



中国中车
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

2023
INTERIM REPORT



IMPORTANT

- I. The board of directors (the “Board”) and the supervisory committee (the “Supervisory Committee”) of the Company and its director(s) (the “Director(s)”), supervisor(s) (the “Supervisor(s)”) and senior management (the “Senior Management”) hereby warrant the truthfulness, accuracy and completeness of the contents of this interim report and that there is no false representation, misleading statement or material omission in this interim report, for which they will assume, severally and jointly, legal responsibility.

II. Details of absent Director

Position of absent Director	Name of absent Director	Reasons for absence	Name of proxy
Executive Director, President	Lou Qiliang	Other official business	Sun Yongcai

This report has been considered and approved at the fifteenth meeting of the third session of the Board of the Company, at which 7 Directors should be present and 6 Directors were actually present. Mr. Lou Qiliang, executive Director and President, was unable to attend the on-site meeting due to other official business, and entrusted Mr. Sun Yongcai, executive Director and Chairman, to exercise on his behalf the right to vote on the resolutions and the right to sign on the resolutions, minutes of the meeting and other documents of the Board meeting.

- III. The interim report is unaudited.

- IV. Sun Yongcai, the Chairman of the Company, Li Zheng, the Chief Financial Officer, and Shi Jianfeng, the head of the Accounting Department (person in charge of accounting affairs) warrant the truthfulness, accuracy and completeness of the financial statements in this interim report.

- V. The Company does not have any proposal on profit distribution or transfer of capital reserve fund during the reporting period considered and approved by the Board.

VI. Disclaimer for forward-looking statements

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

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

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

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

IX. Major risk reminder

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

- X. The 2023 interim results of the Company have been prepared in accordance with the Accounting Standards for Business Enterprises issued by the Ministry of Finance of the PRC and the relevant rules.

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

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COMPANY INFORMATION

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

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

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|----|--|---|
| 3. | Registered address of the Company | No. 16, Central West Fourth Ring Road, Haidian District, Beijing |
| | Postal code of registered address of the Company | 100036 |
| | Business address of the Company | No. 16, Central West Fourth Ring Road, Haidian District, Beijing |
| | Postal code of business address of the Company | 100036 |
| | Company website | www.crrcgc.cc |
| | E-mail | crrc@crrcgc.cc |
| 4. | Newspapers designated for A-share information disclosure by the Company | China Securities Journal, Shanghai Securities News, Securities Times and Securities Daily |
| | Website designated by the 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 interim report of the Company is available for inspection | The Board Office at No. 16, Central West Fourth Ring Road, Haidian District, Beijing |

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

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

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| 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 |
|----|----------------------|--|

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

- | | | |
|-----|--|--|
| 9. | Authorized representatives | Lou Qiliang, 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. | Domestic registrar and transfer office Correspondence address | China Securities Depository and Clearing Corporation Limited Shanghai Branch
188 Yanggao South Road,
Pudong New District, Shanghai |
| 13. | Hong Kong registrar and transfer office Correspondence address | 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)

87,303,227

Same period last year
81,297,098

7.39%



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

Reporting period (January to June)

3,460,359

Same period last year
3,130,771

10.53%



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

Reporting period (January to June)

2,583,072

Same period last year
1,875,154

37.75%



Net cash flow from operating activities (RMB'000)

Reporting period (January to June)

-14,780,023

Same period last year
-1,929,087



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

End of the reporting period

153,099,083

End of last year
155,041,322

-1.25%



Total assets (RMB'000)

End of the reporting period

463,432,426

End of last year
442,140,146

4.82%



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

End of the reporting period

28,698,864,088

End of last year
28,698,864,088



Basic earnings per share (RMB/share)

Reporting period (January to June)

0.12

Same period last year
0.11

9.09%



Diluted earnings per share (RMB/share)

Reporting period (January to June)

0.12

Same period last year
0.11

9.09%



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

Reporting period (January to June)

0.09

Same period last year
0.07

28.57%



Weighted average return on net assets (%)

Reporting period (January to June)

2.21

Same period last year
2.08

Increase of 0.13 ppt



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

Reporting period (January to June)

1.65

Same period last year
1.25

Increase of 0.40 ppt





A. BUSINESS OVERVIEW

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

(I) Industry situation

Internationally, with the increasingly intensified reform and stable market growth of the rail transit industry as well as the accelerated integration of global industry giants, there has been a further increase in concentration in the competitive landscape and the competition has become increasingly fierce. Domestically, the rail transit equipment market, construction of main line railways, and railway operation rights have been fully liberalized, and foreign investment thresholds have been further lowered. Various investment entities and operating entities of rail transit have become increasingly diversified, and business awareness has continued to increase. Some regions and some enterprises have continued to accelerate the deployment of the entire rail transit industry chain and formed the ability to provide system solutions. The new business situation of the rail transit industry has gradually become more competitive. With the gradual implementation of the domestic demand expansion strategy and the continuous reform of railway passenger transport and freight transportation, modern integrated transportation system is undergoing rapid construction, demand for urban rail transit vehicles has been diversified, and users have higher requirements for the applicability, safety, reliability and comfort of rail transit equipment products. At the same time, the proposal of "Dual Carbon" goal has also opened up a broad space for the development of green transportation such as rail transit and new energy vehicles, as well as green energy industries such as wind power, photovoltaics, and hydrogen. As the world's leading and diverse rolling stock supplier with advanced technologies, CRRC should be market-oriented and customer-centric to optimize business structure, establish and improve the service system with full life cycle, accelerate the transformation of "manufacturing + service" and system solution provider, provide customers with more valuable products and services, and make contribution to build China into a country with strong production and transportation network leveraging on "CRRC Wisdom" and "CRRC Power".





(II) Main business

1. Railway equipment business

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

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





2. Urban rail transit vehicles and urban infrastructure business

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

Facing the global market, the Company seized new opportunities for the development of metropolitan areas and urban agglomerations, expedited innovations in urban rail transportation equipment technology and products to increase its core competitiveness. The Company created a systematic, modular, standardized and green product platform and technology platform, constantly consolidated and expanded domestic and international markets with high-quality products and services. The Company gave full play to its professional advantage, overall advantages, technological advantage, human resources advantage, capital advantage, supply chain control and management advantage and cost advantage, advanced 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 carried out PPP business according to the industry norm, strengthened project management and control, and drove the development of urban rail transit vehicles and related business. The Company accelerated the integration of resources, promoted the development of “product+” and “system+” businesses supported by digitization and intelligence, and enhanced the capability of full life cycle system solutions.

3. New industry business

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

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

4. Modern service business

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

By adhering to “integration of industry and financing, promoting industry with financing”, the Company strengthened risk control, standardized the construction of financial service platform, investment and financing platform as well as financial lease platform, and accelerated the integrated development of the manufacturing industry and the service industry. The Company made continuous efforts in the industry and financing platform. With funds as carriers and innovation in development models, the function of the physical business was increasingly highlighted. The Company developed its modern logistics service by expanding the scope of centralised procurement and promoting the extensive application of industrial intelligent logistics in CRRC’s industrial chain. The Company continuously promoted the development of the “CRRC Procurement (中車購)” e-commerce platform and the CRRC supply chain management e-procurement platform, and the “Enterprises-friendly Purchase (宜企拍)” platform of CRRC has been optimized and upgraded following the principle of “professional, open, innovative and marketized”, and realized the “business + management” function.



5. International business

The Company has implemented the international operation and development plan under CRRC's 14th Five-Year Plan, improved the functions of the international business platform companies, and reformed and optimized the management structure of the platform companies. We have insisted on being market-oriented and business-oriented, growth stabilization, efficiency enhancement, reform promotion, structure optimization, vitality activation and momentum gain, and proactively expanded the international markets of the rail transit and new industry business. We have also carried out overseas greenfield investments, strategic mergers and acquisitions and joint-venture operation in accordance with the concept of "light assets, emphasis on efficiency and sustainable development", and put into practice the all-factor business mode of "product + technology + service + capital + management", promoted the "five-locals model", promoted the business development of overseas "system+" and emerging industries, strengthened brand building and promotion, unleashed the power of the overseas R&D centers, and continuously improved its industry influence and discourse power.

(III) Major products

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



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

(IV) Operation model

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

1. **Production model:** As the value of the product of rolling stock manufacturing industry per unit is comparatively high, its production model is to "limit production to sales", meaning that the arrangement of production is based on purchase order contracts obtained from customers. Not only does this model avoid excess inventory of finished products, it also satisfies the needs of customers by arranging for production according to particular orders.
2. **Purchasing model:** A combination of centralized procurement and decentralized procurement is commonly used. For centralized procurement, it mainly adopts the "unified management, two-level concentration" management model in which purchase applications for bulk materials and key components are collected from all subsidiaries of the Company to form a centralized procurement plan for conduction of centralized supplier management assessment, purchase price management, procurement bidding management as well as centralized ordering and centralized settlement by the Company. For other materials, the subsidiaries shall formulate procurement plans according to production requirements, and select appropriate suppliers and sign supply contracts through centralized organization of bidding and other methods to achieve centralized procurement. Whether it will be done by the Company or its subsidiaries, a centralized procurement shall be completed on the "CRRC Procurement (中車購)" 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 in response to user needs, and, for the purpose of providing safe, reliable and affordable products and services, actively participate in open tender or negotiated tender of users at home and abroad, sign 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 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 as its core and supporting companies as its backbone.
5. **Distribution of the value chain:** The product value of the Company mainly lies in the value chain distribution system of the comprehensive rolling stock equipment with the production of high-speed MUs, high-power locomotives, urban rail transit vehicles, passenger carriages and freight wagons as well as the manufacturing and repairing of related auxiliary products as core value and supplemented with financial products, financial-related products and financial lease 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 developing for a generation and equipping for a generation”, transforms from application-centred single-product development to spectrum product development based on technology platforms, and forms two-level research and development management model of “centralizing research and development of technology, jointly developing products and building and sharing capability”, gradually builds a scientific and technological innovation system of “development, synergy, integration, global layout and autonomy and control”, and formed an innovation pattern of “two verticals, two horizontals and one connect”.

(V) Industry position

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

II. Analysis of the core competitiveness during the reporting period

(I) Continued leading market position

Since its establishment, CRRC has focused on its principal responsibilities and major businesses, strengthened strategic leadership, deeply grasped opportunities, and actively responded to challenges. It has developed into the world’s advanced, diverse rolling stock supplier with leading technology, and received great attention from leaders of the Party and the state. The series of rolling stock equipment represented by Chinese standard high-speed MUs of “Fuxinghao” became the “golden name card” of China’s high-end equipment going global. In the first half of 2023, the Company accelerated the construction of a world-class enterprise, and promoted business layout and business model innovation, focusing on core business, pillar business, supporting business, platform business, and business under cultivation. The Company continued to deepen the construction of “product+” and “system+”, while a more diversified business structure has been built with rolling stock equipment as the core and strategic emerging industries as the main body. The Company continuously consolidated advantages in the railway equipment business, and developed the urban rail transit vehicles and urban infrastructure business. It also expanded new businesses such as wind power equipment, electromechanical and new materials, and achieved standardized development in modern service businesses, meeting and leading the diversified market needs. The Company continued to take a lead in the global rail transit equipment manufacturing industry in terms of economies of scale index. The revenue of rail transit equipment business ranked first in the world, and wind power equipment and polymer composite materials entered the forefront in China.

(II) Innovation-driven technological capabilities

CRRC insisted on self-reliance in science and technology, vigorously implemented the innovation-driven development strategy, deepened the reform of the science and innovation system, accelerated the construction of sources of original technologies, continued to advance proprietary innovation capabilities to achieve a major leap from falling behind and catching up to taking the lead. Taking major projects, key special projects and important projects of sources of original technologies as the grips, the Company promoted key and core technologies and frontier and subversive technological breakthroughs, prepared the specific action plan for sources of original technologies in the field of advanced rail transit equipment and orderly promoted. The Company promoted scientific and technological innovation along with institutional innovation as the dual driving force, gave play to the initiative and enthusiasm of innovation subjects, and optimized five scientific and technological innovation management systems. Strengthening research capacity building, the Company has cultivated and formed a graded team of scientific and technological talents led by academicians of the Academy of Engineering and scientists of CRRC, and owned 11 national-level R&D institutions, 22 nationally recognized enterprise technology centers, and 16 industry R&D institutions and 18 overseas R&D centers. In the first half of 2023, the Company promoted the research and development of major products: The CR450 MUs set a new world record of relative speed of 891 km/hour; the Jakarta-Bandung High-Speed Railway was tested at the speed of 350 km/hour by joint debugging and joint testing of the comprehensive testing, A/B type Chinese standard subway train with 80 km/hour has been successfully rolled out. In the first half of 2023, the total of 1,718 patent applications were completed, including 1,120 invention patent applications, 86 overseas patent applications, and 1 Gold Award, 1 Silver Awards and 4 Excellence Awards at the 24th China Patent Award.

(III) Continuous release of benefits from reform

CRRC has actively promoted the continuous deepening of various reform tasks, continuously improved the top-level reform design, implemented major measures, and conducted various practices. We have successfully achieved the three-year phased goal of creating a world-class model enterprise, deeply promoted the three-year action of CRRC reform and the action of deepening the reform of market-oriented operation mechanism, and spared no effort to promote the reform. Mixed ownership reform was carried out in a solid manner. In the “double-hundred enterprises” (i.e., one hundred subsidiaries of the centrally-administered state-owned enterprises and one hundred local state-owned backbone enterprises) and “scientific reform enterprises” (i.e., scientific enterprises engaged in market-oriented reform) special assessment by the State Council and the SASAC in 2022, 3 “double hundred enterprises” and 2 “scientific reform enterprises” of the Company were awarded as benchmarks, 4 “double hundred enterprises” and 5 “scientific reform enterprises” were awarded as excellence, and 7 “double hundred enterprises” and 7 “scientific reform enterprises” were awarded as benchmarks or excellence. As a next step, the Company will accelerate the construction of a new management responsibility system under the modern enterprise system with Chinese characteristics. We will make efforts to improve and expand the quality of the “tenure system, employment system and the practice of contract”, continue to implement in-depth reform and actively explore the implementation of medium and long-term incentives.

(IV) The development direction of transnational operations

CRRC adhered to the path of internationalization, focused on infrastructure interconnection brought about by the “Belt and Road” initiative and international production capacity cooperation as an opportunity, actively responded to challenges such as the complex and volatile international environment and accelerating industry competition. It also promoted the “One Core, Three Poles, Multi Points” in order to realize “going out” of the whole business chain, built a respected international company and achieved the transformation and upgrading as well as steady and healthy development of international operations. In the first half of 2023, the Company continued to consolidate its transportation export business. We exported the passenger diesel MUs to the UAE for the first time, signed the first full life cycle project with Singapore Land Transport Authority, delivered all the operating MUs of the Jakarta-Bandung High-Speed Railway and the comprehensive inspection train to Bandung, and successfully rolled out China’s first export of new energy light-rail vehicles. We continued to focus on emerging industries such as wind power equipment and new materials, focused on promoting the “going out” of wind power equipment products, and the first batch of high-power wind turbines exported to South America were successfully loaded and shipped. We continued to innovate the business model of our international business, and our system solutions featuring rail transportation were gradually recognized and implemented globally, further strengthening the foundation for the development of our international business according to the 14th Five-Year Plan. The “going out” model has been successfully practiced repeatedly to achieve sustainable international market expansion.

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

The discussion and analysis on the Company’s future development is not materially different from the information contained in the Company’s 2022 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 2023, the Company achieved revenue of RMB87.303 billion, representing an increase of 7.39%; net profit attributable to shareholders of the Company was RMB3.460 billion, representing an increase of 10.53%.

(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	87,303,227	81,297,098	7.39
Operating costs	68,870,877	64,933,526	6.06
Selling expenses	3,528,858	2,541,015	38.88
Administrative expenses	5,559,196	5,237,192	6.15
Research and development expenses	4,791,354	4,526,701	5.85
Financial expenses	-377,784	-125,135	-
Net cash flow from operating activities	-14,780,023	-1,929,087	-
Net cash flow from investing activities	-5,906,961	-4,985,525	-
Net cash flow from financing activities	6,295,720	4,954,496	27.07

(1) Analysis of revenue and cost

Revenue increased by 7.39% as compared to the same period of the previous year, mainly due to the increase in revenue from railway equipment and new industry business.

Operating costs increased by 6.06% as compared to the same period of the previous year, mainly because the operating costs increased following the increase in revenue.

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	87,303,227	68,870,877	21.11	7.39	6.06	Increased by 0.98 ppt

Main business by product

Unit: '000 Currency: RMB

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	28,563,266	21,926,476	23.24	13.99	10.24	Increased by 2.61 ppt
Urban rail transit vehicles and urban infrastructure	19,052,161	15,356,070	19.40	-12.65	-12.32	Decreased by 0.31 ppt
New industry	36,848,602	29,493,268	19.96	21.03	19.48	Increased by 1.04 ppt
Modern service	2,839,198	2,095,063	26.21	-28.69	-26.38	Decreased by 2.32 ppt
Total	87,303,227	68,870,877	21.11	7.39	6.06	Increased by 0.98 ppt

Main business by region

Unit: '000 Currency: RMB

By region	Revenue	Increase/decrease in revenue from the same period of the previous year (%)
Mainland China	74,845,045	3.01
Other countries or regions	12,458,182	44.24

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

Revenue from the railway equipment business increased by 13.99% as compared to the same period of the previous year, mainly due to the increase in revenue from the MUs business. Operating costs increased by 10.24% as compared to the same period of the previous year, mainly because the operating costs increased following the increase in revenue. The increase in costs was slightly lower than the increase of revenue due to the different product mix.

Revenue from urban rail transit vehicles and urban infrastructure business decreased by 12.65% as compared to the same period of the previous year, mainly due to the decrease in the revenue from urban rail transit vehicles. Operating costs decreased by 12.32% as compared to the same period of the previous year, mainly because the operating costs decreased following the decrease in revenue. The decrease in costs was slightly lower than the decrease of revenue due to the different product mix.

Revenue from the new industry business increased by 21.03% as compared to the same period of the previous year, mainly due to the increase in revenue from energy storage equipment and general parts during the reporting period. Operating costs increased by 19.48% as compared to the same period of the previous year, mainly because the operating costs increased following the increase in revenue. The increase in costs was slightly lower than the increase of revenue due to the different product mix.

Revenue from the modern service business decreased by 28.69% as compared to the same period of the previous year, mainly due to the decrease in logistics business during the reporting period. Operating costs decreased by 26.38% 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 7.39% 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 32.72%, 21.82%, 42.21% and 3.25%, respectively, of total revenue. In particular, revenue generated by the locomotive business of the railway equipment business was RMB9.480 billion; revenue generated by the passenger carriage business was RMB1.263 billion; revenue generated by the MUs business was RMB13.733 billion; revenue generated by the freight wagon business was RMB4.087 billion; revenue generated by the urban rail vehicles of the urban rail transit vehicles and urban infrastructure business was RMB14.930 billion. During the reporting period, the Company entered into new contracts in the value of RMB135.7 billion, of which new overseas contracts were in the value of RMB30.8 billion.

During the reporting period, the Company's revenue from Mainland China increased by 3.01%. Revenue from other countries or regions increased by 44.24%, mainly due to the increase in revenue from products delivered abroad realized during the reporting period.

(2) Analysis of cost

Unit: '000 Currency: RMB

Cost of main business by industry

By industry	Amount for the current period	Proportion in total cost for the current period (%)	Amount for the same period of the previous year	Proportion in total cost for the same period of the previous year (%)	Proportion of change of amount for the current period as compared to amount for the same period of the previous year (%)
Railway transportation equipment and their extended industries	68,870,877	100.00	64,933,526	100.00	6.06

Cost of main business by product

By product	Amount for the current period	Proportion in total cost for the current period (%)	Amount for the same period of the previous year	Proportion in total cost for the same period of the previous year (%)	Proportion of change of amount for the current period as compared to amount for the same period of the previous year (%)
Direct materials	56,780,906	82.45	53,155,959	81.86	6.82
Direct labor costs	4,528,327	6.58	4,360,559	6.72	3.85
Manufacturing costs	4,488,799	6.52	4,483,664	6.91	0.11
Others	3,072,845	4.45	2,933,344	4.51	4.76
Total	68,870,877	100.00	64,933,526	100.00	6.06

(3) Information on major customers and suppliers

The sales to the top 5 customers amounted to RMB29.781 billion, accounting for 34.11% of the total sales for the period; among the sales to the top 5 customers, sales to related parties was RMB0, representing 0% of total sales for the period.

The procurement from the top 5 suppliers amounted to RMB3.148 billion, accounting for 4.64% of the total procurement for the period; among the procurement from the top 5 suppliers, procurement from related parties was RMB0, representing 0% of total procurement 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, which accounted for 26.56% of the total sales of the Company for the period.

(4) Expenses

Selling expenses increased by approximately 38.88% as compared to the same period of the previous year, mainly due to the increase in the expected warranty provisions.

Administrative expenses increased by approximately 6.15% as compared to the same period of the previous year, mainly due to the increase in employee benefits, travel expenses and leasing expenses.

Financial expenses was RMB-378 million, compared to RMB-125 million in the same period of the previous year, mainly due to the increase in interest income and foreign exchange gains.

(5) R&D Investment

Total R&D investment during the reporting period was approximately RMB4.916 billion, accounting for 5.63% of revenue during the reporting period. The Company will continue to focus on independent and controllable and intelligent technology research that resonates with industry synergy and “carbon peaking and carbon neutrality”, and to carry out key core technology research. All current R&D projects are progressing smoothly.

(6) Cash flow

The cash flow from operating activities was a net outflow of RMB14.780 billion, compared to a net outflow of RMB1.929 billion in the same period of the previous year, mainly due to the increase in the cash payment for purchase of goods and receipt of service by the Company during the reporting period as compared to the same period of the previous year.

The net cash flow from investing activities was a net outflow of RMB5.907 billion, compared to a net outflow of RMB4.986 billion in the same period of the previous year, mainly due to the decrease in cash receipts from recovery of investments by the Company during the reporting period as compared to the same period of the previous year.

The net cash flow from financing activities was a net inflow of RMB6.296 billion, representing an increase of RMB1.342 billion from the same period of the previous year, mainly due to the increase in cash received from bond issued by the Company during the reporting period as compared to the same period of the previous year.

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

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

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

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

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

Unit: '000 Currency: RMB

Name of item	Amount at the end of the period	Amount at the end of the period as a percentage of total assets (%)	Amount at the end of the previous period	Amount at the end of the previous period as a percentage of total assets (%)	Proportion of change of amount at the end of the period compared to amount at the end of the previous period (%)
Other receivables	4,065,116	0.88	2,874,509	0.65	41.42
Debt investments	1,729,695	0.37	236,361	0.05	631.80
Deposits from banks and other financial institutions	4,143,241	0.89	3,153,979	0.71	31.37
Tax payable	1,948,524	0.42	3,093,070	0.70	-37.00
Other payables	22,152,478	4.78	13,864,172	3.14	59.78
Non-current liabilities due within one year	4,140,393	0.89	6,473,081	1.46	-36.04
Other current liabilities	9,195,009	1.98	2,466,039	0.56	272.87

Other explanation

Other receivables increased by approximately 41.42%, mainly due to the increase in land disposal receivables and dividends receivable during the reporting period.

Debt investments increased by approximately 631.80%, mainly due to the increase in the interbank negotiable certificates of deposit invested by CRRC Finance under the Company during the reporting period.

Deposits from banks and other financial institutions increased by approximately 31.37%, mainly due to the increase in deposits from banks of CRRC Finance under the Company during the reporting period.

Tax payable decreased by approximately 37.00%, mainly due to the payment of various taxes by the Company during the reporting period.

Other payables increased by approximately 59.78%, mainly because the dividend declared by the Company during the reporting period has not been paid.

Non-current liabilities due within one year decreased by approximately 36.04%, mainly due to the maturity in the bonds payable due within one year during the reporting period.

Other current liabilities increased by approximately 272.87%, mainly due to the addition of new super short-term financing bills by the Company during the reporting period.

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

For details, please refer to “70. 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 2023, the Company's gearing ratio increased to 59.0% from 56.8% 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 2023).

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

From January to June 2023, the significant capital expenditure of the Company is as the following table:

Item	From January to June 2023 (RMB'000)
Fixed assets	482,022
Construction in progress	1,772,046
Intangible assets	234,758
Development expenditures	4,875,141
Total	7,363,967

(2) Capital commitment

As at 30 June 2023, the capital commitments that the Company had contracted but not yet undertaken was RMB4,400 million, which will be used mainly for property, plant and equipment, land lease prepayments and other intangible assets.

3. Detail 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. Detail information on mortgaged assets of the Company

Item	30 June 2023 Amount (RMB'000)
Cash and bank balances	2,142,905
Bills receivable	6,839,512
Accounts receivable	82,883
Receivables at FVTOCI	5,330
Long-term receivables	1,226,316
Fixed assets	234,918
Intangible assets	807,830
Total	11,339,694

For details, please refer to "70. Assets with restrictive ownership title or right of use" under "V. Notes of Consolidated Financial Statements" in "Financial Report".

5. Borrowings, corporate bonds and notes

As at 30 June 2023, the Company had total borrowings, bonds and notes of approximately RMB32,318 million, as compared to the total amount of approximately RMB26,230 million as at 31 December 2022.

As at 30 June 2023, out of the total borrowings, bonds and notes of the Company, RMB23,454 million was denominated in Renminbi, RMB2,790 million was denominated in USD, and RMB2,410 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 2023 were RMB6,351 million and RMB25,967 million, respectively.

As at 30 June 2023, the total bank and other borrowings of the Company with floating interest rates amounted to RMB7,415 million, as compared to RMB5,266 million as at 31 December 2022.

The following table sets out the maturity profile of the Company's repayable borrowings, bonds and notes as at 31 December 2022 and 30 June 2023:

	30 June 2023 Amount (RMB'000)	31 December 2022 Amount (RMB'000)
Within one year (starting date and ending date inclusive)	25,967,349	20,133,392
One to two years	1,077,531	1,796,648
Two to five years	1,156,858	1,449,807
Over five years	4,116,160	2,849,667
Total	32,317,898	26,229,514

As at 30 June 2023, the total borrowings, bonds and notes of the Company amounted to approximately RMB32,318 million, representing an increase of 23.21% from RMB26,230 million as at 31 December 2022, mainly due to the addition of new super short-term financing bills.

6. Cash flow

As at 30 June 2023, the cash and cash equivalents owned by the Company amounted to approximately RMB33,459 million, of which RMB28,487 million was denominated in RMB, RMB1,922 million was denominated in USD, and RMB968 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 RMB18.317 billion, representing an increase of RMB56 million or 0.31% from the beginning of the year. For details, please refer to "15. Long-term equity investments" under "V. Notes of Consolidated Financial Statements" in "Financial Report".

(1) Significant equity investment

Unit: '000 Currency: RMB

Name of investee company	Principal business	Whether the subject is mainly engaged in investment business	Means of investment	Amount of investment	Shareholding ratio	Whether the financial statements of the investee company are consolidated into the financial statements of the Company	Statement item (if applicable)	Source of funding	Cooperative partner (if applicable)	Investment period (if any)	Progress as at the balance sheet date	Expected gain (if any)	Effect on profit or loss of the period	Whether involved in litigation	Date of disclosure (if any)	Reference to disclosure (if any)
CRRC Hongkong	Import trade, export trade, franchising, investment, etc.	Yes	Capital increase	2,180,000	100%	Yes	-	Self-finance	-	-	Still in execution	-	-	No	31 March 2023	Announcement of resolutions on the 11th meeting of the third session of the Board of CRRC Corporation Limited (Ln 2023-006)
Total	/	/	/	2,180,000	/	/	/	/	/	/	/	-	-	/	/	/

On 30 March 2023, the 11th meeting of the third session of the Board of the Company considered and approved the Resolution on the Capital Increase by CRRC Corporation Limited to CRRC International Co., Ltd. and the Capital Increase by CRRC International Co., Ltd. to CRRC Hongkong Co., Ltd. It was agreed that the Company would increase the capital of RMB1.88 billion to its wholly-owned subsidiary, CRRC International, in cash. CRRC International would increase the capital of RMB2.18 billion in cash (of which RMB300 million would be from CRRC International's own funds) to CRRC Hongkong, a wholly-owned subsidiary of CRRC Hongkong Capital Management Co., Ltd., which is a wholly-owned subsidiary of the Company. After the capital increase, the shareholding ratio of CRRC International in CRRC Hongkong was approximately 63.44%, and that of CRRC Hongkong Capital Management Co., Ltd. was approximately 36.56% (without considering factors such as exchange rates in terms of outbound funds). As of the end of the reporting period, the above investments were still in execution.

(2) Significant non-equity investment

On 30 March 2023, the 11th meeting of the third session of the Board of the Company considered and approved the Resolution on the New Energy Passenger Vehicle Electric Drive System and Key Component Manufacturing Base Project of Times Electric under CRRC ZIC. It was agreed that Times Electric under CRRC ZIC, a wholly-owned subsidiary of the Company, would implement the new energy passenger vehicle electric drive system and key component manufacturing base project. For details, please refer to the Announcement of Resolutions on the 11th Meeting of the Third Session of the Board of CRRC Corporation Limited disclosed by the Company on 31 March 2023. As of the end of the reporting period, the project was still in execution.

(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	10,431,092	262,175	-	-	11,695,547	-10,134,566	9,542	12,263,790
Including: derivative financial assets	6,798	-16,340	-	-	-	-	9,542	-
Including: certificate of deposits, etc	7,219,678	41,026	-	-	11,230,547	-10,098,619	-	8,392,632
Including: equity instrument investment	3,204,616	237,489	-	-	465,000	-35,947	-	3,871,158
2. Other equity instrument investment	2,692,227	-	15,761	-	170,680	-64,858	20,498	2,834,308
Including: listed equity instrument investment	996,284	-	28,403	-	-	-59,562	20,498	985,623
Including: non-listed equity instrument investment	1,695,943	-	-12,642	-	170,680	-5,296	-	1,848,685
3. Receivables at FV/TOCI	6,735,575	-	17,956	-207	-	-	1,419,113	8,172,644
Including: accounts receivable	1,424,514	-	17,201	-207	-	-	163,522	1,605,237
Including: bills receivable	5,311,061	-	755	-	-	-	1,255,591	6,567,407
4. Other non-current financial assets	215,903	-	-	-	-	-	8,097	224,000
Including: preference share and perpetual bond	215,903	-	-	-	-	-	8,097	224,000
Total	20,074,797	262,175	33,717	-207	11,866,227	-10,199,424	1,457,250	23,494,742

(VI) Significant sale 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

Unit: '000 Currency: RMB

Company name	Product and scope of main business	Registered capital	Total assets at the end of the period	Net assets at the end of the period attributable to the shareholders of the parent company	Net profit from January to June 2023 attributable to the shareholders of the parent company	Revenue from January to June 2023	Operating profit from January to June 2023
CRRC Sifang	R&D and manufacturing of railway MUs, passenger carriages and urban rail transit vehicles; and repair services for railway MUs and high-end passenger carriages etc.	4,509,795	70,320,631	19,054,429	991,252	10,442,833	1,187,660
CRRC Changchun	Design, manufacturing, repair, sale and lease of railway passenger carriages, MUs, urban rail transit vehicles and the accessories thereof, as well as related technical services and technical consultancy etc.	6,277,764	65,334,922	23,429,745	971,630	9,920,268	1,109,704
CRRC ZELC	R&D and manufacturing of railway electric locomotives, MUs and urban rail transit vehicles etc.	5,528,330	39,196,895	12,054,086	684,871	10,020,729	866,196
CRRC ZIC	Research and manufacturing on electric drive and control technologies related to rail transit and relevant electrical equipment; R&D and manufacturing of railway locomotives and accessories thereof etc.	9,126,840	87,596,275	22,853,397	448,904	22,117,875	1,372,341

(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**

Currently, the domestic railway transportation reform continues to deepen. The structural changes in customer demand for railway equipment have accelerated, and the scope and proportion of autonomous maintenance of railway equipment have continued to expand, further standardising the inspection and maintenance procedures of MUs. With the gradual refinement of the division of labor in society and the continuous improvement of the technical standards of rail transit equipment, user demands are changing from a single rolling stock to the integration of full-cycle services; the bidding method has gradually changed from a single rolling stock procurement to a general contracting and PPP model, and the value structure of the rail transportation industry chain has changed; new materials, new technologies and new processes are used for rail transportation equipment, and there is even more urgent need for systematic, light-weight, high-speed heavy loading and green intelligence development. These changes may lead to various uncertainties in the market environment and room for development, which will bring risks to the Company's strategic and operational goals.

Response measures: The Company will collect information in a timely manner of industrial policy or industrial planning which is in relation to the Company's operation; conduct proper studies on policy and trend and positively deal with possible changes in policies and industrial planning; strengthen the development of new products, develop new business models, and actively create value for customers; strengthen internal management; improve operation and management standards of the Company; reduce operating costs; endeavour to improve operational efficiency and enhance ability to mitigate policy risks.

2. Market risks

For the domestic market, 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. The prices of some bulk raw materials may be in a continuous upward trend, and the Company's profit target will continue to be under pressure. For the international market: The global railway transportation industry is undergoing deep integration, the industry giants are accelerating their reshuffle and frequently conducting reorganization and integration, and the market competition is intensifying. The rising international trade protectionism intensifies international competition within the industry, and increases uncertainty and uncontrollable factors in the international market. International political and economic factors may lead to increasing product costs and make it more difficult to obtain orders, and the Company's "internationalization" strategy will face more challenges.

Response measures: The Company will proactively communicate with major clients; collect information relating to domestic economy, politics and the industry timely; conduct proper studies of market trends; by adhering to an innovation-driven approach, extending the industrial chain, and providing systematic service solutions, optimize the industrial structure of the Company and expand new business models. The Company will continue to promote product cost optimization, strengthen benchmarking management, dig deeper into cost reduction approaches, and promote the achievement of cost reduction and efficiency enhancement targets. The Company will make good top-level planning, strengthen the research and practice of worldwide corporate governance structure and multinational management control models, and improve management of cross-border operation. The Company will establish business platforms, continue to implement the "five-locals model", accelerate the five-in-one international operation, rely on core export companies and platform companies, fully increase the breadth and depth of overseas market development, and improve the global industrial network.

3. Product quality risks

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. As a core enterprise in the railway transportation equipment industry, the Company provides various types of MUs, locomotives, passenger carriages, freight wagons and urban rail transit vehicles which are directly related to the life and property safety of the general public, and have become a hot spot and focus of public opinion both at home and abroad. It is not only a matter of great concern to the public, but also to the national authorities at all levels, the State Railway Group and other users. Any major safety and quality issues may have an adverse impact on the Company, and even impact the development of the industry within a certain period of time.

Response measures: We will firmly establish the concept of quality and safety development, firmly adhere to the occupational red line and bottom line of ensuring the quality and safety of products and the safe utilization of the complete equipment, construct a quality responsibility system covering all levels of the Company and all aspects of product realization, and consolidate the main responsibility for quality and safety. We will promote the construction of CRRC's Q quality standard system, strengthen the quality and safety precautions in the design process, refine the quality and safety control of the production process, regulate the quality management of suppliers and purchased products, stabilize the quality assurance ability during the product realization process, and ensure the stability of the product quality. We will continuously carry out the rectification of product source quality issues, improve the quality and safety level of complete equipment products, strengthen the construction of after-sales service guarantee capacity, and provide special

service guarantee for critical timings during important periods. We will improve the emergency guarantee mechanism for quality and safety issues, improve the response speed and coordination level of responding to emergencies and emergency rescue, and reduce the harm and impact caused by incidents.

4. Foreign exchange risks

With the accelerated pace of internationalization of the Company, product exports, overseas investments, mergers and acquisitions and other activities will further increase, which may trigger various risks due to exchange rate fluctuations. For example, in light of the fluctuating international financial environment, the movement of exchange rates is difficult to predict, and the Company may suffer exchange losses; since some overseas product items are settled in non-major currencies, it is difficult to hedge against exchange risks; uncertain foreign exchange collection time makes it more difficult in the adoption of hedging. In 2023, due to the uncertainty of economic development, the possibility of significant exchange rate fluctuations still exists, which will affect the competitiveness of the projects and the benefits of the contracted projects to a certain extent.

Response measures: The Company will pay close attention to the trend of exchange rate movements, adhere to the concept of exchange rate risk neutral management and strengthen the risk prevention awareness of relevant personnel by establishing a whole process exchange rate risk management mechanism, carrying out internal hedging of foreign exchange risks, and adhering to the principle of hedging and reasonable use of foreign exchange derivatives, so as to strengthen the role of its Hong Kong subsidiary in the settlement of overseas funds, and continuously reduce exchange rate risks.

5. Overseas operating risks

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

Response measures: The Company will 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. We will strengthen communication and liaison with owners of projects to optimize the resource allocation and ensure that orders in hand are executed properly. We will establish a long-term tracking mechanism for market project information, thereby effectively maintaining customer relationships, and policy insurance such as Sinosure will be used to control the risk of payment collection after projects are implemented.

6. Industrial structure adjustment risks

Due to historical reasons, certain sectors in the rail transportation business of the Company have overcapacity issues and are facing industrial structure adjustment. A number of factors including connectivity to the industry, industry base, technological conditions and resource sufficiency posed various difficulties and risks for the industrial structure transformation of the Company.

Response measures: The Company has established a special institution to research on the reform plan in the rail transportation sector. According to the principle of adopting different strategies for different sectors and through methods including business restructuring, capacity shrinking, we will vitalize the Company, gradually build a structure of resource sharing and win-win mutual development, promote deeper integration from "physical changes" to "chemical changes" for enterprises that were restructured and integrated, so that the reform can give full play to its effectiveness, and continue to optimize the deployment of rail transportation resources, thus achieving the maximization of resource efficiency and interests of the Company.

CORPORATE GOVERNANCE

I. BRIEF INTRODUCTION TO GENERAL MEETING

Session of meeting	Convening date	Query index of the designated website where the resolutions were published	Disclosure date of the published resolutions	Resolutions of the meeting
2022 annual general meeting of CRRC Corporation Limited	15 June 2023	www.sse.com.cn www.hkex.com.hk	16 June 2023	Poll results of the 2022 Annual General Meeting of CRRC Corporation Limited

II. CHANGE IN DIRECTORS, SUPERVISORS AND SENIOR MANAGEMENT

In July 2023, Mr. Wang Jun and Mr. Wang Gongcheng resigned as vice presidents of the Company due to work needs.

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

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

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

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

V. EMPLOYEES OF THE COMPANY AND THEIR REMUNERATION AND TRAINING

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

VI. CORPORATE GOVERNANCE

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

(I) Compliance with the Corporate Governance Code

The Board has reviewed the documents in relation to corporate governance adopted by the Company, and is of the opinion that, during the reporting period, the Company was in compliance with the principles and code provisions in 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) Securities Transactions by Directors and Supervisors

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

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

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

The Audit and Risk Management Committee has reviewed the Company's unaudited interim condensed consolidated financial statements and the interim report for the six months ended 30 June 2023, and has agreed on their submission to the Board for consideration and approval.

SIGNIFICANT EVENTS

I. PERFORMANCE OF UNDERTAKINGS

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

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

SIGNIFICANT EVENTS

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

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

SIGNIFICANT EVENTS

Background	Type	Covenants	Undertakings	Validity period	Whether duration specified	Whether timely and strictly performed	If not performed timely, describe the specific reason	If not performed timely, describe plans in next steps
Undertakings in relation to the initial public issuance	Others	CRRCG	Undertakings on property ownership issues: CSR (which has completed merger and renamed as CRRC) disclosed in its prospectus that CSR has not yet obtained proper property ownership certificates for 326 properties with a total gross floor area of 282,019.03 square meters, representing 7.85% of the total gross floor area of the property in use of CSR. As at 31 December 2022, there were still 3 properties with a total gross floor area of 1,788.67 square meters unable to apply for property ownership certificates due to historical reasons. As for the properties which CSR has not yet obtained property ownership certificates, CRRCG has made a written undertaking which was inherited by CRRCG after the merger. Pursuant to the undertaking: for properties that could not obtain complete property ownership certificates due to reasons such as incomplete procedures in planning and constructions and, which were included in the asset injection to CRRC by CRRCG, CRRCG undertook that such properties satisfy the usage requirements necessary for the production and operations of CRRC. Moreover, if there is any loss incurred to CRRC due to such properties, CRRCG shall undertake all compensation liabilities and all economic losses that CRRC incurred.	Undertakings dated 18 August 2008, during the course of performance	No	Yes	-	-
	Others	CRRCG	Undertakings on the state-owned land use certificate not specifying the land use terms or termination date: CNR (whose relevant matters were inherited by CRRC after the merger) disclosed in the prospectus that the land use terms or termination date were not specified in the state-owned land use certificate for part of the authorized lands acquired by CNR. As such, CNRG (which has completed restructuring and renamed as CRRCG) has made a written undertaking. Pursuant to the undertaking: CRRCG will compensate the relevant wholly-owned subsidiaries of CRRC for the loss caused as a result of the state-owned land use certificate not specifying the land use terms or termination date for the authorized land.	Undertakings dated 10 December 2009, during the course of performance	No	Yes	-	-

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

II. BANKRUPTCY AND REORGANIZATION

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

III. MATERIAL LITIGATION AND ARBITRATION

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

IV. MATERIAL CONTRACTS AND THEIR IMPLEMENTATION

(I) Trusteeship, contracting and leasing matters

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

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

Unit: '000 Currency: RMB

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 amount	Date of guarantee			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	
	Guaranteed	Guaranteed		(date of signing agreement)	Commencement date	Maturity date						Related relationship	
CRRC Corporation Limited, Suzhou CRRC Construction Engineering Co., Ltd. (蘇州中車建設工程有限公司), a wholly-owned subsidiary of the Company, and CRRC China Merchants (Tianjin) Equity Investment Fund Management Co., Ltd.* (中車招銀(天津)股權投資基金管理有限公司), a non-wholly-owned subsidiary of the Company	CRRC Corporation Limited, its wholly-owned subsidiary and non-wholly-owned subsidiary	Wuhu Yunda Rail Transit Construction and Operation Limited (無湖市運達軌道交通建設運營有限公司)	1,774,400	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	1,115,045	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
Total guarantee amount provided during the reporting period (excluding guarantees provided by the Company in favour of its subsidiaries)													-
Total guarantee balance at the end of the reporting period (A) (excluding guarantees provided by the Company in favour of its subsidiaries)													2,889,445
Guarantees provided by the Company in favour of its subsidiaries													
Total guarantee amount provided to the Company's subsidiaries during the reporting period													4,684,396
Total guarantee balance provided to the Company's subsidiaries at the end of the reporting period (B)													53,471,321
Aggregate guarantee amount provided by the Company (including guarantees provided by the Company in favour of its subsidiaries)													
Total guarantee amount (A+B)													56,360,766
Percentage of total guarantee amount to net assets of the Company (%)													36.81
In which:													
Provision of guarantee to shareholders, ultimate controller and their respective related persons (C)													1,115,045
Amount of guarantees directly or indirectly provided in favour of parties with gearing ratios over 70% (D)													30,475,589
The total amount of guarantees provided which exceeds 50% of the net assets (E)													-
Total amount of the three above-stated guarantees (C+D+E)													31,590,634
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 2023 was RMB56.361 billion, accounting for 36.81% of net assets, among which,

The balance of guarantee for wholly-owned subsidiaries is RMB24.735 billion; the balance of guarantee for non-wholly-owned subsidiaries is RMB28.736 billion; the balance of guarantee for Wuhu Yunda Rail Transit Construction and Operation Company Limited is RMB1.774 billion; and the balance of guarantee for CRRC E-LOCO SUPPLY (PTY) LTD is RMB1.115 billion.

As far as guarantee type is concerned, RMB10.183 billion was provided for credit; RMB6.025 billion was provided for financing; and RMB40.153 billion was provided for performance guarantees.

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 reporting period, the guarantees provided by the Company for its wholly-owned and non-wholly-owned subsidiaries with gearing ratios exceeding 70% have all been approved by the Board and the shareholders' meeting in accordance with the Articles of Association.

(III) Other material contracts

As of the date of this report, the Company signed a number of sales contracts. For details, please refer to announcements dated 18 January 2023, 9 May 2023, 10 May 2023 and 10 July 2023 published by the Company on the websites of the SSE and the Stock Exchange.

CHANGES IN SHARES AND PARTICULARS OF SHAREHOLDERS

I. CHANGES IN SHARE CAPITAL

(I) Changes in shares

1. Changes in shares

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

2. Public float

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

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

During the reporting period, neither the Company nor its subsidiaries purchased, sold or redeemed any of the securities of the Company under the Hong Kong Listing Rules.

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} 601,413

Note 1: As of the end of the reporting period, the Company had 599,239 holders of A shares and 2,174 registered holders of H shares.

CHANGES IN SHARES AND PARTICULARS OF SHAREHOLDERS

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

Unit: share

Name of shareholder (full name)	Shareholdings of the top ten shareholders			Shares pledged, marked or frozen			
	Change during the reporting period	Number of shares held at the end of the reporting period	Percentage (%)	Number of shares held subject to trading moratorium	Pledged, marked or frozen	Number	Nature of shareholder
CRRCG ^{Note 2}	0	14,558,389,450	50.73	0	Nil	0	State-owned legal person
HKSCC NOMINEES LIMITED ^{Note 3}	744,535	4,358,104,288	15.19	0	Unknown	-	Overseas legal person
Hong Kong Securities Clearing Company Limited	450,047,460	927,281,575	3.23	0	Unknown	-	Overseas legal person
China Securities Finance Corporation Limited (中國證券金融股份有限公司)	0	605,663,637	2.11	0	Unknown	-	State-owned legal person
Central Huijin Asset Management Ltd. (中央匯金資產管理有限責任公司)	0	298,064,400	1.04	0	Unknown	-	State-owned legal person
Bosera Funds – Agricultural Bank of China – Bosera China Securities and Financial Assets Management Plan (博時基金 – 農業銀行 – 博時中證金融資產管理計劃)	0	234,982,900	0.82	0	Unknown	-	Unknown
E Fund – Agricultural Bank of China – E Fund China Securities and Financial Assets Management Plan (易方達基金 – 農業銀行 – 易方達中證金融資產管理計劃)	0	234,982,900	0.82	0	Unknown	-	Unknown
Dacheng Fund – Agricultural Bank of China – Dacheng China Securities and Financial Assets Management Plan (大成基金 – 農業銀行 – 大成中證金融資產管理計劃)	0	234,982,900	0.82	0	Unknown	-	Unknown
Harvest Fund – Agricultural Bank of China – Harvest China Securities and Financial Assets Management Plan (嘉實基金 – 農業銀行 – 嘉實中證金融資產管理計劃)	0	234,982,900	0.82	0	Unknown	-	Unknown
GF Fund – Agricultural Bank of China – GF China Securities and Financial Assets Management Plan (廣發基金 – 農業銀行 – 廣發中證金融資產管理計劃)	0	234,982,900	0.82	0	Unknown	-	Unknown
Zhong'ou Asset – Agricultural Bank of China – Zhong'ou China Securities and Financial Assets Management Plan (中歐基金 – 農業銀行 – 中歐中證金融資產管理計劃)	0	234,982,900	0.82	0	Unknown	-	Unknown
China AMC – Agricultural Bank of China – China AMC China Securities and Financial Assets Management Plan (華夏基金 – 農業銀行 – 華夏中證金融資產管理計劃)	0	234,982,900	0.82	0	Unknown	-	Unknown
Yinhua Fund – Agricultural Bank of China – Yinhua China Securities and Financial Assets Management Plan (銀華基金 – 農業銀行 – 銀華中證金融資產管理計劃)	0	234,982,900	0.82	0	Unknown	-	Unknown
China Southern Asset Management – Agricultural Bank of China – China Southern Asset Management China Securities and Financial Assets Management Plan (南方基金 – 農業銀行 – 南方中證金融資產管理計劃)	0	234,982,900	0.82	0	Unknown	-	Unknown
ICBCCS Fund – Agricultural Bank of China – ICBCCS China Securities and Financial Assets Management Plan (工銀瑞信基金 – 農業銀行 – 工銀瑞信中證金融資產管理計劃)	0	234,982,900	0.82	0	Unknown	-	Unknown

CHANGES IN SHARES AND PARTICULARS OF SHAREHOLDERS

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

Name of shareholder	Number of tradable shares held not subject to trading moratorium	Class and number of shares	
		Class	Number
CRRCG ^{Note 2}	14,558,389,450	Ordinary shares denominated in RMB	14,558,389,450
HKSCC NOMINEES LIMITED ^{Note 3}	4,358,104,288	Overseas listed foreign shares	4,358,104,288
Hong Kong Securities Clearing Company Limited	927,281,575	Ordinary shares denominated in RMB	927,281,575
China Securities Finance Corporation Limited (中國證券金融股份有限公司)	605,663,637	Ordinary shares denominated in RMB	605,663,637
Central Huijin Asset Management Ltd. (中央匯金資產管理有限責任公司)	298,064,400	Ordinary shares denominated in RMB	298,064,400
Bosera Funds – Agricultural Bank of China – Bosera China Securities and Financial Assets Management Plan (博時基金–農業銀行–博時中證金融資產管理計劃)	234,982,900	Ordinary shares denominated in RMB	234,982,900
E Fund – Agricultural Bank of China – E Fund China Securities and Financial Assets Management Plan (易方達基金–農業銀行–易方達中證金融資產管理計劃)	234,982,900	Ordinary shares denominated in RMB	234,982,900
Dacheng Fund – Agricultural Bank of China – Dacheng China Securities and Financial Assets Management Plan (大成基金–農業銀行–大成中證金融資產管理計劃)	234,982,900	Ordinary shares denominated in RMB	234,982,900
Harvest Fund – Agricultural Bank of China – Harvest China Securities and Financial Assets Management Plan (嘉實基金–農業銀行–嘉實中證金融資產管理計劃)	234,982,900	Ordinary shares denominated in RMB	234,982,900
GF Fund – Agricultural Bank of China – GF China Securities and Financial Assets Management Plan (廣發基金–農業銀行–廣發中證金融資產管理計劃)	234,982,900	Ordinary shares denominated in RMB	234,982,900
Zhong'ou Asset – Agricultural Bank of China – Zhong'ou China Securities and Financial Assets Management Plan (中歐基金–農業銀行–中歐中證金融資產管理計劃)	234,982,900	Ordinary shares denominated in RMB	234,982,900
China AMC – Agricultural Bank of China – China AMC China Securities and Financial Assets Management Plan (華夏基金–農業銀行–華夏中證金融資產管理計劃)	234,982,900	Ordinary shares denominated in RMB	234,982,900
Yinhua Fund – Agricultural Bank of China – Yinhua China Securities and Financial Assets Management Plan (銀華基金–農業銀行–銀華中證金融資產管理計劃)	234,982,900	Ordinary shares denominated in RMB	234,982,900
China Southern Asset Management – Agricultural Bank of China – China Southern Asset Management China Securities and Financial Assets Management Plan (南方基金–農業銀行–南方中證金融資產管理計劃)	234,982,900	Ordinary shares denominated in RMB	234,982,900
ICBCCS Fund – Agricultural Bank of China – ICBCCS China Securities and Financial Assets Management Plan (工銀瑞信基金–農業銀行–工銀瑞信中證金融資產管理計劃)	234,982,900	Ordinary shares denominated in RMB	234,982,900
Explanations of the repurchase of special accounts among the top 10 shareholders			N/A
Explanation of the above-mentioned shareholders' entrusted voting rights, been entrusted voting rights, and waiver of voting rights			N/A
Details relating to the related relationship of the above shareholders or the parties acting in concert			N/A
Explanations on the shares and voting rights restored of preferred shareholders			N/A

Note 2: As of the end of the reporting period, CRRCG in aggregate held 14,736,252,450 shares (including 14,558,389,450 A shares and 177,863,000 H shares), representing approximately 51.35% of the total number of issued shares of the Company. The shareholding of 177,863,000 H shares of the Company held by CRRCG were registered under the name of HKSCC NOMINEES LIMITED.

Note 3: 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 2023, 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 share	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	14,558,389,450	59.84	50.73
	Beneficial owner	H shares	Long position	177,863,000	4.07	0.62

Save as disclosed above, as far as the Directors of the Company are aware, as at 30 June 2023, no other person had interests and/or short positions in the shares or underlying shares (as the case may be) of the Company which were, pursuant to section 336 of Part XV of the SFO, required to be recorded in the register referred to therein, or was otherwise a substantial shareholder (as defined in the Hong Kong Listing Rules) of the Company.

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

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

III. PARTICULARS OF DIRECTORS, SUPERVISORS AND SENIOR MANAGEMENT

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

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

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

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

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

As at 30 June 2023, the following Director had interests in the A shares of the Company, relevant details of which are set out as follows:

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

Save as disclosed above, as at 30 June 2023, none of the Directors, Supervisors and chief executive of the Company had interests and short positions in any shares or underlying shares of the Company or associated corporations (within the meaning of Part XV of the SFO), which were recorded in the register required to be maintained under section 352 of the SFO, or were required to be notified to the Company and the Stock Exchange by the Directors and Supervisors pursuant to the Model Code.

IV. CHANGES IN CONTROLLING SHAREHOLDER OR ACTUAL CONTROLLER

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

RELEVANT INFORMATION OF CORPORATE BONDS

I. ENTERPRISE BONDS, CORPORATE BONDS AND DEBT FINANCING INSTRUMENTS OF NON-FINANCIAL ENTERPRISES

(I) Corporate Bonds

1. Basic information of corporate bonds

Unit: yuan Currency: RMB

Name of Bond	Short Name	Bond Code	Date of Issuance	Interest Accrual Date	Maturity Date	Bond Balance	Interest Rate (%)	Methods of Principal and Interest Repayment	Trading venues	Arrangement to Ensure the Suitability of Investors (if any)	Trading Mechanism	Risk of Termination of Listing and Trading
2013 Ten-year Corporate Bond of CSR Corporation Limited (First Tranche)	13 CSR 02	122252.SH	2013-04-22	2013-04-22	2023-04-22	0	5.00	The interest shall be paid annually, and the principal amount shall be repaid in a lump-sum payment	Shanghai Stock Exchange	A public issuance to eligible investors	Auction, quotation, enquiry and agreed transactions	No
2020 Publicly Issued Corporate Bond of CRRC Corporation Limited (First Tranche)	20 CRRC 01	163335.SH	2020-03-27	2020-04-01	2023-04-01	0	2.95	The interest shall be paid annually, and the principal amount shall be repaid in a lump-sum payment	Shanghai Stock Exchange	A public issuance to eligible investors	Auction, quotation, enquiry and agreed transactions	No

2. Execution, changes and its impacts of guarantees, repayment plans and other guarantee measures for repayment during the reporting period

Current status	Execution	Any changes	Status after changes	Reasons for changes	Whether changes have been approved by relevant authorities	Impacts of changes on equity of bond investors
The repayment of 13 CSR 02 will be financed mainly by cash flow generated from the Company's daily operations. The Company's good profitability and stable cash flow from operating activities will provide protection for the repayment of the principal and interest of the bonds. Up to present, the bonds are matured, and the repayment of principal and interest of which has been completed normally.	Completed	No	-	-	-	-
The repayment of 20 CRRC 01 will be financed mainly by cash flow generated from the Company's daily operations. The Company's good profitability and stable cash flow from operating activities will provide protection for the repayment of the principal and interest of the bonds. Up to present, the bonds are matured, and the repayment of principal and interest of which has been completed normally.	Completed	No	-	-	-	-

3. Other information on corporate bond

13 CSR 02, issued on 22 April 2013, amounted to RMB1.5 billion with a term of 10 years and a coupon rate of 5.00%, and was matured and paid normally on 22 April 2023.

20 CRRC 01, issued on 27 March 2020, amounted to RMB1.0 billion with a term of 3 years and a coupon rate of 2.95%, and was matured and paid normally on 1 April 2023.

(II) Debt Financing Instruments of Non-financial Enterprises in the Inter-bank Bond Market

1. Basic information of debt financing instruments of non-financial enterprises

Unit: '000 Currency: RMB

Name of Bond	Short Name	Bond Code	Date of Issuance	Interest Accrual Date	Maturity Date	Bond Balance	Interest Rate (%)	Methods of Principal and Interest Repayment	Trading venues	Arrangement to Ensure the Suitability of Investors (if any)	Trading Mechanism	Risk of Termination of Listing and Trading
CRRCLimited's Phase IV Super Short-term Financing Bills in 2023	2023 CRRC SCP004	012382289.IB	2023-06-16	2023-06-19	2023-09-19	2,000,000.00	1.93	One-off repayment of principal and interest on maturity	Interbank bond market	Institutional investors in the national interbank bond market	Enquiry and one-click-order	No
CRRCLimited's Phase III Super Short-term Financing Bills in 2023	2023 CRRC SCP003	012382290.IB	2023-06-16	2023-06-19	2023-07-19	2,000,000.00	1.93	One-off repayment of principal and interest on maturity	Interbank bond market	Institutional investors in the national interbank bond market	Enquiry and one-click-order	No
CRRCLimited's Phase II Super Short-term Financing Bills in 2023	2023 CRRC SCP002	012381307.IB	2023-03-30	2023-03-31	2023-12-26	3,000,000.00	2.23	One-off repayment of principal and interest on maturity	Interbank bond market	Institutional investors in the national interbank bond market	Enquiry and one-click-order	No
CRRCLimited's Phase I Super Short-term Financing Bills in 2023	2023 CRRC SCP001	012380521.IB	2023-02-14	2023-02-15	2023-05-16	0.00	2.04	One-off repayment of principal and interest on maturity	Interbank bond market	Institutional investors in the national interbank bond market	Enquiry and one-click-order	No
CRRCLimited's Peer No. 1 Phase IV Asset-backed Senior Commercial Note in 2022	22 Peer No. 1 ABN004 Senior	082280916.IB	2022-11-03	2022-11-08	2023-04-28	0.00	1.80	One-off repayment of principal and interest on maturity; and in the case of a non-renewal event, the principal will be repaid on a quarterly basis by 21 December 2023 and interest will be paid accordingly	Interbank bond market	Institutional investors in the national interbank bond market	Enquiry and one-click-order	No

RELEVANT INFORMATION OF CORPORATE BONDS

Name of Bond	Short Name	Bond Code	Date of Issuance	Interest Accrual Date	Maturity Date	Bond Balance	Interest Rate (%)	Methods of Principal and Interest Repayment	Trading venues	Arrangement to Ensure the Suitability of Investors (if any)	Trading Mechanism	Risk of Termination of Listing and Trading
CRRC Corporation Limited's Peer No. 1 Phase VI Asset-backed Subordinated Commercial Note in 2021	21 Peer No. 1 ABN006 Subordinated	082101392.IB	2021-12-08	2021-12-13	2023-04-28	0.00	-	-	Interbank bond market	Institutional investors in the national interbank bond market	Enquiry and one-click-order	No
CRRC Corporation Limited's Peer No. 1 Phase II Asset-backed Subordinated Commercial Note in 2021	21 Peer No. 1 ABN002 Subordinated	082100129.IB	2021-03-02	2021-03-05	2023-04-28	0.00	-	-	Interbank bond market	Institutional investors in the national interbank bond market	Enquiry and one-click-order	No
CRRC Corporation Limited's Peer No. 1 Phase I Asset-backed Subordinated Commercial Note in 2021	21 Peer No. 1 ABN001 Subordinated	082100036.IB	2021-01-14	2021-01-20	2023-04-28	0.00	-	-	Interbank bond market	Institutional investors in the national interbank bond market	Enquiry and one-click-order	No
CRRC Corporation Limited's Peer No. 1 Phase I Asset-backed Subordinated Commercial Note in 2020	20 Peer No. 1 ABN001 Subordinated	082001051.IB	2020-12-18	2020-12-21	2023-04-28	0.00	-	-	Interbank bond market	Institutional investors in the national interbank bond market	Enquiry and one-click-order	No

2. Description of other matters in relation to debt financing instruments of non-financial enterprises

23 CRRC SCP003, issued on 16 June 2023, amounted to RMB2.0 billion with a term of 30 days and a coupon rate of 1.93%, and was matured and paid normally on 19 July 2023.

23 CRRC SCP001, issued on 14 February 2023, amounted to RMB4.0 billion with a term of 90 days and a coupon rate of 2.04%, and was matured and paid normally on 16 May 2023.

22 Peer No. 1 ABN004 Senior, issued on 3 November 2022, amounted to RMB1.017 billion with a term of 0.47 years and a coupon rate of 1.80%, and was matured and paid normally on 28 April 2023.

21 Peer No. 1 ABN006 Subordinated, issued on 8 December 2021, amounted to RMB107 million with a term of 2.02 years, and was matured and paid normally on 28 April 2023.

21 Peer No. 1 ABN002 Subordinated, issued on 2 March 2021, amounted to RMB0.51 million with a term of 2.80 years, and was matured and paid normally on 28 April 2023.

21 Peer No. 1 ABN001 Subordinated, issued on 14 January 2021, amounted to RMB4.5 million with a term of 2.92 years, and was matured and paid normally on 28 April 2023.

20 Peer No. 1 ABN001 Subordinated, issued on 18 December 2020, amounted to RMB153 million with a term of 3.00 years, and was matured and paid normally on 28 April 2023.

(III) Key Accounting Data and Financial Indicators

Unit: '000 Currency: RMB

Key indicator	End of the reporting period	End of the previous year	Change between the end of the reporting period and the end of the previous year (%)
	The reporting period (January to June)	Same period of the previous year	Change between the reporting period and the same period of the previous year (%)
Current ratio	1.23	1.28	-3.91
Quick ratio	0.91	1.00	-9.00
Gearing ratio (%)	59.00	56.80	Increased by 2.20 ppt
Net profit after non-recurring gain or loss	2,583,072	1,875,154	37.75
EBITDA of total debt ratio	3.53	3.50	Increased by 0.03 ppt
Interest coverage multiple	12.07	11.98	0.75
Cash interest coverage multiple	-29.54	-2.45	-
EBITDA interest coverage multiple	20.03	21.11	-5.12
Loan repayment rate (%)	100.00	100.00	-
Interest paid coverage (%)	105.65	112.03	Decreased by 6.38 ppt

The EBITDA reconciliation is calculated as follows:

	The reporting period (January to June)
Profit for the year	5,337,073
Interest expenses	482,204
Depreciation of fixed assets	3,003,854
Amortisation of intangible assets	505,129
Depreciation of right-of-use assets	234,427
Depreciation of investment properties	24,889
Long-term amortisation of amortisation charges	70,020
EBITDA	9,657,596

CONSOLIDATED BALANCE SHEET

As at 30 June 2023

Prepared by: CRRC Corporation Limited

RMB'000

ITEM	Note	30 June 2023	31 December 2022
Current assets			
Cash and bank balances	V.1	39,550,761	54,861,839
Held-for-trading financial assets	V.2	12,263,790	10,431,092
Bills receivable	V.3	15,683,216	19,579,587
Accounts receivable	V.4	98,485,442	88,987,037
Receivables at fair value through other comprehensive income	V.5	8,172,644	6,735,575
Prepayments	V.6	9,373,178	7,585,929
Other receivables	V.7	4,065,116	2,874,509
Inventories	V.8	81,656,068	63,136,015
Contract assets	V.9	26,608,290	25,148,513
Assets classified as held for sale		74,600	74,600
Non-current assets due within one year	V.10	6,015,417	6,019,677
Other current assets	V.11	5,385,897	5,020,677
Total current assets		307,334,419	290,455,050
Non-current assets			
Loans and advances to customers	V.12	—	—
Debt investments	V.13	1,729,695	236,361
Long-term receivables	V.14	10,687,302	11,343,189
Long-term equity investments	V.15	18,317,194	18,260,754
Investments in other equity instruments	V.16	2,834,308	2,692,227
Other non-current financial assets	V.17	224,000	215,903
Investment properties	V.18	791,942	809,758
Fixed assets	V.19	59,571,858	60,828,121
Construction in progress	V.20	4,518,960	4,111,596
Right-of-use assets	V.21	1,627,235	1,442,775
Intangible assets	V.22	16,145,328	16,103,044
Development expenditures	V.23	601,018	749,396
Goodwill	V.24	277,139	261,739
Long-term deferred expenses		234,431	279,395
Deferred tax assets	V.25	3,798,281	3,630,804
Other non-current assets	V.26	34,739,316	30,720,034
Total non-current assets		156,098,007	151,685,096
Total assets		463,432,426	442,140,146

CONSOLIDATED BALANCE SHEET

As at 30 June 2023

ITEM	Note	30 June 2023	31 December 2022
Current liabilities			
Short-term borrowings	V.27	12,523,288	13,627,730
Placements from bank and other financial institutions		65,064	–
Held-for-trading financial liabilities		203,813	40,547
Bills payable	V.28	24,834,528	27,691,303
Accounts payable	V.29	144,618,466	130,957,703
Receipts in advance	V.30	15,823	14,067
Contract liabilities	V.31	23,054,725	23,732,490
Deposits from banks and other financial institutions	V.32	4,143,241	3,153,979
Employee benefits payable	V.33	2,260,832	2,289,570
Tax payable	V.34	1,948,524	3,093,070
Other payables	V.35	22,152,478	13,864,172
Non-current liabilities due within one year	V.36	4,140,393	6,473,081
Other current liabilities	V.37	9,195,009	2,466,039
Total current liabilities		249,156,184	227,403,751
Non-current liabilities			
Long-term borrowings	V.38	6,350,549	6,096,122
Bonds payable	V.39	–	–
Lease liabilities	V.40	1,352,222	1,150,855
Long-term payables	V.41	39,921	41,412
Long-term employee benefits payable	V.42	2,515,903	2,472,685
Provisions	V.43	7,386,904	7,369,015
Deferred income	V.44	6,182,765	6,233,688
Deferred tax liabilities	V.25	349,994	299,859
Other non-current liabilities	V.45	72,549	86,843
Total non-current liabilities		24,250,807	23,750,479
Total liabilities		273,406,991	251,154,230
Shareholders' equity			
Share capital	V.46	28,698,864	28,698,864
Capital reserve	V.47	41,488,032	41,353,278
Other comprehensive income	V.48	(484,868)	(687,727)
Special reserve	V.49	49,957	49,957
Surplus reserve	V.50	5,491,912	5,491,912
General risk reserve		693,662	693,662
Retained earnings	V.51	77,161,524	79,441,376
Total equity attributable to shareholders of the Company		153,099,083	155,041,322
Non-controlling interests		36,926,352	35,944,594
TOTAL SHAREHOLDERS' EQUITY		190,025,435	190,985,916
TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY		463,432,426	442,140,146

Legal representative:
Sun Yongcai

Chief Accountant:
Li Zheng

Person in Charge of the Accounting Department:
Shi Jianfeng

THE COMPANY'S BALANCE SHEET

As at 30 June 2023

Prepared by: CRRC Corporation Limited

RMB'000

ITEM	Note	30 June 2023	31 December 2022
Current assets			
Cash and bank balances	XII.1	6,914,164	17,754,170
Accounts receivable		6,774	3,475
Prepayments		265	5,000
Other receivables	XII.2	16,027,811	12,417,489
Non-current assets due within one year		1,295,681	1,532,475
Other current assets		5,533	365
Total current assets		24,250,228	31,712,974
Non-current assets			
Long-term receivables		8,658,448	8,580,707
Long-term equity investments	XII.3	110,813,910	110,620,363
Investments in other equity instruments		350,000	275,000
Fixed assets		15,069	18,234
Construction in progress		44,396	58,431
Right-of-use assets		28,249	34,523
Intangible assets		119,820	116,845
Other non-current assets		29,270	419,270
Total non-current assets		120,059,162	120,123,373
Total assets		144,309,390	151,836,347
Current liabilities			
Short-term borrowings		7,375,842	9,662,024
Accounts payable		168	9,768
Employee benefits payable		19,489	56,512
Taxes payable		196	3,383
Other payables		32,190,719	36,011,265
Non-current liabilities due within one year		13,181	2,583,764
Other current liabilities		7,019,401	–
Total current liabilities		46,618,996	48,326,716
Non-current liabilities			
Lease liabilities		22,226	24,221
Total non-current liabilities		22,226	24,221
Total liabilities		46,641,222	48,350,937
Shareholders' equity			
Share capital		28,698,864	28,698,864
Capital reserve		62,809,788	62,808,927
Other comprehensive income		(34,731)	(45,031)
Surplus reserve		5,491,912	5,491,912
Retained earnings		702,335	6,530,738
TOTAL SHAREHOLDERS' EQUITY		97,668,168	103,485,410
TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY		144,309,390	151,836,347

Legal representative:
Sun Yongcai

Chief Accountant:
Li Zheng

Person in Charge of the Accounting Department:
Shi Jianfeng

CONSOLIDATED INCOME STATEMENT

For the six months ended 30 June 2023

		RMB'000	
ITEM	Note	From January to June 2023	From January to June 2022
I. Total operating income	V.52	87,303,227	81,297,098
II. Total operating costs		83,043,307	77,766,694
Including: Operating costs	V.52	68,870,877	64,933,526
Taxes and surcharges	V.53	670,806	653,395
Selling expenses	V.54	3,528,858	2,541,015
Administrative expenses	V.55	5,559,196	5,237,192
Research and development expenses	V.56	4,791,354	4,526,701
Financial expenses	V.57	(377,784)	(125,135)
Including: Interest expenses		482,204	441,671
Interest income		580,594	367,777
Add: Other income	V.58	610,645	623,359
Investment income	V.59	323,971	(47,507)
Including: Gains from investments in associates and joint ventures		157,436	22,106
Losses arising from derecognition of financial assets measured at amortised cost		(18,833)	(42,802)
Gains from changes in fair value	V.60	232,571	276,239
Impairment losses under expected credit loss model	V.61	(279,016)	(88,329)
Assets impairment losses	V.62	(182,617)	(208,919)
Gains on disposal of assets	V.63	270,518	549,359
III. Operating profit		5,235,992	4,634,606
Add: Non-operating income	V.64	387,518	291,571
Less: Non-operating expenses	V.65	286,437	78,386
IV. Total profit		5,337,073	4,847,791
Less: Income tax expenses	V.66	796,682	769,842
V. Net profit		4,540,391	4,077,949
(I) Net profit classified by operating continuity			
1. Net profit from continuing operations		4,540,391	4,077,949
(II) Net profit classified by ownership			
1. Net profit attributable to shareholders of the Company		3,460,359	3,130,771
2. Net profit attributable to non-controlling interests		1,080,032	947,178

CONSOLIDATED INCOME STATEMENT

For the six months ended 30 June 2023

ITEM	Note	From January to June 2023	From January to June 2022
VI. Other comprehensive income, net of income tax	V.48	262,666	165,013
(I) Other comprehensive income attributable to shareholders of the Company, net of income tax		202,421	149,723
1. Items that will not be reclassified to profit or loss		24,800	(189,023)
(1) Remeasurement of the changes in net liabilities or net assets of defined benefit plan		4,743	8,203
(2) Changes in fair value of investments in other equity instruments		20,057	(197,226)
2. Items that may be reclassified to profit or loss		177,621	338,746
(1) Other comprehensive income that may be reclassified to profit or loss under equity method		10,683	1,224
(2) Changes in fair value of other debt investments		(3,322)	88,434
(3) Provision for credit impairments of other debt investments		205	(99)
(4) Translation differences arising from translation of foreign currency financial statements		267,757	249,187
(5) Cash flow hedge reserve		(97,702)	–
(II) Other comprehensive income attributable to non-controlling interests, net of income tax		60,245	15,290
VII. Total comprehensive income		4,803,057	4,242,962
(I) Total comprehensive income attributable to shareholders of the Company		3,662,780	3,280,494
(II) Total comprehensive income attributable to non-controlling interests		1,140,277	962,468
VIII. Earnings per share:			
(I) Basic earnings per share (RMB/per share)		0.12	0.11
(II) Diluted earnings per share (RMB/per share)		0.12	0.11

Legal representative:
Sun Yongcai

Chief Accountant:
Li Zheng

Person in Charge of the Accounting Department:
Shi Jianfeng

COMPANY'S INCOME STATEMENT

For the six months ended 30 June 2023

RMB'000

ITEM	Note	From January to June 2023	From January to June 2022
I. Revenue		2,709	2,611
Less: Operating costs		2,023	2,023
Taxes and surcharges		1,851	1,066
Administrative expenses		110,072	113,760
Research and development expenses		37,557	82,330
Financial expenses		(9,382)	34,025
Including: Interest expenses		445,185	383,815
Interest income		422,160	349,281
Add: Other income		1,041	1,667
Investment income	XII.4	56,206	1,567,965
Including: Income from investment in associates and joint ventures		56,206	8,874
Impairment losses under expected credit loss model		(6,472)	2,507
II. Operating profit		(88,637)	1,341,546
Add: Non-operating income		7	–
III. Total profit		(88,630)	1,341,546
Less: Income tax expenses		–	–
IV. Net profit		(88,630)	1,341,546
(I) Net profit from continuing operations		(88,630)	1,341,546
V. Other comprehensive income, net of income tax		10,300	(21)
(I) Items that will not be reclassified to profit or loss		–	–
1. Remeasurement of defined benefit plan		–	–
(II) Items that may be reclassified to profit or loss		10,300	(21)
1. Other comprehensive income recognized under equity method		10,300	(21)
VI. Total comprehensive income for the year		(78,330)	1,341,525

Legal representative:
Sun Yongcai

Chief Accountant:
Li Zheng

Person in Charge of the Accounting Department:
Shi Jianfeng

CONSOLIDATED CASH FLOW STATEMENT

For the six months ended 30 June 2023

RMB'000

ITEM	Note	From January to June 2023	From January to June 2022
I. Cash flows from operating activities:			
Cash receipts from sale of goods and rendering of services		82,462,250	74,650,582
Net increase in deposits from customers and other banks		989,262	1,027,477
Net increase in placements from bank and other financial institutions		65,064	1,450,209
Receipts of tax refunds		1,351,821	2,270,553
Other cash receipts relating to operating activities	V.68	1,361,494	1,328,913
Sub-total of cash inflows from operating activities		86,229,891	80,727,734
Cash payments for goods purchased and services received		76,292,527	60,345,100
Net decrease in borrowings from the central bank		–	311,099
Cash payments to and on behalf of employees		14,373,739	13,114,347
Payment of various taxes		5,267,154	4,161,042
Other cash payments relating to operating activities	V.68	5,076,494	4,725,233
Sub-total of cash outflows from operating activities		101,009,914	82,656,821
Net cash flow used in operating activities	V.69	(14,780,023)	(1,929,087)
II. Cash flows from investing activities:			
Cash receipts from recovery of investments		13,365,190	18,868,216
Cash receipts from investment income		425,205	320,495
Net cash receipts from disposals of fixed assets, intangible assets and other long-term assets		87,415	498,587
Sub-total of cash inflows from investing activities		13,877,810	19,687,298
Cash payments to acquire or construct fixed assets, intangible assets and other long-term assets		2,430,888	2,000,676
Payment for acquisition of investments		17,353,883	22,671,900
Other cash paid relating to investing activities		–	247
Sub-total of cash outflows from investing activities		19,784,771	24,672,823
Net cash flow used in investing activities		(5,906,961)	(4,985,525)
III. Cash flows from financing activities:			
Cash receipts from capital contributions		1,019,542	298,862
Including: Cash receipts from capital contributions by non-controlling interests of subsidiaries		1,000,814	298,862
Cash receipts from borrowings		9,737,065	14,618,391
Cash receipts from bonds issuing		11,000,000	4,200,000
Sub-total of cash inflows from financing activities		21,756,607	19,117,253
Cash repayments of borrowings		14,445,182	12,452,486
Cash payments for distribution of dividends or profits or settlement of interest expense		814,445	833,678
Including: Payments for distribution of dividends or profits to non-controlling interests of subsidiaries		345,065	383,463
Other cash payments relating to financing activities		201,260	876,593
Sub-total of cash outflows from financing activities		15,460,887	14,162,757
Net cash flow from financing activities		6,295,720	4,954,496
IV. Effect of foreign exchange rate changes on cash and cash equivalents		242,969	169,866
V. Net increase in cash and cash equivalents	V.69	(14,148,295)	(1,790,250)
Add: Opening Balance of Cash and Cash Equivalents	V.69	47,607,566	43,277,994
VI. Closing Balance of Cash and Cash Equivalents	V.69	33,459,271	41,487,744

Legal representative:
Sun Yongcai

Chief Accountant:
Li Zheng

Person in Charge of the Accounting Department:
Shi Jianfeng

COMPANY'S CASH FLOW STATEMENT

For the six months ended 30 June 2023

RMB'000

ITEM	Note	From January to June 2023	From January to June 2022
I. Cash flows from operating activities:			
Cash receipts from sale of goods and rendering of services		2,614	3,279
Receipts of tax refunds		1,041	1,667
Other cash receipts relating to operating activities		1,086,963	7,235,298
Sub-total of cash inflows from operating activities		1,090,618	7,240,244
Cash payments for goods purchased and services received		703	6,553
Cash payments to and on behalf of employees		73,721	78,970
Payment of various taxes		16,861	13,732
Other cash payments relating to operating activities		1,407,812	5,631,178
Sub-total of cash outflows from operating activities		1,499,097	5,730,433
Net cash flow (used in)/from operating activities	XII.5	(408,479)	1,509,811
II. Cash flows from investing activities:			
Cash receipts from recovery of investments		7,530,951	15,754,012
Cash receipts from investment income		2,931,981	2,659,269
Sub-total of cash inflows from investing activities		10,462,932	18,413,281
Cash payments to acquire or construct fixed assets, intangible assets and other long-term assets		319	1,176
Payment for acquisition of investments		14,088,339	13,850,120
Sub-total of cash outflows from investing activities		14,088,658	13,851,296
Net cash flow (used in)/from investing activities		(3,625,726)	4,561,985
III. Cash flows from financing activities:			
Cash receipts from bonds issuing		11,000,000	4,000,000
Cash receipts from borrowings		–	2,000,000
Other cash receipts relating to financing activities		7,400,000	11,311,765
Sub-total of cash inflows from financing activities		18,400,000	17,311,765
Cash repayments of borrowings		4,000,000	6,770,696
Cash payments for distribution of dividends or profits or settlement of interest expenses		450,000	391,661
Other cash payments relating to financing activities		20,407,252	18,662,293
Sub-total of cash outflows from financing activities		24,857,252	25,824,650
Net cash flow used in financing activities		(6,457,252)	(8,512,885)
IV. Effect of foreign exchange rate changes on cash and cash equivalents			
		31,272	3,929
V. Net increase in cash and cash equivalents			
	XII.5	(10,460,185)	(2,437,160)
Add: Opening balance of cash and cash equivalents	XII.5	16,251,079	9,653,682
VI. Closing balance of cash and cash equivalents			
	XII.5	5,790,894	7,216,522

Legal representative:
Sun Yongcai

Chief Accountant:
Li Zheng

Person in Charge of the Accounting Department:
Shi Jianfeng

CONSOLIDATED STATEMENT OF CHANGES IN OWNERS' EQUITY

For the six months ended 30 June 2023

RMB'000

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

CONSOLIDATED STATEMENT OF CHANGES IN OWNERS' EQUITY

For the six months ended 30 June 2023

ITEM	From January to June 2022								Non-controlling interests	Total
	Equity attributable to shareholders of the Company									
	Share capital	Capital reserve	Other comprehensive income	Special reserve	Surplus reserve	General risk reserve	Retained earnings	Sub-total		
I. Closing balance of the previous year	28,698,864	41,887,193	(1,277,255)	49,957	4,844,204	654,226	73,717,157	148,574,346	33,717,160	182,291,506
II. Opening balance of the current year	28,698,864	41,887,193	(1,277,255)	49,957	4,844,204	654,226	73,717,157	148,574,346	33,717,160	182,291,506
III. Changes in equity during the period	-	(421,624)	146,688	-	-	13,673	(2,117,350)	(2,378,613)	736,019	(1,642,594)
(I) Total comprehensive income	-	-	149,723	-	-	-	3,130,771	3,280,494	962,468	4,242,962
(II) Shareholders' contributions and reductions in capital	-	(421,624)	-	-	-	-	(70,564)	(492,188)	294,270	(197,918)
1. Capital contributions from shareholders	-	45,995	-	-	-	-	-	45,995	252,867	298,862
2. Others	-	(467,619)	-	-	-	-	(70,564)	(538,183)	41,403	(496,780)
(III) Profit distribution	-	-	-	-	-	13,673	(5,179,469)	(5,165,796)	(520,719)	(5,686,515)
1. Distributions to shareholders	-	-	-	-	-	-	(5,165,796)	(5,165,796)	(519,795)	(5,685,591)
2. Appropriation for general risk reserve	-	-	-	-	-	13,673	(13,673)	-	-	-
3. Others	-	-	-	-	-	-	-	-	(924)	(924)
(IV) Transfers within Shareholders' equity	-	-	(3,035)	-	-	-	3,035	-	-	-
1. Other comprehensive income carried forward to retained earnings	-	-	(3,035)	-	-	-	3,035	-	-	-
(V) Special reserve	-	-	-	-	-	-	-	-	-	-
1. Appropriation of special reserve	-	-	-	168,578	-	-	-	168,578	10,696	179,274
2. Amount utilised in the period	-	-	-	(168,578)	-	-	-	(168,578)	(10,696)	(179,274)
(VI) Others	-	-	-	-	-	-	(1,123)	(1,123)	-	(1,123)
IV. Closing balance of the current period	28,698,864	41,465,569	(1,130,567)	49,957	4,844,204	667,899	71,599,807	146,195,733	34,453,179	180,648,912

Legal representative:
Sun Yongcai

Chief Accountant:
Li Zheng

Person in Charge of the Accounting Department:
Shi Jianfeng

COMPANY STATEMENT OF CHANGES IN SHAREHOLDERS' EQUITY

For the six months ended 30 June 2023

RMB'000

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

ITEM	From January to June 2022					
	Share capital	Capital reserve	Other comprehensive income	Surplus reserve	Retained earnings	Total
I. Closing balance of the previous year	28,698,864	62,809,651	(21,414)	4,844,204	5,867,159	102,198,464
II. Opening balance of the current year	28,698,864	62,809,651	(21,414)	4,844,204	5,867,159	102,198,464
III. Changes in equity during the period	-	811	(21)	-	(3,824,250)	(3,823,460)
(I) Total comprehensive income	-	-	(21)	-	1,341,546	1,341,525
(II) Shareholders' contributions and reduction in capital	-	811	-	-	-	811
1. Others	-	811	-	-	-	811
(III) Profit distribution	-	-	-	-	(5,165,796)	(5,165,796)
1. Distributions to shareholders	-	-	-	-	(5,165,796)	(5,165,796)
IV. Closing balance of the current period	28,698,864	62,810,462	(21,435)	4,844,204	2,042,909	98,375,004

Legal representative:
Sun Yongcai

Chief Accountant:
Li Zheng

Person in Charge of the Accounting Department:
Shi Jianfeng

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

FOR THE SIX MONTHS ENDED 30 JUNE 2023

I. BASIC INFORMATION ABOUT THE COMPANY

1 Statement of compliance

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. 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.

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

FOR THE SIX MONTHS ENDED 30 JUNE 2023

I. BASIC INFORMATION ABOUT THE COMPANY (continued)

2 Scope of consolidated financial statements

Company name	Principal place of business	Registered place	Type of legal entity	Legal Representative	Business scope/ Nature of business	Unified social credit code	Paid-in capital (RMB'000)	Shareholding percentage (%)	Voting proportion (%)
CRRC Changchun Railway Vehicles Co., Ltd. ("CRRC Changchun")	China	Changchun	Limited company	Wang Feng	Manufacturing	91220000735902224D	6,277,764	93.54	93.54
CRRC Zhuzhou Institute Co., Ltd. ("CRRC ZIC")	China	Zhuzhou	Limited liability company	Li Dongjin	Manufacturing	9143020044517525X1	9,126,840	100.00	100.00
CRRC Zhuzhou Locomotive Co., Ltd. ("CRRC ZELC")	China	Zhuzhou	Limited liability company	Fu Chengjun	Manufacturing	914302007790310965	5,528,330	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 DLOCO")	China	Dalian Branch	Limited liability company	Lin Cuzeng	Manufacturing	91210200241283929E	4,370,470	100.00	100.00
CRRC Qiche Group Co., Ltd. ("CRRC Qiche Group")	China	Qiqihar	Limited liability company	Zhang Yuxiang	Manufacturing	91230200057435769W	7,900,000	100.00	100.00
CRRC Yangtze Group Co., Ltd. ("CRRC Yangtze Group")	China	Wuhan	Limited liability company	Zhang Lei	Manufacturing	91420115MA4KYAEH3B	5,716,509	100.00	100.00
CRRC Investment & Leasing Co., Ltd. ("CRRC Leasing")	China	Beijing	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	91320400663818217D	2,298,020	100.00	100.00
CRRC Qishuyan Institute Co., Ltd. ("CRRC QSYI") (Note 3)	China	Changzhou	Limited liability company	Wang Chenglong	Manufacturing	91320400137168058A	2,575,381	84.19	84.19
CRRC Capital Management Co., Ltd. ("CRRC Capital")	China	Beijing	Limited liability company	Lu Jianzhou	Finance	91110108MA00314Q4L	2,500,000	100.00	100.00
CRRC Nanjing Puzhen Co., Ltd. ("CRRC Puzhen")	China	Nanjing	Limited liability company	Li Dingnan	Manufacturing	91320191663764660N	5,104,540	100.00	100.00
CRRC Hongkong Capital Management Co., Ltd. ("CRRC Hongkong Capital")	China	Hong Kong	Limited liability company	Li Jin	Investment and capital operation	Not applicable	3,503,568	100.00	100.00
CRRC ITET Co., Ltd. ("CRRC ITET")	China	Beijing	Limited liability company	Wang Hongwei	Housing industry	91110106590636663T	1,500,000	50.00	50.00
CRRC Yongji Electric Co., Ltd. ("CRRC Yongji Electric")	China	Yongji	Limited liability company	Xing Xiaodong	Manufacturing	911403881664458751J	1,318,260	100.00	100.00
CRRC Sifang Institute Co., Ltd. ("CRRC Sifang Institute")	China	Qingdao	Limited liability company	Kong Jun	Manufacturing	91370200264582788W	1,738,260	100.00	100.00

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

FOR THE SIX MONTHS ENDED 30 JUNE 2023

I. BASIC INFORMATION ABOUT THE COMPANY (continued)

2. Scope of consolidated financial statements (continued)

Company name	Principal place of business	Registered place	Type of legal entity	Legal Representative	Business scope/ Nature of business	Unified social credit code	Paid-in capital (RMB'000)	Shareholding percentage (%)	Voting proportion (%)
CRRC Finance Co., Ltd. ("CRRC Finance")	China	Beijing	Limited liability company	Dong Xuzhang	Financing	911100000573064301	3,200,000	91.36	91.36
CRRC Zhuzhou Electric Co., Ltd. ("CRRC Zhuzhou Electric")	China	Zhuzhou	Limited liability company	Nie Ziqiang	Manufacturing	9143020076071871X7	1,342,200	100.00	100.00
CRRC Ziyang Co., Ltd. ("CRRC Ziyang")	China	Ziyang	Limited liability company	Chen Zhixin	Manufacturing	91512000786693055N	2,028,889	99.60	99.60
CRRC Beijing Nankou Co., Ltd. ("CRRC Nankou")	China	Beijing	Limited liability company	Tao Lu	Manufacturing	91110000664625580F	1,008,000	100.00	100.00
CRRC Datong Co., Ltd. ("CRRC Datong")	China	Datong	Limited liability company	Huang Qichao	Manufacturing	91140200602161186E	656,000	100.00	100.00
CRRC Dalian Institute Co., Ltd. ("CRRC DLRI")	China	Dalian	Limited liability company	Liu Huiyan	Manufacturing	91210200243024402A	455,000	100.00	100.00
CRRC SIFANG Co., Ltd. ("CRRC SFC")	China	Qingdao	Limited liability company	Ma Lijun	Manufacturing	9137020016357624X1	43,095	100.00	100.00
CRRC Logistics Co., Ltd. ("CRRC Logistics")	China	Beijing	Limited liability company	Liu Zhengjing	Logistics and trade	91110108737682982M	760,000	100.00	100.00
CRRC Academy Co., Ltd. ("CRRC ACADEMY")	China	Beijing	Limited liability company	Gong Ming	Research and development	911101063066897448	228,000	100.00	100.00
CRRC International Co., Ltd. ("CRRC International")	China	Beijing	Limited liability company	Wu Yan	Trade	911101067109217367	700,000	100.00	100.00
CRRC Information Technology Co., Ltd. ("CRRC InfoTech")	China	Beijing	Limited liability company	Chen Kai	Software development	91110108700035941C	252,680	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
CRRC Financial Leasing Co., Ltd. ("CRRC Financial Leasing")	China	Tianjin	Limited liability company	Xu Weifeng	Financial services	91120118MA06J91H6K	3,000,000	81.00	81.00
Zhuzhou CRRC Times Electric Co., Ltd. (Times Electric) (Note 1)	China	Zhuzhou	Limited company	Li Dongjin	Manufacturing	914300007808508659	1,416,237	45.93	45.93
Zhuzhou Times New Material Technology Co., Ltd. ("TMT") (Note 2)	China	Zhuzhou	Limited company	Peng Huawen	Manufacturing	91430200712106524U	822,478	38.61	49.66

Note 1: Times Electric is a subsidiary of CRRC ZIC. On 7 September 2021, Times Electric was listed on the Shanghai Stock Exchange STAR Market (stock code: 688187) and issued 240,760,275 new shares, so far, the shareholding percentage of Times Electric held by the Group was passively diluted from 53.19% to 44.14%, and the voting proportion was reduced from 53.19% to 44.14%. After the dilution of shareholding percentage, the Group is still able to exercise control over Times Electric. During 2022, CRRC Hong Kong Capital Management, a subsidiary of the Company, purchased 25,320,000 shares of Times Electric in the open market. As at 30 June 2023, the Group's shareholding percentage in Times Electric is 45.93%.

Note 2: TMT is a subsidiary of CRRC Zhuzhou Institute. On April 25, 2023, the proposal on the "Adjusting the List of Incentive Objects and the Number of Restricted Stocks Granted for the First Time in the 2022 Restricted Stock Incentive Plan of the Company" and the "Granting Restricted Stocks to Incentive Objects for the First Time in the 2022 Restricted Stock Incentive Plan of the Company" have been approved by the 24th meeting of the 9th board of directors and the 17th meeting of the 9th board of supervisors of the Company. As at 30 June 2023, TMT has added 19.68 million shares of capital, therefore, the equity interests of TMT held by the Group was diluted from 39.55% to 38.61% and the equity interests held by CRRCG was diluted from 11.32% to 11.05%. Since CRRCG has authorised the Company to exercise its voting rights, the voting rights of TMT held by the Group was diluted from 50.87% to 49.66%.

Note 3: In the first half of 2023, CRRC QSYRI introduced strategic investors to complete the mixed ownership reform by way of capital increase. As at 30 June 2023, CRRC QSYRI had an additional paid-in capital of RMB407 million, and the shareholding percentage of CRRC QSYRI held by the Group was passively diluted from 100% to 84.19%, and the voting proportion was reduced from 100% to 84.19%. After the dilution of shareholding percentage, the Group is still able to exercise control over CRRC QSYRI.

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

FOR THE SIX MONTHS ENDED 30 JUNE 2023

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 Company also discloses relevant financial information in accordance with Information Disclosure and Preparation Rules for Companies Offering Securities to the Public No. 15 – General Provisions on Financial Reporting (revised by the CSRC in 2014).

2 Going concern

The Group evaluated the going concern capability for the next twelve months from 30 June 2023 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

Specific accounting policies and accounting estimates tips:

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 2023, and consolidated and the Company’s operating results, changes in shareholders’ equity and cash flows for the period ended 30 June 2023.

2 Accounting period

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

3 Business cycle

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

4 Reporting currency

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

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

5 Basis of accounting and principle of measurement

The Group has adopted the accrual basis of accounting. Except for certain financial instruments which are measured at fair value, the Group adopts the historical cost as the principle of measurement. When assets are impaired, impairment provisions for assets are recognised in accordance with relevant requirements.

The historical cost of an asset when it is acquired or created is the value of the costs incurred in acquiring or creating the asset, comprising the fair value of consideration paid to acquire or create the asset. The historical cost of a liability when it is incurred or taken on is the value of the consideration received to incur or take on the liability, or the contractual amount for taken current obligations, or the amount of cash and cash equivalents expected to be paid to settle the liabilities in normal course of business.

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date, regardless of whether that price is directly observable or estimated using valuation technique. Fair value measurement and disclosure in the financial statements are determined according to the above basis.

Fair value measurements are categorised into Level 1, 2 or 3 based on the degree to which the inputs to the fair value measurements are observable and the significance of the inputs to the fair value measurement in its entirety:

Level 1 inputs are quoted prices (unadjusted) in active markets for identical assets or liabilities that the entity can access at the measurement date;

Level 2 inputs are inputs, other than inputs within Level 1, that are either directly or indirectly observable for underlying assets and liabilities;

Level 3 inputs are unobservable inputs for the asset or liability.

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

(1) Business combinations involving entities 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 involving entities not 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 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 assets and financial liabilities are recognised when the Group becomes a party to the contractual provisions of the instrument.

Financial assets and financial liabilities are measured initially at fair value. For financial assets and financial liabilities at fair value through profit or loss, transaction costs are immediately recognised in profit or loss. For other financial assets and financial liabilities, transaction costs are included in their initial recognised amounts. When the Group recognises the accounts receivable excluding significant financing components or does not consider the financing components in the contracts within one year in accordance with the Accounting Standards for Business Enterprises No. 14 – Revenue (“Revenue Standards”), the initial recognition is measured at transaction price defined in Revenue Standards.

The effective interest method is a method of calculating the amortised cost of a financial asset or a financial liability and of allocating the interest income or interest expense over each accounting period.

The effective interest rate is the rate that exactly discounts estimated future cash flows through the expected life of the financial asset or financial liability, or where appropriate, a shorter period to the net carrying amount of the financial asset or financial liability. When calculating the effective interest rate, the Group estimates future cash flows considering all contractual terms of the financial asset or financial liability (i.e. pre-repayment, extension, call option or other similar options, etc.) without considering future impairment losses under expected credit loss model.

The amortised cost of a financial asset or a financial liability is an accumulatively amortised amount arising from the initially recognised amount of the financial asset or the financial liability deducting repaid principals plus or less amortisation of balances between the initially recognised amount on initial recognition and the amount on maturity date using the effective interest method, and then deducting accumulated provisions for losses (only applicable to financial assets).

(1) Classification and measurement of financial assets

Subsequent to initial recognition, the Group’s various financial assets are subsequently measured at amortised cost, fair value through other comprehensive income and fair value through profit or loss.

If contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding, and the financial asset is held within a business model whose objective is achieved by collecting contractual cash flows, the Group classify the financial asset into financial asset measured at amortised cost. Such financial assets include cash and bank balances, bills and accounts receivable, other receivables, placements with banks and other financial institutions, some non-current assets due within one year, loans and advances to customers, debt investments and long-term receivables.

If the contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding, and the financial asset is held within a business model whose objective is achieved by both collecting contractual cash flows and selling the financial assets, the Group classify the financial asset into the financial assets at fair value through other comprehensive income (“FVTOCI”). Accounts receivable and bills receivable that are classified at fair value through other comprehensive income at the time of acquisition are presented in the receivables at fair value through other comprehensive income; the remaining items are presented in other current assets if they are within one year (inclusive) at the time of acquisition.

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

11. Financial instruments *(continued)*

(1) Classification and measurement of financial assets *(continued)*

Financial assets at fair value through profit and loss (“FVTPL”) include financial assets classified at fair value through profit and loss and those designated as at fair value through profit or loss:

- Financial assets that do not meet the criteria for being measured at amortised cost or FVTOCI are recognised into FVTPL.
- Upon initial recognition, to eliminate or significantly reduce accounting mismatches, the Group may irrevocably designate financial assets as measured at FVTPL.

Financial assets at fair value through profit and loss are presented under held-for-trading financial assets. Financial assets due over one year since the balance sheet date or without a fixed expiring date are presented under other non-current financial assets.

Upon initial recognition, the Group may irrevocably designate non-tradable equity instrument investment as financial assets measured at FVTOCI, except for contingent considerations recognised in the business combination not under the common control. Such type of financial assets shall be presented as investments in other equity instruments.

Financial assets meeting one of the following requirements indicate that the financial assets held by the Group are for trading:

- The purpose of obtaining relevant financial assets is mainly for sale or buy-back in the near future;
- Relevant financial assets are part of the identifiable financial instrument combination under centralised management upon initial recognition and there is objective evidence indicating that exists recently a short-term profit model;
- Relevant financial assets are derivatives, except for derivatives meet the definition of financial guarantee contracts as well as derivatives designated as effective hedging instruments.

(a) Financial assets measured at amortised cost

Financial assets are subsequently measured at amortised cost using the effective interest method. Gain or loss arising from impairment or derecognition is recognised in profit or loss.

For financial assets measured at amortised cost the Group recognises interest income using the effective interest method. The Group calculates and recognises interest income through book value of financial assets multiplying effective interest, except for the following circumstances:

- For the purchased or originated credit loss occurred financial assets, the Group calculates and recognises their interest income based on amortised cost and credit-adjusted effective interest rate of such financial assets since initial recognition;
- For the purchased or originated financial assets without credit-impairment but subsequently incurred credit-impairment, the Group calculates and recognises their interest income based on amortised costs and effective interest rate of such financial assets. If the credit impairment risk is reduced during the subsequent periods and credit impairment does not exist and the improvement is relevant to an event incurred subsequent to the application of above provisions, the Group recognises interest income based on book value of financial assets multiplying effective interest rate.

III. SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES *(continued)***11. Financial instruments** *(continued)***(1) Classification and measurement of financial assets** *(continued)***(b) Financial assets measured at FVTOCI**

Impairment losses or gains related to financial assets categorised into FVTOCI, interest income measured using effective interest method and exchange gains or losses are recognised into profit or loss for the current period. Except for the above circumstances, changes in fair value of the financial assets are included in other comprehensive income. The amount includes in profit or loss of certain financial assets is equal to the amount that the financial assets is recognised at amortised cost over each period. When the financial asset is derecognised, the cumulative gains or losses previously recognised in other comprehensive income shall be removed from other comprehensive income and recognised in profit or loss.

(c) Financial assets designated as FVTOCI

The Group designated non-tradable equity investments as FVTOCI, changes in fair value of certain financial assets should be recognised in other comprehensive income, when the financial assets are derecognised, the accumulative gains or losses previously recognised in other comprehensive income shall be removed from other comprehensive income and recognised in retained earnings. During the period that the Group holds these non-tradable equity instrument, the Group has established the right of collecting dividends, whose economic benefit is probably flow into the Group, and the amount of the dividends can be reliably measured, then the Group will recognise dividends in profit or loss.

(d) Financial assets measured at FVTPL

The Group subsequently measured financial assets at FVTPL at fair value, gains or losses arising from changes in the fair value and dividend and interest income related to these financial assets shall be recognised into profit or loss for the period.

(2) Impairment of financial assets and other items

The Group recognises impairment losses for expected credit losses on financial instruments measured at amortised cost, categorised into FVTOCI, lease receivables, contract assets, loan commitments and financial guarantee contracts.

The Group measures loss allowance for contract assets and receivables arising from transactions regulated by Revenue Standard, and lease receivables arising from transactions regulated by the Accounting Standards for Business Enterprises No. 21 – Leases based on the amount of lifetime ECL.

For other financial instruments, except for the purchased or originated to be impaired, the Group re-evaluate changes in credit risk of relevant financial instruments since initial recognition at each balance sheet date. If the credit risk of the above financial instruments has increased significantly since initial recognition, the Group measures loss allowance based on the amount of full lifetime; if credit risk of the financial instrument does not increase significantly since initial recognition, the Group recognises loss allowance based on 12-month expected credit loss of the financial instrument. Increase or reversal of credit loss allowance is included in profit or loss as loss/gain on impairment. Except for the financial assets classified as FVTOCI, financial guarantee contract and loan commitment, credit loss allowance offsets the carrying amount of financial assets. For the financial assets classified as FVTOCI, the Group recognises credit loss allowance in other comprehensive income, which does not decrease the carrying amount of such financial assets in the balance sheet.

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

11. Financial instruments *(continued)*

(2) Impairment of financial assets and other items *(continued)*

The Group has measured loss allowance at the amount of lifetime ECL of the financial instruments in the prior accounting period. However, at the balance sheet date, the credit risk on a financial instrument has not increased significantly since initial recognition; the Group will measure the loss allowance for that financial instrument at an amount in the future 12-month expected credit losses. Reversed amount of loss allowance arising from such circumstances shall be included in profit or loss as impairment gains.

(a) Significant increases in credit risk

The Group will make use of reasonable and supportable forward-looking information that is available to determine whether credit risk has increased significantly since initial recognition through comparing the risk of a default occurring on the financial instruments as at the reporting date with the risk of a default occurring on the financial instruments as at the date of initial recognition. For financial guarantee contracts, when applying the provision of impairment of financial instruments, the Group shall take the date when it becomes the party making an irrevocable undertaking as the initial recognition date.

The Group will take the following factors into consideration when assessing whether credit risk has increased significantly:

- Significant changes in internal price indicators as a result of a change in credit risk;
- Other changes in the rates or terms of an existing financial instrument that would be significantly different if the instrument was newly originated or issued at the balance sheet date (such as more stringent covenants, increased amounts of collateral or guarantees, or higher income coverage);
- Significant changes in external market indicators of credit risk for a particular financial instrument or similar financial instruments with the same expected life;
- An actual or expected significant change in the financial instrument's external credit rating;
- Existing or forecast adverse changes in business, financial or economic conditions that are expected to cause a significant change in the debtor's ability to meet its debt obligations;
- An actual or expected significant change in the operating results of the debtor;
- Significant increases in credit risk on other financial instruments of the same debtor;
- An actual or expected significant adverse change in the regulatory, economic, or technological environment of the debtor;
- Significant changes in the value of the collateral supporting the obligation or in the quality of third-party guarantees or credit enhancements;
- Significant changes in the expected performance and behaviour of the debtor;
- Changes in the Group's credit management approach related to the financial instrument.

At the balance sheet date, if the Group judges that the financial instruments solely are exposed to lower credit risk, the Group will assume that the credit risk of the financial instruments has not been significantly increased since initial recognition. If the risk of default on financial instruments is low, the borrower's ability to meet its contractual cash flow obligations in the short term is strong, and even if the economic situation and operating environment are adversely changed over a long period of time, it may not necessarily reduce the borrower's ability to fulfil its contractual cash flow obligations, the financial instrument is considered to have a lower credit risk.

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

11. Financial instruments *(continued)*

(2) Impairment of financial assets and other items *(continued)*

(b) Credit-impaired financial assets

When the Group expected occurrence of one or more events which may cause adverse impact on future cash flows of a financial asset, the financial asset will become a credit-impaired financial asset. Objective evidence that a financial asset is impaired includes the following observable events:

- Significant financial difficulty of the issuer or the borrower;
- A breach of contract by the debtor, such as a default or delinquency in interest or principal payments;
- The creditor, for economic or legal reasons relating to the debtor's financial difficulty, granting a concession to the debtor;
- It is becoming probable that the debtor will enter bankruptcy or other financial reorganisation;
- The disappearance of an active market for that financial asset because of financial difficulties; or ;
- The purchase or origination of a financial asset with a large scale of discount, which reflects the facts of credit losses incurred.

(c) Recognition of expected credit losses

Except that the Group recognises credit loss for financial assets, contract assets, lease receivables, loan commitment and financial guarantee contracts that are individually significant or credit impaired on an individual asset/contract basis, the Group recognises credit loss of relevant financial instruments on a collectively basis using a provision matrix. The Group classifies financial instruments into different groups based on common risk characteristics. Shared credit risk characteristics include type of financial instruments, credit risk rating, type of collateral, remaining contractual maturity, industry of debtors, geographical location of debtors and the value of collateral relative to financial assets, etc.

The Group determines expected credit losses of relevant financial instruments using the following methods:

- For a financial asset, credit loss is the present value of difference between the contractual cash flows that are due to the Group under the contract and the cash flows that the Group expects to receive;
- For a lease receivable, credit loss is the present value of difference between the contractual cash flows that are due to the Group under the contract and the cash flows that the Group expects to receive;
- For undrawn loan commitments, the credit loss is the present value of the difference between the contract cash flow to be received by the Group and the expected cash flow, under the condition that the loan commitment holder withdraws the corresponding loans. The Group's estimate of the expected credit loss on the loan commitment is consistent with the expected withdrawal of the loan commitment;
- For a financial guarantee contract, credit loss is the present value of difference between the expected payments to reimburse the holder for a credit loss that it incurs less any amounts that the Group expects to receive from the holder, the debtor or any other party;

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

11. Financial instruments *(continued)*

(2) Impairment of financial assets and other items *(continued)*

(c) Recognition of expected credit losses *(continued)*

- For credit-impaired financial assets other than the purchased or originated credit-impaired financial assets at the balance sheet date, credit loss is difference between the carrying amount of financial assets and the present value of expected future cash flows discounted at original effective interest rate.

The factors reflected in methods of measurement of expected credit losses include an unbiased and probability-weighted amount that is determined by evaluating a range of possible outcomes; time value of money; reasonable and supportable information about past events, current conditions and forecasts on future economic status at the balance sheet date without unnecessary additional costs or efforts.

(d) Write-off of financial assets

The Group shall directly write down the carrying amount of a financial asset when the Group has no longer reasonably expect that the contractual cash flows of financial assets can be collected in aggregate or in part, which constitutes derecognition of relevant financial assets.

(3) Transfer of financial assets

The Group derecognises a financial asset if one of the following conditions is satisfied: (i) the contractual rights to the cash flows from the financial asset expire; or (ii) the financial asset has been transferred and substantially all the risks and rewards of ownership of the financial asset is transferred to the transferee; or (iii) although the financial asset has been transferred, the Group neither transfers nor retains substantially all the risks and rewards of ownership of the financial asset but has not retained control of the financial asset.

If the Group neither transfers nor retains substantially all the risks and rewards of ownership of a financial asset, and it retains control of the financial asset, the Group will recognise the financial asset to the extent of its continuing involvement in the transferred financial asset and recognises an associated liability. Relevant liabilities are measured using the following methods:

- For transferred financial assets recognised at amortised cost, the carrying amount of relevant liabilities is the carrying amount of financial assets transferred with continuing involvement deducted amortised cost of the Group's retained rights (if the Group retains relevant rights due to transfer of financial assets) with addition of amortised cost of obligations undertaken by the Group (if the Group undertakes relevant obligations upon transfer of financial assets). Relevant liabilities shall not be designated as financial liabilities at fair value through profit or loss.
- For transferred financial assets recognised at fair value, the carrying amount of relevant financial liabilities is the carrying amount of financial assets transferred with continuing involvement deducted fair value of the Group's retained rights (if the Group retains relevant rights upon transfer of financial assets) with addition of fair value of obligations undertaken by the Group (if the Group undertakes relevant obligations upon transfer of financial assets). Accordingly, the fair value of relevant rights and obligations shall be measured on an individual basis.

For a transfer of a financial asset in its entirety that satisfies the derecognition criteria, for financial asset categorised into those measured at amortised cost and FVTOCI, the difference between the carrying amount of the financial asset transferred and the sum of the consideration received from the transfer and any cumulative gain or loss that has been recognised in other comprehensive income, is recognised in profit or loss. For non-trading equity instruments designated as financial assets at FVTOCI, cumulative gains or losses previously recognised in other comprehensive income should be removed from other comprehensive income and be recognised in retained earnings.

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

11. Financial instruments *(continued)*

(3) Transfer of financial assets *(continued)*

For a part of transfer of a financial asset that satisfies the derecognition criteria, the carrying amount of the transferred financial asset is allocated between the part that is derecognised and the part that is continuously involved, based on the respective fair values of those parts on transfer date. The difference between (1) the sum of the consideration received for the part derecognised and any cumulative gain or loss allocated to the part derecognised which has been previously recognised in other comprehensive income; and (2) the carrying amount allocated to the part derecognised on derecognition date; is recognised in profit or loss or retained earnings.

For a transfer of a financial asset in its entirety that does not satisfy the derecognition criteria, the Group continues to recognise the transferred financial asset in its entirety. The consideration received should be recognised as a financial liability.

(4) Classification of liabilities and equity

Financial instruments issued by the Group are classified into financial liabilities or equity instruments on the basis of the substance of the contractual arrangements and the economic nature not only its legal form, together with the definition of financial liability and equity instruments on initial recognition.

(a) Classification and measurement of financial liabilities

On initial recognition, financial liabilities are classified into financial liabilities at fair value through profit or loss and other financial liabilities.

(i) Financial liabilities at fair value through profit or loss

Financial liabilities at FVTPL consist of financial liabilities held for trading (including derivative instruments classified as financial liabilities) and those designated as at FVTPL. Financial liabilities at FVTPL are presented as held-for-trading financial liabilities/other non-current liabilities based on its liquidity.

It is indicated that the Group's purpose of undertaking the financial liabilities is for trading if the financial liabilities meet one of the following conditions:

- The purpose for undertaking relevant financial liabilities is mainly for recent repurchase;
- The relevant financial liabilities are part of the centrally managed identifiable financial instrument portfolio at initial recognition, and there is objective evidence that there is a short-term profits presence in the near future;
- Related financial liabilities are derivatives, except for derivatives that meet the definition of a financial guarantee contract and that are designated as effective hedging instruments.

Financial liabilities at FVTPL are subsequently measured at fair value. Any gains or losses arising from changes in the fair value or any dividend or interest expenses paid related to the financial liabilities are recognised in profit or loss.

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

11. Financial instruments *(continued)*

(4) Classification of liabilities and equity *(continued)*

(a) Classification and measurement of financial liabilities *(continued)*

(ii) Other financial liabilities

Other financial liabilities, except for financial guarantee contracts, are classified as financial liabilities measured at amortised cost, which is subsequently measured at amortised cost, any gains or losses arising from derecognition or amortisation are recognised in profit or loss for the year.

If the Group amends or renegotiates a contract with the counterparty which does not result in derecognition of financial liabilities subsequently measured at amortised cost but results in changes in the contractual cash flow, the Group shall recalculate the carrying amount of the financial liabilities and account for the relevant profit or loss as current profit or loss. The Group determines the recalculated carrying amount of the financial liabilities based on the present value of the contractual cash flow to be renegotiated or modified according to the discounted original effective interest rate of financial liabilities. For all the costs or expenses arising from an amended or renegotiated contract, the Group shall adjust the book value of the financial liabilities and amortise them for the remaining life of the financial liabilities.

A financial guarantee contract is a contract by which the issuer is required to compensate specific amount to the contract holder who suffers from losses when the specific debtor cannot repay the debts in accordance with the initial or revised debt instrument terms upon maturity of debts. Financial guarantee contracts that are not designated as financial liabilities at FVTPL are measured at the higher of: (i) the loss provision after initial recognition, and (ii) balance of amount recognised initially deducting the accumulated amortisation amount determined on the basis of relevant revenue standards.

(b) Derecognition of Financial Liabilities

The Group derecognises a financial liability (or part of it) only when the underlying present obligation (or part of it) is discharged. An agreement between the Group (an existing debtor) and an existing lender to replace the original financial liability with a new financial liability with substantially different terms is accounted for as an extinguishment of the original financial liability and the recognition of a new financial liability.

When the Group derecognises a financial liability or a part of it, it recognises the difference between the carrying amount of the financial liability (or part of the financial liability) derecognised and the consideration paid (including any non-cash assets transferred or new financial liabilities assumed) in profit or loss.

(c) Equity instruments

An equity instrument is a contract that evidences a residual interest in the assets of the Group after deducting all of its liabilities. The Group's issuance (including refinancing), repurchase, sales or cancellation of an equity instrument shall be accounted for as a change to equity. The Group does not recognise changes in the fair value of an equity instrument. Transaction costs of an equity transaction are accounted for as a deduction from equity.

The Group recognises the distribution to holders of the equity instruments as distribution of profits, and dividends paid do not affect total amount of shareholders' equity.

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

11. Financial instruments *(continued)*

(5) Derivatives and embedded derivatives

Derivatives are initially measured at fair value at the date when the derivative contracts are entered into and are subsequently remeasured at fair value.

For hybrid contract constituted by embedded derivatives and host contract, if the host contract is a financial asset, the embedded derivative shall not be separated from the hybrid contract, and the hybrid contract shall be taken as a whole to apply to the accounting standards for the classification of financial assets.

If the host contract included in the hybrid contract is not a financial asset and satisfies all the following criteria, the embedded derivative shall be separated from the hybrid contract and treated as an individual derivative.

- The economic characteristics and risks of the embedded derivative are not closely related to the economic characteristics and risks of the host contract;
- The individual instrument has the same terms as the embedded derivative conforms to the definition of a derivative;
- The hybrid instrument is not designated as a financial asset or financial liability at FVTPL.

If the embedded derivative is separated from the hybrid contract, the host contract shall be accounted for in accordance with the appropriate accounting standards.

Changes in fair value of derivative financial instruments are included in profit or loss for the period.

(6) Convertible Bonds

Convertible bonds issued by the Group that contain both debt and multiple embedded derivatives (including conversion option that will be settled other than by the exchange of a fixed amount of cash or another financial asset for a fixed number of the Group's own equity instruments, redemption options and repurchase options) are classified separately into respective items on initial recognition. Multiple embedded derivatives are generally treated as a single compound embedded derivative unless those derivatives relate to different risk exposures and are readily separable and independent of each other. At the date of issue, both the debt and the derivative components are recognised at fair value.

In subsequent periods, the debt component of the convertible bonds is carried at amortised cost using the effective interest method. The derivative component is measured at fair value with changes in fair value recognised in profit or loss.

Transaction costs that relate to the issue of the convertible bonds are allocated to the debt and derivative components in proportion to their relative fair values. Transaction costs relating to the derivative component is charged to profit or loss immediately. Transaction costs relating to the debt component are included in the carrying amount of the debt portion and amortised over the period of the convertible bonds using the effective interest method.

(7) Offsetting financial assets and financial liabilities

Where the Group has a legal right that is currently enforceable to set off the recognised financial assets and financial liabilities, and intends either to settle on a net basis, or to realise the financial asset and settle the financial liability simultaneously, a financial asset and a financial liability shall be offset and the net amount is presented in the balance sheet. Except for the above circumstances, financial assets and financial liabilities shall be presented separately in the balance sheet and shall not be offset.

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

12 Inventories

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

The perpetual inventory system is maintained for stock system.

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.

13 Assets held for sale and discontinued operations

(1) Assets held for sale

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

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

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

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

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

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

(2) 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.

14 Long-term equity investments

(1) Judgment criteria for joint control and significant influence

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

(2) Determination of investment cost

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

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

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

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

(3) Subsequent measurement and recognition of profit or loss

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

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

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

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

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

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

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

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.

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

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

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

(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.

15 Investment properties

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

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

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

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

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

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

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

FOR THE SIX MONTHS ENDED 30 JUNE 2023

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

16 Fixed assets

(1) Recognition criteria

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

The initial cost of purchased fixed assets includes purchase cost, relevant taxes and expenses attributable to the asset incurred before it reaches ready-to-use condition. The initial cost of self-constructed fixed assets is recognised in accordance with Note 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.

(2) Depreciation method

Except for land use right owned by the Group, fixed asset is depreciated using the straight-line method. The useful life, estimated net residual value rate and annual depreciation rate of each category of fixed assets are as follows:

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 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
Land use rights	50-70 years
Proprietary technology and technical know-how	3-25 years
Software use rights	2-10 years
Customer relationship	7-15 years
Backlogs and technical service preferential orders	The period in which the services are rendered 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) Accounting policies for internal research and development expenditure

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.

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.

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

20 Impairment of long-term assets

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

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

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

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

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

21 Long-term deferred expenses

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

22 Employee benefits

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

(1) Accounting for short-term employee benefits

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

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

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

22. Employee benefits *(continued)*

(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 rereasurement 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.

(3) Accounting for termination benefits

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

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

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

23 Provisions

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

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

24 Revenue

(1) Accounting policy for recognition and measurement of revenue from contracts with customers

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

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

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

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

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

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

24. Revenue *(continued)*

(1) Accounting policy for the recognition and measurement of revenue from contracts with customers *(continued)*

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

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

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

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

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

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.

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

24. Revenue *(continued)*

(1) Accounting policy for the recognition and measurement of revenue from contracts with customers *(continued)*

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 the impairment of contract asset are specified in Note III. 11. The Group's unconditional (i.e., depending on the passage of time only) right to receive consideration from the customer is separately presented as receivables.

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

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

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

25 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.

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

25. Contract costs *(continued)*

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

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

26 Government grants

Government grants are transfer of monetary assets and non-monetary assets from the government to the Group at no consideration. A government grant is recognised only when the Group can comply with the conditions attaching to the grant and the Group will receive the grant.

If a government grant is in the form of a transfer of a monetary asset, it is measured at the amount received or receivable. If a government grant is in the form of a non-monetary asset, it is measured at fair value. If the fair value cannot be reliably determined, it is measured at a nominal amount. A government grant measured at a nominal amount is recognized immediately in profit or loss for the period.

(1) Judgment basis and accounting treatments for government grants related to assets

If the government grant is a compensation for constructing or forming long-term assets, the government grant is recognised as government grants related to assets.

A government grant related to an asset is recognised as deferred income and included in profit or loss over the useful life of the related asset. Where the relevant asset is sold, transferred, scrapped or damaged prior to the end of its useful life, the related undistributed deferred income is transferred to the profit or loss of the disposal period.

(2) Judgment basis and accounting treatments for government grants related to income

Government grants other than government grants related to assets are government grants related to income.

For a government grant related to income, if the grant is a compensation for related expenses or losses to be incurred in subsequent periods, the grant is recognised as deferred income and recognised in profit or loss over the periods in which the related costs or losses are recognised; If the grant is a compensation for related expenses or losses already incurred, the grant is recognised immediately in profit or loss for the period. The Group classifies government grants that are difficult to be distinguished as government grants related to income aggregately.

A government grant related to the Group's daily activities is recognised in other income based on the substance of economic activities; a government grant not related to the Group's daily activities is recognised in non-operating income and expenses.

Discount interest on preferential loans obtained by the Group is directly allocated to the Group, with the corresponding interest discounts offsetting related borrowing costs.

III. SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES *(continued)***27 Deferred tax assets/Deferred tax liabilities**

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

(1) Current income tax

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

(2) Deferred tax assets/deferred tax liabilities

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

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

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

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 single transaction that is not a business combination and that affects neither accounting profit nor taxable profit (or deductible loss), and not results in equal taxable and deductible temporary differences on initial recognition.

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.

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

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

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

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.

28 Leases

(1) Recognition and accounting of leases under new leases standard

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.

III. SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES *(continued)***28. Leases** *(continued)***(1) Recognition and accounting of leases under new lease standard** *(continued)***(1) As a lessee** *(continued)***(b) Right-of-use assets** *(continued)*

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

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

(c) Lease liabilities

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

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

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

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.

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

28. Leases *(continued)*

(1) Recognition and accounting of leases under new lease standard *(continued)*

(1) As a lessee *(continued)*

(c) Lease liabilities *(continued)*

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

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

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

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

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

(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.

III. SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES *(continued)***28. Leases** *(continued)***(1) Recognition and accounting of leases under new lease standard** *(continued)***(2) 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. 24 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)*

(1) Recognition and accounting of leases under new lease standard *(continued)*

(2) 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.

(3) Sales and leaseback

(a) 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. 24. 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.

(b) 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) Profit distribution

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

(2) Production safety expenses

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

(3) Debt restructuring

Recording debt restructuring obligation as a creditor

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

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

(4) Related parties

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

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

30 Significant accounting estimates and judgements

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

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

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

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

(1) Credit loss allowance for receivables and contract assets

Except for that the Group recognises credit loss for receivables and contract assets that are individually significant or have credit impaired on an individually basis, the Group determines the expected credit loss of receivables and contract assets on a collectively basis using a provision matrix. For receivables and contract assets whose credit loss are determined individually, the Group determines the credit loss by estimating the expected cash flows based on reasonable and evidenced information available on the balance sheet date with forward-looking information taken into consideration. For receivables and contract assets other than the above, the Group, based on the historical collection condition, determines the proportion of corresponding loss provision for each type of receivables and contract assets with similar credit risk characteristics on a portfolio basis. The provision matrix is based on the Group's historical credit loss experience and is based on reasonable and evidence-based forward-looking information that is available without undue cost or effort. As at 30 June 2023, the Group has reassessed the historical actual credit loss rate and considered changes in forward-looking information.

(2) Impairment of goodwill

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

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

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

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

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

(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.

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

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

(6) Deferred tax assets

Besides the exceptions that have been illustrated in the Note III. 27, deferred tax assets are recognised for unused tax losses and deductible temporary differences to the extent that it is probable that taxable profit will be available against which the losses and deductible temporary differences can be utilised. Significant management judgement is required to determine the amount of deferred tax assets that can be recognised, based upon the likely timing and level of future taxable profits together with future tax planning strategies.

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

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

(8) Warranties for product quality

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

31 Changes in significant accounting policies and accounting estimates

(1) Changes in significant accounting policies

In 2023, the Group has adopted the revised accounting requirements and guidance under CAS newly issued by the Ministry of Finance ("MOF") as follows:

- (a) CAS No.25-Insurance Contract (Caikuai [2020] No.20) ("the new insurance standard") and implementation guidance

The new insurance standard replaces CAS No.25 – Old Insurance Contract and CAS No.26 – Reinsurance Contract issued by the MOF in 2006 and Implementation Standards of Insurance Contract (Caikuai [2009] No.15) issued in 2009.

The Group does not have insurance contract arrangements. The adoption of the new insurance standard does not have significant effect on the financial position and financial performance of the Group.

- (b) "The initial recognition exemption is no longer applied to the deferred tax related to assets and liabilities arising from a single transaction" in CAS Bulletin No.16 (Caikuai [2022] No.31)

In accordance with CAS Bulletin No. 16, the Group does not apply the initial recognition exemption of deferred tax in CAS No.18 – Income Tax to a single transaction that affects neither accounting profit nor taxable profit (or deductible loss) and results in equal taxable and deductible temporary differences on initial recognition, such as leases. The Group recognises a deferred tax liability for the taxable temporary differences arising from these transactions on initial recognition in accordance with CAS No. 18 – Income Tax.

In addition, the Group has sufficient deductible temporary differences that have not been recognized as deferred tax assets when the above taxable temporary differences reverse in the future and therefore recognizes deferred tax assets equal to the amount of deferred tax liabilities. The newly recognized deferred tax assets and deferred tax liabilities meet the conditions for offset and are presented on a net basis in balance sheet. The adoption of the above regulations does not have significant effect on the financial position and financial performance of the Group.

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

FOR THE SIX MONTHS ENDED 30 JUNE 2023

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
Value-added tax (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 InfoTech, CRRC Qiche Group, CRRC Sifang Institute and CRRC DLRI, CRRC ZIC, CRRC ZELC and its holding subsidiaries sell their self-developed and self-produced software products in 2023.

(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 ACADEMY and CRRC Puzhen obtained high-tech enterprise certificate in 2021, and is subject to an enterprise income tax at a reduced rate of 15% from 2021 to 2023.

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 DLOCO obtained high-tech enterprise certificate in 2021, and is subject to an enterprise income tax at a reduced rate of 15% from 2021 to 2023.

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 InfoTech obtained high-tech enterprise certificate in 2021, and is subject to an enterprise income tax at a reduced rate of 15% from 2021 to 2023.

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 ZIC, CRRC ZELC, CRRC Tangshan, CRRC Qishuyan, CRRC QSYRI, CRRC Yongji Electric, CRRC Zhuzhou Electric and CRRC Datong obtained high-tech enterprise certificate in 2020, and are subject to an enterprise income tax at a reduced rate of 15% from 2020 to 2022. The group expects that the above-mentioned companies can still pay enterprise income tax at tax rate of 15% in 2023.

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, CRRC Sifang Institute and CRRC DLRI obtained high-tech enterprise certificate in 2020, and are subject to an enterprise income tax at a reduced rate of 15% from 2020 to 2022. The group expects that the above-mentioned companies can still pay enterprise income tax at tax rate of 15% in 2023.

According to the Notice on Issues Concerning Relevant Tax Policies in Deepening the Implementation of the Western Development Strategy issued by the MoF, the General Administration of Customs and the State Administration of Taxation (Cai Shui [2011] No. 58), 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, CRRC Ziyang is subject to an enterprise income tax at a reduced rate of 15% since its primary business is included among the encouraged industries.

IV. TAXES (continued)

2. Tax incentive (continued)

(2) Enterprise income tax (continued)

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

Item	RMB'000	
	Closing balance	Opening balance
Cash on hand	1,097	932
Bank deposits	38,715,737	53,868,821
Other cash and bank balances	833,927	992,086
Total	39,550,761	54,861,839
Including: Total amount deposited overseas	3,232,593	3,317,824

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

FOR THE SIX MONTHS ENDED 30 JUNE 2023

V. NOTES OF CONSOLIDATED FINANCIAL STATEMENTS (continued)

1 Cash and bank balances (continued)

Other descriptions:

Restricted funds of the Group:

Item	RMB'000	
	Closing balance	Opening balance
Statutory reserve deposited by CRRC Finance at central bank	1,308,316	1,517,836
Guarantee deposits for acceptances	554,738	622,370
Guarantee deposits for letter of credit	46,453	37,416
Guarantee deposits for letter of guarantee	98,141	194,558
Pledge of bank borrowings for the Group	1,836	1,836
Other deposits subject to restrictions	133,421	167,295
Total	2,142,905	2,541,311

As at 30 June 2023, the term deposits that have not been pledged or restricted for use for three months or over three months is RMB3,948,585,000 (as at 31 December 2022: RMB4,712,962,000).

2 Held-for-trading financial assets

Item	RMB'000	
	Closing balance	Opening balance
Investments in equity instruments	3,871,158	3,204,616
Derivatives	–	6,798
Others (Note)	8,392,632	7,219,678
Total	12,263,790	10,431,092

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

3 Bills receivable

(1) Category of bills receivable

Item	RMB'000	
	Closing balance	Opening balance
Bank acceptances	1,360,244	2,009,285
Commercial acceptances	14,334,952	17,599,888
Less: Credit loss allowance	(11,980)	(29,586)
Total	15,683,216	19,579,587

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

3. Bills receivable *(continued)*

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

	RMB'000
Item	Pledged amount at the end of the period
Bank acceptances	21,996
Commercial acceptances	–
Total	21,996

(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	770,092
Commercial acceptances	6,047,424
Total	6,817,516

(4) Details of provision for credit loss allowance

	RMB'000	
Credit loss allowance	12-month ECL (Non-credit impaired)	Total
Balance at 1 January 2023	29,586	29,586
Provision	15,888	15,888
Reversal	(33,494)	(33,494)
Balance at 30 June 2023	11,980	11,980

Other descriptions:

As at 30 June 2023, bills receivable due from related parties are set out in Note IX. 5.

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

FOR THE SIX MONTHS ENDED 30 JUNE 2023

V. NOTES OF CONSOLIDATED FINANCIAL STATEMENTS (continued)

4 Accounts receivable

(1) Ageing analysis of accounts receivable

Ageing	RMB'000	
	Closing book value	Opening book value
Within 1 year	88,177,473	79,686,838
1-2 years	8,214,996	7,939,643
2-3 years	2,429,593	1,547,684
3-4 years	1,052,432	1,139,872
4-5 years	884,102	678,959
Over 5 years	2,551,770	2,504,223
Sub-total	103,310,366	93,497,219
Less: Credit loss allowance	(4,824,924)	(4,510,182)
Total	98,485,442	88,987,037

The ageing 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

Category	Closing balance					Opening balance				
	Book value		Credit loss allowance		Carrying amount	Book value		Credit loss allowance		Carrying amount
	Amount	Percentage (%)	Amount	Percentage (%)		Amount	Percentage (%)	Amount	Percentage (%)	
Provision on individual basis	4,545,803	4.4	(2,665,431)	58.6	1,880,372	4,337,584	4.6	(2,663,979)	61.4	1,673,605
Provision on portfolio basis	98,764,563	95.6	(2,159,493)	2.2	96,605,070	89,159,635	95.4	(1,846,203)	2.1	87,313,432
Total	103,310,366	100.0	(4,824,924)	/	98,485,442	93,497,219	100.0	(4,510,182)	/	88,987,037

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

FOR THE SIX MONTHS ENDED 30 JUNE 2023

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)*

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

RMB'000

Item	Closing balance			Reason for provision
	Book value	Credit loss allowance	Percentage (%)	
Accounts receivable 1	213,676	(213,676)	100.0	Note
Accounts receivable 2	180,400	(120,768)	66.9	Note
Accounts receivable 3	177,790	(177,790)	100.0	Note
Accounts receivable 4	150,712	(150,712)	100.0	Note
Accounts receivable 5	78,905	(78,905)	100.0	Note
Others	3,744,320	(1,923,580)	51.4	Note
Total	4,545,803	(2,665,431)	58.6	

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.

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

RMB'000

Ageing	Expected credit loss rate (%)	Closing balance		
		Book value at 30 June 2023	Credit loss allowance	Carrying amount at 30 June 2023
Within 1 year	0.1-2.0	86,520,209	(618,205)	85,902,004
1-2 years	1.0-10.0	8,032,143	(402,962)	7,629,181
2-3 years	5.0-25.0	2,296,213	(229,361)	2,066,852
3-4 years	20.0-30.0	641,200	(163,962)	477,238
4-5 years	35.0-50.0	459,327	(186,497)	272,830
Over 5 years	60.0-70.0	815,471	(558,506)	256,965
Total	/	98,764,563	(2,159,493)	96,605,070

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

FOR THE SIX MONTHS ENDED 30 JUNE 2023

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)*

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

RMB'000

Credit loss allowance	Lifetime ECL (Not credit impaired)	Lifetime ECL (Credit impaired)	Total
At 1 January 2023	1,846,203	2,663,979	4,510,182
Provision	485,420	19,013	504,433
Reversal	(167,025)	(19,188)	(186,213)
Write-off	–	(1,508)	(1,508)
Other changes	(5,105)	3,135	(1,970)
At 30 June 2023	2,159,493	2,665,431	4,824,924

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

RMB'000

Entity name	Relationship with the Group	Closing value	Proportion to total accounts receivable (%)
Top five accounts receivable	Related party/Third party	45,224,776	43.78

(4) Accounts receivable derecognised due to transfer of financial assets:

RMB'000

Item	Ways to transfer accounts receivable	Amount derecognised in current period
Accounts receivable factoring	Factoring	24,801
Total		24,801

As at 30 June 2023, the Group has accounts receivable with carrying amount equivalent to RMB82,883,000 (31 December 2022: RMB857,247,000) as pledge for bank loans.

As at 30 June 2023, amounts due from related parties of the Group are set out in Note IX. 5.

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

5 Receivables at FVTOCI

	RMB'000	
Item	Closing balance	Opening balance
Bills receivable	6,567,407	5,311,061
Accounts receivable	1,605,237	1,424,514
Total	8,172,644	6,735,575

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

	RMB'000
Item	Closing balance
Cost	8,331,727
Fair value	8,172,644
Fair value changes accumulated included in other comprehensive income	(159,083)

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

	RMB'000
Item	Amount Pledged as at 30 June 2023
Bank acceptances	5,330
Total	5,330

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

	RMB'000
Item	Amount derecognised as at 30 June 2023
Bank acceptances	4,437,667
Commercial acceptances	99,539
Total	4,537,206

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

FOR THE SIX MONTHS ENDED 30 JUNE 2023

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

5 Receivables at FVTOCI *(continued)*

(4) Credit loss allowance for receivables at fair value through other comprehensive income:

RMB'000

Credit loss allowance	Phase 1 12-month ECL (Non-credit impaired)	Total
At 1 January 2023	80	80
Provision	287	287
Reversal	(80)	(80)
At 30 June 2023	287	287

As at 30 June 2023, amounts due from related parties of the Group are set out in Note IX. 5.

6 Prepayments

(1) Prepayments presented by ageing

RMB'000

Ageing	Closing balance		Opening balance	
	Amount	Percentage (%)	Amount	Percentage (%)
Within 1 year	7,984,245	85.2	6,206,853	81.8
1-2 years	413,929	4.4	232,770	3.1
2-3 years	87,012	0.9	286,325	3.8
Over 3 years	887,992	9.5	859,981	11.3
Total	9,373,178	100.0	7,585,929	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 five prepayments	Third party	1,755,164	18.73

(3) As at 30 June 2023, prepayments made to related parties of the Group are set out in Note IX. 5.

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

7 Other receivables

Presentation by categories

Item	RMB'000	
	Closing balance	Opening balance
Interest receivable	–	–
Dividends receivable	461,847	61,813
Other receivables	3,603,269	2,812,696
Total	4,065,116	2,874,509

(1) Dividends receivable

Item (or investee)	RMB'000	
	Closing balance	Opening balance
Related party	431,688	64,265
Third party	33,134	523
Sub-total	464,822	64,788
Less: Credit loss allowance	(2,975)	(2,975)
Total	461,847	61,813

Other receivables

(1) Analysis by ageing

Ageing	RMB'000	
	Closing balance	Opening balance
Within 1 year	3,015,611	2,207,167
1-2 years	189,382	223,823
2-3 years	327,274	488,355
3-4 years	226,386	80,793
4-5 years	469,385	422,552
Over 5 years	510,603	540,802
Sub-total	4,738,641	3,963,492
Less: Credit loss allowance	(1,135,372)	(1,150,796)
Total	3,603,269	2,812,696

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

FOR THE SIX MONTHS ENDED 30 JUNE 2023

V. NOTES OF CONSOLIDATED FINANCIAL STATEMENTS (continued)

7 Other receivables (continued)

(2) Categorised by nature

Nature	RMB'000	
	Closing balance	Opening balance
Advances paid for others	948,396	830,591
Deposits and securities	640,152	554,265
Others (Note)	2,014,721	1,427,840
Total	3,603,269	2,812,696

Note: Others mainly include receivables from the disposal of land and fixed assets.

(3) Details of provision for credit loss allowance

Credit loss allowance	RMB'000			
	Phase 1 12-month ECL	Phase 2 Lifetime ECL (Not credit impaired)	Phase 3 Lifetime ECL (Credit impaired)	Total
Balance at 1 January 2023	88,950	–	1,061,846	1,150,796
Provision	16,613	–	48	16,661
Reversal	(4,382)	–	(5,006)	(9,388)
Write-off	–	–	(22,382)	(22,382)
Other changes	(315)	–	–	(315)
Balance at 31 June 2023	100,866	–	1,034,506	1,135,372

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

		RMB'000	
Company name	Nature	Closing balance	Proportion to total closing balance of other receivables (%)
Top 5 other receivables	Related party/Third party	2,072,661	43.74

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

FOR THE SIX MONTHS ENDED 30 JUNE 2023

V. NOTES OF CONSOLIDATED FINANCIAL STATEMENTS (continued)

8 Inventories

(1) Category of inventories

RMB'000

Item	Closing balance			Opening balance		
	Book value	Provision for impairment of inventories/ Provision for impairment of costs to fulfil a contract with a customer	Carrying amount	Book value	Provision for impairment of inventories/ Provision for impairment of costs to fulfil a contract with a customer	Carrying amount
Raw materials	22,728,903	(793,590)	21,935,313	17,967,608	(721,655)	17,245,953
Work in progress	43,459,685	(1,176,187)	42,283,498	30,695,724	(1,181,603)	29,514,121
Finished goods	17,581,777	(498,884)	17,082,893	16,547,321	(496,079)	16,051,242
Turnover materials	305,399	(24,665)	280,734	275,236	(20,616)	254,620
Commissioned processing materials	73,647	(17)	73,630	70,096	(17)	70,079
Total	84,149,411	(2,493,343)	81,656,068	65,555,985	(2,419,970)	63,136,015

(2) Provision for impairment of inventories

RMB'000

Item	Opening balance	Increases			Decreases		Closing balance
		Provision	Others	Reversal	Write-off	Others	
Raw materials	721,655	101,418	20,374	8,592	39,433	1,832	793,590
Work in progress	1,181,603	50,445	2,183	27,761	30,283	-	1,176,187
Finished goods	496,079	50,773	682	4,466	44,184	-	498,884
Turnover materials	20,616	3,837	332	106	14	-	24,665
Commissioned processing materials	17	-	-	-	-	-	17
Total	2,419,970	206,473	23,571	40,925	113,914	1,832	2,493,343

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

FOR THE SIX MONTHS ENDED 30 JUNE 2023

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

9 Contract assets

(1) Details of contract assets:

Item	RMB'000	
	Closing balance	Opening balance
Sale of goods related (Note 1)	48,209,867	45,551,602
Project contracting related (Note 2)	6,174,005	4,098,163
Less: Credit loss allowance on contract assets	(519,272)	(504,540)
Sub-total	53,864,600	49,145,225
Less: Contract assets presented under other non-current assets (Note V. 26)	(27,256,310)	(23,996,712)
Total	26,608,290	25,148,513

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 contracting 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 contracting 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 2023, the Group had no contract assets as collateral (31 December 2022: the Group had no contract assets as collateral).

As at 30 June 2023, details of current account balances with related parties included in the balance of contract assets are set out in Note IX. 5.

(2) Credit loss allowance on contract assets for the period:

Credit loss allowance	RMB'000		
	Lifetime ECL (Not credit impaired)	Lifetime ECL (Credit impaired)	Total
Balance at 1 January 2023	467,781	36,759	504,540
Provision	40,413	51	40,464
Reversal	(23,738)	(505)	(24,243)
Other changes	80	(1,569)	(1,489)
Balance at 30 June 2023	484,536	34,736	519,272

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

FOR THE SIX MONTHS ENDED 30 JUNE 2023

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

10 Non-current assets due within one year

	RMB'000	
Item	Closing balance	Opening balance
Loans and advances due within one year (Note V. 12)	2,268,611	2,280,982
Long-term receivables due within one year (Note V. 14)	3,001,765	3,399,606
Debt investments due within one year (Note V. 13)	–	–
Other non-current assets due within one year (Note V. 26)	745,041	339,089
Total	6,015,417	6,019,677

11 Other current assets

	RMB'000	
Item	Closing balance	Opening balance
Withholding VAT	3,877,784	3,307,608
Large deposit certificate	1,340,176	1,360,157
Others	167,937	352,912
Total	5,385,897	5,020,677

12 Loans and advances to customers

	RMB'000	
Item	Closing balance	Opening balance
Loans and advances made by CRRC Finance	2,285,363	2,295,004
Less: Credit loss allowance	(16,752)	(14,022)
Sub-total	2,268,611	2,280,982
Including: Loans and advances due within one year (Note V. 10)	2,268,611	2,280,982

Credit loss allowance	Phase 1 12-month ECL	Phase 2 Lifetime ECL (Not credit impaired)	Phase 3 Lifetime ECL (Credit impaired)	Total
Balance at 1 January 2023	4,265	9,757	–	14,022
Provision	6,581	9,864	–	16,445
Reversal	(4,123)	(9,592)	–	(13,715)
Balance at 30 June 2023	6,723	10,029	–	16,752

As at 30 June 2023, the details of loans and advances (inclusive of the portion due within one year) to related parties are set out in Note IX. 5.

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

FOR THE SIX MONTHS ENDED 30 JUNE 2023

V. NOTES OF CONSOLIDATED FINANCIAL STATEMENTS (continued)

13 Debt investments

(1) Details of debt investments

RMB'000

Item	Closing balance			Opening balance		
	Book value	Credit loss allowance	Carrying amount	Book value	Credit loss allowance	Carrying amount
Seven-year Medium Term Notes of China Aircraft Leasing Group Holdings Limited	197,003	–	197,003	189,562	–	189,562
Minsheng Bank Interbank Certificates of Deposit	792,476	–	792,476	–	–	–
Beijing Bank Interbank Certificates of Deposit	693,417	–	693,417	–	–	–
Others	46,799	–	46,799	46,799	–	46,799
Sub-total	1,729,695	–	1,729,695	236,361	–	236,361
Less: Debt investment included in non-current assets due within one year (Note V. 10)	–	–	–	–	–	–
Total	1,729,695	–	1,729,695	236,361	–	236,361

14 Long-term receivables

(1) Details of long-term receivables:

RMB'000

Item	Closing balance			Opening balance			Discount rate interval
	Book value	Credit loss allowance	Carrying amount	Book value	Credit loss allowance	Carrying amount	
Financing lease	9,714,555	(2,014,547)	7,700,008	10,694,258	(2,005,126)	8,689,132	3.6%-12.7%
Sales by instalments and others	5,950,949	(348,152)	5,602,797	5,975,078	(367,201)	5,607,877	1.2%-4.9%
Construction payment and built-transfer receivables	710,262	(324,000)	386,262	726,626	(280,840)	445,786	4.75%
Total	16,375,766	(2,686,699)	13,689,067	17,395,962	(2,653,167)	14,742,795	/
Less: Long-term receivables due within one year (Note V. 10)	/	/	(3,001,765)	/	/	(3,399,606)	/
Long-term receivables due after one year	/	/	10,687,302	/	/	11,343,189	/

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

14 Long-term receivables *(continued)*

(2) Provision for credit loss allowance:

RMB'000

Credit loss allowance	Phase 2 Lifetime ECL (Not credit impaired)	Phase 3 Lifetime ECL (Credit impaired)	Total
At 1 January 2023	795,950	1,857,217	2,653,167
Provision	556	227,032	227,588
Reversal	(181,402)	(78,107)	(259,509)
Write-off	–	–	–
Other changes	–	65,453	65,453
At 30 June 2023	615,104	2,071,595	2,686,699

(3) Financing lease receivable

RMB'000

Item	Closing balance	Opening balance
The minimum amount of the lease receivable:		
1st year after the balance sheet date	4,298,909	4,809,870
2nd year after the balance sheet date	1,847,299	2,051,602
3rd year after the balance sheet date	1,750,882	2,054,312
4th year after the balance sheet date	832,311	1,070,131
5th year after the balance sheet date	1,037,302	657,231
Years afterwards	1,512,343	1,803,897
Total of the minimum amount of the lease receivable	11,279,046	12,447,043
Less: Unrealised financing income	(1,564,491)	(1,752,785)
Credit loss allowance	(2,014,547)	(2,005,126)
Financing lease receivable	7,700,008	8,689,132
Including: Financing lease receivable due within one year	2,360,628	2,701,307
Financing lease receivable due after one year	5,339,380	5,987,825

As at 30 June 2023, the Group has long-term receivables with carrying amount equivalent to RMB1,226,316,000 (31 December 2022: RMB2,909,683,000) as pledge for the Group to obtain bank loans.

As at 30 June 2023, long-term receivables (inclusive of the portion due within one year) due from related parties of the Group are set out in Note IX. 5.

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

FOR THE SIX MONTHS ENDED 30 JUNE 2023

V. NOTES OF CONSOLIDATED FINANCIAL STATEMENTS (continued)

15 Long-term equity investments

RMB'000

Investee	Opening balance	Increasing investment	Decreasing investment	Investment gains or losses under equity method	Changes during the period			Announcement of cash dividends or profits	Provision for impairment loss	Others	Closing balance
					Adjustment of other comprehensive income	Other equity movements					
I. Joint ventures											
Wuhu Yunda Rail Transit Construction And Operation Co., Ltd. ("Wuhu Yunda")	1,557,383	-	-	-	-	-	-	-	-	-	1,557,383
Dalian Toshiba Locomotive Electric Equipment Co., Ltd.	415,043	-	-	3,432	-	-	-	-	-	-	418,475
Changchun Changke Alstom Rail Vehicle Co., Ltd.	278,265	-	-	9,528	-	-	-	-	-	-	287,793
Zhuzhou Times Mitsubishi Transportation Equipment Co., Ltd.	106,378	-	-	1,583	-	-	-	-	-	-	107,961
Zhuzhou CRRC Times High-tech Investment & Trusting Co., Ltd.	333,893	-	-	6,303	-	-	-	-	-	-	340,196
Qingdao Sifang Faiveley Railway Brake Co., Ltd.	107,789	-	-	10,709	-	-	(25,000)	-	-	-	93,498
Others	1,328,512	76,440	-	5,498	8	-	(13,649)	-	-	-	1,396,809
Sub-total	4,127,263	76,440	-	37,053	8	-	(38,649)	-	-	-	4,202,115
II. Associates											
China United Insurance Holding Company ("China United Insurance")	5,358,666	-	-	51,160	10,300	138	(10,000)	-	-	-	5,410,264
CRRC Times Electric Vehicle Co., Ltd.	1,102,704	-	-	(24,774)	-	-	-	-	-	-	1,077,930
Jinan-Qingdao High-speed Railway Co., Ltd.	1,144,618	-	-	-	-	-	-	-	-	-	1,144,618
CRRC Science Park (Beijing) Co., Ltd.	438,504	-	-	(5,703)	-	-	-	-	-	-	432,801
CRRC Foshan Investment Development Co., Ltd.	253,538	-	-	-	-	-	-	-	-	-	253,538
Tianjin Electric Locomotive Co., Ltd.	326,831	-	-	2,631	-	746	-	-	-	-	330,208
CRRC Tianjin Jinpu Industrial Park Management Co., Ltd.	651,178	-	-	(9,396)	-	-	(343,000)	-	-	-	298,782
Shanghai Alstom Communications Electric Co. Ltd.	236,895	-	-	19,226	-	-	-	-	-	-	256,121
Huaneng Tieling Daxing Wind Power Co., Ltd.	173,717	-	-	13,005	-	-	-	-	-	-	186,722
Others	4,446,840	321,136	(7,899)	74,234	548	(2,724)	(100,750)	-	(7,290)	-	4,724,095
Sub-total	14,133,491	321,136	(7,899)	120,383	10,848	(1,840)	(453,750)	-	(7,290)	-	14,115,079
Total	18,260,754	397,576	(7,899)	157,436	10,856	(1,840)	(492,399)	-	(7,290)	-	18,317,194

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

16 Investments in other equity instruments

(1) Details of investments in other equity instruments:

Item	RMB'000	
	Closing balance	Opening balance
Listed equity instrument investments	985,623	996,284
Unlisted equity instrument investments	1,848,685	1,695,943
Total	2,834,308	2,692,227

(2) Details of non-tradable equity instrument investments

Item	RMB'000					
	Dividend income recognized in this period	Accumulative gains	Accumulative losses	Amount of other comprehensive income transferred to retained earnings	Reason for being designated as at FVTOCI	Reason of other comprehensive income transferred to retained earnings
Listed equity instrument investments	31,755	76,946	926,270	(438)	/	disposal
Unlisted equity instrument investments	19,619	87,130	29,474	-	Note	/
Total	51,374	164,076	955,744	(438)	/	/

Other descriptions:

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

17 Other non-current financial assets

Item	RMB'000	
	Closing balance	Opening balance
Financial assets investments: such as perpetual bond	224,000	215,903
Total	224,000	215,903

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

FOR THE SIX MONTHS ENDED 30 JUNE 2023

V. NOTES OF CONSOLIDATED FINANCIAL STATEMENTS (continued)

18 Investment properties

Measurement model for investment properties

(1) Investment properties adopting cost measurement model

Item			RMB'000
	Buildings	Land use rights	Total
I. Cost			
1. Opening balance	1,098,428	124,774	1,223,202
2. Increases	18,524	–	18,524
(1) Transfer from fixed assets (Note V. 19)	8,665	–	8,665
(2) Additions	9,859	–	9,859
3. Decreases	7,819	–	7,819
(1) Transfer to fixed assets (Note V. 19)	7,819	–	7,819
4. Closing balance	1,109,133	124,774	1,233,907
II. Accumulated depreciation and amortisation			
1. Opening balance	370,078	31,337	401,415
2. Increases	29,427	1,237	30,664
(1) Provision or amortisation	23,652	1,237	24,889
(2) Transfer from fixed assets (Note V. 19)	5,775	–	5,775
3. Decreases	2,143	–	2,143
(1) Transfer to fixed assets (Note V. 19)	1,873	–	1,873
(2) Other decreases	270	–	270
4. Closing balance	397,362	32,574	429,936
III. Provision for impairment			
1. Opening balance and closing balance	12,029	–	12,029
IV. Carrying amount			
1. Carrying amount at the end of the period	699,742	92,200	791,942
2. Carrying amount at the beginning of the period	716,321	93,437	809,758

19 Fixed assets

Presentation by item

Item	RMB'000	
	Closing balance	Opening balance
Fixed assets	59,547,308	60,805,505
Disposal of fixed assets	24,550	22,616
Total	59,571,858	60,828,121

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

FOR THE SIX MONTHS ENDED 30 JUNE 2023

V. NOTES OF CONSOLIDATED FINANCIAL STATEMENTS (continued)

19 Fixed assets (continued)

Fixed assets

(1) Details of fixed assets:

						RMB'000
Item	Land assets	Buildings	Machinery & equipment	Motor vehicles	Office & other equipment	Total
I. Cost						
1. Opening balance	279,486	53,590,448	55,332,134	2,798,564	7,334,111	119,334,743
2. Increases	11,406	795,585	1,049,538	18,717	161,569	2,036,815
(1) Additions	-	38,978	375,808	7,395	59,841	482,022
(2) Transfer from construction in progress (Note V. 20)	-	675,345	543,717	10,166	73,984	1,303,212
(3) Transfer from investment properties (Note V. 18)	-	7,819	-	-	-	7,819
(4) Translation differences arising from translation of foreign currency financial statements	11,406	73,443	130,013	1,156	27,744	243,762
3. Decreases	-	132,014	625,130	16,353	94,012	867,509
(1) Disposal or retirement	-	81,456	578,085	11,065	93,591	764,197
(2) Transfer to construction in progress (Note V. 20)	-	22,774	44,393	754	88	68,009
(3) Transfer to investment properties (Note V. 18)	-	8,665	-	-	-	8,665
(4) Translation differences arising from translation of foreign currency financial statements	-	19,119	2,652	4,534	333	26,638
4. Closing balance	290,892	54,254,019	55,756,542	2,800,928	7,401,668	120,504,049
II. Accumulated depreciation						
1. Opening balance	-	16,944,277	33,728,133	2,062,532	5,242,451	57,977,393
2. Increases	-	919,734	1,814,521	69,767	319,577	3,123,599
(1) Provision	-	895,810	1,737,007	69,107	301,930	3,003,854
(2) Transfer from investment properties (Note V. 18)	-	1,873	-	-	-	1,873
(3) Translation differences arising from translation of foreign currency financial statements	-	22,051	77,514	660	17,647	117,872
3. Decreases	-	43,258	550,372	12,118	87,597	693,345
(1) Disposal or retirement	-	25,964	524,021	10,098	87,377	647,460
(2) Transfer to construction in progress (Note V. 20)	-	7,082	22,042	531	57	29,712
(3) Transfer to investment properties (Note V. 18)	-	5,775	-	-	-	5,775
(4) Translation differences arising from translation of foreign currency financial statements	-	4,437	4,309	1,489	163	10,398
4. Closing balance	-	17,820,753	34,992,282	2,120,181	5,474,431	60,407,647

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

FOR THE SIX MONTHS ENDED 30 JUNE 2023

V. NOTES OF CONSOLIDATED FINANCIAL STATEMENTS (continued)

19 Fixed assets (continued)

Fixed assets (continued)

(1) Details of fixed assets (continued)

Item	Land assets	Buildings	Machinery & equipment	Motor vehicles	Office & other equipment	Total
III. Provision for impairment						
1. Opening balance	-	65,392	426,280	44,042	16,131	551,845
2. Increases	-	629	3,801	-	864	5,294
(1) Translation differences arising from translation of foreign currency financial statements	-	629	3,801	-	864	5,294
3. Decreases	-	-	8,045	-	-	8,045
(1) Disposal or retirement	-	-	8,045	-	-	8,045
4. Closing balance	-	66,021	422,036	44,042	16,995	549,094
IV. Carrying amount						
1. Carrying amount at the end of the period	290,892	36,367,245	20,342,224	636,705	1,910,242	59,547,308
2. Carrying amount at the beginning of the period	279,486	36,580,779	21,177,721	691,990	2,075,529	60,805,505

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

Item	Carrying amount at the end of the period
Machinery and equipment	28,506
Motor vehicles	77,642
Office and other equipment	6
Total	106,154

RMB'000

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

Item	Carrying amount	Reasons for having not to obtain the property right certificates
Buildings	3,350,662	In progress

RMB'000

V. NOTES OF CONSOLIDATED FINANCIAL STATEMENTS (continued)

19 Fixed assets (continued)

Disposal of fixed assets

Item	RMB'000	
	Closing balance	Opening balance
Buildings	8,558	8,324
Machinery and equipment	11,074	9,687
Office and other equipment	4,871	4,553
Motor vehicles	47	52
Total	24,550	22,616

Other descriptions:

As at 30 June 2023, the Group has buildings and machinery and equipment with carrying amount equivalent to RMB234,918,000 (31 December 2022: RMB228,524,000) 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 2023.

20 Construction in progress

Presentation by item

Item	RMB'000	
	Closing balance	Opening balance
Construction in progress	4,518,840	4,105,330
Materials for construction of fixed assets	120	6,266
Total	4,518,960	4,111,596

Construction in progress

(1) Details of construction in progress

Item	Closing balance			Opening balance		
	Book value	Provision for impairment	Carrying amount	Book value	Provision for impairment	Carrying amount
Construction in progress	4,523,886	(5,046)	4,518,840	4,110,376	(5,046)	4,105,330
Total	4,523,886	(5,046)	4,518,840	4,110,376	(5,046)	4,105,330

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

FOR THE SIX MONTHS ENDED 30 JUNE 2023

V. NOTES OF CONSOLIDATED FINANCIAL STATEMENTS (continued)

20 Construction in progress (continued)

Construction in progress (continued)

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

RMB'000

Item	Budget	Opening balance	Increases	Transfer 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
Lishun project	5,671,380	512,945	61,897	(61,022)	-	-	-	-	513,820	83.42	83.42	-	-	-	Borrowings
Overall relocation construction project of Changchun CRRC Railway Vehicles Co., Ltd.	1,238,000	601,891	159,643	(50,063)	-	-	-	-	211,461	83.54	83.54	-	-	-	Self-raised
Innovative experimental platform construction project	991,600	120,508	57,695	-	-	-	-	-	178,203	30.82	30.82	-	-	-	Fundraising · self-raised
CRRC Baize New Energy Equipment Industry Base Construction Project	408,800	25,018	141,674	-	-	-	-	-	166,692	40.78	40.78	-	-	-	Self-raised
Chencang Base project	600,000	137,105	24,601	-	-	-	-	-	161,706	26.95	26.95	-	-	-	Fundraising · self-raised
CRRC Big Data Centre Construction Project	496,500	128,481	28,917	-	-	-	-	-	157,398	31.70	31.70	-	-	-	Self-raised
R&D and manufacturing technology transformation project of key parts of AC transmission locomotive with heavy axle load	850,000	143,296	38,225	(24,620)	-	-	-	-	156,901	82.00	82.00	8,085	-	-	Borrowings
Construction project of CRRC Songyuan New Energy Equipment Industry Base	689,690	124,950	25,873	-	-	-	-	-	150,823	92.00	92.00	2,799	-	-	Borrowings
others	14,918,226	2,316,182	1,233,521	(667,517)	(77,418)	-	38,297	(16,203)	2,826,862	/	/	19,143	2,274	/	Borrowings · self-raised
Total	25,864,196	4,110,376	1,772,046	(1,303,212)	(77,418)	-	38,297	(16,203)	4,523,866	/	/	30,027	2,274	/	/

Materials for construction of fixed assets

(1) Details of materials for construction of fixed assets

RMB'000

Item	Closing balance			Opening balance		
	Book value	Provision for impairment	Carrying amount	Book value	Provision for impairment	Carrying amount
Specialised materials	15	-	15	8	-	8
Specialised equipment	105	-	105	6,258	-	6,258
Total	120	-	120	6,266	-	6,266

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

FOR THE SIX MONTHS ENDED 30 JUNE 2023

V. NOTES OF CONSOLIDATED FINANCIAL STATEMENTS (continued)

21 Right-of-use assets

RMB'000

Item	Plant & buildings	Machinery & equipment	Motor vehicles	Office & other equipment	Total
I. COST					
1. Opening balance	2,289,330	207,063	81,593	18,472	2,596,458
2. Increases	375,519	55,181	6,769	6,324	443,793
(1) Newly rented	340,456	49,779	4,796	3,761	398,792
(2) Translation differences arising from translation of foreign currency financial statements	35,063	5,402	1,973	2,563	45,001
3. Decreases	139,987	33,847	15,107	9,110	198,051
(1) Expiry of lease contract	138,803	33,847	15,063	9,110	196,823
(2) Translation differences arising from translation of foreign currency financial statements	1,184	-	44	-	1,228
4. Closing balance	2,524,862	228,397	73,255	15,686	2,842,200
II. Accumulated depreciation					
1. Opening balance	1,061,120	24,372	51,133	17,058	1,153,683
2. Increases	207,290	24,316	7,328	4,778	243,712
(1) Provision	203,779	21,795	6,452	2,401	234,427
(2) Translation differences arising from translation of foreign currency financial statements	3,511	2,521	876	2,377	9,285
3. Decreases	130,146	28,119	15,055	9,110	182,430
(1) Expiry of lease contract	115,489	28,119	15,055	9,110	167,773
(2) Translation differences arising from translation of foreign currency financial statements	14,657	-	-	-	14,657
4. Closing balance	1,138,264	20,569	43,406	12,726	1,214,965
III. Carrying amount					
1. Carrying amount at the end of the period	1,386,598	207,828	29,849	2,960	1,627,235
2. Carrying amount at the beginning of the period	1,228,210	182,691	30,460	1,414	1,442,775

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

FOR THE SIX MONTHS ENDED 30 JUNE 2023

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	16,742,040	5,189,971	4,202,549	367,144	2,170	26,503,874
2. Increases	187,571	341,193	130,659	15,504	-	674,927
(1) Transfer from construction in progress (Note V. 20)	5,354	-	72,064	-	-	77,418
(2) Additions	180,829	18,499	35,430	-	-	234,758
(3) Transfer from development expenditure (Note V. 23)	-	273,228	-	-	-	273,228
(4) Translation differences arising from translation of foreign currency financial statements	1,388	49,466	23,165	15,504	-	89,523
3. Decreases	74,164	-	46,579	-	-	120,743
(1) Disposal	74,012	-	46,533	-	-	120,545
(2) Translation differences arising from translation of foreign currency financial statements	152	-	46	-	-	198
4. Closing balance	16,855,447	5,531,164	4,286,629	382,648	2,170	27,058,058
II. Accumulated amortisation						
1. Opening balance	3,907,888	3,142,389	2,932,622	240,763	2,170	10,225,832
2. Increases	175,745	182,716	194,991	13,419	-	566,871
(1) Provision	175,745	144,894	180,696	3,794	-	505,129
(2) Translation differences arising from translation of foreign currency financial statements	-	37,822	14,295	9,625	-	61,742
3. Decreases	12,926	-	46,578	-	-	59,504
(1) Disposal	12,880	-	46,533	-	-	59,413
(2) Translation differences arising from translation of foreign currency financial statements	46	-	45	-	-	91
4. Closing balance	4,070,707	3,325,105	3,081,035	254,182	2,170	10,733,199
III. Provision for impairment						
1. Opening balance	1,120	58,023	770	115,085	-	174,998
2. Increases	-	-	-	4,533	-	4,533
(1) Translation differences arising from translation of foreign currency financial statements	-	-	-	4,533	-	4,533
3. Closing balance	1,120	58,023	770	119,618	-	179,531
IV. Carrying amount						
1. Carrying amount at the end of the period	12,783,620	2,148,036	1,204,824	8,848	-	16,145,328
2. Carrying amount at the beginning of the period	12,833,032	1,989,559	1,269,157	11,296	-	16,103,044

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	58,522	In progress

Other descriptions:

As at 30 June 2023, the Group has intangible assets with a carrying amount equivalent to RMB807,830,000 (31 December 2022: RMB808,924,000) as collateral.

23 Development expenditures

RMB'000

Item	Balance at the beginning of the period	Increases		Decreases		Closing balance
		Internal development	Others	Recognised as intangible assets	Transfer to profit or loss	
Development expenditures	749,396	4,907,010	9,194	273,228	4,791,354	601,018

24 Goodwill

(1) Book value of goodwill

RMB'000

Name of investee	Opening balance	Increases	Decreases	Changes in foreign exchange rates	Closing balance
CRRZ ZELC and its subsidiaries	56,934	-	-	-	56,934
CRRZ Tangshan and its subsidiaries	36,379	-	-	-	36,379
CRRZ ZIC and its subsidiaries	1,225,964	-	-	83,734	1,309,698
Other	13,849	-	-	-	13,849
Total	1,333,126	-	-	83,734	1,416,860

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

FOR THE SIX MONTHS ENDED 30 JUNE 2023

V. NOTES OF CONSOLIDATED FINANCIAL STATEMENTS (continued)

24 Goodwill (continued)

(2) Provision for impairment losses of goodwill

Name of investees	Opening balance	Increases	decreases	Changes in foreign exchange rates	RMB'000
					Closing balance
CRRC ZELC and its subsidiaries	20,156	-	-	-	20,156
CRRC ZIC and its subsidiaries	1,051,231	-	-	68,334	1,119,565
Total	1,071,387	-	-	68,334	1,139,721

25 Deferred tax assets/Deferred tax liabilities

(1) Deferred tax assets before offsetting

Item	Closing balance		Opening balance	
	Deductible temporary differences	Deferred tax assets	Deductible temporary differences	Deferred tax assets
Expected warranty provisions	8,328,420	1,249,263	8,333,194	1,249,979
Provision for impairment of assets	2,180,332	414,263	2,161,625	399,148
Provision for credit losses	3,989,546	685,299	3,729,324	648,485
Unrealised profit from internal transactions	2,315,567	421,665	1,768,204	300,595
Estimated losses	574,714	92,816	636,717	97,911
Government grants	2,273,183	340,977	2,154,978	332,750
Accrued expenses	1,683,464	269,354	1,463,747	264,339
Unpaid employee salaries	498,321	77,240	369,408	59,144
Deductible tax losses	5,652,767	857,559	5,445,828	918,063
Changes in fair value of investments in other equity instruments	481,067	90,922	564,633	101,690
Changes in fair value of receivables at FVTOCI	135,470	23,030	138,005	24,194
Lease liabilities	1,138,122	229,515	1,096,357	199,771
Others	1,768,732	318,371	1,560,529	281,218
Total	31,019,705	5,070,274	29,422,549	4,877,287

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

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

(2) Deferred tax liabilities before offsetting

RMB'000

Item	Closing balance		Opening balance	
	Taxable temporary differences	Deferred tax liabilities	Taxable temporary differences	Deferred tax liabilities
Adjustment on fair value of acquisition of subsidiaries	184,583	35,071	223,018	42,373
Depreciation difference due to inconsistency of depreciation period between tax law and accounting	4,298,136	709,192	4,421,741	751,696
Changes in fair value of investments in other equity instruments	331,722	56,393	355,803	62,266
Gains on changes in fair value during the holding period of the financial assets at fair value through profit or loss	886,343	221,586	682,220	170,555
Right-of-use assets	1,119,498	226,375	1,080,063	197,214
Others	2,196,294	373,370	1,895,874	322,238
Total	9,016,576	1,621,987	8,658,719	1,546,342

(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	1,271,993	3,798,281	1,246,483
Deferred tax liabilities	1,271,993	349,994	1,246,483	299,859

(4) Details of unrecognised deferred tax assets

RMB'000

Item	Closing balance	Opening balance
	Deductible temporary differences	12,147,319
Deductible tax losses	20,447,895	19,331,268
Total	32,595,214	31,644,519

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

FOR THE SIX MONTHS ENDED 30 JUNE 2023

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

Year	RMB'000	
	Closing balance	Opening balance
2023	3,568,338	3,575,487
2024	2,128,306	2,132,876
2025	1,746,694	1,747,644
2026	2,051,046	2,051,995
2027	3,024,433	3,024,433
2028	905,350	905,489
2029	1,136,623	1,136,623
2030	868,221	868,221
2031	1,041,857	1,041,857
2032	2,846,642	2,846,642
2033	1,130,385	–
Total	20,447,895	19,331,268

26 Other non-current assets

Item	RMB'000	
	Closing balance	Opening balance
Contract assets (Note V. 9)	27,256,310	23,996,712
Prepayment of intangible assets	704,625	705,988
Prepayments of engineering equipment	579,162	498,177
Large deposit certificate	5,135,660	3,943,346
Others	1,808,600	1,914,900
Sub-total	35,484,357	31,059,123
Less: Other non-current assets due within one year (Note V.10)	745,041	339,089
Total	34,739,316	30,720,034

As at 30 June 2023, prepayments made to related parties of the Group in the balance of other non-current assets are set out in Note IX. 5.

As at 30 June 2023, the Group has contract assets with a carrying amount equivalent to RMB560,665,000 as collateral (31 December 2022: contract assets with a carrying amount equivalent to RMB567,992,000 as collateral for the Group to obtain bank loans).

V. NOTES OF CONSOLIDATED FINANCIAL STATEMENTS *(continued)***27 Short-term borrowings****(1) Category of short-term borrowings**

RMB'000

Item	Closing balance	Opening balance
Pledged loans	474,077	2,125,703
Credit loans	12,049,211	11,502,027
Total	12,523,288	13,627,730

Description of short-term borrowings classification:

As at 30 June 2023, the annual interest rate of short-term borrowings ranged from 0.12%-14.00% (31 December 2022: 0.12%-9.57%).

As at 30 June 2023, short-term borrowings from related parties of the Group are set out in Note IX. 5.

28 Bills payable

RMB'000

Category	Closing balance	Opening balance
Commercial acceptance bills	863,903	1,505,074
Bank acceptance bills	23,970,625	26,186,229
Total	24,834,528	27,691,303

As at 30 June 2023, details of bills payable due to related parties are set out in Note IX. 5.

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

FOR THE SIX MONTHS ENDED 30 JUNE 2023

V. NOTES OF CONSOLIDATED FINANCIAL STATEMENTS (continued)

29 Accounts payable

(1) Details of accounts payable

RMB'000

Item	Closing balance	Opening balance
Related parties	5,906,653	6,173,252
Third party	138,711,813	124,784,451
Total	144,618,466	130,957,703

Ageing analysis of accounts payable

RMB'000

Item	Closing balance	Opening balance
Within 1 year	136,354,651	123,670,940
1-2 years	3,400,958	3,449,524
2-3 years	1,846,038	1,362,084
Over 3 years	3,016,819	2,475,155
Total	144,618,466	130,957,703

The ageing of accounts payable of the Group is classified based on the invoice dates.

As at 30 June 2023, details of accounts payable due to related parties are set out in Note IX. 5.

30 Receipts in advance

(1) Details of receipts in advance:

RMB'000

Item	Closing balance	Opening balance
Related parties	–	2,010
Third party	15,823	12,057
Total	15,823	14,067

As at 30 June 2023, details of receipts payable due to related parties are set out in Note IX. 5.

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

31 Contract liabilities

(1) Details of contract liabilities

RMB'000

Item	Closing balance	Opening balance
Sale of goods related (Note 1)	21,845,903	22,866,914
Project contracting services related (Note 2)	1,218,674	874,991
Sub-total	23,064,577	23,741,905
Less: Contract liabilities presented under other non-current liabilities (Note V. 45)	(9,852)	(9,415)
Total	23,054,725	23,732,490

Note 1: As at 30 June 2023, 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 2023, 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.

(2) As at 30 June 2023, details of current account balances with related parties included in the balance of contract liabilities are set out in Note IX. 5.

32 Deposits from banks and other financial institutions

RMB'000

Item	30 June 2023	31 December 2022
Customer deposits of CRRC Finance	4,143,241	3,153,979
Total	4,143,241	3,153,979

As at 30 June 2023, details of related parties deposits are set out in Note IX. 5.

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

FOR THE SIX MONTHS ENDED 30 JUNE 2023

V. NOTES OF CONSOLIDATED FINANCIAL STATEMENTS (continued)

33 Employee benefits payable

(1) Details of employee benefits payable

RMB'000

Item	Opening balance	Increases	Decreases	Closing balance
I. Short-term employee benefits	1,857,972	12,017,134	11,954,053	1,921,053
II. Post-employment benefits-Defined contribution plan	256,962	2,127,738	2,186,312	198,388
III. Labour expenditures	1,898	605,450	604,423	2,925
IV. Post-employment benefits due within one year-Net liabilities in defined benefit plan (Chinese Mainland)	166,861	22,697	57,282	132,276
V. Post-employment benefits due within one year-Net liabilities in defined benefit plan (other countries and regions)	5,877	313	-	6,190
Total	2,289,570	14,773,332	14,802,070	2,260,832

(2) Presentation of short-term benefits

RMB'000

Item	Opening balance	Increases	Decreases	Closing balance
I. Salaries, bonuses, allowances and subsidies	460,198	8,889,460	8,720,364	629,294
II. Welfare benefits	418,683	511,927	525,576	405,034
III. Social insurances	124,693	1,036,924	1,047,162	114,455
Including: Medical insurance	114,238	929,481	933,201	110,518
Work-related injury insurance	10,672	81,767	88,289	4,150
Maternity insurance	(217)	25,676	25,672	(213)
IV. Housing funds	56,935	1,096,860	1,111,515	42,280
V. Employee union funds and staff education funds	414,818	278,528	227,732	465,614
VI. Others	382,645	203,435	321,704	264,376
Total	1,857,972	12,017,134	11,954,053	1,921,053

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

FOR THE SIX MONTHS ENDED 30 JUNE 2023

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

33 Employee benefits payable *(continued)*

(3) Details of defined contribution plan

RMB'000

Item	Opening balance	Increases	Decreases	Closing balance
1. Basic pension insurance	221,085	1,585,165	1,630,135	176,115
2. Unemployment insurance	8,269	65,889	71,714	2,444
3. Enterprise annuity	27,608	476,684	484,463	19,829
Total	256,962	2,127,738	2,186,312	198,388

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 2023 and 31 December 2022, there are no forfeited contributions that may be used by the Group to reduce the existing level of contribution (as at 30 June 2022 and 31 December 2021: nil).

34 Tax payable

RMB'000

Item	Closing balance	Closing balance
VAT	910,705	1,721,921
Enterprise income tax	782,630	707,485
Individual income tax	34,863	302,798
City maintenance and construction tax	44,890	101,859
Education surcharges	32,063	74,335
Property tax	44,927	52,140
Land use tax	24,850	25,800
Others	73,596	106,732
Total	1,948,524	3,093,070

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

FOR THE SIX MONTHS ENDED 30 JUNE 2023

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

35 Other payables

Presented by item

RMB'000

Item	Closing balance	Opening balance
Interests payable	–	13,593
Dividends payable	6,846,652	535,223
Other payables	15,305,826	13,315,356
Total	22,152,478	13,864,172

Interest payable

RMB'000

Item	Closing balance	Opening balance
Loan interests	–	13,593
Total	–	13,593

Dividends payable

(1) Presented by category

RMB'000

Item	Closing balance	Opening balance
Related parties	2,959,951	94,501
Third parties	3,886,701	440,722
Total	6,846,652	535,223

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

35 Other payables *(continued)*

Other payables

(1) Details of other payables by nature are as follows

RMB'000

Item	Closing balance	Opening balance
Borrowings from CRRC Group	5,333,880	3,133,880
Collections on behalf of other parties	3,455,208	2,909,110
Payments for equipment and projects	1,671,371	1,626,940
Deposits and securities, housing fund, and public facilities maintenance funds	1,507,420	1,520,002
Technology royalties and research expenditures	437,168	497,675
Utilities, repair and transportation expenses	245,865	304,587
Others	2,654,914	3,323,162
Total	15,305,826	13,315,356

Other descriptions:

As at 30 June 2023, details of other payables due to related parties are set out in Note IX. 5.

36 Non-current liabilities due within one year

RMB'000

Item	Closing balance	Opening balance
Long-term loans due within one year (Note V. 38)	1,090,780	801,245
Bonds payable due within one year (Note V. 39)	–	2,570,537
Lease liabilities due within 1 year (Note V. 40)	397,335	382,440
Long-term payables due within one year (Note V. 41)	21,310	39,063
Provisions due within one year (Note V. 43)	2,630,892	2,679,276
Other non-current liabilities due within one year (Note V. 45)	76	520
Total	4,140,393	6,473,081

Other descriptions:

As at 30 June 2023, 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 IX. 5.

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

FOR THE SIX MONTHS ENDED 30 JUNE 2023

V. NOTES OF CONSOLIDATED FINANCIAL STATEMENTS (continued)

37 Other current liabilities

RMB'000

Item	Closing balance	Opening balance
Super-short-term financing bonds	7,019,401	-
Output VAT tax to be transferred and received VAT in advance	2,175,608	2,466,039
Total	9,195,009	2,466,039

The movements of short-term debentures payable:

RMB'000

Name of bonds	Par value	Issuing date	Maturity period	Issuance amount	Opening balance	Issuance during the period	Accrued interests at par value	Amortisation of premium or discounts	Current period	Closing balance
CRRC's Phase I Super short-term financing bills in 2023	100 per piece	14 February 2023	90	4,000,000	-	4,000,000	20,121	-	(4,020,121)	-
CRRC's Phase II Super short-term financing bills in 2023	100 per piece	30 March 2023	270	3,000,000	-	3,000,000	16,863	-	-	3,016,863
CRRC's Phase III Super short-term financing bills in 2023	100 per piece	16 June 2023	30	2,000,000	-	2,000,000	1,269	-	-	2,001,269
CRRC's Phase IV Super short-term financing bills in 2023	100 per piece	16 June 2023	92	2,000,000	-	2,000,000	1,269	-	-	2,001,269
Total	/	/	/	11,000,000	-	11,000,000	39,522	-	(4,020,121)	7,019,401

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

38 Long-term borrowings

(1) Long-term loans by category

RMB'000

Item	Closing balance	Opening balance
Credit loans	2,091,902	1,783,915
Pledged loans	5,083,562	4,937,867
Mortgage loans	265,865	175,585
Guaranteed loans	–	–
Total	7,441,329	6,897,367
Less: Long-term loans due within one year	(1,090,780)	(801,245)
Including: Credit loans	(492,900)	(81,195)
Pledged loans	(549,000)	(688,033)
Mortgage loans	(48,880)	(32,017)
Guaranteed loans	–	–
Long-term borrowings due after one year	6,350,549	6,096,122
Including: Credit loans	1,599,002	1,702,720
Pledged loans	4,534,562	4,249,834
Mortgage loans	216,985	143,568
Guaranteed loans	–	–

Other descriptions including range of interest rates:

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

RMB'000

Subsequent to the balance sheet date	Closing balance	Opening balance
1-2 years	1,077,531	1,796,648
2-5 years	1,156,858	1,449,807
Over 5 years	4,116,160	2,849,667
Total	6,350,549	6,096,122

As at 30 June 2023, the annual interest rate of long-term borrowings ranged from 0.20% to 12.54% (31 December 2022: 0.20%-12.54%).

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

FOR THE SIX MONTHS ENDED 30 JUNE 2023

V. NOTES OF CONSOLIDATED FINANCIAL STATEMENTS (continued)

39 Bonds payable

(1) Bonds payable

RMB'000

Item	Closing balance	Opening balance
Corporate bonds	—	2,570,537
Total	—	2,570,537
Less: Bonds payable due within one year (Note V. 36)	—	(2,570,537)
Bonds payable due after one year	—	—

(2) Movements of bonds payable (excluding other financial instruments classified as financial liabilities, such as preference shares and perpetual bonds)

RMB'000

Name of bonds	Par value	Issuing date	Maturity period	Issuing amount	Opening balance	Issuance during the period	Accrued interests at par value	Amortisation of premium or discounts	Current period	Closing balance
CSR 2013 Corporate Bonds (Phase I) (Ten-year Term)	100 per piece	2013-04-22	10 years	1,500,000	1,548,312	—	26,688	—	(1,575,000)	—
CRRC 2020 Phase I Corporate Bonds	100 per piece	2020-04-01	3 years	1,000,000	1,022,225	—	7,275	—	(1,029,500)	—
Total	/	/	/	2,500,000	2,570,537	—	33,963	—	(2,604,500)	—
Less: Bonds payable due within (Note V.36)	/	/	/	/	(2,570,537)	/	/	/	/	—
Bonds payable due after one year	/	/	/	/	—	/	/	/	/	—

40 Lease liabilities

RMB'000

Item	Closing balance	Opening balance
Lease liabilities	1,749,557	1,533,295
Less: Lease liabilities included in non-current liabilities due within one year (Note V. 36)	(397,335)	(382,440)
Lease liabilities due over one year	1,352,222	1,150,855

Other descriptions:

As at 30 June 2023, the lease liability (including the one-year maturity) due to the related parties are set out in Note IX. 5.

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

40 Lease liabilities *(continued)*

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

	RMB'000
Subsequent to the balance sheet date :	Closing balance
1-2 years	340,366
2-5 years	597,326
Over 5 years	622,747
Total undiscounted payments	1,560,439
Less: Unrecognised finance charges	(208,217)
Lease liabilities due over one year	1,352,222

41 Long-term payables

Presented by item

	RMB'000	
Item	Closing balance	Opening balance
Long-term payables	59,966	79,210
Special payables	1,265	1,265
Total	61,231	80,475
Less: Presented under non-current liabilities due within one year (Note V. 36)	(21,310)	(39,063)
Long-term payables due over one year	39,921	41,412

Long-term payables

	RMB'000	
Item	Closing balance	Opening balance
Purchase of fixed assets by instalment, etc.	59,966	79,210
Less: Long-term payables due within one year	(20,045)	(37,798)
Long-term payables due over one year	39,921	41,412

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

FOR THE SIX MONTHS ENDED 30 JUNE 2023

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

41 Long-term payables *(continued)*

Special payables

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

42 Long-term employee benefits payable

(1) Table of long-term employee benefits payable

		RMB'000	
Item	Closing balance	Opening balance	
I. Post-employment benefits-liabilities in defined benefit plan (Mainland China) (Note 1)	1,396,299	1,397,155	
II. Post-employment benefits-liabilities in defined benefit plan (Other countries and regions) (Note 2)	811,929	741,199	
III. Other long-term benefits	307,675	334,331	
Total	2,515,903	2,472,685	

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

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

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

Present value of the defined benefit plan obligation:

Item	RMB'000	
	Current year	Prior year
I. Opening balance	1,564,016	1,623,565
II. Defined benefit cost recognised in profit or loss	23,351	24,154
1. Net interests	19,551	20,770
2. Cost of service in the current year	310	318
3. Cost of service in prior years	1,060	3,066
4. Settlement losses/(gains)	2,430	–
III. Defined benefit cost recognised in other comprehensive income	(1,510)	–
1. Actuarial gains (“-” for losses)	(1,510)	–
IV. Other changes	(57,282)	13,355
1. Paid benefits	(57,282)	13,355
V. Closing balance	1,528,575	1,661,074
Less: Post-employment benefits due within one year—liabilities in defined benefit plan (Note V. 33)	(132,276)	(139,907)
VI. Post-employment benefits due after one year—liabilities in defined benefit plan	1,396,299	1,521,167

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.

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 2023, 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	31 December
	2023	2022
	(%)	(%)
Discount rate	2.75	2.75
Average growth rate of medical cost	7.00/12.00/8.00	7.00/12.00/8.00

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

FOR THE SIX MONTHS ENDED 30 JUNE 2023

V. NOTES OF CONSOLIDATED FINANCIAL STATEMENTS (continued)

42 Long-term employee benefits payable (continued)

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

Present value of the defined benefit plan obligation:

RMB'000

Item	Current period	Prior period
I. Opening balance	831,961	1,233,644
II. Defined benefit cost recognised in profit or loss	20,377	6,499
1. Net interests	15,904	7,934
2. Cost of service in the current year	2,595	1,511
3. Cost of service in prior years	1,878	(2,946)
III. Defined benefit cost recognised in other comprehensive income	60,255	(34,039)
1. Actuarial gains	(8,735)	(13,124)
2. Translation differences arising from translation of foreign currency financial statements	68,990	(20,915)
IV. Other changes	(4,394)	(6,426)
1. Paid benefits	(4,394)	(6,426)
V. Closing balance	908,199	1,199,678
Less: Post-employment benefits due within one year-liabilities in defined benefit plan (other countries and regions) (Note V. 33)	(6,190)	(1,085)
VI. Post-employment benefits due after one year-liabilities in defined benefit plan (other countries and regions)	902,009	1,198,593

Plan assets:

Item	Current period	Prior period
I. Opening balance	84,885	83,161
II. Additions during the period	–	–
III. Reductions during the period	–	(491)
IV. Translation differences arising from translation of foreign currency financial statements	5,195	(2,434)
V. Closing balance	90,080	80,236

Net liabilities of defined benefit plans:

Item (Note 2)	Current period	Prior period
Present value of the defined benefit plan obligation	902,009	1,198,593
Less: plan assets	(90,080)	(80,236)
Net liabilities in defined benefit plan	811,929	1,118,357

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)*

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 31 December 2022) 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 2023, the defined benefit plan is in the net liability position of RMB0.760 billion (31 December 2022: net liability of RMB0.696 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 10,580,000 Euros and 939,000 Euros to the third party escrow account in 2019 and 2021, respectively, for the plan asset, which is a restricted asset and its fair value at period-end is approximate to its book value. As at 30 June 2023, fair value of the plan asset of Germany BOGE was about RMB 90,080,000 (31 December 2022: about RMB 84,885,000).

As at 30 June 2023, obligations under these defined benefit plans of Germany BOGE are 10.59% (31 December 2022: 10.87%) covered by the plan assets.

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

The Blue Group's post-employment benefit plan is a defined benefit plan for all eligible employees in Italy under the Italian Civil Code 2120 (2120 del codice civile italiano). For Blue Group, the actuarial valuation of the present value of the defined benefit plan obligations for the most recent period (i.e. the period ended 31 December 2022) was estimated and determined by the third-party evaluation agency, MANAGERS & PARTNERS-ACTUARIAL SERVICESS. P.A, based on the expected cumulative benefit unit method. MANAGERS & PARTNERS-ACTUARIAL SERVICESS.P.A is an actuarial institution with professional certification qualifications in Italy and a member of the Italian Society of Actuaries.

The principal pension plan of Vossloh Group provides a defined benefit plan for all eligible employees in German, including normal and early retirement benefits and benefits for survivors of deceased employees. For Vossloh Group, the actuarial valuation of the present value of the defined benefit plan obligations for the most recent period (i.e. the period ended 31 December 2022) 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 2023, the average period of defined benefit plan obligations is 22 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 2023 (%)	31 December 2022 (%)
Discount rate	3.20-4.25	3.20-4.25
Expected increase in wages and salaries	0.50-3.00	0.50-3.00
Increase in pension	2.20-3.08	2.20-3.08
Volatility	1.00-6.00	1.00-6.00

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

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

FOR THE SIX MONTHS ENDED 30 JUNE 2023

V. NOTES OF CONSOLIDATED FINANCIAL STATEMENTS (continued)

43 Provisions

RMB'000

Item	Closing balance	Opening balance	Reason
Warranties for product quality	9,258,502	9,233,920	Agreement on after-sales service
Others	759,294	814,371	Estimated liquidated damages and onerous
Total	10,017,796	10,048,291	/
Less: Provisions expected to due within one year (Note V. 36)	(2,630,892)	(2,679,276)	/
Provisions due after one year	7,386,904	7,369,015	/

44 Deferred income

Details of deferred income

RMB'000

Item	Opening balance	Increases	Decreases	Closing balance
Government grants related to assets	4,720,050	38,038	174,940	4,583,148
Government grants related to income	1,513,638	339,791	253,812	1,599,617
Total	6,233,688	377,829	428,752	6,182,765

Items related to government grants:

RMB'000

Item	Opening balance	Additional subsidies in the period	Amount recognised in non-operating income during the period	Amount recognised in other income during the period	Other decreases	Closing balance	Related to assets/ Related to income
Fund of science and technology projects and innovation enterprise awards	1,838,820	335,305	935	215,851	52,305	1,905,034	Assets/Income
Compensation for demolition	2,325,501	26,528	16,138	54,487	14,149	2,267,255	Assets/Income
Land subsidy refund	1,013,545	3,210	3,900	4,430	-	1,008,425	Assets/Income
Infrastructure subsidies	556,431	-	16,713	29,787	-	509,931	Assets
Discount on imported products	6,943	-	-	1,614	-	5,329	Assets
Others	492,448	12,786	9,119	9,101	223	486,791	Assets/Income
Total	6,233,688	377,829	46,805	315,270	66,677	6,182,765	/

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

FOR THE SIX MONTHS ENDED 30 JUNE 2023

V. NOTES OF CONSOLIDATED FINANCIAL STATEMENTS (continued)

45 Other non-current liabilities

	RMB'000	
Item	Closing balance	Opening balance
Contract liabilities	9,852	9,415
Others	62,773	77,948
Less: Other non-current liabilities due within one year (Note V. 36)	(76)	(520)
Total	72,549	86,843

46 Share capital

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

47 Capital reserve

	RMB'000			
Item	Opening balance	Increases	Decreases	Closing balance
Share premium	40,482,504	–	–	40,482,504
Other capital reserves (Note)	870,774	148,396	13,642	1,005,528
Total	41,353,278	148,396	13,642	41,488,032

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

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

FOR THE SIX MONTHS ENDED 30 JUNE 2023

V. NOTES OF CONSOLIDATED FINANCIAL STATEMENTS (continued)

48 Other comprehensive income

Item	Amount before income tax in current period						Less: Previously recognised amount transferred to retained earnings	Closing balance
	Opening balance	Before-tax amount	Less: Reclassification adjustments for amounts transferred to profit or loss	Less: Income tax expense	Net-of-tax amount attributable to shareholders of the Company	Net-of-tax amount attributable to non-controlling interests		
I. Other comprehensive income that will not be reclassified to profit or loss	(902,290)	26,006	-	4,585	24,800	(3,379)	(438)	(877,052)
Including: Remeasurement of defined benefit plan	(140,551)	10,245	-	-	4,743	5,502	-	(135,808)
Changes in fair value of investments in other equity instruments	(761,739)	15,761	-	4,585	20,057	(8,881)	(438)	(741,244)
II. Items that may be reclassified to profit or loss	214,563	225,088	-	(16,157)	177,621	63,624	-	392,184
Including: Other comprehensive income recognised under equity method	(67,792)	10,856	-	-	10,683	173	-	(57,109)
Changes in fair value of other debt investments	(61,269)	17,956	-	1,164	(3,322)	20,114	-	(64,591)
Credit losses of other debt investments (Note)	421	207	-	2	205	-	-	626
Translation differences arising from translation of foreign currency financial statements	378,154	311,094	-	-	267,757	43,337	-	645,911
Cash flow hedge reserve	(34,951)	(115,025)	-	(17,323)	(97,702)	-	-	(132,653)
Total other comprehensive income	(687,727)	251,094	-	(11,572)	202,421	60,245	(438)	(484,868)

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

Item	RMB'000			Closing balance
	Opening balance	Increases	Decreases	
Safety fund	49,957	142,512	142,512	49,957

50 Surplus reserve

Item	RMB'000			Closing balance
	Opening balance	Increases	Decreases	
Statutory surplus reserve	5,491,912	-	-	5,491,912
Total	5,491,912	-	-	5,491,912

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

FOR THE SIX MONTHS ENDED 30 JUNE 2023

V. NOTES OF CONSOLIDATED FINANCIAL STATEMENTS (continued)

51 Retained earnings

Item	RMB'000	
	Current period	Prior period
Retained earnings at the beginning of the period	79,441,376	73,717,157
Add: Net profit for the period attributable to shareholders of the Company	3,460,359	3,130,771
Less: Appropriation for statutory surplus reserve	–	–
Appropriation to general risk reserve	–	(13,673)
Dividends to ordinary shares	(5,739,773)	(5,165,796)
Transfer of other comprehensive income to retained earnings	(438)	3,035
Others	–	(71,687)
Retained earnings at the end of the period	77,161,524	71,599,807

Note 1: The Company's profit distribution plan for 2022 was approved at the 2022 Annual General Meeting of Shareholders held on 15 June 2023. Based on the total Company's share capital of 28,698,864,000 shares as at 31 December 2022, the annual dividends for 2022 were distributed to all shareholders, and a cash dividend of RMB0.20 (including tax) per share was distributed, totalling approximately Retained earnings RMB5,739,773,000.

The Company's profit distribution plan for 2021 was approved at the 2021 Annual General Meeting of Shareholders held on 16 June 2022. Based on the total Company's share capital of 28,698,864,000 shares as at 31 December 2021, the annual dividends for 2021 were distributed to all shareholders, and a cash dividend of RMB0.18 (including tax) per share was distributed, totalling approximately RMB5,165,796,000.

Note 2: As at 30 June 2023, the balance of the Group's retained earnings included the surplus reserve already appropriated by the subsidiaries of RMB17,789,746,000 (31 December 2022: RMB17,789,746,000).

52 Revenue and operating costs

(1) Details of revenue and operating costs

Item	RMB'000			
	Current period		Prior period	
	Revenue	Cost	Revenue	Cost
Principal operating activities	85,958,095	67,914,435	79,349,447	63,514,785
Other operating activities	1,345,132	956,442	1,947,651	1,418,741
Total	87,303,227	68,870,877	81,297,098	64,933,526

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

Item	RMB'000			
	Current period		Prior period	
	Revenue	Cost	Revenue	Cost
Sale of goods	67,703,193	53,067,786	63,231,818	50,738,676
Rendering of services	19,109,882	15,681,361	17,333,258	14,048,144
Sub-total	86,813,075	68,749,147	80,565,076	64,786,820
Interest income	102,805	23,336	227,326	39,579
Lease income	387,347	98,394	504,696	107,127
Total	87,303,227	68,870,877	81,297,098	64,933,526

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

FOR THE SIX MONTHS ENDED 30 JUNE 2023

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

52 Revenue and operating costs *(continued)*

(3) Disaggregation of revenue from contracts with customers

	RMB'000	
Rail transportation products and their extended industries	Current period	Prior period
Categorised by sales region		
Mainland China	74,386,127	71,961,851
Other countries and regions	12,426,948	8,603,225
Total	86,813,075	80,565,076

(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	136,312	134,029
Education surcharges	98,874	93,803
Property tax	202,353	182,026
Land use tax	126,517	125,304
Vehicle and vessel use tax	1,405	579
Stamp duty	84,282	78,060
Others	21,063	39,594
Total	670,806	653,395

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

FOR THE SIX MONTHS ENDED 30 JUNE 2023

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

54 Selling expenses

	RMB'000	
Item	Current period	Prior period
Expected warranty provisions	1,460,837	956,084
Employee benefits	1,073,796	864,203
Travel expenses	130,651	85,493
Others	863,574	635,235
Total	3,528,858	2,541,015

55 Administrative expenses

	RMB'000	
Item	Current period	Prior period
Employee benefits	3,354,716	3,248,969
Depreciation of fixed assets	386,743	379,644
Amortisation of intangible assets	338,799	331,835
Others	1,478,938	1,276,744
Total	5,559,196	5,237,192

56 Research and development expenses

	RMB'000	
Item	Current period	Prior period
Employee benefits	2,504,550	1,974,044
Depreciation charge	307,937	254,678
Amortisation of intangible assets	115,053	113,352
Others	1,863,814	2,184,627
Total	4,791,354	4,526,701

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

FOR THE SIX MONTHS ENDED 30 JUNE 2023

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

57 Financial expenses

Item	RMB'000	
	Current period	Prior period
Interest expenses	450,869	430,260
Less: Capitalisation of interest	(6,604)	(19,850)
Interest expense from lease liabilities	37,939	31,261
Interest income	(580,594)	(367,777)
Exchange gains or losses	(377,213)	(287,305)
Handling charge of financial institutions	103,253	107,767
Actuarial interest adjustment	39,740	34,050
Others	(45,174)	(53,541)
Total	(377,784)	(125,135)

58 Other income

Item	RMB'000	
	Current period	Prior period
VAT Refund	65,985	75,963
Scientific and technological projects funds	316,493	307,767
Others	228,167	239,629
Total	610,645	623,359

59 Investment income

Item	RMB'000	
	Current period	Prior period
Income from long-term equity investment accounted for under equity method	157,436	22,106
Investment losses from disposal of subsidiaries	–	(154,869)
Investment income from disposal of associates and joint ventures	56,179	–
Dividend income from other equity instrument investments during the holding period	51,374	11,285
Investment income from debt investments during the holding period	–	6,561
Investment income from disposal of debt investments	–	15,903
Investment income from disposal of held-for-trading financial assets	81,102	56,204
Derecognition of loss from financial assets measured at amortised cost	(18,833)	(42,802)
Gains from debt restructuring	–	43,440
Others	(3,287)	(5,335)
Total	323,971	(47,507)

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

FOR THE SIX MONTHS ENDED 30 JUNE 2023

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
Held-for-trading financial assets	262,175	272,046
Including: (Losses)/gains on fair value changes of derivative financial instruments	(16,340)	14,655
Gains from changes in fair value of investments in equity instruments	237,489	157,758
Others	41,026	99,633
Other non-current financial assets	–	10,067
Held-for-trading financial liabilities	(29,604)	(5,874)
Total	232,571	276,239

61 Impairment losses under expected credit loss model

	RMB'000	
Item	Current period	Prior period
Losses of credit impairment on bills receivable	(17,606)	(17,404)
Losses of credit impairment on accounts receivable	318,220	342,462
Losses of credit impairment on other receivables	7,273	(3,297)
Losses of credit impairment on receivables at FVTOCI	207	(98)
Losses of credit impairment on long-term receivables	(31,921)	(235,073)
Losses of credit impairment on loans and advances	2,730	3,864
Losses of credit impairment on part of loan commitments and financial guarantee contracts	784	(407)
Others	(671)	(1,718)
Total	279,016	88,329

62 Assets impairment losses

	RMB'000	
Item	Current period	Prior period
Impairment losses of inventories	165,548	202,779
Impairment losses of contract assets	16,221	32,390
Others	848	(26,250)
Total	182,617	208,919

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

FOR THE SIX MONTHS ENDED 30 JUNE 2023

V. NOTES OF CONSOLIDATED FINANCIAL STATEMENTS (continued)

63 Gains on disposal of assets

Item	RMB'000	
	Current period	Prior period
Gains on disposal of fixed assets	61,390	220,563
Gains on disposal of intangible assets	209,128	328,796
Total	270,518	549,359

64 Non-operating income

Item	RMB'000		
	Current period	Prior period	Amount recognised in non-recurring profit and loss
Government grants	209,256	149,998	209,256
Liquidated damages, fines and compensation	54,755	37,891	54,755
Unpayable amount	11,699	15,447	11,699
Gains on retirement of assets	13,281	6,148	13,281
Claim income	15,944	30,647	15,944
Others	82,583	51,440	82,583
Total	387,518	291,571	387,518

Government grants included in profit or loss

Item	RMB'000		
	Current period	Prior period	Related to assets/ Related to income
Compensation for demolition	174,578	76,151	Assets/Income
Land subsidy refund	3,900	5,514	Assets
Infrastructure subsidies	16,713	13,724	Assets
Others	14,065	54,609	Assets/Income
Total	209,256	149,998	

V. NOTES OF CONSOLIDATED FINANCIAL STATEMENTS (continued)

65 Non-operating expenses

RMB'000

Item	Current period	Prior period	Amount recognised in non-recurring profit and loss
Liquidated damages and penalty expenses	16,242	12,215	16,242
Relocation expenditure	212,911	13,777	212,911
Losses on retirement of assets	18,967	5,950	18,967
Donation expenses	17,481	18,761	17,481
Flood control fund	7,380	5,831	7,380
Others	13,456	21,852	13,456
Total	286,437	78,386	286,437

66 Income tax expenses

(1) Table of income tax expenses

RMB'000

Item	Current period	Prior period
Current income tax expenses	925,597	799,014
Deferred income tax expenses	(128,915)	(29,172)
Total	796,682	769,842

(2) Reconciliation of accounting profits and income tax expenses

RMB'000

Item	Current period	Prior period
Profit before tax	5,337,073	4,847,791
Income tax expenses at statutory tax rate (25%)	1,334,268	1,211,948
Effect of different tax rates applied by subsidiaries	(188,448)	(321,084)
Adjustments to income tax of previous periods	(19,897)	1,111
Effect of income free of tax	(5,556)	(2,821)
Effect of joint ventures and associates	(39,359)	(5,527)
Effect of non-deductible costs, expenses and losses	68,890	36,885
Effect of using the deductible losses for which no deferred tax asset was recognised in previous periods	(29,892)	(101,536)
Effect of deductible temporary differences or deductible losses for which no deferred tax asset was recognised this period	180,004	355,779
Other tax incentives (Note)	(503,328)	(404,913)
Income tax expenses	796,682	769,842

Note: Other tax incentives are mainly weighted deduction performed on technology research and development expenditures.

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

FOR THE SIX MONTHS ENDED 30 JUNE 2023

V. NOTES OF CONSOLIDATED FINANCIAL STATEMENTS (continued)

67 Other comprehensive income

Please refer to Note V.48

68 Items in the cash flow statement

(1) Other cash receipts relating to operating activities

Item	RMB'000	
	Current year	Prior year
Government grants	392,157	500,506
Interest income	432,782	291,872
Others	536,555	536,535
Total	1,361,494	1,328,913

(2) Other cash payments relating to operating activities

Item	RMB'000	
	Current year	Prior year
Development and design expenses of products	1,852,916	2,175,070
Transportation, packing and insurance expenses of products	844,576	524,980
Marketing expenses	479,385	351,521
Expenditures on warranty provisions	248,226	248,226
Administrative office expenses	303,141	225,910
Expenses for water, electricity and kinetic energy, etc.	64,175	60,313
Others	1,284,075	1,139,213
Total	5,076,494	4,725,233

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

69 Supplementary information to the cash flow statement

(1) Supplementary information to the cash flow statement

	RMB'000	
Supplementary information	Current year	Prior year
1. Reconciliation of net profit to cash flow from operating activities:		
Net profit	4,540,391	4,077,949
Add: Assets impairment losses	182,617	208,919
Credit losses	279,016	88,329
Depreciation of fixed assets and amortisation of investment properties	3,028,743	3,027,651
Depreciation of right-of-use assets	234,427	211,904
Amortisation of intangible assets	505,129	755,479
Amortisation of long-term deferred expenses	70,020	37,529
Gains from disposal of fixed assets, intangible assets, and other long-term assets	(264,832)	(549,557)
Gains from changes in fair value	(232,571)	(276,239)
Financial expenses	26,628	143,188
Investment (income)/losses	(342,804)	47,507
Changes in deferred tax assets and liabilities	(128,915)	(29,172)
Increase in gross inventories	(18,707,338)	(15,169,383)
Increase in operating receivables	(15,529,047)	(6,724,371)
Increase in operating payables	11,558,513	12,221,180
Net cash flows used in operating activities	(14,780,023)	(1,929,087)
2. Net changes in cash and cash equivalents:		
Closing balance of cash and cash equivalents	33,459,271	41,487,744
Less: Opening balance of cash and cash equivalents	47,607,566	43,277,994
Net decrease in cash and cash equivalents	(14,148,295)	(1,790,250)

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

FOR THE SIX MONTHS ENDED 30 JUNE 2023

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

69 Supplementary information to the cash flow statement *(continued)*

(2) Composition of cash and cash equivalents

Item	RMB'000	
	Closing balance	Opening balance
I. Cash	33,459,271	47,607,566
Including: Cash on hand	1,097	932
Bank deposits available on demand	33,458,174	47,606,634
II. Closing balance of cash and cash equivalents	33,459,271	47,607,566

70 Assets with restrictive ownership title or right of use

Item	RMB'000	
	Carrying amount as at the end of the period	Reason for restriction
Cash and bank balances	2,142,905	Note V.1
Bills receivable	6,839,512	Note V.3
Accounts receivable	82,883	Note V.4
Receivables at FVTOCI	5,330	Note V.5
Long-term receivables	1,226,316	Note V.14
Fixed assets	234,918	Note V.19
Intangible assets	807,830	Note V.22
Total	11,339,694	–

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

71 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	329,541	7.2258	2,381,199
EUR	189,899	7.8771	1,495,856
HKD	493,730	0.9220	455,208
AUD	124,032	4.7992	595,256
MXN	457,434	0.4235	193,746
Others	/	/	898,374
Held-for-trading financial assets			
Including: USD	995	7.2258	7,190
Other receivables			
Including: USD	3,148	7.2258	22,746
EUR	5,949	7.8771	46,860
HKD	138,049	0.9220	127,278
AUD	873	4.7992	4,191
MXN	14,471	0.4235	6,129
Others	/	/	130,947
Accounts receivable			
Including: USD	407,694	7.2258	2,945,916
EUR	174,554	7.8771	1,374,978
HKD	542,438	0.9220	500,117
AUD	18,814	4.7992	90,293
Others	/	/	401,232
Long-term receivables (including those due within one year)			
Including: USD	44,605	7.2258	322,307
EUR	4,389	7.8771	34,569
Other non-current financial assets			
Including: USD	31,000	7.2258	224,000
Debt investment (including those due within one year)			
Including: USD	33,741	7.2258	243,803

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

FOR THE SIX MONTHS ENDED 30 JUNE 2023

V. NOTES OF CONSOLIDATED FINANCIAL STATEMENTS (continued)

71 Foreign-currency monetary items (continued)

(1) Foreign-currency monetary items (continued)

RMB'000

Item	Foreign currency balance as at the end of the period	Exchange rate	Translated RMB balance as at the end of the period
Short-term borrowings			
Including: USD	352,678	7.2258	2,548,378
EUR	283,577	7.8771	2,233,762
HKD	1,018,298	0.9220	938,871
MXN	676,021	0.4235	286,295
Others	/	/	341,483
Accounts payable			
Including: USD	137,003	7.2258	989,954
EUR	125,975	7.8771	992,317
HKD	253,371	0.9220	233,603
AUD	49,488	4.7992	237,502
MXN	1,692,697	0.4235	716,857
Others	/	/	284,827
Other payables			
Including: USD	10,383	7.2258	75,024
EUR	2,322	7.8771	18,294
HKD	39,653	0.9220	36,560
AUD	464	4.7992	2,227
MXN	8,431	0.4235	3,571
Others	/	/	4,645,310
Long-term borrowings (including those due within one year)			
Including: USD	33,406	7.2258	241,385
EUR	22,406	7.8771	176,493
MXN	4,956,481	0.4235	2,099,043
Lease liabilities (including those due within one year)			
Including: USD	5,157	7.2258	37,266
EUR	36,649	7.8771	288,690
HKD	14,037	0.9220	12,942
AUD	2,357	4.7992	11,311
MXN	22,595	0.4235	9,570
Others	/	/	185,785

V. NOTES OF CONSOLIDATED FINANCIAL STATEMENTS (continued)
71 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

VI. INTERESTS IN OTHER ENTITIES
1 Interests in subsidiaries

- (1) Material non-wholly owned subsidiaries

RMB'000

Name of the Subsidiary	Proportion of ownership interest held by non-controlling interests (%)	Profit or loss allocated to noncontrolling interests during the period	Dividend declared to noncontrolling shareholders during the period	Balance of noncontrolling interests at 30 June 2023
Times Electric	54.07	654,385	423,368	19,544,129
TMT	61.39	81,721	67,120	4,033,998
CRRC Changchun	6.46	69,689	–	2,568,795

- (2) Key financial information of significant non-wholly owned subsidiaries

RMB'000

Name of the Subsidiary	30 June 2023						31 December 2022					
	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
Times Electric	37,270,733	13,119,219	50,389,952	12,928,478	1,693,070	14,621,548	36,443,205	12,066,350	48,509,555	11,701,912	1,511,912	13,213,824
TMT	13,442,147	5,720,820	19,162,967	9,949,572	2,757,619	12,707,191	11,630,524	5,626,515	17,257,039	8,354,962	2,573,530	10,928,492
CRRC Changchun	51,815,301	13,519,621	65,334,922	39,438,080	1,416,329	40,854,409	49,258,417	13,823,433	63,081,850	38,207,418	1,459,758	39,667,176

Name of the Subsidiary	January-June 2023				January-June 2022			
	Revenue	Net profit	Total comprehensive income	Cash flows used in operating activities	Revenue	Net profit	Total comprehensive income	Cash flows from operating activities
Times Electric	8,570,211	1,188,317	1,228,936	(468,059)	6,526,911	879,087	918,159	(527,694)
TMT	8,219,025	169,627	228,306	(417,294)	7,134,032	128,962	73,294	(1,075,175)
CRRC Changchun	9,920,268	978,969	1,012,208	(4,824,205)	8,017,521	757,382	756,497	(6,023,235)

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

FOR THE SIX MONTHS ENDED 30 JUNE 2023

VI. INTERESTS IN OTHER ENTITIES *(continued)*

2 Equity in associates or joint ventures

(1) Material associates or joint ventures

Name of joint venture or associate	Principal place of business	Registered place	Nature of business	Shareholding percentage (%)		Accounting treatment of investments in joint ventures or associates
				Direct	Indirect	
China United Insurance	Beijing	Beijing	Financial industry	13.0633	–	Equity method

The Group holds 13.0633% voting power of China United Insurance so that the Group has the right to assign one director to the board of directors of China United Insurance, and the Group has substantive power of decision-making participation, therefore has significant influence over China United Insurance.

(2) Key financial information of significant associates

Item	RMB'000	
	Balance at the end of the period/ Amount for the current period	Balance at the beginning of the period/ Amount for the prior period
Total assets	120,379,252	100,541,850
Total liabilities	99,522,828	80,122,111
Non-controlling interests	2,270,774	2,227,627
Equities attributable to shareholders of parent company	18,585,650	18,192,112
Group's share of net assets	2,427,899	2,376,301
Goodwill	2,982,365	2,982,365
Carrying amount of equity investments in associates	5,410,264	5,358,666
Revenue	33,045,767	31,096,462
Net profit	462,267	267,350
Net profit attributable to shareholders of parent company	390,184	227,686
Other comprehensive income attributable to shareholders of parent company	79,903	(163)
Total comprehensive income attributable to shareholders of parent company	470,087	227,523
Dividends received from associates in the current year	10,000	10,000

VI. 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 at the beginning of the period/ Amount for the prior period
	Balance at the end of the period/ Amount for the current period
Joint ventures:	
Aggregate carrying amount of investments	4,127,263
Total amounts calculated based on shareholding proportions	
– Net profit	(27,488)
– Other comprehensive income	3,566
– Total other comprehensive income	(23,922)
	4,202,115
Associates:	
Total carrying amount of investment	8,774,825
Total amounts calculated based on shareholding proportions	
– Net profit	19,851
– Other comprehensive income	(2,262)
– Total other comprehensive income	17,589
	8,704,815

VII. RISKS RELATED TO 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, placement from bank and other financial institutions, held for trading financial liabilities, 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.

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

FOR THE SIX MONTHS ENDED 30 JUNE 2023

VII. RISKS RELATED TO FINANCIAL INSTRUMENTS *(continued)*

1 Category of financial instruments

(1) Carrying amount of financial assets

RMB'000

Item	30 June 2023				Total
	At FVTPL	At amortised cost	Classified as at FVTOCI	Designed as at FVTOCI	
Cash and bank balances	–	39,550,761	–	–	39,550,761
Held-for-trading financial assets	12,263,790	–	–	–	12,263,790
Bills receivable	–	15,683,216	–	–	15,683,216
Accounts receivable	–	98,485,442	–	–	98,485,442
Receivables at FVTOCI	–	–	8,172,644	–	8,172,644
Other receivables (Except for government grant and advance to staffs)	–	3,448,636	–	–	3,448,636
Other current assets (Large deposit certificate)	–	1,340,176	–	–	1,340,176
Loans and advances to customers (including those due within one year)	–	2,268,611	–	–	2,268,611
Debt investments (including those due within one year)	–	1,729,695	–	–	1,729,695
Long-term receivables (including those due within one year) (except for finance lease)	–	5,989,059	–	–	5,989,059
Investments in other equity instruments	–	–	–	2,834,308	2,834,308
Other non-current financial assets	224,000	–	–	–	224,000
Other non-current assets	–	5,135,660	–	–	5,135,660
Total	12,487,790	173,631,256	8,172,644	2,834,308	197,125,998

VII. RISKS RELATED TO FINANCIAL INSTRUMENTS *(continued)***1 Category of financial instruments** *(continued)***(2) Carrying amount of financial liabilities**

RMB'000

Item	30 June 2023		Total
	Financial Liabilities at FVTPL	Financial liabilities at carrying amount	
Short-term borrowings	–	12,523,288	12,523,288
Deposits from banks and other financial institutions	–	4,143,241	4,143,241
Placement from bank and other financial institutions	–	65,064	65,064
Held for trading financial liabilities	203,813	–	203,813
Bills payable	–	24,834,528	24,834,528
Accounts payable	–	144,618,466	144,618,466
Employee benefits payable (Except for defined benefit plan)	–	2,122,366	2,122,366
Other payables	–	22,152,478	22,152,478
Other current liabilities (Ultra-short-term financing bonds)	–	7,019,401	7,019,401
Lease liabilities (including those due within one year)	–	1,749,557	1,749,557
Long-term borrowings (including those due within one year)	–	7,441,329	7,441,329
Bonds payable (including those due within one year)	–	–	–
Long-term payables (including those due within one year) (except for special accounts payable)	–	59,966	59,966
Total	203,813	226,729,684	226,933,497

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

FOR THE SIX MONTHS ENDED 30 JUNE 2023

VII. RISKS RELATED TO FINANCIAL INSTRUMENTS *(continued)*

2 Credit risk

Credit risk represents the risk that the failure to perform obligation by one party of the financial instruments will cause financial loss to the other party.

As at 30 June 2023, 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 X. 2.

The Group only has transactions with recognised and reputable third parties. According to the Group's policies, for all the customers that require to make transactions on credit, the Group needs to review the credit of the customers and determines the manner of sales on the basis of customers' credit grading, credit line and credit period. For sales on credit, the payment period and the amount on credit need to be specified in the sales contract, with the payment period not exceeding credit period, and the accumulated amount of credit sales shall not exceed the credit line. For cash on delivery, the goods are not shipped until all the collection procedures are completed, so as to ensure the Group will not be exposed to significant credit loss.

The specific method used by the Group to assess whether the credit risk of financial instruments has increased significantly since initial recognition and the basis for determining that the financial assets are impaired, as well as the policies of immediate write-off of financial assets etc. are set out in Note III. 11.

The Group's credit risk exposure to any single financial instrument is limited because the bank deposits are deposited with banks with high credit ratings.

China State Railway Group Co., Ltd. is one of the major customers for the Group (including the China State Railway Group Co., Ltd. it belongs to and other subsidiaries, together as "State Railway Group") accounts for a larger proportion of the Group's revenue, accordingly, the accounts receivable from such customer also account for a larger proportion. The Group's management believes that the customer is of reliable and good reputation, therefore the Group has no significant credit risk in respect of the receivables from this customer. Except for this customer, the Group has no other significant concentration of credit risk.

The Group's major operating activities and corresponding concentration of operating risk are located in Mainland China.

As at 30 June 2023, included in the Group's accounts receivable, the accounts receivable from the top one and top five customers respectively account for 33.2% (31 December 2022: 41.9%) and 43.8% (31 December 2022: 50.6%);

As at 30 June 2023, 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 21.0% (31 December 2022: 9.8%) and 52.7% (31 December 2022: 49.7%) respectively.

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

FOR THE SIX MONTHS ENDED 30 JUNE 2023

VII. RISKS RELATED TO FINANCIAL INSTRUMENTS *(continued)*

2 Credit risk *(continued)*

(1) The credit risk exposure of the Group's financial assets and other items

RMB'000

Item	Note V	Balance at 30 June 2023			Total
		12-month ECL	Lifetime ECL (no credit loss occurred)	Lifetime ECL (Credit loss occurred)	
Financial assets measured at amortised cost					
Cash and bank balances	1	39,550,761	–	–	39,550,761
Bills receivable	3	15,695,196	–	–	15,695,196
Accounts receivable	4	–	98,764,563	4,545,803	103,310,366
Other receivables	7	3,403,057	–	1,335,584	4,738,641
Other current assets	11	1,340,176	–	–	1,340,176
Loans and advances to customers (including those due within one year)	12	1,383,435	901,928	–	2,285,363
Debt investments (including due within one year)	13	1,729,695	–	–	1,729,695
Long-term receivables (except for finance lease) (including those due within one year)	14	–	4,856,716	1,804,495	6,661,211
Financial assets classified as at FVTOCI					
Receivables at FVTOCI	5	8,172,644	–	–	8,172,644
Other items:					
Contract assets (Include non-current part)	9	–	53,908,817	475,055	54,383,872
Long-term receivables-finance lease (including those due within one year)		–	5,166,161	4,548,394	9,714,555

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, V5, V7, V9, V12, V13 and V14.

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

FOR THE SIX MONTHS ENDED 30 JUNE 2023

VII. RISKS RELATED TO FINANCIAL INSTRUMENTS *(continued)*

3 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.

(1) Maturity analysis of non-derivative financial liabilities and lease liabilities based on undiscounted contract cash flows

RMB'000

Item	30 June 2023				Total
	Within 1 year (inclusive)	1-2 years (inclusive)	2-5 years (inclusive)	Over 5 years	
Short-term borrowings	12,523,288	–	–	–	12,523,288
Deposits from banks and other financial institutions	4,143,241	–	–	–	4,143,241
Bills payable	24,834,528	–	–	–	24,834,528
Accounts payable	144,618,466	–	–	–	144,618,466
Other payables	22,152,478	–	–	–	22,152,478
Long-term borrowings (including due within one year)	1,169,921	1,397,491	1,712,005	4,219,434	8,498,851
Long-term payables (including due within one year) (except for special accounts payable)	21,231	12,259	27,893	8,339	69,722
Lease liabilities (including due within one year)	397,335	340,366	597,326	622,747	1,957,774
Total	209,860,488	1,750,116	2,337,224	4,850,520	218,798,348

VII. RISKS RELATED TO FINANCIAL INSTRUMENTS *(continued)***4 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 2023		January-June 2022	
	Increase by 25 point	Decrease by 25 point	Increase by 25 point	Decrease by 25 point
Rate of variable-rate borrowings				
(Decrease)/increase in net profit (RMB'000)	(27,091)	27,091	(34,173)	34,173

(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.

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

FOR THE SIX MONTHS ENDED 30 JUNE 2023

VII. RISKS RELATED TO FINANCIAL INSTRUMENTS (continued)

4 Market risk (continued)

(3) Currency risk (continued)

(i) Foreign currency financial assets and financial liabilities

Item	RMB'000	
	30 June 2023	31 December 2022
Foreign currency financial assets:		
Cash and bank balances	6,019,639	5,592,106
Held-for-trading financial assets	7,190	13,905
Accounts receivable	4,721,973	4,244,102
Other receivables	325,985	226,670
Debt investments (including due within one year)	243,803	–
Long-term receivables (including due within one year)	320,999	316,952
Other non-current financial assets	224,000	215,903
Total	11,863,589	10,609,638
Foreign currency financial liabilities:		
Short-term borrowings	6,348,789	1,401,637
Accounts payable	3,455,060	3,247,423
Other payables	4,780,986	1,381,379
Long-term borrowings (including due within one year)	2,516,921	1,981,271
Lease liabilities (including due within one year)	545,564	525,568
Total	17,647,320	8,537,278

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 2023		31 December 2022	
	Increased by	Decreased by	Increased by	Decreased by
Against RMB	6.02%	6.02%	7.64%	7.64%
(Decrease)/increase in net profit (RMB'000)	(44,894)	44,894	3,463	(3,463)
USD	30 June 2023		31 December 2022	
	Increased by	Decreased by	Increased by	Decreased by
Against RMB	5.17%	5.17%	12.88%	12.88%
(Decrease)/increase in net profit (RMB'000)	69,141	(69,141)	254,836	(254,836)

VII. RISKS RELATED TO FINANCIAL INSTRUMENTS *(continued)***5 Transfer of financial assets**

As at 30 June 2023, the Group endorsed receivables at FVTOCI of RMB 3,558,341,000 (31 December 2022: RMB7,983,900,000) to its suppliers to pay the accounts payable; discounted bills receivable of RMB 978,865,000 (31 December 2022: RMB1,315,886,000) to bank to obtain currency funds. The Group believes that the risk and rewards of the ownership of such endorsed or discounted bills receivable have been substantially transferred to the supplier or discounting bank, and therefore derecognised such endorsed or discounted bills receivable. If the acceptor can't cash such notes, according to relevant laws and regulations of China, the Group is held jointly liable for such bills receivable. The Group believes that as the acceptor is of good reputation, there is minor risk of the acceptor's failure to cash the notes upon maturity. On 30 June 2023, if the acceptor fails to cash such notes upon maturity, i.e. the Group's maximum exposure to loss is equivalent to the amount that the Group should pay the supplier or discounting bank in respect of such endorsed or discounted notes. For all the bills receivable endorsed to suppliers or discounted to bank, the maturity is within one year after the end of reporting period.

As at 30 June 2023, the Group endorsed bills receivable of RMB 6,445,045,000 (31 December 2022: RMB8,677,483,000) to its suppliers to pay the accounts payable; discounted bills receivable of RMB 372,471,000 (31 December 2022: RMB1,024,628,000) to bank to obtain currency funds. The Group determines that it retains substantially all risk and rewards of the ownership of such endorsed or discounted bills receivable (including relevant risk of default), and therefore continues to recognise such endorsed or discounted bills receivable as well as the carrying amount of relevant accounts payable that have been repaid. After the endorsement or discounting of bills receivable, the Group does not retain any right to use such endorsed or discounted notes, including selling, transferring or pledging such endorsed or discounted notes to any third party.

In January-June 2023, the Group transferred accounts receivable of RMB 24,801,000 (January-June 2022: RMB207,619,000) to bank to obtain currency funds. The Group determines that it has transferred substantially all the risks and rewards of ownership of such accounts receivable, and therefore derecognises such accounts receivable. The Group's losses arising from derecognition of such accounts receivable are included in investment income amounting to RMB 414,000 (January-June 2022: RMB4,690,000).

6 Capital management

The major objective of the Group's capital management is to ensure the Group's continuing operation, and provide the shareholders with continuous return by establishing a price of products and service that matches the risk level so as to obtain financing at reasonable cost.

The Group reviews and manages its capital structure on a regular basis, aiming to achieve most ideal capital structure and return to shareholders. The factors that the Group takes into consideration include: the Group's future capital demand, capital efficiency, actual and expected profitability, expected cash flows, expected capital expenditures and etc. If the economic conditions change and affect the Group, the Group will adjust the capital structure.

The Group monitors and manages its capital structure using asset-liability proportion. As at 30 June 2023 and 31 December 2022, the asset-liability proportion are as follows:

	30 June 2023	31 December 2022
Asset-liability proportion (%)	59.00	56.80

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

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VIII. DISCLOSURE OF FAIR VALUE

1 Closing fair value of assets and liabilities measured at fair value

RMB'000

Item	Fair value at 30 June 2023			Total
	Level 1 Fair value measurement	Level 2 Fair value measurement	Level 3 Fair value measurement	
I. Recurring fair value measurements				
(I) Held-for-trading financial assets	–	8,392,632	3,871,158	12,263,790
1. Derivative financial assets	–	–	–	–
2. Certificate of deposits, etc.	–	8,392,632	–	8,392,632
3. Unlisted equity instrument investments	–	–	3,871,158	3,871,158
(II) Receivables at FVTOCI	–	8,172,644	–	8,172,644
(III) Investments in other equity instruments	985,623	–	1,848,685	2,834,308
1. Listed equity instrument investments	985,623	–	–	985,623
2. Unlisted equity instrument investments	–	–	1,848,685	1,848,685
(IV) Other non-current financial assets	224,000	–	–	224,000
1. Preferred shares etc. investments	224,000	–	–	224,000
Total assets measured at fair value on recurring basis	1,209,623	16,565,276	5,719,843	23,494,742
(V) Held-for-trading financial liabilities	–	203,813	–	203,813
1. Derivative financial liabilities	–	203,813	–	203,813
Total liabilities measured at fair value on a recurring basis	–	203,813	–	203,813

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.

VIII. 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 instrument investments)
1 January 2023	3,204,616	1,695,943
Additions	465,000	170,680
Disposals	(35,947)	(5,296)
Current gains/(losses)	237,489	(12,642)
Included in profit or loss	237,489	–
Included in other comprehensive income	–	(12,642)
30 June 2023	<u>3,871,158</u>	<u>1,848,685</u>

For the current year, there is no transfer among level 1, level 2 and level 3 fair value measurement of the Group's financial assets.

3 Fair value of financial assets and financial liabilities that are not measured at fair value

The Group's financial assets and financial liabilities measured at amortised cost are detailed in Note VII.1. 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 2023	31 December 2022	30 June 2023	31 December 2022
Fixed-rate debt investments	1,729,695	236,361	1,423,264	202,007
Fixed-rate long-term receivables	10,687,302	11,343,189	8,770,439	9,294,649
Fixed-rate long-term borrowings	4,222,122	3,820,289	3,069,124	2,483,898
Fixed-rate corporate bonds payable	–	2,500,000	–	2,540,605

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.

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

FOR THE SIX MONTHS ENDED 30 JUNE 2023

IX. 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	51.35	51.35

The ultimate controlling party of the Company is State-owned Assets Supervision and Administration Commission of the State Council (the "SASAC").

2 Subsidiaries of the Company

The Company's subsidiaries are detailed in Note I.2.

3 Joint ventures and associates of the Company

Please see Note VI.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
Shanghai Shentong Changke Rail Transit Vehicle Co., Ltd.	Joint ventures
Shenyang CRRC Rail Transit Equipment Co., Ltd.	Joint ventures
Changchun Changke Alstom Rail Vehicle Co., Ltd.	Joint ventures
Zhuzhou CRRC Times High-tech Investment Co., Ltd.	Joint ventures
Changzhou RuiYang Transmission Technology Co., Ltd.	Joint ventures
Xi'an Sifang Rail Traffic Equipment Co., Ltd.	Joint ventures
Shenzhen CRRC Railway Vehicle Co., Ltd.	Joint ventures
Shenyang CRRC Westinghouse Railway Brake Technology Co., Ltd.	Joint ventures
Qingdao Sifang Faiveley Railway Brake Co., Ltd.	Joint ventures
Zhuzhou ABC Rail Products Co., Ltd.	Joint ventures
Dalian Toshiba Locomotive Electric Equipment Co., Ltd.	Joint ventures
Guangzhou Sifang Rail Transit Equipment Co., Ltd.	Joint ventures
Shentong CSR (Shanghai) Rail Transit Vehicle Maintenance Co., Ltd.	Joint ventures
Changshu Zhishui Environmental Protection Water Co., Ltd.	Joint ventures
Zhuzhou Times Mitsubishi Transportation Equipment Co., Ltd.	Joint ventures
Wuhu Yunda Rail Transit Construction and Operation Co., Ltd.	Joint ventures
Shanxi Jinlong Sifang Railway Vehicle Equipment Co., Ltd.	Joint ventures
Zhejiang Times Lanp New Energy Co., Ltd.	Joint ventures
Jiangsu Leadrun Manden Casting Co., Ltd.	Joint ventures
Chengdu Ruiyang Rail Transmission Technology Co., Ltd.	Joint ventures
Qingdao Sifang Sri Intellectual Technology Co., Ltd.	Joint ventures
Changchun Changke Rail Environmental Protection Equipment Co., Ltd.	Joint ventures
Guangzhou Qinglan Semiconductor Co., Ltd.	Joint ventures
Beijing Sifang Tongchuang Rail Transit Equipment Co., Ltd.	Joint ventures
Shanghai Shentong CRRC Rail Transit Operation Safety Engineering Technology Research Co., Ltd.	Joint ventures
Zhengzhou Times Transport Electrical Equipment Co., Ltd.	Joint ventures
Qingdao Sifang Kawasaki Vehicle Technology Co., Ltd.	Joint ventures
Beijing Beijiufang Rail Transit Technology Co., Ltd.	Associates

IX. 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
Datong Semco Railway Traffic Co., Ltd.	Associates
Hunan Honghui Technology Co., Ltd.	Associates
Hunan Times Westinghouse Transportation Equipment Co., Ltd.	Associates
Jiangxi Shangye Shengyilun Electric Co., Ltd.	Associates
Knorr-Bremse Nankou Air Supply Unit (Beijing) Co., Ltd.	Associates
Sichuan Sharing Foundry Co., Ltd.	Associates
Zhixin Semiconductors Co., Ltd.	Associates
Zhuzhou Times Electric Insulation Co., Ltd.	Associates
Zhuzhou Times Engineering Plastics Technology Co., Ltd.	Associates
Jiangsu CRRC Digital Technology Co., Ltd.	Associates
Chengdu Changke Xinzhu Rail Transportation Equipment Co., Ltd.	Associates
Tieke (Beijing) Rail Equipment & Technology Co., Ltd.	Associates
Beijing Nankou SKF Railway Bearing Co., Ltd.	Associates
Zhuzhou National Innovation Railway Technology Co., Ltd.	Associates
Jinan Sirui Rail Transit Equipment Technology Co., Ltd.	Associates
China Railway Shenyang Railway Equipment Co., Ltd.	Associates
Qingdao Alstom Railway Equipment Co., Ltd.	Associates
Guangzhou Junfa Electrical Equipment Co., Ltd.	Associates
Shanghai CRRC Voith Transmission Technology Co., Ltd.	Associates
Zhejiang CRRC Shangchi Electric Co., Ltd.	Associates
Xi'an Alstom Yongji Electrical Equipment Co., Ltd.	Associates
Tianjin Electric Locomotive Co., Ltd.	Associates
Xinyang Amsted Tonghe Wheels Co., Ltd.	Associates
Guangzhou Electric Locomotive Co., Ltd.	Associates
Hunan Maglev Transportation Development Co., Ltd.	Associates
Shanghai Alstom Transport Electrical Equipment Co., Ltd.	Associates
CRRC Ziyang Transmission Co., Ltd.	Associates
Qiqihar EEE Forging Equipment Co., Ltd.	Associates
Baweitong Technology Co., Ltd.	Associates
Shanghai Nanji Track Equipment Technology Development Co., Ltd.	Associates
Qingdao Metro Rail Transit Intelligent Maintenance Co., Ltd.	Associates
ABB Datong Traction Transformers Co., Ltd.	Associates
Foshan Zhongshi Zhihui Transportation Technology Co., Ltd.	Associates
Datong Faiveley Railway Vehicle Equipment Company Limited	Associates
Wuhan Digital Design and Manufacturing Innovation Centre Co., Ltd.	Associates
Sichuan CRRC Railway Investment Rail Transit Co., Ltd.	Associates
Hunan Guoci Power Technology Co., Ltd.	Associates
Huaneng Tieling Daxing Wind Power Co., Ltd.	Associates
Rail Vehicle Equipment (Thailand) Co., Ltd.	Associates
Wuxi CRRC Hofer Powertrain Co., Ltd.	Associates
Zhuzhou Siemens Traction Equipment Co., Ltd.	Associates
Nanjing Metro Air Conditioning Technology Co., Ltd.	Associates
Zhuzhou Times Huaxin New Material Technology Co., Ltd.	Associates
Wuxi Times Intelligent Transportation Research Institute Co., Ltd.	Associates
Anhui CRRC Puzhen Urban Rail Transit Operation and Maintenance Technology Co., Ltd.	Associates
Jiangsu Zhongcheng Transportation Equipment Co., Ltd.	Associates
Inner Mongolia First Machinery Group Like Plastic Products Co., Ltd.	Associates
Tianjin Line 1 Rail Transit Operation Co., Ltd.	Associates

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

FOR THE SIX MONTHS ENDED 30 JUNE 2023

IX. 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 Inspection Technology Co., Ltd.	Associates
CRRC Foshan Investment Development Co., Ltd.	Associates
CRRC Zhuzhou Rail Transit Periodical Press Co., Ltd.	Associates
Foshan Gaoming Modern Rail Transport Construction & Investment Co., Ltd.	Associates
Guangzhou High Speed Rail Technology Co., Ltd.	Associates
Jinan-Qingdao High-speed Railway Co., Ltd.	Associates
Hebei CRRC Luxing Anti-loose Technology Co., Ltd.	Associates
Nanjing Rail Transit Industry Development Co., Ltd.	Associates
Chongqing Dynamic Investment Rail Transit Equipment Co., Ltd.	Associates
CRRC Pioneer Electric (India) Pvt. Ltd.	Associates
Vertex Railcar Corporation	Associates
China United Insurance Holding Company	Associates
Hangcai Guochuang (Qingdao) High-speed Rail Materials Research Institute Co., Ltd.	Associates
Huaneng Panjin Wind Power Co., Ltd.	Associates

4 Related party transactions

(1) Purchases and sales of goods, rendering and receipt of services

Purchase of goods/receipt of services

Related party	Content of related party transaction	RMB'000	
		January – June 2023	January – June 2022
Joint ventures of the Group	Purchase of goods	403,943	40,512
Associates of the Group	Purchase of goods	679,515	403,366
CRRC Group and subsidiaries	Purchase of goods	359,958	230,321
Joint ventures and associates of CRRC Group and subsidiaries	Purchase of goods	1,848	3,047
Joint ventures of the Group	Receipt of services	7,587	81
Associates of the Group	Receipt of services	15,170	4,336
CRRC Group and subsidiaries	Receipt of services	35,890	16,653
Joint ventures and associates of CRRC Group and subsidiaries	Receipt of services	4,184	564
Total	/	1,508,095	698,880

IX. 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 services

RMB'000

Related party	Content of related party transaction	Accrued during the period	Accrued during the prior period
Joint ventures of the Group	Sale of goods	595,089	221,502
Associates of the Group	Sale of goods	4,262,127	763,460
CRRC Group and its subsidiaries	Sale of goods	354,981	475,014
Joint ventures and associates of CRRC Group and subsidiaries	Sale of goods	403,192	52,327
Joint ventures of the Group	Rendering of services	11,351	4,007
Associates of the Group	Rendering of services	15,052	8,163
CRRC Group and its subsidiaries	Rendering of services	18,885	16,426
Joint ventures and associates of CRRC Group and subsidiaries	Rendering of services	2,131,612	2,777,114
Total	/	7,792,289	4,318,013

(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
Associates of the Group	Fixed assets	4,098	1,305
CRRC Group and its subsidiaries	Fixed assets	21	–
Joint ventures and associates of CRRC Group and subsidiaries	Fixed assets	1,272	776
Total	/	5,391	2,081

The Company as the lessee:

RMB'000

Name of lessor	Type of assets leased	Lease payment recognised in current period	Lease payment recognised in prior period
CRRC Group and its subsidiaries	Fixed assets	78,024	62,055
Joint ventures and associates of CRRC Group and its subsidiaries	Fixed assets	138	–
Total	/	78,162	62,055

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

FOR THE SIX MONTHS ENDED 30 JUNE 2023

IX. RELATED PARTIES AND RELATED PARTY TRANSACTIONS (continued)

4 Related party transactions (continued)

(3) Guarantees with related parties

The Company as the guarantor

	30 June 2023 Balance of guarantee	31 December 2022 Balance of guarantee
The guaranteed company		
Wuhu Yunda	1,774,400	1,774,400
CRRC E – LOCO SUPPLY (PTY) LTD.	1,115,045	1,800,600
Total	2,889,445	3,575,000

RMB'000

The Company as the guarantee holder

Name of guarantor	Content of related party transaction	30 June 2023 Amount of guarantee	31 December 2022 Amount of guarantee
CRRC Group	Performance guarantee	1,115,045	1,800,600
CRRC Group	Bond guarantee	–	1,500,000
Total	/	1,115,045	3,300,600

RMB'000

(4) Funding from related party

Related party	Amount of borrowing/loan	Inception date	Maturity date	Note
Funds received				
CRRC Group and its subsidiaries	300,000	6/9/2022	5/9/2023	/
CRRC Group and its subsidiaries	22,560	6/9/2022	5/9/2023	/
CRRC Group and its subsidiaries	148,590	6/9/2022	5/9/2023	/
CRRC Group and its subsidiaries	1,000,000	24/10/2022	23/10/2023	/
CRRC Group and its subsidiaries	312,960	5/12/2022	4/12/2023	/
CRRC Group and its subsidiaries	1,100,000	15/12/2022	14/12/2023	/
CRRC Group and its subsidiaries	249,770	27/12/2022	26/12/2023	/
CRRC Group and its subsidiaries	600,000	18/4/2023	17/4/2024	/
CRRC Group and its subsidiaries	1,600,000	18/4/2023	17/4/2024	/
Total	5,333,880	/	/	/

RMB'000

IX. RELATED PARTIES AND RELATED PARTY TRANSACTIONS *(continued)*

4 Related party transactions *(continued)*

(5) Assets transfer/debt restructuring with related parties

		RMB'000	
Related party	Content of transaction	January – June 2023	January – June 2022
Joint ventures of the Group	Purchase of fixed assets from related parties	290	–
Associates of the Group	Purchase of fixed assets from related parties	531	–
CRRC Group and its subsidiaries	Purchase of fixed assets from related parties	121	–
Joint ventures and associates of CRRC Group and subsidiaries	Purchase of fixed assets from related parties	1,326	–
CRRC Group and its subsidiaries	Newly added long-term equity investments	–	202,990
Total	/	2,268	202,990

(6) Remuneration of key management personnel

		RMB'000	
Item		January – June 2023	January – June 2022
Remuneration of key management personnel		5,076	4,149

(7) Other related party transactions

		RMB'000	
Related party	Content of related party transaction	January – June 2023	January – June 2022
Joint ventures of the Group	Financial service and interest income	3,499	1,761
Associates of the Group	Financial service and interest income	3,157	–
CRRC Group and its subsidiaries	Financial service and interest income	20,500	136,668
Joint ventures of the Group	Interest expenses	131	646
Associates of the Group	Interest expenses	72	9
CRRC Group and its subsidiaries	Interest expenses	76,933	76,381
Joint ventures and associates of CRRC Group and its subsidiaries	Interest expenses	12	12
Total	/	104,304	215,477

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

FOR THE SIX MONTHS ENDED 30 JUNE 2023

IX. RELATED PARTIES AND RELATED PARTY TRANSACTIONS *(continued)*

5 Amounts due from/to related parties

(1) Receivables

RMB'000

Item	Related party	30 June 2023		31 December 2022	
		Carrying amount	Provision for bad and doubtful debts	Carrying amount	Provision for bad and doubtful debts
Bills receivable	Joint ventures of the Group	4,793	4	24,125	–
Bills receivable	Associates of the Group	201,190	392	238,652	559
Bills receivable	CRRC Group and its subsidiaries	1,777	–	16,821	569
Accounts receivable	Joint ventures of the Group	1,027,621	27,659	685,610	24,949
Accounts receivable	Associates of the Group	6,042,103	41,494	1,861,285	14,264
Accounts receivable	CRRC Group and its subsidiaries	732,977	39,117	1,335,692	40,594
Accounts receivable	Joint ventures and associates of CRRC Group and its subsidiaries	138,930	6,128	265,589	6,842
Receivables at FVTOCI	Joint ventures of the Group	41,628	–	3,721	–
Receivables at FVTOCI	Associates of the Group	516,124	–	413,896	20
Receivables at FVTOCI	CRRC Group and its subsidiaries	31,994	–	247,699	–
Prepayments	Joint ventures of the Group	40,934	50	138,848	50
Prepayments	Associates of the Group	131,352	–	157,807	–
Prepayments	CRRC Group and its subsidiaries	3,569	–	10,881	–
Other receivables	Joint ventures of the Group	1,663	17	5	–
Other receivables	Associates of the Group	19,129	755	19,287	327
Other receivables	CRRC Group and its subsidiaries	187,491	7,277	143,255	7,195
Contract assets	Joint ventures of the Group	11,120	80	4,625	50
Contract assets	Associates of the Group	120,211	1,303	331,444	4,805
Contract assets	CRRC Group and its subsidiaries	209,346	3,975	202,495	3,987
Contract assets	Joint ventures and associates of CRRC Group and its subsidiaries	422,629	423	–	–
Non-current assets due within one year	Joint ventures of the Group	164,375	6,328	281,556	599
Non-current assets due within one year	Associates of the Group	104,378	5,052	251,715	573
Non-current assets due within one year	CRRC Group and its subsidiaries	2,001,111	4,469	2,001,167	2,682
Long-term receivables	Associates of the Group	426,033	382,127	412,221	368,316
Other non-current assets	Joint ventures of the Group	64,201	1,041	62,236	1,120
Other non-current assets	Associates of the Group	229,178	3,584	810,030	4,926
Other non-current assets	CRRC Group and its subsidiaries	287,913	293	170,109	172
Other non-current assets	Joint ventures and associates of CRRC Group and its subsidiaries	1,506,589	1,469	220,452	220
Total	/	14,670,359	533,037	10,311,223	482,819

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

FOR THE SIX MONTHS ENDED 30 JUNE 2023

IX. RELATED PARTIES AND RELATED PARTY TRANSACTIONS *(continued)*

5 Amounts due from/to related parties *(continued)*

(2) Payables

		RMB'000	
Item	Related party	30 June 2023	31 December 2022
Deposits from banks and other financial institutions	Joint ventures of the Group	26,668	26,951
Deposits from banks and other financial institutions	Associates of the Group	3,784	37,682
Deposits from banks and other financial institutions	CRRC Group and its subsidiaries	4,061,250	3,029,384
Deposits from banks and other financial institutions	Joint ventures and associates of CRRC Group and its subsidiaries	51,539	59,962
Bills payable	Joint ventures of the Group	46,788	316,314
Bills payable	Associates of the Group	120,414	58,476
Bills payable	CRRC Group and its subsidiaries	72,951	82,961
Bills payable	Joint ventures and associates of CRRC Group and its subsidiaries	121	–
Accounts payable	Joint ventures of the Group	1,310,194	1,685,795
Accounts payable	Associates of the Group	1,783,968	1,813,630
Accounts payable	CRRC Group and its subsidiaries	2,758,502	2,577,955
Accounts payable	Joint ventures and associates of CRRC Group and its subsidiaries	53,989	95,872
Receipts in advance	CRRC Group and its subsidiaries	–	2,010
Contract liabilities	Joint ventures of the Group	4,263	2,761
Contract liabilities	Associates of the Group	51,927	148,492
Contract liabilities	CRRC Group and its subsidiaries	155,435	167,228
Contract liabilities	Joint ventures and associates of CRRC Group and its subsidiaries	202,643	519,188
Other payables	Joint ventures of the Group	8,392	11,042
Other payables	Associates of the Group	54,180	57,948
Other payables	CRRC Group and its subsidiaries	8,451,186	3,334,817
Other payables	Joint ventures and associates of CRRC Group and its subsidiaries	2,551	4,909
Non-current liabilities due within one year	Associates of the Group	2,632	–
Non-current liabilities due within one year	CRRC Group and its subsidiaries	56,781	11,341
Lease liabilities	Associates of the Group	4,497	4,720
Lease liabilities	CRRC Group and its subsidiaries	5,566	15,235
Total	/	19,290,221	14,064,673

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

FOR THE SIX MONTHS ENDED 30 JUNE 2023

IX. 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 2023	31 December 2022
Sale of goods to related parties	Joint ventures of the Group	37,965	111,466
Sale of goods to related parties	Associates of the Group	101	76,461
Sale of goods to related parties	CRRC Group and its subsidiaries	2,861	2,556
Purchase of goods from related parties	Joint ventures of the Group	37,885	–
Purchase of goods from related parties	Associates of the Group	22,918	41,057
Purchase of goods from related parties	CRRC Group and its subsidiaries	945	1,481
Purchase of goods from related parties	Joint ventures and associates of CRRC Group and its subsidiaries	5,079	–
Total	/	107,754	233,021

X. COMMITMENTS AND CONTINGENCIES

1 Significant commitments

The nature and amount of significant external commitments existing at the balance sheet date

		RMB'000	
Item		30 June 2023	31 December 2022
Construction in progress, fixed assets and land use rights		4,383,825	3,399,975
Other intangible assets		16,226	10,905
Total		4,400,051	3,410,880

2 Contingencies

- (1) Significant contingencies existing at the balance sheet date

		RMB'000	
Relevant entity	Guarantee holder	Amount of guarantee	Type of guarantee
The Company	Wuhu Yunda	1,774,400	Guarantee for performance, financing and profit or loss
CRRC ZELC	CRRC E-LOCO SUPPLY (PTY) LTD.	1,115,045	Guarantee for performance

X. 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 ZELC, 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 effective 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 ZELC shall relinquish all shareholders’ rights from the effective 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’s subsidiary under the Locomotive Supply Contracts, CRRC ZELC has provided performance guarantee (“the Guarantee”) for the Target Company’s subsidiary. Accordingly, CRRC ZELC 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 any form of the obligations of CRRC ZELC under the Guarantee pursuant to the Counter Guarantee Agreement, including but not limited to prepayment guarantees, performance guarantees, etc., signed by CRRC Group and CRRC ZELC. As at 30 June 2023, the balance of the performance guarantee provided by CRRC ZELC for the Target Company’s subsidiary amounted to RMB 1.115 billion.

XI. OTHER SIGNIFICANT ITEMS

1 Segment information

(1) Basis for determining reporting segment and accounting policies

Based on the requirements of operation management, the Group’s operating activities are classified in to one separate operating segment, mainly supplying the market with rail transit equipment and extended products and services, therefore the Group has no other operating segment.

(2) Financial information of reporting segments

(i) External revenue

Item	RMB’000	
	Accrued during the period	Accrued during the prior period
Products and services information:		
Rail transit equipment and extended products and services	87,303,227	81,297,098
Total	87,303,227	81,297,098
Geographical information:		
Mainland China	74,845,045	72,660,086
Other countries and regions	12,458,182	8,637,012
Total	87,303,227	81,297,098

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

FOR THE SIX MONTHS ENDED 30 JUNE 2023

XI. OTHER SIGNIFICANT ITEMS *(continued)*

1 Segment information *(continued)*

(2) Financial information of reporting segments *(continued)*

(ii) Total specified non-current assets

Item	RMB'000	
	30 June 2023	31 December 2022
Mainland China	130,589,301	127,449,001
Other countries and regions	6,235,120	6,117,609
Total	136,824,421	133,566,610

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 revenue from major customer China State Railway Group is RMB 23,186,373,000 (January-June 2022: RMB22,689,659,000). The Group has no other single customer from which the revenue accounts for over 10% of the Group's revenue.

2 Other significant transactions or events affecting investors' decision-making

(1) Net current assets

Item	RMB'000	
	30 June 2023	31 December 2022
Current assets	307,334,419	290,455,050
Less: Current liabilities	249,156,184	227,403,751
Net current assets	58,178,235	63,051,299

(2) Total assets less current liabilities

Item	RMB'000	
	30 June 2023	31 December 2022
Total assets	463,432,426	442,140,146
Less: Current liabilities	249,156,184	227,403,751
Total assets less current liabilities	214,276,242	214,736,395

XI. OTHER SIGNIFICANT ITEMS (continued)**3 Calculation process of basic earnings per share and diluted earnings per share****(1) Basic earnings per share**

The basic earnings per share is calculated by dividing the current net profit attributable to the common shareholders of the Company by the weighted average number of common shares issued:

Item	January – June 2023	January – June 2022
Net profit of the year attributable to ordinary shareholders (RMB'000)	3,460,359	3,130,771
Number of ordinary shares issued in the current period (thousand shares)	28,698,864	28,698,864
Basic earnings per share (RMB/share)	0.12	0.11

(2) Diluted earnings per share

Diluted earnings per share is calculated by dividing the adjusted current net profit attributable to the owner of the parent company by the adjusted weighted average number of common shares issued in the current period. From January to June 2023, the Company does not have any events result in dilution of earnings per share. (January to June 2022: nil)

Item	January – June 2023	January – June 2022
Net profit of the year attributable to ordinary shareholders (RMB'000)	3,460,359	3,130,771
Plus: Diluted adjustments: (RMB'000)	–	–
Net profit used to calculate diluted earnings per share (RMB'000)	3,460,359	3,130,771
Number of ordinary shares issued in the current period (thousand shares)	28,698,864	28,698,864
Plus: Diluted adjustments: (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)	0.12	0.11

XII. NOTES TO KEY ITEMS IN THE COMPANY'S FINANCIAL STATEMENTS**1 Cash and bank on hand****(1) Cash at bank and on hand**

Item	RMB'000	
	30 June 2023	31 December 2022
Deposits with banks	6,412,033	17,252,667
Other monetary funds	502,131	501,503
Total	6,914,164	17,754,170

(2) Cash at bank and on hand with restrictive ownership title or right of use

Category	RMB'000	
	30 June 2023	31 December 2022
Bank acceptance bills deposit	502,131	501,503
Total	502,131	501,503

As at 30 June 2023, there were RMB621,139,000 unsecured and unrestricted time deposits with maturity of three months and above (31 December 2022: RMB1,001,588,000).

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

FOR THE SIX MONTHS ENDED 30 JUNE 2023

XII. NOTES TO KEY ITEMS IN THE COMPANY'S FINANCIAL STATEMENTS *(continued)*

2 Other receivables

Presented by item

Item	RMB'000	
	Closing balance	Opening balance
Dividends receivable	1,061,596	3,745,736
Other receivables	14,966,215	8,671,753
Total	16,027,811	12,417,489

Dividends receivable

Item	RMB'000	
	Closing balance	Opening balance
Dividends receivable from subsidiaries	1,061,596	3,745,736
Total	1,061,596	3,745,736

Other receivables

(1) Analysis by ageing

Ageing	RMB'000	
	Carrying amount at the end of the period	Opening balance
Within 1 year	14,255,381	8,190,349
1-2 years	350,932	22,238
2-3 years	15,985	26,739
Over 3 years	358,607	440,707
Sub-total	14,980,905	8,680,033
Less: Credit loss allowance	(14,690)	(8,280)
Total	14,966,215	8,671,753

XII. NOTES TO KEY ITEMS IN THE COMPANY'S FINANCIAL STATEMENTS *(continued)*

2 Other receivables *(continued)*

(2) Other receivables categorized by nature

Nature of other receivables	RMB'000	
	Carrying amount at the end of the period	Carrying amount at the beginning of the period
Transactions between subsidiaries	14,962,711	8,666,004
Others	3,504	5,749
Total	14,966,215	8,671,753

(3) Top five entities with the largest balances of other receivables

Name of enterprise	RMB'000		
	Book value at 30 June 2023	Proportion to total closing balance of other receivables (%)	Balance of loss allowance at 30 June 2023
Top 5 Other receivables	9,461,441	63.16%	9,461

3 Long-term equity investments

Item	30 June 2023			31 December 2022		
	Book value	Provision for impairment	Carrying amount	Book value	Provision for impairment	Carrying amount
Investments in subsidiaries	104,447,520	-	104,447,520	104,311,230	-	104,311,230
Investments in joint ventures and associates	6,366,390	-	6,366,390	6,309,133	-	6,309,133
Total	110,813,910	-	110,813,910	110,620,363	-	110,620,363

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

FOR THE SIX MONTHS ENDED 30 JUNE 2023

XII. NOTES TO KEY ITEMS IN THE COMPANY'S FINANCIAL STATEMENTS (continued)

3 Long-term equity investments (continued)

(1) Investments in subsidiaries

Investee	RMB'000			
	1 January 2023	Additions during the period	Decrease during the period	30 June 2023
CRRC Changchun	11,938,306	40,000	–	11,978,306
CRRC ZIC	11,927,572	–	–	11,927,572
CRRC ZELC	5,742,786	–	–	5,742,786
CRRC Tangshan	8,462,469	–	–	8,462,469
CRRC DLOCO	6,362,241	–	–	6,362,241
CRRC Qiche Group	8,794,071	–	–	8,794,071
CRRC Yangtze Group	5,716,509	–	–	5,716,509
CRRC Leasing	3,214,106	–	–	3,214,106
CRRC Qishuyan	2,411,044	–	–	2,411,044
CRRC QSYRI	2,254,296	–	–	2,254,296
CRRC Capital	2,511,188	–	–	2,511,188
CRRC Puzhen	5,125,667	–	–	5,125,667
CRRC Hongkong Capital	3,180,486	–	–	3,180,486
CRRC ITET	845,372	–	–	845,372
CRRC Yongji Electric	2,292,988	–	–	2,292,988
CRRC Sifang Institute	3,153,977	–	–	3,153,977
CRRC Finance	3,348,213	–	–	3,348,213
CRRC Zhuzhou Electric	1,365,677	–	–	1,365,677
CRRC Ziyang	1,061,086	–	–	1,061,086
CRRC Nankou	727,412	–	–	727,412
CRRC Datong	1,313,207	–	–	1,313,207
CRRC Dalian R&D	196,206	–	–	196,206
CRRC DLRI	818,907	–	–	818,907
CRRC Logistics	630,196	–	–	630,196
CRRC ACADEMY	228,000	–	–	228,000
CRRC International	682,337	–	–	682,337
CRRC InfoTech	288,125	33,730	–	321,855
CRRC Financial Leasing	2,430,000	–	–	2,430,000
CRRC SFC	5,672,011	62,560	–	5,734,571
Other subsidiaries	1,616,775	–	–	1,616,775
Total	104,311,230	136,290	–	104,447,520

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

FOR THE SIX MONTHS ENDED 30 JUNE 2023

XII. NOTES TO KEY ITEMS IN THE COMPANY'S FINANCIAL STATEMENTS *(continued)*

3 Long-term equity investments *(continued)*

(2) Investments in joint ventures and associates

Name of investee	1 January 2023	Additional investment	Decrease in investments	Changes for the year		Other equity movements	Cash dividend or profits declared	30 June 2023
				Investment income or loss under equity-method	Adjustments to other comprehensive income			
I. Joint ventures								
Wuhu Yunda	145,356	-	-	-	-	-	-	145,356
Sub-total	145,356	-	-	-	-	-	-	145,356
II. Associates								
China United Insurance	5,358,666	-	-	51,160	10,300	138	(10,000)	5,410,264
Others	805,111	-	-	5,046	-	723	(110)	810,770
Sub-total	6,163,777	-	-	56,206	10,300	861	(10,110)	6,221,034
Total	6,309,133	-	-	56,206	10,300	861	(10,110)	6,366,390

4 Investment income

Item	RMB'000	
	January – June 2023	January – June 2022
Income from long-term equity instrument investments accounted for using cost method	-	1,559,091
Income from long-term equity instrument investments accounted for under equity method	56,206	8,874
Total	56,206	1,567,965

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

FOR THE SIX MONTHS ENDED 30 JUNE 2023

XII. NOTES TO KEY ITEMS IN THE COMPANY'S FINANCIAL STATEMENTS (continued)

5 Supplementary information to the cash flow statement

(1) Supplementary information to the cash flow statement

Supplementary information	RMB'000	
	Accrued during the period	Accrued during the prior period
1. Reconciliation of net profit to cash flow from operating activities:		
Net profit	(88,630)	1,341,546
Credit losses	6,472	(2,507)
Depreciation of fixed assets	3,166	3,169
Depreciation of right-of-use assets	6,274	6,274
Amortisation of intangible assets	11,378	11,464
Financial expenses	(8,249)	31,679
Investment income	(56,206)	(1,567,965)
Decrease in operating receivables	1,066,631	525,656
Increase in operating payables	(1,349,315)	1,160,495
Net cash flows generated (used in)/from operating activities	(408,479)	1,509,811
2. Net changes in cash and cash equivalents		
Closing balance of cash and cash equivalents	5,790,894	7,216,522
Less: Opening balance of cash and cash equivalents	16,251,079	9,653,682
Net increase in cash and cash equivalents	(10,460,185)	(2,437,160)

(2) Composition of cash and cash equivalents

Item	RMB'000	
	30 June 2023	31 December 2022
I. Cash	5,790,894	16,251,079
Bank deposits available on demand	5,790,894	16,251,079
II. Cash equivalents	-	-
III. Closing balance of cash and cash equivalents	5,790,894	16,251,079

XIII. SUPPLEMENTARY INFORMATION

1 Breakdown of non-recurring gain or loss

Item	RMB'000	
	Amount	Note
Profit or loss on disposal of non-current assets	326,697	/
Government grants recognised in profit or loss (other than grants which are closely related to the Group's business and are either in fixed amounts or determined under quantitative methods in accordance with the national standard)	753,916	/
Restructuring costs, such as staff compensation cost and integration expenses	(16,104)	/
Changes in fair value of financial assets and liabilities held for trading and derivative financial assets and liabilities, and disposal of financial assets and liabilities held for trading, derivative financial assets and liabilities and other debt investments, other than those held for effective hedging related to normal operations	278,739	/
Other profit and loss items that meet the definition of non recurring profit and loss	102,301	/
Other non-operating income and expenses besides items above	(108,175)	/
Tax effect	(234,231)	/
Effects attributable to minority interests	(225,856)	/
Total	877,287	/

Reason for defining items as non-recurring gain or loss items according to Information Disclosure and Presentation Rules for Companies Making Public Offering of Securities No.1 – Non-recurring Gain or Loss, and reasons for defining non-recurring gain or loss items illustrated in information Disclosure and Presentation Rules for Companies Making Public Offering of Securities No. 1 – Non-recurring Gain or Loss as recurring gain or loss items should be specified.

2 Return on net assets and earnings per share

Profit for the reporting period	Weighted average return on net assets	Earnings per share	
		Basic earnings per share	Diluted earnings per share
Net profit attributable to the Company's ordinary equity shareholders	2.21	0.12	0.12
Net profit excluding extraordinary gain and loss attributable to the Company's ordinary equity shareholders	1.65	0.09	0.09

Chairman of the Board: Sun Yongcai
Reporting date approved by the Board of Directors: 25 August 2023

DEFINITIONS

CRRC Yangtze Group	CRRC Yangtze Group Co., Ltd. (中車長江運輸設備集團有限公司)
CNR	former China CNR Corporation Limited (中國北車股份有限公司)
CNRG	former China Northern Locomotive & Rolling Stock Industry (Group) Corporation (中國北方機車車輛工業集團公司)
Corporate Governance Code	Corporate Governance Code set out in Appendix 14 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 Hongkong	CRRC Hongkong Co., Ltd. (中國中車(香港)有限公司)
CRRC International	CRRC International Co., Ltd. (中車國際有限公司)
CRRC Sifang	CRRC Qingdao Sifang Co., Ltd. (中車青島四方機車車輛股份有限公司)
CRRC Tangshan	CRRC Tangshan Co., Ltd. (中車唐山機車車輛有限公司)
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 10 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 Future 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 Electric	Zhuzhou CRRC Times Electric Co., Ltd. (株洲中車時代電氣股份有限公司)

