measured at amortized cost are detailed in Note VIII.2. Except for the items listed below, the management of the Group determines that the carrying amount of these financial assets and financial liabilities in the financial statements approximates the fair value of such assets and liabilities.

RMB'000

Item	Carrying amount		Fair value	
	30 June 2026	31 December 2025	31 June 2026	31 December 2025
Fixed-rate debt investments	573,701	591,757	456,602	457,646
Fixed-rate long-term receivables	8,662,753	8,292,366	7,081,343	6,761,060
Fixed-rate long-term borrowings	5,779,377	5,682,175	3,535,048	3,450,999

Of the debt investments, those in listed bonds can be publicly traded in an active market and are attributable to level 1 fair value measurement; and debt investments (exclusive of investments in listed bonds), long-term receivables, long-term borrowings and corporate bonds payable are determined based on discounted cash flows and attributable to level 2 fair value measurement, with the discounting rate reflecting the credit risk of the issuer as the key inputs.

X. RELATED PARTIES AND RELATED PARTY TRANSACTIONS

1 Parent of the Company

RMB'000

Company name	Registered place	Nature of business	Registered capital	Proportion of ownership interest held by the parent company (%)	Proportion of voting power held by the parent company (%)
CRRC Group	Beijing	Manufacturing	23,000,000	51.45	51.45

The ultimate controlling party of the Company is State-owned Assets Supervision and Administration Commission of the State Council (the "SASAC").

2 Subsidiaries of the Company

The Company's subsidiaries are detailed in Note I.1.

3 Joint ventures and associates of the Company

Please see Note VII.2(1) for information of important joint ventures and associates of the Company.

The joint ventures and associates that have transactions with the Group in the current year are as follows:

Name of joint ventures or associates	Relationship with the Company
Qiqihar EEE Forging Equipment Co., Ltd.	Associates
Changchun Changke Alstom Rolling Stock Co., Ltd	Joint ventures
Dalian Toshiba Locomotive Electrical Equipment Co., Ltd	Joint ventures
Beijing Nankou Sikaifu Railway Bearing Co., Ltd	Associates
Knorr Bremse Nankou Air Supply Equipment (Beijing) Co., Ltd	Associates
Datong Faweilai Rolling Stock Equipment Co., Ltd	Associates
Datong Hitachi Energy Traction Transformer Co., Ltd	Associates
Xinyang Tonghe Wheel Co., Ltd	Associates
Guangzhou Electric Locomotive Co., Ltd	Associates
Xi'an Alstom Yongji Electrical Equipment Co., Ltd	Associates
Qingdao Alstom Railway Equipment Co., Ltd	Associates
Qingdao Sifang Faweilai Rail Brake Co., Ltd	Joint ventures
Changchun Xiangtie Vehicle Equipment Manufacturing Co., Ltd	Associates
Tianjin Electric Locomotive Co., Ltd	Associates
Shenyang Westinghouse Brake Technology Co., Ltd	Joint ventures
China Railway Shenyang Railway Equipment Co., Ltd	Associates
Shanghai Alstom Transportation Electric Co., Ltd	Associates
Chengdu Changke Xinzhu Rail Transit Equipment Co., Ltd	Associates
CRRC Shenzhen Railway Vehicles Co., Ltd	Joint ventures
Rolling Stock Equipment (Thailand) Co., Ltd	Associates
Qingdao Sifang Kawasaki Vehicle Technology Co., Ltd	Joint ventures
Zhuzhou Shiling Transportation Equipment Co., Ltd	Joint ventures
Zhuzhou Siemens Traction Equipment Co., Ltd	Associates
Zhuzhou CRRC Times High tech Investment Co., Ltd	Joint ventures
Changzhou Langrui Dongyang Transmission Technology Co., Ltd	Joint ventures

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

3 Joint ventures and associates of the Company *(continued)*

Name of joint ventures or associates	Relationship with the Company
Hunan Shidai Westinghouse Transportation Equipment Co., Ltd	Associates
Huaneng Tieling Wind Power Co., Ltd	Associates
Huaneng Panjin Wind Power Generation Co., Ltd	Associates
Hunan Maglev Transportation Development Co., Ltd	Associates
Guangzhou Sifang Rail Transit Equipment Co., Ltd	Joint ventures
Xi'an Sifang Rail Transit Equipment Co., Ltd	Joint ventures
Sino German Rail Transit Technology (Dresden) Joint Research and Development Center Co., Ltd	Associates
Shanghai Shenzhong Rail Transit Operation Safety Engineering Technology Research Co., Ltd	Joint ventures
Changchun Changke Rail Environmental Protection Equipment Co., Ltd	Joint ventures
Beijing Sifang Tongchuang Rail Transit Equipment Co., Ltd	Associates
Huayu Capital (Tianjin) Equity Investment Fund Management Co., Ltd	Associates
Beijing Beijiufang Rail Transit Technology Co., Ltd	Associates
Australian Innovation Railway Company	Associates
Baweitong Technology Co., Ltd	Associates
Wuhu Yunda Rail Transit Construction and Operation Co., Ltd	Joint ventures
Taizhou Taizhong Rail Transit Co., Ltd	Associates
Datong CRRC Macon Rail Transportation Equipment Co., Ltd	Associates
Beijing Tianlu Longxiang Transportation Equipment Co., Ltd	Joint ventures
Zhejiang Times Lanpu New Energy Co., Ltd	Joint ventures
CRRC Guochuang (Beijing) Fund Management Co., Ltd	Associates
Sichuan CRRC Railway Investment Rail Transit Co., Ltd	Associates
Shanghai Marine Engineering Equipment Manufacturing Innovation Center Co., Ltd	Associates
Wuhan Digital Design and Manufacturing Innovation Center Co., Ltd	Associates
Inner Mongolia Yiji Group Like Rubber and Plastic Products Co., Ltd	Associates
Zhuzhou Shidai Engineering Plastic Technology Co., Ltd	Associates
Hunan Honghui Technology Co., Ltd	Associates
Hunan Guoxin Semiconductor Technology Co., Ltd	Associates
Shangcai Shenhua CRRC New Energy Co., Ltd	Associates
Jiangsu Langrui Maoda Casting Co., Ltd	Joint ventures
Sichuan Zhongxin Composite Materials Co., Ltd	Associates
Qingdao Sifang Sirui Intelligent Technology Co., Ltd	Joint ventures
CRRC Voith Transmission Technology Co., Ltd	Associates
Zhuzhou Guochuang Rail Technology Co., Ltd	Associates
Tongche Zhongdian Railway Equipment Co., Ltd	Associates
Qingdao Metro Rail Transit Intelligent Maintenance Co., Ltd	Associates
Jiangxi Shanghuasheng Yilun Motor Co., Ltd	Associates
Zhuzhou Times Huaxin New Material Technology Co., Ltd.	Associates
Zhixin Semiconductor Co., Ltd	Associates
Dalian Kaifeng Heavy Industry Co., Ltd	Associates
Nanjing Tengsheng Energy Internet Technology Co., Ltd	Associates
Zhejiang Rail Transit Operation Management Group Co., Ltd	Associates
Jiangsu CRRC Digital Technology Co., Ltd	Associates
China United Insurance Holding Co., Ltd	Associates
Urban Rail Innovation Network Center Co., Ltd	Associates
Mowan Railway Co., Ltd	Associates
Jiqing High Speed Railway Co., Ltd	Associates
Foshan Gaoming Modern Rail Transit Construction Investment Co., Ltd	Associates
CCCC Foshan Investment Development Co., Ltd	Associates

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

3 Joint ventures and associates of the Company *(continued)*

Name of joint ventures or associates	Relationship with the Company
Hunan Motor Vehicle Testing Technology Co., Ltd	Associates
China Power Construction (Yantai) Wind Power Generation Co., Ltd	Joint ventures
Jinan Sirui Rail Transit Equipment Technology Co., Ltd	Associates
Zhuzhou CRRC Rail Transit Journal Co., Ltd	Associates
CRRC (Beijing) Transformation and Upgrading Fund Management Co., Ltd	Associates
Zhejiang CRRC Shangchi Electric Co., Ltd	Associates
Aviation Materials Guochuang (Qingdao) High speed Railway Materials Research Institute Co., Ltd	Associates
Harbin Welding Guochuang (Qingdao) Welding Engineering Innovation Center Co., Ltd	Associates
CSCEC (Shandong) Industrial Development Co., Ltd	Associates
Wuxi Times Intelligent Transportation Research Institute Co., Ltd	Associates
Zhengzhou Shidai Traffic Electrical Equipment Co., Ltd	Joint ventures
Jiangsu Zhongcheng Transportation Equipment Co., Ltd	Associates
Guangzhou Junfa Electrical Equipment Co., Ltd	Associates
Changshu Zhishui Environmental Protection Water Co., Ltd	Joint ventures
Hebei CRRC Luxing Anti loose Technology Co., Ltd	Associates
Foshan Zhongshi Zhihui Transportation Technology Co., Ltd	Associates
Guangzhou Qinglan Semiconductor Co., Ltd	Joint ventures
Tieke (Beijing) Rail Equipment Technology Co., Ltd	Associates
Huaneng Zhongji Environmental Protection Technology Co., Ltd	Joint ventures
Nanjing Metro Equipment Operation and Maintenance Technology Co., Ltd	Associates
China Resources New Energy (Alxa) Co., Ltd	Associates
China Resources New Energy (Ordos) Co., Ltd	Associates
Pioneer Electric (India) Co., Ltd	Associates
Chengdu Ruiyang Rail Transmission Technology Co., Ltd	Joint ventures
Nanjing Rail Transit Industry Development Co., Ltd	Associates
Hunan Guoci Power Technology Co., Ltd	Associates
Guangzhou High Speed Rail Technology Co., Ltd	Associates
Qingdao Green Development Research Institute Co., Ltd	Associates
PriceSmart (Shanghai) Industrial Design Co., Ltd	Associates
Taizhou Changxing Rail Transit Operation Management Co., Ltd	Associates
Jiangsu China Railway Transportation Technology Co., Ltd	Associates
Guangxi Zhonggui Digital Technology Co., Ltd	Associates
Digital Rail (Shanghai) Transportation Technology Co., Ltd	Associates
Chengdu Digital China Railway Technology Co., Ltd	Associates
Anhui Zhiyun Digital Technology Co., Ltd	Associates
China Foreign Trade Finance Leasing Co., Ltd	Associates
Tiemei (Dalian) New Material Technology Co., Ltd	Joint ventures
Shenzhen Zhongshuputai Technology Co., Ltd	Associates
Hebei Yiyuan Guanghe New Energy Development Co., Ltd	Joint ventures
China Resources Wind Power (Caoxian) Co., Ltd	Associates
Guyang Changhui Energy Development Co., Ltd	Associates
China Ocean Engineering Equipment Technology Development Co., Ltd	Associates
Hunan Maglev Group Co., Ltd	Associates
Hebei Hongrui Environmental Protection Technology Co., Ltd	Associates
Zhongjuxin (Suzhou) Intelligent Technology Co., Ltd	Associates

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

3 Joint ventures and associates of the Company *(continued)*

Name of joint ventures or associates	Relationship with the Company
Chongqing Ruiyang Rail Transit Equipment Co., Ltd	Joint ventures
Xi'an Ruiyang Rail Transmission Technology Co., Ltd	Joint ventures
Shanghai Rail Transit Testing and Certification (Group) Co., Ltd	Associates
Xiong'an Jingxiong Express Co., Ltd	Associates
Shaanxi Zhihui Clean Energy Technology Co., Ltd	Associates
Guangzhou Shidai Qizhi Electric Power Technology Co., Ltd	Associates
Datang Huayin Liling Clean Energy Co., Ltd	Associates
Zhuzhou Shidai Huasheng New Material Technology Co., Ltd	Associates
Hunan Huafeng Kecheng Advanced Polymer Materials Technology Research Institute Co., Ltd	Associates
Zhuzhou Shidai Engineering Plastic Industry Co., Ltd	Associates
Zhuzhou Shidai Dewei Coatings Co., Ltd	Associates
Zhuzhou Jiangxin New Material Technology Co., Ltd	Associates
Zhuzhou Fenghang Technology Co., Ltd	Associates
Datang Huayin Zhuzhou Clean Energy Co., Ltd	Associates
Huaneng Tieling Daxing Wind Power Generation Co., Ltd	Associates
CONSORCIO TREN LIGERO LINEA 4 GUADALAJARA, S.A.P.I.de C.V	Associates
TIC TRENS S.A.	Associates
MLCC BLUE LINE CONTRACTING L.L.C	Associates
High Speed Train (Qingdao) Technology Innovation Center Co., Ltd	Associates
Vertex Railcar Corporation	Associates
IMATEQ SAS	Joint ventures

4 Related party transactions

(1) Purchases and sales of goods, rendering and receipt of services

Purchase of goods/receipt of service

RMB'000

Related party	Content of related party transaction	January-June 2026	January-June 2025
Joint ventures of the Group	Purchase of goods	71,850	51,251
Associates of the Group	Purchase of goods	320,714	378,577
CRRC Group and subsidiaries	Purchase of goods	256,750	222,794
Joint ventures and associates of CRRC Group and subsidiaries	Purchase of goods	2,404	2,682
Joint ventures of the Group	Receipt of service	18,261	28,207
Associates of the Group	Receipt of service	24,574	16,212
CRRC Group and subsidiaries	Receipt of service	40,534	18,486
Joint ventures and associates of CRRC Group and subsidiaries	Receipt of service	2,442	1,730
Total	/	737,529	719,939

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

4 Related party transactions *(continued)*

(1) Purchases and sales of goods, rendering and receipt of services *(continued)*

Sale of goods/rendering of service

RMB'000

Related party	Content of related party transaction	January-June 2026	January-June 2025
Joint ventures of the Group	Sale of goods	575,269	554,124
Associates of the Group	Sale of goods	1,140,969	1,713,366
CRRC Group and its subsidiaries	Sale of goods	446,972	89,962
Joint ventures and associates of CRRC Group and subsidiaries	Sale of goods	4,743	187,245
Joint ventures of the Group	Rendering of services	46,501	53,777
Associates of the Group	Rendering of services	658,840	28,867
CRRC Group and its subsidiaries	Rendering of services	25,359	10,886
Joint ventures and associates of CRRC Group and subsidiaries	Rendering of services	251,255	195,692
Total	/	3,149,908	2,833,919

(2) Leases with related parties

The Company as the lessor:

RMB'000

Name of lessee	Type of leased assets	Lease income recognised in current period	Lease income recognised in prior period
Joint ventures of the Group	Fixed assets	136	177
Associates of the Group	Fixed assets	3,401	5,155
CRRC Group and its subsidiaries	Fixed assets	–	54
Joint ventures and associates of CRRC Group and subsidiaries	Fixed assets	922	1,148
Total	/	4,459	6,534

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

4 Related party transactions *(continued)*

(2) Leases with related parties *(continued)*

The Company as the lessee:

RMB'000

Name of lessee	Type of assets leased	January-June 2026					January-June 2025				
		Rental costs for short-term leases and leases of low-value assets with simplified treatment (if applicable)	Variable lease payments not included in the measurement of the lease liability (if applicable)	Rent paid	Interest expense on lease liabilities assumed	Increased right-to-use assets	Rental costs for short-term leases and leases of low- value assets with simplified treatment (if applicable)	Variable lease payments not included in the measurement of the lease liability (if applicable)	Rent paid	Interest expense on lease liabilities assumed	Increased right-to-use assets
Joint ventures of the Group	Fixed assets	14	-	964	63	-	665	665	-	-	-
Associates of the Group	Fixed assets	-	-	5,886	162	-	115	-	234	-	132
CRRC Group and its subsidiaries	Fixed assets	9,047	2,688	7,162	2,004	23,459	29,197	-	59,727	2,046	17,739
Joint ventures and associates of CRRC Group and its subsidiaries	Fixed assets	-	-	-	-	-	-	-	-	-	-

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

4 Related party transactions *(continued)*

(3) Guarantees with related parties

The Company as the guarantor

RMB'000

The guaranteed company	Guarantee amount	Guarantee Start Date	Guarantee expiration date	Whether the guarantee has been fulfilled
Wuhu Yunda Rail Transit Construction and Operation Co., LTD	473,560	2017-06-20	2047-06-20	No
CRRC E-LOCO SUPPLY (PTY) LTD	1,195,846	2014-03-17	Date of completion of project implementation	No
CONSORCIO TREN LIGERO LINEA 4 GUADALAJARA, S.A.P.I. de C.V	215,414	2023-10-27	2059-10-25	No
CONSORCIO TREN LIGERO LINEA 4 GUADALAJARA, S.A.P.I. de C.V	390,251	2024-06-05	2039-04-30	No
TIC TRENS S.A.	371,262	2024-06-02	2031-06-02	No
TIC TRENS S.A.	157,089	2025-10-09	2027-03-26	No
TIC TRENS S.A.	157,704	2025-09-30	2027-03-26	No
MLCC BLUE LINE CONTRACTING L.L.C	689,095	2025-03-05	2029-07-31	No
MLCC BLUE LINE CONTRACTING L.L.C	275,638	2025-03-05	2032-09-20	No
MLCC BLUE LINE CONTRACTING L.L.C	279,259	2025-05-15	2029-07-31	No
MLCC BLUE LINE CONTRACTING L.L.C	36,959	2025-07-31	2032-07-31	No
METRO TRAINS WEST PTY LTD	1,933,824	2025-12-19	2047-02-11	No
METRO TRAINS WEST PTY LTD	7,067	2025-12-19	2047-12-19	No
METRO TRAINS WEST PTY LTD	59,165	2026-01-22	2032-09-10	No
METRO TRAINS WEST PTY LTD	59,165	2026-01-22	2033-09-10	No
METRO TRAINS WEST PTY LTD	29,582	2026-01-22	2034-09-10	No
METRO TRAINS WEST PTY LTD	152,498	2026-03-12	2031-08-28	No

The Company as the guarantee holder

RMB'000

Name of guarantor	Guarantee amount	Guarantee Start Date	Guarantee expiration date	Whether the guarantee has been fulfilled
CRRC Group	1,195,846	2014-03-17	Date of completion of project implementation	No

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

4 Related party transactions *(continued)*

(4) Funding from related party

RMB'000

Related party borrowing/loan	Amount of borrowing/loan	Inception date	Maturity date	Note
Funds received				
CRRC Group and its subsidiaries	312,960	07/11/2025	06/11/2026	/
CRRC Group and its subsidiaries	1,100,000	07/11/2025	06/11/2026	/
CRRC Group and its subsidiaries	249,770	07/11/2025	06/11/2026	/
CRRC Group and its subsidiaries	22,560	07/11/2025	06/11/2026	/
CRRC Group and its subsidiaries	148,590	07/11/2025	06/11/2026	/
CRRC Group and its subsidiaries	44,850	10/11/2025	09/11/2026	/
CRRC Group and its subsidiaries	136,560	10/11/2025	09/11/2026	/
CRRC Group and its subsidiaries	300,000	10/11/2025	09/11/2026	/
CRRC Group and its subsidiaries	385,000	10/11/2025	09/11/2026	/
CRRC Group and its subsidiaries	216,810	10/11/2025	09/11/2026	/
CRRC Group and its subsidiaries	8,120	16/06/2026	15/06/2027	/
CRRC Group and its subsidiaries	108,410	12/12/2025	11/12/2026	/
CRRC Group and its subsidiaries	709,000	20/10/2025	19/10/2026	/
CRRC Group and its subsidiaries	446,023	23/04/2026	22/04/2027	/

(5) Assets transfer/debt restructuring with related parties

RMB'000

Related party	Nature of transaction	January-June 2026	January-June 2025
Joint ventures of the Group	Purchase of fixed assets from related parties	–	–
Associates of the Group	Purchase of fixed assets from related parties	1,805	3,192
Joint ventures and associates of CRRC Group and subsidiaries	Purchase of fixed assets from related parties	–	1,179
CRRC Group and its subsidiaries	Purchase of fixed assets from related parties	145,059	2,469
Total	/	146,864	6,840

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

4 Related party transactions *(continued)*

(6) Remuneration of key management personnel

RMB'000

Item	January-June 2026	January-June 2025
Remuneration of key management personnel	3,234	5,183

(7) Other related party transactions

RMB'000

Related party	Nature of related party transaction	Accrued during the period	Accrued during the prior period
Joint ventures of the Group	Financial service and interest income	–	2,523
Associates of the Group	Financial service and interest income	820	1,924
CRRC Group and its subsidiaries	Financial service and interest income	–	–
Joint ventures of the Group	Interest expenses	8	96
Associates of the Group	Interest expenses	19	52
CRRC Group and its subsidiaries	Interest expenses	101,293	101,076
Joint ventures and associates of CRRC Group and its subsidiaries	Interest expenses	–	–
Total	/	102,140	105,671

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

5 Unsettled items such as receivables and payables to related parties

(1) Receivables

RMB'000

Item	Related party	Closing balance Carrying amount	Closing balance Provision for bad and doubtful debts	Opening balance Carrying amount	Opening balance Provision for bad and doubtful debts
Bills receivable	Joint ventures of the Group	19,254	24	110,392	198
Bills receivable	Associates of the Group	405,305	984	585,956	1,327
Bills receivable	CRRC Group and its subsidiaries	416	–	50	–
Accounts receivable	Joint ventures of the Group	904,021	16,178	442,633	6,275
Accounts receivable	Associates of the Group	1,479,775	72,551	1,287,475	71,167
Accounts receivable	CRRC Group and its subsidiaries	2,935,821	58,530	2,654,190	55,811
Accounts receivable	Joint ventures and associates of CRRC Group and its subsidiaries	224,928	6,430	184,351	5,394
Receivables at FVTOCI	Joint ventures of the Group	175,786	–	151,488	–
Receivables at FVTOCI	Associates of the Group	295,577	–	413,610	–
Receivables at FVTOCI	CRRC Group and its subsidiaries	96,912	–	118,004	–
Prepayments	Joint ventures of the Group	100,504	–	123,897	–
Prepayments	Associates of the Group	68,256	–	73,960	–
Prepayments	CRRC Group and its subsidiaries	41,004	–	8,305	–
Other receivables	Joint ventures of the Group	5,570	49	1,261	8
Other receivables	Associates of the Group	26,775	5,284	20,642	3,159
Other receivables	CRRC Group and its subsidiaries	177,607	15,473	162,478	11,505
Other receivables	Joint ventures and associates of CRRC Group and its subsidiaries	1,585	18	1,406	14
Contract assets	Joint ventures of the Group	27,841	166	17,769	174
Contract assets	Associates of the Group	687,954	5,719	307,092	2,549
Contract assets	CRRC Group and its subsidiaries	1,132,601	17,967	1,077,693	19,971
Contract assets	Joint ventures and associates of CRRC Group and its subsidiaries	23,065	231	34,429	314
Non-current assets due within one year	Associates of the Group	49,131	177	137,287	1,024
Non-current assets due within one year	CRRC Group and its subsidiaries	18,749	19	64,510	65
Long-term receivables	CRRC Group and its subsidiaries	11,452	11	11,433	11
Other non-current assets	Joint ventures of the Group	58,745	1,096	56,400	968
Other non-current assets	Associates of the Group	373,421	5,540	358,733	5,976
Other non-current assets	CRRC Group and its subsidiaries	1,427,647	1,602	1,546,717	5,904
Other non-current assets	Joint ventures and associates of CRRC Group and its subsidiaries	1,001,563	6,147	1,293,351	7,316
Total	/	11,771,265	214,196	11,245,512	199,130

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

5 Unsettled items such as receivables and payables to related parties *(continued)*

(2) Payables

RMB'000

Item	Related party	Closing book value	Beginning book value
Deposits from banks and other financial institutions	Joint ventures of the Group	35,227	31,771
Deposits from banks and other financial institutions	Associates of the Group	12,889	6,247
Deposits from banks and other financial institutions	CRRC Group and its subsidiaries	6,523,534	5,965,607
Deposits from banks and other financial institutions	Joint ventures and associates of CRRC Group and its subsidiaries	603,108	592,964
Bills payable	Joint ventures of the Group	549,714	145,851
Bills payable	Associates of the Group	384,665	507,019
Bills payable	CRRC Group and its subsidiaries	213,118	277,041
Bills payable	Joint ventures and associates of CRRC Group and its subsidiaries	17,239	760
Accounts payable	Joint ventures of the Group	2,301,729	1,483,123
Accounts payable	Associates of the Group	2,610,926	2,213,233
Accounts payable	CRRC Group and its subsidiaries	1,296,830	3,333,520
Accounts payable	Joint ventures and associates of CRRC Group and its subsidiaries	33,867	63,050
Advance receipts	Associates of the Group Group	38	–
Contract liabilities	Joint ventures of the Group	339	1,679
Contract liabilities	Associates of the Group	77,136	63,785
Contract liabilities	CRRC Group and its subsidiaries	185,818	54,160
Contract liabilities	Joint ventures and associates of CRRC Group and its subsidiaries	6,574	54,294
Other payables	Joint ventures of the Group	21,451	15,132
Other payables	Associates of the Group	127,523	129,129
Other payables	CRRC Group and its subsidiaries	6,323,183	4,704,161
Other payables	Joint ventures and associates of CRRC Group and its subsidiaries	1,072	1,607
Non-current liabilities due within one year	Associates of the Group	3,116	7,624
Non-current liabilities due within one year	CRRC Group and its subsidiaries	20,018	6,778
Non-current liabilities due within one year	Joint ventures and associates of CRRC Group and its subsidiaries	252	1,527
Lease liabilities	Associates of the Group	5,023	6,239
Lease liabilities	CRRC Group and its subsidiaries	84,287	74,012
Total	/	21,438,676	19,740,313

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

6 Related party commitments

(1) Commitments relating to related parties that have been entered into but not necessary to be presented in the financial statements are as follows

RMB'000

Item	Related party	30 June 2026	31 December 2025
Sale of goods to related parties	Joint ventures of the Group	75,010	–
Sale of goods to related parties	Associates of the Group	473,478	59,960
Sale of goods to related parties	CRRC Group and its subsidiaries	2,214,217	2,524,813
Providing labor services to related parties	Associates of the Group	1,625,504	1,167,311
Providing labor services to related parties	CRRC Group and its subsidiaries	135,269	132,373
Providing labor services to related parties	Joint ventures of CRRC Group and its subsidiaries	509,146	618,637
Purchase of goods from related parties	Joint ventures of the Group	42,879	3,465
Purchase of goods from related parties	Associates of the Group	444,175	50,634
Purchase of goods from related parties	CRRC Group and its subsidiaries	117,959	107,054
Purchase of goods from related parties	Joint ventures and associates of CRRC Group and its subsidiaries	21,195	376
Receiving services from related parties	Associates of the Group	67,632	–
Receiving services from related parties	CRRC Group and its subsidiaries	39,968	28,134
Receiving services from related parties	Joint ventures and associates of CRRC Group and its subsidiaries	372	–
Total	/	5,766,804	4,692,757

XI. COMMITMENTS AND CONTINGENCIES

1 Significant commitments

RMB'000

Item	30 June 2026	31 December 2025
Construction in progress, fixed assets and land use rights	2,468,538	3,378,580
Other intangible assets	252	15,393
Total	2,468,790	3,393,973

XI. COMMITMENTS AND CONTINGENCIES *(continued)*

2 Contingencies

(1) Significant contingencies existing at the balance sheet date

RMB'000

Relevant entity	Guarantee holder	Amount of guarantee	Type of guarantee
The Company	Wuhu Yunda	473,560	Guarantee for performance, financing and profit or loss
CRRC Zhuzhou Locomotive Co., Ltd	CRRC E-LOCO SUPPLY(PTY) LTD	1,195,846	Guarantee for performance
CRRC (Hong Kong) Co., Ltd.	CONSORCIO TREN LIGERO LINEA 4 GUADALAJARA, S.A.P.I. de C.V	215,414	Guarantee for performance
CRRC (Hong Kong) Co., Ltd.	CONSORCIO TREN LIGERO LINEA 4 GUADALAJARA, S.A.P.I. de C.V	390,251	Guarantee for financing
CRRC (Hong Kong) Co., Ltd.	TIC TRENS S.A	371,262	Guarantee for performance
CRRC (Hong Kong) Co., Ltd.	TIC TRENS S.A	157,089	Guarantee for financing
CRRC (Hong Kong) Co., Ltd.	TIC TRENS S.A	157,704	Guarantee for financing
CRRC (Hong Kong) Co., Ltd.	MLCC BLUE LINE CONTRACTING L.L.C	689,095	Guarantee for performance
CRRC (Hong Kong) Co., Ltd.	MLCC BLUE LINE CONTRACTING L.L.C	275,638	Guarantee for performance
CRRC (Hong Kong) Co., Ltd.	MLCC BLUE LINE CONTRACTING L.L.C	279,259	Guarantee for performance
CRRC (Hong Kong) Co., Ltd.	MLCC BLUE LINE CONTRACTING L.L.C	36,959	Guarantee for performance
CRRC International Co., Ltd	METRO TRAINS WEST PTY LTD	1,933,824	Guarantee for performance
CRRC (Hong Kong) Co., Ltd.	METRO TRAINS WEST PTY LTD	7,067	Guarantee for performance
CRRC (Hong Kong) Co., Ltd.	METRO TRAINS WEST PTY LTD	59,165	Guarantee for performance
CRRC (Hong Kong) Co., Ltd.	METRO TRAINS WEST PTY LTD	59,165	Guarantee for performance
CRRC (Hong Kong) Co., Ltd.	METRO TRAINS WEST PTY LTD	29,582	Guarantee for performance
CRRC (Hong Kong) Co., Ltd.	METRO TRAINS WEST PTY LTD	152,498	Guarantee for performance

XI. COMMITMENTS AND CONTINGENCIES *(continued)*

2 Contingencies *(continued)*

(2) If there are no significant contingencies, disclose this fact:

The thirtieth meeting of the second session of the Board of Directors held on 18 July 2021 resolved that, CRRC Zhuzhou Locomotive, a wholly-owned subsidiary of the Company, entered into the Entrustment Agreement (the "Entrustment Agreement") and a series of related agreements with Zhuzhou Locomotive Industrial, a wholly-owned subsidiary of CRRC Group, which shall entrust Zhuzhou Locomotive Industrial to manage the 100% equity interest of CRRC E-LOCO SUPPLY (PTY) LTD. ("the Target Company"), and entrust Zhuzhou Locomotive Industrial to exercise all shareholders' rights from the date of the Entrustment Agreement. Based on the Entrustment Agreement, during the Entrustment Period, all operating income or operating losses of the Target Company shall be enjoyed or borne by Zhuzhou Locomotive Industrial, and the rewards and risk of changes in the overall value of the Target Company's interests shall also be enjoyed or borne by Zhuzhou Locomotive Industrial. CRRC Zhuzhou Locomotive shall relinquish all shareholders' rights from the date of the Entrustment Agreement and the Target Company will cease to be consolidated in the consolidated financial statements of the Company and the Target Company will cease to be a subsidiary of the Group. Prior to the Entrustment Agreement, in respect of the performance obligations of the Target Company and its subsidiaries under the Locomotive Supply Contracts, CRRC Zhuzhou Locomotive has provided performance guarantee ("the Guarantee") for the Target Company's subsidiary. Accordingly, CRRC Zhuzhou Locomotive will continue to provide the performance guarantee for the Target Company's subsidiary upon the effective date of the Entrustment Agreement. CRRC Group will provide the Counter Guarantee for the obligations of CRRC Zhuzhou Locomotive under the Guarantee pursuant to the Counter Guarantee Agreement, signed by CRRC Group and CRRC Zhuzhou Locomotive. As at 30 June 2026, the balance of the performance guarantee provided by CRRC Zhuzhou Locomotive for CRRC E-LOCO SUPPLY (PTY) LTD. amounted to RMB11.96 billion.

XII. SUBSEQUENT EVENTS

1 Profit distribution

	RMB'000
Profit or dividend to be distributed	3,156,875
Profits or dividends declared after consideration and approval	–

Pursuant to the authorisation granted by the 2025 Annual General Meeting, on 19 August 2026, the Company held the eleventh meeting of the fourth session of the Board and considered and approved the 'Resolution on the 2026 Interim Profit Distribution Proposal of CRRC Corporation Limited'. The Company proposed to distribute cash dividends to all shareholders based on the total share capital registered on the registration date for dividend distribution (the specific date will be clarified in the announcement on the implementation of dividend distribution). As of 30 June 2026, the total share capital of the Company was 28,698,864,088 shares, based on which and calculating at cash dividend of RMB0.11 (tax inclusive) per share, the Company proposes to distribute cash dividend of RMB3.157 billion (tax inclusive) in aggregate. In the case where from the date of disclosure of announcement on profit distribution plan to the registration date for dividend distribution, there are changes in the total share capital of the Company due to the conversion of convertible bonds, repurchase of shares, cancellation of repurchased shares granted under equity incentive schemes, cancellation of repurchased shares due to material asset restructuring, etc., the Company proposes to remain the total distribution amount unchanged, and to adjust the distribution proportion per share accordingly. If the total share capital of the Company changes subsequently, specific adjustments will be announced separately.

XIII. OTHER SIGNIFICANT ITEMS

1 Segment information

(1) Basis for determining reporting segment and accounting policies

Based on the requirements of operation management, the Group's operating activities are classified into one separate operating segment, mainly supplying the market with rail transit equipment and extended products and services, therefore the Group has no other operating segment.

(2) Financial information of reporting segments

(i) External revenue

RMB'000

Item	Accrued during the period	Accrued during the prior period
Products and services information:		
Rail transit equipment and extended products and services	131,682,442	119,758,127
Total	131,682,442	119,758,127
Geographical information:		
Mainland China	115,478,800	106,524,326
Other countries and regions	16,203,642	13,233,801
Total	131,682,442	119,758,127

(ii) Total specified non-current assets

RMB'000

Item	30 June 2026	31 December 2025
Mainland China	152,743,233	155,123,774
Other countries and regions	18,205,958	15,240,365
Total	170,949,191	170,364,139

The non-current assets are attributable to the regions where the assets are located, and exclude financial assets, financing lease receivable and deferred tax assets

(iii) Major customers

The Group's operating income from major customer China State Railway Group is RMB68,198,724 thousand (January-June 2025: RMB57,520,530 thousand). The Group has no other single customer from which the revenue accounts for over 10% of the Group's operating income.

XIII. OTHER SIGNIFICANT ITEMS *(continued)*

2 Other significant transactions or events affecting investors' decision-making

(1) Net current assets

RMB'000

Item	30 June 2026	31 December 2025
Current assets	358,026,005	364,004,520
Less: Current liabilities	299,277,077	308,576,177
Net current assets	58,748,928	55,428,343

(2) Total assets less current liabilities

RMB'000

Item	30 June 2026	31 December 2025
Total assets	545,680,549	550,774,434
Less: Current liabilities	299,277,077	308,576,177
Total assets less current liabilities	246,403,472	242,198,257

3 Others

(1) Basic earnings per share

The calculation of basic EPS has been based on the following profit attributable to ordinary shareholders and weighted-average number of ordinary shares outstanding.

Item	Current period	Prior period
Net profit of the year attributable to ordinary shareholders (RMB'000)	7,990,535	7,245,652
Number of ordinary shares issued in the current period (thousand shares)	28,698,864	28,698,864
Basic earnings per share (RMB/share)	0.28	0.25

XIII. OTHER SIGNIFICANT ITEMS *(continued)*

3 Others *(continued)*

(2) Diluted earnings per share

Item	Current period	Prior period
Net profit of the year attributable to ordinary shareholders (RMB'000)	7,990,535	7,245,652
Plus: impact of convertible bonds (RMB'000)	–	–
Net profit used to calculate diluted earnings per share (RMB'000)	7,990,535	7,245,652
Number of ordinary shares issued in the current period (thousand shares)	28,698,864	28,698,864
Plus: impact of convertible bonds (thousand shares)	–	–
Number of ordinary shares issued in the current period to calculate diluted earnings per share (thousand share)	28,698,864	28,698,864
Diluted earnings per share (RMB/share)	0.28	0.25

XIV. NOTES TO KEY ITEMS IN THE COMPANY'S FINANCIAL STATEMENTS

1 Cash and bank on hand

(1) Cash at bank and on hand

RMB'000

Item	30 June 2026	31 December 2025
Deposits with banks	5,862,483	8,814,569
Other monetary funds	–	20,105
Total	5,862,483	8,834,674

(2) Cash at bank and on hand with restrictive ownership title or right of use

RMB'000

Category	30 June 2026	31 December 2025
Bank acceptance bills deposit	–	20,105
Total	–	20,105

As at 30 June 2026, there were RMB745,425,000 unsecured and unrestricted time deposits with maturity of three months and above (31 December 2025: RMB768,002,000).

XIV. NOTES TO KEY ITEMS IN THE COMPANY'S FINANCIAL STATEMENTS *(continued)*

2 Other receivables

Presented by item

RMB'000

Category	Closing balance	Opening balance
Dividends receivable	3,136,386	3,286,931
Other receivables	8,168,870	6,882,570
Total	11,305,256	10,169,501

Dividends receivable

RMB'000

Item (or investee)	Closing balance	Opening balance
Dividends receivable from subsidiaries	3,119,928	3,286,931
Dividends receivable from associates	16,458	–
Total	3,136,386	3,286,931

Other receivables

(1) Analysis by aging

RMB'000

Ageing	Carrying amount at the end of the period	Opening balance
Within 1 year	8,170,443	6,880,059
1-2 years	571	4,972
2-3 years	3,494	5,269
Over 3 years	6,619	2,809
Sub-total	8,181,127	6,893,109
Less: Credit loss allowance	(12,257)	(10,539)
Total	8,168,870	6,882,570

XIV. NOTES TO KEY ITEMS IN THE COMPANY'S FINANCIAL STATEMENTS *(continued)*

2 Other receivables *(continued)*

Other receivables *(continued)*

(2) Other receivables categorized by nature

RMB'000

Nature of other receivables	Carrying amount at the end of the period	Carrying amount at the beginning of the period
Transactions between subsidiaries	8,154,994	6,874,730
Others	13,876	7,840
Total	8,168,870	6,882,570

(3) Top five entities with the largest balances of other receivables

RMB'000

Company name	Closing balance	Proportion to total closing balance of other receivables (%)	Nature	Aging	Provision for impairment
CRRC Dalian	3,752,588	45.87	Internal loan	Within 1 year	3,753
CRRC Yongji Electric	1,519,455	18.57	Internal loan	Within 1 year	1,519
CRRC Logistics	1,140,985	13.95	Internal loan	Within 1 year	1,141
CRRC Sifang Institute	910,536	11.13	Internal loan	Within 1 year	911
CRRC Nanjing Puzhen	300,000	3.67	Internal loan	Within 1 year	300
Total	7,623,564	93.19	/	/	7,624

3 Long-term equity investments

RMB'000

Item	Closing balance			Opening balance		
	Book value	Provision for impairment	Carrying amount	Book value	Provision for impairment	Carrying amount
Investments in subsidiaries	110,436,335	–	110,436,335	110,436,335	–	110,436,335
Investments in joint ventures and associates	10,861,475	–	10,861,475	10,727,727	–	10,727,727
Total	121,297,810	–	121,297,810	121,164,062	–	121,164,062

XIV. NOTES TO KEY ITEMS IN THE COMPANY'S FINANCIAL STATEMENTS *(continued)*

3 Long-term equity investments *(continued)*

(1) Investments in subsidiaries

RMB'000

Investee	Opening balance	Additions during the period	Decrease during the period	Closing balance
CRRC Changchun	12,015,056	–	–	12,015,056
CRRC Zhuzhou Institute	10,944,317	–	–	10,944,317
CRRC Zhuzhou Locomotive	6,006,915	–	–	6,006,915
CRRC Tangshan	8,462,469	–	–	8,462,469
CRRC Dalian	6,386,771	–	–	6,386,771
CRRC Qiqihar Group	8,894,071	–	–	8,894,071
CRRC Yangtze River Group	5,716,509	–	–	5,716,509
CRRC Asset Management	3,214,106	–	–	3,214,106
CRRC Qishuyan	2,561,044	–	–	2,561,044
CRRC Qishuyan Institute	2,254,296	–	–	2,254,296
CRRC Capital Management	3,311,188	–	–	3,311,188
CRRC Nanjing Puzhen	5,170,482	–	–	5,170,482
CRRC Hong Kong Capital Management	3,180,486	–	–	3,180,486
CRRC Construction Engineering	845,372	–	–	845,372
CRRC Yongji Electric	3,043,454	–	–	3,043,454
CRRC Sifang Institute	3,636,398	–	–	3,636,398
CRRC Finance	3,348,213	–	–	3,348,213
CRRC Zhuzhou Electric	1,386,077	–	–	1,386,077
CRRC Ziyang	1,061,086	–	–	1,061,086
CRRC Beijing Nankou	727,412	–	–	727,412
CRRC Datong	1,797,207	–	–	1,797,207
CRRC Dalian Institute	1,466,907	–	–	1,466,907
CRRC Logistics	833,756	–	–	833,756
CRRC Industrial Institute	356,440	–	–	356,440
CRRC International	2,572,337	–	–	2,572,337
CRRC Information Technology	825,645	–	–	825,645
CRRC Sifang Vehicles	6,564,733	–	–	6,564,733
CRRC Qihang New Energy Technology	480,000	–	–	480,000
Chongqing Smart	80,000	–	–	80,000
CRRC Digital Intelligence Technology	300,000	–	–	300,000
CRRC Times New Materials	2,089,255	–	–	2,089,255
Other subsidiaries	904,333	–	–	904,333
Total	110,436,335	–	–	110,436,335

XIV. NOTES TO KEY ITEMS IN THE COMPANY'S FINANCIAL STATEMENTS *(continued)*

3 Long-term equity investments *(continued)*

(2) Investments in joint ventures and associates

RMB'000

Name of investee	Opening balance	Additional investment	Decrease in investments	Changes for the period Investment income or loss under equity-method	Adjustments to other comprehensive income	Other equity movements	Cash dividend or profits declared	Closing balance
I. Joint ventures								
Wuhu Yunda	135,104	–	–	(2,264)	–	–	–	132,840
Sub-total	135,104	–	–	(2,264)	–	–	–	132,840
II. Associates								
China United Insurance	5,515,150	–	–	31,546	31,686	–	(10,000)	5,568,382
CRRC Financial Leasing	4,253,007	–	–	102,386	–	–	–	4,355,393
Others	824,466	–	–	(14,391)	–	1,243	(6,458)	804,860
Sub-total	10,592,623	–	–	119,541	31,686	1,243	(16,458)	10,728,635
Total	10,727,727	–	–	117,277	31,686	1,243	(16,458)	10,861,475

4 Revenue and operating cost

(1) Details of revenue and operating costs

RMB'000

Item	Accrued during the period		Accrued during the prior period	
	Income	Cost	Income	Cost
Principal operating activities	–	–	–	–
Other operating activities	139,302	2,023	103,868	2,023
Total	139,302	2,023	103,868	2,023

XIV. NOTES TO KEY ITEMS IN THE COMPANY'S FINANCIAL STATEMENTS *(continued)*

4 Revenue and operating cost *(continued)*

(2) Details of revenue from contracts

RMB'000

Type of contract	Rail transit equipment and extended products and services	Total
By geographical regions		
Mainland China	139,302	139,302
Other countries and regions	–	–
Total	139,302	139,302

5 Investment income

RMB'000

Item	January–June 2026	January–June 2025
Income from long-term equity investments accounted for using cost method	3,592,140	2,787,377
Income from long-term equity investments accounted for under equity method	117,277	183,303
Total	3,709,417	2,970,680

XIV. NOTES TO KEY ITEMS IN THE COMPANY'S FINANCIAL STATEMENTS *(continued)*

6 Supplementary information to the cash flow statement

(1) Supplementary information to the cash flow statement

RMB'000

Supplementary information	Accrued during the period	Accrued during the prior period
1. Reconciliation of net profit to cash flow from operating activities:		
Net profit	3,441,391	2,711,606
Credit losses	1,923	6,862
Depreciation of fixed assets	2,249	2,592
Depreciation of right-of-use assets	13,916	13,916
Amortization of intangible assets	9,174	10,812
Financial expenses	165,470	169,106
Investment income	(3,709,417)	(2,970,680)
Increase in operating receivables	(94,728)	(60,949)
(Decrease)/increase in operating payables	(13,814)	106,815
Net cash flows generated from operating activities	(183,836)	(9,920)
2. Net changes in cash and cash equivalents		
Closing balance of cash and cash equivalents	5,117,058	1,400,485
Less: Opening balance of cash and cash equivalents	8,046,567	5,704,430
Net increase in cash and cash equivalents	(2,929,509)	(4,303,945)

(2) Composition of cash and cash equivalents

RMB'000

Item	Closing balance	Opening balance
I. Cash	5,117,058	8,046,567
Including: Cash on hand	–	–
Bank deposits available on demand	5,117,058	8,046,567
II. Closing balance of cash and cash equivalents	5,117,058	8,046,567

XV. SUPPLEMENTARY INFORMATION

1 Breakdown of non-recurring gain or loss

RMB'000

Item	Amount
Profit or loss on disposal of non-current assets	30,308
Government grants recognized in profit or loss (other than grants which are closely related to the Company's business and are based on defined criteria, and have a continuous impact on the Company's profit or loss in accordance with the national standard)	470,581
Changes in fair value of financial assets and liabilities held by non-financial companies, and disposal of financial assets and liabilities, other than those held for effective hedging related to normal operations	157,980
Gains or losses from debt restructuring	562
One-time expenses incurred by the enterprise due to the discontinuance of relevant business activities, such as staff compensation cost	(8,240)
Other non-operating income and expenses besides items above	34,261
Other profit and loss items that meet the definition of non-recurring profit and loss	118,634
Tax effect	(145,974)
Effects attributable to minority interests(After tax)	(75,699)
Total	582,413

2 Return on net assets and earnings per share

	Weighted average return on net assets	Earnings per share	
Profit for the reporting period	(%)	Basic earnings per share	Diluted earnings per share
Net profit attributable to the Company's ordinary equity shareholders	4.54	0.28	0.28
Net profit excluding extraordinary gain and loss attributable to the Company's ordinary equity shareholders	4.21	0.26	0.26

DEFINITIONS

CNR	former China CNR Corporation Limited (中國北車股份有限公司)
CNRG	former China Northern Locomotive & Rolling Stock Industry (Group) Corporation (中國北方機車車輛工業集團公司)
Corporate Governance Code	Corporate Governance Code set out in Appendix C1 to the Hong Kong Listing Rules
CRRC or Company	CRRC Corporation Limited (中國中車股份有限公司)
CRRC Changchun	CRRC Changchun Railway Vehicles Co., Ltd. (中車長春軌道客車股份有限公司)
CRRC Finance	CRRC Finance Co., Ltd. (中車財務有限公司)
CRRCG or CRRC GROUP	CRRC GROUP Co., Ltd. (中國中車集團有限公司)
CRRC Sifang	CRRC Qingdao Sifang Co., Ltd. (中車青島四方機車車輛股份有限公司)
CRRC ZELC	CRRC Zhuzhou Locomotive Co., Ltd. (中車株洲電力機車有限公司)
CRRC ZIC	CRRC Zhuzhou Institute Co., Ltd. (中車株洲電力機車研究所有限公司)
CSR	former CSR Corporation Limited (中國南車股份有限公司)
CSR and CNR	CSR and CNR
CSRC	China Securities Regulatory Commission (中國證券監督管理委員會)
CSRG	former CSR Group (中國南車集團公司)
Hong Kong Listing Rules	the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited
MOF	the Ministry of Finance of the PRC
Model Code	Model Code for Securities Transactions by Directors of Listed Issuers set out in Appendix C3 to the Hong Kong Listing Rules
SASAC	State-owned Asset Supervision and Administration Commission of the State Council (國務院國有資產監督管理委員會)
SFO	the Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong)
SSE	Shanghai Stock Exchange
State Railway Group	China State Railway Group Co., Ltd. (中國國家鐵路集團有限公司)
Stock Exchange	The Stock Exchange of Hong Kong Limited
Times New Material	Zhuzhou Times New Material Technology Co., Ltd. (株洲時代新材料科技股份有限公司)
Times Electric	Zhuzhou CRRC Times Electric Co., Ltd. (株洲中車時代電氣股份有限公司)