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**中国通号**

**中國鐵路通信信號股份有限公司**

**China Railway Signal & Communication Corporation Limited\***

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

**(Stock Code: 3969)**

## **ANNUAL RESULTS ANNOUNCEMENT FOR THE YEAR ENDED 31 DECEMBER 2023**

The board of directors (the “**Board**”) of China Railway Signal & Communication Corporation Limited\* (中國鐵路通信信號股份有限公司) (the “**Company**”) hereby announces the audited annual results of the Company and its subsidiaries for the year ended 31 December 2023. This announcement is in compliance with the relevant requirements of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the “**Hong Kong Stock Exchange**”) in relation to information to accompany the preliminary announcement of annual results.

### **PUBLICATION OF THE ANNUAL RESULTS ANNOUNCEMENT AND ANNUAL REPORT**

This results announcement will be published on the HKExnews website of the Hong Kong Stock Exchange at [www.hkexnews.hk](http://www.hkexnews.hk) and the website of the Company at [www.crsc.cn](http://www.crsc.cn).

The 2023 annual report will be published in due course on the aforesaid websites of the Company and the Hong Kong Stock Exchange.

By order of the Board  
**China Railway Signal & Communication Corporation Limited\***  
**LOU Qiliang**  
*Chairman*

Beijing, the People's Republic of China  
26 March 2024

*As at the date of this announcement, the executive directors of the Company are Mr. LOU Qiliang and Mr. ZHANG Quan and the independent non-executive directors of the Company are Mr. YAO Guiqing, Mr. YAO Cho Fai Andrew and Mr. FU Junyuan.*

\* *For identification purpose only*

## IMPORTANT NOTICE

**I. THE BOARD AND THE SUPERVISORY COMMITTEE OF THE COMPANY AND THE DIRECTORS, SUPERVISORS AND MEMBERS OF THE SENIOR MANAGEMENT WARRANT THE TRUTHFULNESS, ACCURACY AND COMPLETENESS OF THE CONTENTS HEREIN AND CONFIRM THAT THERE ARE NO MISREPRESENTATIONS OR MISLEADING STATEMENTS CONTAINED IN, OR MATERIAL OMISSIONS FROM, THIS ANNUAL REPORT, AND ACCEPT SEVERAL AND JOINT LEGAL RESPONSIBILITIES.**

**II. THE COMPANY MADE NO PROFIT AT THE TIME OF LISTING AND HAS NOT BEEN YET PROFITABLE**

Yes  No

**III. WARNING OF SIGNIFICANT RISKS**

For the description of relevant risks, please refer to Section IV “Management Discussion and Analysis and Report of the Directors” of this report.

**IV. PARTICULARS ABOUT THE DIRECTORS NOT ATTENDING THE BOARD MEETING**

<b>Name of director not attending the meeting</b>	<b>Name of director not attending the meeting</b>	<b>Explanation of the director not attending the meeting</b>	<b>Name of proxy</b>
Chairman of the Board	LOU Qiliang	Other important business engagement	ZHANG Quan

**V. BDO CHINA SHU LUN PAN CERTIFIED PUBLIC ACCOUNTANTS LLP ISSUED A STANDARD UNQUALIFIED AUDIT REPORT FOR THE COMPANY. UNLESS OTHERWISE STATED, ALL THE DATA PRESENTED IN THIS REPORT ARE DENOMINATED IN RMB.**

**VI. LOU QILIANG, PERSON-IN-CHARGE OF THE COMPANY, LI LIANQING, CHIEF FINANCIAL OFFICER, AND ZHANG SHIHU, HEAD OF THE FINANCIAL DEPARTMENT (PERSON IN CHARGE OF ACCOUNTING), CONFIRM THAT THE FINANCIAL REPORT IN THIS ANNUAL REPORT IS TRUE, ACCURATE AND COMPLETE.**

## IMPORTANT NOTICE (CONTINUED)

### VII. PROFIT DISTRIBUTION PLAN OR RESERVES-TO-EQUITY TRANSFER PLAN DURING THE REPORTING PERIOD AS CONSIDERED BY THE BOARD

As considered by the 20th meeting of the fourth session of the Board of the Company, the Company plans to distribute cash dividend of RMB1.7 (including tax) to all Shareholders for every 10 shares based on the total share capital of 10,589,819,000 shares on 31 December 2023, totaling RMB1,800,269,230. The profit distribution plan needs to be considered and approved by the Company's 2023 annual general meeting.

### VIII. WHETHER THERE ARE IMPORTANT MATTERS SUCH AS SPECIAL ARRANGEMENTS FOR CORPORATE GOVERNANCE

Applicable  Not applicable

### IX. DISCLAIMER OF FORWARD-LOOKING STATEMENTS

Applicable  Not applicable

This report contains forward-looking statements that are based on some subjective judgements and prospective assumptions with precedent conditions to the domestic and overseas economic trends and macro policies in the future. The judgements and assumptions may change under the influence of constraints. The final results or trends may differ from these forward-looking statements.

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 should be aware of investment risks.

### X. WHETHER THE CONTROLLING SHAREHOLDER OR ITS RELATED PARTIES HAVE MISAPPROPRIATED THE COMPANY'S FUNDS FOR PURPOSES OTHER THAN FOR BUSINESS

No

### XI. WHETHER THE COMPANY HAS PROVIDED EXTERNAL GUARANTEES IN VIOLATION OF ANY PRESCRIBED DECISION-MAKING PROCEDURES

No

### XII. WHETHER THE COMPANY HAS MORE THAN HALF OF THE DIRECTORS THAT CAN NOT GUARANTEE THE TRUTHFULNESS, ACCURACY AND COMPLETENESS OF THE ANNUAL REPORT DISCLOSED BY THE COMPANY

No

### XIII. OTHERS

Applicable  Not applicable

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Documents Available for Inspection	The financial statements signed and stamped by the person-in-charge of the Company, chief financial officer and the person in charge of accounting of the Company.
	Original copies of audit report signed and stamped by the accounting firm and certified public accountants.
	Original copies of all documents and announcements of the Company disclosed publicly during the Reporting Period.

# SECTION I DEFINITIONS

## I. DEFINITIONS

Unless otherwise stated in the context, the following terms should have the following meanings in this report:

### Definitions of Common Words

A share(s)	ordinary share(s) in the share capital of the Company, with a nominal value of RMB1.00 each, which are listed on the SSE and traded in RMB
ATO	Automatic Train Operation, the automatic train operation system, a system that automatically adjusts the speed and operation status of trains to automatically control a train's operation
ATP	Automatic Train Protection, the automatic train protection equipment that automatically brakes train when it exceeds speed limits
Board	the board of directors of the Company
CAM	China Association of Metros (中國城市軌道交通協會)
CBTC	Communication Based Train Control System, train control system for urban transit, the wireless communication-based automatic train control system, a wireless communication system for urban transit that enables bidirectional communication between vehicle and ground facilities to control the operation of trains
China or the PRC	the People's Republic of China, which for the purposes of this report excludes Hong Kong, Macau and Taiwan
CIPS	Computer Integrated Processing System, automation system of the freight marshalling yard, a system for centralized supervision and control of marshalling yard operations
CNRG	China National Railway Group Co., Ltd. (中國國家鐵路集團有限公司)
CRSC Group	China Railway Signal and Communication (Group) Corporation Limited (中國鐵路通信信號集團有限公司), the controlling shareholder of the Company
CRSC or our Company or Company	China Railway Signal & Communication Corporation Limited* (中國鐵路通信信號股份有限公司)
CSRC	China Securities Regulatory Commission (中國證券監督管理委員會)

## SECTION I DEFINITIONS (CONTINUED)

CTCS	Chinese Train Control System, developed by China for ensuring the safe operation of trains, which is divided into 0 to 4 levels based on function and equipment configuration according to the operational requirements of different lines. The higher the level, the faster the train speed applied and the higher the technical difficulty
EPC	Engineering Procurement Construction, the whole process or certain stages of the contract entrusted by the owner to the Company to carry out the design, procurement, construction, and trial operation of the construction project in accordance with the contract
Group	the Company and its subsidiaries
Hong Kong Stock Exchange	The Stock Exchange of Hong Kong Limited
ITCS	Incremental Train Control System, an enhanced train control system, which is currently applied to the Qinghai-Tibet Railway
MATC	Magnetic Automatic Train Control, medium and low speed maglev control system, an automatic control system for moving block trains based on cross induction loops, suitable for medium and low speed maglev trains
RBC	Radio Blocking Center, the ground core equipment of the CTCS-3 system to generate control information on the driving permission, line description and temporary speed limit for the controlled train according to the train status provided by the train ATP, the interlock path status provided by the interlock device, the track occupation status, and the temporary line speed limit command provided by the TSRS and transmit such information to the on-board ATP through the GSM-R network to control the driving status of the train
Reporting Period	the year ended 31 December 2023
SASAC	the State-owned Assets Supervision and Administration Commission of the State Council (國務院國有資產監督管理委員會) of the PRC
SSE	the Shanghai Stock Exchange
TACS	Train Autonomous Circumambulation System, the automatic train operation system, a signal system for a train to realize autonomous resource management and active interval protection based on the operation plan and real-time location of the train

Note: In this report, figures shown as totals in different ways may not be an arithmetic aggregation of the figures preceding them, which are due to rounding adjustments.

## SECTION II CHAIRMAN'S STATEMENT

Dear shareholders,

2023 was the first year for implementing the guiding principles of the 20th CPC National Congress on all fronts and a pivotal year for implementing the "14th Five-Year Plan". In the face of the complex economic situation at home and abroad and the ever-changing market environment, CRSC adhered to the guidance of the spirit of the important instructions given by General Secretary Xi Jinping on February 26, resolutely implemented the major decisions and arrangements of the CPC Central Committee and the State Council, closely focused on high-quality development and its own functions and positioning, strengthened the assumption of its duty to serve the national strategies, advanced with diligence and concentration while withstanding pressure, and made further progress and new achievements in various aspects, such as supporting key national strategies, technological innovation, production & operation, and reform & development.

**In 2023, we supported and served key national strategies with unswerving determination.** The Company actively implemented the national strategies of Building National Strength in Transportation and Regional Coordinated Development. It not only facilitated the successful opening and handover of 23 key projects, including Guangzhou-Shanwei High-speed Railway, Guiyang-Guangzhou High-speed Railway, Guiyang-Nanning High-speed Railway, Lanzhou-Urumchi High-speed Railway (Jinghe-Alataw Pass Section), and Shantou-Shanwei High-speed Railway, but also made steady progress in the construction of various other key projects, including the Phase I Project of Hangzhou-Wenzhou High-speed Railway, Meizhou-Longchuan High-speed Railway, Xuancheng-Jixi High-speed Railway, and the project on the introduction of Chongqing-Kunming High-Speed Railway into Kunming as a transportation hub. During the year, the Company participated in 349 large- and medium-sized projects on railway construction (including railway-related projects), facilitated the opening of railways with a total length of 3,406 kilometers, and received multiple awards, including one Tien-yow Jeme Civil Engineering Prize, four Luban prizes, five National Quality Engineering Awards, and more than 40 provincial- or ministry-level awards for quality engineering projects, while it was given an A rating again in the credit appraisal for construction enterprises engaging in railway construction projects. The Company participated in the high-quality development of the Belt and Road Initiative with actions. It spared no effort in safeguarding the secure operation of the Belgrade-Stara Pazova Section and the Stara Pazova-Novi Sad Section of the Hungary-Serbia Railway, facilitated the high-quality opening and operation of the Jakarta-Bandung High-speed Railway in Indonesia, safeguarded the successful completion of the Padma Bridge Rail Link Project for Bangladesh and the Mexico City Metro Line 1 Refurbishment Project for Mexico, and systematically promoted the construction of various other key overseas projects, including the Hungary-Serbia Railway (Novi Sad-Subotica-Border with Hungary Section) Project and the Khon Kaen-Nong Khai Line Double Tracking Project for Thailand.

**In 2023, we pulled out all the stops for full independence with respect to high technology.** Focusing on world-level cutting-edge technologies, the main economic fields, the country's critical needs, and the people's health, the Company deeply implemented the Outline of the National Innovation-Driven Development Strategy and the Programme of Building National Strength in Transportation and the strategy of "leading science and technology", promoted the coordinated technological and institutional innovation, and continuously enhanced its capabilities and level of technological innovation. It also accelerated the process of making breakthroughs in core technologies, as the track circuits and transponders for high-speed railways developed based on domestically manufactured chips by the Company passed the on-site test in the Circular Railway (a test line in Beijing), and the key equipment for the urban rail transit control system based on domestically manufactured chips and operating systems was successfully developed by the Company and passed the on-site test and the third-party test. Furthermore, it continued building up the country's reliable strategic sci-tech strength. In addition to the successful formulation of the Overall Technical Plan for Signal & Communication Systems That Are Applicable to Sichuan-Tibet Railway and the Overall Technical Plan for the Train Control System of the CR450 High-speed Train at a Higher Speed, the full-scale levitation test for the 1,000 km/h Maglev Hyperloop Train was completed in the Datong (Yanggao) High-speed Flying Train Test Line in Shanxi, and the on-site equipment installation and testing for the Operation Control System of the 30,000-ton Heavy-haul Train Set were completed in the Testing Section of Baotou-Shenmu Railway. Meanwhile, continued efforts were made to improve

## SECTION II CHAIRMAN'S STATEMENT (CONTINUED)

the Company's leadership in industrial system technology and basic technology. It not only conducted research on the new intelligent train control system (NiTC), with various technologies, including physical coupling, train-to-train communication, and train-set state perception, applied and various functions, including automatic route following, automatic train protection, and automatic train regulation, successfully developed, but also researched for the intelligent urban rail transit dispatch system, with various key technologies, including the intelligent formulation of train operation schemes and the intelligent adjustment of train operation schemes, mastered. The Company also overcame the technological problem of simultaneous-high-power-output, multi-physical-quantity-controllable arcing between the pantograph and the supply conductors when contact breaking occurs and developed the first life-size large test platform in China for the problem. Moreover, it endeavoured to become a source of original technologies for rail transportation control systems, as the plan for building the Company into the source of original technologies in the second group of technological areas with "key support" was formulated by the Company and passed the expert review. Additionally, considerable effort was put in for building innovation platforms and strengthening its demonstration role. While its Public Service Platform for the Technological Base of the Rail Transportation Industry was included in the List of Public Service Platforms for the Technological Base of Industries of the Ministry of Industry and Information Technology, the Company was accepted in four national demonstration programmes, including the Intelligent Manufacturing Pilot Demonstration Programme and the National "Little Giant" Specialised, Refined, Featured and Innovative Enterprise Identification and Incubation Programme, and 13 provincial- or ministry-level technological demonstration programmes, including the Beijing "Little Giant" Specialised, Refined, Featured and Innovative Enterprise Identification and Incubation Programme, in 2023.

**In 2023, we deepened reforms with an unswerving determination to drive and stimulate development.** CRSC effectively promoted the reform of state-owned enterprises and received an A rating in the SASAC's appraisal of the performance in key tasks for the three-year action on the reform of central enterprises. Among its subsidiaries, one was newly included in the list of state-owned demonstration enterprises for technological reform, and one was newly included in the list of 100 large-scale enterprises and 100 rapidly-growing enterprises, bringing the total number of its subsidiaries included in the two lists to five. The five demonstration enterprises all received a rating above "Good" in their respective appraisal, and two of them received a rating of "Excellent". The Company solidly promoted the implementation of the next round of actions on deepening and improving reforms by proposing the task scheme, schedule, and roadmap of reforms in the next three years based on the demands of the country, the industry and itself, the characteristics of its development, and the requirements of high-quality development. Furthermore, all actions to build the Company into a world-class enterprise were coordinated, as all benchmarking-based improvement actions, value creation actions, actions on building itself and its subsidiaries into leading and demonstration enterprises in respective professional areas, and actions on enhancing the guiding role of brands were carried out in a systematic manner. Meanwhile, it strove to develop a new responsibility system for business operations by promoting the quality and coverage improvement of the 2.0 version of the tenure system and contractual management, so as to normalise and institutionalise the mechanism of competition-based position occupation for management members, the mechanism of position adjustment for management members with the least satisfactory performance, and the mechanism of position deprivation for incompetent management members, to make the differentiated remuneration schemes and performance appraisal schemes more precise, and to put the medium- and long-term incentive mechanisms into operation. Moreover, the modern financial capabilities were steadily improved by thoroughly implementing the business-finance integration project, accelerating the development of the financial sharing centre and the uniform data platform, and improving the treasury management system. Additionally, it was determined to improve its ability to run business according to law and in compliance with regulations. By improving the compliance management system and the accountability system for rule-violating operations and investment, the Company resolutely defended the bottom line so that no material risk was incurred.

## SECTION II CHAIRMAN'S STATEMENT (CONTINUED)

As the 75th anniversary of the founding of the People's Republic of China, 2024 will be a pivotal year for implementing the "14th Five-Year Plan" and a crucial year for CRSC to enter a new phase of its high-quality development. CRSC will adhere to the guidance of Xi Jinping Thought on Socialism with Chinese Characteristics for a New Era and thoroughly learn and implement the guiding principles of the 20th CPC National Congress and the Central Economic Work Conference, improve its core competitiveness and core functions. By accelerating its development and planning regarding strategic emerging industries, making proactive plans for future industries, and boosting new quality productivity, CRSC will strive to become a world-class multinational industrial group with the technology of rail transportation control systems as the feature and create more wealth and value for society and shareholders!

On behalf of the Board of Directors, I would like to express our sincerest thanks to the shareholders who champion the Company's reform and development, as well as friends from all ranks of life who concern and root for the Company!

**LOU Qiliang**  
*Chairman*

Beijing, China  
26 March 2024

## SECTION III BASIC CORPORATE INFORMATION AND KEY FINANCIAL INDICATORS

### I. CORPORATE INFORMATION

Chinese name of the Company	中國鐵路通信信號股份有限公司
Chinese abbreviation	中國通號
English name of the Company	China Railway Signal&Communication Corporation Limited
English abbreviation	CRSC
Legal representative of the Company	LOU Qiliang
Registered office of the Company	20/F, CRSC Building A 1 Compound, Automobile Museum South Road Fengtai District Beijing, China
Historical change of registered office of the Company	In November 2017, the Company's registered office was changed from B 49 Xisihuan South Road, Fengtai District, Beijing, China to 20/F, CRSC Building A, 1 Compound, Automobile Museum South Road, Fengtai District, Beijing, China
Principal place of business	CRSC Building 1 Compound, Automobile Museum South Road Fengtai District Beijing, China
Postal code of principal place of business	100070
Website of the Company	www.crsc.cn
E-mail	ir@crsc.cn
Principal place of business in Hong Kong	40th Floor, Dah Sing Financial Centre, No. 248 Queen's Road East, Wanchai, Hong Kong

### II. CONTACT PERSONS AND CONTACT METHODS

Name	Secretary to the Board (Domestic representative for information disclosure) LI Lianqing
Correspondence address	19/F, CRSC Building A 1 Compound, Automobile Museum South Road Fengtai District Beijing, China
Telephone	+86 010-50809286
Fax	+86 010-50809075
E-mail	ir@crsc.cn

## SECTION III BASIC CORPORATE INFORMATION AND KEY FINANCIAL INDICATORS (CONTINUED)

### III. INFORMATION DISCLOSURE AND PLACE OF INSPECTION

Media and website designated by the Company for annual report disclosure	China Securities Journal ( <a href="http://www.cs.com.cn">www.cs.com.cn</a> ), Shanghai Securities News ( <a href="http://www.cnstock.com">www.cnstock.com</a> ), Securities Times ( <a href="http://www.stcn.com">www.stcn.com</a> ) and Securities Daily ( <a href="http://www.chinadaily.com.cn">www.chinadaily.com.cn</a> )
Website designated by CSRC for publishing the A share annual report of the Company	<a href="http://www.sse.com.cn">www.sse.com.cn</a>
Website designated by the Hong Kong Stock Exchange for publishing the H share annual report of the Company	<a href="http://www.hkexnews.hk">www.hkexnews.hk</a>
Place of inspection of the annual report of the Company	Board Office of the Company
Index to changes during the Reporting Period	None

#### LANGUAGE AND MEANS OF RECEIPT OF CORPORATE COMMUNICATIONS

The Company provides corporate communications to the shareholders based on their respective choice of language and means of receipt. The shareholders have the following options:

- to read the online version of all corporate communications published on the Company's website by electronic means in the future instead of receiving the printed version and receive printed notice for the publication of the corporate communications published on the Company's website;
- to receive printed English version of all corporate communications only in the future;
- to receive printed Chinese version of all corporate communications only in the future; or
- to receive both printed English and Chinese versions of all corporate communications in the future.

The shareholders may choose and/or change their choice on the language of our corporate communications and/or the way to receive the corporate communications at any time. The shareholders may notify the Company of their options by the following ways:

- By mail: 17M Floor, Hopewell Centre, 183 Queen's Road East, Wanchai, Hong Kong
- By email: [crsc.ecom@computershare.com.hk](mailto:crsc.ecom@computershare.com.hk)

For enquiry on the arrangement relating to the language and means of receipt of corporate communications, the shareholders may contact the hotline at +852 2862 8688 at any time.

## SECTION III BASIC CORPORATE INFORMATION AND KEY FINANCIAL INDICATORS (CONTINUED)

### IV. BASIC INFORMATION OF SHARES/DEPOSITARY RECEIPTS OF THE COMPANY

#### (I) Basic information of shares of the Company

Applicable  Not applicable

#### Basic information of shares of the Company

Class of share	Place of listing and sector	Stock abbreviation	Stock code	Stock abbreviation before change
A share	SSE STAR Market Hong Kong Stock Exchange	CRSC	688009	None
H share	Main Board	CRSC	03969	None

#### (II) BASIC INFORMATION OF DEPOSITARY RECEIPTS OF THE COMPANY

Applicable  Not applicable

### V. OTHER RELEVANT INFORMATION

Accounting firm engaged by the Company	Name	BDO China SHU LUN PAN Certified Public Accountants LLP
	Office address	20/F, Tower A, China Overseas International Centre, Building 7, No. 5 Anding Road, Chaoyang District, Beijing
	Name of signing accountants	GUO Jian, WANG Xiaoyan

Note: Pursuant to the amendments to the Listing Rules of the Hong Kong Stock Exchange and relevant requirements of the Ministry of Finance and the CSRC, a company incorporated in China and listed on the Hong Kong Stock Exchange is permitted to adopt the PRC GAAP Standards to prepare its financial statements and to engage a Chinese accounting firm recognized by the Ministry of Finance and the CSRC to provide relevant services according to the PRC auditing standards since 15 December 2010. Therefore, the Company appointed one accounting firm as its external major auditor starting from the financial year of 2019 (no division of domestic and overseas).

## SECTION III BASIC CORPORATE INFORMATION AND KEY FINANCIAL INDICATORS (CONTINUED)

### VI. KEY ACCOUNTING DATA AND FINANCIAL INDICATORS IN THE PAST THREE YEARS

#### (I) Key accounting data

Unit: Yuan Currency: RMB

Key accounting data	2023	2022	Change as	2021
			compared with the corresponding period of last year (%)	
Revenue	37,002,229,438.89	40,203,207,773.29	-7.96	38,358,297,108.78
Net profit attributable to shareholders of the listed company	3,477,326,647.54	3,633,640,258.62	-4.30	3,274,672,689.28
Net profit deducting non-recurring profit or loss attributable to shareholders of the listed company	3,266,204,579.74	3,416,830,555.97	-4.41	3,123,863,726.28
Net cash flow generated from operating activities	2,058,033,862.99	2,082,161,660.88	-1.16	2,768,701,491.06
			Change as	
			compared with the	
			end of last year (%)	
	At the end of 2023	At the end of 2022		At the end of 2021
Net assets attributable to shareholders of the listed company	46,812,051,906.86	45,323,917,197.95	3.28	43,554,652,753.64
Total assets	118,990,487,731.74	116,806,544,483.88	1.87	108,942,588,838.30

## SECTION III BASIC CORPORATE INFORMATION AND KEY FINANCIAL INDICATORS (CONTINUED)

### (II) Key financial indicators

Unit: Yuan Currency: RMB

Key financial indicators	2023	2022	Change as compared with the corresponding period of last year (%)	2021
Basic earnings per share (RMB/share)	0.32	0.33	-3.03	0.30
Diluted earnings per share (RMB/share)	0.32	0.33	-3.03	0.30
Basic earnings per share after deduction of non-recurring profit or loss (RMB/share)	0.30	0.31	-3.23	0.28
Weighted average rate of return on net assets (%)	7.54	8.17	Decreased by 0.63 percentage point	7.57
Weighted average rate of return on net assets after deduction of non-recurring profit or loss (%)	7.08	7.68	Decreased by 0.60 percentage point	7.22
R&D investment as a percentage of revenue (%)	5.51	4.66	Increased by 0.85 percentage point	4.96

Key accounting data and financial indicators of the Company in the past three years as at the end of the Reporting Period

Applicable  Not applicable

## SECTION III BASIC CORPORATE INFORMATION AND KEY FINANCIAL INDICATORS (CONTINUED)

### VII. DIFFERENCES IN ACCOUNTING DATA UNDER DOMESTIC AND OVERSEAS ACCOUNTING STANDARDS

- (I) **Differences in net profit and net assets attributable to shareholders of the listed company in financial reports disclosed in accordance with international accounting standards and Chinese accounting standards**

Applicable  Not applicable

- (II) **Differences in net profit and net assets attributable to shareholders of the listed company in financial reports disclosed in accordance with overseas accounting standards and Chinese accounting standards**

Applicable  Not applicable

- (III) **Explanation of differences between domestic and overseas accounting standards:**

Applicable  Not applicable

### VIII. MAIN QUARTERLY FINANCIAL DATA FOR 2023

Unit: Yuan Currency: RMB

	The first quarter (January to March)	The second quarter (April to June)	The third quarter (July to September)	The fourth quarter (October to December)
Revenue	7,490,656,914.61	9,142,353,285.36	7,993,730,614.27	12,375,488,624.65
Net profit attributable to shareholders of the listed company	677,962,651.12	1,145,884,095.40	742,236,950.51	911,242,950.51
Net profit deducting non-recurring profit or loss attributable to shareholders of the listed company	662,574,796.18	1,051,852,139.07	741,563,510.90	810,214,133.59
Net cash flow generated from operating activities	-1,307,374,461.57	436,271,833.09	70,126,660.62	2,859,009,830.85

Explanation of differences between quarterly data and data disclosed in the periodic report

Applicable  Not applicable

## SECTION III BASIC CORPORATE INFORMATION AND KEY FINANCIAL INDICATORS (CONTINUED)

### IX. NON-RECURRING PROFIT OR LOSS ITEMS AND AMOUNTS

Applicable     Not applicable

Unit: Yuan    Currency: RMB

<b>Non-recurring profit or loss items</b>	<b>Amount of 2023</b>	<b>Note (if applicable)</b>	<b>Amount of 2022</b>	<b>Amount of 2021</b>
Profit and loss on disposal of non-current assets, including the portion offset from the provision for impairment of assets	21,116,503.45	/	29,599,933.66	35,949,376.07
Government grants recognized through profit or loss for the period (other than government grants which are closely related to the Company's normal business operations, which comply with national policies and can be enjoyed continuously based on a fixed amount or a fixed quantity according to a certain standard)	223,894,550.70	/	225,886,038.73	109,073,995.77
Profit or loss on debt restructuring	-	/	-	13,849,690.16
Reversal of the impairment provision for receivables and contract assets which are tested individually for impairment	-	/	5,479,157.91	2,755,674.64
Other non-operating income and expenses apart from the aforesaid items	24,845,786.43	/	29,432,450.43	25,667,778.45
Less: Effect of income tax	43,864,184.99	/	52,080,244.77	35,036,177.88
Effect of minority interest (after tax)	14,870,587.79	/	21,507,633.31	1,451,374.21
<b>Total</b>	<b>211,122,067.80</b>	<b>/</b>	<b>216,809,702.65</b>	<b>150,808,963.00</b>

## SECTION III BASIC CORPORATE INFORMATION AND KEY FINANCIAL INDICATORS (CONTINUED)

Explain why identifying the items not listed in the Explanatory Notice on Information Disclosure of Companies with Public Offering No. 1-Non-recurring Profit and Loss (《公開發行證券的公司信息披露解釋性公告第1號-非經常性損益》) as non-recurring profit and loss items which are of significant amount and defining the non-recurring profit and loss items listed in the Explanatory Notice on Information Disclosure of Companies with Public Offering No. 1-Non-recurring Profit and Loss as recurring profit and loss items.

Applicable  Not applicable

### X. ITEMS MEASURED AT FAIR VALUE

Applicable  Not applicable

Unit: Yuan Currency: RMB

Items	Opening balance	Closing balance	Current change	Amount of impact on current profits
Receivables for financing	1,048,965,771.85	972,719,326.28	-76,246,445.57	-
Other equity instrument	1,124,819,159.20	1,223,290,285.94	98,471,126.74	-
Total	<u>2,173,784,931.05</u>	<u>2,196,009,612.22</u>	<u>22,224,681.17</u>	-

### XI. EXPLANATION OF PERFORMANCE INDICATORS OF NON-ENTERPRISE ACCOUNTING STANDARDS

Applicable  Not applicable

### XII. EXPLANATION OF DISCLOSURE SUSPENSIONS AND WAIVERS DUE TO STATE SECRETS, TRADE SECRETS, ETC.

Applicable  Not applicable

## SECTION IV MANAGEMENT DISCUSSION AND ANALYSIS AND REPORT OF THE DIRECTORS

### I. DISCUSSION AND ANALYSIS ON BUSINESS OPERATIONS

In 2023, the Company further strengthened the leading position of operation and made all efforts to capture the market opportunity. During the year, the aggregate value of newly-signed contracts of the Company amounted to RMB73.121 billion, representing an increase of 0.15% compared with the same period in 2022, among which, the value of newly-signed contracts in railway sector amounted to RMB25.112 billion, representing a year-on-year increase of 5.01%; the value of newly-signed contracts in urban transit sector amounted to RMB13.18 billion, representing a year-on-year increase of 3.91%; the value of newly-signed contracts in overseas sector amounted to RMB3.74 billion, representing a year-on-year increase of 45.18%; and the value of newly-signed contracts in general contracting and other sectors amounted to RMB31.089 billion, representing a year-on-year decrease of 8.11%. As of the end of 2023, the Company's order in hand amounted to RMB168.831 billion.

Regarding the main business of "Four Electric Systems" in railways, the Company seized the opportunity, planned ahead and made reasonable business deployment to achieve comprehensive improvement. In the field of weak current integration projects for high-speed railways, the Company has successively undertaken 11 projects such as the Xiong'an New Area-Xinzhou High-speed Railway, the Xi'an-Chengdu High-speed Railway, the Chongqing-Qianjiang High-speed Railway, the Xiangyang-Jingmen High-speed Railway and the Xi'an-Shiyan High-speed Railway, with a market share of more than 60%, further expanding its leading market advantage. On such basis, it has undertaken the quality improvement and renovation construction project in respect of the Guiyang-Guangzhou Railway (section managed by Nanning authority), the relocation and reconstruction of "Three Electric Systems" of Tianjin-Weifang High-speed Railway, the integrated video surveillance system reinforcement of the Tianjin-Qinhuangdao High-speed Railway, the capacity expansion and renovation project of Ge'ermu-Ku'erle Railway and other key projects to further strengthen the business of railway upgrading and renovation, and to seize the first opportunity in incremental market; it has undertaken the NZSG-05 bidding section in respect of Zhengzhou South Railway Station, the electrification reconstruction of Ganquan North-Zhongjiacun Railway to further boost the development of strong electricity business.

In the field of urban transit signal system integration, as the number of competitors continued to increase, the competition became more severe. However, CRSC CASCO and CRSC Urban Rail Transit, the subsidiaries of the Company still stood firmly at the front rank in the industry of control system and successively undertook more than 10 projects in cities including Ningbo, Tianjin, Shenzhen, Changchun, Hefei, Shanghai, Suzhou, and Wuhan, maintaining the leading position in the industry. On that basis, the Company successively undertook such key projects as the special communication project of Subway Line 8, the first phase of Line 10, and the first phase of Line 15 in Xi'an City, the first bidding section of public security communication system integration procurement, communication and signal system construction project of Shanghai Urban Railway Airport Line, the 01 bidding section of the first phase of Xuzhou urban rail transit Line 6 weak current system installation, the first phase of Zhengzhou rail transit Line 8 weak current system installation, the first phase project of station equipment installation of Xi'an Subway Line 10, and the renewal and reconstruction of the signal system of Tianjin Rail Transit Line 9, which have steadily supported the growth of new urban rail orders.

## SECTION IV MANAGEMENT DISCUSSION AND ANALYSIS AND REPORT OF THE DIRECTORS (CONTINUED)

In the overseas market, the Company leveraged the unique advantages of the “three-in-one” services of design and development, equipment manufacturing and engineering services in the full industrial chains, further improving its independent contracting ability, achieving results in deeply carrying out localized operation and the implementation of promoting the undertaking of projects with practical work. At the Third “Belt and Road” International Cooperation Summit Forum, it successfully completed the signing ceremony of the Malawi Bangura-Nkaya renovation project, and successively undertook orders in places including Malaysia and France, demonstrating a sound trend of growth year by year.

Regarding the general contracting business, the Company further strengthened its control in accordance with the changes in the external market environment, and continued to strengthen the control requirements under which relevant businesses should be strongly related to and vigorously boost main business and generate high returns. On the basis of ensuring the quality of projects undertaken, the Company played its leading role of design and technology, built up its project undertaking and construction capacity, comprehensively improved the resource integration and management and risk prevention and control capacity of the whole industry chain, reasonably controlled the undertaking of general contracting projects and adjusted the structure of contracts undertaken. During the undertaking of specific businesses, it continuously enhanced the EPC general contracting capacity, fully displayed the BIM application capability and technological advantages and improved the quality of projects undertaken, laying a solid foundation for its subsequent undertaking of rail transportation, municipal informationization and other businesses in relevant areas.

At the same time, the Company also noted that the domestic rail transportation construction is still intense to some extent, but the competition in the traditional market of “Four Electric Systems” was intensified and market space is squeezed; the investment and construction models of high-speed railway and intercity railway showed a tendency of diversity, and the bidding of large infrastructure projects generally adopts a mode of total professional and overall and total package service. The competition for urban transit equipment is becoming more and more severe; overseas infrastructure is still greatly affected by the political and economic situation. Therefore, the company continued to strengthen the system building, increase the investment in technology, improve the capacity of management and control as well as further consolidate the market foundation and enrich the market power. Beginning with the source, the Company obtained extensive market information, conducted in-depth analysis, and made plans and preparation in advance. According to the information currently available to the Company, in 2024, the market size for the weak current integration for high-speed railways will not be lower than that in 2023. It is expected that the peak of bidding will concentrate around the second quarter and the fourth quarter, and the Company will further enhance its capabilities and organize relevant subsidiaries to fully ensure the smooth progress of key projects and ensure the share in the market remain high. In the field of urban transit control system, according to the preliminary information available to the Company, there will be 20 new/extended lines of more than 800 km in 2024 for the bidding of signal system, which will be lower than the actual bidding volume in 2023 in terms of the overall level. The Company will also spare no effort to strengthen the expansion and resource investment in related business and increase efforts for the contracting of telecommunications integration and construction business to stabilize the scale of contracts undertaken. In the field of overseas business, the Company will continue to start from the renovation market of the existing line and the new line market in the key regions and countries along “the Belt and Road” to drive the professional contracting of the “Four Electric Systems” with the core advantages of the train control system and explore the municipal and informatization business, so as to further improve the contracting ability of overseas businesses. In the field of general contracting, the Company will continue to adhere to the existing management and control requirements, shift the market focus and market resources to economically developed areas, and appropriately improve the contracting level while ensuring project quality with an aim to promote the urban transit, information technology and other core businesses. The Company will endeavor to achieve significant growth in overall contracting ability in 2024, strengthen its position as a leader in the core business area of rail transportation, promote the transformation and upgrading of traditional industries, and proactively pursue opportunities in strategic emerging sectors.

## SECTION IV MANAGEMENT DISCUSSION AND ANALYSIS AND REPORT OF THE DIRECTORS (CONTINUED)

### II. MAJOR BUSINESSES AND OPERATION MODE, INDUSTRY INFORMATION AND RESEARCH AND DEVELOPMENT INFORMATION OF THE COMPANY DURING THE REPORTING PERIOD

#### (I) Major Businesses, Major Products or Services

The Company has undertaken the important mission of developing national industry and national technology since its establishment and has been focusing on the research and exploration of rail transportation control system technology and its derivative applications. As a core enterprise to ensure the safe operation of national rail transportation, the Company continuously strengthens its own capacity building, adheres to the dominant business of rail transportation, actively integrates into the new development pattern, improves and upgrades a “three-in-one” industrial chain integrating the industry- leading rail transportation control system design and development, equipment manufacturing and engineering services, and build a modern industrial chain of rail transportation to continuously provide high-quality integrated services throughout the industrial chain of rail transportation control system to global customers. While providing safe and efficient core technical support for the operation of national rail transportation, the Company continues to utilize profound technological accumulation to expand new market, and support the national modernization and digital development construction.

The core businesses of the Company’s rail transportation cover: 1) Design and integration, mainly includes provision of system integration services for related products of rail transportation control system and provision of design and consultancy services mainly for construction of rail transportation projects; 2) Equipment manufacturing, mainly includes producing and selling signal system, communication information system products and other related products; 3) System implementation, mainly includes construction, equipment installation and maintenance services for rail transportation control system projects.

While continuing to lead the business in the field of rail transit control systems, the Company also implements the “Six Cores, One Body, Two Wings” business strategy, and builds a “rail transit + N” industrial pattern, striving to build an industrial group featuring rail transit, with global leading system technology and world-class comprehensive strength. The Company attaches great importance to the accumulation of technology and continuous innovation, and takes innovation as the eternal theme and the first driving force for the sustainable development of CRSC. In active response to the frontier of world science and technology, the Company accelerates scientific and technological innovation and transformation of achievements, leads the technological development of the industry, and strives to maintain the leading position in the industry. In the future, the Company will grasp the new development stage scientifically: focusing on the advantageous business of rail transportation control system, the Company will extend the core technology to other industrial sectors actively; centering on the national key strategic directions such as digital industry and new infrastructure, the Company will vigorously develop key businesses such as information and communication, power and electrification, etc.; refine and optimize the general contracting business, strive to grow the new pillar industries that support the Company’s sustainable development, and form a diversified industrial pattern with reasonable structure, scientific layout and high synergy.

Since its establishment, the Company’s main business has remained stable without undergoing any significant changes.

## SECTION IV MANAGEMENT DISCUSSION AND ANALYSIS AND REPORT OF THE DIRECTORS (CONTINUED)

### (II) Major Operating Models

The Company has focused on the field of rail transportation control system in China, and has a deep understanding of China's railway and urban rail transit policy, operating model, market environment and other market elements. The business model adopted is fully adapted to the market environment, which is stable and efficient. The Company mainly obtains orders through public bidding, and mainly obtains raw materials for production through centralized procurement. The Company provides integrated and comprehensive services of rail transportation control system or customizable specialized services to its customers under the mature business model of design and integration, equipment manufacturing and system implementation.

#### 1. Sales mode

The Company is active in the purchasing by invitation to bid of domestic users as well as in the purchasing activities of foreign users. The operations division of the Company, as the centralized management department of marketing and sales, is responsible for formulating and revising systems in relation to marketing and sales management, and supervising and inspecting the marketing and sales activities at all levels of the Company. Giving full play to its core technology and brand influence in the industry and adhering to the philosophy of providing safe and highly reliable products and high-efficiency services oriented at customer needs, the Company obtains orders for products and services through market-oriented methods such as bidding and business negotiations.

#### 2. Production and service mode

In order to comply with the overall operation mode of railway and urban transit system in the PRC, the Company has established a mature and stable production and service model for design and integration, equipment manufacturing and system implementation etc. Relying on its strong technical strength, it can provide customized production and services according to the specific needs of domestic and foreign owners. The Company provides relevant products and services in strict accordance with the contract requirements on schedule and quality. The operations division of the Company, as the centralized production and service management department for design and integration and system implementation, and the science and technology innovation department, as the centralized production and service management department for equipment manufacturing, are responsible for formulating relevant production and service management systems and for supervising and inspecting production and service activities at all levels of the Company, respectively.

## SECTION IV MANAGEMENT DISCUSSION AND ANALYSIS AND REPORT OF THE DIRECTORS (CONTINUED)

### **3. Purchase mode**

All procurement activities of the Company were conducted in strict compliance with relevant national laws and regulations and the Administrative Measures for the Procurement in China Railway Signal & Communication Corporation Limited\* 《中國鐵路通信信號股份有限公司採購管理辦法》. The Company selected procurement methods including public tender, tender invitation and competitive negotiation according to the specific conditions to ensure procurement efficiency. The Company mainly implements a centralized procurement system, under which the Company's materials and equipment division acts as the centralized management department for procurement activities and is responsible for formulating and revising the relevant system of procurement management, monitoring and reviewing the procurement activities at various levels of the Company. The centralized procurement system is carried out at two levels, including two modes, namely the centralized procurement by the Company's headquarters and the centralized procurement by subordinate secondary enterprises. Secondary enterprises also have a sound procurement management system, under which the procurement activities of subordinate enterprises are independently and centrally managed by the specialized procurement department.

### **4. Management mode**

The Company implements a market operation and management system with the headquarters of the joint-stock company taking the lead, secondary enterprises responsible for operation and tertiary enterprises responsible for implementation, to build a coherent, coordinated, scientific and efficient internal organization system. By improving the management structure system of "headquarters– secondary enterprises – tertiary enterprises" and realizing the coordination of "strategy leading and control center – business operation and profit center – execution center and cost center," the headquarters highlight the six orientations of strategic decision-making, resource allocation, safety and quality supervision, science and technology innovation coordination, industrial incubation and risk management and control, and give play to strategic control, integration of scientific and technological resources, new industry incubation, etc., to build a stronger headquarters featuring "strategic + operational control." Positioned at the seven orientations of strategy execution, market development, business operation, income and profit, science and technology innovation, safety and quality management, and talent cultivation, secondary enterprises give play to the main role of operation, innovation and industry to achieve common enhancement of business and economic efficiency. Positioned at business execution and cost control, tertiary enterprises provide support for business, level up fine management, and increase efficiency and effectiveness, to create a more optimal input-output ratio.

## SECTION IV MANAGEMENT DISCUSSION AND ANALYSIS AND REPORT OF THE DIRECTORS (CONTINUED)

### (III) Relevant Industry Information

#### 1. *Industrial development stage, basic characteristics and main technical thresholds*

Seen from the perspective of global railway industry, according to Oxford Economics' forecast on investment in infrastructure construction for all regions of the world, total investment amount in railroad around the globe is expected to grow from US\$382 billion in 2020 to US\$565 billion in 2040, at a compound annual growth rate of 1.88%. In terms of cumulative investment amount, cumulative investment in railroad infrastructure is expected to reach US\$5,137 billion during the 21 years from 2020 to 2040 around the globe, excluding China. In addition to China, Europe is still the top destination of future investment in railroad infrastructure. From 2020 to 2040, cumulative investment in railroad in Europe will reach US\$2,385 billion, with Asia (excluding China) ranking the second with an estimated investment of US\$1,602 billion, followed by the Americas with an estimated investment of US\$823 billion, Australia with an estimated investment of US\$169 billion and Africa with an estimated investment of US\$158 billion. Railroad infrastructure construction will maintain a relatively high growth momentum around the globe.

With respect to the railroad industry in China, during the 14th Five-Year Plan period China's mileage of railways in operation increased by about 23,700 kilometers and total investment in the railroad market is expected to reach RMB3.5 trillion, basically flat over the 13th Five-Year Plan period. In the same period, China's inter-city and urban (suburban) railways in operation will increase by 3,000 kilometers and total investment in the construction of railway special lines is expected to reach RMB800 billion. Railroad infrastructure construction will also maintain a relatively high growth momentum in China. With the continuous growth of China's railroad mileage, there is a notable tendency that the focus of railroad investment is shifting from new construction to reconstruction, operation and maintenance. More than 11,000 kilometers of high-speed railroads opened to traffic in early stages of the 11th Five-Year Plan and 12th Five-Year Plan have entered the stage of overhaul and renovation. For general speed railroads, as the new mileage increases gradually, focus will be on the electrification, upgrading, capacity expansion and renovation of existing lines. Reconstruction of other railway projects is also underway. Therefore, China's railroad industry is at a stage of attaching equal importance to new construction and upgrading and reconstruction.

Seen from the perspective of the global urban rail transit industry, the structure of urban rail transit varies greatly from region to region in the world due to the stage of urban development and development mode, with subways being the main urban rail transit in Asia and the Americas, and trams being the main urban rail transit in Europe. According to the data of the International Association of Public Transport ("UITP"), during the "14th Five-Year Plan" period, the new mileage of urban rail transit in the world (excluding China) has reached 1,412 kilometers, of which Asia (excluding China) ranked the first to reach 667 kilometers, followed by the Americas, with approximately 520 kilometers. Hence, there is still a certain market space in general.

## SECTION IV MANAGEMENT DISCUSSION AND ANALYSIS AND REPORT OF THE DIRECTORS (CONTINUED)

Seen from the perspective of the domestic urban rail transit industry, during the “14th Five-Year Plan” period, the new national urban rail transit operation mileage is expected to reach 3,000 kilometers, equivalent to the new operation mileage in the “13th Five-Year Plan”. By 2025, more than 50 cities in mainland China will have urban rail transport in operation, of which Shanghai and Beijing will develop a urban rail traffic network of over 1,000 kilometers respectively. It is expected to maintain a high level of investment during the “14th Five-Year Plan” period. The market size of the signal control equipment system is expected to be about RMB10 billion per year. With the accelerated urbanization process, the rapid growth of traffic flow in second- and third-tier cities, and the increasing demand for new-added lines of networks in the suburbs of first-tier cities, the development demand for small and medium capacity urban rail systems such as urban express rail, straddle-beam monorail line and auto-oriented rail transit will be gradually released, and domestic urban rail transit industry will be in a period of stable development.

The rail transportation control system industry features high access barrier in terms of the core technology and there are extremely high requirements for the safety, reliability, stability and sustainability of the products and services provided by enterprises, which requires relevant suppliers to have strong technology R&D capabilities, sophisticated industry technology capabilities, full-fledged product development and testing and verification capabilities and possess strong anti-risk ability and ability to rapidly respond to demand to consistently provide reliable and high-quality products and services in the long run. It also has significant cyclical characteristic in the industry, which is determined by the nature of rail transit construction and maintenance itself and the iterations of the core components of the related product systems. According to the requirements of relevant technical specifications and industry practices, the life cycle of high-speed rail transportation control system is generally about 10 to 15 years, while certain outdoor equipment systems are subject to shorter update cycles due to environmental factors.

### **2. Analysis of relevant industrial status and changes thereof**

As a world-class provider of rail transportation control system solutions, the Company continues to maintain the leadership in the industry. As of the end of 2023, the cumulative contracted mileage covered by the Company’s core products and services of high-speed railway control system continued to rank the first in the world. The Company’s market share continued to occupy the leading position in the industry in terms of the domestic high-speed railway control system integration projects as well as the core equipment of track circuit, centralized traffic control system, computer interlocking, CTCS-3 on-board ATP system, RBC, train control center and other products. In the field of domestic urban transit, the Company’s core products of urban transit control system have covered more than 170 routes in over 40 cities of the PRC which have been in operation and completed the bidding of control system, continuing to be in the leading position of the industry. By accelerating its overseas business layout, continuing to strengthen investment in overseas market resources and making full use of the high-quality opening and advancement of overseas projects such as the Hungary-Serbia High Speed Railway (匈塞高鐵) and the Jakarta-Bandung High Speed Railway (雅萬高鐵), the Company has won a good reputation, so as to strongly enhance its brand power and influence in the global rail transit market, and is gradually becoming an important player in the field of international rail transportation control systems.

## SECTION IV MANAGEMENT DISCUSSION AND ANALYSIS AND REPORT OF THE DIRECTORS (CONTINUED)

Despite of the changing market pattern and increasingly fierce competition in the field of rail transportation control systems, the Company will continue to grasp the favorable trends and opportunities in the development of the global rail transit industry in the future, insist on the technology-led, innovation-driven, digitally empowered and capital-assisted principle to build an “innovative, technology-based, digitally intelligent and international” enterprise, develop into a rail transit industrial group featuring more advanced technology innovation, more reliable and safe system, more rational industry layout, more optimized business structure, more advanced management, better quality and efficiency, and more trustworthy brand image, and strive to become a world-class enterprise.

### **3. *Development of new technology, new industry, new business type and new mode during the Reporting Period and future development trend***

With the rapid development of economy in the PRC and the acceleration of the development of city clusters, arterial railways, intercity railways, urban (suburban) railways, urban rail transit and other systems have played a major role in the transportation in the city clusters. However, due to the limitation of management model and technological development, the various modes in the region do not link with each other, restricting the improvement of transportation efficiency and service quality. With the rapid development of big data analysis, Internet+, Internet of Things, artificial intelligence, image recognition, network communication and other technologies, the realization of the collaborative transportation in regional rail transportation and the research on integrated service theory and technology have become feasible. Based on various advanced information technologies, the strongest “smart brain (智慧大腦)” for regional rail transportation will be built, which can deduce the situation of passenger low, train low, and facilities and equipment in real time, provide coordinated preparation and dynamic adjustment of the entire network transportation plan, and strengthen comprehensive support and linkage response processing so as to achieve new reforms in regional rail transportation, enhance the attractiveness of rail transit, alleviate urban traffic congestion, and promote the high-quality development of city clusters. At present, the Company has independently developed the collaborative transportation and service system of regional rail transportation, and has completed field demonstration application.

The Outline of the 14th Five-Year Plan for National Economic and Social Development and Vision 2035 of the People’s Republic of China put forward the requirement of building modern metropolitan areas: China will improve the coordinated development of one-hour commute circles by relying on the central cities with strong capacity to facilitate the development of surrounding areas, and foster several modern metropolitan areas with a high degree of urban integration. With intercity railways, suburban railways, and other rail transits as the backbone, we will eliminate all kinds of “dead end roads” and “bottleneck roads,” promote effective connection of intra-city and inter-city traffic and integration of “the four networks” – trunk, intercity, suburban, and urban railways, and improve the connectivity of infrastructure in metropolitan areas. The share of construction of urban (suburban) railways/intercity railways in the railway infrastructure sector has seen a gradual increase. According to the needs of urban (suburban) railways in different regions, the Company has carried out the integrated research of multi-mode control systems, completed the research and development of compatible on-board equipment, and completed the field test for 3-minute automatic turnback and 20-second automatic manipulative side change functions of the CTCS2+ATO system in urban railways.

## SECTION IV MANAGEMENT DISCUSSION AND ANALYSIS AND REPORT OF THE DIRECTORS (CONTINUED)

The Five-Year Action Plan to Accelerate the Building of China's Strength in Transportation (2023–2027) sets clear strategic goals and action tasks for accelerating the building national strength in transportation over the next five years. It proposes 53 key tasks, emphasizing the need to improve the foundation of technological innovation, strengthen the construction of strategic and basic technological capabilities in transportation, accelerate the development of smart transportation, and establish a comprehensive transportation technology innovation system. It proposes to focus on addressing bottlenecks in transportation equipment such as vehicles, engineering machinery, production equipment, and emergency protection equipment, and promote collaborative breakthrough and demonstration application along the upstream and downstream of the entire industry chain to enhance the independent research and development capabilities and levels of relevant technologies and products. The Company is vigorously promoting the reform of its scientific and technological innovation mechanism, and expeditiously accelerating the research on communication and signal system plans for major railway projects, including the Sichuan-Tibet railway and the missing sections of high-speed railway along Yangtze River. Additionally, it is speeding up independent innovation in advanced science and technology, and focusing on the construction of smart urban rail transit, thereby contributing to the “Beijing-Tianjin-Hebei on Rail”, the higher quality integration of transport in the Yangtze River Delta region, the integration of integrated transport in the Chengdu-Chongqing region, and the construction of transport in the Guangdong-Hong Kong-Macao Greater Bay Area, and implementing the significant deployment of transportation into the actions and tasks of the enterprise.

The Program of Building National Strength in Transportation stated: By 2035, the building of national strength in transportation in the PRC will have been basically finished. The transport structure will be optimized, the construction of key “highway-to-railway transportation” projects such as port collecting and distributing railway, and special railway lines for logistics parks and large industrial and mining enterprises will be accelerated, and the orderly transfer of bulk cargo and medium and long-distance cargo transportation to railway and water transportation will be promoted in the PRC. The railway transportation industry has ushered in important development opportunities. Railway transportation enterprises need to improve the efficiency of transport organization, expand development space, improve traditional transport organization methods, production operation methods, marketing service methods and information service methods, strengthen transport scheduling and command, enhance business collaborative operation, improve transport organization efficiency, raise freight train transport capacity, compress the whole operation time and ensure the time limit for cargo delivery. The Company has independently developed an integrated dispatching & commanding management system for railway freight, and has completed field application demonstration. Meanwhile, based on China's high-speed rail control and autonomous driving technology, the Company independently developed a high-density automatic operation control system for ad-hoc network of heavy-haul freight trains, with the aim of improving transport efficiency, tapping the driving potential, increasing the quality of freight train operation, reducing the labor intensity of drivers and transport energy consumption, significantly enhancing the comprehensive efficiency of freight rail transport, and meeting the growing demand for capacity and volume of heavy-haul railways in China.

## SECTION IV MANAGEMENT DISCUSSION AND ANALYSIS AND REPORT OF THE DIRECTORS (CONTINUED)

Currently, numerous countries are aiming to develop high-speed railways with speeds exceeding 400 kilometers per hour. To sustain China's speed leadership in high-speed rail, the country has launched the "CR450 Scientific and Technological Innovation Project" as a priority initiative in its 14th Five-Year Plan. Additionally, construction has commenced on the Chengdu-Chongqing high-speed railway middle line, scheduled for on-site testing in 2026 and for operation in 2027. Subsequently, existing high-speed railway lines in optimal condition will also undergo necessary speed increase and upgrade. Currently, the Company is engaging in research for advanced train control systems tailored for high-speed railways, and targets the market of newly-constructed high-speed railways at more than 400 kilometers per hour as well as the speed increase and upgrade of existing high-speed railways. This research aims to deliver systematic solutions and cutting-edge technological equipment for both scenarios, addressing challenges related to safety control and equipment reliability for existing C3 systems supporting speeds of 450 kilometers per hour, and enrich and expand China's high-speed railway train control technology's theoretical foundation and practical engineering experience, which will facilitate widespread modernization of railway network throughout the country.

### **(IV) Core Technology and Research and Development Progress**

#### **1. *Core technology and its leading edges and changes during the Reporting Period***

The Company focuses on technology research & development, and promotes sustainable development of its overall business by technology innovations. Since its establishment, the Company has been working in the field of rail transportation control system, and owned many industry-leading core technologies leveraging on its outstanding technology innovation strength. As of the present, the Company has 4,618 authorized patents, of which 2,434 are invention patents, to protect its core technologies in the PRC. Meanwhile, the Company signed special confidentiality agreements with relevant technicians regarding core technologies to ensure that core technologies would not be disclosed or spread.

## SECTION IV MANAGEMENT DISCUSSION AND ANALYSIS AND REPORT OF THE DIRECTORS (CONTINUED)

The core technologies owned by the Company primarily include but not limited to the below:

No	Core technology	Source of technology	Technical level and degree of application
1	Train operation control technology	Independently researched and developed	Train operation control technology has been widely used in HSRs, ICRs and urban transit, which provides core technical guarantee for safe and high-efficient operation of rail transportation. Responding to the demand for highly safe and reliable operation of rail transportation, this technology has addressed certain significant technology issues such as dynamical control curve model of train, precise positioning of train, speed and distance detecting of train, onboard fully functional seamless switch, wireless redundancy coverage of multiple doubling railways, moving blocking and railway network connectivity.
2	Automatic unmanned train operation technology	Independently researched and developed	Automatic unmanned train operation technology has been successfully applied in the fields of HSRs, ICRs and urban transit. Based on train control system, by using this technology, automatic train operation is realized; through advanced automatic driving control algorithm, certain significant technology issues such as calculation of desired speed curve of train operation, the algorithm of precise stop of train, intelligent control of multiple objects, perception of status in complex operation environment, remote safe control have been addressed, and multiple indicators such as punctuality rate of operation and train parking accuracy and ride comfort and operation consumption have been improved.

## SECTION IV MANAGEMENT DISCUSSION AND ANALYSIS AND REPORT OF THE DIRECTORS (CONTINUED)

No	Core technology	Source of technology	Technical level and degree of application
3	Integrated automation technology of freight railway	Independently researched and developed	Integrated automation technology of freight railway has been widely used in many marshalling yards in national railway and dispatch centers of railway bureaus, which provides core technology guarantee in improving railway freight efficiency, benefit and safety. The technology has addressed some significant technology issues such as intelligent calculation of freight traffic, intelligent adjustment of running line of railway wagons, intelligent preparation of locomotive usage plan and shunting plan, smart issuance of periodical maintenance and repair plan of vehicles, source control of train operation, as a result, the railway freight efficiency and intellectualization level have been improved.
4	Train traffic control automation technology	Independently researched and developed	Train traffic control automation technology has been widely used in HSRs, ICRs, urban transit and some normal-speed railways. This technology integrates computer technology, network technology and control technology, forms a closed-loop system of train operation dispatch and instruction, addresses technology issues such as train tracing, automatic control for hump rolling routes, prevention and control of mistaken receiving- departure at multi-directional hub station, train dispatch management and control at sectional station and intermediate station and intelligent adjustment of operation plan, as a result, automation level of operation instruction and emergent handling level under fault conditions have been improved.

## SECTION IV MANAGEMENT DISCUSSION AND ANALYSIS AND REPORT OF THE DIRECTORS (CONTINUED)

No	Core technology	Source of technology	Technical level and degree of application
5	Intelligent detection, operation and maintenance technology of rail transportation	Independently researched and developed	Intelligent detection, operation and maintenance technology of rail transportation has been successfully used in the fields of HSRs, normal-speed railways, urban transit. This technology has used big data system and cloud service technology to promote the development of rail transit inspection operation and maintenance to the direction of digitization, intelligence and informatization. With the technologies such as diverse integration of intelligent perception, multi-drive engines integration of analysis and judgement, Big Data health assessment analysis as breakthrough points, through expert system, mode identification, trend analysis, comprehensive appraisal, comprehensive positioning and mobile internet, it has realized the advance prediction of rail transit operation risks, active maintenance and health management of key equipment during whole lifetime based on all factors such as personnel, equipment, environment and operation and maintenance processes, improved the maintenance efficiency of equipment, effectively shortened breakdown time, and significantly decreased the failure rate of equipment.
6	Train control integration technology	Independently researched and developed	The train control integration technology has been widely used in the fields of HSRs, ICRs, urban transit. Through the integrated engineering software design platform integrating data platform technology and graphic software technology, the technology has been applied to make engineering design, data allocation, automatic compiling an organic entirety, resulting in the improvement of software integration; by summarizing features of domestic hub and utilization scenario, an integration process of site installation, commissioning, test and construction standardization has been built. This technology is appropriate for the connectivity of different modes of equipment with various operation grades at newly-built routes, reconstructed routes and complex hubs.

## SECTION IV MANAGEMENT DISCUSSION AND ANALYSIS AND REPORT OF THE DIRECTORS (CONTINUED)

No	Core technology	Source of technology	Technical level and degree of application
7	Safe computer platform technology	Independently researched and developed	The safe computer platform technology has been widely used at the train operation control system centers, stations, onboard safe control devices, which provides a very safe, reliable, high-performed and expandable basic software and hardware platform for products. This technology has addressed some core technology issues such as safe drive and collection based on electronic components, clock level multi-machine synchronous comparison, operation fault detection and fast redundancy switch, and it has been granted highest grade safety certification of International Functional Safety Standard.
8	Mobile frequency key control signal safety modulation technology	Independently researched and developed	Mobile frequency key control signal safety modulation technology has been widely used in the fields of HSRs, ICRs and normal-speed railways. This technology has built a set of fault-safety rail circuit system with mobile frequency key control signal as power and rail as conductor, addressed contactless safety signal source technology, mobile frequency key control signal digital spectrum analysis technology, all-region at transmission channel detection technology, and realized safe and core functions covering rail section occupancy-idling detection, transmitting information to train through rail, and real-time detection of completeness of rails.
9	Turnout switch technology	Independently researched and developed	Turnout switch technology has been widely used in the fields of HSRs, normal-speed railways, heavy-haul railways and urban transit in the PRC. This technology has addressed the major problems in large-size turnout switch synchronization technology, industrial and electrical interface integration, the switch technology of movable point frog of high-speed turnout, external- locking technology of turnouts, established world-leading high speed turnout switch system technology system, and provided powerful safeguard to the development of railway in the PRC.

## SECTION IV MANAGEMENT DISCUSSION AND ANALYSIS AND REPORT OF THE DIRECTORS (CONTINUED)

No	Core technology	Source of technology	Technical level and degree of application
10	Rail transportation simulation test technology	Independently researched and developed	<p>Rail transportation simulation test technology has been widely used in the fields of HSRs, ICRs, freight railways, urban transit, which provides support to test and verification processes at various stages of lifetime from plan verification, function development, system integration to engineering execution of train control system, freight and train operation instruction system. This technology has addressed some significant technology issues such as simulation test structure based on distribution semi-physical, modelling approach for complex engineering system, multi-source data at multi-level traceable test management method, automatic test, reappearance of fault and analysis, safe control system interface monitoring, test of optimization deployment of environmental resources, aiming at the requirements of large scale of simulation of tested object, greater isotacticity and strong instantaneity and higher automation, and the utilization of such technology improved the defect remediation rate and quality reliability of tested system.</p>
11	High precision simulation technology based on coupling of multi-physics	Independently researched and developed	<p>High precision simulation technology based on coupling of multi-physics enables ground rail circuit system to work safely and reliably under railway natural conditions, electromagnetic environment and complicated route conditions, including in the circumstances of coupling of multi-physics of high-speed train rails contact electric shunt, high power electrification traction current disturbance, high-frequency transient signal shock caused by lightening, bridge-roadbed-tunnel multispace structure routes, alternating dry-wet ballast bed and parallel running on complex hub multi routes. This technology has been applied to build a high precision simulation analysis platform with error within 0.5%. The platform was used for precise analysis of transmission features of approximately 10,000 typical deployment rail circuits at engineering.</p>

## SECTION IV MANAGEMENT DISCUSSION AND ANALYSIS AND REPORT OF THE DIRECTORS (CONTINUED)

No	Core technology	Source of technology	Technical level and degree of application
12	Manufacture technology of rail transportation safety products	Independently researched and developed	The operation control system of rail transportation has a high requirement to safety and reliability. Based on complete identification of product manufacture risk, the manufacture technology of rail transportation safety products targets the control in the whole process from material selection, manufacture equipment, production technology, test and detection, reliability verification to lifetime analysis, thus providing a systematic quality assurance basis for the safety and reliability of products.
13	Application technology in broadband wireless communication industry	Independently researched and developed	Application technology in broadband wireless communication industry is based on broadband wireless communication technology of LTE-M/R, which can actualize data transmission and integration of multiple operations, improve the efficiency and experience of trunking command direction system. This technology can meet the railway operation business's demand of wireless broadband, terminal intellectualization and business mobilization.
14	Comprehensive video monitoring technology for rail transportation	Independently researched and developed	Comprehensive video monitoring technology for rail transportation has been widely used in the transportation fields such as HSRs and ICRs, which provides comprehensive management system containing video monitoring, Big Data display and visualization for safe operation of rail transportation. Aiming at the demand for all-weather and full-coverage monitoring of rail transportation, this technology has addressed the technology issues such as decoding and forwarding of high definition video stream, concurrent read-write, unity and connect of railway three-stage platform, massive video retrieval, intelligent face recognition and certification, intelligent operation and maintenance, clustering of platform management, dynamic load balance of storage resource and engineering, thus, leading the development of comprehensive video monitoring technology for rail transportation.

## SECTION IV MANAGEMENT DISCUSSION AND ANALYSIS AND REPORT OF THE DIRECTORS (CONTINUED)

No	Core technology	Source of technology	Technical level and degree of application
15	Collaborative transportation and service technology of regional rail transportation	Independently researched and developed	Collaborative transportation and service technology of regional rail transportation focuses on the operation and collaborative linkage of trunk railways, ICRs, urban (suburb) railways and urban rail transportation network in city clusters/metropolitan areas to improve the overall regional transportation capacity, and makes breakthroughs in technologies such as refined prediction of passenger flow in composite road networks, preparation and dynamic adjustment of collaborative transportation plans, global safety situation control and emergency linkage command, intelligent station safety management, and passenger information service in the whole trip chain to improve the overall regional transportation capacity, enhance emergency response and operation and maintenance efficiency, and shorten cross-mode travel time of passengers.
16	Intelligent transportation and control technology of light rail transit	Independently researched and developed	With train control as the core, intelligent transportation and control technology of light rail transit, based on cloud computing, sets a unified rail transit cloud platform which is deeply interconnected with and intelligently integrates trains, passengers, environment, facilities, equipment, resources and other information, to realize the functions integrating independent train operation control, comprehensive automation, intelligent travel services, and collaborative transport and emergency command. The intelligent transportation and control system applies to a variety of light rail transit systems such as medium and low speed maglev lines, mountain rail transit, and special tourist lines, presenting the trend of data synthesis and business integration of each professional system equipment and guiding the technical development and application direction of the rail transit systems.

## SECTION IV MANAGEMENT DISCUSSION AND ANALYSIS AND REPORT OF THE DIRECTORS (CONTINUED)

No	Core technology	Source of technology	Technical level and degree of application
17	Train autonomous operation technology	Independently researched and developed	<p>Train autonomous operation technology has realized autonomous resource management and active interval protection for the train through three key innovations, namely the optimization of platforms, the streamlining of systems and the refinement of resources. With a simplified structure of the system from a complex one and easily-driven complicated functional applications, it achieved full-process and comprehensive protection. It may apply for rail side resources and achieve direct communication among trains based on the tasks on train operation. With on-board autonomous computing and mobile authorization, it improved the utilization rate of rail side resources. The capability on the real-time handling of key businesses and accurate speed detecting and positioning improved the efficiency of train operation. It may formulate corresponding handling mechanisms based on different business demands and meet the demand for the upgrading of different systems.</p>
18	BeiDou navigation system-based train autonomous operation control technology	Independently researched and developed	<p>With BeiDou Navigation Satellite System as the basis, BeiDou navigation system-based train autonomous operation control technology has applied diverse integration and train autonomous positioning technology, integrated longitudinal dynamics models, multi-particle longitudinal dynamics models and safety braking models of trains, combined inspection technologies with high safety, autonomy and completeness on wind pressure, location and speed information and applied the block dynamic swift technology with traffic control as the centre and the dynamic railway capacity allocation strategy, achieving the highly-efficient operation of trains, the simplification of rail side equipment and the centralization of central equipment. It shortened train tracking interval and improved the freight transport capacity.</p>

## SECTION IV MANAGEMENT DISCUSSION AND ANALYSIS AND REPORT OF THE DIRECTORS (CONTINUED)

No	Core technology	Source of technology	Technical level and degree of application
19	Full-electronic computer interlocking control technology	Independently researched and developed	<p>All-electronic execution unit for full-electronic computer interlocking control technology has applied safe output, safe cut-off, turnout safety control, safe design of self-inspection on modulo conversion, the structure of double two out of two, network redundancy structure and other technology. Full electronic interlock system and electronic modules have passed third-party safety assessment with the level of safety completeness reaching level SIL4, meeting the requirements on the high safety and reliability of the rail transit signal interlock system and being characterized by small size, easy construction, high reliability, high maintainability and high safety.</p>
20	CTCS2+ATO automatic turnback technology	Independently researched and developed	<p>CTCS2+ATO automatic turnback technology can be widely applied in urban railways to improve the services in the “as-frequent-as-buses” operation of urban railways. The technology addressed technology issues such as safety communication between head and tail of trains, rapid automatic starting, on-site automatic end change and automatic turnback after reaching the destination. It achieved automatic turnback in 3 minutes after reaching the destination and on-site automatic end change in 20 seconds, which can effectively cut down the interval time for turnback, further shorten the tracking interval of trains, reduce the average waiting time of passengers, meet the public travelling demand for “high speed, high density and as-frequent-as-buses services” and relieve urban traffic jam.</p>

## SECTION IV MANAGEMENT DISCUSSION AND ANALYSIS AND REPORT OF THE DIRECTORS (CONTINUED)

No	Core technology	Source of technology	Technical level and degree of application
21	Video intelligent analysis technology	Independently researched and developed	Video intelligent analysis technology adopted intelligent analysis algorithm, allowing the video system to automatically adapt to all-weather lighting conditions with different density, improving the capacity of resisting disturbance under complicated video background and effectively enhancing the comprehensive analysis performance. It adopted the deep learning technology in artificial intelligence sector and developed a professional algorithm exercise platform through long-term accumulation and improvement of intelligent algorithm sample database for railways, which can flexibly and rapidly meet customized demands under complicated scenarios and achieve automatic empowerment of relevant businesses through accurate judgment, dynamic analysis and ancillary decision-making.
22	400MHz wireless dispatching and communication technology of railway digital trains	Independently researched and developed	Leveraging on digital and wireless advantages, the 400MHz wireless dispatching and communication technology of railway digital trains addresses technical issues such as the bridging of wire SIP communication and wireless PDR communication and business guarantee under failure and weakened conditions. It adopted a professional and integrated hardware platform and fully combined the demand in the wireless dispatching business, achieving data transmission in joint control of trains and railways and reliable communication in voice cluster for wireless dispatching, providing a safe, reliable, effective and convenient means of communication for rail transit, improved the driving safety, transportation efficiency and management and enhanced the quality of wireless communication services.

## SECTION IV MANAGEMENT DISCUSSION AND ANALYSIS AND REPORT OF THE DIRECTORS (CONTINUED)

No	Core technology	Source of technology	Technical level and degree of application
23	Full automatic flexible train formation technology	Independently researched and developed	Fully automatic and flexible train formation technology can adjust the train formation according to the characteristics of passenger flow in different zones and time periods, and achieve the best synergy between passenger demand and vehicle capacity in accordance with the traffic plan, which has the advantages of improving the level of operation service, reducing the energy consumption of traction power supply, reducing the cost of vehicle maintenance, and improving the ability to cope with the uncertainty of passenger flow, etc., and can effectively solve the problem of unbalanced passenger flow in different operation phases, operation time periods and different regions. It can effectively solve the problem of unbalanced passenger flow in different operation phases, different operation periods and different regions, and help to achieve the "cost-effective" train operation.
24	Heavy-haul train group operation control system technology	Independently researched and developed	Heavy-haul train group operation control system achieves information transmission based on train-ground wireless communication and train-train communication, with advanced functions such as efficient matching of train and hump rolling routes, optimal control strategy of automatic driving, and cooperative driving of multiple vehicles. The system can effectively improve transportation efficiency, decrease labor intensity of drivers, reduce transportation energy consumption, and greatly improve comprehensive efficiency of freight railway transportation.

## SECTION IV MANAGEMENT DISCUSSION AND ANALYSIS AND REPORT OF THE DIRECTORS (CONTINUED)

No	Core technology	Source of technology	Technical level and degree of application
25	Higher speed train control system technology	Independently researched and developed	Higher-speed train control system technology breaks through the bottleneck of the reliability of safety control and equipment supporting 450km/h high-speed operation, overcomes the difficulty of excessive speed difference between main and backup systems, improves the automatic driving ability of high speed railway ATO system, enriches and expands the basic theory and engineering practice experience of high-speed railway train control technology in China, which will further enhance the full independence of China's railway science and technology, consolidate China's leading position in the global high-speed railway industry and strongly promote the upgrading and transformation of China's railway network in scale.
26	High-speed maglev/low vacuum pipeline(tunnel) train control system technology	Independently researched and developed	High-speed maglev train control system technology supports train operation and control of ultra-high speed maglev trains with a speed of 600km/hour or higher, which can be divided into on-board operation control, sectionalized operation control, central operation control and positioning and speed measurement subsystem. Different from the traditional high speed rail operation control system, the system architecture has overcome various technical difficulties, such as positioning and speed measurement, vehicle-ground communication, levitation guidance and electromagnetic compatibility, and is of great significance to the research of ultra-high speed transportation technology in China.

## SECTION IV MANAGEMENT DISCUSSION AND ANALYSIS AND REPORT OF THE DIRECTORS (CONTINUED)

No	Core technology	Source of technology	Technical level and degree of application
27	Digital integrated management and control technology of freight yard	Independently researched and developed	Digital integrated management and control technology of freight yard can manage the whole process of goods from mobilization to unloading, transshipment, inspection, loading and exit in the freight yard, build a digital integrated management and control system of freight yard for centralized scheduling of container handling/transshipment equipment such as IGV automatic guided vehicles in the freight yard, improve the automation and intelligent level of key equipment such as front loading and unloading equipment, horizontal transport vehicles, security monitoring in the freight yard, and enhance the efficiency of goods transshipment in the yard.
28	Safety railway intelligent signal display technology	Independently researched and developed	Based on the safety railway intelligent signal display technology, a series of equipment, including intelligent LED annunciator of SIL4 safety level, lighting detection unit and lighting alarm devices, are developed. The intelligent LED annunciator can replace the existing incandescent annunciator and is characterized by high energy-efficiency, high safety, long service life and adjustability, which is an upgraded product of existing railway signal display equipment.
29	System RAM modelling and evaluation technology	Independently researched and developed	System RAM modelling and evaluation technology is to model the system and its components from the perspective of the cognition of system law, estimate and evaluate the reliability, maintainability and usability of the system based on the accumulated product data, structural characteristics and composition of the system, as well as the working environment of the system and other factors, and also identify the main factors affecting the reliability, maintainability and usability of the system, locate key points, and provide a basis for design and iterative optimization; it can help shorten the equipment validation cycle of train control systems and guarantee the performance quality of the product.

## SECTION IV MANAGEMENT DISCUSSION AND ANALYSIS AND REPORT OF THE DIRECTORS (CONTINUED)

No	Core technology	Source of technology	Technical level and degree of application
30	Integrated technology on “factory-based” construction in railway signaling & communication projects	Independently researched and developed	Based on BIM modeling, with the target of factory preassembly and fabricated on-site construction and through modularization, unification, plugging and splicing, clustering and fabrication, the integrated technology on “factory-based” construction in railway signaling & communication projects brings forward operation with high on-site labor intensity and high-quality requirements at traditional construction sites to the curing process at the factory preassembly stage, which significantly reduces the workload of on-site operation, on-site labor, technical difficulties in on-site construction as well as risks and hidden hazards and improves the quality of projects.
31	Video analysis technology in high-speed railway tunnels	Independently researched and developed	Video analysis technology in high-speed railway tunnels adapts to special conditions such as low illumination level, high temperature and humidity, strong vibration and high wind pressure in tunnels, forming video analysis algorithms such as intelligent disaster prevention and detection, target detection in dark light, front/background separation for the line patrol of the track maintenance division, which provides basic support for the application of integrated video monitoring system in high-speed railway tunnels and guarantees the safety of railway transportation.
32	Vision networking fusion algorithm warehouse technology	Independently researched and developed	With the vision networking fusion algorithm warehouse technology, a warehouse is formed to manage algorithm models, centralize the management of all AI algorithm models and provide AI analysis service capabilities, to realize the rapid integration of multi-manufacturers and multi-versions of algorithms, improve the management capabilities of the lifecycle of the algorithm, enhance the intelligent analysis capabilities of vision networking fusion video and other related products, and boost the performance improvement of the product.

## SECTION IV MANAGEMENT DISCUSSION AND ANALYSIS AND REPORT OF THE DIRECTORS (CONTINUED)

No	Core technology	Source of technology	Technical level and degree of application
33	Multimode signal system integration technology	Independently researched and developed	<p>The multimode signal system integration technology has made breakthrough in integration technologies such as urban transit electronic map data, onboard GPS, movement authority limit, onboard human-machine interaction, ATS driving monitoring, rail side equipment control and display and digital track circuits, innovated the set of technology system of "multi-mode integration of signal system", and achieved a set of onboard technology, two systems and seamless integration, providing users with a new model for extending and renovating signal systems of quasi-mobile blocked lines to meet requirements for the interconnection and network-based operation between different signal system lines.</p>
34	Highly safe, resilient and reliable control technology in fully automatic operation	Independently researched and developed	<p>By applying the calculation correctness real-time detection theories and formal methods of key equipment to train safety, it adopts error checking, error correction, fault tolerance and fault-oriented safety technologies with a combination of system equipment failure modes and operational safety requirements, makes breakthrough in key technologies such as highly intelligent fully automatic operation control, regional joint defense, adaptive tolerance to operational anomalies and remote failure recovery, and develops distinctive fully automatic functions, including train sleep-wake static-dynamic commissioning, remote garage door closing operations, fully automatic obstacle avoidance and evacuation protection, automatic recovery after train derailment, remote restart and remote updating of onboard/rail side equipment data, achieving safe operation, adaptive failure tolerance, efficient failure recovery and intelligent operation and maintenance for fully automatic operations.</p>

## SECTION IV MANAGEMENT DISCUSSION AND ANALYSIS AND REPORT OF THE DIRECTORS (CONTINUED)

No	Core technology	Source of technology	Technical level and degree of application
35	Control technology of smart rail full-axle steering	Independently researched and developed	Based on the theory and technology of full-axle control, the trajectory tracking control technology integrated with high-precision navigation positioning aims directly minimum trajectory tracking errors. Through model prediction control and feedback control, it researches and develops full-axle steering control system with high performance, reliability and safety, turning trajectory tracking and safety control for electronically guided rubber-tyred smart rail train into reality.
36	Online automatic deployment technology of control platforms	Independently researched and developed	Full electronic interlock system adopts intelligent maintenance and distributed design, featuring the distribution of configuration/data/software, researches and develops automated deployment technology and launches tools allowing automated deployment. Leveraging connections to the internet, the tool ensures the absence of command output or disruption to another system's normal operation during in-system programming, thus improving the efficiency and accuracy of on-site software upgrading.
37	Centralized and efficient management technology for train operation behaviour	Independently researched and developed	By leveraging the causal relationships between behaviors and data, an identification model is developed for operation behavior scenarios that are linked to changes in equipment status, route status, and alarm log information. This model particularly targets high-risk operation behaviors outlined in actual management practices. Utilizing this model, the operation behaviors represented by the corresponding data are accurately identified, and pertinent information regarding these behavior scenarios is captured. This approach facilitates centralized management of train operation behaviors, enhances management efficiency and quality, promotes the standardization of train operation behaviors while minimizing management costs, and fortifies the standardization and safety of train operations.

## SECTION IV MANAGEMENT DISCUSSION AND ANALYSIS AND REPORT OF THE DIRECTORS (CONTINUED)

No	Core technology	Source of technology	Technical level and degree of application
38	Rail breakage inspection technology in ranges	Independently researched and developed	<p>The coupling resonance acquisition analysis of inductance, impedance, and capacitance characteristics of rails and ballast is carried out through single-node devices. Multi-physical, multi-dimensional state feature extraction is used to integrate massive storage data. Based on the analysis of multi-dimensional feature data, multi-scale physical phenomena in different stages such as health and rail fracture are studied, as well as the change characteristics under strong interference and high pulse. A rail health status model is established to evaluate the current rail health status, and a rail health status big data platform is established. Combined with historical data, the rail status evolution trend curve is formed to achieve the function of rail breakage inspection.</p>
39	Electromagnetic environmental effects of rail transportation and electromagnetic safety technology	Independently researched and developed	<p>Electromagnetic environment effect and electromagnetic safety technology of rail transportation is the key to guarantee the safety and reliability of on-rail running equipment, and it has overcome difficulties such as high-power (high voltage, high current output at the same time), multi-physical quantity controllable off-line electromagnetic discharge technology of pantograph network, simulation technology of electromagnetic environment effect of vehicle-ground-network coordination, and forward design technology of electromagnetic compatibility, to support the research and development and optimization of the rail transit signal infrastructure and to guarantee the high-efficiency, safe and stable operation of on-rail products.</p>

## SECTION IV MANAGEMENT DISCUSSION AND ANALYSIS AND REPORT OF THE DIRECTORS (CONTINUED)

No	Core technology	Source of technology	Technical level and degree of application
40	Disaster monitoring technology for rail transit with multi-modal perception across the whole region	Independently researched and developed	The disaster monitoring technology for rail transit with multi-modal perception across the whole region utilizes various multi-dimensional and multi-modal means such as video analysis and radar monitoring. It innovatively utilizes deep learning-based projection and codec algorithms to achieve deep alignment and fusion analysis of effective information contained in video images, video encodings, and radar echoes. Based on customized and optimized algorithms such as foreground extraction, object detection/filtering, specific area segmentation, and difference detection, and supported by advanced technologies such as hardware acceleration, small sample detection, and multi-dimensional three-dimensional visualization, this technology solves the problem of complex environmental interference along the rail transit line, achieving product performance improvement and cost optimization in multiple business directions from large-scale railroads, subways, to smart cities.

## SECTION IV MANAGEMENT DISCUSSION AND ANALYSIS AND REPORT OF THE DIRECTORS (CONTINUED)

The Company actively deployed innovation chain surrounding industrial chain, and was dedicated to transformation and industrialization of core technology achievements. It applied its core technology to rail transportation core systems such as train control system of railway, train control system of ICRs, train control system of urban transit, freight automation system, operation command automation and detection system and communication information system. Through its automatic train operation technology, the Company has realized autonomous resource management and active interval protection, and the corresponding processing mechanism can be customized according to different business requirements; the automatic train and control technology based on BeiDou Navigation Satellite System (BDS) can actualize multi-mode and two-way radio communication through multiple channels such as satellite and public network to satisfy the dynamic configuration of train tracking interval, which can enable moving blocking and improve freight transportation capacity; the full-electronic computer interlocking control technology, for which the execution unit has applied safe output, safe cut-off, turnout safety control, safe design of self-inspection on modulo conversion, the structure of double two out of two, network redundancy structure and other technology, met the requirements on the high safety and reliability of the rail transit signal interlock system; the CTCS2+ATO automatic turnback technology further shortened the tracking interval of trains, reduced the average waiting time of passengers, met the public travelling demand for "high speed, high density and as-frequent-as-buses services" and relieved urban traffic jam; the video intelligent analysis technology endowed the video system with intelligent analysis and deep learning capabilities, improved the automatic adaptability under all-weather lighting conditions with different density and enhanced the capacity of disturbance resistance, accurate judgment and dynamic analysis; the 400MHz wireless dispatching and communication technology of railway digital trains achieved data transmission in joint control of trains and railways and reliable communication in voice cluster for wireless dispatching and improved the driving safety, transportation efficiency and management. The full automatic flexible train formation technology has advantages in improving operation services, reducing energy consumption in traction power supply, cutting down vehicle inspection and repair fees and enhancing the capability on responding to traffic uncertainties and can effectively resolve the problem of unbalanced traffic flows at different operation stages, different operation hours and different areas and facilitate the "high cost performance" in train operation; the heavy-haul train group operation control system technology has advanced functions such as efficient matching of train and hump rolling routes, optimal control strategy of automatic driving, and cooperative driving of multiple vehicles. The system can effectively improve transportation efficiency, decrease labor intensity of drivers, reduce transportation energy consumption, and greatly improve comprehensive efficiency of freight railway transportation; the higher-speed train control system technology supports safe control and reliable operation at a high speed of 450km/h, improves the automatic driving ability of high-speed railway ATO system, and strongly promotes the upgrading and transformation of China's railway network in scale; the high-speed maglev train control system technology supports train operation and control of ultra-high speed maglev trains with a speed of 600km/h or higher, which overcomes various technical difficulties, such as positioning and speed measurement, vehicle-ground

## SECTION IV MANAGEMENT DISCUSSION AND ANALYSIS AND REPORT OF THE DIRECTORS (CONTINUED)

communication, levitation guidance and electromagnetic compatibility, and is of great significance to the research of ultra-high speed transportation technology in China; the digital integrated management and control technology of freight yard can manage the whole process of goods from mobilization to unloading, transshipment, inspection, loading and exit in the freight yard, which improves the automation and intelligent level of the equipment in the freight yard of railway, and enhances the efficiency of goods transshipment in the yard; for the safety railway intelligent signal display technology, the intelligent LED annunciator it developed is characterized by high energy-efficiency, high safety, long service life and adjustability, and is an upgraded product of existing railway signal display equipment; the system RAM modelling and evaluation technology provide theoretical basis for the design optimization of the system equipment to further improve the reliability, maintainability and usability of the system, help shorten the equipment validation cycle of train control systems and guarantee the performance quality of the product; the integrated technology on “factory-based” construction in railway signaling & communication projects brings forward operation with high on-site labour intensity and high quality requirements at traditional construction sites to the curing process at the factory preassembly stage, which significantly reduces the workload of on-site operation, on-site labor, technical difficulties in on-site construction as well as risks and hidden hazards and improves the quality of projects; the video analysis technology in high-speed railway tunnels adapts to conditions such as low illumination level, high temperature and humidity, strong vibration and high wind pressure in tunnels, forming relevant video analysis algorithms, which provides basic support for the application of integrated video monitoring system in high-speed railway tunnels and guarantees the safety of railway transportation. With the vision networking fusion algorithm warehouse technology, multi-manufacturers and multi-versions of algorithms will be rapidly integrated to improve the intelligent analysis capabilities of vision networking fusion video and other related products, and boost the performance improvement of the product.

The new multimode signal system integration technology has made breakthrough in integration technologies such as urban transit electronic map data, onboard GPS, movement authority limit, onboard human-machine interaction, ATS driving monitoring, rail side equipment control and display and digital track circuits, innovated the set of technology system of “multi-mode integration of signal system”, and achieved a set of onboard technology, two systems and seamless integration, meeting requirements for the interconnection and network-based operation between different signal system lines. The new highly safe, resilient and reliable control technology in fully automatic operation, applies the calculation correctness real-time detection theories and formal methods of key equipment to train safety, adopts error checking, error correction, fault tolerance and fault-oriented safety technologies with a combination of system equipment failure modes and operational safety requirements, develops distinctive fully automatic functions, including train sleep-wake static-dynamic commissioning, remote garage door closing operations, fully automatic obstacle avoidance and evacuation protection, automatic recovery after train derailment, remote restart and remote updating of onboard/rail side equipment data, and achieves safe operation, adaptive failure tolerance, efficient failure recovery and intelligent operation and maintenance for fully automatic operations. The new control technology of smart rail full-axle steering, based on the theory and technology of full-axle control, the trajectory tracking control technology integrated with high-precision navigation positioning aims directly minimum trajectory tracking errors. Through model prediction control and feedback control, it researches and develops full-axle steering control system with high performance, reliability and safety, turning trajectory tracking and safety control for electronically guided rubber-tired smart rail train into reality. The new online automatic deployment technology of control platforms, adopts intelligent maintenance and distributed design, featuring the distribution of configuration/data/software, researches and develops automated deployment technology

## SECTION IV MANAGEMENT DISCUSSION AND ANALYSIS AND REPORT OF THE DIRECTORS (CONTINUED)

and launches tools allowing automated deployment, thus improving the efficiency and accuracy of on-site software upgrading. The new centralized and efficient management technology for train operation behaviour, leveraging the causal relationships between behaviors and data, an identification model is developed for operation behavior scenarios that are linked to changes in equipment status, route status, and alarm log information. This model particularly targets high-risk operation behaviors outlined in actual management practices. This approach facilitates centralized management of train operation behaviors, and fortifies the standardization and safety of train operations. The new rail breakage inspection technology in ranges, the coupling resonance acquisition analysis of inductance, impedance, and capacitance characteristics of rails and ballast is carried out through single-node devices. Multi-physical, multi-dimensional state feature extraction is used to integrate massive storage data. A rail health status model is established to evaluate the current rail health status, and the rail status evolution trend curve is formed to achieve the function of rail breakage inspection. The new electromagnetic environmental effects of rail transportation and electromagnetic safety technology, has overcome difficulties such as high-power (high voltage, high current output at the same time), multi-physical quantity controllable off-line electromagnetic discharge technology of pantograph network, simulation technology of electromagnetic environment effect of vehicle-ground-network coordination, and forward design technology of electromagnetic compatibility, to support the research and development and optimization of the rail transit signal infrastructure and to guarantee the high-efficiency, safe and stable operation of on-rail products. The new disaster monitoring technology for rail transit with multi-modal perception across the whole region utilizes various multi-dimensional and multi-modal means such as video analysis and radar monitoring. It innovatively utilizes deep learning-based projection and codec algorithms to achieve deep alignment and fusion analysis of effective information contained in video images, video encodings, and radar echoes. Based on customized and optimized algorithms such as foreground extraction, object detection/filtering, specific area segmentation, and difference detection, this technology solves the problem of complex environmental interference along the rail transit line, achieving product performance improvement and cost optimization in multiple business directions from large-scale railroads, subways, to smart cities.

The development of core businesses such as design and integration, equipment manufacturing, system implementation of rail transportation operation and control system of the Company will fully depend on its core technology. During the Reporting Period, no material changes in the core technology occurred.

## SECTION IV MANAGEMENT DISCUSSION AND ANALYSIS AND REPORT OF THE DIRECTORS (CONTINUED)

### *Details of awards for the National Technology Award*

Applicable  Not applicable

No.	Name of Awards	Name of Project	Year of Awards	Level of Awards
1	National Award for Science and Technology Progress	Integrated technology and equipment for projects related to raising the speed of China's railways	2002	First Prize
2	National Award for Science and Technology Progress	Model ZPW-2000A jointless frequency shift automatic blocking system	2006	Second Prize
3	National Award for Science and Technology Progress	Comprehensive Technology and Application of Heavy Haul Transportation for the Datong-Qinhuangdao Railway Line	2007	First Prize
4	National Award for Science and Technology Progress	Qinghai-Tibet Railway Engineering Project	2008	Grand Prize
5	National Award for Science and Technology Progress	Key technology and application of onboard safety control system under complex and high-speed conditions	2009	Second Prize
6	National Award for Science and Technology Progress	Research and application of key technology for the Suining-Chongqing ballastless track	2010	First Prize
7	National Award for Science and Technology Progress	Beijing-Tianjin Intercity Railway Project	2012	First Prize
8	National Award for Science and Technology Progress	Beijing-Shanghai High-Speed Railway Project	2015	Grand Prize

## SECTION IV MANAGEMENT DISCUSSION AND ANALYSIS AND REPORT OF THE DIRECTORS (CONTINUED)

### *Awards of China Patent Award*

No.	Name of Patents	Name of Awards	Year of Awards	Awarding Entity
1	A method for dynamically tracking train position in the urban rail transit signal system	Excellent Award under the 17th China Patent Award	2015	China National Intellectual Property Administration
2	A computer interlocking system with centralized control function	Excellent Award under the 18th China Patent Award	2016	China National Intellectual Property Administration
3	A data collection, transmission and processing equipment for the railway CTC system	Excellent Award under the 19th China Patent Award	2017	China National Intellectual Property Administration
4	An on-board device and rail transit train for the automatic operation of CTCS-3 level trains	Excellent Award under the 19th China Patent Award	2017	China National Intellectual Property Administration
5	A track circuit transmitter and the method for realizing fault-oriented safety	Silver Award under the 20th China Patent Award	2018	China National Intellectual Property Administration
6	Train operation control method and device, on-board equipment and train control system	Silver Award under the 21st China Patent Award	2019	China National Intellectual Property Administration
7	Methods and devices for realizing shunting route control by combining STP and CTC	Excellent Award under the 22nd China Patent Award	2021	China National Intellectual Property Administration
8	A track circuit	Excellent Award under the 23rd China Patent Award	2021	China National Intellectual Property Administration
9	A method for realizing wheel diameter calibration by satellite positioning	Excellent Award under the 23rd China Patent Award	2022	China National Intellectual Property Administration
10	A method and device for online fault detection of track circuit cables	Silver Award under the 24th China Patent Award	2023	China National Intellectual Property Administration
11	A method for implementing flexible train formation operation in urban rail transit	Silver Award under the 24th China Patent Award	2023	China National Intellectual Property Administration

## SECTION IV MANAGEMENT DISCUSSION AND ANALYSIS AND REPORT OF THE DIRECTORS (CONTINUED)

### ***Recognition of the National Specialized and New “Small-giant” Enterprises and the Model Enterprise of the Manufacturing Industry***

Applicable  Not applicable

<b>Title awarded</b>	<b>Year of recognition</b>	<b>Name of products/name of companies</b>
Single Manufacturing Champion Demonstration Enterprise	2020	Complete sets of equipment for rail transit control system
Single Manufacturing Champion Demonstration Enterprise	2020	Development and integration of complete sets of equipment for rail transportation control system
Single Manufacturing Champion Demonstration Enterprise	2021	Rail transit signal infrastructure
Single Manufacturing Champion Demonstration Enterprise	2021	Train operation control system
Single Champion Product in Manufacturing Industry	2022	Railway signal relay
National Specialized and New “Small-giant” Enterprise	2022	Casco Signal (Beijing) Ltd.
National Specialized and New “Small-giant” Enterprise	2022	Tianjin Railway Signal Co., Ltd.
National Specialized and New “Small-giant” Enterprise	2022	CRSC Wanquan Signal Equipment Co., LTD.
National Specialized and New “Small-giant” Enterprise	2023	CRSC Communication & Information Group Shanghai Company Ltd.

## SECTION IV MANAGEMENT DISCUSSION AND ANALYSIS AND REPORT OF THE DIRECTORS (CONTINUED)

### **2. Research and development achievements during the Reporting Period**

During the Reporting Period, in terms of fundamental and forward-looking researches, the Company completed the research on electromagnetic environmental effects of rail transportation and the construction of the test platform, laying significant foundation for off-line effect test of pantograph network and prevention and protection technology verification. It overcame the technical problem of off-line discharge of pantograph network under high power (high voltage and high current) simultaneous output and controllable multi-physical quantities, completed the construction of the first domestic 1:1 large scale test platform, carried out the research on the characteristics and test methods for off-line electromagnetics interference of pantograph network under the conditions of high voltage and high current at work frequency, the research on anti-interference technology of signal system under electromagnetic environment of 400 km/h high-speed railway. It carried out the development of the low-vacuum pipeline ultra-high-speed maglev operation control system, completed the R&D of the sectionalized operation control system and the on-board operation control system and completed the first-stage field test on the ultra-high-speed maglev in the Yanggao test line in Datong, Shanxi and is conducting second-stage equipment optimization. The “Electromagnetic Environmental Effects and Electromagnetic Safety Engineering Research Center in the Railway Industry” and “Railway Industry Engineering Research Centre for Intelligent Monitoring of High-speed Railway Operating Environment” became a technological innovation base in the railway industry recognized by the National Railway Administration of the PRC. The Company carried out technical research on SIL4 safety cloud platform, finished the research on the demand for interlocking products and urban rail ancillary products, and is conducting technical solution research on the safety cloud platform; carried out the research on massive Internet of Things technology, achieved breakthroughs in massive heterogeneous, multi-environment, multi-protocol equipment access and management technology, realizing 100,000-level equipment connection and data access capabilities.

In terms of supporting the construction of overseas projects, the Jakarta-Bandung Railway, a key flagship project of pragmatic cooperation between China and Indonesia, for which the Company provided with independent CTCS-3 train control system equipment, was successfully put into operation, which laid a solid foundation for the full operation of China's high-speed railway overseas in terms of system, factors and industrial chain, serving as a demonstration example of China's railway signal standards to “go global”; the first section (Dhaka-Bonga section) of the Padma Bridge railway connecting line constructed by China and Bangladesh was successfully put into operation, and China's communication signal solutions achieved another good performance; the completion and acceptance of renovation project for the PCC control centre of Lines 1-6 of Mexico City was put into trial operation, ensuring the safe and efficient operation of Mexico City's metro with China's contribution and efforts; the Company completed the construction of laboratory in Serbia, supporting the application of ground equipment of ETCS train control system based on baseline 3 in Beograd-Stara Pazova section of the Hungary-Serbia Railway in Serbia; obtained the German DeBo authentication certificate on the JRU part for on-board ATP equipment; completed the DeBo certification on signaling machines and INDUSI transponders in Serbia and obtained the DeBo authentication certificate and therefor possessed the qualification for on-site application; the on-board ETCS-400T system for five European nations passed all the tests of multi-level in main lines in Austria, and completed the NoBo and AsBo certifications and the on-board JRU products completed the component-level DeBo certification in Germany; completed the construction of the laboratory in Thailand and the computer interlocking and CTC system development for the project in Thailand, which therefore possessed the qualification for on-site application and strongly supported the renovation of railway signal systems in Thailand.

## SECTION IV MANAGEMENT DISCUSSION AND ANALYSIS AND REPORT OF THE DIRECTORS (CONTINUED)

In terms of supporting significant national strategies, based on long and big ranges, big and long tunnels, long and steep slopes as well as other extreme conditions of Sichuan-Tibet Railway, the Company finished the adaptability analysis and technical route selection of the existing communication signal system in Sichuan-Tibet Railway, developed the opinions on the selection of equipment for the communications and signaling system for Sichuan-Tibet Railway and prepared the analysis report and demand analysis report on the characteristics of Sichuan-Tibet Railway for the selection of the train control system and the communication signal system plan for Sichuan-Tibet Railway; for CR450 science and technology innovation project, the Company studied solutions on train control systems under two application scenarios, namely the construction of new high-speed rail with a speed of over 400km/h and the speed increase and transformation of existing high-speed rail with outstanding conditions, developed key technology and equipment and created system test and verification environment; in terms of the group operation control technology for heavy-haul trains of 30,000 tons, the Company completed the study on fundamental TVP train control theories, developed the formal model of railway transportation work flow based on the group operation of unit heavy-haul trains, developed a full set of freight signaling system equipment for heavy-haul trains based on ad-hoc network technologies and carried out the on-site stand-alone group function test of Baotou-Shenmu Railway, which pioneered and led the development direction of heavy-haul trains around the world.

In terms of comprehensive three-dimensional transportation field system, for the project of integration of rail transit dispatch and control and connecting transportation service technology, the Company completed the overall technical plan of the system and the equipment prototype development of multi-modal control compatible double-set on-board plan of the train autonomous circumambulation control system; developed the C2+ATO onboard system on train control for urban railways, achieved successful conversion and obtained a commercial contract for the urban railway in Shanghai; Suzhou Subway Line 11, a fully automated operating rail transit line with a design speed of up to 100km/h was put into operation, which was connected with Shanghai Subway Line 11 for interchange, serving as a demonstration example for China to promote the across-region integration of urban rail.

## SECTION IV MANAGEMENT DISCUSSION AND ANALYSIS AND REPORT OF THE DIRECTORS (CONTINUED)

In terms of promoting the technological development of the rail industry, the Company completed the R&D of the C3 train control intelligent analysis system and passed the review by experts for trial use, realizing “vehicle-network-land” whole chain data monitoring and intelligent diagnosis for C3 train control system; completed the on-site comprehensive trial and verification of new train control system based on BDS, which passed the on-site trial use examination and was put into trial operation; completed the development of on-board and ground equipment of train control system for normal-speed railways, the on-board LKJ equipment obtained the SIL4 safety certification, and the ground data server equipment obtained SIL4-class safety letter of confirmation, and a field test was conducted at the two sections between three stations on the test section of Baotou-Shenmu Railway; completed the R&D of digital integrated management and control system of freight yard, and conducted engineering application verification of Mohan Freight Yard at the border between China and Laos, which had been officially put into operation, providing technical support for major projects such as rail-water joint transportation system, the multimodal transportation system of China Railway; carried out the research on key technology for 5G-R rail transit and developed the CIR prototype based on full 5G functions; carried out the research of the first 400MHz train digital radio dispatching communication system in China and completed the demonstration test at Shanghai Railway Bureau and Wuhan Railway Bureau; completed the architecture design, main function development, general algorithm development and packaging of the integrated analysis platform module of the Internet of Videos and deployed it in the field; conducted research on an integrated video surveillance system and completed video containerization and verification and performance testing; the railway integrated video surveillance system that meets the new standards was the first to pass CRCC certification, which has been applied in the core node upgrade of China Railway. The project of video reinforcement for Tianjin-Qinhuangdao High-speed Railway, and the projects of video for Shantou-Shanwei High-speed Railway, Guangzhou-Shanwei High-speed Railway, Guiyang-Guangzhou High-speed Railway’s renovation, etc. realized the integration of video cloud platform and the three-dimensional video, providing a more in-depth overall control over video surveillance and vivid scenario presentation, and remaining as the industry leader in terms of applications.

## SECTION IV MANAGEMENT DISCUSSION AND ANALYSIS AND REPORT OF THE DIRECTORS (CONTINUED)

In terms of promoting the construction of smart urban rail transit, the Company launched its highly effective Qiji autonomous train control system with high-reliability vehicle-to-vehicle communication and vehicle-ground coordination, completed the dynamic test for low-speed EMUs for Shanghai Metro Line 3&4 and obtained the authorization for high-speed EMUs, opening a new chapter for the first time in the industry to launch the renovation of the most complex metro signal system; it carried out the development of the TAPS system on autonomous perception of automatic unmanned train environment, won the bid for Ningbo Subway Line 7, and led the industry in technological innovation; in Beijing Subway Line 12 for which the Company won the bid, the Company took the lead in the application and research of key technologies of full automatic and flexible train formation, broke through the traditional operation and organization mode of train control system, which contributed to save energy and reduce carbon, the relevant functions of which had been verified on the model section of Beijing Subway Line 12, and which had been qualified for application in engineering practice; “multi-standard compatible signal system for integration of line and network” has been successfully applied in Changchun Subway Line 4 and passed the science and technological achievement review by China Association of Metro, which realized the use of CBTC system at extension line under the condition of digital track circuit signal system of the existing line, and met the operation need in the whole line with compatible standard equipment. The Company independently developed a new generation of networked intelligent train Control system (NiTC) which obtained SIL4-class product certification, integrating the core functions of TACS system and keeping traditional degradation backup mode. The urban rail transit video surveillance system the Company developed has been applied in Changchun Subway Line 6.

In terms of the development of fundamental equipment, the digital track circuitry at stations completed confirmation of testing on its systems and SIL4 safety certification and passed industrial technical assessment; the Company completed the on-road trial of locomotive on-board relays and obtained the application report; completed the development and on-road trial of on-board relay, which passed the IEC standard type test conducted by a third party and obtained the compulsory orientation certification; completed the development of high-frequency digital AC power supply module and the prototype test of the lightweight power system under normal temperature and high and low temperature, forming the capability of small-batch trial production; achieved the on-road trial, the promotion and application of the outdoor monitoring system (split) for ZPW-2000 range rail circuit, the intelligent diagnosis system on turnout switch, the rail breakage monitoring system of turnouts, the electromagnetic heating snow melting system for turnouts, the ZD9 switch machine for which supporting DC four-wire system dual-electric switch machine controls the circuit and other products.

## SECTION IV MANAGEMENT DISCUSSION AND ANALYSIS AND REPORT OF THE DIRECTORS (CONTINUED)

Regarding the Company's core technologies and main products, in this year, newly applied patents increased by 1,510, including 1,281 applied invention patents; newly authorized patents increased by 820, including 667 invention patents. Two invention patents of the Company, namely "a method and device for online fault detection of track circuit cables" (Patent No. ZL 201810333255.8) and "a method for implementing flexible train formation operation in urban rail transit" (Patent No. ZL 202010457840.6) were awarded the Silver Award under the 24th China Patent Award. The "key technology and application of intelligent control over the operation of rail transit train" undertaken by the Company as the main contractor was awarded the first prize under the Scientific and Technological Progress Awards by the Chinese Association of Automation, the "research and application of a radio block center (RBC) system", the "research and application of an intelligent operation command system for heavy-haul railway" and the "research and application of a multi-modal global-perception disaster monitoring system for complex environment for rail transit" undertaken by the Company as the main contractor were awarded the first prize under the Scientific and Technological Progress Awards by China Communications and Transportation Association. The project on the "research and development of key technologies and complete equipment for self-sensing and inter-control safety redundant track circuit adapted to multi-physics coupling" undertaken by the Company as the main contractor was awarded the first prize under the Scientific and Technological Awards by China Railway Society; the Company undertook 12 research projects supported by governmental authorities at national and ministerial levels, 14 research projects supported by industrial administration organizations, and the preparations of more than 20 standards at national and industrial levels, and the progress of the four international standards edited by the Company as the lead editor was smooth, and the Company organized and held seven online international conferences, and two offline international expert meetings were organized in Beijing and Paris respectively. As a sponsor of authoritative journal Railway Signaling & Communication Engineering in the rail transportation control industry, the Company has published R&D and application achievements in the industrial authoritative journals, such as Railway Signaling & Communication sponsored by CNRG, Journal of the China Railway Society and Railway Signaling & Communication Engineering sponsored by China Railway Society.

List of intellectual property rights obtained during the Reporting Period

	Increase for the year		Accumulative number	
	Number of applications	Number of approvals	Number of applications	Number of approvals
Invention patent	1,281	667	5,385	2,434
Including: overseas patent	168	52	692	281
Utility model patent	216	140	2,791	2,037
Design patent	13	13	188	147
Software copyright	382	374	2,321	2,167
Others	0	0	4	4
<b>Total</b>	<b>1,892</b>	<b>1,194</b>	<b>10,689</b>	<b>6,789</b>

## SECTION IV MANAGEMENT DISCUSSION AND ANALYSIS AND REPORT OF THE DIRECTORS (CONTINUED)

### 3. Research and development investment

Unit: RMB

	This year	Last year	Change (%)
Expensed research and development expenditure	1,862,286,761.81	1,689,810,596.63	10.21
Capitalized research and development expenditure	175,589,836.58	184,415,202.90	-4.79
Total research and development investment	2,037,876,598.39	1,874,225,799.53	8.73
Percentage of total research and development expenditure in revenue (%)	5.51	4.66	Increased by 0.85 percentage point
Percentage of capitalized research and development expenditure (%)	8.62	9.84	Decreased by 1.22 percentage points

Reasons for the material change in total research and development investment as compared to last year

Applicable  Not applicable

Reasons for the material change in percentage of capitalized research and development expenditure and its rationality

Applicable  Not applicable

## SECTION IV MANAGEMENT DISCUSSION AND ANALYSIS AND REPORT OF THE DIRECTORS (CONTINUED)

### 4. *Projects under development*

Applicable     Not applicable

Unit: RMBO' 000

No.	Project Name	Estimated total investment	Investment amount in the current period	Cumulative investment amount	Progress or phased achievements	Intended goal	Technical level	Specific application prospects
1	Research on electromagnetic environmental effects of rail transportation and construction of test platform	4,319.00	768.26	3,988.50	Completed the research on electromagnetic environmental effects of rail transportation and construction of test platform, with the ability for carrying out high-speed rail electromagnetic interference spot test and laboratory simulation. The "Electromagnetic Environmental Effects and Electromagnetic Safety Railway Industry Engineering Research Centre" became scientific and technological innovation base in the railway industry recognized by State Railway Administration.	To complete the research on electromagnetic environmental effects of rail transportation and construction of test platform with the ability for carrying out simulation tests such as high-speed rail all-digital electromagnetic environment simulation, off-line electromagnetic interference test of pantograph network, and high-speed rail typical electromagnetic interference coupling simulation.	It can provide technical supports, including real-time collection, simulation analysis, faults reoccurrence and analysis for products electromagnetic interference problems; the testing capability and technical level in the field of electromagnetic environmental effects research of the train control system will reach the domestic leading level.	It can provide theoretical and data support for electromagnetic compatibility design.

## SECTION IV MANAGEMENT DISCUSSION AND ANALYSIS AND REPORT OF THE DIRECTORS (CONTINUED)

No.	Project Name	Estimated total investment	Investment amount in the current period	Cumulative investment amount	Progress or phased achievements	Intended goal	Technical level	Specific application prospects
2	Research and development of a new generation of centralized traffic control system	15,858.06	2,022.37	10,400.02	Combined with the automatic adjustment requirements of high-speed railway operation plan and the demands for integration of OCC and ESC, the functions related to intelligent CTC were further optimized, completed the application of intelligent CTC automatic adjustment for normal-speed railways of Qingzang Company; the CTC system for junction stations realized the integrated control over trains and dispatching, Wuhan Railway Bureau expanded the application to 20 stations and meanwhile the application was promoted in Lanzhou Railway Bureau, Hohhot Railway Bureau, Jinan Railway Bureau, Shenyang Railway Bureau and others.	To complete the research and development of a new generation of centralized traffic control system and apply it in engineering practice.	The new generation of centralized traffic control system adopts the principle of intelligent decentralized and self-discipline design to realize the unified control of train and shunting operation, and realize the safety management and card control of station-level operation.	It can be applied to railway.

## SECTION IV MANAGEMENT DISCUSSION AND ANALYSIS AND REPORT OF THE DIRECTORS (CONTINUED)

No.	Project Name	Estimated total investment	Investment amount in the current period	Cumulative investment amount	Progress or phased achievements	Intended goal	Technical level	Specific application prospects
3	Research and application of high-density automatic operation control technology for ad-hoc network of heavy-haul trains	18,180.98	2,184.38	7,831.05	Completed the development and function testing of engineering prototype for group operation control system of heavy-haul train. Already completed the system integration plan review of the testing section, and is carrying out preparation work for field test relying on Shenhua Heavy-haul Train Group Operation Project.	To assemble the equipment for the ad-hoc network and high-density automatic operation control system of heavy-haul train.	Based on China's high-speed rail control and autonomous driving technology, the project aims to improve the efficiency and safety of heavy-haul freight rail transportation, which is at the leading level in China.	It can be applied to the domestic heavy-haul railways.
4	Development of a new train control system	16,294.01	2,622.66	13,408.73	Completed the trial of the new train control system on Hetian-Ruoqiang Railway, and the on-site equipment operated stably. The train autonomous circumambulation control system based on BDS was officially applied to the railway at the mining area of Pingmei Shenma Group.	To assemble a complete set of equipment for the new train control system.	Based on the mature technical application of the existing train control system and combined with the BDS positioning technology, it builds a moving block technical scheme suitable for heavy-haul railway, shortening the train tracking interval and improving the overall transport capacity of heavy-haul railway.	It can be applied to the domestic heavy-haul railways.

## SECTION IV MANAGEMENT DISCUSSION AND ANALYSIS AND REPORT OF THE DIRECTORS (CONTINUED)

No.	Project Name	Estimated total investment	Investment amount in the current period	Cumulative investment amount	Progress or phased achievements	Intended goal	Technical level	Specific application prospects
5	Development of train fully-autonomous operation and control system	20,169.63	7,232.56	14,424.72	The system has been put into commercial operation on Shenzhen Metro Line 20, becoming the first TACS system in the industry to operate commercially. The system has been basically stable since its operation for more than two years. Shanghai Metro Line 3&4 completed the release of large systems, completed the testing for low-speed EMUs and obtained the authorization for high-speed EMUs.	To assemble the train fully-autonomous operation and operation system.	It completed the development of the first Train Autonomous Circumambulate System (TACS) based on vehicle-to-vehicle communication in China, which has reached the advanced level in the world.	It can be applied to urban rail transit.
6	Basic technology research	7,084.00	524.43	6,076.14	Completed the R&D of digital track circuitry and completed the system test confirmation; safety LED signalling machines have obtained certification from Serbia.	To complete the fundamental and deep-level scientific mechanism research on lightning protection and electromagnetic compatibility of signal products in complex environment to provide scientific basis for subsequent product research and development.	The research aims to improve the safety and reliability of rail side signal equipment of railway and develop digital track circuit and railway safety signal display equipment, which has reached the leading level in the industry.	It can be applied to the field of railway and urban rail transit.

## SECTION IV MANAGEMENT DISCUSSION AND ANALYSIS AND REPORT OF THE DIRECTORS (CONTINUED)

No.	Project Name	Estimated total investment	Investment amount in the current period	Cumulative investment amount	Progress or phased achievements	Intended goal	Technical level	Specific application prospects
7	Research on key technology and equipment development of train control system for normal-speed railways	7,420.54	566.71	5,705.63	Completed the H1 cast system test of the test section of Baotou-Shenmu Railway, completed the safety certification for C0 units and LKJ, obtained the SIL4 letter of confirmation of safety certification for station data server and locomotive C1 on-board ATP. Completed the application for on-site test of normal-speed railway train control system for Chengdu Railway Bureau Group.	To form a complete set of CTCS-1 system suitable for normal-speed railways.	The system can realize the detour of high-speed railway trains on normal-speed train lines, and the interconnection between high-speed railway network and normal-speed Railway network, which has among the leading level in the industry.	It can be applied in the field of railway.
8	Development and application of train control interlocking integration	14,199.21	1,919.38	15,703.20	Completed the equipment development and production, which has been put into operation on Hetian-Ruoqiang Railway. The system has run stably and reliably for more than one year, which has been recognized by the users.	To create train control interlocking integration equipment.	The existing interlocking and train control system is optimized and integrated into a compact-structured and simplified system from a complex one, thus improving the maintainability and reliability of the signal system with higher cost performance.	It can be applied in the field of railway.

## SECTION IV MANAGEMENT DISCUSSION AND ANALYSIS AND REPORT OF THE DIRECTORS (CONTINUED)

No.	Project Name	Estimated total investment	Investment amount in the current period	Cumulative investment amount	Progress or phased achievements	Intended goal	Technical level	Specific application prospects
9	Development of basic signal equipment	2,390.00	140.20	1,847.73	Locomotive on-board relays were put into trial use, the application report was obtained; the on-board relays obtained the compulsory orientation certification certificates; completed small-batch production and test of light-weighted power modules; completed the test of light-weighted power system; completed the trial production and test of prototype of sleeper-type switch machine.	To complete the development of a new generation of rail transit signal basic equipment, such as small-sized relay, light-rail switch machine, safe, light-weighted and intelligent railway signal power supply.	This project aims to improve the technical level of signal basic products and develop a new generation of rail transit signal basic products that meet the international and domestic technical needs.	It can be applied in the fields of railway and urban rail transit.
10	Integrated development and certification of onboard systems in five European nations	1,148.00	599.16	1,410.09	The integration testing of the on-board equipment ETCS-400T with LZB/PZB in Vienna, Austria and the acceptance of the owners' laboratory were completed. Completed the VUZ loop test in the Czech and the main line tests in Germany and Austria. Obtained German DeBo certification certificates for JRU components of on-board ATP equipment. Completed the dual 8-cun DMI requirement and main machine interface agreement for Deuta.	To develop ETCS onboard system applicable to the operation requirements of five European nations, and complete safety certification, NoBo certification and DeBo certification, so as to support the promotion and application of our ETCS onboard products in European core markets.	It meets the B3R2 technical standard of the highest version of ETCS baseline 3, supports E2 and E1 operation levels, meets the local functional requirements of five European nations and the non-stop operation requirements of transnational interconnection, and boasts the world-class level.	It can be applied in the railways in five European nations (Germany, Austria, Switzerland, Hungary, Slovakia).

## SECTION IV MANAGEMENT DISCUSSION AND ANALYSIS AND REPORT OF THE DIRECTORS (CONTINUED)

No.	Project Name	Estimated total investment	Investment amount in the current period	Cumulative investment amount	Progress or phased achievements	Intended goal	Technical level	Specific application prospects
11	Development and application of intelligent subway operation and maintenance	9,030.77	1,302.31	6,950.13	Completed the development of network-level and multi-disciplinary integration, emergency organization synergy, production operation control and other new functions, which have been put into pilot application in Shanghai Subway, Ningbo Subway, etc.	To realize the condition maintenance based on intelligent operation and maintenance system, comprehensively improve equipment reliability, prolong equipment service life, greatly improve maintenance efficiency and greatly save labor cost.	The proposed digital operation and maintenance theory of the whole life cycle of train control system, adopts technologies such as train control multi-source digital perception, multi engine intelligent analysis and diagnosis, and health management based on cloud platform, which are at domestically and internationally leading level.	It can be applied in the fields of railway and urban rail transit.
12	Development of rail side target controller	10,424.27	1,564.78	8,979.90	The system was released, and applied into Shenzhen Metro Line 20. Completed the development of local control logic of turnouts for Shanghai Metro Line 3/4; completed the development of the requirement of Shenzhen Metro Line 3.	To create rail side target controller, and adapt to each control system based on the application scenario.	As the direct control unit of rail side signal equipment, the target controller adopts the architecture of double two out of two, which has the characteristics of high safety, high reliability, high integration and intelligence, and greatly reduces the workload of installation, commissioning and maintenance. The electronic module can be flexibly applied to each signal system.	It can be used in the fields of railway and urban rail transit.

## SECTION IV MANAGEMENT DISCUSSION AND ANALYSIS AND REPORT OF THE DIRECTORS (CONTINUED)

No.	Project Name	Estimated total investment	Investment amount in the current period	Cumulative investment amount	Progress or phased achievements	Intended goal	Technical level	Specific application prospects
13	Research on electromechanical integration system and equipment for rail transportation	5,130.04	100.34	5,103.61	Completed the research on electromechanical integration system, completed the production of ATP, ATO, STC, ATS and other equipment, obtained certification on project safety and opened for operation in Fenghuang Maglev.	To establish an electromechanical integration system for light rail transportation supporting full industrial chains with advanced technology and the intelligent and independent operation control of train as the core.	The electromechanical integration system for light rail transportation with the intelligent and independent operation control of train as the core reached the advanced level in China.	It can be applied to the medium and low speed maglev lines, mountain (rack) rail transportation, suburban light rail, urban express rail, special tourist lines and other lines.
14	Research on highspeed maglev/low vacuum pipeline (tunnel) high-speed train operation control system and production of equipment	3,525.00	2,185.19	2,377.44	The research on the zonal operation control system and the cabin operation and control system has been completed, and Phase I field tests on the ultra-high-speed maglev test line in Yanggao, Datong, Shanxi have been carried out. Carried out zoning for Phase II high-speed maglev and the development of functions of on-board software, and carried out the development of positioning and speed measurement loop for high-speed maglev.	To establish the train control system and equipment with proprietary intellectual property rights and supporting high-speed maglev with a speed of 600km/hour and low-vacuum pipeline (tunnel) high-speed train with a speed of 1,000km/hour.	It filled the blankness in the rail transportation system with a speed of 600-1,000 km/hour, which is the first in China at an internationally leading level.	It can be applied to high-speed maglev.

## SECTION IV MANAGEMENT DISCUSSION AND ANALYSIS AND REPORT OF THE DIRECTORS (CONTINUED)

No.	Project Name	Estimated total investment	Investment amount in the current period	Cumulative investment amount	Progress or phased achievements	Intended goal	Technical level	Specific application prospects
15	Research and construction of experiment platform for train control systems of overseas railways	4,004.60	51.15	4,055.15	Completed the construction of laboratories in Beijing and Serbia, providing guarantees to the successful opening of railways in Serbia; completed the construction of automatic test platform for ETCS-2/CTCS-3 train control systems; completed the construction of the laboratory in Thailand, greatly supporting the transformation of the signal system of railways in Thailand.	To complete the preparation of the overall technical plan on the construction of the experiment platform for train control systems of overseas railways, the construction of two laboratories for ETCS-2 train control systems of overseas railways in Beijing and Belgrade and complete the construction of the laboratory in Thailand.	For the construction of laboratories for train control systems of overseas railways, it provides a safe and reliable experimental environment with high-efficiency operation through being equipped with software and hardware met local demands and guarantees the smooth implementation of overseas projects. They have the same technical level with laboratories of major overseas projects.	It will be applied in overseas railway projects.
16	Safety simulation test software	3,550.00	2,020.02	3,238.64	Completed the construction of the development and test platform for the safety simulation test software and achieved simulation test on functional safety and information safety.	To construct the development and test platform for the safety simulation test software, support test on functional safety and information safety and further improve the safety performance of products.	It supports unified test on functional safety and information safety, supports the integrated development, test and application of functional safety and information safety in various industrial control sectors and will reach a leading level in China.	It will be applied in railways, urban transit, nuclear power and other sectors.

## SECTION IV MANAGEMENT DISCUSSION AND ANALYSIS AND REPORT OF THE DIRECTORS (CONTINUED)

No.	Project Name	Estimated total investment	Investment amount in the current period	Cumulative investment amount	Progress or phased achievements	Intended goal	Technical level	Specific application prospects
17	Development of new train control systems and equipment for urban (suburb) railways	2,428.30	1,696.95	1,801.28	Conducted integrated research on multi-mode control systems, completed the development of compatible on-board equipment, achieved automatic reversal in 3 minutes and automatic end change in 20 seconds in the CTCS2+ATO system for urban railways and successfully completed the test on unmanned automatic reversal. Completed the R&D of equipment to satisfy the requirement of Shanghai Urban Airport Line.	To study new train control systems for urban railways with low cost, easy implementation, high compatibility, high safety and high efficiency and meet the demands in the construction of intercity railways in the Beijing-Tianjin-Hebei region, the Yangtze River Delta, the Chengdu-Chongqing Economic Circle, the Guangdong-Hong Kong-Macau Greater Bay Area and other metropolitan areas.	New train control systems for intercity railways support the integrated operation of urban transit, intercity, urban railways and national railways with a leading level in the industry.	It will be applied in urban railways, extended lines of urban transit and access to arterial railways in domestic metropolitan areas.
18	Development of interlock equipment in Thailand	1,412.30	245.61	656.93	Completed the development and test on interlock equipment and projects in Thailand and obtained the phased letter of confirmation.	To complete the development of interlock equipment applicable to Thailand and obtain the SIL4 safety authentication certificate. To apply in railway projects in Thailand.	The interlock equipment in Thailand developed has outstanding operation performance with excellent electromagnetic compatibility and lightning protection performances. With a reasonable design on the structure of the application software, it is conducive to expansion and realizing its functions.	It will be applied in railway projects in Thailand.

## SECTION IV MANAGEMENT DISCUSSION AND ANALYSIS AND REPORT OF THE DIRECTORS (CONTINUED)

No.	Project Name	Estimated total investment	Investment amount in the current period	Cumulative investment amount	Progress or phased achievements	Intended goal	Technical level	Specific application prospects
19	Development of autonomous perception system of trains	2,338.00	1,423.79	2,213.49	Completed the modification of files at all levels, the confirmation of file verification quantity and trace relationship for the TAPS system; completed the test of on-site data collection; completed the type test of on-board sub-system and TSS rail side sub-system; completed the construction of the environment for test of sub-system, and conducted sub-system integration and confirm test work.	To achieve the perception and prevention of rail side obstacles in rail transit, offer auxiliary assistance to the safe operation of trains and provide the function of manual intervention by the dispatcher.	With laser radar-based obstacle detection devices, it detects trains ahead and identifies route signals in advance to safeguard the safe driving in rail transit. It is at the leading level in the industry.	It will be applied in urban rail transit.
20	Development of key technology for the integrated analysis platform of the Internet of Videos	1,464.00	533.04	1,377.73	Completed the structural design and construction of core modules for the access and convergence, algorithm warehouse, classified governance, integration and sharing, centralized resolution and other modules for universal videos, as well as the development of the first version model of general target detection and classification, obstacle detection under dark light, universal foreign object detection and regional demographics algorithms in dark light, which have been deployed in the field for trial.	To develop a platform for access and convergence of universal videos on the Internet of Videos.	With the adoption of cloud computing, the Internet of Things, big data, artificial intelligence and other advanced technology, it achieves the access and convergence, classified governance, integration and sharing, centralized resolution and other functions for videos and improved the utilization efficiency of video resources.	It will be applied in smart cities and urban rail transit.

## SECTION IV MANAGEMENT DISCUSSION AND ANALYSIS AND REPORT OF THE DIRECTORS (CONTINUED)

No.	Project Name	Estimated total investment	Investment amount in the current period	Cumulative investment amount	Progress or phased achievements	Intended goal	Technical level	Specific application prospects
21	Research and application of the surrounding intrusion alarming system based on videos and radar in rail transit	867.00	375.05	777.33	Completed the development of the surrounding intrusion alarming system; completed the assembly of the model of integrated radar-camera units and the lab test.	To develop a platform for the surrounding intrusion alarming system based on videos and radar in rail transit.	It conducts the upgrading of technical framework, the reshaping of the plans on intrusion detection equipment and the restructuring of the business functions and maintains a leading level in the industry.	It will be applied in the prevention of surrounding intrusion in surrounding areas of rail transit, bridges, tunnels and roadbeds.
22	LTE M-based wireless intelligent dispatching and communication systems for urban rail transit	516.00	366.12	670.91	Completed the development of equipment for train mounted platform and fixed platform and supported the completion of the field test on the automatic reversal function of the CTCS2+ATO train control system as the carrier of communication equipment of urban railways.	To develop the LTE-M-based new-generation wireless intelligent dispatching and communication systems for urban rail transit.	The LTE-M-based voice, dispatch orders, wireless train numbers and other key technologies on dispatching and communications of urban railways prepared in combination with the technical specifications on Shanghai Metro with its participation are at the leading level in the industry.	It will be applied in urban rail transit.
23	Research of key technology on 5G application in rail transit and development of the next-generation communication equipment	1,898.00	167.04	1,691.89	It completed the research on systematic technologies and the planning on standard and systems of the next-generation communications (5G-R); completed the development of the 400M wireless dispatching and communication model of digital trains and completed the field test.	To research the systematic technologies on the next-generation communications (5GR) and key engineering technologies and the research on next-generation communication technology; to develop 400M digital dispatching and communication equipment and 5G-based railway communication equipment.	It masters exclusive key technologies on wireless communications and develops relevant railway communication equipment with leading levels in the industry.	It will be applied in railways and urban rail transit.

## SECTION IV MANAGEMENT DISCUSSION AND ANALYSIS AND REPORT OF THE DIRECTORS (CONTINUED)

No.	Project Name	Estimated total investment	Investment amount in the current period	Cumulative investment amount	Progress or phased achievements	Intended goal	Technical level	Specific application prospects
24	Research on application of integrated technology on railway videos	1,818.40	787.80	787.80	Supplement four station expansion interface protocols, completed the development of information security gateway product, completed secondary iteration version of cloud application management platform and the verification and test; completed the demonstration of demo version of the three-dimensional video integration analysis, in accordance with the railway video standard agreement	To meet the three-level railway management systems on comprehensive videos of railways and achieve the intelligent connection of comprehensive videos through the front end and cloud platforms; to develop the cloud application management platform for videos of railways; to develop the three-dimensional real-scene video system for dispatch and command scenarios of railway stations.	It achieved containerized application, achieved easy deployment through the visualized cloud native and met the monitoring and operation maintenance demand for videos on all business with a leading level in the industry.	It can be applied in the field of rail transit.
25	Research on application of comprehensive monitoring technology on railway communications	1,323.00	784.05	784.05	Completed the design of the new version of the monitoring systems on power and machine room environment for railway communications and completed the development of the host for the monitoring system for railway communication towers based on the BDS system.	To study the monitoring system and platform for railway communication towers based on the BDS system; to develop the new version of the monitoring systems on power and machine room environment for railway communications.	It achieved the monitoring systems on towers based on the BDS system and the dynamic monitoring systems on communications with a leading level in the industry.	It can be applied in the field of rail transit.

## SECTION IV MANAGEMENT DISCUSSION AND ANALYSIS AND REPORT OF THE DIRECTORS (CONTINUED)

No.	Project Name	Estimated total investment	Investment amount in the current period	Cumulative investment amount	Progress or phased achievements	Intended goal	Technical level	Specific application prospects
26	Research and application of train control systems for Zhunchi Railway	6,350.00	1074.07	1,074.07	Prepared general technology plan and conducted development of ground equipment (TSRS/data control equipment) and vehicle-mounted ATP equipment, train assistant driving equipment and civil air defense system. Completed the preparation of field test cases and field test plan.	To complete the research on integrated key technology for the BDS-based train control system of heavy-haul normal-speed railways; to complete the R&D of on-board and ground equipment for train control systems of heavy-haul railways and civil defense systems and equipment for on-road operation; to complete on-site trials of Zhunchi Railway.	It laid solid safety foundations for the construction of intelligent heavy-haul railways, developed a set of BDS-based train control systems for heavy-haul railways with easy implementation and renovation and low cost and reliance by fully leveraging on the basis of existing signal equipment and met the demands for application and interconnection in projects with a leading level in the industry.	It can be applied in the fields of normal-speed railways, heavy-haul railways and local railways for special uses.

## SECTION IV MANAGEMENT DISCUSSION AND ANALYSIS AND REPORT OF THE DIRECTORS (CONTINUED)

No.	Project Name	Estimated total investment	Investment amount in the current period	Cumulative investment amount	Progress or phased achievements	Intended goal	Technical level	Specific application prospects
27	Train Control System Research of Sichuan-Tibet Railway	2,000.00	188.48	188.48	Completed the preparation of the technical program for the communication signaling system of the Sichuan-Tibet Railway, organized and completed the expert study and discussion on the functional requirement of the signaling system of the Sichuan-Tibet Railway and optimized and formed the overall technical program for the communication signaling system applicable to the Sichuan-Tibet Railway based on the results of such study and discussion.	To develop the overall technical program, system architecture and key technical program of communication and signal system with high reliability, low maintenance and comprehensive safety suitable for Sichuan-Tibet Railway, support the equipment development of Sichuan-Tibet Railway, and ensure the construction, operation and maintenance of Sichuan-Tibet Railway and other railways in the western regions.	In light of the problems and challenges of reliable communication, operation control, equipment maintenance, disaster perception and decision-making of the communication signal system caused by the extremely complex working conditions of the Sichuan-Tibet Railway, it develops the high reliability technology of trackside equipment under extreme application conditions, the construction of efficient and safe braking model with multiple complex factors and automatic driving technology, disaster holographic perception technology, multilevel redundancy and high toughness mobile communication technology emergency monitoring, dispatching and command with comprehensive linkage of multiple disciplines and other key technologies.	It can be applied in Sichuan-Tibet Railway, Western Railway.

## SECTION IV MANAGEMENT DISCUSSION AND ANALYSIS AND REPORT OF THE DIRECTORS (CONTINUED)

No.	Project Name	Estimated total investment	Investment amount in the current period	Cumulative investment amount	Progress or phased achievements	Intended goal	Technical level	Specific application prospects
28	Research on train control systems of high-speed rail with higher speed	1,367.00	396.12	396.12	Targeting the research on train control systems of high-speed rail with higher speed, formed the overall program of and the research report on the adaptability of the software of ground equipment and on-board equipment as well as that of PVI and turnouts switch equipment for train control systems of high-speed rail with higher speed. Completed the development of prototype of big-sized responder and the research on the influence of electromagnetic environment on control system.	To study solutions on train control systems under two application scenarios, namely the construction of new high-speed rail with a speed of over 400km/h and the speed increase and transformation of existing high-speed rail with outstanding conditions, and to develop key technology and equipment.	It achieved breakthroughs in the difficulty on safety control and equipment reliability in the high-speed operation supported with the existing C3 system with a speed of 450km/h and further diversified and expanded the basic theory of train control technology and engineering practice experience in high-speed rail in China with a leading level in the industry.	It can be applied in high-speed rail with a speed of over 400km/h.

## SECTION IV MANAGEMENT DISCUSSION AND ANALYSIS AND REPORT OF THE DIRECTORS (CONTINUED)

No.	Project Name	Estimated total investment	Investment amount in the current period	Cumulative investment amount	Progress or phased achievements	Intended goal	Technical level	Specific application prospects
29	Integration of Rail Transit Dispatch and Control and Connecting Transportation Service Technology	1,450.00	173.47	173.47	Conducted field research and completed the preparation of requirement analysis report and the overall technical program.	To target the rail transit "control-dispatch-service" business, aim at "autonomous operation control, intelligent comprehensive dispatch, connecting transportation services, integrated dispatch and control, and precise supply and demand matching", and make a breakthrough in technical and system limitations on high-speed and high-automation rail transit theoretical and technical research, system equipment development and demonstration engineering application, to realize the integrated operation from "passenger flow to wheels".	It effectively improves the operation and equipment technologies of regional rail transportation, reaching the domestic leading level.	It can be applied in intercity railways, urban (suburban) railways, urban rail transit and other various rail transits.
30	Research on digital control technology for freight yards	1,407.00	317.59	317.59	Completed the R&D of digital integrated management and control system and equipment of freight yard, and conducted engineering application verification of Mohan Freight Yard at the border between China and Laos.	To set up digital control systems on freight yards with intelligent equipment, digital business, information-based operation and integrated control to assist in freight and production at railway stations, the improvement of operational efficiency, the standardization of basic management and the enhancement of safety guarantee.	It improved the automatic and intelligent operation of loading and unloading equipment at the front of wharfs, horizontal transportation vehicles, loading and unloading machinery at yards and other key equipment and improved the efficiency of reloading operation of goods at the wharf.	It can be applied in the field of freight railways.

## SECTION IV MANAGEMENT DISCUSSION AND ANALYSIS AND REPORT OF THE DIRECTORS (CONTINUED)

No.	Project Name	Estimated total investment	Investment amount in the current period	Cumulative investment amount	Progress or phased achievements	Intended goal	Technical level	Specific application prospects
31	New-generation network-based and intelligent train control system	13,200.00	5,602.09	5,602.09	Overall technical plan on the new-generation network-based and intelligent train control system was completed, R&D and indoor testing of sample machines with key technical principle of high-performance reaction were completed and the field test of the key technology for high-performance reaction was completed.	<p>To conduct independent innovation in the network-based train control systems for urban rail transit based on the new-generation communications and artificial intelligence technology with the focus on the strategy on the building of national strength in transportation.</p> <p>To innovate the flexible formation, the re-fined resources control, the intelligent transportation organization based on traffic demand and the multi-dimensional data analysis theories, achieve breakthroughs in intensive systems and structures, high-performance reaction, intelligent train control, smart dispatching, intelligent operation and maintenance as well as other key technologies, promote the network-based, intelligent, green, digital and rapid development of urban rail transit and improve the dispatch, command and emergency response capability and the intelligent dispatch, operation and maintenance of urban rail transit.</p>	While achieving high-efficient operation through the adoption of the simplified systems and structures, it retained the complete degrading model, innovated the preparation, adjustment and simulation of the network-level operation plan, the automatic linkage of emergency proposals on train dispatch, the resources re-finement and coordinate control of on-board active routes, the control on energy-saving operation, the decisions on active repair alarming and other advanced rail transit technologies and develop an efficient and intensive urban rail transit signal system towards green and intelligent urban rail transit. Core technologies can achieve integrated application with existing systems with the technology reaching the advanced level in the world.	It can be applied to CBTC, FAO and other new and renovated lines in urban rail transit.

## SECTION IV MANAGEMENT DISCUSSION AND ANALYSIS AND REPORT OF THE DIRECTORS (CONTINUED)

No.	Project Name	Estimated total investment	Investment amount in the current period	Cumulative investment amount	Progress or phased achievements	Intended goal	Technical level	Specific application prospects
32	As-frequent-as-buses and networking train dispatching system for urban railways	4,493.89	2,162.67	2,162.67	The full-process development of the new requirement of Shanghai Urban Airport Line, the integrated release of the second software version for interlocking, train control, temporary speed limitation server and CTC system was completed, and the functions including automatic retracing and train network interface were realized.	To achieve the self-organized dispatching, interoperable and optimized dispatching, multilayered active and coordinated dispatching as well as emergency linkage and dispatching of networking trains for extra-large urban railways; to improve the emergency response efficiency and the emergency handling capacity in scheduling and command and guarantee the operation safety and efficiency of extra-large networking urban railways.	It can establish analysis models on the travelling network of passenger flows and their evolution mechanism as well as analysis models on disturbance correlation and passenger flow coupling and mutual-feedback mechanism under network-based operation. For different levels of operation disturbances of network, it can establish models on the adjustment of operation plans based on active control as well as automatic matching models and algorithm at the bottom of trains to rapidly solve and generate scheduling adjustment plans with high optimization and availability. The technology will reach the domestic leading level.	It can be applied in the field of urban railways.

## SECTION IV MANAGEMENT DISCUSSION AND ANALYSIS AND REPORT OF THE DIRECTORS (CONTINUED)

No.	Project Name	Estimated total investment	Investment amount in the current period	Cumulative investment amount	Progress or phased achievements	Intended goal	Technical level	Specific application prospects
33	Comprehensive automation system on the operation of urban rail transit for train traffic control	5,809.36	810.15	810.15	Completed the development for the optimization of modules of Spanish language support, field segment alarming filtration and plan management; has had the functions such as intelligent station passenger flow prediction, historical alarming management, precise reminder data-push for passengers' trip; relevant functions such as intelligent mapping aiming for intelligent scheduling and full automatic mapping and energy saving were realized, which can be utilized for implementation at the intelligent stations in Guadalajara of Mexico and Kunming.	To build multidisciplinary, integrated and coordinated engines with train traffic as the core and achieve the effective integration and coordinated linkage of train traffic control, supervision on power supply, environment and equipment, safety protection, passenger service, wireless communications as well as multidisciplinary systems.	It can accurately track the location and operation conditions of trains in a real-time manner by leveraging on the train operation control system, decide the generation of the best trans-disciplinary linkage proposals and apply the integrated communication and linkage execution technologies based on distributed message bus and real-time database to conduct real-time driving and coordinated control on multidisciplinary systems and equipment in the full process and effectively improve the accuracy, timeliness and safety of trans-disciplinary linkage. The technology will reach the domestic leading level.	It can be applied in the field of urban rail transit.

## SECTION IV MANAGEMENT DISCUSSION AND ANALYSIS AND REPORT OF THE DIRECTORS (CONTINUED)

No.	Project Name	Estimated total investment	Investment amount in the current period	Cumulative investment amount	Progress or phased achievements	Intended goal	Technical level	Specific application prospects
34	Research of multidimensional energy compound range rail breakage inspection technology based on ultrasonic guided wave	1,025.50	255.11	255.11	For the research of multidimensional energy compound range rail breakage inspection technology based on ultrasonic guided wave, it conducted preliminary researches and communications on the basic methods for rail breakage inspection on steel rails based on sonic guided wave and developed preliminary technical routes and the research orientation.	To study multidimensional energy compound testing technology based on ultrasonic guided wave and develop range steel rail breakage inspection systems and equipment with high reliability, engineering application, few maintenance and high technological and economical efficiency towards the demand for range rail breakage inspection in normal-speed railways and urban rail transit.	It can achieve new technological breakthroughs in the product-based application of long-range rail breakage inspection and will reach the advanced level in the world.	It can be applied in the field of railway and urban rail transit.

## SECTION IV MANAGEMENT DISCUSSION AND ANALYSIS AND REPORT OF THE DIRECTORS (CONTINUED)

No.	Project Name	Estimated total investment	Investment amount in the current period	Cumulative investment amount	Progress or phased achievements	Intended goal	Technical level	Specific application prospects
35	Development of fundamental equipment and safety products for rail transit	5,608.94	3014.73	4,467.64	Completed the design for the improvement of adaptability and the first batch production of switch equipment for the project in Tanzania, the design for the optimization of waterproof and the manufacturing and commissioning of the prototype of JM-typed density detector, and the transformation and design of drawings for new external-locking Devices; completed the trial manufacturing of prototype and relevant test for JC-C AC and high-sensitivity locomotive on-board relays; completed the design, development and test of AC series power modules and miniaturization monitoring units; completed the design, development and trial manufacturing of full electronic axle counting.	To complete the development of turnout switch equipment, relays, AC power supply modules, axle counting equipment and other new-generation fundamental equipment and safety products for rail transit.	It can improve the technical level of fundamental equipment and safety products for rail transit and develop new-generation fundamental equipment and safety products for rail transit meeting international and domestic technical requirements. It will reach the advanced level in the world.	It can be applied in the field of railway and urban rail transit.

## SECTION IV MANAGEMENT DISCUSSION AND ANALYSIS AND REPORT OF THE DIRECTORS (CONTINUED)

No.	Project Name	Estimated total investment	Investment amount in the current period	Cumulative investment amount	Progress or phased achievements	Intended goal	Technical level	Specific application prospects
36	Research on the BIM-based integrated technology on "factory-based" construction in railway signaling & communication projects	1,500.00	703.37	703.37	Completed the construction of "factory-based" prototype station for communication signaling at the preplanned base, deployed combined cabinet for signaling simulating four-lane station and deployed equipment cabinet for "unification" of communication. Completed synchronously the development of factory-based ancillary products including 28-bit visualization plug-in connector, plug-in type 2M terminal block, dual plug-in type network patch panel.	To solve the difficulties in unstable construction quality and high construction cost in the construction of railway communication signal machine rooms, the renovation projects, overseas projects and construction of projects under severe environment in particular, as a result of the right construction schedule, the difficulty in labor recruitment, the shortage of materials and the adverse construction environment.	Based on BIM modeling, with the target of factory preassembly and fabricated on-site construction and through modularization, unification, plugging and splicing, clustering and fabrication, it brought forward operation with high on-site labour intensity and high quality requirements at traditional construction sites to the curing process at the factory preassembly stage, which significantly reduces the workload of on-site operation, on-site labor, technical difficulties in on-site construction as well as risks and hidden hazards and improves the quality of projects.	It can be applied to the professional construction of domestic and overseas railway signaling & communication projects.
37	Research and application of range rail breakage inspection technology	274.50	70.00	70.00	For the research and application of range rail breakage inspection technology, technical investigation and study and plan design and analysis were conducted, range rail breakage inspection technology plan was formed, and the review of drawings design and the preparation of software framework protocol were completed.	To study the range rail breakage inspection system and equipment, and monitor the health status of rail in a real-time manner, to improve the operation and maintenance capability.	A range rail breakage inspection system can be formed and the problem of long and large-sized range rail breakage inspection application technology can be solved.	It can be applied in the field of railway and urban rail transit.

## SECTION IV MANAGEMENT DISCUSSION AND ANALYSIS AND REPORT OF THE DIRECTORS (CONTINUED)

No.	Project Name	Estimated total investment	Investment amount in the current period	Cumulative investment amount	Progress or phased achievements	Intended goal	Technical level	Specific application prospects
38	Research on key parameters detecting and monitoring technology for industrial and electrical equipment of turnout	1,000.00	826.70	826.70	Targeting the items and key parameters of turnout check, and combining with the dynamic acquisition of three-dimensional high-precision point cloud data, as well as the design and integration framework for inertia measurement system, formed the overall technical plan for rapid detection system for works of turnout based on Qianduo Network sensor fusion; completed the phasic research on rapid detection system for geometrical parameters of works for turnout.	To form a safe health evaluation method for the application of turnout switch equipment, and to achieve the objective of feasible malfunction and status warning realization methods and authentic warning and maintenance reminders through test and verification.	The research achievement can realize timely and precise maintenance and repair and preventative maintenance and repair of the turnout switch equipment by the operation and maintenance units, which is of significance to the enhancement of efficiency of equipment operation and maintenance and the reduction of on-site maintenance work load.	It can be applied to the field of rail transit.
39	Research on the technology of intelligent diagnosis and safety monitoring for train control system of high-speed railway	800.00	454.00	454.00	The development of the intelligent diagnosis system for train control was completed, the system test was completed and the technical review by Guangzhou Municipal Science and Technology Bureau was completed.	To complete the benchmark product for intelligent diagnosis and intelligent maintenance of train control system for C2/C3 lines, to provide all-round maintenance support for signaling system.	Products may include train control, computer interlocking, temporary speed limitation server, wireless blocking center, and other core signaling products, to provide comprehensive intelligent maintenance support. The technology has reached advanced level in China.	It can be applied the fields of C2/C3 and overseas rail transit.

## SECTION IV MANAGEMENT DISCUSSION AND ANALYSIS AND REPORT OF THE DIRECTORS (CONTINUED)

No.	Project Name	Estimated total investment	Investment amount in the current period	Cumulative investment amount	Progress or phased achievements	Intended goal	Technical level	Specific application prospects
40	The project of research on holoaxial diversion control system for intelligent rail	744.28	254.57	254.57	The design of holoaxial control system was completed; the manufacturing of principled sample machine and the development of software were completed, and the model-in-loop, software-in-loop and hardware-in-loop tests were conducted fully; tests were conducted at the test sections of Jiaozhou Intelligent Railway.	To realize the operation of passenger taking for the holoaxial conversion control system, and develop the holoaxial control products of the Company.	The trajectory tracking control technology integrating high-precision navigation and location, and high precision of tracking of diversion trajectory of trains. The technology has reached advanced level in China.	It can be applied to the diversion system of intelligent railway.
Total	/	203,823.58	48,486.47	140,018.12	/	/	/	/

### Explanation

For all rail transit sectors such as high-speed railway, normal-speed railway, local railway, heavy-haul railway, urban rail transit, urban (suburban) railway, maglev and special tourist line, the Company analyzed the corresponding scenarios and special demands, carried out research and development activities oriented to market targets and developed advanced technologies leading the industry, such as automatic unmanned train operation, train autonomous circumambulation, coordinated transportation and management for regional passenger traffic, train traffic control automation, safe computer platform, full-electronic computer interlocking control, intelligent detection, operation and maintenance of rail transportation, rail transit simulation test, turnout switch and electromagnetic shielding. It developed control systems and fundamental equipment applicable to target scenarios with complete functions and outstanding performance, such as the independent CTCS-3 train control system, the new train control system based on BDS, the train control system for normal railways, the high-density automatic operation control system for ad-hoc network of heavy-haul trains, the new generation of centralized traffic control system, the intelligent passenger traffic analysis system, the integrated analysis system of Internet of Videos, the integrated video monitoring system, the train autonomous circumambulation control system, the CBTC system based on full-electronic interlocking, the intelligent light rail transit control system, the intelligent urban rail dispatching system, the intelligent diagnosis system on turnout switch, the integrated train control interlocking equipment and the full-electronic interlocking equipment. It also conducted demonstration, opening and application in domestic and overseas markets, vigorously supporting the rapid market expansion of the Company in the rail transit sector.

## SECTION IV MANAGEMENT DISCUSSION AND ANALYSIS AND REPORT OF THE DIRECTORS (CONTINUED)

### 5. Research and development personnel

Unit: 0' 000 Yuan Currency: RMB

#### *Basic Information*

	<b>Amount for the current period</b>	<b>Amount for the corresponding period of last year</b>
Number of research and development personnel in the Company (person)	4,345	4,428
Percentage of total research and development personnel in total personnel of the Company (%)	22.67	22.53
Total remuneration for research and development personnel	109,925.72	103,614.48
Average remuneration for research and development personnel	25.30	23.40

#### *Educational background of research and development personnel*

<b>Educational background</b>	<b>Number (person)</b>
Doctoral degree	73
Master's degree	1,675
Bachelor's degree	2,392
Junior college diploma	205
High school diploma or below	-

#### *Age structure of research and development personnel*

<b>Age band</b>	<b>Number (person)</b>
Below 35 (including 35 years old)	2,410
36-40 (including 40 years old)	910
41-50 (including 50 years old)	814
51-60 (excluding 60 years old)	211
Over 60	-

## SECTION IV MANAGEMENT DISCUSSION AND ANALYSIS AND REPORT OF THE DIRECTORS (CONTINUED)

*Reasons for material change on composition of research and development personnel and the impact on the future development of the Company*

Applicable  Not applicable

### 6. **Other explanation**

Applicable  Not applicable

## III. ANALYSIS OF THE CORE COMPETITIVENESS DURING THE REPORTING PERIOD

### (I) **Analysis of Core Competitiveness**

Applicable  Not applicable

#### 1. **Leading market position**

As the main force of China's rail transit construction, the Company provides products and services for the rail transit construction of CNRG, 18 Railway Administrations, more than 40 cities and many factories and mining enterprises. The Company enjoys a good reputation all over the country and is the most trusted expert of rail transit control system. The Company provides core train control technology and equipment for most of China's high-speed railways that have been in operation; the Company occupies about 40% of the domestic market share of urban rail transit control system, and participates in the design, integration and construction projects of rail transit control system in more than 40 cities such as Beijing, Shanghai and Shenzhen. According to statistics, in 2023, among 33 urban rail signal control system projects for which the bid results have been disclosed, CRSC won 12 bids which accounted for approximately 37%, continuing to top the list, and is the leading provider of urban rail transit control system solutions in China. The higher market share has also laid a solid foundation for the Company's future efforts to update, transform and operate and maintain the market.

## SECTION IV MANAGEMENT DISCUSSION AND ANALYSIS AND REPORT OF THE DIRECTORS (CONTINUED)

### **2. Outstanding comprehensive technological innovation strength and core technology reserves**

The Company has adhered to independent innovation with over 4,600 registered patents and realized the absolute independent ownership of intellectual property rights and 100% domestic production of products for the core technologies of train operation control, thus helping its new rail transportation control technologies regarding all rail transit sectors such as high-speed railways, normal-speed railways, local railways, heavy haul railways, urban rail, urban (suburban), maglev and special tourist lines, automatic unmanned train operation technology, coordinated transportation and management for regional freight, train traffic control automation technology, safe computer platform technology, fully electronic computer interlocking control technology, train control integration technology, intelligent detection, operation and maintenance technology of rail transportation, rail transportation simulation test technology, turnout switch technology and railway video analysis technology hold a leading position among peers. Relying on the world-leading comprehensive research and development strength, the Company has developed core technologies of rail transportation control system with independent intellectual property rights and its products and services have been widely used in fields including railway and urban rail transit, which has established the Company's leading position in the industry.

As the entity responsible for general affairs of each of the Communication and Signaling Technical Subcommittee under the National Railway Transportation Electrical Equipment and System Standardization Technical Committee (全國軌道交通電氣設備與系統標準化技術委員會通信信號分技術委員會) (in relation to national standards) and the Communication and Signaling Technical Subcommittee under the Railway Industry Electrical Equipment and System Standardization Committee (in relation to industry standards, being the original entity responsible for the management of equipment standards, technical standards and product standards in relation to rail transportation control system in China), the Company has promoted the establishment of the national technical standards system and railway industry technical standards system for the rail transit communication and signaling in China, and has led the establishment of the most important, advanced and fundamental technical standards for railway and urban transit control systems in the PRC, such as CTCS and CBTC. The Company has extremely rich experience in the construction and operation of high-speed railway control systems, complex railway hub revamping experience, existing line upgrading and revamping experience, customization experience to meet transportation needs in different regions, and construction and maintenance experience for all forms of urban rail transit including urban rail, subway, maglev and tram. In addition, the Company also has advanced research and development ("R&D"), experiment and test institutions. The completeness and scale of its laboratory facilities are in a leading position in the world.

The Company has built a high-level innovation platform and technical support capabilities, vigorously promoted innovation platform and demonstration construction, gathered innovation elements, optimized the allocation of innovation resources, and formed a leading sci-tech innovation platform and demonstration pattern, including 3 postdoctoral workstations, 4 academician workstations, 12 national and industry innovation platforms, 13 national innovation demonstrations, and more than 30 provincial and ministerial innovation platforms providing strong platform support for the realization of high-quality innovation and development of enterprises.

## SECTION IV MANAGEMENT DISCUSSION AND ANALYSIS AND REPORT OF THE DIRECTORS (CONTINUED)

### **3. Extensive engineering project management experience**

Over the years, the Company has served the construction of national railway and urban rail transit, deeply participated in the speed increase of national railway for six times, and successively participated in the construction of all major domestic high-speed railway projects. It has experience in many projects involving long mileage, high altitude, alpine region and heavy-haul trains with capacity of over 10,000 tons. Many projects have been ranked "first" in China and even the world, and the standardized management of engineering services has become the industry benchmark, which has improved the weak current process standard and image of China's rail transit, and established and maintained the Company's leading position in the industry.

### **4. One-stop service capabilities for the entire industrial chain**

The Company professionally provides integrated services covering investment and financing, design and integration, equipment manufacturing, system implementation, supporting project construction and repair and maintenance for rail transportation control system. As a company with the most comprehensive technology mix and the most system products in the domestic industry, it has 13 modern production bases all over the country, creating a complete industrial chain in the field of rail transit control. It is the only company in the world that can provide one-stop services for the entire industrial chain from investment and financing to R&D and design, equipment manufacturing, engineering services and operation and maintenance. The one-stop services can effectively reduce the construction, operation and management costs of customers and the system compatibility related risk in complex lines, and minimise the impact of renovation projects on normal operations. While adapting to common requirements, it can also provide customers with a flexible combination of different products and services based on the actual needs of customers; with the Company's internal efficient and accurate information-based management, such one-stop services can help to effectively reduce marketing cost, and lay a good foundation for tracking and carrying out maintenance, repair and upgrading business.

## SECTION IV MANAGEMENT DISCUSSION AND ANALYSIS AND REPORT OF THE DIRECTORS (CONTINUED)

### 5. *Highly reliable and safe core services and products*

The Company establishes classified enterprise standards according to relevant international, national, industrial and group standards, implements strict and prudent quality and safety control measures, so as to ensure the high reliability and safety of rail transportation control system solutions and core products, and provide support for the safe and efficient operation of national rail transportation. The Company focuses on its main responsibilities and businesses, deeply analyses the business development model, establishes system management thinking, deepens system integration, improves operational efficiency and builds a whole industrial chain safety and quality control system. The Company's quality management follows the requirements of ISO9001: 2015 Standard, establishes quality control rules and system process, with quality management systems to maintain continuous improvement and meet the requirements of standards. All subordinate enterprises of the Company which engage in the fields of R&D and design, system integration and industrial manufacturing have passed the ISO/TS22163: 2017 (the upgraded standard of International Railway Industry Standard (IRIS)) certification; all subordinate enterprises of the Company engaged in the field of R&D and design have passed the maturity assessment and certification of CMMI software. The Company's rail transportation control system products meet the European EN50126 standard for railway product safety, and the Company strengthens the supervision of product safety and security, and effectively strengthens the control of new product development process and existing product change process and meets the generally accepted international quality requirements regarding safety, reliability, availability and maintenance.

### 6. *Stimulating innovation and vitality and promoting development through scientific research*

The Company implements the innovation-driven development strategy and accelerates the training of innovative talents through multiple channels. The Company makes good use of existing human resources, increases the training of expert-level leading talents and key researchers, facilitates the career development of scientific and technological talents, and improves the incentive and evaluation system for result transformation to stimulate the innovation and vitality of researchers. The Company improves quality, increases efficiency, and achieves upgrade and sustainable and healthy development under the support and guidance of technology innovation. The Company unswervingly takes the road of independent innovation, truly contributing to promoting corporate transformation and upgrading.

More than 4,300 employees of the Company are engaged in technological research and development, accounting for 22.67% of the total employees, 40.23% of whom have graduate degrees or above. The excellent talent team has laid a solid foundation for the Company to develop core technologies and maintain technical advantages.

### (II) **Events which have a serious impact on the Company's core competitiveness, impact analysis and measures during the Reporting Period**

Applicable  Not applicable

## SECTION IV MANAGEMENT DISCUSSION AND ANALYSIS AND REPORT OF THE DIRECTORS (CONTINUED)

### IV. RISK FACTORS

**(I) Risk of Making No Profits Yet**

Applicable  Not applicable

**(II) Risk of Sharp Decline or Loss of Results**

Applicable  Not applicable

**(III) Core Competitiveness Risk**

Applicable  Not applicable

The competition and opportunities of the rail transportation control system industry in which the Company is engaged co-exist. The development of the market places high demands on the integration of new technologies and raises the standard of product design and development, as well as renewal and replacement. If the market demand research is not sufficient or cannot accurately foresee the future development and changes of technology, it may lead to insufficient integration of digital intelligence technology with the Company's existing technology, which is not conducive to maintaining the position of forward-looking leading science and technology innovation of the Company.

**Response measures:** The Company will strengthen resource support for key areas and directions, enhance external scientific and technological cooperation, gather industry intellectual resources, accelerate the promotion of leading scientific research projects, launch research and application of digitized and intelligent technologies, and actively integrate and absorb new technologies. The Company will adhere to the business principle of market as the leader and technology as the backing to create an integrated working mechanism for market and R&D as well as formulate timely countermeasures in technology R&D and market operation in order to make achievements as soon as possible to capture the market.

## SECTION IV MANAGEMENT DISCUSSION AND ANALYSIS AND REPORT OF THE DIRECTORS (CONTINUED)

### (IV) Operating risk

Applicable  Not applicable

The countries (regions) where some of the overseas target projects are located are in an unstable political situation, and the target countries are less willing to invest due to the influence of financial or work priorities, and the requirements for localization are becoming more and more stringent. The balance of the Company's industrial layout still needs to be improved with relatively concentrated market distribution of its products and relatively weak ability of risks diversification. The nature of the industry sectors where the Company operates determines the possibility of liability compensation or government penalties arising from the design, research and development, manufacturing, installation, testing, maintenance, and sales of products or services.

**Response measures:** The Company will explore overseas market opportunities, strengthen the construction of management teams in overseas markets, increase investment in management resources. It will further promote the digital transformation of traditional industries, implement industrial foundation reconstruction projects and major technology and equipment research projects, strengthen digital empowerment, and optimize the upgrade and layout of industries. The Company will enhance the control of all aspects of product research and development, strengthen the standardization of production safety, intensify the supervision and inspection of the implementation of risk control measures to ensure the implementation of risk control measures. The Company will strengthen its efforts in risk management and control outside of China, continue to enhance the supervision and inspection of its subsidiaries with foreign-related businesses to further promote their ability to operate in compliance with the law outside of China, as well as increase efforts in preventing risks resulting from its overseas operations.

### (V) Financial Risk

Applicable  Not applicable

There may be a certain lag in the completion and acceptance of the settlement and the recovery of payment as a result of intensified pressure of competition in the rail transportation market and certain projects undertaken by the Company having the characteristics of long construction period, large investment amount and lagging recovery of payment, which may have a negative impact on current profits.

**Response measures:** The Company will further implement the responsibility for the control of accounts receivable, strengthen the credit evaluation of customers, conduct regular analysis and dynamic monitoring of contract assets and accounts receivable of crucial projects, consolidate incentives and constraints, adopt multiple measures, carry out comprehensive approaches and promote the recovery of funds in a regular and list-based manner.

## SECTION IV MANAGEMENT DISCUSSION AND ANALYSIS AND REPORT OF THE DIRECTORS (CONTINUED)

### (VI) Industry Risk

Applicable  Not applicable

Project approval standards continue to be raised as investment planning and implementation in the urban rail transportation market is further tightened and local government debt control continuously increases. The mileage of new lines is expected to decline due to the growth rate of investment in railway market slowing down.

**Response measures:** The Company will be committed to developing its major businesses on the basis of the advantageous business of signaling control system, proactively extend its core technologies to other industries and strive to expand the emerging pillar industries where CRSC sustains its development by focus on critical strategic directions of the country, such as digital industry, low-altitude economy, intelligent transportation, and build up a diversified industrial pattern with a reasonable structure, a scientific layout, and a high degree of synergy and efficiency.

### (VII) Macro-environmental Risk

Applicable  Not applicable

From a general perspective, there are certain challenges arising from the Company's expansion of overseas market, which is attributable to the increase in global uncertainties, sluggish growth of the world economy and growing prominence of some deep-rooted conflicts and structural problems.

**Response measures:** The Company will closely follow the "One Belt and One Road" initiative, make in-depth efforts to obtain first-hand information from local customers, coordinate the utilization of domestic and international markets and their resources to drive the adaptive R&D of products in the host countries as well as meet the requirements of the local business.

### (VIII) Risk Relating to Depository Receipts

Applicable  Not applicable

### (IX) Other Material Risks

Applicable  Not applicable

The Company is confronted with certain market competition pressure resulting from fiercer competition in the communication signal market segment in railway and urban rail transportation market and the price squeeze of the Company's traditional advantageous products.

**Response measures:** The Company will further optimize and perfect the operation layout and system, strengthen the communication with the rail transportation customers, optimize the project management and measures, establish the leading brand image and reputation by means of the benchmark project, high-quality works, etc., and solidify the communication with the existing partners to create high-end operation point and line layout.

## SECTION IV MANAGEMENT DISCUSSION AND ANALYSIS AND REPORT OF THE DIRECTORS (CONTINUED)

### V. MAIN OPERATIONS DURING THE REPORTING PERIOD

In 2023, the Company adhered to the overall tone of seeking progress while maintaining stability, aimed at annual goals and tasks without slackening, and solidly carried out special actions to improve quality and efficiency. Focusing on enhancing core functions and enhancing core competitiveness, it deeply implemented the action of deepening and enhancing state-owned enterprise reform, and promoted high-quality development of the enterprise to a new level. During the Reporting Period, the Company recorded a revenue of RMB37.002 billion, representing a year-on-year decrease of 7.96%, net profit attributable to shareholders of the parent company of RMB3.477 billion, representing a year-on-year decrease of 4.30%, and net profit deducting non-recurring profit or loss attributable to shareholders of the parent company of RMB3.266 billion, representing a year-on-year decrease of 4.41%. At the end of the Reporting Period, the Company's total assets amounted to RMB118.990 billion, representing an increase of 1.87% as compared to the beginning of the year, the owners' equity attributable to the parent company amounted to RMB46.812 billion, representing an increase of 3.28% as compared to the beginning of the year.

#### (I) Main Business Analysis

##### 1. *Table of analysis of changes in relevant items in the income statement and cash flow statement*

Unit: Yuan Currency: RMB

Items	Amount for the current period	Amount for the corresponding period of last year	Change (%)
Revenue	37,002,229,438.89	40,203,207,773.29	-7.96
Operating Cost	27,472,315,758.82	30,680,741,586.09	-10.46
Selling expenses	893,032,489.34	812,111,306.78	9.96
Administrative expenses	2,335,834,136.35	2,289,994,474.16	2.00
Finance costs	-300,226,847.63	-237,983,529.30	N/A
Research and development expenses	1,862,286,761.81	1,689,810,596.63	10.21
Net cash flow generated from operating activities	2,058,033,862.99	2,082,161,660.88	-1.16
Net cash flows generated from investing activities	-1,822,696,404.60	-150,941,966.87	N/A
Net cash flows generated from financing activities	-1,462,450,704.78	-2,418,846,499.11	N/A

Particulars of material changes in business type, profit composition or source of the Company in the current period

Applicable  Not applicable

## SECTION IV MANAGEMENT DISCUSSION AND ANALYSIS AND REPORT OF THE DIRECTORS (CONTINUED)

### 2. Analysis of revenue and cost

Applicable  Not applicable

(1) Performance of main businesses by industry, product, region and sales model

Unit: Yuan Currency: RMB

#### Main Businesses by Industry

By segment	Operating Revenue	Operating cost	Gross profit margin (%)	Increase/decrease in revenue as compared to the last year (%)	Increase/decrease in operating cost as compared to the last year (%)	Increase/decrease in gross profit margin as compared to the last year (%)
Rail transit control system	29,261,817,816.79	20,553,617,454.85	29.76	-0.50	-3.19	Increased by 1.96 percentage points
Equipment manufacturing	6,112,524,125.68	3,934,929,134.55	35.63	9.64	14.96	Decreased by 2.97 percentage points
Design and integration	11,723,913,763.98	7,072,043,682.59	39.68	20.16	24.97	Decreased by 2.32 percentage points
System implementation	11,425,379,927.13	9,546,644,637.71	16.44	-18.83	-21.43	Increased by 2.76 percentage points
Construction contracting	7,673,647,905.68	6,897,575,863.26	10.11	-28.48	-26.84	Decreased by 2.02 percentage points
Others	66,763,716.42	21,122,440.71	68.36	2.68	2.61	Increased by 0.02 percentage point

#### Main Businesses by Terminal Market

By terminal market	Operating Revenue	Operating cost	Gross profit margin (%)	Increase/decrease in revenue as compared to the last year (%)	Increase/decrease in operating cost as compared to the last year (%)	Increase/decrease in gross profit margin as compared to the last year (%)
Railway	19,248,964,884.98	13,103,391,716.02	31.93	-0.39	-3.81	Increased by 2.42 percentage points
Urban transit	8,526,058,274.80	6,238,563,537.91	26.83	-0.63	-3.77	Increased by 2.39 percentage points
Overseas businesses	1,486,794,657.01	1,211,662,200.92	18.51	-1.11	7.49	Decreased by 6.51 percentage points
Construction contracting	7,673,647,905.68	6,897,575,863.26	10.11	-28.48	-26.84	Decreased by 2.02 percentage points
Others	66,763,716.42	21,122,440.71	68.36	2.68	2.61	Increased by 0.02 percentage point

## SECTION IV MANAGEMENT DISCUSSION AND ANALYSIS AND REPORT OF THE DIRECTORS (CONTINUED)

### Main Businesses by Region

By region	Operating Revenue	Operating cost	Gross profit margin (%)	Increase/decrease in revenue as compared to the last year (%)	Increase/decrease in operating cost as compared to the last year (%)	Increase/decrease in gross profit margin as compared to the last year (%)
China	35,515,434,781.88	26,260,653,557.90	26.06	-8.23	-11.14	Increased by 2.43 percentage points
Other countries and regions	1,486,794,657.01	1,211,662,200.92	18.51	-1.11	7.49	Decreased by 6.51 percentage points

### Description of performance of main businesses by segment, terminal market and region

In terms of revenue, in 2023, despite the unfavorable situation of macroeconomic downturn and overall slowdown in national railway investment, the Company has always adhered to high-quality development, fully leveraged technological advantages centering on enhancing core functions and improving core competitiveness, accelerated core technology research and development and application of results, and promoted enterprise business transformation. The revenue from equipment manufacturing and design and integration business increased by 9.64% and 20.16% respectively compared to the previous year, while the revenue from construction contracting and system implementation segments decreased by 28.48% and 18.83% respectively year on year. Overall, the Company's annual operating revenue has decreased, but the revenue structure continues to optimize.

In terms of gross profit margin, the Company's revenue structure has been optimized, and the overall gross profit margin has increased by 2.06 percentage points year on year.

Revenue from overseas business for the year decreased slightly by 1.11% as compared to the same period of last year. The revenue recognition was mainly generated from the key projects under the "Belt and Road" Initiative such as the Jakarta-Bandung High-speed Railway in Indonesia, the Hungary-Serbia Railway and the railway dual-track reconstruction in Thailand.

## SECTION IV MANAGEMENT DISCUSSION AND ANALYSIS AND REPORT OF THE DIRECTORS (CONTINUED)

(2) *Table of analysis of output and sales volume*

Applicable  Not applicable

Main product	Unit	Production output	Sales volume	Inventory level	Increase/	Increase/	Increase/
					decrease in production output as compared to the last year (%)	decrease in sales volume to the last year (%)	decrease in inventory level as compared to the last year (%)
Track circuit equipment	Set	13,241	13,676	3,004	2.92	2.82	-12.65
Train control and chain system equipment	Set	1,818	1,833	277	-6.86	-6.62	-5.14
Signal relay	10,000 sets	64	55	13	12.28	-8.33	225.00
Turnout switch equipment	Set	12,969	13,173	1,415	-15.45	-9.80	-12.60
Transponder device	Set	43,600	37,570	17,846	43.21	27.53	51.03

Explanation of output and sales volume

No.

(3) *The performance of the material procurement contract and material sales contract*

Applicable  Not applicable

## SECTION IV MANAGEMENT DISCUSSION AND ANALYSIS AND REPORT OF THE DIRECTORS (CONTINUED)

### (4) Table of cost analysis

Unit: RMB

By segment

Segment	Cost item	Amount for the current period	Percentage of amount for the current period in total cost (%)	Amount for the corresponding period of the last year	Percentage of amount for the corresponding period of the last year in total cost (%)	Change of the amount for the current period as compared to that for the corresponding period of last year	Description
						(%)	
Equipment manufacturing	Raw material, subcontracting costs, labor cost, etc.	3,934,929,134.55	14.32	3,422,790,768.16	11.16	14.96	
Design and integration	Raw material, subcontracting costs, labor cost, etc.	7,072,043,682.59	25.74	5,659,048,227.37	18.44	24.97	
System implementation	Raw material, subcontracting costs, labor cost, etc.	9,546,644,637.71	34.75	12,149,977,685.25	39.60	-21.43	
Construction contracting	Raw material, subcontracting costs, labor cost, etc.	6,897,575,863.26	25.11	9,428,340,154.55	30.73	-26.84	
Others	Labor cost, subcontracting costs, etc.	21,122,440.71	0.08	20,584,750.76	0.07	2.61	

## SECTION IV MANAGEMENT DISCUSSION AND ANALYSIS AND REPORT OF THE DIRECTORS (CONTINUED)

By terminal market

Unit: RMB

Terminal market	Cost item	Amount for the current period	Percentage of amount for the current period in total cost (%)	Amount for the corresponding period of the last year	Percentage of amount for the corresponding period of the last year in total cost (%)	Change of the amount for the current period as compared to that for the corresponding period of last year (%)	Description
Railway	Raw material, subcontracting costs, labor cost, etc.	13,103,391,716.02	47.70	13,621,817,977.83	44.40	-3.81	
Urban transit	Raw material, subcontracting costs, labor cost, etc.	6,238,563,537.91	22.71	6,482,739,067.64	21.13	-3.77	
Overseas businesses	Raw material, subcontracting costs, labor cost, etc.	1,211,662,200.92	4.41	1,127,259,635.31	3.67	7.49	
Construction contracting	Raw material, subcontracting costs, labor cost, etc.	6,897,575,863.26	25.11	9,428,340,154.55	30.73	-26.84	
Others	Labor cost, subcontracting costs, etc.	21,122,440.71	0.08	20,584,750.76	0.07	2.61	

Other explanations of cost analysis

Operating cost in 2023 was RMB27,472 million, representing a decrease of 10.46% which was 2.50 percentage points higher than the decrease in revenue, as compared to RMB30,681 million in the corresponding period of last year. The cost of equipment manufacturing segment was RMB3,935 million, representing an increase of 14.96% as compared to the corresponding period of last year; the cost of design and integration segment was RMB7,072 million, representing an increase of 24.97% as compared to the corresponding period of last year; the cost of system implementation segment was RMB9,547 million, representing a decrease of 21.43% as compared to the corresponding period of last year; the cost of construction contracting segment was RMB6,898 million, representing a decrease of 26.84% as compared to the corresponding period of last year.

## SECTION IV MANAGEMENT DISCUSSION AND ANALYSIS AND REPORT OF THE DIRECTORS (CONTINUED)

- (5) *Changes in the scope of consolidation due to changes in the equity of major subsidiaries during the Reporting Period*

Applicable  Not applicable

On 29 December 2023, our secondary subsidiary, CRSC Construction Group Co., Ltd., transferred all of its 65% equity in CRSC Hezhou Assembly Construction Co., Ltd. to Hezhou Industrial Park Construction Investment Group Co., Ltd., thus losing control of CRSC Hezhou.

- (6) *Information about significant changes in or adjustments to the Company's business, products or services during the Reporting Period*

Applicable  Not applicable

- (7) *Information about main customers and main suppliers*

- A. Information about main customers of the Company

Applicable  Not applicable

The sales to the top five customers were RMB15,679,239,900, accounting for 42.37% of the annual total sales, of which sales to related parties was RMB0, accounting for 0% of the annual total sales.

Top five customers of the Company

Applicable  Not applicable

Unit: 0'000 Yuan Currency: RMB

No.	Name of customer	Sales	Percentage of annual total sales (%)	Whether there is a related party Relationship with the listed company
1	Customer 1	1,102,919.88	29.81	No
2	Customer 2	168,090.33	4.54	No
3	Customer 3	145,778.22	3.94	No
4	Customer 4	97,454.75	2.63	No
5	Customer 5	53,680.81	1.45	No
Total	/	1,567,923.99	42.37	/

## SECTION IV MANAGEMENT DISCUSSION AND ANALYSIS AND REPORT OF THE DIRECTORS (CONTINUED)

Circumstances where the sales to a single customer exceeded 50% of the total sales, there were new customers among the top 5 customers or there was heavy reliance on a few customers during the Reporting Period

Applicable  Not applicable

During the year 2023, none of the Directors, their close associates or Shareholders of the Company (which to the knowledge of the directors owns more than 5% of the issued share capital of the Company) had any interests in the top five customers of the Group.

B. Information about main suppliers of the Company

Applicable  Not applicable

The purchase from the top five suppliers was RMB1,223,325,200, accounting for 4.46% of the annual total purchase amount, of which purchase from related parties was RMB0, accounting for 0% of the annual total purchase amount.

Top five suppliers of the Company

Applicable  Not applicable

Unit: 0'000 Yuan    Currency: RMB

No.	Name of supplier	Purchase amount	Percentage of annual total purchase amount (%)	Whether there is a related party relationship with listed companies
1	Supplier 1	30,309.45	1.10	No
2	Supplier 2	28,756.36	1.05	No
3	Supplier 3	24,137.84	0.88	No
4	Supplier 4	22,170.32	0.62	No
5	Supplier 5	16,958.55	0.81	No
Total	/	122,332.52	4.46	/

## SECTION IV MANAGEMENT DISCUSSION AND ANALYSIS AND REPORT OF THE DIRECTORS (CONTINUED)

Circumstances where the purchases from a single supplier exceeded 50% of the total amount, there were new suppliers among the top five suppliers or there was a heavy reliance on a few suppliers during the Reporting Period

Applicable  Not applicable

During the year 2023, none of Directors, their close associates or Shareholders of the Company (which to the knowledge of the directors owns more than 5% of the issued share capital of the Company) had any interests in the top five suppliers of the Group.

### 3. *Expenses*

Applicable  Not applicable

The explanation on reasons for change in selling expenses: The selling expenses for the year were RMB893 million, representing an increase of 9.96% compared with last year, primarily due to the increase in tendering fee and sales service fee.

The explanation on reasons for changes in administrative expenses: The administrative expenses for the year were RMB2,336 million, representing an increase of 2.00% compared with the same period of last year, primarily due to the increase in labor cost and travel costs compared with last year.

The explanation on reasons for changes in financial costs: The financial income for the year was RMB300 million, representing an increase of RMB62 million compared with the same period of last year, primarily due to the decrease in interest expense and the increase in interest income.

The explanation on reasons for changes in research and development expenses: The research and development expenses for the year were RMB1,862 million, representing an increase of 10.21% as compared to last year, primarily due to the Company's continuous increase in research and development investment for the purpose of pursuing technological innovation.

## SECTION IV MANAGEMENT DISCUSSION AND ANALYSIS AND REPORT OF THE DIRECTORS (CONTINUED)

### 4. *Cash flow*

Applicable  Not applicable

Explanation on reasons for changes in net cash flow from operating activities: The net cash flow from operating activities was net inflow of RMB2,058 million, representing a decrease of RMB24 million as compared to last year, without significant change.

Explanation on reasons for changes in net cash flow from investing activities: The net cash flow from investing activities was net outflow of RMB1,823 million, while the net cash flow from investing activities was net outflow of RMB151 million last year, mainly due to change in time deposits with maturity over three months.

Explanation on reasons for changes in net cash flow from financing activities: The net cash flow from financing activities was net outflow of RMB1,462 million, and the cash flow from financing activities last year was net outflow of RMB2,419 million, mainly due to the decrease in cash payment relating to other financing activities.

### (II) **Explanation on material changes in profit due to non-main businesses**

Applicable  Not applicable

## SECTION IV MANAGEMENT DISCUSSION AND ANALYSIS AND REPORT OF THE DIRECTORS (CONTINUED)

### (III) Analysis of assets and liabilities

Applicable  Not applicable

#### 1. Assets-Liabilities analysis table

Unit: Yuan Currency: RMB

Item	Amount at the end of the current period	Percentage of amount at the end of the current period to the total assets (%)	Amount at the end of last period	Percentage of amount at the end of last period to the total assets (%)	Change of the amount at the end of the current period as compared to that of last period (%)
Bills receivable	1,058,627,238.40	0.89	1,714,371,393.60	1.47	-38.25
Inventories	3,206,183,424.85	2.69	2,378,763,660.23	2.04	34.78
Non-current assets due within one year	63,287,188.01	0.05	104,252,537.37	0.09	-39.29
Construction in progress	400,246,410.75	0.34	891,536,403.93	0.76	-55.11
Short-term borrowings	2,451,633,147.05	2.06	261,169,967.41	0.22	838.71
Bills payable	1,416,353,129.31	1.19	2,260,154,270.80	1.93	-37.33
Non-current liabilities due within one year	438,571,680.21	0.37	1,237,094,658.03	1.06	-64.55
Lease liabilities	74,462,004.67	0.06	118,073,535.41	0.10	-36.94

#### Other explanations

The decrease in bills receivable was mainly due to the decrease in the receipt of commercial acceptance bills.

The increase in inventories was mainly due to the increase in product stocking of equipment manufacturing enterprises and construction inventory.

The decrease in non-current assets due within one year was mainly due to the decrease in long-term receivables due within one year.

The decrease in construction in progress was mainly due to the fact that the construction in progress of the subsidiary CASCO Signal Ltd. reached its intended use and was transferred to fixed assets.

The increase in short-term borrowings was mainly due to the addition of short-term borrowings at low interest of RMB2 billion of the parent company.

The decrease in bills payable was mainly due to the decrease in commercial acceptance bills issued.

## SECTION IV MANAGEMENT DISCUSSION AND ANALYSIS AND REPORT OF THE DIRECTORS (CONTINUED)

The decrease in non-current liabilities due within one year was mainly due to the repayment of long-term borrowings due within one year.

The decrease in lease liabilities was mainly due to the year-on-year decrease in operating leases.

### 2. *Information of overseas assets*

Applicable  Not applicable

### 3. *Major assets subject to restriction by the end of the Reporting Period*

Applicable  Not applicable

Unit: Yuan Currency: RMB

Item	Closing book value
Cash and bank balances	597,589,132.57
Bills receivable	348,010,578.18
Receivables for financing	500,000.00
Accounts receivable	608,829,017.21
Other non-current assets	4,938,321,443.67

### 4. *Other explanations*

Applicable  Not applicable

## (IV) Analysis of operations information in the industry

Applicable  Not applicable

Please refer to Section IV "Management Discussion and Analysis and Report of the Directors" in this annual report for details.

## SECTION IV MANAGEMENT DISCUSSION AND ANALYSIS AND REPORT OF THE DIRECTORS (CONTINUED)

### (V) Analysis of investment

Overall analysis of investment in external equities

Applicable  Not applicable

As at the end of the Reporting Period, the long-term equity investment of the Company was RMB1,532 million, representing an increase of RMB27 million, or 1.80%, as compared to the beginning of the year. For details, please refer to "VII. Note (XVII) to Items in the Consolidated Financial Statements" of Section XI Financial Report in this report.

#### 1. *Material equity investment*

Applicable  Not applicable

#### 2. *Material non-equity investment*

Applicable  Not applicable

## SECTION IV MANAGEMENT DISCUSSION AND ANALYSIS AND REPORT OF THE DIRECTORS (CONTINUED)

### 3. *Financial assets measured at fair value*

Applicable  Not applicable

Unit: Yuan Currency: RMB

Assets category	Opening balance	Gain/loss on fair value changes for the period	Accumulated changes in fair value recognized in equity	Impairment accrued for the period	Amount purchased for the period	Amount sold/ redeemed for the period	Other changes	Closing balance
Other equity instrument investments	1,124,819,159.20	-	18,696,178.74	-	79,774,948.00	-	-	1,223,290,285.94
Receivables for financing	1,048,965,771.85	-	-	-	-	-	-76,246,445.57	972,719,326.28
Total	<u>2,173,784,931.05</u>	<u>-</u>	<u>18,696,178.74</u>	<u>-</u>	<u>79,774,948.00</u>	<u>-</u>	<u>-76,246,445.57</u>	<u>2,196,009,612.22</u>

Securities investment

Applicable  Not applicable

Derivatives investment

Applicable  Not applicable

### 4. *Private equity fund investment*

Applicable  Not applicable

Other explanations

No.

### 5. *Details about the progress of significant asset restructuring and integration during the Reporting Period*

Applicable  Not applicable

## SECTION IV MANAGEMENT DISCUSSION AND ANALYSIS AND REPORT OF THE DIRECTORS (CONTINUED)

### (VI) Disposal of significant assets and equity interest

Applicable  Not applicable

### (VII) Analysis of major companies controlled and invested by the Company

Applicable  Not applicable

For details, please refer to “VII. Note (XVII) to Items in the Consolidated Financial Statements” and “X. Interests in Other Entities” of Section XI Financial Report in this report.

### (VIII) Status of the structured entity controlled by the Company

Applicable  Not applicable

### (IX) Use of proceeds raised from H shares

The proceeds raised from H shares amounted to approximately RMB9,104 million. As of 31 December 2023, a total of RMB8,536 million of proceeds raised from H shares have been used, of which RMB2,731 million was used in long-term research and development, including the construction of the CRSC Railway Transportation Research Center and technology research projects; RMB1,821 million was used in the fixed asset investments, including the technical overhaul of CRSC Xi'xin production base, the Company's subsidiary, and Changsha Industrial Park; RMB108 million was used in general equity acquisition; RMB1,253 million was used in investment of Tianshui Tramcar project and other PPP projects related to railway transportation; and RMB2,623 million was used to supplement working capital (On 12 June 2020, the Company convened the general meeting and considered and approved the Resolution on Change in the Use of Proceeds Raised from H Shares, according to which the Company intends to change the portion of the proceeds of RMB1,713 million allocated for general domestic and overseas acquisition to general domestic and overseas purposes (supplementing working capital)). The Company confirms that, apart from RMB1,713 million allocated for general domestic and overseas acquisition, the proposed usage plan of the aforesaid proceeds is consistent with the use of proceeds as disclosed in the prospectus.

In addition to the use of funds as described above, as of 31 December 2023, the Company's remaining proceeds raised from H shares amounting to RMB568 million have not been used (PPP projects related to railway transportation), and are expected to be used up in the forthcoming 2 years. The intended usage of the aforesaid proceeds is consistent with the use of proceeds as disclosed in the prospectus.

## SECTION IV MANAGEMENT DISCUSSION AND ANALYSIS AND REPORT OF THE DIRECTORS (CONTINUED)

### VI. DISCUSSION AND ANALYSIS OVER THE FUTURE DEVELOPMENT OF THE COMPANY

#### (I) Industry landscape and trends

Applicable  Not applicable

Internationally, there are widespread problems in terms of technical standards and product certification in overseas markets, and recognition of Chinese standards varies in different regions, which hinder Chinese standards from going global and to some extent dominate the competitive landscape of the industry. First, out of regional protection which is inevitable, overseas countries have different rail transit control systems, standards and railway management measures. Second, most overseas owners are used to European and American standards for long and still have doubts about Chinese standards. Third, there are many kinds of safety certification for products in most overseas rail transit control system markets so that most domestic products need to be re-certified before entering the market, which increases time cost. Fourth, due to increasing problems in overseas rail transit control, many countries impose stringent requirements on the construction experience and professional qualification of bidders, making market development even harder.

However, the impact of the above-mentioned factors on large international enterprises such as Siemens and Alstom, which have long been committed to the international market, is relatively small, and in general, the gradual integration of enterprises competing in the field of rail transportation control system across the globe points to a trend of dominance by the oligarchs; domestic industry peers or leading general contractors have been involved in the field of signal & communication, which will lead to a more intense competition landscape; and the intensified strategic competition between the U.S. and China has exerted a great impact on Chinese enterprises' entry into the European and American markets.

On the domestic front, first, due to the overall slowdown in railway infrastructure investment, railway enterprises must make every effort to increase their share in market segments they have operated or expand presence to other segments to take market share from other external enterprises, and only in this way can they ensure a steady increase in the overall number of projects undertaken on the market, which will inevitably lead to intensified competition. Second, with the promotion of "one company in one province" system reform by CNRG and provincial governments, provincial and municipal governments are increasing investment in high-speed railways and intercity railways, the owner unit is being reorganized on a large scale, and multiple parties compete with each other in respect of project construction and operation leadership, which will add complexity to market operation in the future. Third, large infrastructure projects biddings have begun to require overall and total package for all the professional fields, which sets higher requirements for the comprehensive strength of bidding enterprises and entails constant enhancement in the all-round industry capabilities of enterprises. Fourth, with a high value-added value, the rail transportation control system sector attracts the attention from rail transit enterprises, and the existing players are not willing to lag behind, so the market competition will become more intense in the coming period.

## SECTION IV MANAGEMENT DISCUSSION AND ANALYSIS AND REPORT OF THE DIRECTORS (CONTINUED)

From a comprehensive point of view, the overall competition pattern of the rail transit industry will not change greatly in the short term. Subject to the qualification, performance and other threshold restrictions, in the area of weak electricity system, CRSC will mainly compete with China Railway Electrification Bureau, China Railway Wuhan Electrification Bureau and China Railway Construction Electrification Bureau, followed by other five or six subsidiaries under CREC and CRCC. The future market competition is expected to be more complicated with the total number of new high-speed railways gradually slowing down, which will impose higher requirement for the overall market management ability and level of the enterprises. In the field of railroad core control system, China Academy of Railway Sciences continues to develop the market depending on the policy support, and enterprises such as HollySys and Jiaoda Microunion remain competitive in subdominant products, but in the foreseeable period of time, CRSC will secure its leadership on the market. In the field of urban rail control system, from the perspective of overall market performance in recent years, the market remained dominated by the leading enterprises. It is expected that enterprises such as Traffic Control Technology and UniTTEC will continue to challenge the leading position of CRSC, and the market share of each enterprise may fluctuate to some extent as the demand for investment drive in some cities gradually increases and new competitors continue to emerge.

### (II) Development strategies of the Company

Applicable  Not applicable

As a leading integrated rail transportation control system solution provider in the world, for the purpose of continuously consolidating and strengthening our leadership in the global market, in view of the development trend in the industry and the Company's abundant resources, and based on the strategic orientation of "holding fast to the main responsibility, leading by innovation, highlighting core business, and synergizing with diversification," the Company will implement the business strategy of "six cores, one body and two wings," develop six core businesses including "signal (control) system, information communication, power electrification, general project contracting, investment and operation, and intelligent manufacturing," give play to the advantage of the whole industrial chain integration on "design and R&D, equipment manufacturing, and engineering installation," strengthen the operation of international and domestic markets, establish a "rail transportation + N" industrial pattern, so as to build an industry group featuring rail transportation, world-leading system technology and world-class comprehensive strength.

### (III) Business plans

Applicable  Not applicable

In 2024, CRSC will make continued efforts to seek progress while maintaining stability. The Company will pursue synergistic coordination in strategies, targets, factors and tasks along the high-end development route and focus on ensuring stable growth, optimizing the industrial system, making breakthrough in scientific and technological innovation, enhancing safety and quality, deepening reform, improving corporate governance and guarding against development risks, make efforts in consolidating the foundation, improving weak links and making full use of advantages, constantly strengthen, optimize, expand and cultivate its brand portfolio to drive higher-quality development. The Company will make every effort to complete all the operation targets in 2024 and put into practice the value preservation and appreciation of state-owned capital.

## SECTION IV MANAGEMENT DISCUSSION AND ANALYSIS AND REPORT OF THE DIRECTORS (CONTINUED)

### (IV) Others

Applicable  Not applicable

## VII. OTHER DISCLOSURES

### (I) Environmental Policies and Performance of the Company

Environmental policies and performance of the Company are set out in the section VI “Environmental and Social Responsibilities and Other Corporate Governance Matters” of this report.

Further details of the environmental policies and performance of the Company are set out in the “Environmental, Social and Governance Report” published concurrently on the date of 2023 annual report of the Company.

### (II) Compliance with Laws and Regulations

As the Group’s main businesses are to provide specialized one-stop solution of design and integration, equipment manufacturing and system implementation services for rail transportation control systems to our customers, the Group is subject to relevant PRC policies, laws and regulations, including the Railway Law of the People’s Republic of China (《中華人民共和國鐵路法》) and the Production Safety Law of the People’s Republic of China (《中華人民共和國安全生產法》) and is under supervision of other government authorities. Such laws, regulations and policies mainly govern the operation and management of railway industry. In addition, all business operations of the Group are subject to the laws and regulations regarding quality, safety production, environmental protection, intellectual property and labor. Any violation of those laws and regulations may result in sanctions, including warnings, penalties and order to rectify, which may have an adverse impact on the Group’s business operation and future development.

In addition, the Group is required to obtain and maintain valid permits, licenses, certificates and approvals from various governmental authorities or institutions under relevant laws and regulations for our businesses of design and integration, product manufacturing and system delivery services. The Group must comply with the restrictions and conditions imposed by various levels of governmental authorities to maintain the Group’s permits, licenses, certificates and approvals. Should the Group fail to comply with any of the regulations or meet any of the conditions required for the maintenance of the Group’s permits, licenses, certificates and approvals, such permits, licenses, certificates and approvals could be temporarily suspended or even revoked, or the renewal thereof, upon expiry of their original terms, may be delayed or rejected, which could materially and adversely impact our Group’s business, financial condition and results of operations.

As a company incorporated in the PRC with limited liabilities and listed on Main Board of Hong Kong Stock Exchange and Science and Technology Innovation Board of SSE, the Company is governed by various applicable domestic laws and regulations including Company Law, the Production Safety Law of the People’s Republic of China (《中華人民共和國安全生產法》) and the Management Guideline on Comprehensive Risk of Central Enterprises (《中央企業全面風險管理指引》) promulgated by the SASAC, as well as the Listing Rules of the Hong Kong Stock Exchange and SSE and other securities regulatory rules. The Group has implemented internal control measures to ensure its compliance with such laws and regulations. Based on a comprehensive review of the business performance of the Group, the Board is of the view that the Group has been in compliance with the requirements of relevant laws and regulations in all material respects.

## SECTION IV MANAGEMENT DISCUSSION AND ANALYSIS AND REPORT OF THE DIRECTORS (CONTINUED)

### **(III) Performance and Distribution**

The performance of the Group for the year ended 31 December 2023 and the financial position of the Group as at 31 December 2023 are set out in the section XI “Financial Report” of this report.

The implementation of cash dividend policy of the Company during the Reporting Period is set out in the section V “Corporate Governance” of this report.

### **(IV) Distribution Plan and Policy of Dividend**

The Company's distribution plan and policy of dividend is set out in the section V “Corporate Governance” of this report.

### **(V) Issued Share Capital**

As of 31 December 2023, the total share capital of the Company was RMB10,589,819,000, divided into 10,589,819,000 shares with a nominal value of RMB1.00 each. Details of the change of the share capital of the Company during the Reporting Period are set out in the note VII. (LIII) of the section XI “Financial Report” in this report.

### **(VI) Repurchase, Sale or Redemption of Listed Securities of the Company**

During the Reporting Period, neither the Company nor any of its subsidiary repurchased, sold or redeemed any of the listed securities of the Company under the Listing Rules of the Hong Kong Stock Exchange.

### **(VII) Property, Plant and Equipment**

Details of property, plant and equipment of the Group for 2023 are set out in the note VII. (XXI) of the section XI “Financial Report” in this report.

At the end of the Reporting Period, the Group had no investment properties or properties held for development and/or sale with one or more of the percentage ratios (as defined under Rule 14.04 (9) of the Listing Rules of the Hong Kong Stock Exchange) exceeding 5%.

### **(VIII) Taxation**

Details of the taxation of the Group for 2023 are set out in note VI of the section XI “Financial Report” in this report.

## SECTION IV MANAGEMENT DISCUSSION AND ANALYSIS AND REPORT OF THE DIRECTORS (CONTINUED)

### **(IX) Events After the Balance Sheet Date**

Details of the events after the balance sheet date of the Group are set out in the note XVII of the section XI “Financial Report” in this report.

### **(X) Capital Reserve, Surplus Reserve and Special Reserve**

Details of the capital reserve, surplus reserve and special reserve of the Group for 2023 are set out in the note VII. (LV), (LIX), (LVIII) of the section XI “Financial Report” in this report.

### **(XI) Distributable Reserve**

The distributable reserve of the Company as of 31 December 2023 is set out in the note VII. (LX) of the section XI “Financial Report” in this report.

### **(XII) Staff**

Staff is the key for the Group's sustainable development. Details of the staff of the Group are set out in the section V “Corporate Governance” of this report.

### **(XIII) Bank and Other Borrowings**

Details of the bank and other borrowings of the Group as of 31 December 2023 are set out in the note VII. (XXXII), (XLV) of the section XI “Financial Report” in this report.

### **(XIV) External Donations**

For details about the Company's external donations for the year 2023, please refer to “(ii) Types and contributions of charitable activities” of “III. Social Responsibility Work” in Section VI “Environmental and Social Responsibilities and Other Corporate Governance Matters”.

### **(XV) Directors, Supervisors and Senior Management**

The information on the Directors, Supervisors and Senior Management of the Company is set out in the section V “Corporate Governance” of this report.

### **(XVI) Changes in Directors, Supervisors and Senior Management**

Changes in the Directors, Supervisors and Senior Management of the Company are set out in the section V “Corporate Governance” of this report.

## SECTION IV MANAGEMENT DISCUSSION AND ANALYSIS AND REPORT OF THE DIRECTORS (CONTINUED)

### **(XVII) Service Contracts of Directors and Supervisors**

Each of the Directors and Supervisors has entered into a service contract with the Company, the principal particulars of which comprise: (1) the term is from the date of appointment and until the date of the expiration of the incumbent Board/the incumbent Supervisory Committee; and (2) it could be terminated in accordance with their respective terms.

Save as disclosed above, none of the Directors or Supervisors has entered into or intends to enter into a service contract with any member of the Group (other than contracts expiring or determinable by the relevant employer within one year without payment of compensation (other than statutory compensation)).

Save as service contracts, there were no any management and administration contracts in relation to the whole or any significant part of the business signed or existed.

### **(XVIII) Remuneration of Directors, Supervisors and Senior Management**

Remuneration of the Directors and Supervisors are paid in the form of fees, salaries, pension-defined contribution, discretionary bonuses, housing allowances and other allowances and benefits in kind.

Details of the Directors, Supervisors and five highest paid individuals of the Company are set out in the note XIV. (V) of the section XI "Financial Report" in this report.

During the Reporting Period, the remuneration scale of the Senior Management members (except for Dr. NGAI Wai Fung, one of the joint company secretaries of the Company, who serves as the director and chief executive officer of SWCS Corporate Services Group (Hong Kong) Limited) whose biographical details are set out in this report is disclosed in the section V "Corporate Governance" of this report.

### **(XIX) Interests of Directors and Supervisors in Transactions, Arrangements or Contracts**

#### **1. *Interests of Directors in Competing Businesses***

During the Reporting Period, the Group did not participate in, directly or indirectly, concluding transactions, arrangements or contracts of significance in which any Director or the Supervisor or any entity which he or she was related to was materially interested, and related to the businesses of the Company and were subsisting during or by the end of the year.

#### **2. *Directors and Supervisors Serving in Competing Businesses***

The businesses of the Group are partially competing with those of CRSC Group. The Company's executive Directors, Mr. LOU Qiliang and Mr. ZHANG Quan, devote most of their time into the management of the Company's daily operations. The information about the Directors of the Company who held positions in CRSC Group is set out in the section V "Corporate Governance" of this report. Save as disclosed in this report, none of the Directors, Supervisors or their respective associates had any interests in the businesses which competed or were likely to compete with the Group, or had any other conflict of interests with the Group. The Company further confirms that, save as disclosed above, as at the date of this report, members of the Senior Management of the Company have not involved in the daily operations of the businesses of CRSC Group which compete with the Group's businesses.

## **SECTION IV MANAGEMENT DISCUSSION AND ANALYSIS AND REPORT OF THE DIRECTORS (CONTINUED)**

### **(XX) Directors', Supervisors' and the Company's Chief Executives' Interests and Short Positions in Shares, Underlying Shares and Debentures of the Company and its Associated Corporations**

As at 31 December 2023, none of the Directors, Supervisors or chief executives of the Company had any interests and/or short positions in the Shares, underlying Shares or debentures of the Company or its associated corporations (within the meaning of Part XV of the SFO) which will have to be notified to the Company and the Hong Kong Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the Securities and Futures Ordinance (the "SFO") (including interests or short positions which he is taken or deemed to have under such provisions of the SFO) or which will be required, pursuant to Section 352 of the SFO, to be entered in the register referred to therein, or will be required, pursuant to the Model Code for Securities Transactions by Directors of Listed Issuers (the "Model Code") set out in Appendix C3 (formerly known as Appendix 10) to the Listing Rules of the Hong Kong Stock Exchange, to be notified to the Company and the Hong Kong Stock Exchange.

### **(XXI) Directors' and Supervisors' Rights to Purchase Shares or Debentures**

None of the Directors or Supervisors or any of their respective associates was granted by the Company or its subsidiaries any right to purchase the shares or debentures of the Company or any other corporate body, or had exercised any such right.

### **(XXII) Financial, Business and Family Relationships among Directors, Supervisors and Senior Management Members**

As at the date of this report, there were no financial, business or family relationships among the Directors, Supervisors and Senior Management members of the Company.

### **(XXIII) Directors' Insurance and the Permitted Indemnity Provisions**

As at the date of this report, the Company maintained effective directors' insurance for the Directors of the Company, and all lawsuits, fees, charges, losses, damages, and expenses that may arise from the performance of their duties by the Directors of the Company shall be compensated from the assets and profits of the Company.

### **(XXIV) Interests and Short Positions of Substantial Shareholders in Shares and Underlying Shares**

The shareholdings of substantial shareholders in the Company are set out in the section VIII "Changes in Shares and Particulars of Shareholders – (VI) Interests and short positions of substantial shareholders in shares and underlying shares of the Company" of this report.

### **(XXV) Arrangements for Share Pre-Emptive Right and Share Option Scheme**

In 2023, the Company did not have any share pre-emptive right and share option scheme, as there are no specific provisions under the PRC laws or the Articles of Associations of the Company regarding share pre-emptive right.

## SECTION IV MANAGEMENT DISCUSSION AND ANALYSIS AND REPORT OF THE DIRECTORS (CONTINUED)

### **(XXVI) Public Float**

As of the date of this report, according to the information publicly available to the Company, and to the knowledge of the Directors of the Company, the Company has sufficient public float to meet the minimum requirement for public float under Rule 8.08 of the Listing Rules of the Hong Kong Stock Exchange.

### **(XXVII) Connected Transactions**

The connected transactions of the Company are set out in the section VII "Significant Events" of this report.

### **(XXVIII) Related Party Transactions**

The Group entered into certain transactions with the relevant parties considered to be "related parties" pursuant to applicable accounting standards during the Reporting Period. Details of the related party transactions entered into by the Group during the Reporting Period are disclosed in the note XIV to the section XI "Financial Report" of this report. Save as those disclosed in this report, the related parties transactions disclosed in the note XIV to the section XI "Financial Report" of this report were either not considered to be connected transactions as defined by the Listing Rules of the Hong Kong Stock Exchange or be exempted from the reporting, announcement and shareholders' approval requirements pursuant to the Listing Rules of the Hong Kong Stock Exchange, of which the matters constituting connected transactions under Chapter 14A of the Listing Rules of the Hong Kong Stock Exchange complied with the disclosure requirements under Chapter 14A of the Listing Rules of the Hong Kong Stock Exchange.

### **(XXIX) Non-Exempt Connected Transactions**

Save as those disclosed in this report, there were no other non-exempt connected transactions as defined by the Listing Rules of the Hong Kong Stock Exchange entered into by the Company with its connected persons during the Reporting Period.

### **(XXX) Audit and Risk Management Committee**

The Audit and Risk Management Committee of the Company has reviewed the annual results and the annual report of the Company for the year ended 31 December 2023 as well as the audited consolidated financial statements for the year ended 31 December 2023 of the Group.

### **(XXXI) Accounting Policies**

Changes to the accounting policies of the Company are set out in the section VII "Significant Events" of this report.

## SECTION IV MANAGEMENT DISCUSSION AND ANALYSIS AND REPORT OF THE DIRECTORS (CONTINUED)

### (XXXII) Auditors

Pursuant to the requirements under the Circular on the Issues Relating to Accounting Firms Undertaking Audit of Final Financial Accounts of Central State-Owned Enterprises (Cai Kuai [2011] No. 24) (《關於會計師事務所承擔中央企業財務決算審計有關問題的通知》(財會[2011]24號)) (the “Circular”) issued by the Ministry of Finance of the People’s Republic of China and the State-owned Assets Supervision and Administration Commission of the State Council, the term of audit services provided by Ernst & Young Hua Ming LLP (安永華明會計師事務所 (特殊普通合夥)) and Baker Tilly China Certified Public Accountants LLP (天職國際會計師事務所特殊普通合夥)) for the Company has reached the longest consecutive audit period specified in the Circular. The Company must change the external audit service institutions in 2022. On 10 June 2022, the Company held the 2021 annual general meeting, at which the Resolution on Appointment of Auditor for 2022 was considered and approved, and decided to engage BDO China Shu Lun Pan Certified Public Accountants LLP as the auditor of the annual financial statements of the Company for 2022.

On 9 June 2023, the Company held the 2022 annual general meeting, at which the Resolution on Appointment of Auditor for 2023 was considered and approved, and decided to continue to engage BDO China Shu Lun Pan Certified Public Accountants LLP as the auditor of the annual financial statements of the Company for 2023.

On 26 March 2024, the Board proposed to re-engage BDO China Shu Lun Pan Certified Public Accountants LLP as the external auditor of the Company for 2024, and the term of the engagement was proposed to be effective upon conclusion of the Company’s 2023 annual general meeting and until the conclusion of the Company’s 2024 annual general meeting. The above proposal is subject to the approval at the Company’s 2023 annual general meeting.

The Company has not changed auditor for the past three years, except for the aforementioned change of auditor at the 2021 annual general meeting on 10 June 2022.

### (XXXIII) Pension Schemes

#### *Post-employment benefits*

The post-employment benefit plans are classified into defined contribution plans and defined benefit plans. Defined contribution plans are post-employment benefit plans under which the Group pays fixed contributions into a separate fund and will have no legal or constructive obligation to pay further contributions; defined benefit plans are post-employment benefit plans other than defined contribution plans. For defined contribution plans, the Group pays contributions to basic pension insurance, enterprise annuity and unemployment insurance for the employees during the Reporting Period, while defined benefit plans are mainly supplementary retirement benefits.

#### 1. *Basic pension insurance*

Pursuant to the relevant laws and regulations in the PRC, the Group has participated in basic pension insurance for the employees arranged by local labour and social security authorities.

The Group makes contributions to the pension insurance at the applicable rates based on the amounts stipulated by the local government organisations. The contributions are charged to the profit or loss on an accrual basis. When employees retire, the local labour and social security authorities are responsible for the payment of the basic pension benefits to the retired employees.

## SECTION IV MANAGEMENT DISCUSSION AND ANALYSIS AND REPORT OF THE DIRECTORS (CONTINUED)

### 2. *Enterprise annuity*

In addition to these basic social pension plans, the employees of the Group joined in the Enterprise Annuity Plan of China Railway Signal & Communication Corporation Limited (the "Annuity Plan") established by the Group according to the state enterprise annuity system. The Group contributes to the Annuity Plan based on certain percentages of the employees' gross salaries, which are expensed in profit or loss when the contributions are made.

### 3. *Supplementary retirement benefits*

The Group pays supplementary retirement benefits for its employees in Mainland China who retired on or before 31 December 2012 in addition to the contributions made to statutory insurance plans. Such supplementary retirement benefits are defined benefit plans.

The Group's obligations in respect of supplementary retirement benefits are calculated by estimating the amount of obligations that the Group is committed to paying to the employees after their retirement using actuarial techniques.

At the end of the Reporting Period, such obligations are discounted with interest yield of government bonds with similar duration. The service cost and net interest from the supplementary retirement benefits are recognised in profit or loss, and the remeasurements are recognised in other comprehensive income.

Pursuant to the requirements of accounting standards, the Group carries out actuarial evaluation for its defined benefit plans and makes provision for liabilities. However, no planned asset has been established for the defined benefit plans, and there is no funding as at 31 December 2023.

### (XXXIV) **Equity-linked Agreements**

The Company did not entered into any equity-linked agreements.

By order of the Board  
**China Railway Signal & Communication Corporation Limited**  
**LOU Qiliang**  
*Chairman*

## SECTION V CORPORATE GOVERNANCE

### I. RELEVANT EXPLANATIONS ON CORPORATE GOVERNANCE

Applicable  Not applicable

During the Reporting Period, the Company strictly adhered to the guidance of Xi Jinping Thought on Socialism with Chinese Characteristics for a New Era, firmly implemented the new development concept, thoroughly implemented the spirit of documents such as the *Opinions of the State Council on Further Improving the Quality of Listed Companies*, strictly complied with the laws and regulations including the *Company Law*, the *Securities Law* and the *Code of Corporate Governance for Listed Companies*, and the provisions of Shanghai Stock Exchange, The Stock Exchange of Hong Kong, and built a modern corporate governance structure with “the general meeting, the Board, the Supervisory Committee and senior management” as the mainstay. All governance entities performed their respective powers and functions and operated in a standardised, coordinated and effective manner, and Directors, Supervisors and senior management performed their duties diligently and faithfully in accordance with the laws. Subsidiaries continuously enhanced the development of their Boards of Directors, thus the corporate governance standard was improved further.

The Company has adopted the Corporate Governance Code (the “Corporate Governance Code”) set out in Appendix C1 (formerly known as Appendix 14) to the Listing Rules of the Hong Kong Stock Exchange as its corporate governance code. During the Reporting Period, the Company has complied with all applicable code provisions as set out in the Corporate Governance Code and, where applicable, adopted recommended best practices.

Whether there is any significant difference between corporate governance and laws, administrative regulations and relevant requirements of the CSRC on listed company governance; if there is a significant difference, the reasons shall be explained.

Applicable  Not applicable

### II. EXPLANATION OF THE COMPANY ON LOSING INDEPENDENCE OR INDEPENDENT MANAGEMENT ABILITY WITH RESPECT TO BUSINESS, PERSONNEL, ASSETS, INSTITUTIONS, FINANCE, ETC. WITH ITS CONTROLLING SHAREHOLDERS

Applicable  Not applicable

The controlling shareholders, actual controllers and other entities under their control are engaged in the same or similar business as the Company, as well as the impact of horizontal competition or major changes in horizontal competition on the Company, the resolution measures that have been taken, the progress of the resolution and the follow-up resolution plan

Applicable  Not applicable

The controlling shareholders, actual controllers and other entities under their control are engaged in horizontal competition that has a significant adverse impact on the Company

Applicable  Not applicable

## SECTION V CORPORATE GOVERNANCE (CONTINUED)

### III. BRIEF INTRODUCTION TO SHAREHOLDER'S GENERAL MEETINGS

Name of Meeting	Time of Meeting	Index of Website Designated for Publication of the Resolutions	Disclosure Date of the Publication of the Resolutions	Resolutions
2022 Annual General Meeting	9 June 2023	www.sse.com.cn www.hkexnews.hk	9 June 2023	<ol style="list-style-type: none"> <li>1. The resolution on <i>Report of the Board of Directors for 2022 of China Railway Signal &amp; Communication Corporation Limited</i> was considered and approved at the meeting;</li> <li>2. The resolution on <i>Report of the Supervisory Committee for 2022 of China Railway Signal &amp; Communication Corporation Limited</i> was considered and approved at the meeting;</li> <li>3. The resolution on Annual Report for 2022 of China Railway Signal &amp; Communication Corporation Limited was considered and approved at the meeting;</li> <li>4. The resolution on <i>Final Account Report for 2022 of China Railway Signal &amp; Communication Corporation Limited</i> was considered and approved at the meeting;</li> <li>5. The resolution on <i>Profit Distribution Plan for 2022 of China Railway Signal &amp; Communication Corporation Limited</i> was considered and approved at the meeting;</li> <li>6. The resolution on the appointment of auditors for 2023 was considered and approved at the meeting;</li> <li>7. The resolution on remuneration of Directors and Supervisors of the Company for 2022 was considered and approved at the meeting;</li> <li>8. The resolution on <i>Estimations on Ordinary Related Party Transactions Transactions for 2023–2025 of China Railway Signal &amp; Communication Corporation Limited</i> was considered and approved at the meeting;</li> <li>9. The resolution on the <i>Renewal of the Financial Services Framework Agreement between CRSC Finance Co., Ltd. and China Railway Signal &amp; Communication Co., Ltd. and Connected Transactions</i> was considered and approved at the meeting;</li> <li>10. The resolution on <i>General Authorization for the Issuance of Debt Financing Instruments</i> was considered and approved at the meeting;</li> <li>11. The resolution on <i>Amendments to the Articles of Association and the Rules of Procedure for the General Meetings</i> was considered and approved at the meeting.</li> </ol>
2023 First Extraordinary General Meeting	27 October 2023	www.sse.com.cn www.hkexnews.hk	27 October 2023	<ol style="list-style-type: none"> <li>1. The resolution on the <i>Election of Mr. Lou Qiliang as an Executive Director of the Fourth Session of the Board of Directors of the Company</i> was considered and approved at the meeting.</li> </ol>

## SECTION V CORPORATE GOVERNANCE (CONTINUED)

Shareholders of preference shares with restored voting rights request convening extraordinary general meetings

Applicable  Not applicable

### Explanation on the general meetings

Applicable  Not applicable

1. On 9 June 2023, the Company held the 2022 Annual General Meeting by way of on-site meeting. For details, please refer to the *Announcement on Poll Results of 2022 Annual General Meeting, Distribution of Cash Dividend and Amendment of Articles of Association of China Railway Signal & Communication Corporation Limited* dated 9 June 2023.
2. On 27 October 2023, the Company held the 2023 first extraordinary general meeting by way of on-site meeting. For details, please refer to the *Announcement on Poll Results and Appointment of Executive Director of the 2023 Second Extraordinary General Meeting and Appointment of Executive Director of China Railway Signal & Communication Corporation Limited* dated 27 October 2023.

For other policies and arrangements relating to investor relations, please refer to Section VI “Environmental and Social Responsibilities and Other Corporate Governance Matters – IV. Other Corporate Governance – (II) Investor Relationships and Protection” in this report.

## IV. SHAREHOLDER’S RIGHTS

To safeguard shareholders’ interests and rights, the Company will propose a separate resolution for each substantially separate issue at general meetings, including the election of individual Directors.

All resolutions put forward at general meetings will be voted on by poll pursuant to the Rules Governing the Listing of Securities on the Hong Kong Stock Exchange and poll results will be posted on the websites of the Company and the Hong Kong Stock Exchange after each general meeting.

Shareholders who intend to put forward their enquiries to the Board could send their enquiries to the Company’s headquarters in the PRC (at 20/F, CRSC Building A, 1 Compound, Automobile Museum South Road, Fengtai District, Beijing, PRC) or by email to ir@crsc.cn. H shareholders may contact Computershare Hong Kong Investor Services Limited, the H Share Registrar of the Company, if they have any enquiries about their shareholdings and entitlements to dividend.

## SECTION V CORPORATE GOVERNANCE (CONTINUED)

### 1. Convening of extraordinary General Meeting on requisition by shareholders

According to the Articles of Association of the Company, where shareholders request to hold an extraordinary general meeting or class meeting, the following procedures shall be followed:

- i. Shareholders who individually or jointly hold 10% or more of the voting Shares at the proposed meeting may make a proposal to the Board on holding an extraordinary general meeting or class meeting by signing one or several written requests with same contents in the same format and define the meeting topic. The above shareholders shall guarantee that the contents of the proposal shall be in compliance with the laws, regulations and the Articles of Association of the Company. The Board shall convene such meeting as soon as possible upon receipt of the aforesaid written request. The aforesaid number of shares shall be calculated as of the close of the date on which such Shareholders request to convene the meeting in writing or, if it falls on a non-trading date, the prior trading date on which such shareholders request to convene the meeting in writing;
- ii. If the Board is unable to or fails to perform its duty of convening an extraordinary general meeting or class meeting, the Supervisory Committee shall convene and preside over such meeting in a timely manner; if the Supervisory Committee cannot convene and preside over such meeting, shareholders who individually or jointly hold more than 10% of the Company's shares for more than 90 consecutive days may independently convene and preside over such meeting.

### 2. Putting forward proposals at general meetings

According to the Articles of Association of the Company, in the event the Company convenes a general meeting, the Board, the Supervisory Committee and shareholders individually or jointly holding more than 3% of the Company's shares are entitled to submit proposals in writing to the Company. Shareholders individually or jointly holding more than 3% of the Company's shares may submit ad hoc proposals to the convener in writing ten days prior to the general meeting. The convener shall issue a supplementary notice of the general meeting and announce the content of such ad hoc proposals within two days after receipt thereof. Except as provided above, the convener shall not amend the proposals set out in the notice of the general meeting or add any new proposals subsequent to the issue of the notice of the general meeting. The general meeting shall not carry out the voting and adopt resolutions on the proposals that are not stated in the notice of the general meeting or fail to meet the requirements under Article 76 of the Articles of Association of the Company.

## SECTION V CORPORATE GOVERNANCE (CONTINUED)

### 3. Communication with shareholders and investors/investors relations

The Company considers effective communication with shareholders essential for enhancing investor relations and investors' understanding of the Group's business performance and strategies. The Company also fully recognises the importance of transparency and timely disclosure of corporate information, which will enable shareholders and investors to make the best investment decisions. General meetings of the Company provide a forum for face-to-face communication between the Board and the shareholders. The chairman of the Board as well as chairmen of the Nomination Committee, the Remuneration and Evaluation Committee and the Audit and Risk Management Committee or, in their absence, other members of the respective committees and, where applicable, the chairman of the independent Board committee, are available to answer questions at general meetings.

To promote effective communication, the Company establishes its website and posts latest information and updates on the Company's business operations and developments, financial information, corporate governance practices and other data for public access. The Company has implemented the above shareholders communication policy and believed that it was adequate and effective.

## V. AMENDMENTS TO THE ARTICLES OF ASSOCIATION

On 28 April 2023, the Board considered and approved, among others, the resolution on amendments to the Articles of Association. Under the principles of prudence, suitability, and necessity, the Company made amendments to the Articles of Association in accordance with Appendix A1 (formerly known as Appendix 3) of the Listing Rules of the Hong Kong Stock Exchange. The revised Articles of Association was approved by a special resolution of shareholders at the 2022 annual general meeting of the Company and took effect from 9 June 2023. The full text of the Articles of Association has been published on the websites of the Hong Kong Stock Exchange and the Company. For details, please refer to the announcement dated 28 April 2023 and the circular dated 24 May 2023 published by the Company on the website of the Hong Kong Stock Exchange.

## VI. IMPLEMENTATION AND CHANGES OF VOTING RIGHTS DIFFERENCE ARRANGEMENT DURING THE REPORTING PERIOD

Applicable  Not applicable

## VII. CORPORATE GOVERNANCE OF RED-CHIP STRUCTURE

Applicable  Not applicable

## SECTION V CORPORATE GOVERNANCE (CONTINUED)

### VIII. DIRECTORS, SUPERVISORS AND SENIOR MANAGEMENT

#### i. The changes in shareholding and remunerations of current and resigned Directors, Supervisors, Senior Management and core technicians during the Reporting Period

Applicable  Not applicable

Unit: share

Name	Position (Note)	Gender	Age	Start Date of Term of Office	Termination Date of Term of Office	Shareholding		Changes in Shareholding During the Reporting Period	Reason for Changes	Total Before-tax Remuneration Obtained from the Company During the Reporting Period (RMB0'000)	Whether to Receive Any Remuneration from Any Related Party of the Company
						at the Beginning of the Reporting Period	at the End of the Reporting Period				
LOU Qiliang	Executive Director	Male	60	October 2023	February 2025	-	-	-	-	12.01	No
	Chairman			February 2024	February 2025	-	-	-	-	-	No
	President			September 2023	-	-	-	-	-	-	No
ZHANG Quan	Executive Director	Male	53	August 2022	February 2025	-	-	-	-	52.63	No
YAO Guiqing	Independent Non-executive Director	Male	68	August 2018	February 2025	-	-	-	-	10.00	No
YAO Cho Fai Andrew	Independent Non-executive Director	Male	58	February 2022	February 2025	-	-	-	-	11.70	No
FU Junyuan	Independent Non-executive Director	Male	62	February 2022	February 2025	-	-	-	-	7.67	No
ZHOU Zhiliang	Executive Director (resigned), Chairman (resigned)	Male	60	January 2012	January 2024	-	-	-	-	79.38	No
XU Zongxiang	Executive Director (resigned)	Male	61	February 2020	August 2023	-	-	-	-	63.37	No
	President (resigned)			December 2019	August 2023	-	-	-	-	-	No
GUO Yongtong	Non-executive Director (resigned)	Male	60	March 2021	January 2024	-	-	-	-	0.00	No
KONG Ning	Chairman of the Supervisory Committee	Male	59	February 2020	February 2025	-	-	-	-	51.67	No
LI Tienan	Shareholder Representative Supervisor	Female	54	February 2020	February 2025	-	-	-	-	0.00	No
YANG Yang	Employee Representative Supervisor	Female	45	February 2022	February 2025	-	-	-	-	55.44	No
LI Liangqing	Chief Accountant	Male	55	June 2022	-	-	-	-	-	57.35	No
	Secretary to the Board			July 2022	-	-	-	-	-	-	No
	Secretary to the Board			July 2022	-	-	-	-	-	-	No
	Joint Company Secretary			July 2022	-	-	-	-	-	-	No

## SECTION V CORPORATE GOVERNANCE (CONTINUED)

Name	Position (Note)	Gender	Age	Start Date of Term of Office	Termination Date of Term of Office	Shareholding at the Beginning of the Reporting Period	Shareholding at the End of the Reporting Period	Changes in Shareholding During the Reporting Period	Reason for Changes	Total Before-tax Remuneration Obtained from the Company During the Reporting Period (RMB'000)	Whether to Receive Any Remuneration from Any Related Party of the Company
ZHAO Xiaodong	Vice President	Male	49	December 2018	-	-	-	-	-	71.44	No
ZHANG Zhihui	Vice President Chief engineer	Male	48	December 2018 October 2016	-	-	-	-	-	71.08	No
WAN Baohua	Vice President	Male	50	May 2022	-	-	-	-	-	71.20	No
CHEN Shi kui	General Legal Adviser, Chief Compliance Officer	Male	52	October 2022	-	-	-	-	-	61.54	No
HUANG Weizhong	Vice president (resigned)	Male	57	April 2013	February 2023	-	-	-	-	24.59	No
FU Gang	Director of the Safety Supervision and Management Department of China Railway Signal & Communication Corporation Limited	Male	43	July 2022	-	-	-	-	-	38.63	No
MA Lilian	Technical consultant of CRSC Research & Design Institute Group Co., Ltd. (CRSCD) (Resigned)	Female	57	April 2021	April 2023	-	-	-	-	-	No
JIANG Ming	Deputy chief engineer of CRSC Research & Design Institute Group Co., Ltd. (CRSCD)	Male	46	February 2017	-	-	-	-	-	127.73	No
LIU Zhen	Chief engineer of the Basic Equipment Technology Research Institute of CRSC Research & Design Institute Group Co., Ltd. (CRSCD)	Male	43	June 2020	-	-	-	-	-	152.99	No
LUO Jing	Chairwoman of CRSC Communication & Information Group Company Ltd. (通號信息集團有限公司)	Female	45	April 2020	-	-	-	-	-	90.81	No
DENG Hongyuan	Director, the deputy general manager and chief engineer of CRSC Urban Rail Transit Technology Co., Ltd	Male	49	May 2018	-	-	-	-	-	84.1	No
JIANG Jianhua	Vice president of Technology of CASCO Signal Ltd.	Male	57	January 2011	-	-	-	-	-	202.03	No

## SECTION V CORPORATE GOVERNANCE (CONTINUED)

Name	Position (Note)	Gender	Age	Start Date of Term of Office	Termination Date of Term of Office	Shareholding at the Beginning of the Reporting Period	Shareholding at the End of the Reporting Period	Changes in Shareholding During the Reporting Period	Reason for Changes	Total Before-tax Remuneration Obtained from the Company During the Reporting Period (RMB'000)	Whether to Receive Any Remuneration from Any Related Party of the Company
CUI Ke	Chief engineer of the Research & Design Institute of CASCO Signal Ltd.	Male	53	January 2018	-	-	-	-	-	144.47	No
LI Hongyan	Product manager of the R&D Centre of CRSC Communication & Information Group Company Ltd.	Male	45	June 2020	-	-	-	-	-	29.27	No
WANG Xiangtao	Deputy general manager of Technology of CRSC Railway Vehicles Co., Ltd.	Male	59	May 2015	-	-	-	-	-	21.60	No
Total	Director and chief engineer of CRSC Railway Vehicles Co., Ltd.	/	/	/	/	/	/	/	/	1,592.7	/

1. "Total before-tax remuneration obtained from the Company during the Reporting Period" is the total before-tax remuneration obtained from the Company by the personnel in the table during their terms of office in 2023, excluding social insurance and annuities paid by the Company for individuals;

2. Mr. LOU Qiliang assumed the role of president in September 2023, executive Director in October 2023, and chairman in February 2024. The above remuneration and benefits represent the total amount for his tenure as executive Director from October to December 2023;

3. From January 2024, Mr. ZHOU Zhiliang no longer served as executive Director and Chairman of the Company. The above remuneration and benefits represent the total amount for his tenure from January to December 2023;

4. From August 2023, Mr. XU Zongxiang no longer served as executive Director and president of the Company. The above remuneration and benefits represent the total amount for his tenure from January to August 2023;

5. From January 2024, Mr. GUO Yonghong no longer served as non-executive Director of the Company. Mr. GUO Yonghong does not receive remuneration or benefits from the Company;

6. From February 2023, Mr. HUANG Weizhong no longer served as vice president of the Company. The above remuneration and benefits represent the total amount for his tenure from January to February 2023.

7. Due to the difference in year, remuneration and statistical calibre for staff, the remunerations of persons in charge of the enterprises in the above table are inconsistent with those disclosed in the official website of the Company. Investors should pay attention to this.

## SECTION V CORPORATE GOVERNANCE (CONTINUED)

Name	Major Working Experience
LOU Qiliang	<p>He has served as the president of the Company since September 2023, executive Director since October 2023, and chairman since February 2024. He has served as a director and general manager of China Railway Signal &amp; Communication Co., Ltd. since September 2023, and as the chairman since January 2024. Mr. LOU previously served as the deputy manager of CRRC Nanjing Puzhen Rolling Stock Plant, manager and deputy secretary of the party committee, executive director, general manager and deputy secretary of the party committee of Puzhen Company, standing committee member of the party committee of CRRC Group, and standing committee member of the party committee and vice president of CRRC Corporation Limited. From May 2015 to September 2019, he was a standing committee member of the party committee and vice president of CRRC Corporation Limited (stock code 601766.SH, 01766.HK). From September 2019 to October 2019, he served as the deputy secretary of the party committee of CRRC Group Co., Ltd. From October 2019 to December 2019, he served as the deputy secretary of the party committee and employee director of CRRC Group Co., Ltd., and the deputy secretary of the party committee of CRRC Corporation Limited. From December 2019 to July 2021, he served as the deputy secretary of the party committee and employee director of CRRC Group Co., Ltd., and the deputy secretary of the party committee and executive director of CRRC Corporation Limited. He successively served as the deputy secretary of the Party Committee, director and general manager of CRRC Group Co., Ltd., and the deputy secretary of the Party Committee and executive director of CRRC Corporation Limited from July 2021 to August 2021. From August 2021 to September 2023, he served as the deputy secretary of the party committee, director and general manager of CRRC Group Co., Ltd., and the deputy secretary of the party committee, executive director and president of CRRC Corporation Limited.</p>

## SECTION V CORPORATE GOVERNANCE (CONTINUED)

Name	Major Working Experience
ZHANG Quan	<p>He has been an executive Director of the Company since August 2022 and the deputy secretary of the Party committee and an employee representative director of China Railway Signal and Communication (Group) Corporation Limited since July 2022. He served as the deputy general manager of China Tower Corporation Limited (hereinafter referred to as "China Tower", listed on the Hong Kong Stock Exchange, stock code: 0788) from January 2020 to July 2022; Party secretary and general manager of the Shandong Branch of China Tower from September 2016 to January 2020; and the general manager of the Shandong Branch of China Tower from August 2014 to September 2016. From February 2012 to August 2014, he served as the deputy general manager and a member of the Party committee of Yunnan Branch of China United Network Communications Corporation Limited. He served as general manager and Party secretary of Linyi Branch of China United Network Communications Corporation Limited (China Unicom merged with China Netcom) from November 2008 to February 2012. He successively served as director of the Network Operations and Maintenance Department of Shandong Branch and general manager and Party secretary of Linyi Branch of China Network Communications Group Corporation from June 2006 to November 2008. He successively served as the deputy director of the Planning and Construction Department and deputy general manager of the Radio Communication Department of Shandong Communications Company (山東省通信公司) from October 2002 to June 2006. He served as the deputy general manager, member of the Party committee and secretary of the discipline inspection commission of Weihai Branch of Shandong Telecommunications Company (山東省電信公司) from January 2001 to October 2002.</p>
YAO Guiqing	<p>He has served as an independent non-executive Director of the Company since August 2018. He served as a director of China General Technology Group Co., Ltd. (中國通用技術集團有限公司) since November 2018. He successively held several positions in China Railway from February 1990 to March 2018, including office director of the Party Committee, deputy secretary of the Party Committee of Jianchang Engineering Bureau, vice chairman of Major Bridge Engineering, vice chairman of China Railway Sixth Bureau, chairman of China Railway Ninth Bureau, and deputy secretary of the Party Committee, general manager and vice chairman of China Railway Engineering Corporation. From September 2007 to March 2018, Mr. YAO served in several positions in China Railway Group Ltd. (listed on the Hong Kong Stock Exchange, stock code: 0390; listed on the Shanghai Stock Exchange, stock code: 601390), including serving as its vice president, deputy secretary of the Party Committee, chairman of the labour union, chairman of the supervisory committee and vice chairman; and he served as its executive director from August 2010 to March 2018. From December 1971 to February 1990, Mr. YAO served as the head of the Organisational Department of the committee of the Communist Youth League of China and the secretary to the committee of the Communist Youth League of China in Engineering No.3 Bureau of the Ministry of Railway (中國鐵道部第三工程局).</p>

## SECTION V CORPORATE GOVERNANCE (CONTINUED)

Name	Major Working Experience
YAO Cho Fai Andrew	He has been an independent non-executive Director of the Company since February 2022. He is currently the Chairman and chief executive officer of Hong Kong Shanghai Alliance Holdings Limited, as well as the member of the National People's Congress. Since 1994, he has served in several positions in Hong Kong Shanghai Alliance Holdings Limited (listed on the Hong Kong Stock Exchange, stock code: 1001), including serving as executive director, chief executive officer, and Chairman, as well as the chairman of the nomination committee, a member of the remuneration committee and director of some subsidiaries of Hong Kong Shanghai Alliance Holdings Limited. Since 2004, Mr. YAO has served as independent non-executive director of Kader Holdings Company Limited (listed on the Hong Kong Stock Exchange, stock code: 0180). He has served as director of China COSCO Shipping Corporation Limited. since May 2022. From 2015 to 2020, he served as independent non-executive director of Shanghai Dazhong Public Utilities (Group) Co., Ltd. (listed on the Hong Kong Stock Exchange, stock code: 1635; listed on the Shanghai Stock Exchange, stock code: 600635). Mr. Yao's public services include being a member of the 12th, 13th and 14th National People's Congress of Hong Kong, Chairman of Federation of Hong Kong-Shanghai Association, Chairman of the School Council of Lingnan University in Hong Kong, vice Chairman of the Chinese General Chamber of Commerce, and a member of the council of Fudan University.
FU Junyuan	He has been an independent non-executive Director of the Company since February 2022. and a director of China Information and Communication Technology Group Co., Ltd. since November 2021. Since March 2023, Mr. FU has served as the independent non-executive director of Seacon Shipping Group Holdings Ltd. (listed on the Hong Kong Stock Exchange, stock code: 2409) He served as a member of the Standing Committee of the Party Committee and chief accountant in China Poly Group Corporation Ltd. from August 2018 to September 2021. From September 1996 to September 2018, he served in several positions in China Communications Construction Group Corporation Limited, including serving as interim member of the Party committee and chief accountant in China Communications Construction Group Corporation Limited from December 2005 to August 2006. From August 2006 to November 2006, he served as interim member of the Party committee and director in China Communications Construction Group Corporation Limited, during which he served as executive director and chief accountant in China Communications Construction Company Limited. (listed on the Hong Kong Stock Exchange, stock code: 1800; listed on the Shanghai Stock Exchange, stock code: 601800) from September 2006 to August 2018. From October 1998 to December 2005, he served as chief accountant in China Harbour Engineering Company (Group), during which he served as deputy chief accountant in China Harbour Engineering Company (Group) from September 1997 to October 1998. Prior to that, Mr. FU worked for more than ten years in the Department of Finance of the Ministry of Transport and the CNAO's Transportation Audit Office.

## SECTION V CORPORATE GOVERNANCE (CONTINUED)

Name	Major Working Experience
ZHOU Zhiliang	<p>He has been an executive Director and Chairman of the Company from January 2012 to January 2024 and is mainly responsible for overseeing the overall work of the Board. He has been the secretary of the Party Committee of the Company since June 2017. He has served as the Chairman and the secretary of the Party Committee of China Railway Signal and Communication (Group) Corporation Limited since May 2017. From January 2012 to May 2017, he served as the general manager and the deputy secretary of the Party Committee of China Railway Signal and Communication (Group) Corporation Limited. Mr. ZHOU was a vice president and a member of the Standing Committee of the Party Committee of China Railway Construction Corporation Limited (listed on the Hong Kong Stock Exchange, stock code: 1186; listed on the SSE, stock code: 601186) from October 2007 to January 2012, during which Mr. ZHOU served as the chairman of China Railway Construction Investment Group Co., Ltd. (中國鐵建投資集團有限公司) from March 2011 to January 2012. From December 2004 to October 2007, Mr. ZHOU was a deputy general manager and a member of the Standing Committee of the Party Committee of China Railway Construction Corp. (中國鐵道建築總公司). From November 2001 to December 2004, Mr. ZHOU was the director and deputy secretary of the Party Committee of MOR No.4 Survey &amp; Design Group Co., Ltd. From January 2000 to November 2001, Mr. ZHOU served as the chairman of labour Union of MOR No.4 Survey &amp; Design Group Co., Ltd. (鐵道部第四勘察設計院). From November 1996 to January 2000, Mr. ZHOU served as the director at No.2 Railway Survey and Design Department (第二勘測設計處) of MOR No.4 Survey &amp; Design Group Co., Ltd.</p>
XU Zongxiang	<p>He served as the executive Director of the Company from February 2020 to August 2023 and the president of the Company from December 2019 to August 2023. He served as the deputy Party secretary, Director and general manager of China Railway Signal and Communication (Group) Corporation Limited from November 2019 to August 2023. Mr. XU successively held various positions in CRRC Corporation Limited (listed on the Hong Kong Stock Exchange, stock code: 1766; listed on the SSE, stock code: 601766) from October 2012 to November 2019, including as an executive director from June 2017 to November 2019 and a standing member of the Party Committee from May 2017 to November 2019, and a vice president and a standing member of the Party Committee of CSR Corporation Limited from October 2012 to May 2015. He served as the deputy head of Zhuzhou Electric Locomotive Works, the director and general manager, director and general manager and deputy Party secretary, executive director and general manager and deputy Party secretary of CRRC Zhuzhou Locomotive Co., Ltd., a standing member of the Party Committee of CSR Group, and a deputy general manager of CRRC Group Co., Ltd.</p>

## SECTION V CORPORATE GOVERNANCE (CONTINUED)

Name	Major Working Experience
GUO Yonghong	<p>He was a non-executive Director from March 2021 to January 2024. He served as special external director of China Reform Holdings Corporation Ltd. from August 2020 to December 2023. He was a director of Dongfeng Motor Corporation from December 2020 to December 2023, a director of China Automotive Technology and Research Centre Co. Ltd. from January 2021 to December 2023, and a director of China Electronic Technology Group Corporation (CETC) from August 2023 to December 2023. Mr. GUO Yonghong served as the secretary of the Party Committee, chairman, and general manager of China Mobile Tietong Company Limited from March 2018 to August 2020, during which he served as the chairman and general manager of China Tietong Telecommunications Corporation from May 2018 to August 2020. From November 2015 to March 2018, he served as the chairman, general manager and a member of the Party Committee of China Mobile Group Chongqing Co., Ltd., during which he served as the secretary of the Party Committee from January 2017, and concurrently served as an executive director (from February 2018) and the general manager of Chongqing Communication Services Company. From March 2008 to November 2015, he served as the Chairman, general manager and a member of the Party Leadership Group of China Mobile Group Hubei Co., Ltd., during which he served as the secretary of the Party Leadership Group from March 2010 and the general manager of Hubei Communication Services Company from July 2011 to November 2015. From February 2007 to March 2008, he served as a director and the chief executive officer (CEO) of CMPak Limited. From July 2006 to June 2007, he served as the chairman, secretary of the Party Leadership Group and general manager of China Mobile Group Guizhou Co., Ltd., and from November 2000 to July 2006, he served as a director (from July 2001), deputy general manager and a member of the Party Leadership Group of Hebei Mobile Communication Company.</p>
KONG Ning	<p>He has served as a Supervisor of the Company since February 2020 and chairman of the Supervisory Committee since March 2020. He was a vice president of the Company from July 2016 to November 2019 and a member of the Standing Committee of the Party Committee of the Company from December 2010 to November 2019. He served as the Company's chief accountant from December 2010 to July 2016 and is mainly in charge of the financial work. Mr. KONG served as a member of the Standing Committee of the Party Committee of CRSC Group from December 2010 to November 2019. He served as the chief accountant of CRSC Group from November 2004 to May 2015. He served as the accountant in the Finance Department of China Huanqiu Contracting &amp; Engineering Co. Ltd. (中國寰球工程公司) and the head of finance department and the chief accountant of the HQCEC (HB) (華北規劃設計院) from August 2001 to November 2004. He served as deputy chief of Financial Department of Anhui Medicament Joint Venture Company (安徽省醫藥聯合經營公司) (renamed as Anhui Hua Shi Medicament Co., Ltd. (安徽華氏醫藥有限公司)) from April 1996 to August 2001.</p>

## SECTION V CORPORATE GOVERNANCE (CONTINUED)

Name	Major Working Experience
LI Tienan	<p>She served as a Supervisor of the Company from February 2020. Since December 2022, she has served as a director of Zhongxin Energy and Chemical Technology Company Limited (中新能化科技有限公司); since February 2022, she has served as the general manager and director of Guoxin Development Investment Management Company Limited (國新發展投資管理有限公司); since February 2022, she has been the general manager of the Market Coordination Department of China Reform Holdings Corporation Ltd. (中國國新控股有限責任公司); since December 2021, she has been the deputy head of the preparatory group of Guoxin Asset Allocation Co., Ltd.; since March 2021, she has served as a director in Zhongjin Gold Corp., Ltd.; since December 2020, she has served as the legal representative, executive director, and general manager in Guoxin Shengkang Private Equity Fund Management (Beijing) Co., Ltd. (國新盛康私募基金管理(北京)有限公司); since November 2020, she has served as the supervisor of China Green Development and Investment Group Co., Ltd. (中國綠發投資集團有限公司). She has been a director of China Northern Industry Co., Ltd. (中國北方工業有限公司) since October 2019; a supervisor of China Tower Corporation Limited (中國鐵塔股份有限公司) since July 2019, and a director of Guoxin Ronghui Equity Investment Fund Management Co., Ltd. (國新融匯股權投資基金管理有限公司) since March 2019. From September 2020 to November 2022, she served as the general legal adviser of China Reform Asset Management Co., Ltd. (中國國新資產管理有限公司). Ms. LI served as an external director in China Culture Development Corporation Ltd. (中國文化產業發展集團有限公司) from March 2019 to November 2021. She served as a director of China Aviation Supplies Co., Ltd. (中國航空器材有限責任公司) from July 2019 to April 2021. Ms. LI served as a general manager of the legal department of CNIC Corporation Limited (國新國際投資有限公司) from September 2014 to March 2019, during which she also served as a general manager of the Legal Department of CNIC Consulting Corporation Limited (國新國際投資諮詢有限公司) from February 2017 to March 2019. From June 2011 to July 2014, Ms. Li served as the deputy general manager of the Legal Department of China Reform Holdings Corporation Ltd., during which she also served as the deputy general manager of the Legal Department of CNIC Corporation Limited from January 2013 to September 2014. Ms. LI served as a deputy general manager of the Legal Department of China Reform Holdings Corporation Ltd. (中國國新控股有限責任公司) from June 2011 to July 2014, during which she also served as a deputy general manager of the Legal Department of CNIC Corporation Limited (國新國際投資有限公司) from January 2013 to September 2014. Ms. LI served as a deputy general manager of the Legal Department of China National Coal Group Corp. (中國中煤能源集團有限公司) from April 2011 to June 2011, a general legal counsel and a director of the Legal Department of China Coal &amp; Coke Holdings Ltd. (中煤焦化控股有限責任公司) from August 2003 to April 2011, a contract director of the Legal Department of China National Coal Group Corp. (中國中煤能源集團有限公司) from December 2002 to August 2003, a lawyer of Jinde Law Firm from December 1999 to December 2002. and a staff of Pre-trial Division of Shenyang Public Security Bureau (瀋陽市公安局預審處) of Liaoning Province from August 1992 to December 1999.</p>

## SECTION V CORPORATE GOVERNANCE (CONTINUED)

Name	Major Working Experience
YANG Yang	<p>She has served as an employee representative supervisor of the Company since February 2022. From August 2022 to date, she served deputy general manager of CRSC Group Finance Limited. She was the director of Guangdong Utrust Financial Leasing Co., Ltd. from April 2020 to June 2023. From 2012 to July 2022, she has successively taken up several positions in China Railway Signal &amp; Communication Corporation Limited., including accountant, finance director, director of Engineering Finance Department, deputy director of Audit Department (in charge of the work), and deputy director of risk management centre. From April 2012 to September 2012, she served as a finance manager in CRSC International Company Limited. (通號國際控股有限公司). From January 2000 to March 2012, she successively served as an accountant, an assistant accountant and the head of Financial Management Department in China Railway Signal &amp; Communication Corporation (中國鐵路通信信號集團公司). From October 1998 to January 2000, she worked as a trainee in China Railway Signal &amp; Communication Company (中國鐵路通信信號總公司).</p>
LI Lianqing	<p>He has served as a member of the Standing Committee of the Party Committee and chief accountant of the Company since June 2022, secretary to the Board and joint company secretary of the Company since July 2022, and a member of the Standing Committee of the Party Committee of China Railway Signal and Communication (Group) Corporation Limited since May 2022. Mr. Li served as a member of the Party Committee and chief accountant of China Academy of Machinery Science and Technology Group Co., Ltd. (中國機械科學研究總院集團有限公司) from November 2017 to May 2022 and the chief accountant of Academy of Machinery Science and Technology (機械科學研究總院) from February 2017 to November 2017. From August 2012 to February 2017, he served as the group deputy chief accountant and director of the Strategic Development Department of China Iron &amp; Steel Research Institute Group (中國鋼研科技集團公司). From September 2007 to August 2012, he served as the group deputy chief accountant and director of the Finance Department of China Iron &amp; Steel Research Institute Group. From January 1999 to September 2007, he successively served as the deputy director of the Finance and Economics Department, the director of the Finance and Economics Department, the person in charge of finance, the director of the Planning and Finance Department, the chief financial officer, the assistant to the president, and a member of the Party Committee of Advanced Technology &amp; Materials Co., Ltd. (安泰科技股份有限公司). From December 1998 to January 1999, he served as the deputy director of the Finance and Economics Department of Central Iron &amp; Steel Research Institute of the Ministry of Metallurgy (冶金部鋼鐵研究總院). From September 1993 to December 1998, he served as an accountant of Beijing Metallurgical Steel Economic and Technological Development Corporation (Asset Evaluation Centre of the Ministry of Metallurgical Industry) (北京冶鋼經濟技術開發總公司(冶金工業部資產評估中心)). From July 1992 to September 1993, he successively served as assistant accountant and deputy director of the state-owned assets management office of Central Iron &amp; Steel Research Institute of the Ministry of Metallurgical Industry (冶金工業部鋼鐵研究總院).</p>

## SECTION V CORPORATE GOVERNANCE (CONTINUED)

Name	Major Working Experience
ZHAO Xiaodong	<p>He has served as a vice president of the Company since January 2019. He has been a member of the Standing Committee of the Party Committee of the Company since December 2018 and a member of the Standing Committee of the Party Committee of China Railway Signal and Communication (Group) Corporation Limited since December 2018. He has also served as the chairman of Beijing National Railway Research &amp; Design Institute of Signal &amp; Communication Co., Ltd. (CRSCD), a wholly-owned subsidiary of the Company, since April 2019. From October 2016 to December 2018, he served as an assistant to the president of the Company. From September 2015 to October 2016, he served several positions in CRSCD, including serving as a general manager, as director and as deputy secretary of the Party Committee. From November 2014 to September 2015, he held the positions of the deputy general manager and director at CRSCD, who is mainly in charge of the overall work of operation management. From July 2013 to November 2014, he served several positions in CRSCD, including serving as deputy general manager, as the dean of the Ground Control Research and Design Institute, the general manager of the System Integration Centre and secretary of Party General Branch. From March 2012 to July 2013, he served as the dean of the Ground Control Research and Design Institute of CRSCD. From January 2011 to March 2012, he served as a director of CRSC Research &amp; Design Institute Station, during which period, he also served as manager of Beijing Guotie Xintong Technology Development Co., Ltd. (北京國鐵信通科技發展有限公司).</p>
ZHANG Zhihui	<p>He has served as a vice president of the Company since January 2019 and served as a member of the Standing Committee of the Party Committee of the Company since December 2018. He has been a member of the Standing Committee of the Party Committee of China Railway Signal and Communication (Group) Corporation Limited since April 2022. Mr. ZHANG has been the chief engineer of the Company since October 2016. From November 2015 to October 2016, he served as the deputy chief engineer of the Company and the chief engineer of CRSCD. From March 2012 to November 2015, he served as the chief engineer and director of CRSCD. From June 2015 to November 2015, he also served as the dean of CRSCD Electrification Design Institute. From January 2005 to March 2012, he served as the director of CRSCD Signal Station.</p>

## SECTION V CORPORATE GOVERNANCE (CONTINUED)

Name	Major Working Experience
WAN Baohua	<p>He has served as a vice president of the Company since May 2022. He has been a member of the Standing Committee of the Party Committee of China Railway Signal and Communication (Group) Corporation Limited since April 2022. From August 2021 to date, he has served as the general manager of the Operation Business Department (Marketing Department, Engineering Department, International Cooperation Department, Traffic Readiness Office) of China Railway Signal &amp; Communication Corporation Limited (during which: he studied in the training class of young cadres of the Party School of the Central Committee of C.P.C from September to December 2021). He served as the secretary of the party committee and chairman of the board of directors of CRSC Engineering Group Company Ltd., the general manager of Tianjin Engineering Branch of China Railway Signal &amp; Communication Corporation Limited (中國鐵路通信信號股份有限公司天津工程分公司), and the general manager of Beijing Engineering Branch of China Railway Signal &amp; Communication Corporation Limited (中國鐵路通信信號股份有限公司北京工程分公司) from April 2020 to September 2021. He successively served as the deputy secretary of the party committee, director, general manager, secretary of the party committee and chairman of China Railway Signal &amp; Communication Shanghai Engineering Bureau Group Co., Ltd. (during which: he participated in the special seminar on innovation and development of central enterprises at China Executive Leadership Academy Pudong in September 2017) from March 2016 to April 2020. He successively served as the deputy director of the Electrification Engineering Department of China Railway Signal &amp; Communication Corporation Limited and the deputy general manager of CRSC (Zhengzhou) Electrification Bureau Co., Ltd. from October 2014 to March 2016. He served as a senior engineer of Beijing National Railway Research &amp; Design Institute of Signal &amp; Communication Co., Ltd. from August 2014 to October 2014. He successively served as the deputy general manager, a member of the party committee, senior engineer, vice chairman, general manager, deputy secretary of the party committee and executive director (legal representative) of China Railway 25th Bureau Group Corporation Electric Engineering Co., Ltd. (中鐵二十五局集團電務工程有限公司) from July 2004 to August 2014. He successively served as assistant engineer, director and deputy manager of the Communication Technology Department of Guangzhou Railway Changsha Electric Engineering Company (廣州鐵路長沙電務工程公司) from July 1995 to July 2004.</p>

## SECTION V CORPORATE GOVERNANCE (CONTINUED)

Name	Major Working Experience
CHEN Shikui	<p>He now serves as the General Counsel and Chief Compliance Officer of the Company. He served the employee representative supervisor of the Company from August 2018 to February 2022. Since July 2020, he has been the director of risk management centre of the Company. He has been the head of the Legal Compliance Department of the Company since July 2018. He has been a director of CRSC Construction Group Co., Ltd. (通號建設集團有限公司) since August 2016. He has served as the director of CRSC Communication &amp; Information Group Company Ltd. (通號通信信息集團有限公司) from February 2016 to October 2021. He has served as a supervisor of CRSC (Zhengzhou) Electrification Bureau Co., Ltd. (通號(鄭州)電氣化局有限公司) since May 2015. From November 2015 to July 2018, Mr. CHEN worked as the deputy head of the Legal Affairs Department of the Company. From January 2010 to November 2015, Mr. CHEN served in several positions in Beijing National Railway Research &amp; Design Institute of Signal &amp; Communication Co., Ltd., including deputy general counsel, head of legal archives of the enterprise development and Legal Affairs Department and head of enterprise development and Legal Affairs Department. From August 2013 to November 2015, he was an assistant in the Legal Affairs Department of the Company. From July 2007 to January 2010, he served as the assistant economist and economist of the eastern China Region Operation &amp; Command Department of China Railway 22nd Bureau Group Co., Ltd. From May 1997 to July 2007, Mr. CHEN worked in the People's Court of Heze City, Shandong Province and the People's Court of Mudan District, Heze City, Shandong Province.</p>
HUANG Weizhong	<p>He served as a vice president and a member of the Standing Committee of the Party Committee of the Company from April 2013 to February 2023. From November 2012 to September 2014, he served as the chairman of CRSCD, during which period, served as its secretary of the Party Committee. From November 2010 to November 2012, he served as the director and the general manager of CRSCD. From January 2004 to November 2010, he served as the vice president of CRSC Research &amp; Design Institute. From December 1996 to January 2004, he served as the director of City Transport and Computer Application Research Institute of CRSCD.</p>

## SECTION V CORPORATE GOVERNANCE (CONTINUED)

Name	Major Working Experience
FU Gang	<p>He has served as the Director of the Safety Supervision and Management Department of the Company since July 2022. He served the deputy secretary of the Party Committee and a director of Beijing CRSC Research &amp; Design Institute Group Co., Ltd. (CRSCD), a wholly-owned subsidiary of the Company from April 2020 to July 2022. He has served as the deputy secretary of the Party Committee (responsible for the work of the Party Committee), a director and the deputy general manager of CRSCD from April 2020 to September 2021. From July 2018 to April 2020, he served as a director, the deputy general manager and chief engineer of CRSCD. From February 2017 to July 2018, he served as assistant to general manager of CRSCD. He served as the senior engineer of CRSCD from January 2017 to February 2017; as the secretary to the General Party Branch and dean of the Signal &amp; Communication Design Institute of CRSCD from May 2016 to January 2017; as the dean of the Signal &amp; Communication Design Institute and the secretary to the General Party Branch of the Signal &amp; Communication Institute of CRSC Research &amp; Design Institute Group Co., Ltd. from July 2015 to May 2016; as the dean of the Signal &amp; Communication Design Institute and the secretary to the General Party Branch of the Signal &amp; Communication Institute of Beijing National Railway Research &amp; Design Institute of Signal &amp; Communication Co., Ltd. from October 2014 to July 2015; and as engineer, deputy director and director of the Technology Management Centre, deputy dean, among other roles, of the Signal &amp; Communication Design Institute of Beijing National Railway Research &amp; Design Institute of Signal &amp; Communication Co., Ltd. from March 2011 to October 2014.</p>
MA Lilan	<p>She served as technical consultant of CRSC Research &amp; Design Institute Group Co., Ltd., a wholly-owned subsidiary of the Company from April 2021 to April 2023. She served as deputy chief engineer of CRSC Research &amp; Design Institute Group Co., Ltd., a wholly-owned subsidiary of the Company from July 2015 to April 2021. She served as the deputy chief engineer of CRSC Research &amp; Design Institute Group Co., Ltd. from March 2012 to July 2015, during which she also served as, among other roles, the director of the Quality Centre and the chief engineer of the Signal &amp; Communication Institute; as the deputy chief engineer and director of General Engineer Office of the CRSC Research &amp; Design Institute from June 2009 to March 2012; She served as a senior engineer, deputy director of the General Engineer Office, director of the Technology Department and director of the General Engineer Office of CRSC Research &amp; Design Institute among other roles from December 1997 to June 2009.</p>

## SECTION V CORPORATE GOVERNANCE (CONTINUED)

Name	Major Working Experience
JIANG Ming	He has served as deputy chief engineer of CRSC Research & Design Institute Group Co., Ltd., a wholly-owned subsidiary of the Company since February 2017. Mr. JIANG served as chief engineer of Security Control Institute of CRSC Research & Design Institute Group Co., Ltd. from May 2016 to November 2018; as chief engineer of Research Institute of CRSC Research & Design Institute Group Co., Ltd. from July 2015 to May 2016; as chief engineer of Research Institute of Beijing National Railway Research & Design Institute of Signal & Communication Co., Ltd. from March 2012 to July 2015; he served as the dean of Research Institute of Beijing National Railway Research & Design Institute of Signal & Communication Co., Ltd. from December 2012 to October 2013; as engineer, senior engineer, chief engineer and among other roles of the R & D Centre of CRSC Research & Design Institute from August 2007 to March 2012.
LIU Zhen	He has been the dean of the Basic Equipment Technology Research Institute of CRSC Research & Design Institute Group Co., Ltd., a wholly-owned subsidiary of the Company since June 2020. He served as the chief engineer of the Basic Equipment Technology Research Institute of CRSC Research & Design Institute Group Co., Ltd. from June 2017 to June 2020; as the senior engineer of CRSC Research & Design Institute Group Co., Ltd. from January 2017 to June 2017; as the deputy director of the Hardware Research Institute of Security Control Institute of CRSC Research & Design Institute Group Co., Ltd. from May 2016 to January 2017; as the deputy director of the Hardware Research Institute of Research Institute of CRSC Research & Design Institute Group Co., Ltd. from January 2016 to May 2016 and as senior engineer of CRSC Research & Design Institute Group Co., Ltd. from December 2012 to January 2016.

## SECTION V CORPORATE GOVERNANCE (CONTINUED)

Name	Major Working Experience
LUO Jing	<p>She has served as Party secretary and chairperson of CRSC Communication &amp; Information Group Company Ltd., a wholly-owned subsidiary of the Company since April 2020 and the director of Information Centre of the Company from February 2020 to November 2022. From April 2018 to July 2020, she has been the chairman and Party branch secretary of CRSC Institute of Smart City Research &amp; Design Co., Ltd. Ms. LUO served as the vice chairperson and the head of Party organisation of CRSC Institute of Smart City Research &amp; Design Co., Ltd., and director of Information Centre and deputy director of the office of the Company from August 2016 to April 2018. From January 2016 to August 2016, she served as the deputy dean (chair) of the Smart City Engineering Research Institute (Information Centre) and the deputy director of office of the Company, during which from February 2016 to August 2016, she served as a director of CRSC Communication &amp; Information Group Company Ltd., a wholly-owned subsidiary of the Company. From January 2015 to January 2016, she served as the director of Smart City Research &amp; Application Centre of CRSC Communication &amp; Information Group Company Ltd. (通號通信信息集團有限公司智慧城市研究應用中心). From January 2014 to January 2015, she served as the deputy chief engineer of CRSC Communication &amp; Information Group Company Ltd., and the director of Smart City Research &amp; Application Centre. From July 2013 to January 2014, she served as the deputy general manager and chief engineer of CRSC Information Industry Co., Ltd. From July 2009 to July 2013, she served successively as an assistant researcher, an associate researcher of Human Resource Development Centre of Ministry of Housing and Urban-Rural Development (住房和城鄉建設部人力資源開發中心), and an associate researcher of China Academy of Urban Planning &amp; Design among other roles.</p>
DENG Hongyuan	<p>Since May 2018, he has served as a director, the deputy general manager and chief engineer of CRSC Urban Rail Transit Technology Co., Ltd., a wholly-owned subsidiary of the Company. From January 2017 to May 2018, he served as the deputy general manager and chief engineer of Beijing National Railway Research &amp; Design Institute of Signal &amp; Communication Co., Ltd. From April 2016 to January 2017, he served as the deputy chief engineer of Beijing National Railway Research &amp; Design Institute of Signal &amp; Communication Co., Ltd., during which he also served as the deputy general manager and chief engineer of Beijing Urban Transit Technology Co., Ltd. (北京通號國鐵城市軌道技術有限公司). From October 2014 to January 2015, he was the director of the Integration Centre of Beijing National Railway Research &amp; Design Institute of Signal &amp; Communication Co., Ltd. He served successively as the deputy chief engineer, the chief engineer, the deputy branch dean, and the dean of the City Traffic Branch of Beijing National Railway Research &amp; Design Institute of Signal &amp; Communication (北京全路通信信號研究設計院城交分院) from September 2007 to December 2014, during which he also served as deputy general manager and deputy director of the Integration Centre.</p>

## SECTION V CORPORATE GOVERNANCE (CONTINUED)

Name	Major Working Experience
JIANG Jianhua	Since January 2011, he has served as the vice president of technology of the R&D Centre of CASCO Signal Ltd., a subsidiary controlled by the Company. Since August 2019, he has served as a provisional member of the Party Committee of CASCO Signal Ltd. Since August 2015, he has served as the vice president of technology of the Research & Design Institute of CASCO Signal Ltd. (卡斯柯信號有限公司研究設計院). From July 1998 to January 2011, he served successively as the deputy chief engineer and the chief engineer of CASCO Signal Ltd.. From July 1988 to July 1998, he served successively as a software engineer, the deputy department manager and the department manager of the software department of CASCO Signal Ltd..
CUI Ke	Since January 2018, he has served as the chief engineer of the Research & Design Institute of CASCO Signal Ltd., a subsidiary controlled by the Company. From January 2014 to December 2017, he served as the urban rail product director of Urban Rail System Development Department of CASCO Signal Ltd.; from August 2010 to December 2013, he served as the urban rail technical director of R&D Department of CASCO Signal Ltd.; and from August 2000 to July 2010, he served as the department manager of the R&D Department of CASCO Signal Ltd..
LI Hongyan	Since June 2020, he has served as the product manager of R&D Centre of CRSC Communication & Information Group Company Ltd., a wholly-owned subsidiary of the Company. From April 2017 to June 2020, he has been the chief engineer of Security Technology Branch of CRSC Communication & Information Group Company Ltd. (通號通信信息集團有限公司安防技術分公司). From July 2015 to April 2017, he served as the chief engineer of Beijing Research Institute of CRSC Communication & Information Group Company Ltd. (通號通信信息集團有限公司北京研究院). From January 2014 to July 2015, he served as the deputy chief engineer of CRSC Communication & Information Group Company Ltd.. From September 2013 to July 2015, he served as the dean of Beijing Research Institute of CRSC Communication & Information Group Company Ltd.. From January 2010 to September 2013, he served successively as the deputy manager and manager of the Technology Development Research Department of Beijing Guotie Huachen Communication Technology Co., Ltd. (北京國鐵華晨通信技術有限公司). From June 2006 to January 2010, he served successively as an engineer of the Engineering Technology Department (工程技術部) and the manager of Research & Development Department (研究開發部) of Beijing Nera Stentofon Communication Equipment Co., Ltd..

## SECTION V CORPORATE GOVERNANCE (CONTINUED)

Name	Major Working Experience
WANG Xiangtao	Since August 2020, he has served as a director, the deputy general manager and chief engineer of CRSC Railway Vehicles Co., Ltd.. Since May 2015, he has served as the deputy general manager of technology of CRSC Railway Vehicles Co., Ltd.. From November 2016 to December 2020, Mr. WANG has been a director of CRSC Airbus Co., Ltd., a subsidiary invested by the Company. From May 2011 to April 2015, he served as the deputy general manager of technology of Xiangtan Electric Urban Rail Vehicle Co., Ltd. (湘電城軌車輛有限公司). From May 2009 to May 2011, he served as the deputy general manager of technology of Xiangtan Electric Urban Rail Equipment Co., Ltd. (湘電城軌裝備有限公司). From August 2007 to May 2011, he served as the institute director of the Vehicle Research Institute of Xiangtan Electric Heavy Equipment Co., Ltd. (湘電重型裝備有限公司車輛研究所), and as a supervisor of the same company. From June 2001 to August 2007, he served as the institute director of the Vehicle Research Institute of Xiangtan Electric Co., Ltd.. From July 1985 to June 2001, he served as an engineer of the Technical Centre of Xiangtan Electric Plant (湘潭電機廠技術中心).

The Company has adopted a code of conduct no less exacting than that as provided in the Model Code as the code of conduct for all the Directors and Supervisors trading securities of the Company (the "Code of Conduct"). All the Directors and Supervisors of the Company have confirmed that they have complied with the standards as stipulated by the code of conduct for the year ended 31 December 2023.

Other explanations

Applicable  Not applicable

## SECTION V CORPORATE GOVERNANCE (CONTINUED)

### ii. Positions held by current and resigned Directors, Supervisors and Senior Management during the Reporting Period

#### 1. Positions Held in Shareholder Entities

Applicable  Not applicable

Name	Name of Shareholder Entity	Position Held in the Shareholder Entity	Start Date of Term of Office	Termination Date of Term of Office
LOU Qiliang	China Railway Signal and Communication (Group) Corporation Limited	Secretary of the Party Committee and Chairman	February 2024	–
ZHANG Quan	China Railway Signal and Communication (Group) Corporation Limited	Director and general manager	September 2023	–
LI Lianqing	China Railway Signal and Communication (Group) Corporation Limited	Deputy secretary of the Party Committee and employee representative director	August 2022	–
ZHAO Xiaodong	China Railway Signal and Communication (Group) Corporation Limited	A member of the Standing Committee of the Party Committee	May 2022	–
ZHANG Zhihui	China Railway Signal and Communication (Group) Corporation Limited	A member of the Standing Committee of the Party Committee	December 2022	–
WAN Baohua	China Railway Signal and Communication (Group) Corporation Limited	A member of the Standing Committee of the Party Committee	April 2022	–
ZHOU Zhiliang (resigned)	China Railway Signal and Communication (Group) Corporation Limited	Secretary of the Party Committee and Chairman	April 2022	–
XU Zongxiang (resigned)	China Railway Signal and Communication (Group) Corporation Limited	Deputy secretary of the Party Committee, Director and general manager	May 2017	January 2024
Explanation on positions held in Shareholder entities	None		November 2019	August 2023

## SECTION V CORPORATE GOVERNANCE (CONTINUED)

### 2. Positions Held in Other Entities

Applicable     Not applicable

Name	Name of Other Entities	Positions Held in Other Entities	Start Date of Term of Office	Termination Date of Term of Office
YAO Guiqing	China General Technology Group Co., Ltd. (中國通用技術集團有限公司)	Director	November 2018	October 2024
YAO Cho Fai Andrew	Hong Kong Shanghai Alliance Holdings Limited (滬港聯合控股有限公司)	Chairman and chief executive officer	July 1999	–
	Kader Holdings Company Limited (開達集團有限公司)	Independent Non-executive Director	September 2004	
	China COSCO Shipping Corporation Limited (中國遠洋海運集團有限公司)	Director	May 2022	–
FU Junyuan	China Information and Communication Technology Group Co., Ltd. (中國信息通信科技集團有限公司)	Director	November 2021	October 2024
	Seacon Shipping Group Holdings Ltd (洲際船務集團控股有限公司)	Independent Non-executive Director	March 2023	
LI Tienan	China Green Development and Investment Group Co., Ltd. (中國綠發投資集團有限公司)	Supervisor	November 2020	–
	China Northern Industry Co., Ltd. (中國北方工業有限公司)	Director	October 2019	–
	China Tower Corporation Limited (中國鐵塔股份有限公司)	Supervisor	July 2019	–
	Guoxin Ronghui Equity Investment Fund Management Co., Ltd. (國新融匯股權投資基金管理有限公司)	Director	March 2019	–
	Zhongjin Gold Corp., Ltd. (中金黃金股份有限公司)	Director	March 2021	–
	Guoxin Shengkang Private Equity Fund Management (Beijing) Co., Ltd. (國新盛康私募基金管理(北京)有限公司)	Legal representative, executive Director and general manager	December 2020	–

## SECTION V CORPORATE GOVERNANCE (CONTINUED)

Name	Name of Other Entities	Positions Held in Other Entities	Start Date of Term of Office	Termination Date of Term of Office
	Zhongxin Energy and Chemical Technology Company Limited (中新能化科技有限公司)	Director	December 2022	–
	Guoxin Development Investment Management Company Limited (國新發展投資管理有限公司)	General manager and Director	February 2022	–
	China Reform Holdings Corporation Ltd. (中國國新控股有限責任公司)	General manager of Market Coordination Department	February 2022	–
YANG Yang	Guangdong Utrust Financial Leasing Co., Ltd. (廣東粵財金融租賃股份有限公司)	Director	April 2020	June 2023
GUO Yonghong (resigned)	China Reform Holdings Corporation Ltd. (中國國新控股有限責任公司)	Special external Director of Central Enterprises	August 2020	–
	Dongfeng Motor Corporation (東風汽車集團有限公司)	Director	December 2020	November 2023
	China Automotive Technology and Research Centre Co. Ltd (中國汽車技術研究中心有限公司)	Director	January 2021	December 2023
	China Information and Communication Technology Group Co., Ltd. (中國電子科技集團有限公司)	Director	August 2023	December 2023
Explanation on positions held in other entities	None			

## SECTION V CORPORATE GOVERNANCE (CONTINUED)

### iii. Remuneration of Directors, Supervisors, Senior Management and core technical personnel

Applicable     Not applicable

Unit: 0'000 Yuan    Currency: RMB

The decision-making procedure for the remunerations of Directors, Supervisors and senior management	The Remuneration and Evaluation Committee of the Board makes recommendations to the Board on the remunerations of Directors and Senior Management of the Company. The Board shall make decision on remuneration and awards for senior management, and the general meetings shall make decision on remuneration matters for Directors and Supervisors.
Whether a director shall abstain from voting when the Board discusses the remuneration matters concerning the director.	No
The recommendations made by Remuneration and Evaluation Committee or a special meeting of the Independent Directors on the remuneration matters concerning Directors, Supervisors and Senior Management.	The recommendations made to the Board by Remuneration and Evaluation Committee of the Board on the remunerations of Directors and Senior Management of the Company.
The basis for determining remunerations of Directors, Supervisors and senior management	The remunerations of the Company's Directors, Supervisors and senior management are determined in accordance with the <i>Articles of Association of China Railway Signal &amp; Communication Corporation Limited*</i> and relevant rules.
Actual payment of remunerations of Directors, Supervisors and Senior Management	Mr. GUO Yonghong and Ms. LI Tienan did not receive remunerations from the Company. The remuneration of other Directors, Supervisors and senior management shall be paid by the Company in accordance with relevant rules.
Total actual remunerations received by all Directors, Supervisors and senior management at the end of the Reporting Period	701.07
Total actual remunerations received by core technical personnel at the end of the Reporting Period	891.63

## SECTION V CORPORATE GOVERNANCE (CONTINUED)

### iv. The changes in the Company's Directors, Supervisors, Senior Management and core technical personnel

Applicable  Not applicable

Name	Position Held	Changes	Reason of Changes
LOU Qiliang	Executive Director	Election	Election
	President	Appointment	Appointment
	Chairman	Election	Election
ZHOU Zhiliang	Chairman, Executive Director	Resignation	Retirement
GUO Yonghong	Non-executive Directors	Resignation	Arrangement
XU Zongxiang	Executive Director, President	Resignation	Retirement
MA Lilan	Technical expert	Resignation	Retirement, expiration of term of office
HUANG Weizhong	Vice President	Resignation	Passed away from illness

### v. Explanation on penalties imposed by securities regulatory authorities in the recent three years

Applicable  Not applicable

### vi. OTHERS

Applicable  Not applicable

## IX. BOARD OF DIRECTORS

### 1. Composition of the Board

As at the end of the Reporting Period, the Board consists of executive Directors, namely Mr. ZHOU Zhiliang, Mr. ZHANG Quan and Mr. LOU Qiliang, non-executive Director, namely Mr. GUO Yonghong and independent non-executive Directors, namely Mr. YAO Guiqing, Mr. YAO Cho Fai Andrew and Mr. FU Junyuan.

On 24 August 2023, Mr. XU Zongxiang tendered his resignation as an executive Director, a member of the Strategy and Investment Committee of the Board, the chairman of the Quality and Safety Committee of the Board and the president of the Company due to reaching the statutory retirement age, with effect from 24 August 2023.

On 15 September 2023, the Board nominated Mr. LOU Qiliang as a candidate for executive Director of the Company, and appointed Mr. LOU as a member of the Strategy and Investment Committee of the Board and the chairman of the Quality and Safety Committee of the Board. On the same day, the Board appointed Mr. LOU as the president of the Company with effect from 15 September 2023. With the approval of shareholders at the first extraordinary general meeting of 2023, Mr. LOU Qiliang was appointed as an executive Director of the fourth session of the Board of the Company with effect from 27 October 2023.

## SECTION V CORPORATE GOVERNANCE (CONTINUED)

On 18 January 2024, Mr. ZHOU Zhiliang tendered his resignation as the chairman of the board, an executive Director, the chairman of the Strategy and Investment Committee of the Board and the chairman of the Nomination Committee of the Board due to reaching the statutory retirement age. On the same day, Mr. GUO Yonghong tendered his resignation as a non-executive Director, a member of the Audit and Risk Management Committee of the Board and a member of the Quality and Safety Committee of the Board due to job re-assignment. All these resignations took effect on 18 January 2024.

On 21 February 2024, the Board resolved to elect Mr. LOU Qiliang as the chairman of the fourth session of the Board of the Company. On the same day, the Board resolved to appoint Mr. LOU as the chairman of the Strategy and Investment Committee of the Board, Mr. YAO Guiqing as the chairman of the Nomination Committee of the Board, and Mr. ZHANG Quan as a member of the Nomination Committee of the Board.

As at the date of this report, the number of members and composition of the Strategy and Investment Committee of the Board, the Audit and Risk Management Committee of the Board and the Quality and Safety Committee of the Board are temporarily incompliant with the provisions of the relevant working rules of the Board committees. The Audit and Risk Management Committee of the Board currently includes two independent non-executive Directors, which does not currently comply with the requirement of Article 3.21 of the Listing Rules of the Hong Kong Stock Exchange that the audit committee shall have at least three members. To comply with the Listing Rules of the Hong Kong Stock Exchange and the working rules of the relevant special committees under the Board, the Company will use its best endeavours to appoint suitable candidates as soon as possible.

There is no relationship (including financial, business, family or other material/relevant relationship(s)) among the members of the Board, especially between the chairman and the president. Biographies of the Directors are set out in "VII. Directors, Supervisors and Senior Management" of this section.

### **2. Independent non-executive Directors**

For the year ended 31 December 2023, the Board had complied with the requirements of the Listing Rules of the Hong Kong Stock Exchange relating to the appointment of at least three independent non-executive Directors with at least one independent non-executive Director possessing appropriate professional qualifications or accounting or related financial management expertise.

The Company has appointed a sufficient number of independent non-executive Directors in compliance with Rule 3.10A of the Rules Governing the Listing of Securities on the Hong Kong Stock Exchange which requires the number of independent non-executive Directors represents at least one third of the Board.

All independent non-executive Directors have confirmed their independence pursuant to the factors set out in Rule 3.13 of the Listing Rules. The Company is of the view that all independent non-executive Directors are independent in accordance with the independence guidelines set out in the Listing Rules of the Hong Kong Stock Exchange.

## SECTION V CORPORATE GOVERNANCE (CONTINUED)

### 3. Chairman of the Board and president

The roles, duties and responsibilities of the chairman of the Board and the president of the Company are held by different individuals in accordance with the code provision C.2.1 set out in the *Corporate Governance Code*.

On 24 August 2023, Mr. XU Zongxiang tendered his resignation as the president of the Company due to reaching the statutory retirement age. On 18 January 2024, Mr. ZHOU Zhiliang tendered his resignation as the chairman of Board of the Company and other roles due to reaching the statutory retirement age. Mr. LOU was appointed as the president of the Company on 15 September 2023 and was elected by the Board as the chairman of the fourth session of the Board of the Company on 21 February 2024. Accordingly, the Company has deviated from code provision C.2.1 of the *Corporate Governance Code* since 21 February 2024.

Nevertheless, given that the Board comprises experienced and high-calibre individuals and has a sufficient number of independent non-executive Directors, the Board is of the view that there is an adequate balance of power and authority through the operation of the Board, such that the balance of power and authority is ensured by the Board and the management despite the roles of the chairman and the president being assumed by Mr. LOU. Under such circumstances, the deviation from code provision C.2.1 of the *Corporate Governance Code* is considered appropriate.

### 4. Nomination, appointment and removal of Directors

The procedures and processes for appointment, re-election and removal of Directors are set out in the Articles of Association. The Nomination Committee is responsible for reviewing the structure, number of members and composition of the Board, advising on any proposed changes to the Board in response to the Company's strategies, and reviewing the independence of the independent non-executive Directors.

### 5. Duties of the Board

The Board shall be accountable to the general meeting. According to the requirement of the Articles of Association, duties of the Board shall include the exercise of the following functions and powers:

- (1) to convene general meetings and to report on its work to the general meeting;
- (2) to implement the resolutions of the general meeting;
- (3) to decide on the business plans and investment plans of the Company;
- (4) to formulate the annual financial budgets and final accounts of the Company;
- (5) to formulate the profit distribution plans and plans for making up losses of the Company;
- (6) to formulate plans for the increase or reduction of the registered capital of the Company;

## SECTION V CORPORATE GOVERNANCE (CONTINUED)

- (7) to formulate plans for the issuance of corporate bonds, any class of Shares, warrants and other similar securities;
- (8) to formulate plans for significant acquisition by the Company, repurchase of Shares of the Company or merger, division, reorganisation or dissolution of the Company and changes in the corporate form of the Company;
- (9) to decide on the provision by the Company of any external guarantee other than those to be approved by the general meeting as required by the Articles of Association;
- (10) to decide on significant acquisition or disposal within one year by the Company of assets not more than 30% of the latest audited total assets of the Company;
- (11) to decide on connected transactions other than those to be approved by the general meeting as required by laws and regulations and regulatory rules in the place where Shares of the Company are listed;
- (12) to decide on significant investment projects of the Company with the single amount not more than 30% of the latest audited net assets of the Company;
- (13) to decide on entrusted wealth management and asset mortgages or pledges with the accumulated amount not more than 30% of the latest audited net assets of the Company;
- (14) to decide on extra costs and expenses with the single amount not more than 10% of the latest audited net assets of the Company;
- (15) to decide on plans of external donation and sponsorship of the Company with the single amount not more than RMB5 million;
- (16) to formulate amendments to the Articles of Association, the Rules of Procedure for the general meeting and the Rules of Procedure for the Board;
- (17) to engage or dismiss the Company's president and secretary to the Board; to engage or dismiss vice presidents and the chief accountant of the Company, as proposed by the president, and decide on matters relating to their remuneration, rewards and punishments;
- (18) to decide on the establishment of the Company's internal management organisation;
- (19) to decide on the establishment of each special committee under the Board and to consider and approve resolutions proposed by each special committee under the Board;
- (20) to formulate the basic management systems of the Company;

## SECTION V CORPORATE GOVERNANCE (CONTINUED)

- (21) to formulate development strategies, long and medium-term development plans and corporate culture development plans, and to monitor the implementation of such plans;
- (22) to decide on the Company's risk management system, including risk evaluation, financial control, internal audit and legal risk control, and to monitor the implementation of such systems;
- (23) to propose to the general meeting the appointment, removal or termination or reappointment of an accounting firm;
- (24) to listen to the work reports of the Company's president and inspect the work of the president and other Senior Management members;
- (25) to perform duties of corporate governance and to evaluate and improve the corporate governance of the Company regularly in accordance with the regulatory rules in the place where Shares of the Company are listed;
- (26) to formulate equity incentive scheme;
- (27) to manage the Company's information disclosure matters; and
- (28) other duties and powers provided in laws and regulations, regulatory rules in the place where Shares of the Company are listed or specified in the Articles of Association or granted by the general meeting.

Resolutions by the Board on the matters mentioned above shall, be passed by the affirmative vote of more than one half of all the Directors with the exception of resolutions on the matters referred to in items (6), (7), (8), (16) and (26), which shall require the affirmative vote of at least two-thirds of all the Directors for adoption. Besides the affirmative vote of more than one half of all the Directors, the affirmative vote of at least two-thirds of all the Directors present is also required when the matters referred to in item (9) are considered by the Board. The abovementioned duties and powers of the Board as well as any transaction or arrangement of the Company shall be proposed at the general meeting for approval as prescribed by the regulatory rules in the place where Shares of the Company are listed.

The duties and powers of the Board and the management have been defined in the Articles of Association. The Board is responsible for decision making on the Company's significant matters, including the approval and monitoring of all policy matters, overall strategies and budgets, internal control and risk management systems, material transactions (in particular those that may involve conflict of interests), financial information and other significant financial and operational matters.

All Directors have full and timely access to all relevant information as well as the advice and services of the company secretary, with a view to ensuring that Rules of Procedure for Board meetings and all applicable laws, rules and regulations are followed. Upon making request to the Board, a Director is generally able to seek independent professional advice in appropriate circumstances at the Company's expense.

In strict accordance with the Articles of Association and the authorisation of general meetings, the Board takes and fulfils its decision-making responsibilities seriously, supervises management's implementation of the resolutions of the Board to ensure their effective implementation, and implements the resolutions of the general meetings and reports the work to general meetings.

## SECTION V CORPORATE GOVERNANCE (CONTINUED)

The day-to-day management, administration and operation of the Company are delegated to the president and the Senior Management. The Board shall be responsible for the fulfilment of the following corporate governance responsibilities:

- (1) to formulate, review and make recommendations on the corporate governance policies and practices of the Company;
- (2) to review and monitor the training and continuous professional development of Directors and Senior Management;
- (3) to review and monitor the Company's policies and practices with regard to complying with laws and regulatory requirements;
- (4) to formulate, review and monitor the code of conduct and compliance manual (if any) applicable to employees and Directors;
- (5) to review the Company's compliance with the Corporate Governance Code and disclosures made in the *Corporate Governance Report* (the Corporate Governance section of this report) of the annual report of the Company.

The Board and the Audit and Risk Management Committee have reviewed and approved the disclosures made in the Corporate Governance Report (the Corporate Governance section of this report). The Board has also reviewed the Company's compliance with the corporate governance policies, practices, laws and regulatory requirements, and monitored and organised the training courses designed for Directors and Senior Management.

### **6. Mechanism for directors to obtain independent views and opinions**

The Company has a mechanism in place to ensure that independent views and opinions are available to the Board, including but not limited to reviewing from time to time that independent non-executive Directors have appropriate qualifications and professional skills and have committed sufficient time to the Group, and that the number of independent non-executive Directors has complied with the Listing Rules, and has established channels (including but not limited to questionnaires or the Board meetings) to evaluate the contributions and opinions of independent non-executive Directors. The Board has reviewed the implementation and effectiveness of the mechanism and believes that the Board is highly independent.

## SECTION V CORPORATE GOVERNANCE (CONTINUED)

### X. DETAILS OF THE BOARD MEETINGS CONVENED DURING THE REPORTING PERIOD

Name of Meeting	Time of Meeting	Resolutions
The 12th Meeting of the Fourth Session of the Board	23 March 2023	<ol style="list-style-type: none"><li>1. The resolution on the <i>Annual Report for 2022 of China Railway Signal &amp; Communication Corporation Limited</i> was considered and approved at the meeting;</li><li>2. The resolution on the <i>Final Account Report for 2022 of China Railway Signal &amp; Communication Corporation Limited</i> was considered and approved at the meeting;</li><li>3. The resolution on the profit distribution plan for <i>2022 of China Railway Signal &amp; Communication Corporation Limited</i> was considered and approved at the meeting;</li><li>4. The resolution on the <i>Scheme of Main Economic Indicators for 2023 of China Railway Signal &amp; Communication Corporation Limited</i> was considered and approved at the meeting;</li><li>5. The resolution on the payment of audit fees for 2022 and the plan of appointment of external auditor for 2023 was considered and approved at the meeting;</li><li>6. The resolution on <i>Estimated Routine Connected Transactions for 2023–2025 of China Railway Signal &amp; Communication Corporation Limited</i> was considered and approved at the meeting;</li><li>7. The resolution on the <i>Renewal of the Financial Services Framework Agreement between Cresun Group Finance Co., Ltd. and China Railway Signal &amp; Communication Co., Ltd. and Connected Transactions</i> was considered and approved at the meeting;</li><li>8. The resolution on the <i>Risk Disposal Plan for Development of Financial Business by CRSC Group Finance Limited</i> was considered and approved at the meeting;</li><li>9. The resolution on the issuance of risk assessment report to CRSC Group Finance Limited by China Railway Signal &amp; Communication Corporation Limited was considered and approved at the meeting;</li><li>10. The resolution on the issuance of continuous risk assessment report to CRSC Group Finance Limited by China Railway Signal &amp; Communication Corporation Limited was considered and approved at the meeting;</li><li>11. The resolution on the general mandate to issue debt financing instruments was considered and approved at the meeting;</li><li>12. The resolution on the Special Report on Deposit and Use of Proceeds for 2021 was considered and approved at the meeting;</li><li>13. The resolution on the <i>Report on Internal Control Evaluation for 2022 of China Railway Signal &amp; Communication Corporation Limited</i> was considered and approved at the meeting;</li></ol>

## SECTION V CORPORATE GOVERNANCE (CONTINUED)

Name of Meeting	Time of Meeting	Resolutions
		<p>14. The resolution on the <i>Environmental, Social and Governance Report for 2022 of China Railway Signal &amp; Communication Corporation Limited</i> was considered and approved at the meeting;</p> <p>15. The resolution on the <i>Report of the Board for 2022 of China Railway Signal &amp; Communication Corporation Limited</i> was considered and approved at the meeting;</p> <p>16. The resolution on the <i>Report on the Duty Performance of the Audit and Risk Management Committee for 2022 of China Railway Signal &amp; Communication Corporation Limited</i> was considered and approved at the meeting;</p> <p>17. The resolution on the remuneration/evaluation of directors and senior management of the Company for 2022 was considered and approved at the meeting;</p> <p>18. The resolution on proposing to convene a general meeting was considered and approved at the meeting;</p>
The 13th Meeting of the Fourth Session of the Board	28 April 2023	<p>1. The resolution on the <i>First Quarter Report for 2023 of China Railway Signal &amp; Communication Corporation Limited</i> was considered and approved at the meeting;</p> <p>2. The resolution on the amendments to the <i>Articles of Association</i> was considered and approved at the meeting;</p> <p>3. The resolution on the <i>Rules of Procedure for the General Meeting</i> was considered and approved at the meeting;</p> <p>4. The resolution on the Company's <i>Working Rules for the Remuneration and Evaluation Committee</i> was considered and approved at the meeting;</p>
The 14th Meeting of the Fourth Session of the Board	4 August 2023	<p>1. The resolution on the Resolution on Utilising Unused Raised Funds for Cash Management was considered and approved at the meeting;</p>
The 15th Meeting of the Fourth Session of the Board	24 August 2023	<p>1. The resolution on the <i>Interim Report for 2023 of China Railway Signal &amp; Communication Corporation Limited</i> was considered and approved at the meeting;</p> <p>2. The resolution on the <i>Special Report on the Deposit and Actual Use of the Proceeds for the First Half of 2023</i> was considered and approved at the meeting.</p> <p>3. The resolution on the issuance of continuous risk assessment report to CRSC Group Finance Limited by China Railway Signal &amp; Communication Corporation Limited was considered and approved at the meeting;</p> <p>4. The resolution on the removal of relevant positions of Mr. XU Zongxiang was considered and approved at the meeting.</p>

## SECTION V CORPORATE GOVERNANCE (CONTINUED)

Name of Meeting	Time of Meeting	Resolutions
The 16th Meeting of the Fourth Session of the Board	15 September 2023	<ol style="list-style-type: none"> <li>The resolution on nominating candidates for executive Directors of the fourth session of the Board of the Company was considered and approved at the meeting;</li> <li>Resolution on the appointment of the president of the Company was considered and approved at the meeting;</li> <li>The resolution on proposing to convene an extraordinary general meeting was considered and approved at the meeting.</li> </ol>
The 17th Meeting of the Fourth Session of the Board	27 October 2023	<ol style="list-style-type: none"> <li>The resolution on the <i>Third Quarter Report for 2023 of China Railway Signal &amp; Communication Corporation Limited</i> was considered and approved at the meeting;</li> <li>The resolution on the external guarantee plan for <i>2024 of China Railway Signal &amp; Communication Corporation Limited</i> was considered and approved at the meeting;</li> </ol>

## XI. PERFORMANCE OF DUTIES OF DIRECTORS

### i. Directors' Attendance at the Board Meetings and General Meetings

Name of Director	Independent director or not	Number of required attendances at the Board meeting during the Reporting Period	Attendance at the Board meeting				Failure to attend meetings in person for two consecutive times		Attendance at the general meetings
			Number of attendances in person	Number of attendances by means of telecommunications	Number of attendances by proxy	Number of absences	Number of attendances at the general meetings		
LOU Qiliang	No	1	1	0	0	0	No	0	
ZHANG Quan	No	6	5	0	1	0	No	1	
YAO Guiqing	Yes	6	6	1	0	0	No	2	
YAO Cho Fai Andrew	Yes	6	6	3	0	0	No	2	
FU Junyuan	Yes	6	6	1	0	0	No	2	
ZHOU Zhiliang (resigned)	No	6	6	0	0	0	No	2	
XU Zongxiang (resigned)	No	4	4	0	0	0	No	1	
GUO Yonghong (resigned)	No	6	6	0	0	0	No	2	

The explanation of failure to attend Board meetings in person for two consecutive times

Applicable  Not applicable

Number of the Board meetings held for the year	6
Including: number of meetings held onsite	1
Number of meetings held by means of telecommunications	2
Number of meetings held onsite and by means of telecommunications simultaneously	3

## SECTION V CORPORATE GOVERNANCE (CONTINUED)

### ii. Objections Raised by Directors against Relevant Matters of the Company

Applicable  Not applicable

### iii. Others

Applicable  Not applicable

During the Reporting Period, the Board focused on the continuous professional development of Directors and actively encouraged and organised Directors to participate in the trainings. In order to keep their knowledge and skills up to date as well as improve their capacities of duty performance, all members of the Board of Directors continued to learn all kinds of regulatory information and the latest regulatory requirements in their daily duties, including relevant laws and regulations and regulatory documents in relation to corporate governance and Listing Rules, meanwhile they read industry, professional books and publications. During the Reporting Period, all Directors (including Mr. ZHOU Zhiliang, Mr. XU Zongxiang, Mr. ZHANG Quan, Mr. GUO Yonghong, Mr. Yao Guiqing, Mr. YAO Cho Fai Andrew and Mr. FU Junyuan) attended the seminar on the construction of the board of directors of central enterprises and various important conferences held by the State-owned Assets Supervision and Administration Commission of the State Council, the training on regulatory services organised by the Listed Companies Association of Beijing and the relevant training organised by the SSE, etc. All Directors further understood the regulations of domestic and overseas regulatory institutions, code of conduct for the performance of duties as directors and requirements for information disclosure which A + H listed companies should follow.

## XII. THE SPECIAL COMMITTEES UNDER THE BOARD OF DIRECTORS

Applicable  Not applicable

The Company has established five special committees under the Board of Directors, including the Strategy and Investment Committee, the Remuneration and Evaluation Committee, the Nomination Committee, the Audit and Risk Management Committee, and the Quality and Safety Committee. Members of the Remuneration and Evaluation Committee and the Audit and Risk Management Committee were all held by external directors, who accounted for the majority of the Nomination Committee and the Quality and Safety Committee, ensuring that external directors fully express their opinions and perform their duties efficiently.

During the reporting period, the number of members and composition of the Strategy and Investment Committee of the Board, the Audit and Risk Management Committee of the Board and the Quality and Safety Committee of the Board are temporarily incompliant with the provisions of the relevant working rules of the Board committees. The Audit and Risk Management Committee of the Board currently includes two independent non-executive Directors, which does not currently comply with the requirement of Article 3.21 of the Listing Rules of the Hong Kong Stock Exchange that the audit committee shall have at least three members. To comply with the Listing Rules of the Hong Kong Stock Exchange and the working rules of the relevant special committees under the Board, the Company will use its best endeavours to appoint suitable candidates as soon as possible.

## SECTION V CORPORATE GOVERNANCE (CONTINUED)

### i. The Special Committees Under The Board of Directors

The Company has established five special committees under the Board of Directors, including the Strategy and Investment Committee, the Remuneration and Evaluation Committee, the Nomination Committee, the Audit and Risk Management Committee, and the Quality and Safety Committee. Members of the Remuneration and Evaluation Committee and the Audit and Risk Management Committee were all held by external directors, who accounted for the majority of the Nomination Committee and the Quality and Safety Committee, ensuring that external directors fully express their opinions and perform their duties efficiently.

Categories of Special Committees	Member Name (as at the date of this report)
Audit and Risk Management Committee	FU Junyuan, YAO Cho Fai Andrew
Nomination Committee	YAO Guiqing, YAO Cho Fai Andrew, ZHANG Quan
Remuneration and Evaluation Committee	YAO Guiqing, YAO Cho Fai Andrew, FU Junyuan
Strategy and Investment Committee	LOU Qiliang, YAO Guiqing, YAO Cho Fai Andrew, FU Junyuan
Quality and Safety Committee	LOU Qiliang, YAO Guiqing

### ii. The Audit and Risk Management Committee held five meetings during the Reporting Period

Time of Meeting	Content of meeting	Important comments and recommendations	Other performance of duties
13 January 2023	Considered the resolutions on the <i>2023 Audit Plan from Ernst &amp; Young Hua Ming LLP for China Railway Signal &amp; Communication Corporation Limited</i> .	Agreed	-
22 March 2023	Considered the resolutions on the <i>2022 Audit of the Financial Statements and Internal Control of China Railway Signal &amp; Communication Corporation Limited</i> , the <i>Payment of Audit Fees for 2022 and the Plan of Appointment of External Auditor for 2023</i> , the <i>Risk Management, Legal Management and System Development Report for the First Quarter of 2023 of CRSC</i> , the <i>Internal Audit Report for 2022 and Internal Audit Plan for 2023 of China Railway Signal &amp; Communication Corporation Limited</i> , the <i>Quality Assessment Report on Internal Audit Work for 2022 of China Railway Signal &amp; Communication Corporation Limited</i> , and the <i>Report on Internal Control Evaluation for 2022 of China Railway Signal &amp; Communication Corporation Limited</i> .	Agreed	-

## SECTION V CORPORATE GOVERNANCE (CONTINUED)

Time of Meeting	Content of meeting	Important comments and recommendations	Other performance of duties
24 April 2023	Considered the resolutions on the <i>First Quarter Report for 2023 of China Railway Signal &amp; Communication Corporation Limited</i> , the <i>Major Risk Monitoring Report for the first quarter of 2022 of China Railway Signal &amp; Communication Corporation Limited</i> , and the <i>Implementation Plan for the Accountability of Illegal Operation and Investment for 2023 of China Railway Signal &amp; Communication Corporation Limited</i> .	Agreed	They listened to the statement on the critical tasks for the first quarter of 2023 of the Legal Compliance Department and Audit Department.
23 August 2023	Considered the resolution on the <i>Results of BDO China SHU LUN PAN Certified Public Accountants LLP's 2023 Interim Review on China Railway Signal &amp; Communication Corporation Limited</i> and the <i>Major Risk Monitoring Report for the second quarter of 2023 of CRSC</i> .	Agreed	They listened to the statement on the critical tasks for the first half of 2023 of the Legal Compliance Department and Audit Department.
26 October 2023	Considered the resolutions on the <i>Third Quarter Report for 2023 of China Railway Signal &amp; Communication Corporation Limited</i> , the <i>Major Risk Monitoring Report for the third quarter of 2023 of China Railway Signal &amp; Communication Corporation Limited</i> .	Agreed	They listened to the statement on the critical tasks for the third quarter of 2023 of the Legal Compliance Department and Audit Department.

During the Reporting Period, the Audit and Risk Management Committee consisted of independent non-executive Directors Mr. FU Junyuan, Mr. YAO Cho Fai Andrew, non-executive Director Mr. GUO Yonghong (resigned in January 2024) serving as members. In particular, Mr. FU Junyuan, who has rich knowledge and experience in accounting, served as the chairman. The Audit and Risk Management Committee was mainly responsible for proposing the selection and replacement of the Company's external audit firm; supervising the Company's internal audit system; the communication, supervision and verification of the Company's internal audit; reviewing the financial information and its disclosure; reviewing risk management and internal systems; reviewing the Company's risk management strategies and solutions; risk control, management, supervision and evaluation of major decisions, major events, and important business processes. During the Reporting Period, the Audit and Risk Management Committee strictly complied with the requirements of the Company's *Working Rules for the Audit and Risk Management Committee of the Board of Directors* and the *Working Rules for the Annual Report of the Audit and Risk Management Committee of the Board of Directors* and other system requirements, performed the duties of the committee independently and objectively, and actively carried out work centring on auditing and supervision, financial monitoring, internal control system construction and comprehensive risk management. It considered several proposals on financial reports such as the periodic reports of the Company, carefully studied the contents of the proposals, and repeatedly checked and studied the financial information disclosed in the reports and financial statements of the Company. They regularly listened to the reports of the Risk Control Centre (Legal Compliance Department and Audit Department) on major risk assessment, major risk monitoring, major risk events, corporate compliance management, corporate system building, internal control evaluation, internal audit work quality assessment, internal audit work, and execution of internal audit.

## SECTION V CORPORATE GOVERNANCE (CONTINUED)

During the Reporting Period, the Audit and Risk Management Committee has reviewed the annual results of the Company for the year ended 31 December 2022, the unaudited interim results of the Company for the six months ended 30 June 2023 and the quarterly results of the Company for the three months ended 31 March 2023 and for the nine months ended 30 September 2023.

The Audit and Risk Management Committee has discussed the accounting policies and practices adopted by the Company, internal control and financial reporting matters with the senior management of the Company, and has reviewed the effectiveness of the accounting policies and practices adopted by the Group, financial control, the risk management and internal control system and the internal audit function of the Group for five times, and considers that the Group's risk management and internal control system and the operation of the internal audit department remain effective. Meanwhile, the Audit and Risk Management Committee had three meetings with external auditors. The Audit and Risk Management Committee has also reviewed the compliance of the Company with the *Corporate Governance Code* and the Corporate Governance Report (the Corporate Governance section of this report) of the Company. The Audit and Risk Management Committee has also listened to the special report on major risk assessment and major risk measures of the Company in 2023, conducted special audit in this regard and proposed dynamic tracking of the implementation of major risk control measures, to ensure the efficiency and effectiveness of risk control measures.

During the Reporting Period, records of attendance of the members at the meeting of the Audit and Risk Management Committee are set out as follows:

<b>Name of Director</b>	<b>Number of meetings required to attend</b>	<b>Number of meetings actually attended</b>	<b>Number of meetings not attended</b>
Mr. GUO Yonghong	5	5	0
Mr. YAO Cho Fai Andrew	5	5	0
Mr. FU Junyuan	5	5	0

Note: Mr. GUO Yonghong ceased to serve as a member of the Audit and Risk Management Committee of the Company with effect from 18 January 2024. For details, please refer to the announcement dated 18 January 2024 published by the Company on the HKExnews website ([www.hkexnews.hk](http://www.hkexnews.hk)) of the Hong Kong Stock Exchange.

## SECTION V CORPORATE GOVERNANCE (CONTINUED)

### iii. The Nomination Committee held one meeting during the Reporting Period

Time of Meeting	Content of meeting	Important comments and recommendations	Other performance of duties
15 September 2023	<ol style="list-style-type: none"> <li>Resolution on nominating candidates for executive Directors of the fourth session of the Board of the Company</li> <li>Resolution on the appointment of the president of the Company</li> </ol>	<ol style="list-style-type: none"> <li>Agreement on the resolution on nominating candidates for executive Directors of the fourth session of the Board of the Company</li> <li>Agreement on the resolution on the appointment of the president of the Company</li> </ol>	–

During the Reporting Period, the Nomination Committee consisted of Chairman Mr. ZHOU Zhiliang (resigned in January 2024), independent non-executive Directors Mr. YAO Guiqing, Mr. YAO Cho Fai Andrew serving as members. Mr. ZHOU Zhiliang served as the chairman. The Nomination Committee was accountable to the Board of Directors and was mainly responsible for researching the selection criteria, procedures and methods for Directors and senior management and making recommendations; reviewing candidates for Directors and senior management, and providing review opinions and appointment recommendations to the Board of Directors; reviewing the independence of independent non-executive Directors; and making recommendations to the Board of Directors on the appointment or reappointment of Directors and senior management and the succession plans for the above-mentioned personnel. In reviewing the size and composition of the Board of Directors, identifying and nominating candidates for Directors, the Nomination Committee shall consider relevant factors to achieve the diversity of the Board of Directors members according to the business model and specific demands of the Company. In reviewing the size and composition of the Board of Directors, identifying and nominating candidates for Directors, the Nomination Committee shall consider relevant factors to achieve the diversity of the Board of Directors members according to the business model and specific demands of the Company.

## SECTION V CORPORATE GOVERNANCE (CONTINUED)

The Nomination Committee adopts the following procedures for selection and appointment of Directors and senior management members:

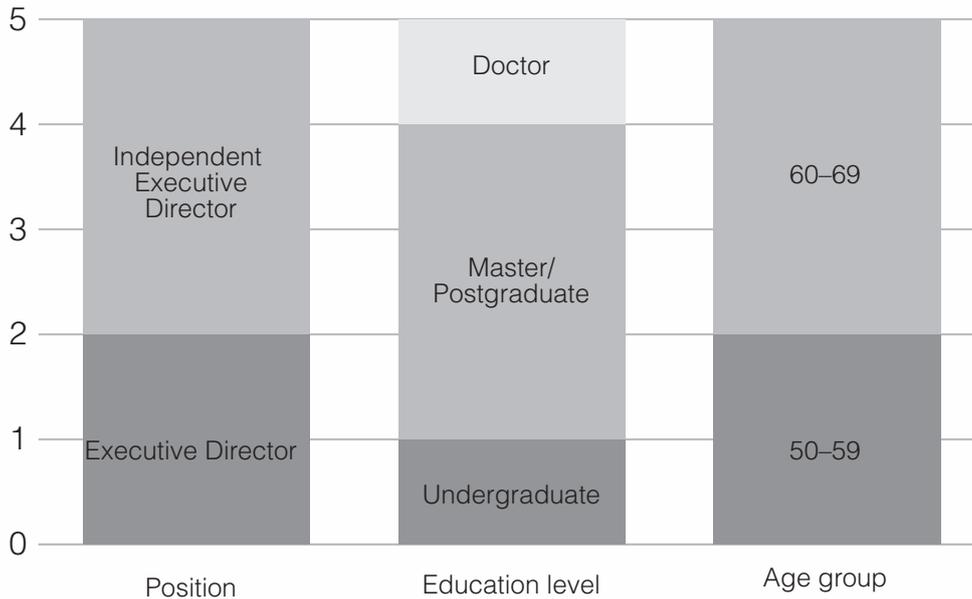
- i. The Company shall actively study the Company's demands for new Directors and senior management members and prepare written materials;
- ii. The Company shall search for candidates for Directors and senior management members in the Company and its wholly-owned and holding (joint-stock) enterprises and the talent market;
- iii. The Company shall gather information of preliminary candidates, including occupation, education, job title, detailed work experience and all part-time jobs, and prepare written materials;
- iv. The Company shall seek the consent of the nominees for nomination;
- v. The Company shall convene a meeting of the Nomination Committee to conduct a qualification check of the preliminary candidates based on the appointment criteria for Directors and senior management members;
- vi. The Company shall submit to the Board its recommendations on the candidates for Directors and senior management members and relevant materials prior to the election of new Directors or the appointment of new senior management members; and
- vii. The Company shall implement other follow-up work in accordance with the decisions and feedback of the Board.

In reviewing the structure of the Board, the Nomination Committee considers Board members diversity from various aspects, including but not limited to cultural, educational background, professional experience, skills and knowledge. All appointments of Board members are based on meritocracy, and candidates are considered with due regard for the capacity, skill and experience required for the overall operation of the Board, so as to ensure the proper balance of the Board members.

The Company understands and strongly believes that diversity among Board members is an important element in maintaining the Company's competitive advantages and fostering the Company's sustainability. The Company considers the diversity of Board members from many aspects when determining the composition of the Board of Directors, including but not limited to gender, age, cultural and educational background, race, professional experience, skills, knowledge, and service period. As the Nomination Committee makes recommendations or suggestions to the Board of Directors on the appointment of new Directors of the Company, it will fully take into account the benefits of diversity of Board members. Meanwhile, the Company considers the above factors based on its own business model and specific needs from time to time, and will ultimately come to a decision based on the strengths of the candidates and the contributions they can provide to the Board of Directors.

## SECTION V CORPORATE GOVERNANCE (CONTINUED)

The table below shows the diversity position/overview of the Board of Directors of the Company as at the date of this report.



Currently, the Company's Directors are all male, and we understand the particular importance of gender diversity, so we will strive to improve the gender diversity of the Board. In selecting and recommending suitable candidates for Board membership, the Company will take the opportunity to increase the proportion of female members in the Board and enhance gender diversity in accordance with shareholders' expectations and recommendation. The Company expects to identify suitable candidates to appoint at least one female director by 31 December 2024, and plans to promote gender diversity in the recruitment of staff at mid to senior level so that the Company will have more female senior management and potential successors to Board members.

In the process of reviewing the composition of the Board of Directors, the Nomination Committee evaluated the skills and experience of each Director and their relevance to the Company's business, and arrived at a conclusion that the existing structure of the Company's Board of Directors is reasonable and their talent, experience, and professional knowledge are balanced and meet the Company's business needs.

## SECTION V CORPORATE GOVERNANCE (CONTINUED)

During the Reporting Period, records of attendance of the members at the meeting of the Nomination Committee are set out as follows:

Name of Director	Number of meetings required to attend	Number of meetings actually attended	Number of meetings not attended
Mr. ZHOU Zhiliang	1	1	0
Mr. YAO Guiqing	1	1	0
Mr. YAO Cho Fai Andrew	1	1	0

Note:

- Mr. ZHOU Zhiliang ceased to serve as the chairman of the Nomination Committee of the Company with effect from 18 January 2024. As resolved by the Board on 21 February 2024, Mr. YAO Guiqing was appointed as the chairman of the Nomination Committee, and Mr. ZHANG Quan was appointed as members of the Nomination Committee. For details, please refer to the announcement dated 18 January 2024 and 21 February 2024 published by the Company on the HKExnews website ([www.hkexnews.hk](http://www.hkexnews.hk)) of the Hong Kong Stock Exchange.

#### iv. The Remuneration and Evaluation Committee held one meeting during the Reporting Period

Time of Meeting	Content of meeting	Important comments and recommendations	Other performance of duties
11 October 2023	Report on the Remuneration of the Corporate Officers for 2022 of CRSC.	Agreed	–

During the Reporting Period, the Remuneration and Evaluation Committee consisted of independent non-executive Directors Mr. YAO Guiqing, Mr. FU Junyuan, Mr. YAO Cho Fai Andrew serving as members. Mr. YAO Guiqing served as the chairman. The Remuneration and Evaluation Committee was mainly responsible for formulating and assessing the evaluation standards of the Company's directors and senior management; formulating and reviewing the remuneration policies and plans of the Company's directors and senior management, and making recommendations to the Board of Directors; and reviewing and implementing the terms of the Executive Directors' Service Contracts and making recommendations to the Board of Directors. During the Reporting Period, the Remuneration and Evaluation Committee refrains from conducting a review of the Share Option Scheme described in Chapter 17. During the Reporting Period, the Remuneration and Evaluation Committee of the Board of Directors strictly complied with the Company's *Working Rules for the Remuneration and Evaluation Committee of the Board of Directors* and other system requirements, and performed the duties of the committee independently and objectively.

## SECTION V CORPORATE GOVERNANCE (CONTINUED)

During the Reporting Period, records of attendance of the members at the meeting of the Remuneration and Evaluation Committee are set out as follows:

<b>Name of Director</b>	<b>Number of meetings required to attend</b>	<b>Number of meetings actually attended</b>	<b>Number of meetings not attended</b>
Mr. YAO Guiqing	1	1	0
Mr. YAO Cho Fai Andrew	1	1	0
Mr. FU Junyuan	1	1	0

**v. The Strategy and Investment Committee held no meetings during the Reporting Period**

During the Reporting Period, from January 2023 to August 2023 the Strategy and Investment Committee consisted of executive Directors Mr. ZHOU Zhiliang, Mr. XU Zongxiang, independent non-executive Directors Mr. YAO Guiqing, Mr. YAO Cho Fai Andrew and Mr. FU Junyuan serving as members. Mr. ZHOU Zhiliang served as the chairman; from August 2023 to the end of the Reporting Period, the Strategy and Investment Committee consisted of executive Directors Mr. ZHOU Zhiliang, Mr. LOU Qiliang (from October 2023), independent non-executive Directors Mr. YAO Guiqing, Mr. YAO Cho Fai Andrew and Mr. FU Junyuan serving as members. Mr. ZHOU Zhiliang served as the chairman. The Strategy and Investment Committee was accountable to the Board of Directors, mainly responsible for researching the Company's development strategy and planning, and making recommendations on major investments, major investment and financing, major capital operations, asset management projects, and other major issues affecting the Company's development.

During the Reporting Period, the Strategy and Investment Committee held no meetings.

## SECTION V CORPORATE GOVERNANCE (CONTINUED)

### vi. The Quality and Safety Committee held two meetings during the Reporting Period

<b>Time of Meeting</b>	<b>Content of meeting</b>	<b>Important comments and recommendations</b>	<b>Other performance of duties</b>
16 October 2023	Summary of safety and quality work for the first three quarters in 2023 and safety and quality work arrangement for next phase of CRSC	Agreed	–
27 October 2023	Summary of safety and quality environmental protection for the year 2023 and arrangement on the key work for 2024	Agreed	–

As at the end of the Reporting Period, the Quality and Safety Committee consists of executive Director Mr. LOU Qiliang, non-executive Director Mr. GUO Yonghong and independent non-executive Director Mr. YAO Guiqing serving as members. Mr. LOU Qiliang serves as chairman. The Quality and Safety Committee was accountable to the Board of Directors and was mainly responsible for researching the Company's major quality and safety decisions, researching the Company's long-term quality and safety mechanism construction, and reviewing the Company's annual key work on quality and safety.

## SECTION V CORPORATE GOVERNANCE (CONTINUED)

During the Reporting Period, records of attendance of the members at the meeting of the Quality and Safety Committee are set out as follows:

Name of Director	Number of meetings required to attend	Number of meetings actually attended	Number of meetings not attended
Mr. LOU Qiliang	1	1	0
Mr. GUO Yonghong	2	2	0
Mr. YAO Guiqing	2	2	0

Note:

1. Mr. XU Zongxiang ceased to serve as the chairman of the Quality and Safety Committee with effect from 24 August 2023. As nominated by the Board on 15 September 2023 and approved at the first extraordinary general meeting in 2023, Mr. LOU Qiliang was appointed as the chairman of the Quality and Safety Committee. Mr. GUO Yonghong ceased to serve as the member of the Quality and Safety Committee with effect from 18 January 2024. For details, please refer to the announcements dated 24 August 2023, 27 October 2023, and 18 January 2024 published by the Company on the HKExnews website ([www.hkexnews.hk](http://www.hkexnews.hk)) of the Hong Kong Stock Exchange.

### vii. The details of objections

Applicable  Not applicable

## XIII. SUPERVISORY COMMITTEE

As of the end of the Reporting Period, the Supervisory Committee of the Company consists of 3 members, namely Mr. KONG Ning, Ms. LI Tienan and Ms. YANG Yang and Mr. KONG Ning served as the chairman.

The Supervisory Committee is made up of representatives of the Shareholders and an appropriate proportion of representatives of the Company's staff. The actual proportion shall be stipulated in the Articles of Association of the Company, provided that the proportion of representatives of the Company's staff shall not be less than one-third.

Representatives of the Company's staff at the Supervisory Committee shall be democratically elected by the Company's staff at the staff representative assembly, general staff meeting or otherwise. A Supervisor shall serve a term of three years, and may seek re-election upon expiry of the said term. A Supervisor shall continue to perform his or her duties in accordance with the laws, administrative regulations and the Company's Articles of Association until a duly re-elected Supervisor takes office, if re-election is not conducted in a timely manner upon the expiry of his or her term of office or if the resignation of Supervisors results in the number of Supervisors being less than the quorum.

## SECTION V CORPORATE GOVERNANCE (CONTINUED)

The Supervisory Committee shall be accountable to the general meeting and may exercise the following powers:

- i. Review the Company's financial position;
- ii. Supervise the Directors, president and other senior management in their performance of their duties of the Company and to propose the removal of Directors and senior management who have violated laws, regulations, the Articles of Association or resolutions of general meetings;
- iii. When the acts of a Director, president and other senior management are detrimental to the Company's interests, to require him/her to correct such acts;
- iv. The Company shall propose the convening of extraordinary general meetings and to convene and preside over general meetings when the Board fails to perform the duty of convening and presiding over general meetings according to laws;
- v. Put forward proposals to general meetings;
- vi. Review and issue written review comments on the periodic reports of the Company prepared by the Board;
- vii. Initiate proceedings against Directors and the senior management in accordance with relevant laws;
- viii. The Company shall initiate investigations into any irregularities identified in the operation of the Company and, where necessary, to engage professional institutions, such as an accounting firm and a law firm, to assist its work; and
- ix. Other powers authorised by the Articles of Association or general meeting.

During the Reporting Period, Supervisory Committee had monitored Directors and managers' performance of functions and lawful operation of the Company, reviewed periodical reports of the Company prepared by the Board, reviewed the financial statements of the Company and conducted daily supervision and paid close attention to possible risks that may occur during the Company's operation.

### XIV. EXPLANATION OF THE SUPERVISORY COMMITTEE ON DISCOVERY OF THE COMPANY'S RISKS

Applicable  Not applicable

The Supervisory Committee had no objection to the supervision matters during the Reporting Period.

## SECTION V CORPORATE GOVERNANCE (CONTINUED)

### XV. EMPLOYEES OF THE PARENT COMPANY AND MAJOR SUBSIDIARIES AT THE END OF THE REPORTING PERIOD

#### i. Employee

Number of in-service employees of the parent company	118
Number of in-service employees of major subsidiaries	19,047
Total number of in-service employees	19,165
Number of resigned and retired employees with expenses borne by the parent company and major subsidiaries	–

#### Professional composition

Category	Number
Production personnel	5,422
Sales personnel	1,135
Technical personnel	8,573
Financial personnel	701
Administrative personnel	1,996
Other	1,338
	19,165
Total	19,165

#### Educational background

Category	Number (person)
Doctoral candidate	86
Master degree candidate	2,816
Bachelor's degree	11,043
College degree	3,615
High school degree and below	1,605
	19,165
Total	19,165

The Board emphasises on diversity (including gender diversity) at all levels of the Group. As at 31 December 2023, the Company managed to attract female talent and maintained the employee gender ratio of about 3:1 (male: female) in 2023, which was in line with the Group's employee diversity policy. The Group will take into account several factors in recruiting employees, including but not limited to gender, age, cultural and educational background, qualifications, race, professional experience, skills, knowledge and service period and the Group will ensure its staff team's gender diversity.

## SECTION V CORPORATE GOVERNANCE (CONTINUED)

### ii. Remuneration Policy

Applicable  Not applicable

In accordance with various policies and guidelines of the state in relation to income distribution and considering the requirements of modern enterprise system, the Company has been continuously improving the remuneration management system and established a salary determination and normal increment mechanism which is basically adapted to the labour market and linked with the enterprise benefits and labour productivity. The Company gives full play to the incentive and constraint functions that remuneration distribution may serve to attract and retain the core talents of the Company, and focuses on the cultivation and reward of scientific and technological talents and technical talents.

In terms of total remuneration adjustment, the Company strictly follows the archival management measures of total remuneration, and adheres to the basic principle of efficiency-based wages, i.e., the enterprises with high efficiency and benefit set high wage levels, which reflects the fairness of distribution, at the same time, support of standalone measures of total remuneration was provided to the team undertaking key core technology research projects to stimulate the enthusiasm of scientific research personnel; in terms of management of the remuneration of responsible persons, the remuneration of responsible persons are linked with the operating performance and the management of the Company, which has good guiding and supporting effects on achieving the operation and management objectives; in terms of the remuneration management of employees of the Company, the Company established a salary system based on basic wages and performance-based bonus, to reflect the job value orientation and work achievement orientation of internal income distribution, effectively enhance the working positivity of employees and improve the vitality of enterprises.

The remuneration policy of Directors and Supervisors of the Company is as follows:

1. The remuneration and benefit standards for executive Directors: total pre-tax remunerations (including basic salaries and performance-based salaries) + social insurances ("insurances and housing provident fund" paid by the Company for individuals) + annuity (supplementary pension insurance paid by the Company for individuals).
2. Total pre-tax remunerations for independent non-executive Directors consist of basic remunerations, allowances for attending Board meetings, allowances for attending meetings of special committees under the Board, of which basic pre-tax annual remunerations for Directors of special committees and other independent non-executive Directors are RMB100,000 and RMB80,000, respectively; and pre-tax allowances for attending Board meetings and meetings of special committees are RMB3,000/time and RMB2,000/time, respectively.

## SECTION V CORPORATE GOVERNANCE (CONTINUED)

3. The remuneration standards for an independent non-executive Director served by a person-in-charge of a central enterprise leaving his current post, including leaders of state-owned enterprises, state-owned financial enterprises and other units and their internal institutions and subsidiaries, shall be implemented in accordance with the *Notice on Salary Allowances for External Directors Served by Persons-in-charge of Central Enterprises Leaving Their Current Posts* (Guo Zi [2016] No. 531) 《關於退出現職的中央企業負責人擔任外部董事發放工資補貼有關事項的通知》(國資[2016]531號)) and *Notice on Adjusting the Work Allowances Standards for Retired Persons in Charge of Central Enterprises as Outside Directors* (Guoziting Kao Fen [2020] No. 187) 《關於調整退出現職的中央企業負責人擔任外部董事工作補貼標準的通知》(國資廳考分[2020]187號)). The pre-tax work allowance is pre-paid at RMB5,000/month per person. When the annual performance evaluation result is determined, it will be cleared and cashed according to the corresponding standards. If the annual performance evaluation result is excellent, the pre-tax work allowance standard is RMB100,000/ year; if the evaluation result is good, the pre-tax work allowance standard is RMB80,000/year; and if the evaluation result is basically competent or below, the pre-tax work allowance standard is RMB60,000/year, and no meeting allowance in any form is received.
4. The remuneration and benefit standards for Supervisors: total pre-tax remunerations (including post-based salaries and performance-based salaries) + social insurances (“insurances and housing provident fund” paid by the Company for individuals) + annuity (supplementary pension insurance paid by the Company for individuals)

### iii. Training Plan

Applicable  Not applicable

In 2023, the Company conducted a survey on training needs and formulated the annual training plan for the Company, improving the comprehensive implementation plan for training coverage. Trainings were carried out for all employees classified by cadre sequence, technical sequence, skill sequence, functional sequence, marketing sequence and project manager sequence. To ensure the implementation of the training plan, the Company cultivated talents by adopting the online and offline method, followed and supervised the implementation of training plan, and evaluated the training effect. In light of actual situation, each subsidiary organised the trainings for whole year. The training content included the work procedure of business, relevant specialised knowledge and business skills All departments of the headquarters have carried out trainings according to the plan to strengthen the business training of the Group and the trainings on management ability and professional ability of the headquarters staff, and enhance the management and control ability of the Group.

In 2023, 90.62% of the Company's male employees participated in employee training, and 91.95% of female employees participated in employee training, with an average training time of over 50 hours.

### iv. Labour Outsourcing

Applicable  Not applicable

Total number of working hours of outsourced labour	46.8 million hours
Total remuneration paid to outsourced labour	RMB1,639 million

## SECTION V CORPORATE GOVERNANCE (CONTINUED)

### XVI. PROFIT DISTRIBUTION PLAN OR RESERVES-TO-EQUITY TRANSFER PLAN

#### i. Formulation, implementation or adjustment of cash dividend policy

Applicable  Not applicable

##### 1. *Formulation of cash dividend policy*

While maintaining its sustained and steady development, the Company attaches great importance to the reasonable return on investment of shareholders. According to the relevant regulations of the CSRC, the Articles of Association have clearly stipulated the review procedures for cash dividend and profit distribution. The Company's profit distribution complies with the provisions of the Articles of Association. The dividend standards and ratios are explicit and clear, and the relevant decision-making mechanism and procedures are complete.

##### 2. *Implementation of cash dividend policy during the Reporting Period*

On 9 June 2023, the 2022 annual general meeting of the Company reviewed and approved the profit distribution plan for 2022. Calculated based on the total share capital of 10,589,819,000 shares (after the listing and issue of A Shares of the Company), cash dividends of RMB1.7 (tax inclusive) per ten shares were distributed, which had been completed.

##### 3. *Explanation of profit distribution plan for 2023*

The Company held the 20th meeting of the fourth session of the Board on 26 March 2024. The meeting reviewed and approved the *Annual Profit Distribution Plan for 2023* with five affirmative votes, zero dissenting vote and zero vote abstaining from voting, and agreed to submit the profit distribution plan to the Company's 2023 annual general meeting for review. The plan decides that a cash dividend of RMB1.7 (tax inclusive) will be paid to all shareholders for every ten shares, of which domestic shareholders will be paid in RMB and H shareholders will be paid in Hong Kong dollars. The exchange rate of Hong Kong dollars will be calculated in accordance with the average forex closing price published by the People's Bank of China for the three working days before the day when the dividend distribution announcement is made. As of 31 December 2023, the total share capital of the Company was 10,589,819,000 shares. Based on this calculation, the total cash dividend to be distributed is RMB1,800,270,000, accounting for 51.77% of net profit attributable to shareholders of listed companies in the 2023 consolidated statement of the Company. The independent Directors of the Company performed their duties diligently, carefully reviewed the proposal on the cash dividend policy and issued independent opinions.

If the above profit distribution plan is reviewed and approved by the Company's general meeting, the cash dividends are expected to be distributed on or before 31 August 2024. When the specific time is determined for convening the general meeting, the Company will separately announce further details including the closure of the registration of members of the H shares and the expected cash dividend payment date, if updated, in respect of the relevant cash dividend distribution. The time arrangement such as the record date and the cash payment date for Shanghai-Hong Kong Stock Connect and Shenzhen-Hong Kong Stock Connect investors is in line with that for H shareholders of the Company.

## SECTION V CORPORATE GOVERNANCE (CONTINUED)

### ii. Special explanation of cash dividend policy

Applicable  Not applicable

Whether the policy complies with the Articles of Association or requirements of the resolutions of the general meeting	<input checked="" type="checkbox"/> Yes <input type="checkbox"/> No
Whether the criteria and proportion of dividends are specific and clear	<input checked="" type="checkbox"/> Yes <input type="checkbox"/> No
Whether relevant decision-making procedures and mechanisms are complete	<input checked="" type="checkbox"/> Yes <input type="checkbox"/> No
Whether independent directors have performed their duties and given play to their due roles	<input checked="" type="checkbox"/> Yes <input type="checkbox"/> No
Whether minority shareholders have adequate opportunities to express their opinions and demands, and whether their legitimate rights and interests have been adequately protected	<input checked="" type="checkbox"/> Yes <input type="checkbox"/> No

### iii. Provided that the Company has made profits and the parent company's profits distributable to shareholders are positive, but no plan for distribution of profits by cash has been proposed during the Reporting Period, the Company shall disclose in details the reasons therefore and use and plan of usage of the undistributed profit

Applicable  Not applicable

### iv. Profit distribution or reserves-to-equity transfer for the Reporting Period

Applicable  Not applicable

Unit: Yuan Currency: RMB

Number of bonus shares to be distributed for every ten shares (share)	–
Amount to be distributed for every ten shares (RMB) (tax inclusive)	1.7
Number of shares to be converted into share capital for every ten shares (share)	–
Amount of cash dividend (tax inclusive)	1,800,269,230
Net profit attributable to ordinary shareholders of the listed company in the consolidated financial statement during the year of distribution	3,477,326,647.54
Percentage of the net profit attributable to ordinary shareholders of the listed company in the consolidated financial statement (%)	51.77
Amount of repurchase of shares under cash offer included in cash dividend	–
Total amount of dividend (tax inclusive)	1,800,269,230
Total amount of dividend as a percentage of the net profit attributable to ordinary shareholders of the listed company in the consolidated financial statement (%)	51.77

## SECTION V CORPORATE GOVERNANCE (CONTINUED)

### XVII. INFORMATION ABOUT THE COMPANY'S SHARE INCENTIVE PLAN, EMPLOYEE STOCK OWNERSHIP PLAN OR OTHER EMPLOYEE INCENTIVE MEASURES AND THEIR IMPACTS

**i. General information of Share Incentive Plan**

Applicable  Not applicable

**ii. Relevant incentive events disclosed in the temporary announcements and with no progress or change in subsequent implementation**

Applicable  Not applicable

**Other explanations**

Applicable  Not applicable

**Employee stock ownership plan**

Applicable  Not applicable

**Other incentive measures**

Applicable  Not applicable

**iii. The equity incentives granted to the Directors, senior management and core technicians during the Reporting Period**

**1. Stock option**

Applicable  Not applicable

**2. The first type of restricted stocks**

Applicable  Not applicable

**3. The second type of restricted stocks**

Applicable  Not applicable

**iv. Establishment and implementation of evaluation and incentive mechanisms for senior management during the Reporting Period**

Applicable  Not applicable

## SECTION V CORPORATE GOVERNANCE (CONTINUED)

### XVIII. RISK MANAGEMENT AND INTERNAL CONTROL

#### i. **Accountability and Audit**

Directors acknowledge their responsibility for preparing the consolidated financial statements of the Company for the year ended 31 December 2023. The Directors consider that the Group has adequate resources to continue in business for the foreseeable future and are not aware of material uncertainties that may cast significant doubt on the Company's ability to continue as a going concern.

#### ii. **Risk Management and Internal Control Systems**

##### 1. ***Risk management and internal control management responsibilities***

The Board of the Company is responsible for determining the overall risk management objectives, risk tolerance, major risk management solutions and internal control construction implementation plans of the Company and is accountable to the general meeting for the effectiveness of overall risk management and internal control. The management of the Company is responsible for organising, establishing and improving the Company's overall risk management and internal control system. The legal compliance department of the Company is responsible for the construction and overall operation of the overall risk management and internal control system as well as the organisation, coordination and centralised management of overall risk management and internal control. The audit department of the Company is responsible for evaluating the effectiveness of overall risk management and internal control, and conducting internal control audit and supervision. Such risk management and internal control management are designed to manage rather than eliminating the risk of failure to meet business objectives and to only provide a reasonable, but not absolute, assurance that there will be no material misrepresentations or losses.

##### 2. ***Risk management and internal control management systems and procedures***

The Company has formulated the *Measures for the Administration of Overall Risk Management and Internal Control of the Company* and the *Measures for the Administration of Risk Evaluation of the Company*. In accordance with the regulations, the legal compliance department of the Company conducts a comprehensive risk evaluation on the whole system of the Company at the beginning of each year to examine the effectiveness of overall risk management and control in the previous year and identify the major risks that will be faced in the next year and the countermeasures taken by it. The audit department of the Company conducts an internal control assessment at the beginning of each year to assess the effectiveness of internal control of the whole system for the previous year, identify any internal control defects and implement the rectification of internal control defects. The legal compliance department and audit department of the Company report to the Audit and Risk Management Committee on risk management and internal control, including but not limited to the effectiveness and defects of internal control of the Company, overall risk evaluation results and management and control measures.

## SECTION V CORPORATE GOVERNANCE (CONTINUED)

### **3. Non-compliance report policy and procedure**

The discipline inspection and supervision department of the Company is responsible for accepting reports on corrupt practices of internal staff of the Company, the violation of the Company's rules and regulations, the dereliction of duty or malfeasance, etc., and carrying out investigation and handling in accordance with the *Interim Provisions on Handling the Violation of Discipline and Noncompliance by Staff of the Company*. Employees, customers, suppliers and other stakeholders of the Company can obtain the report telephone number from the official website of CRSC. Specifically, in accordance with the *Implementation Measures for Handling Complaints about Tender and Bidding of the Company*, it takes the lead in forming an investigation team to conduct investigations into complaints about the tender and bidding of equipment and materials of CRSC and their handling, and makes decisions on handling and gives replies, etc. according to law pursuant to permissions.

### **4. Key business risks and internal control**

In accordance with the requirements of the *Guidelines for Overall Risk Management of Central Enterprises* of SASAC, the Company implements risk management in the operation of all its businesses and effectively manages and controls its business activities through the internal control system and the internal control process. In accordance with the *Measures for the Administration of Rules and Regulations of Stock Company*, the legal compliance department of the Company is responsible for the construction and improvement of the internal control system and evaluating and improving the effectiveness, operability and system coordination of the Company's internal rules and regulations each year. In accordance with the *Interim Measures for Investment Management of Stock Company*, the *Interim Measures for Investment Management of Capital Operation Projects of Stock Company* and other regulations, the relevant business departments of the Company conduct special risk evaluations on important management activities such as investment and generate special risk evaluation reports as an important basis for decision making.

### **5. Overall situation of risk management and internal control for 2023**

In 2023, the legal compliance department and the audit department of the Company organised all functional departments and enterprises of all levels to conduct overall risk evaluations, internal control assessments, rationalise internal control system and procedure, and continue to improve the internal control system, conduct investigations on special risk, track the implementation of major risk control measures, and give risk warning at the beginning of the year in accordance with the regulations and the requirements of the Board of Directors and management of the Company and organised special risk evaluations on and took countermeasures against each major project in order to improve the Company's overall risk management and internal control management system and ensure that the Company's risks are controllable, the internal control system and procedure continue to be effective and internal control measures are effectively implemented. For the year ended 31 December 2023, the Board has reviewed the risk management and internal control system of the Company and its subsidiaries for one time through the legal compliance department and the audit department, and considers that the system is still effective and sufficient.

## SECTION V CORPORATE GOVERNANCE (CONTINUED)

Meanwhile, the Audit and Risk Management Committee has reviewed the effectiveness of the Group's risk management and internal control systems, covering annual material risks and response measures, financial monitoring, internal control and risk management system. The Audit and Risk Management Committee has also considered the adequacy of the Group's resources, employee qualifications and experience in respect of accounting and financial reporting functions, and has reported the relevant matters to the Board. No significant defect in internal control was identified in relevant review.

### 6. *Handling and releasing inside information*

In accordance with the Company's information disclosure management regulation, the Company has defined the scope of inside information and relevant staff, established a sensitive information submission and release approval mechanism and reviewed the content of the list on a regular basis so as to quickly identify and promptly report any material which may constitute inside information. When receiving any material which may constitute inside information, the information disclosure management department will immediately evaluate the information and monitor the information before the release of the information to ensure that only a small number of those who need to know the information receive such information and ensure that these persons are well aware of their confidentiality responsibility. If such material is judged to be inside information, the information disclosure management department will coordinate the release of inside information as soon as possible through the electronic publication system operated by the Stock Exchange.

## XIX. CONSTRUCTION AND IMPLEMENTATION OF INTERNAL CONTROL SYSTEM DURING THE REPORTING PERIOD

Applicable  Not applicable

In 2023, CRSC continuously managed the whole life cycle of the internal control system, conducted reviews and evaluations on the internal control system, formulated an annual system construction plan, conducted regular tracking on the progress of system establishment, revision and abolition and comprehensively promoted the construction of systems. It refined the establishment of the internal control system and carried out investigations on the whole system. For the establishment, revision and abolition of rules and systems of the Company as well as changes in external laws and regulations and other regulatory requirements, it fully reviewed and optimised internal control procedures, amended and released the *Overall Risk Management and Internal Control Management Manual*. It systematically established special systems on compliance management, formulated and released compliance management systems on basic management, employee behaviours, job responsibility and other aspects, and signed letters of undertaking on compliance with all employees, further consolidating the foundations for the compliance management of the Company. CRSC continuously strengthened the operation and implementation of systems and facilitated the modern governance system and capability of the Company.

Explanation of any significant defects in internal control during the Reporting Period

Applicable  Not applicable

## SECTION V CORPORATE GOVERNANCE (CONTINUED)

### XX. MANAGEMENT AND CONTROL OVER SUBSIDIARIES DURING THE REPORTING PERIOD

Applicable  Not applicable

By improving the system construction, reforming the management organisation and optimising the working mechanisms, the Company strengthened the responsibilities of the management organisation, smoothed the management procedures and conducted all-round management and control of subsidiaries' production and operation, finance and assets, staff and organisations as well as risk prevention and control. At present, the management and control mechanism for subsidiaries is running in an orderly and steady manner. By guiding the construction of the board of directors of subsidiaries, the Company optimised the governance mechanism, improved the corporate governance and drew on the functions of the Board of Directors in "developing strategies, making decisions and preventing risks", further amplifying the role and value of the Board of Directors.

By building the decision-making on major events, appointment and dismissal of important cadres, investment decisions on major projects, and use of large amounts of funds ("Three Importance and One Large") and operation supervision system, investment project approval decision-making system, safety and quality information system, data collection system for three-year action plan for reform, contract information system, accountability information system and other information systems, the Company obtained information of subsidiaries in time, and regularly carried out major risks tracking and monitoring to achieve dynamic management and control of subsidiaries. In the next step, the Company will further strengthen information construction, strengthen the control of subsidiaries through scientific and technological means and better serve, guide and support the deep reform, production, operation and risk prevention of subsidiaries.

### XXI. RELEVANT INFORMATION ABOUT AUDIT REPORT ON INTERNAL CONTROL

Applicable  Not applicable

The *Report on Internal Control Evaluation for 2023* 《(2023年度內部控制評價報告)》 and the *Audit Report for 2023 of BDO China SHU LUN PAN Certified Public Accountants LLP on the Internal Control of China Railway Signal & Communication Corporation Limited* 《(立信會計師事務所(特殊普通合夥)關於中國鐵路通信信號股份有限公司2022年度內部控制審計報告)》 have been disclosed on the designated websites of the Shanghai Stock Exchange([www.sse.com.cn](http://www.sse.com.cn)) and the Hong Kong Stock Exchange ([www.hkexnews.hk](http://www.hkexnews.hk)) and the official website of the Company ([www.crsc.com.cn](http://www.crsc.com.cn)) together with this report.

Whether to disclose the audit report of internal control: Yes

Opinion type of internal control audit report: Standard report without reserved opinions

## SECTION V CORPORATE GOVERNANCE (CONTINUED)

### XXII. SELF-EXAMINATION AND RECTIFICATION OF LISTED COMPANY GOVERNANCE SPECIAL ACTIONS

With reference to the *Special Self-examination List of Corporate Governance for Listed Companies*, the Company carefully reviewed and inspected the setting of corporate organisations, the establishment of system, the operation and decision-making of organisations, controlling shareholders, actual controllers and related parties, the internal control management, the information disclosure, the circumstances of investors and other aspects. It set rectification targets, made elaborate arrangements and promptly made rectifications in an organised way. All problems were fully rectified. During the Reporting Period, the Company further improved the corporate governance system, refined the governance structure, strengthened regulated operations, enhanced the governance efficiency and promoted the high-quality corporate development.

### XXIII. JOINT COMPANY SECRETARIES

During the Reporting Period and to the date of this report, Mr. LI Lianqing and Dr. NGAI Wai Fung have been the joint company secretaries of the Company. Dr. NGAI Wai Fung serves as a director and chief executive officer of SWCS Corporate Services Group (Hong Kong) Limited (a professional corporate service provider), and his main contact person in the Company is Mr. LI Lianqing. Mr. LI Lianqing also serves as a member of Standing Committee of the Party Committee, the chief accountant and secretary to the Board of the Company.

Mr. LI Lianqing and Dr. NGAI Wai Fung undertook no less than 15 hours of relevant professional training for the year ended 31 December 2023.

### XXIV. AUDITOR'S REMUNERATION AND MATTERS RELATING TO THE AUDITOR

The particulars of the Company's auditors are set out in Section VII "Significant Events" in the annual report.

## SECTION V CORPORATE GOVERNANCE (CONTINUED)

### XXV. CORPORATE CULTURE

#### 1. Mission and Vision

Develop the national industry of national train control technology, lead the advancement of global rail transit technology, and protect people's beautiful travel.

#### 2. Core Values

People-Oriented, Innovation & Progress, Safety-First, and Joint Value Creation

Human capital is the Company's most significant asset. We view our employees as the enterprise's primary resource, adhering to a people-first and joint development philosophy. We treat our employees with the utmost respect, safeguarding their essential interests; we centre our operations around our customers, initiating with their needs and concluding with their satisfaction; we honour our partnerships, embracing mutual benefit and collaborative success.

Innovation fuels our growth. The Company is committed to technological innovation, aiming at the technological advancement of national industries; we embrace management innovation, empowering our enterprise to strengthen, optimise, and expand. Technological and management innovations are the twin engines of our enterprise's growth. Our dedication to continual innovation ensures a relentless drive towards sustainable development.

Quality and safety form the cornerstone of our development. We deliver safe, reliable, and robust technology and products to our customers, thereby ensuring the safety of rail transport and protecting public life and property, which stands as our foremost political, economic, and social duty. "Quality as our essence, safety as our creed" encapsulates our core pursuit.

Value creation is our unwavering ambition. Our role in the socioeconomic landscape carries significant political, economic, and social responsibilities. Creating value transcends improving economic returns, mitigating operational risks, and enhancing developmental capabilities. It involves fulfilling our political and social duties effectively, generating and sharing value with shareholders, customers, and the community at large.

## SECTION V CORPORATE GOVERNANCE (CONTINUED)

### 3. Corporate Spirit

Our corporate spirit are: Realism, Innovation, Endeavor and Dedication

We adhere to a disciplined approach, honour scientific principles, follow regulations, and aim for tangible achievements.

We advocate for open collaboration, aspire to new heights, pursue excellence, and strive for unparalleled quality.

Remaining humble in success and resilient in failure, we tackle challenges head-on with selflessness and bravery.

We commit wholeheartedly to our duties, embrace responsibility, strive for effective governance, and dedicate our efforts to the nation through our industry.

## XXVI.OTHER

Applicable  Not applicable

### Directors and auditors' responsibilities regarding the accounts

The Board has confirmed its responsibility for preparing the consolidated financial statements of the Group for the year ended 31 December 2023.

The Board is responsible for providing clear and concise evaluations on annual and interim reports, sensitive stock price information, and other disclosure in accordance with the Listing Rules and other regulatory regulations. The management team has provided necessary explanations and information to the Board for their evaluation and approval of the financial data and condition of the Group.

# SECTION VI ENVIRONMENTAL AND SOCIAL RESPONSIBILITIES AND OTHER CORPORATE GOVERNANCE MATTERS

## I. STATEMENT ABOUT ESG FROM THE BOARD OF DIRECTORS

The Company's Board of Directors has always attached great importance to the ESG work, started from top-level design, integrated ESG into corporate management, and established a closed loop of ESG risk investigation, control, monitor and improvement. The Company has a department dedicated to the day-to-day ESG management and preparation of ESG reports. The 2023 ESG report released by the Company elaborates on the management philosophy and highlights practices and annual results of the Company's work on environmental, social, and governance in 2023. For more details, please refer to the 2023 ESG report disclosed with this report.

## II. ENVIRONMENTAL INFORMATION

Whether mechanisms related to environmental protection have been established	Yes
Amount of investment in environmental protection during the Reporting Period (unit: RMB0'000)	1,628.4

### i. Whether it falls in the category of key pollutant-discharging units determined by environmental protection departments

Yes  No

#### 1. Discharge information

Applicable  Not applicable

The Company enhances management on the operation of environmental friendly equipment and facilities, intensifies daily supervision and inspections, and conducts environmental monitoring in compliance with laws and regulations, with pollutant emissions conforming to national and local standards.

## SECTION VI ENVIRONMENTAL AND SOCIAL RESPONSIBILITIES AND OTHER CORPORATE GOVERNANCE MATTERS (CONTINUED)

### 2. ***Environmental impact assessment and other administrative licences in relation to environmental protection of construction projects***

Applicable  Not applicable

The Company strengthens control measures at the source, with a focus on monitoring new construction projects and renovations. It conducts energy conservation assessments and environmental protection evaluations, strictly carrying out the “three simultaneous” work to minimise risks throughout the entire process of design, construction, and production. It actively promotes the “three simultaneous” measures for projects involving digitalisation, intelligent upgrades and renovations, and the construction of production lines for intelligent power supply equipment related to environmental gas. This is done while strictly adhering to energy conservation assessment and design requirements for construction projects to control new pollutants at the source.

### 3. ***Emergency plan for contingent environmental incidents***

Applicable  Not applicable

The Company formulated environmental self-monitoring programmes such as the Measures for Reporting, Investigation, and Handling of Environmental Emergencies of the CRSC.

### 4. ***Environmental self-monitoring programme***

Applicable  Not applicable

The Company conducts environmental monitoring in compliance with regulations and ensures the standard emission of pollutants. All affiliated enterprises of the CRSC completed the inspections on wastewater, exhaust gas, and noises at the boundary based on the inspection cycle to ensure emissions comply with national and local emission standards. Shenyang Railway Signal Co., Ltd., Jiaozuo Railway Cable Co., Ltd., and other relevant enterprises enhanced tour inspections and maintenance on the online monitoring system of local ecological and environmental management departments for discharging terminals to ensure standard emissions.

## SECTION VI ENVIRONMENTAL AND SOCIAL RESPONSIBILITIES AND OTHER CORPORATE GOVERNANCE MATTERS (CONTINUED)

### ii. Administrative penalties for environmental problems in the Reporting Period

During the Reporting Period, neither the Company nor its affiliates were subject to environmental administrative penalties due to environmental issues or violations of laws and regulations.

### iii. Information on energy consumption and emissions

Applicable  Not applicable

The Company adheres to the guidance of Xi Jinping's ecological civilisation thought, actively fulfils the development philosophy of "Green mountains and clear water are invaluable assets" (綠水青山就是金山銀山), advocates resource and energy conservation, promotes innovation of green and low-carbon technology, builds green and low-carbon cycling development system, reduce environmental pollution by various measures, forms a green development style and lifestyle, and empowers high-quality development with green and low-carbon. In 2023, the Company accelerated the elimination of high-energy-consuming and high-pollution processing equipment, accelerated the demonstration, application and promotion of new energy-saving and low-carbon technologies, processes and products, implemented green manufacturing, and improved the level of energy conservation and resources recycling.

#### 1. Greenhouse gas emissions

Applicable  Not applicable

In 2023, CRSC's emission of carbon dioxide reached 68,126 tonnes and the emission density was 0.0183 tonne/RMB10,000.

#### 2. Energy and resources consumption

Applicable  Not applicable

#### 2021–2023 Annual Energy and Resources Consumption of CRSC

Energy Type	Electric	Liquefied Gas m <sup>3</sup>	Gasoline ton	Diesel ton	Thermo million kJ	Natural Gas m <sup>3</sup>
	Power MWh					
2021	109,700.0	74,883.0	3,800.0	1,606.3	86,601.8	2,952,281.6
2022	84,040.2	–	4,267.5	2,620.3	47,964.4	2,082,460.0
2023	78,035	–	3,602.6	1,644.7	56,821	2,094,300

## SECTION VI ENVIRONMENTAL AND SOCIAL RESPONSIBILITIES AND OTHER CORPORATE GOVERNANCE MATTERS (CONTINUED)

### 2021–2023 Annual Energy and Resources Consumption of CRSC

Energy Type	Water	Water	Combined Energy	Combined Energy
	Consumption	Consumption Intensity	Consumption	Consumption Intensity
	ton	ton/RMB'0,000	tons of standard coal	tons of standard coal/RMB'0,000
2021	938,003	0.24	25,955	0.01
2022	887,390	0.22	24,830	0.01
2023	886,150	0.24	22,024	0.01

### 3. Waste and pollutant emissions

Applicable  Not applicable

### 2021–2023 Annual General Waste Emissions of CRSC

Indicator	Unit	2021	2022	2023
Sulphur dioxide emissions	ton	0.023	0.022	0.0237
Chemical oxygen demand (COD) emissions	ton	6.78	7.71	7.73
Ammonia nitrogen emissions	ton	0.656	0.649	0.672
Nitrogen oxide emissions	ton	0.833	0.749	0.727
Total amount of general waste emissions in production and manufacturing	ton	1,351.6	1,518.3	1,807.05
Construction waste emissions	ton	28,753.3	17,542.0	16,147.92
Total emissions of non-hazardous waste※	ton	30,104.9	19,060.3	17,954.97
Emissions of non-hazardous waste per output value of RMB10,000	ton/RMB'0,000	0.0078	0.0047	0.0048
Hazardous waste emissions	ton	173.7	123.625	147.09
Emissions of hazardous waste per output value of RMB10,000	ton/RMB'0,000	0.00004	0.00003	0.00004

Note※: The Company's non-hazardous waste mainly includes waste generated during the production and manufacturing process, such as wood, plastic, metal, cardboard, as well as construction waste generated during engineering construction activities.

## SECTION VI ENVIRONMENTAL AND SOCIAL RESPONSIBILITIES AND OTHER CORPORATE GOVERNANCE MATTERS (CONTINUED)

### Company environmental protection management system and other information

Applicable  Not applicable

The Company continuously improves relevant systems. In 2023, it formulated and released the *CRSC Energy Conservation and Eco-environmental Protection Supervision and Management Measures*, the *CRSC Energy Conservation and Eco-environmental Protection Rewards and Penalties Management Measures*, and the *CRSC Environmental Factor Identification and Evaluation Management Measures*. These measures further enhance and standardise supervision and inspection work, regulate rewards and penalties, strengthen control over significant environmental factors, reduce and prevent environmental incidents, effectively promote the fulfilment of corporate responsibilities, and establish a long-term mechanism.

### iv. Measures taken to reduce carbon emissions during the Reporting Period and their effectiveness

Adopted carbon reduction measures or not  
Emissions of CO2 equivalent reduced (unit: tonne)

Yes  
1,367

Types of carbon reduction measures (such as the use of clean energy in power generation, adoption of carbon reduction technology in production and R&D, and production of new products conducive to carbon reduction)

Types of carbon reduction measures include: the construction of photovoltaic projects; intelligent digital transformation projects for lead-free processes; projects such as the construction of Internet Data Centre (IDC); and the construction of production lines for intelligent power supply equipment related to environmental gas, all aimed at reducing carbon dioxide emissions.

### Specific explanation

Applicable  Not applicable

## SECTION VI ENVIRONMENTAL AND SOCIAL RESPONSIBILITIES AND OTHER CORPORATE GOVERNANCE MATTERS (CONTINUED)

### v. New technologies, new products and new services in reduction of carbon emission

Applicable  Not applicable

The Company actively organises and conducts technological research and development related to “Double Carbon” to accelerate the application of key green and low-carbon technologies in the rail transit industry. The Changsha Architectural Design Institute, affiliated with CRSC, established a Green Building Research Centre, conducting research on “*Green Building Technologies under the Double Carbon Goals*” and “*Energy-saving and Efficiency-enhancing Measures for Air Conditioning Systems and Energy Performance Contracting*”. Combining research and production modes, it promoted the high-quality development of green buildings, focusing on energy-saving and efficiency enhancement and low-carbon development goals. Additionally, it participated in the “2023 Xinhe Cup-the Fourth Green Building Design Competition of Hunan Province” with two design projects, namely, the “*Jihua-Urban Health Resort*” and the “*Second Social Welfare Institute Project in Loudi City*”. Shanghai Railway Communication of Xi’an Industry Group completed the lead-free process intelligent digital transformation project and green and low-carbon measures were implemented in these projects. Two sets of VOC disposal and emission systems were constructed, achieving the expected goals, including an annual reduction of approximately 260kg of lead usage and an annual energy saving of about 15 tonnes of standard coal, resulting in a reduction of over 30 tonnes of carbon dioxide emissions. The construction project of production lines for intelligent power supply equipment related to environmental gas by the CRSC Rail Transit Vehicles Co., Ltd. has been completed and put into operation. By using environmentally friendly gas instead of SF6 gas (where the greenhouse effect of an SF6 molecule is 24,000 times that of a CO2 molecule), the project significantly exceeded the expected carbon reduction target, with an annual reduction of approximately 573,600 tonnes of equivalent CO2 emissions compared to traditional processes, along with an annual saving of 496,300 kWh of electricity, achieving an energy-saving efficiency of 10%. Casco invested RMB4.25 million in the construction of the IDC, which has been completed, accepted, and put into operation. It adopts closed-cooling technology (micro-modules) to avoid mixing of cold/hot airflows, which significantly reduces energy consumption. By increasing the return air temperature of air conditioners in IDC, the energy efficiency of air conditioners is improved. For high heat density scenarios, inter-column air conditioners are used for precise cooling, which significantly improves the cooling efficiency. Furthermore, for fluctuating heat loads, variable-capacity air conditioners are used to achieve real-time cooling, thereby achieving high-efficiency energy savings. Compared to traditional IDCs, energy consumption can be reduced by 30% to 50%, with a minimum PUE of 1.25, resulting in an annual energy savings of 416,500 kWh in electricity consumption and reducing operating costs by approximately RMB600,000. CRSC Communication & Information Group optimised the software of its experimental platform and reduced the number of existing information servers from 120 to 117, achieving a comprehensive energy saving equivalent to 0.89 tonnes of standard coal and reducing carbon emissions by 4.2 tonnes.

## SECTION VI ENVIRONMENTAL AND SOCIAL RESPONSIBILITIES AND OTHER CORPORATE GOVERNANCE MATTERS (CONTINUED)

### vi. Information beneficial to ecological protection, pollution prevention, and fulfilling environmental responsibility

Applicable  Not applicable

R&D and system integration entities integrated the concept of green and low-carbon development into all links and continued to increase the introduction of design ideas and integration concepts of energy conservation and environmental protection. In terms of selecting materials and equipment, energy conservation and environment-friendly technical solutions were preferred, and low-energy components and equipment configurations were adopted to ensure energy conservation and low carbon from the source.

Industrial manufacturing entities accelerated the pace of enterprise upgrading and promoted green development. The "Flexible Line Configuration" project by BRSC of CRSCD, the "Whole-process Control of Manufacturing Basic Equipment for Rail Transit" project by CRSC Xi'an, a subsidiary of CRSC Xi'an Industry Group, and the "Design for Manufacturability" project by Shanghai Railway Communication were all successfully selected in the "2023 List of Intelligent Manufacturing Excellent Scenarios" released by MIIT. Additionally, CRSC Xi'an has been listed in MIIT's "Green Manufacturing" List. These achievements fully demonstrate the phased progress made by CRSC in intelligent manufacturing, green manufacturing, and digital transformation. The optimisation of the process layout also led to energy conservation and emission reduction. Efforts were intensified in energy-saving and environmental protection renovations, aiming to enhance energy utilisation efficiency.

Construction enterprises carried out green construction practices and vigorously conduct evaluations of the green construction levels of engineering projects. They promoted green construction processes and the use of green and low-carbon building materials, thereby advancing the reduction and recycling of building materials and the scale development of ultra-low energy consumption, nearly zero energy consumption, and low-carbon buildings. The "University Games Comfortable Housing Project" and the "Phase I Project of the Logistics Distribution Centre for Rural Revitalisation in Linwu, Hunan" were recognised by the China Association of Construction Enterprise Management (CACEM) for their achievements in the assessment on green construction levels. The "University Games Comfortable Housing Project" was approved as one of the first green construction demonstration projects in Chengdu. CRSC won one second prize and three honourable mentions in the "First Competition of Digitalisation, Industrialisation, Green, and Low-carbon Construction Method for Engineering Construction Enterprises" organised by CACEM.

The Company organised system-wide activities for "World Environment Day", "National Energy Conservation Week", and "National Low-carbon Day". It meticulously edited and produced a brochure titled "*General Secretary Xi Jinping's Important Thought on Building Ecological Civilisation*", as well as a proposal titled "Prioritise Conservation, Embrace Green" addressed to all employees. Two issues of a special environmental protection and low-carbon promotion feature were launched on the Official WeChat Account. A total of 33,523 people participated in the activities across the system, raising awareness of green and low-carbon practices among all staff members. The Company conducted a public service event to clean up the beach under the theme "Protecting the Blue Planet", which aimed at safeguarding river and ocean ecosystems. In 2023, Casco organised the "Protecting the Blue Planet" beach cleaning event and joint Party-building activities along the Yellow River, with 107 environmental volunteers collecting 1,971 pieces of trash weighing a total of 33.75 kilograms, making a positive contribution to addressing plastic pollution on the riverbanks. Additionally, the Company launched a campaign dedicated to national afforestation and ecological conservation efforts. A total of 90 mu of Chinese wolfberry trees, totalling 20,000 plants, were planted. Through these public welfare activities, the Company fulfilled its corporate social responsibility and protected the ecological environment along the railway line.

## SECTION VI ENVIRONMENTAL AND SOCIAL RESPONSIBILITIES AND OTHER CORPORATE GOVERNANCE MATTERS (CONTINUED)

### III. SOCIAL RESPONSIBILITY WORK

#### i. Social contribution of the main business and key indicators of the industry

In 2023, the Company unswervingly implemented the national strategies of Building National Strength in Transportation and Regional Coordinated Development. It not only facilitated the successful opening and handover of key projects, including Guangzhou-Shanwei High-speed Railway, Guiyang-Guangzhou High-speed Railway, Guiyang-Nanning High-speed Railway, Lanzhou-Urumchi High-speed Railway (Jinghe-Alataw Pass Section), and Shantou-Shanwei High-speed Railway, but also made steady progress in the construction of various other key projects, including the Phase I Project of Hangzhou-Wenzhou High-speed Railway, Meizhou-Longchuan High-speed Railway, Xuancheng-Jixi High-speed Railway, and the project on the introduction of Chongqing-Kunming High-Speed Railway into Kunming as a transportation hub. During the year, the Company received multiple awards, including one Tien-yow Jeme Civil Engineering Prize, four Luban prizes, five National Quality Engineering Awards, and more than 40 provincial-or ministry-level awards for quality engineering projects, while it was given an A rating again in the credit appraisal for construction enterprises engaging in railway construction projects. The Company participated in the high-quality development of the Belt and Road Initiative with actions. It spared no effort in safeguarding the secure operation of the Belgrade-Stara Pazova Section and the Stara Pazova-Novi Sad Section of the Hungary-Serbia Railway, facilitated the high-quality opening and operation of the Jakarta-Bandung High-speed Railway in Indonesia, safeguarded the successful completion of the Padma Bridge Rail Link Project for Bangladesh and the Mexico City Metro Line 1 Refurbishment Project for Mexico, and systematically promoted the construction of various other key overseas projects, including the Hungary-Serbia Railway (Novi Sad-Subotica-Border with Hungary Section) Project and the Khon Kaen-Nong Khai Line Double Tracking Project for Thailand.

## SECTION VI ENVIRONMENTAL AND SOCIAL RESPONSIBILITIES AND OTHER CORPORATE GOVERNANCE MATTERS (CONTINUED)

### ii. Types and contributions of charitable activities

Type	Amounts	Explanation
External donations		
Including: Funds (RMB0'000)	12.5	Donations to Public Relief and Public Welfare
Goods converted into money (RMB0'000)		–
Commonweal projects		
Including: Funds (RMB0'000)	20	Donations to cultural and sports causes for supporting the development of scientific, education and personnel development and funding poor children's schooling
Number of people rescued (persons)		the actual number of people it helps is unable to be account due to the channels
Rural revitalisation		
Including: Funds (RMB0'000)	33.97	Donations to areas receiving targeted assistance for rural revitalisation
Goods converted into money (RMB0'000)		–
Number of people assisted in employment (persons)	526	The cultivated area of sweet potatoes in Sheqi County, Henan Province, increased to over 200,000 mu, creating over 300 job opportunities. In accordance with the development needs of Sheqi County's five pillar industries, including grain, forestry, fruits, livestock, vegetables, and Chinese medicine materials, the Company provided targeted assistance by selecting key products and projects, with seven special projects carried out to promote agricultural technology, creating 226 job positions.

## SECTION VI ENVIRONMENTAL AND SOCIAL RESPONSIBILITIES AND OTHER CORPORATE GOVERNANCE MATTERS (CONTINUED)

### 1. Details of public charitable activities

Applicable  Not applicable

The Company continues to carry out youth volunteer service activities. The CRSC Volunteer Service Team conducted “Learn from Lei Feng” themed activities, where young volunteers from various enterprises actively participated in community service, helping students and caring for the elderly, protecting the environment, and other social welfare activities. Volunteers visited kindergartens to tell children stories about Lei Feng. Youth volunteer members were organised to visit the Deng Baoshan Memorial Hall and conduct environmental protection volunteer services under the theme of “Uniting efforts, following the Party, and striving for a new era”, in a bid to commemorate revolutionary martyrs with practical actions. Tree planting and green protection activities were organised, along with volunteering to pick up waste along the central axis of Beijing. They also visited nursing homes in communities to conduct a series of volunteer service activities, continuously expanding the brand effect of the volunteer service themed “Build Dreams Together”. During the 6th China International Import Expo (CIIE) in Shanghai, CRSC’s young employees actively participated in the maintenance and support work for urban rail transit. They volunteered at Xu Jingdong Station on Shanghai Metro Line 2, providing route guidance and information to passengers heading to the venue. During the 19th Asian Games in Hangzhou, CRSC’s youth members from the Zhejiang Metro project formed a volunteer team to escort the Asian Games. During the Asian Games, the volunteer service team provided guidance to tourists at subway stations and bus stops near the China Textile City Sports Centre, Shaoxing Olympic Sports Centre, and Shaoxing Baseball (Softball) Sports Culture Centre. They also monitored the operation of various professional equipment of urban rail transit to ensure the maintenance work was carried out with higher quality and efficiency.

### 2. Details on consolidating and expanding the achievements of shaking off poverty and rural revitalisation

Applicable  Not applicable

Poverty Alleviation and Rural Revitalisation Projects	Number/Content	Explanation
Total inputs (RMB'0,000)	33.97	Donations to areas receiving targeted assistance for rural revitalisation
Including: Funds (RMB0'000)	33.97	Donations to areas receiving targeted assistance for rural revitalisation
Goods converted into money (RMB0'000)	–	
Number of people benefited (person)	526	
Forms of alleviation (such as poverty alleviation through industry, poverty alleviation through employment, poverty alleviation through education, etc.)		Through industrial revitalisation, talent revitalisation, cultural revitalisation, ecological revitalisation, and organisational revitalisation, the Company continues to consolidate the achievements of the “Two Assurances and Three Guarantees” and promotes consumption assistance.

## SECTION VI ENVIRONMENTAL AND SOCIAL RESPONSIBILITIES AND OTHER CORPORATE GOVERNANCE MATTERS (CONTINUED)

### Specific explanation

Applicable  Not applicable

In terms of industrial revitalisation, the Company relied on local resources and the actual situation of Sheqi County to cultivate and expand the county's leading industries, such as vegetables, Chinese medicinal materials, tobacco, livestock and poultry aquaculture, food processing, and artificial flowers, in a bid to promote the "integration of agriculture, industry, and the service sector" and improve the quality and efficiency of agriculture. For talent revitalisation, the Company continued to implement three major projects: education and training for rural cadre and talents, local talent cultivation, and education and training for technological and innovative talents, thereby constructing a hierarchical and classified talent cultivation system for rural revitalisation. Regarding cultural revitalisation, the Company carried out site repairing on key projects such as the hometown of the famous Chinese prose writer Zhou Tongbin in Zhouzhuang Village, the former site of the Senior Cadres Conference of the Central Plains Field Army in Zhangxinzhai, the Tangbei underground traffic station in Miaodian, and the former site of Weiwen Middle School and the Base Hospital of the Second Field Army in Taihe Village, with a focus on creating a batch of cultural and tourism projects with significant social benefits and strong demonstrative effects, thus integrating the "red culture", farming culture, and folk culture into agricultural sightseeing and rural tourism, making them high-quality red tourism routes. In terms of ecological revitalisation, the Company purchased 300 Chinese roses for replanting in areas with missing greenery in Qiaotou Town, as well as the greening projects in the primary school and fitness squares in Shiqiao Village. It also purchased nursery stock and flowers from China Forestry Group to support the beautification projects along the main roads and cultural squares in Yaoying Village, Qiaotou Town. Moreover, it helped with the renovation of two ponds in Yinhedong Village, Zhujizhen Town, and the construction of three public toilets in Yuanlaozhuang Village. For organisational revitalisation, the Company actively carries out Party-building activities, organised six grassroots Party branches affiliated with the CRSC Electrification Bureau in Henan Province to conduct paired assistance with Party branches in six villages, such as Xiaguo Village in Lidian Town, Jinzhuang Village in Jinzhuang Town, Jiebei Village in Mopi Town, Jiangwangzhuang Village in Xiawa Town, Shuangzhuang Village in Panhe Street, and Yuanlaozhuang Village in Zhujizhen Town. It has carried out a series of paired assistance activities such as "Strengthening Strongholds through Branch Cooperation and Building Cohesion through Paired Assistance". The Company consolidated the achievements of the "Two Assurances and Three Guarantees" and invested funds in the Phase II project of the Beautiful Countryside Construction in Yuanlaozhuang Village, Zhujizhen Town. Centring on the main road of the village, the project enhanced and developed the living environment, aiming to establish a picturesque, business-friendly, and vibrant rural landscape. Additionally, the Company actively took part in the consumption assistance by leveraging both the central enterprise consumption assistance e-commerce platform and its own new consumption e-commerce platform. By participating in special events such as the Spring Initiative of Central Enterprises for Consumption Assistance, Vitalisation Agriculture Week, and Cohesion Initiative, it directly purchased agricultural products from impoverished areas totalling over RMB2.02 million throughout the year, assisting Sheqi County in selling various agricultural products totalling over RMB21 million. In the second "Week for Supporting and Vitalising Agriculture through Consumption by Central Enterprises", it achieved a historical milestone by ranking 8th among all central enterprises.

## SECTION VI ENVIRONMENTAL AND SOCIAL RESPONSIBILITIES AND OTHER CORPORATE GOVERNANCE MATTERS (CONTINUED)

### iii. Information about the protection of equity of shareholders and creditors

The Company attached great attention to the protection of the equity of shareholders and creditors, actively performed its duties as a listed company, faithfully undertook its responsibilities as a national pillar and displayed its role as a central government-owned enterprise. The Company actively safeguards all legitimate interests of shareholders. The Company attaches importance to the return to shareholders and strictly implements the profit distribution in accordance with the relevant provisions of the CSRC and the SSE. On 9 June 2023, the 2022 annual general meeting was held to review and approve the Resolution on Profit Distribution Plan for 2022. It is recommended to distribute the cash dividend of RMB1.70 (tax inclusive) per 10 shares, and the cash dividend distributed amounted to approximately RMB1.8 billion, ranking the top of listed companies in the same industry with the same size. The Company attaches great importance to the right of shareholders to participate in the corporate governance and guarantees the rights of investors to participate in the general meeting of shareholders. To facilitate small and medium-sized investors to participate in corporate governance, the general meeting of the Company is generally convened in a relatively fixed time and office through the combination of on-site and online means. In addition, the chairman, president and other major leaders of the Company will directly respond to investors' concerns face-to-face through setting up a shareholders' question and answer session in general meeting. The Company pays great attention to information disclosure. Oriented to the demands of shareholders, the Company comprehensively strengthened two-way communications with shareholders and disclosed important information about the Company in a true, accurate, complete, timely, fair, brief, and clear manner so as to ensure their right to know.

The Company faithfully safeguards all legitimate rights and interests of all creditors. Through signing contracts and making regular payments, the Company actively cleans up the debts owed to creditors, especially private enterprises, to prevent overdue, delayed, and no payments and fully ensure the payment of migrant workers' wages. In addition, strictly complying with the requirements of bond issuance, the Company will timely repay the financing principal and interest on schedule to ensure the legal interests of bond holders.

### iv. Information about the protection of the interests of employees

In 2023, the Company and its subsidiaries, while strictly adhering to laws and regulations such as the *Labor Law* and the *Labor Contract Law*, persisted in and improved the democratic management system with the Workers Congress as the fundamental form, promoting the institutionalisation, standardisation, and normalisation of democratic management and supervision. The second session of the 2nd Workers Congress of the CRSC was convened to deliberate and approve the work report on proposals, report on collective contract performance, and the report on the investigation and treatment of significant accident hazards in CRSC in 2022. The assembly voted to ratify the *Collective Contract of the CRSC for 2023–2025* and passed resolutions. All subsidiaries convened the workers congress in standardised manners. It reviewed and approved the convening of the workers congress by 12 subsidiaries, and promoted the voting on important resolutions by way of secret ballot at the workers congress. Innovative achievements in democratic management were recognised through evaluations in affiliated units, thereby realising employees' participation in and monitoring on major decision-making on the operation of enterprises from the source. It also implemented the systems on employee representative directors and employee representative supervisors according to laws.

## SECTION VI ENVIRONMENTAL AND SOCIAL RESPONSIBILITIES AND OTHER CORPORATE GOVERNANCE MATTERS (CONTINUED)

The Company carefully performed collective contracts. With reference to core clauses on working hours, leaves and holidays of labourers, labour remuneration, safety production, occupational health, education and training, insurance and welfare, social security, life guarantees, management of labour models and advanced individuals, employee disciplines and protection of female employees' interests, it conducted examinations and on-site sample inspections on the performance of the collective contract for 2023, completed the review and filing on the *Collective Contract of the CRSC for 2023–2025*, printed and distributed the *Collective Contract of the China Railway Signal & Communication Corporation Limited for 2023–2025*, and vigorously guaranteed employees' legitimate rights and interests. The Company actively promoted to improve collective negotiation and its subsidiaries have established collective contracts and collective negotiation systems. In 2023, six subsidiaries, including the CRSC Communication & Information Group, signed new collective contracts while other subsidiaries were still under the term of contracts. Nine subsidiaries, including CRSCD, entered into agreements on salaries and improved the coordination mechanisms on labour relations and benefits. All these fully guaranteed the information right, participation right, expression right and the supervision right of employees and played an active role in building harmonious labour relations

The Company further advanced market-based employment, continuously standardised the employment management of enterprises, and reasonably allocated labours to establish harmonious labour relations. Following the principles of equality, willingness and consensus through negotiations, the Company signed labour contracts with employees in a timely manner. The signing and renewal rate of labour contracts reached 100%. Major issues concerning the tangible benefits of employees have been submitted to the workers congress for approval or collective negotiation before implementation. It improved work safety and health systems and the working environment and carried out pilots on the life quality of employees to safeguard the work safety and the physical and mental health of employees. The Company improved the mechanisms on assisting employees with difficulties, cared about the physical and mental health of cadres and employees and conducted education and training as well as activities on the employee cultural festival, which created a united, harmonious, serious, joyful and positive atmosphere and further enhanced the establishment of harmonious labour relations.

### Employee stock ownership

Number of employees with stock ownership (person)	N/A
Proportion of employees with stock ownership in total number of employees of the Company (%)	N/A
Number of shares held by employees (10,000 shares)	N/A
Proportion of shares held by employees in total share capital (%)	N/A

### v. Information about the protection of the interests of suppliers, customers and consumer

CRSC improved its supplier management system and adhered to the principles of "unified leadership, hierarchical management, dynamic monitoring, and common development". By establishing and continuously refining supplier evaluation and access systems, the Company strictly controlled the fairness of the supplier selection process, ensuring that the procurement is compliant, transparent, fair, and just.

## SECTION VI ENVIRONMENTAL AND SOCIAL RESPONSIBILITIES AND OTHER CORPORATE GOVERNANCE MATTERS (CONTINUED)

The Company established the *Supplier Management Measures*, *Supplier Credit Appraisal Management Measures*, and *Supplier Blacklist Management Measures*. In the access process, it strictly controls the qualification review of suppliers, strengthens investigations into contract performance, case disputes, credit status, and public opinion monitoring, and cautiously includes them in case of abnormal situations. Priority is given to selecting green, low-carbon, energy-saving, and environmentally friendly products. Where a supplier is found to engage in activities such as jerry-build, substituting inferior materials, supplying counterfeit products, or causing serious negative impacts on the Company's production, operation, and project construction, it will be subject to "one-vote veto".

The Company implements dynamic management, regular appraisals, and real-time updates for qualified suppliers, establishing a sound mechanism for managing the credit blacklist of suppliers. In cases where a supplier engages in "bribery or other means to interfere with procurement" or "violates integrity requirements or professional ethics, as determined by the Company's discipline inspection or superior departments", which constitutes significant misconduct, their eligibility to participate in procurement shall be revoked. The Company requires procurement personnel at all levels to sign honesty and integrity agreements with suppliers to regulate transaction behaviours, maintain a level playing field, and foster a transparent material supply ecosystem.

### vi. Product safety and security

With the commitments on respecting life and safeguarding safety, CRSC abided by laws and regulations, standards and specifications and provided customers with safe and reliable systems, technologies and services. For products concerning core safety, the Company enhanced product safety control based on EN50126, EN50128 and EN50129, European safety management standards for railway products. In 2023, the Company strengthened the safety certification of safety products and completed 157 product safety certifications. It improved safety product change control and supervised enterprises to focus on safety function changes to strengthen process control. It enhanced the tracking and remediation of problems and hidden dangers and intensified the "dual zero" management to improve product safety, reliability and safety and quality control capabilities.

### vii. Other commitments of social responsibility

Applicable  Not applicable

Faced with the severe rainfall disaster in North China on July 23, the Company promptly organised Party members and cadres to form a rescue and relief team to support the rescue operations for the Fengsha Railway, repaired the communication room of the Beijing section of the Beijing-Guangzhou High-Speed Railway, and assist in relocating stranded passengers from Train K396. Through their efforts, they fortified the security frontline of people's lives and property, ensuring the safe operation of rail transportation and fully demonstrating the sense of responsibility of central enterprises.

In response to the forest fires in Anning City, Yunnan Province, the local project department of the Company mobilised vehicles and personnel overnight to join the frontline firefighting efforts and transport supplies. A task force composed of 11 young employees completed logistical support for over 4,000 people. In just one day, they completed the loading and transportation of 26.7 tonnes of firefighting supplies, making central enterprise's contribution to the successful extinguishing of the wildfires. Their efforts received praise and commendation from the local government and the public.

## SECTION VI ENVIRONMENTAL AND SOCIAL RESPONSIBILITIES AND OTHER CORPORATE GOVERNANCE MATTERS (CONTINUED)

### IV. OTHER CORPORATE GOVERNANCE

#### viii. Party's building

Applicable  Not applicable

Themed education is carried out solidly. The Company firmly grasped the twelve-character general requirements and implemented the study and implementation of Xi Jinping's Thought on Socialism with Chinese Characteristics for a New Era. With "Ten Major Topics" and the "Seven Key Tasks" as important focuses, the emphasis was placed on strengthening convictions, enhancing wisdom, rectifying behaviours, and promoting actions through education. It was closely integrated with the reform and development work of CRSC in its inaugural year. Throughout the year, special lectures were held to study the spirit of the 20th National Congress of the Communist Party of China, practical training was conducted for the "Seven Key Tasks", and a wide range of activities was organised, such as "Contributing at Our Posts" and "Learning from Role Models", to gain experience and practices from top to bottom, identify problems and gaps, and conduct rectification step by step. Two videos were selected as outstanding micro-videos on the theoretical propaganda of the 20th National Congress of the Party among central enterprises, and one work was featured on the official website of the State-owned Assets Supervision and Administration Commission (SASAC). Efforts were made to address issues hindering high-quality development, concerns of employees and the public, and highlighted issues in Party building. The themed education achieved its expected objectives and yielded significant results. The vice director of the 18th Supervision Group of Central Themed Education and his team visited CRSC's subsidiaries for research, fully affirming the Company's themed education work.

The foundation of grassroots Party building continuous to be strengthened. The Party congresses of 11 secondary enterprises were successfully held for leadership changes, while 15 secondary enterprises conducted rigorous reviews on work and democratic life meetings for Party secretaries. Additionally, 405 Party branches organised organisational meetings and conducted democratic appraisals of Party members. Adhering to the principle of taking on responsibilities, making contributions, and ensuring growth, the Company planned the party building work for the whole year, implemented the points-based management for Party members, and carried out star-ratings activities for Party branches. Furthermore, it undertook initiatives to establish exemplary grassroots Party branches and exemplary cases of Party building led by grassroots secretaries, thereby integrating Party building into the core of production and operation. Through the "7+1" format, the Company commemorated the founding anniversary of the Communist Party of China on July 1st, with a symposium held to honour the new accomplishments of CRSC on this significant occasion.

The quality of Party member education continues to improve. The Company conducted a special investigation on the industrial worker team and achieved the annual goal of developing 253 Party members. It also implemented and evaluated of the "2019–2023 National Party Member Training and Education Work Plan," with over 350 Party branch secretaries and Party affairs cadres from the entire system participating in on-site centralised training, and more than 8,000 Party members and Party workers participating in five online training sessions.

The Company conducts visits and condolences to convey warmth. During the "Mid-Autumn Festival & National Day" and the Party's Day on July 1st, the Company conducted visits and condolences, carefully inquired about the physical and living conditions of veteran Party members and retired cadres, and delivered condolence payments and gifts to them to convey the care and warmth of the Party. In 2023, the Company visited a total of 34 grassroots Party organisations and 173 Party members, helping to solve 52 practical difficulties.

## SECTION VI ENVIRONMENTAL AND SOCIAL RESPONSIBILITIES AND OTHER CORPORATE GOVERNANCE MATTERS (CONTINUED)

### *i. Investor relationships and protection*

Type	Number	Related information
Convening the results presentation meetings	3	The Company held the 2022 results presentation meeting after the disclosure of the 2022 Annual Report; held two online results presentation meetings respectively after the disclosure of the 2023 Interim Report and the Q3 performance results.
Carrying out investor relationships management activities through new media	1	<p>The Company participated in the “Entering Listed Companies” activity jointly organised by SSE and CCTV Finance.</p> <p>The Company replied to investors' recent concerns or doubts through the SSE e-Interaction platform in time to help investors better understand, recognise and trust the Company. The Company set up the WeChat Official Account to present recent news of the Company, demonstrate the Company through more channels and better transmit the voice of the Company, allowing investors to enter the Company more conveniently and deeply understand the Company.</p>
Setting up an investor relationships column on the official website	<input checked="" type="checkbox"/> Yes <input type="checkbox"/> No	The Company's official website has an investor relationships column, through which investors can view the Company's online announcements and contact the Board Office of the Company.

## SECTION VI ENVIRONMENTAL AND SOCIAL RESPONSIBILITIES AND OTHER CORPORATE GOVERNANCE MATTERS (CONTINUED)

### ***Details of investor relationship management and protection***

Applicable  Not applicable

The Company attached great importance to investor relationship management and protection. The Company always adheres to the principle of fair disclosure and makes disclosure on the Shanghai Stock Exchange and the Hong Kong Stock Exchange simultaneously since its listing. Given the different regulatory requirements between the two places, the Company disclosed information in accordance with the more stringent regulatory requirements. It conducted information disclosure in compliance with laws and regulations, guaranteed the quality of information disclosure, promoted investors to understand and recognise the Company and established the image of respecting investors. To further enhance investors' understanding of the Company, reduce information asymmetry to the maximum extent and better demonstrate the Company's strength to investors, the Company organised results presentation meetings in a timely manner after the disclosure of regular reports. To facilitate small and medium-sized investors to better participate in activities and improve the efficiency of communications, the Company carried out online activities and communicated and interacted with domestic and overseas investors on issues such as industry trends, development strategies, production and operation, financial conditions, dividend distribution, risks and difficulties and other general concerns of investors through channels such as live streaming, telephone questions and text interaction. It allowed investors to better understand the Company, recognise the corporate culture and trust the corporate development, thereby realising the value of the capital market and safeguarding shareholders' rights and interests. In addition, the Company conducted on-site research for regulatory authorities, institutional investors, securities analysts, small and medium-sized investors, and the media to showcase the remarkable achievements made by the Company in recent years in R&D of advanced technology, high-end equipment manufacturing, and emerging industries. This effort aimed to enhance the Company's positive image in the capital market and gained recognition from a wide range of investors.

### ***Information about other ways of engagements with investors***

Applicable  Not applicable

The Company carries out investors' relations management through various channels. We keep in touch with institutional investors and small and medium-sized investors through various forms such as the Company's investors' hotline, investors' email and SSE e-Interaction, regularly accept the consultation of investors, analysts and media, answer the routine consultation telephone of investors in time, and ensure that the questions on the SSE e-Interaction platform are answered on time.

## SECTION VI ENVIRONMENTAL AND SOCIAL RESPONSIBILITIES AND OTHER CORPORATE GOVERNANCE MATTERS (CONTINUED)

### **ii. Transparency of information disclosure**

Applicable  Not applicable

The Company effectively fulfilled the information disclosure obligations as a public company, strictly complied with the published and implemented relevant information reporting and disclosure systems of the CSRC, the SSE, the Stock Exchange and the Company. It focused on high-quality information disclosure principles, specified the responsibilities of information disclosure subjects and solidified the reporting and disclosure procedures on internal significant information and guaranteed investors' timely and equally access to key information disclosed by the Company. In addition, on the basis of the established information disclosure in accordance with laws and regulations, the Company further enhanced the transparency of its information disclosure through voluntary disclosure, social responsibility report, etc., so that investors could understand the Company's situation more deeply, share the achievements of the Company's development and realise value investment. In the information disclosure valuation for the Star market held for the first time by the SSE in 2022–2023, CSRC received an "A-level" valuation result.

### **iii. Intellectual property and information security protection**

Applicable  Not applicable

In accordance with the *Patent Law of the PRC*, the *Copyright Law of the PRC*, the *Standards for the Management of Corporate Intellectual Property Rights* and other relevant laws and regulations, the Company formulated intellectual property management measures and system documents and supervised the implementation, continued to create, manage, protect and apply intellectual property rights, and respected the intellectual property rights of others while protecting our own intellectual property rights from infringement. The Company urged affiliated enterprises to formulate measures on intellectual property rights incentives and remuneration, and established corresponding management mechanisms such as intellectual property rights risk identification mechanism, early warning mechanism and intellectual property rights protection work system. The Company actively laid out overseas patents, and strengthened the analysis of patent risk warning for major overseas projects to continuously reduce intellectual property risks. In parallel with the development of scientific research, the Company continued to improve and implement the intellectual property management system.

## SECTION VI ENVIRONMENTAL AND SOCIAL RESPONSIBILITIES AND OTHER CORPORATE GOVERNANCE MATTERS (CONTINUED)

### **iv. Institutional investors' participation in corporate governance**

Applicable  Not applicable

The Company attached great importance to the opinions and suggestions of institutional investors and supported more institutional investors to participate in corporate governance. In 2023, the Company revised its *Articles of Association*, *Rules of Procedures for Shareholders' Meeting*, and working rules of special committees to ensure clear delineation of responsibilities and standardised meeting procedures. The Company regularly held teleconferences with institutional investors to address inquiries and actively solicited their opinions and suggestions on significant matters of common concern in the capital market, such as the Company's development strategy, production and operation, financial condition, dividend distribution, and employee incentives. It also organised relevant departments for discussions to address and resolve issues from multiple perspectives, truly incorporating investor voices into the Company. The Company meticulously ensured the performance of independent directors by establishing a multi-channel and normalised communication mechanism. The Chairman and President engaged in frequent communication and exchange with independent directors on major issues such as corporate development strategy, deepening reforms, innovative development, and risk prevention and control, and provided independent directors with updates on production and operation information, financial data, progress on major projects, and risk management. Additionally, they actively invited independent directors to participate in Annual Work Conferences and conduct field research at subsidiaries and project sites, facilitating a timely understanding of the Company's operational development, strategic implementation, resolution execution, and technological innovation. Through diversified corporate governance, the Company further improved its governance structure, elevated governance standards, and enhanced governance effectiveness, thereby contributing to the high-quality development of the Company.

### **v. Other corporate governance**

Applicable  Not applicable

## SECTION VII SIGNIFICANT EVENTS

### I. PERFORMANCE OF UNDERTAKINGS

- i. Undertakings during or carried forward to the Reporting Period by the Company's actual controller, shareholders, related parties, acquirers and the Company and other relevant parties providing undertakings

Applicable  Not applicable

Background of undertakings	Contents of undertakings	Party providing undertakings	Contents of undertakings	Time of undertakings	Is there a term for performance	Term of undertakings	Whether or not timely and strictly performed	If the undertaking fails to be performed timely, please explain the specific reasons for the failure	If the undertaking fails to be performed timely, please state the plan for the next step
Undertakings associated with the initial public offering	Profit distribution	CRSC	CRSC has made the following undertakings in respect of profit distribution policies: The Company will distribute profits to shareholders in strict accordance with the profit distribution policies stipulated by relevant laws and regulations, the Articles of Association of China Railway Signal & Communication Corporation Limited, and Dividend Distribution Plan within the Three Years after the Initial Public Offering and Listing of A Shares of CRSC (2019-2021), and strictly implement the review procedures for the profit distribution plan. If the violation of the above undertakings causes losses to the investors, the Company shall be liable to the investors according to law.	Time of undertakings: 15 April 2019	No	Long-term effective	Yes	-	-

## SECTION VII SIGNIFICANT EVENTS (CONTINUED)

Background of undertakings	Contents of undertakings	Party providing undertakings	Contents of undertakings	Time of undertakings	Is there a term for performance	Whether or not timely and strictly performed	If the undertaking fails to be performed timely, please explain the specific reasons for the failure	If the undertaking fails to be performed timely, please state the plan for the next step
Non-competition undertakings	CRSC Group have made the following undertakings in respect of the non-competition undertakings: (1) As of the date of the issuance of letter of undertakings, CRSC Group and the holding enterprises of CRSC Group (excluding CRSC and its holding enterprises, same hereinafter) have not engaged in or participated in the businesses or activities that constitute or may constitute a direct or indirect competitive relationship with the principal business currently engaged in by CRSC and its holding enterprises in any form domestically or abroad. (2) CRSC Group and its holding enterprises do not, currently or in the future, solely or jointly with others, directly or indirectly, in any form (including but not limited to investment, merger and acquisition, associates, joint ventures, cooperation, partnership, contracting or leasing operation, purchase of shares of listed companies or equity participation) domestically or abroad engage in or participate in, or assist to engage in or participate in any businesses or activities which compete or is likely to compete with the principal business engaged currently or in the future by CRSC and its holding enterprises. (3) If CRSC Group or its holding enterprises find any new business opportunities which directly or indirectly compete or is likely to compete with the principal business of CRSC and its holding enterprises, they will immediately notify CRSC in writing and try their best to procure that these business opportunities are first provided to CRSC and its holding enterprises on reasonable and fair terms and conditions.	CRSC Group	CRSC Group have made the following undertakings in respect of the non-competition undertakings: (1) As of the date of the issuance of letter of undertakings, CRSC Group and the holding enterprises of CRSC Group (excluding CRSC and its holding enterprises, same hereinafter) have not engaged in or participated in the businesses or activities that constitute or may constitute a direct or indirect competitive relationship with the principal business currently engaged in by CRSC and its holding enterprises in any form domestically or abroad. (2) CRSC Group and its holding enterprises do not, currently or in the future, solely or jointly with others, directly or indirectly, in any form (including but not limited to investment, merger and acquisition, associates, joint ventures, cooperation, partnership, contracting or leasing operation, purchase of shares of listed companies or equity participation) domestically or abroad engage in or participate in, or assist to engage in or participate in any businesses or activities which compete or is likely to compete with the principal business engaged currently or in the future by CRSC and its holding enterprises. (3) If CRSC Group or its holding enterprises find any new business opportunities which directly or indirectly compete or is likely to compete with the principal business of CRSC and its holding enterprises, they will immediately notify CRSC in writing and try their best to procure that these business opportunities are first provided to CRSC and its holding enterprises on reasonable and fair terms and conditions.	Time of undertakings: 15 April 2019	Yes	The letter of undertakings takes effect from the date of issuance, and is terminated upon the occurrence of the following circumstances (whichever is earlier), CRSC Group is no longer the controlling shareholder of CRSC; CRSC terminates its listing (except for the suspension of trading of CRSC's stock for any reason).	-	-

## SECTION VII SIGNIFICANT EVENTS (CONTINUED)

Background of undertakings	Contents of undertakings	Party providing undertakings	Time of undertakings	Is there a term for performance	Term of undertakings	Whether or not timely and strictly performed	If the undertaking fails to be performed timely, please explain the specific reasons for the failure	If the undertaking fails to be performed timely, please state the plan for the next step
	<p><b>Contents of undertakings</b></p> <p>(4) If CRSC and its holding enterprises waive the above new business opportunities and CRSC Group or its holding enterprises engage in these competitive businesses, CRSC and its holding enterprises have the right to acquire any equity, assets and other interests in the abovementioned competitive business from CRSC Group or its holding enterprises at one or multiple times at any time, or choose to entrust operation, lease or contract to operate the assets or business of the above-mentioned competitive business in accordance with the PRC laws and regulations. (5) If CRSC Group or its holding enterprises intend(s) to transfer, sell, lease, licence or otherwise transfer or permit to use the asset and business which competes or is likely to compete, directly or indirectly, with the principal business of CRSC and its holding enterprises, CRSC Group and its holding enterprises will provide priority transfer rights to CRSC and its holding enterprises. (6) CRSC Group will indemnify CRSC and its holding enterprises against all actual losses, damages and expenses suffered/ occurred for CRSC Group or its holding enterprises' breach of any terms in the letter of undertaking. (7) The letter of undertakings takes effect from the date of issuance, and is terminated upon the occurrence of the following circumstances (whichever is earlier): CRSC Group is no longer the controlling shareholder of CRSC; CRSC terminates its listing (except for the temporary suspension of trading of CRSC's stock for any reason).</p>							

## SECTION VII SIGNIFICANT EVENTS (CONTINUED)

Background of undertakings	Contents of undertakings	Party providing undertakings	Contents of undertakings	Time of undertakings	Is there a term for performance	Whether or not timely and strictly performed	If the undertaking fails to be performed timely, please explain the specific reasons for the failure	If the undertaking fails to be performed timely, please state the plan for the next step
	Restricted shares	CRSC Group	CRSC Group has made undertakings to extend the lock-up period of domestic shares held by CRSC upon its initial public offering by 6 months to 21 January 2023. During the extended lock-up period, CRSC Group shall not transfer or entrust others to manage the CRSC's A shares (6,604,426,424 shares) held by it, nor shall CRSC repurchase such shares.	Time of undertakings: 15 April 2019	Yes	Yes	-	-
	Related Party Transactions	CRSC Group	CRSC Group has made the following undertakings in respect of regulating Related Party Transactions: (1) CRSC Group and its holding enterprises (excluding CRSC and its holding enterprises, same hereinafter) will try their best to minimise the Related Party Transactions with CRSC and its holding enterprises. (2) For the Related Party Transactions related with operating activities of CRSC that are not avoidable, CRSC Group and its holding enterprises will perform the decision-making procedures of Related Party Transactions to ensure fair pricing and timely fulfil information disclosure obligations in strict compliance with the relevant laws and regulations and regulatory documents as well as the relevant requirements in CRSC's internal system related with Related Party Transactions. (3) CRSC Group will not take advantage of its position as a controlling shareholder to seek any favourable conditions or benefits over independent third parties for CRSC Group and its holding enterprises from CRSC and its holding enterprises in business operation and other business. (4) CRSC Group will indemnify CRSC and its holding enterprises against all actual losses, damages and expenses suffered/incurred for CRSC Group and its holding enterprises' violation of above-mentioned undertakings. (5) The above-mentioned undertakings remain effective when CRSC Group has the control right over CRSC and cannot be changed or cancelled.	Time of undertakings: 15 April 2019	Yes	Yes	Term: The letter of undertakings takes effect from the date of issuance and is terminated upon the occurrence of the following circumstances (whichever is earlier): CRSC Group is no longer the controlling shareholder of CRSC; CRSC terminates its listing (except for the temporary suspension of trading of CRSC's stock for any reason).	-

## SECTION VII SIGNIFICANT EVENTS (CONTINUED)

Background of undertakings	Contents of undertakings	Party providing undertakings	Contents of undertakings	Time of undertakings	Is there a term for performance	Term of undertakings	Whether or not timely and strictly performed	If the undertaking fails to be performed timely, please explain the specific reasons for the failure	If the undertaking fails to be performed timely, please state the plan for the next step
<p>Undertaking related to initial public offering</p>	<p>Other</p>	<p>CRSC</p>	<p>CRSC has made the following undertakings in respect of restraints on failure to comply with relevant public undertakings: (1) If the relevant undertakings made publicly by the Company in the prospectus have already contained the restraints, such restraints specified in those undertakings shall prevail; if the Company breaches those undertakings, the Company agrees to adopt the restraints already specified in those undertakings. (2) If the Company fails to perform its undertakings, confirms that it is unable to perform or fails to perform as scheduled, its undertakings (except for the objective reasons beyond the control of the Company such as changes in relevant laws and regulations and policies, natural disasters and other force majeure), the Company will take the following measures: 1) It shall publicly explain the specific reasons for the failure to perform, inability to perform or to perform as scheduled, the undertakings in the media designated by the CSRC. 2) It shall make supplementary or substitute undertakings to the Company and its shareholders to protect the rights and interests of the Company and its shareholders as much as possible. 3) If the public investors suffer losses due to their reliance on the undertakings of the Company in transactions, the Company will compensate them in the way and amount determined by the securities regulatory authorities or judicial authorities. (3) In the event that the Company fails to perform its undertakings, confirms that it is unable to perform or fails to perform as scheduled, its undertakings due to objective reasons beyond the control of the Company such as changes in relevant laws and regulations and policies, natural disasters and other force majeure, the Company will take the following measures: 1) It shall publicly explain the specific reasons for the failure to perform, inability to perform or to perform as scheduled, the undertakings in the media designated by the CSRC. 2) It shall make supplementary or substitute undertakings to the Company and its shareholders to protect the rights and interests of the Company and its shareholders as much as possible.</p>	<p>15 April 2019</p>	<p>No</p>	<p>Long-term effective</p>	<p>Yes</p>	<p>-</p>	<p>-</p>

## SECTION VII SIGNIFICANT EVENTS (CONTINUED)

Background of undertakings	Contents of undertakings	Party providing undertakings	Contents of undertakings	Time of undertakings	Is there a term for performance	Term of undertakings	Whether or not timely and strictly performed	If the undertaking fails to be performed timely, please explain the specific reasons for the failure	If the undertaking fails to be performed timely, please state the plan for the next step
Undertaking related to initial public offering	Other	CRSC Group	CRSC Group has made the following undertakings in respect of restraints on failure to comply with relevant public undertakings: (1) CRSC Group will strictly implement the public undertakings made by CRSC Group in the prospectus for this issue and actively accept public supervision. (2) If CRSC Group fails to fulfil its undertakings, confirms that it is unable to perform or fails to perform as scheduled, its undertakings (except for the objective reasons beyond the control of the Company such as changes in relevant laws and regulations and policies, natural disasters and other force majeure), CRSC Group will take the following measures: 1) It shall publicly explain the specific reasons for the failure to perform, inability to perform or to perform as scheduled, the undertakings in the media designated by the CSRC. 2) It shall make supplementary or substitute undertakings to CRSC and its shareholders to protect the rights and interests of CRSC and its shareholders as much as possible. 3) In case of any gains (if any) due to the failure to perform the relevant undertakings, the gains shall be owned by CRSC. 4) If the public investors suffer losses due to their reliance on the undertakings of CRSC Group in transactions, CRSC Group will compensate them in the way and amount determined by the securities regulatory authorities or judicial authorities. (3) In the event that CRSC Group fails to perform its undertakings, confirms that it is unable to perform or fails to perform as scheduled its undertakings due to objective reasons beyond the control of CRSC Group such as changes in relevant laws and regulations and policies, natural disasters and other force majeure, CRSC Group will take the following measures: 1) publicly explain the specific reasons for the failure to perform, inability to perform or to perform as scheduled, the undertakings in the media designated by the CSRC. 2) It shall make supplementary or substitute undertakings to CRSC and its shareholders to protect the rights and interests of CRSC and its shareholders as much as possible.	Time of undertakings: 15 April 2019	No	Long-term effective	Yes	-	-

## SECTION VII SIGNIFICANT EVENTS (CONTINUED)

Background of undertakings	Contents of undertakings	Party providing undertakings	Contents of undertakings	Time of undertakings	Is there a term for performance	Term of undertakings	Whether or not timely and strictly performed	If the undertaking fails to be performed timely, please explain the specific reasons for the failure	If the undertaking fails to be performed timely, please state the plan for the next step
Undertaking related to initial public offering	Other	The Company's Directors, Supervisors and senior management	The Company's Directors, Supervisors and senior management have made the following undertakings in respect of restraints on failure to comply with relevant public undertakings: (1) I will strictly perform the public undertakings made in the prospectus for this issue and actively accept public supervision. (2) If I fail to perform my undertakings, confirm that I am unable to perform or fail to perform as scheduled, my undertakings (except for the objective reasons beyond my control such as changes in relevant laws and regulations and policies, natural disasters and other force majeure), I will take the following measures: 1) publicly explain the specific reasons for the failure to perform, inability to perform or to perform as scheduled, the undertakings in the media designated by the CSRC. 2) I shall make supplementary or substitute undertakings to CRSC and its shareholders to protect the rights and interests of CRSC and its shareholders as much as possible. 3) In case of any gains (if any) due to the failure to perform the relevant undertakings, the gains shall be owned by CRSC. 4) If the public investors suffer losses due to their reliance on my undertakings in transactions, I will compensate them in the way and amount determined by the securities regulatory authorities or judicial authorities. If I receive the salary from CRSC, I agree that CRSC can stop paying the salary to me and use it directly to perform my unfulfilled undertakings or to compensate for the loss caused to CRSC and its shareholders by my unfulfilled undertakings (3) In the event that I fail to perform my undertakings, confirm that I am unable to perform or fail to perform as scheduled, my undertakings due to objective reasons beyond my control such as changes in relevant laws and regulations and policies, natural disasters and other force majeure, I will take the following measures: 1) I will publicly explain the specific reasons for the failure to perform, inability to perform or to perform as scheduled, the undertakings in the media designated by the CSRC. 2) I shall make supplementary or substitute undertakings to CRSC and its shareholders to protect the rights and interests of CRSC and its shareholders as much as possible.	Time of undertakings: 15 April 2019	No	Long-term effective	Yes	-	-

## SECTION VII SIGNIFICANT EVENTS (CONTINUED)

Background of undertakings	Contents of undertakings	Party providing undertakings	Contents of undertakings	Time of undertakings	Is there a term for performance	Term of undertakings	Whether or not timely and strictly performed	If the undertaking fails to be performed timely, please explain the specific reasons for the failure	If the undertaking fails to be performed timely, please state the plan for the next step
Other undertaking	Other	CRSC	The Company undertook to the Hong Kong Stock Exchange that the Company would not use the proceeds from the global offering, as well as any other funds raised through the Hong Kong Stock Exchange, to finance or assist any activities or business, directly or indirectly, (i) relating to or with the target of any sanction, or relating to, with, or in any countries subject to sanctions administered by the U.S., the E.U., Hong Kong, Australia or the U.N. authorities, or (ii) relating to CRSC International, one of the Company's subsidiaries, considering the amount of its annual revenue related to projects in Iran during the Track Record Period. In addition, the Company also undertook to the Hong Kong Stock Exchange that the Company would not undertake any sanctionable transactions that would expose the relevant persons or us to risk of being sanctioned.	Time of undertakings: 28 July 2015	No	Long-term effective	Yes	-	-
Other undertaking	Non-competition undertakings	CRSC Group	On 20 July 2015, CRSC Group issued to us a letter of non-competition undertakings, which is effective in the Relevant Period (as defined in the H share prospectus). Pursuant to the letter of non-competition undertakings, CRSC Group has confirmed that, as at the date of the letter of non-competition undertakings, CRSC Group has not engaged in or participated in any form of business activities which, directly or indirectly, compete with the Company's principal businesses. For further details of the letter of non-competition undertakings, please refer to the H share prospectus of the Company.	Time of undertakings: 20 July 2015	Yes			The letter of undertakings takes effect from the date of issuance, and is terminated upon the occurrence of the following circumstances (whichever is earlier): CRSC Group is no longer the controlling shareholder of CRSC; CRSC terminates its listing (except for the suspension of trading of CRSC's stock for any reason).	

## SECTION VII SIGNIFICANT EVENTS (CONTINUED)

- ii. **If the Company has made profit forecasts for its assets or projects and the Reporting Period is still in the profit forecast period, explanation made by the Company in regard to whether the assets or projects have reached the profit forecasts and the reasons thereof**

Reached  Not reached  Not applicable

- iii. **Performance of result-related undertakings and the impact on test of goodwill impairment**

Applicable  Not applicable

### II. APPROPRIATION OF FUNDS BY CONTROLLING SHAREHOLDERS AND OTHER RELATED PARTIES FOR PURPOSES OTHER THAN FOR BUSINESS DURING THE REPORTING PERIOD

Applicable  Not applicable

### III. GUARANTEES IN VIOLATION OF REGULATIONS

Applicable  Not applicable

### IV. EXPLANATION OF THE BOARD ON ISSUANCE OF A “NON-STANDARD AUDITING REPORT” BY ACCOUNTING FIRMS

Applicable  Not applicable

## SECTION VII SIGNIFICANT EVENTS (CONTINUED)

### V. THE COMPANY'S ANALYSIS AND EXPLANATION ON THE REASONS FOR AND IMPACTS OF CHANGES OF ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES OR CORRECTION OF SIGNIFICANT ACCOUNTING ERRORS

**i. The Company's analysis and explanation on the reasons for and impacts of changes of accounting policies and accounting estimates**

Applicable  Not applicable

For details, please refer to note V. (XXXXVI) Changes in significant accounting policies and estimates to Section XI of this report.

**ii. The Company's analysis and explanation on the reasons for and impacts of corrections of significant accounting errors**

Applicable  Not applicable

**iii. Communication with the former accounting firm**

Applicable  Not applicable

**iv. Approval procedures and other explanations**

Applicable  Not applicable

## SECTION VII SIGNIFICANT EVENTS (CONTINUED)

### VI. APPOINTMENT AND REMOVAL OF ACCOUNTING FIRM

Unit: 0'000 Yuan Currency: RMB

#### Appointed currently

Name of the domestic accounting firm	BDO China Shu Lun Pan Certified Public Accountants LLP
Remuneration for the domestic accounting firm (review of annual report)	498
Service year limit of the domestic accounting firm	2 years
Name of certified public accountant of the domestic accounting firm	GUO Jian, WANG Xiaoyan
Service year limit of certified public accountant of the domestic accounting firm	2 years

	Name	Remuneration
Internal control audit accounting firm	BDO China Shu Lun Pan Certified Public Accountants LLP	30

#### Explanation on appointment and removal of accounting firms

Applicable  Not applicable

The Company engaged Ernst & Young Hua Ming LLP (安永華明會計師事務所(特殊普通合夥)) and Baker Tilly China Certified Public Accountants LLP (天職國際會計師事務所(特殊普通合夥)) as its domestic auditors in 2021.

On 10 June 2022, after consideration and approval by the Company's general meeting, it was agreed to engage BDO China SHU LUN PAN Certified Public Accountants LLP as the auditor for the interim review, annual audit of financial statements and internal control of 2022 for a term of one year.

On 9 June 2023, after consideration and approval by the Company's general meeting, it was agreed to re-engage BDO China SHU LUN PAN Certified Public Accountants LLP as the auditor for the interim review, annual audit of financial statements and internal control of 2023 for a term of one year, with a total audit fee of RMB6.36 million, including internal control audit fees of RMB300,000.

Except as disclosed above, there were no other changes in the Company's auditors in the past three years (including the Reporting Period).

#### Explanation on change in the accounting firms during the auditing period

Applicable  Not applicable

#### Explanation of the decrease of 20% or more in the audit fee as compared with the previous year

Applicable  Not applicable

## SECTION VII SIGNIFICANT EVENTS (CONTINUED)

### VII. EXPOSURE TO DELISTING

**i. The reasons for warning of delisting**

Applicable  Not applicable

**ii. The countermeasures to be adopted by the Company**

Applicable  Not applicable

**iii. Exposure to termination of listing and reasons therefor**

Applicable  Not applicable

### VIII. EVENTS REGARDING BANKRUPTCY AND RESTRUCTURING

Applicable  Not applicable

### IX. MATERIAL LITIGATION AND ARBITRATION

The Company was involved in material litigation or arbitration in the year.

The Company was not involved in material litigation or arbitration in the year.

### X. PUNISHMENTS AND RECTIFICATIONS INVOLVED BY THE LISTED COMPANY, ITS DIRECTORS, SUPERVISORS, SENIOR MANAGEMENT, CONTROLLING SHAREHOLDER AND ACTUAL CONTROLLER FOR VIOLATION OF LAWS AND REGULATIONS

Applicable  Not applicable

### XI. EXPLANATION ON CREDIBILITY OF THE COMPANY AND ITS CONTROLLING SHAREHOLDER AND ACTUAL CONTROLLER DURING THE REPORTING PERIOD

Applicable  Not applicable

## SECTION VII SIGNIFICANT EVENTS (CONTINUED)

### XII. MATERIAL RELATED PARTY TRANSACTIONS

i. The related party transactions in relation to the ordinary operations

1. **Events disclosed in the temporary announcements and with no progress or change in subsequent implementation**

Applicable  Not applicable

2. **Events disclosed in the temporary announcements but with progress or change in subsequent implementation**

Applicable  Not applicable

3. **Events not disclosed in temporary announcements**

Applicable  Not applicable

ii. Related party transactions arising from acquisition or disposal of assets or equity interests

1. **Events disclosed in the temporary announcements and with no progress or change in subsequent implementation**

Applicable  Not applicable

2. **Events disclosed in the temporary announcements but with progress or change in subsequent implementation**

Applicable  Not applicable

3. **Events not disclosed in temporary announcements**

Applicable  Not applicable

4. **Where an agreement on performance is involved, the performance achievements during the Reporting Period shall be disclosed**

Applicable  Not applicable

## SECTION VII SIGNIFICANT EVENTS (CONTINUED)

### iii. Significant related party transactions on the joint external investment

1. **Events disclosed in the temporary announcements and with no progress or change in subsequent implementation**

Applicable  Not applicable

2. **Events disclosed in the temporary announcements but with progress or change in subsequent implementation**

Applicable  Not applicable

3. **Events not disclosed in temporary announcements**

Applicable  Not applicable

### iv. Claims and liabilities between related parties

1. **Events disclosed in the temporary announcements and with no progress or change in subsequent implementation**

Applicable  Not applicable

2. **Events disclosed in the temporary announcements but with progress or change in subsequent implementation**

Applicable  Not applicable

3. **Events not disclosed in temporary announcements**

Applicable  Not applicable

## SECTION VII SIGNIFICANT EVENTS (CONTINUED)

**v. Financial business between the Company and the related financial company or between the financial company controlled by the Company and the related parties**

Applicable  Not applicable

**1. Deposit business**

Applicable  Not applicable

Unit: Yuan Currency: RMB

Related Party	Related party relationship	Maximum daily limit of deposits	Interest rate range of deposit	Opening balance	Amount incurred during the period		Closing balance
					Total deposited amount during the period	Total withdrawal amount during the period	
China Railway Signal and Communication (Group) Corporation Limited and its subsidiaries	The controlling shareholder of the Company and its subsidiaries	7,600,000,000	0.35%-1.65%	-	1,797,120,832	1,659,218,237	137,902,595
Total	/	/	/	-	1,797,120,832	1,659,218,237	137,902,595

## SECTION VII SIGNIFICANT EVENTS (CONTINUED)

### 2. Loan business

Applicable  Not applicable

Unit: Yuan Currency: RMB

Related Party	Related party relationship	Loan limit	Loan interest rate range	Opening balance	Amount incurred during the period		Closing balance
					Total loan amount during the period	Total repayment amount during the period	
China Railway Signal and Communication (Group) Corporation Limited and its subsidiaries	The controlling shareholder of the Company and its subsidiaries	200,000,000	3.75%-4.75%	-	-	-	-
Total	/	/	/	-	-	-	-

### 3. Credit or other financial business

Applicable  Not applicable

Unit: Yuan Currency: RMB

Related Party	Related party relationship	Type of business	Actual amount	
			Total amount	incurred
China Railway Signal and Communication (Group) Corporation Limited and its subsidiaries	The controlling shareholder of the Company and its subsidiaries	Other financial services (including but not limited to the provision of advisory, agency, settlement, transfer, settlement and sale of foreign exchange, investment, letter of credit, online banking, entrusted loan, underwriting, etc.)	-	-

### 4. Other explanations

Applicable  Not applicable

## SECTION VII SIGNIFICANT EVENTS (CONTINUED)

### vi. Other

Applicable  Not applicable

#### NON-EXEMPT CONTINUING CONNECTED TRANSACTIONS

The following continuing connected transactions of the Group have been entered into on normal commercial terms. Pursuant to Chapter 14A of the Listing Rules of the Hong Kong Stock Exchange, such continuing connected transactions are subject to the requirements of reporting, annual review, announcement and (as the case may be) independent shareholders' approval under Chapter 14A of the Listing Rules of the Hong Kong Stock Exchange.

##### *Purchases and Sales Framework Agreement between the Company and CRSC Group*

The Company entered into the 2023–2025 CRSC Group Purchases and Sales Framework Agreement with CRSC Group on 23 May 2023 (after trading hours). The 2023–2025 CRSC Group Purchases and Sales Framework Agreement shall be effective from 1 January 2023 to 31 December 2025 for a term of three years.

Principal terms:

- (1) Pricing policy (see below);
- (2) Except for public tender, both parties must confirm the demand schedule for the next year or the demand adjustment schedule of the current year on a stipulated date of each year;
- (3) The Group and CRSC Group and/or its associates must enter into specific agreements to stipulate specific terms and conditions, including specific products, quality standards and payment methods, in respect of the relevant products under the 2023–2025 CRSC Group Purchases and Sales Framework Agreement; and
- (4) The 2023–2025 CRSC Group Purchases and Sales Framework Agreement shall be effective from 1 January 2023 to 31 December 2025 and may be renewed with mutual consent after negotiation.

Pricing policy:

The pricing of each of the products under the 2023–2025 CRSC Group Purchases and Sales Framework Agreement will be determined on the basis of market prices, together with purchasing costs of materials, labour costs, manufacturing costs, management costs, financial costs, transportation and packaging costs incurred by sales, tax burdens and profitability standards. The pricing of products provided by the Group to CRSC Group and/or its associates will be determined by reference to and subject to the contractual terms agreed between CRSC Group and/or its associates and the contractual party of the overseas project. CRSC Group will purchase products from the Group at the price agreed between itself and the contractual party of the overseas project and supply the same to the contractual party of the overseas project without making any profit. The pricing of the products purchased by the Group from CRSC Group and/or its associates will be determined based on a cost-plus method by adding reasonable profit, with reference to average level in the industry, relevant reasonable costs including purchasing costs of materials, labour costs, manufacturing costs, management costs, transportation and packaging costs incurred. The net profit margin ranges from approximately 10% to 15%. To ensure that the pricing of the products provided by CRSC Group will be no less favourable than those offered to our Group by independent third parties, the Group will collect and review quotes offered by at least two other independent third parties for products of the same type or similar quality for comparison.

## SECTION VII SIGNIFICANT EVENTS (CONTINUED)

Unit: RMB'0,000 Currency: RMB

Connected transaction party	Connected relationship	Category of connected transaction	Contents of connected transaction	Pricing principle for connected transactions	Amount of connected transaction	Maximum amount of connected transaction
CRSC Group	Controlling shareholder	Selling goods	Selling, among others, raw materials, excipients, accessories, components and parts, packaging materials, semi-finished products, finished products, commodities and related products	Determined on the basis of market price and by reference to the price agreed between the contractual parties of the overseas project	45.29	200.00
CRSC Group	Controlling shareholder	Purchasing goods	Purchasing, among others, raw materials, excipients, accessories, components and parts, packaging materials, semi-finished products, finished products, commodities and related products	Determined on the basis of market price, together with costs and various factors	3,375.65	7,000.00

Description of connected transaction: The aforesaid transaction was the performance of the 2023–2025 CRSC Group Purchases and Sales Framework Agreement entered into between the Company and CRSC Group during the Reporting Period. The agreement is valid for three years. The transaction and the total transaction amount involved were within the decision-making authority of the Board of Directors of the Company and have been considered and approved by the same. In the meantime, the transaction satisfied the partial waiver level under the Listing Rules of the Hong Kong Stock Exchange and was exempted from the approval by independent shareholders.

## SECTION VII SIGNIFICANT EVENTS (CONTINUED)

### *Construction Contracting Framework Agreement between the Company and CRSC Group*

The Company entered into the 2023–2025 Construction Contracting Framework Agreement with CRSC Group on 23 May 2023 (after trading hours). The 2023–2025 Construction Contracting Framework Agreement shall be effective from 1 January 2023 to 31 December 2025 for a term of three years.

Principal terms:

- (1) Pricing policy (see below);
- (2) Except for public tender, both parties must confirm the service demand schedule for the next year or the service demand adjustment schedule of the current year on a stipulated date of each year;
- (3) The Group and CRSC Group and/or its associates must enter into specific agreements to stipulate specific terms and conditions, including, among others, specific scope of engineering construction and ancillary services, service methods and payment methods, in respect of the engineering construction and ancillary services under the 2023–2025 Construction Contracting Framework Agreement; and
- (4) The 2023–2025 Construction Contracting Framework Agreement shall be effective from 1 January 2023 to 31 December 2025 and may be renewed with mutual consent after negotiation.

## SECTION VII SIGNIFICANT EVENTS (CONTINUED)

Pricing policy:

Pursuant to the 2023–2025 Construction Contracting Framework Agreement, the service fees for providing engineering construction and ancillary services by the Group to CRSC Group and/or its associates will be determined after arm's length negotiations with CRSC Group and/or its associates with reference to following major factors: (1) availability and cost of raw materials and equipment and machinery, labor, and subcontractors; (2) local guidance prices for the various raw materials and other construction costs provided by the Housing and Urban-Rural Development Bureaus; (3) project progress plans, complexity and scale of the construction project, and the potential adjustment of the scope of work; (4) the geographical location and environmental conditions of the project; and (5) for competitive bidding, assessment and analysis of the relevant functional departments of the Group based on relevant information of the competitors and specific project demand and the impact of the project on the Company's macro strategy.

In order to ensure that the service fees charged by the Group for the provision of engineering contracting services are fair and reasonable and in line with the prevailing market prices, the Group will keep abreast of the current market rates and market conditions, and review the pricing through an independent third-party consulting agency. In addition, the Group will also refer to the fees previously charged for providing similar engineering contracting services to independent third-party customers.

Unit: RMB'0,000 Currency: RMB

Related parties	Related party relationship	Type of the related-party transaction	Content of the related-party transaction	Pricing principle of the related-party transaction	Amount of connected transaction	Maximum amount of connected transaction
CRSC Group	Controlling shareholder	Providing Services	Providing, among others, project construction and ancillary services, including but not limited to project design and general contracting of construction	Third-party construction cost consulting agency reviews the charged fee in light of the market conditions and refer to the fees for providing services to third-party	16,097.11	45,000.00

Description of connected transaction: The aforesaid transactions was the performance of the 2023–2025 Construction Contracting Framework Agreement entered into between the Company and CRSC Group during the Reporting Period. The agreement is valid for three years. The transaction and the total transaction amount involved were within the decision-making authority of the Board of Directors of the Company and have been considered and approved by the same. In the meantime, the transaction satisfied the partial waiver level under the Listing Rules of the Hong Kong Stock Exchange and was exempted from the approval by independent shareholders.

## SECTION VII SIGNIFICANT EVENTS (CONTINUED)

### *Financial Services Framework Agreement between Finance Company and CRSC Group*

CRSC Group Finance Limited ("Finance Company"), a subsidiary of the Company, entered into the Financial Services Framework Agreement with CRSC Group on 23 May 2023 (after trading hours). The Agreement is valid from 1 January 2023 to 31 December 2025.

Principal terms:

- (1) Finance Company shall provide deposit services to CRSC Group in the form of demand deposits, time deposits, call deposits, agreement deposits, etc. If Finance Company fails to repay the deposits to CRSC Group in full and on time, CRSC Group has the right to terminate the Agreement and offset the deposits payable by Finance Company to CRSC Group against the loans provided by CRSC Group to Finance Company in accordance with the laws and regulations of China;
- (2) Finance Company shall provide credit services to CRSC Group, including loans, bill discounting, buyer's credit, accounts receivable factoring, various types of non-financing guarantees, acceptance of bills, etc. If CRSC Group fails to repay Finance Company in full and on time the debts arising from the abovementioned credit services business, Finance Company has the right to terminate the Agreement and offset the debts due to Finance Company by CRSC Group against CRSC Group's deposits with Finance Company in accordance with the laws and regulations of China; and
- (3) Finance Company shall provide other financial services to CRSC Group (including but not limited to the provision of advisory, agency, settlement, transfer, settlement and sale of foreign exchange, letter of credit, online banking, entrusted loan, bond underwriting, etc.) and charges CRSC Group for the services. Subject to compliance with the Agreement, the parties shall enter into specific agreements for the provision of the relevant specific financial services to agree on the specific terms of the transaction.

## SECTION VII SIGNIFICANT EVENTS (CONTINUED)

Pricing policy:

- (1) For deposit services, the interest rate for deposits offered by Finance Company to CRSC Group shall be determined with reference to the benchmark interest rate for the same period promulgated by the People's Bank of China for the same type of deposits, and shall not be higher than the interest rate for the same period determined by banking financial institutions in the PRC for the same type of deposits taken from CRSC Group or equivalent third parties;
- (2) For credit services, the interest rate or fee rate for the credit services provided by Finance Company to CRSC Group shall be determined with reference to the benchmark interest rate or fee rate for the same period promulgated by the People's Bank of China for the same type of business, and shall be no less than the interest rate or fee rate for the same period determined by banking financial institutions in the PRC for the same type of credit business to CRSC Group or equivalent third parties; and
- (3) For other financial services, the service fees charged by Finance Company to CRSC Group shall be in compliance with the relevant standards for the relevant types of services issued by the People's Bank of China or the National Administration of Financial Regulation, if any, and shall be determined with reference to the fees charged by major commercial banks in the PRC for similar financial services.

Unit: RMB'0,000 Currency: RMB

Connected Transaction Party	Connected Relationship	Category of Connected Transaction	Contents of Connected Transaction	Pricing principle for connected transactions	Amount of connected transaction	Maximum amount of connected transaction
CRSC Group	Controlling shareholder	Providing services	Providing credit services	Determining based on the benchmark interest rate or rate set by the People's Bank of China for the same type of business during the same period	-	20,000

### *Confirmation by Independent Non-executive Directors*

The independent non-executive Directors of the Company have reviewed the aforesaid continuing connected transactions and have confirmed that the 2023–2025 CRSC Group Purchases and Sales Framework Agreement, and the 2023–2025 Construction Contracting Framework Agreement have been entered into in the ordinary and usual course of the Group's business; on normal commercial or better terms; on conditions no less favourable to the Company than those available to or from (as the case may be) independent third parties, if it was not practical to make such judgement based on comparable transactions as to whether such transactions have been carried out on normal commercial terms; and in accordance with relevant agreements whose terms are fair and reasonable and in the interest of the shareholders of the Company as a whole. In respect of the new Financial Services Framework Agreement, although it is not in the ordinary and usual course of business of the Company, the terms of the Financial Services Framework Agreement are fair and reasonable and in the interests of the Company and the shareholders of the Company as a whole.

## SECTION VII SIGNIFICANT EVENTS (CONTINUED)

### *Auditor's Letter*

In accordance with Rule 14A.56 of the Listing Rules of the Hong Kong Stock Exchange, the Company has engaged its auditor, BDO China Shu Lun Pan Certified Public Accountants LLP ("BDO"), to report on the Group's continuing connected transactions in accordance with Hong Kong Standards on Assurance Engagements 3000 "Assurance Business Other Than Audits or Reviews of Historical Financial Information" and Practice Note 740 "Auditor's Letter on Continuing Connected Transactions under the Hong Kong Listing Rules" issued by the Hong Kong Institute of Certified Public Accountants. Based on its work, BDO has provided the Board with a letter confirming that, with respect to the aforesaid continuing connected transactions:

- (a) nothing has come to BDO's attention that causes it to believe that the aforesaid continuing connected transactions have not been approved by the Board;
- (b) in relation to the transactions involving products and services supplied by the Group, nothing has come to BDO's attention that causes it to believe that the transactions have not followed the Group's pricing policy in any material aspect;
- (c) nothing has come to BDO's attention that causes it to believe that the transactions have not been carried out in any material aspect in accordance with the relevant agreements;
- (d) in relation to the aggregate amounts for each of the aforesaid continuing connected transactions, nothing has come to BDO's attention that causes it to believe that the actual transaction amount of any of the aforesaid continuing connected transactions has not exceeded the cap determined by the Company for the year.

## SECTION VII SIGNIFICANT EVENTS (CONTINUED)

### XIII. MAJOR CONTRACTS AND PERFORMANCE

#### i. Trusteeship, Contracting and Leasing Matters

##### 1. Trusteeship

Applicable  Not applicable

##### 2. Contracting

Applicable  Not applicable

##### 3. Leasing

Applicable  Not applicable

#### ii. Guarantees

Applicable  Not applicable

Unit: Yuan Currency: RMB

#### External guarantees provided by the Company (excluding guarantees provided for its subsidiaries)

Total balance of guarantee provided during the Reporting Period (excluding those provided to subsidiaries) –

Total balance of guarantee as at the end of the Reporting Period (A) (excluding those provided to subsidiaries) –

#### Guarantees provided by the Company and its subsidiaries to its subsidiaries

Total guarantee to its subsidiaries incurred during the Reporting Period 1,519,878,272.57

Total balance of guarantee to subsidiaries as at the end of the Reporting Period (B) 3,508,206,065.87

## SECTION VII SIGNIFICANT EVENTS (CONTINUED)

### Aggregate guarantee of the Company (including those provided to subsidiaries)

Aggregate guarantee (A + B)	3,508,206,065.87
Percentage of aggregate guarantee to net assets of the Company (%)	7.49
Representing:	
Amount of guarantee provided for shareholders, actual controller and their related parties (C)	–
Amount of debts guarantee directly or indirectly provided to guaranteed parties with gearing ratio over 70% (D)	2,442,264,387.27
Excess amount of aggregate guarantee over 50% of net assets (E)	–
Aggregate amount of the above three categories (C + D + E)	2,442,264,387.27
Statement on the contingent joint and several liability in connection with unexpired guarantee	–

#### Statement on guarantee

Percentage of the total guarantee amount to net assets of the Company = guarantee amount/equity attributable to owners of the parent company. As at the end of 31 December 2023, the balance of guarantee amounted to RMB3,508 million, accounting for 7.49% of the Company's net assets, of which, the balance of guarantees for wholly-owned subsidiaries was RMB3,508 million; the balance of guarantees for controlling subsidiaries was RMB0 million. The Company did not provide any guarantee for any of its controlling shareholders, actual controllers or related parties. As at the end of the Reporting Period, the balance of guarantee provided by the Company for its subsidiaries with an asset-liability ratio of more than 70% amounted to RMB2,442 million.

## SECTION VII SIGNIFICANT EVENTS (CONTINUED)

### iii. Entrusted Cash Asset Management

#### 1. Entrusted wealth management

(1) *Overview picture about entrusted wealth management*

Applicable  Not applicable

Unit: Yuan Currency: RMB

Type	Source of fundings	Balance	Outstanding balance	Overdue amount
Cash management products of bank	Idle proceeds	2,150,000,000	2,150,000,000	0

The Company purchased the certificates of large-amount deposits of RMB1.95 billion and RMB200 million from the Qinghuayuan Sub-branch of China Everbright Bank Company Limited and the Beijing Branch of China Merchants Bank Co., Ltd. for principal-and revenue-guaranteed cash management. For details, please refer to (IV) Other circumstances of use of proceeds during the Reporting Period of XIV. EXPLANATION ON PROCESS IN USE OF PROCEEDS in this section.

#### Other information

Applicable  Not applicable

(2) *Individual entrusted wealth management*

Applicable  Not applicable

#### Other information

Applicable  Not applicable

(3) *Provision for impairment of entrusted wealth management*

Applicable  Not applicable

## SECTION VII SIGNIFICANT EVENTS (CONTINUED)

### 2. Entrusted loans

(1) *Overall picture about entrusted loans*

Applicable  Not applicable

**Other information**

Applicable  Not applicable

(2) *Individual entrusted loan*

Applicable  Not applicable

**Other information**

Applicable  Not applicable

(3) *Provision for impairment of entrusted loans*

Applicable  Not applicable

### 3. Other information

Applicable  Not applicable

### iv. Other Material Contracts

Applicable  Not applicable

## SECTION VII SIGNIFICANT EVENTS (CONTINUED)

### XIV. EXPLANATION ON PROCESS IN USE OF PROCEEDS

Applicable  Not applicable

#### i. Overall Use of Proceeds

Applicable  Not applicable

Unit: RMB

Source of Proceeds	Total proceeds	Net proceeds after deduction of issuance expenses	Total promised investment amounts out of proceeds	Total promised investment amounts out of proceeds after adjustments (1)	Accumulated investment amount as of the end of the Report Period (2)	Process of accumulated investment as of the end of the Reporting Period (%) (3) = (2)/(1)	Investment amount for the year (4)	Proportion of the investment amount for the year (%) (5)=(4)/(1)
The initial public offering	10,530,000,000	10,354,342,373.23	10,354,342,373.23	10,354,342,373.23	5,742,652,679.65	55.46	652,797,257.33	6.30

## SECTION VII SIGNIFICANT EVENTS (CONTINUED)

### ii. Details of the investment project



Applicable



Not applicable

Unit: RMB

Project name	Project nature	Whether the change is involved	Source	Fund availability date	Is excessive proceeds used	Total promised investment amounts out of project proceeds	Total proceeds investment after adjustments (1)	Amount invested in the year	Accumulated investment amount as of the end of the Report Period (2)	Accumulated investment as of the end of the Report Period (%) (3)=(2)/(1)	Date of which projects reached expected available status or not	Whether investment process is in line with plan process	Specific reasons for process of investment not achieved	Efficiency achieved in the year	Efficiency achieved or R&D results of this project	Whether feasibility of projects changes significantly, if yes, please specify	Amount of savings
Advanced and intelligent technology research and development projects	R&D	No	IPD	16 July 2019	No	4,600,000,000.00	4,600,000,000.00	592,275,038.33	2,629,704,855.45	57.17	-	No	Despite external factors causing a shorter-than-anticipated timeline, the Project's implementation conditions and feasibility remain largely unchanged. The Company is committed to actively advancing its execution.	-	The Company has completed the demonstration application of Regional Cooperative Transportation Service System in Chongqing, the dynamic test of ETCS ground equipment based on Baseline 3 in the Bero section of the Hungaria-Serbian Railway, the demonstration application of Railway Comprehensive Scheduling Information System in the Shennua Backdoor-Shennu Railway and Shennu-Shuozhou Railway, the on-site validation of a number of key technologies of the BeiDou Navigation Satellite Positioning Based New Generation Train Control System, and the first project delivery of the CBTC system based on the all-electronic interlocking system in the extension of Changchun Line 3, and so on.	No	-

## SECTION VII SIGNIFICANT EVENTS (CONTINUED)

Project name	Project nature	Whether the change is involved source	Fund availability date	Is excessive proceeds used	Total promised investment amounts out of project proceeds	Total proceeds investment after adjustments (1)	Amount invested in the year	Accumulated investment amount as of the end of the Report Period (2)	Accumulated investment as of the end of the Report Period (%) (3)=(2)/(1)	Date of which projects reached expected available status or not	Whether investment process is in line with plan	Specific reasons for process of investment not achieved	Efficiency achieved in the year	Efficiency achieved or R&D results of this project	Whether feasibility of projects changes significantly, if yes, please specify	Amount of savings
Advanced and Intelligent Manufacturing Base Project	Production and No Construction	IPO	16 July 2019	No	2,500,000,000.00	2,500,000,000.00	25,350,000.00	25,350,000.00	1.01	-	No	Advanced and Intelligent Manufacturing Base Project is mainly constructed and implemented by the Company's wholly-owned subsidiary CRSC (Changsha) Railway Traffic Control Technology Co., Ltd. and the construction includes R&D Centre, testing and experimental centre, joint plant, office building, etc.; the products mainly include high-voltage transformer cabinets and related products, streamers, CTC3 train control system, smart city complete sets of products, contact lines, load-bearing ropes and other products. The Project's conditions have evolved since initially planned, causing a delay in its progress. At present, the executing company has submitted a feasibility study update, which is under review by the Company.	-	-	-	-

## SECTION VII SIGNIFICANT EVENTS (CONTINUED)

Project name	Project nature	Whether the change is involved	Proceeds source	Fund availability date	Is excessive proceeds used	Total promised investment amounts out of project proceeds	Total proceeds investment after adjustments (1)	Amount invested in the year	Accumulated investment amount as of the end of the Report Period (2)	Accumulated investment as of the end of the Report Period (%) (3)=(2)/(1)	Date of which projects reached expected available status	Whether investment process is in line with plan	Specific reasons for process of investment not achieved	Efficiency achieved in the year	Efficiency achieved or R&D results of this project	Whether feasibility of projects changes significantly, if yes, please specify	Amount savings
Information construction project	Operational management	No	IPD	16 July 2019	No	300,000,000.00	300,000,000.00	34,172,219.00	91,663,796.00	30.55	-	No	Despite external factors causing a shorter-than-anticipated timeline, the Project's implementation conditions and feasibility remain largely unchanged. The Company is committed to actively advancing its execution.	-	-	No	-
Replenishment of Liquid Capital	Replenishment of Liquid Capital and Debt Repayment	No	IPD	16 July 2019	No	2,954,342,373.23	2,954,342,373.23		2,995,394,028.20	100	-	Yes		-	-	-	-

Note 1: The Advanced and Intelligent Technology R&D Project has invested RMB2,629.70 million as of the end of the reporting period. Among them, RMB1,999,480,000 was invested in the research of advanced rail transit control system and key technologies, RMB160,670,000 was invested in the research of intelligent integrated operation and maintenance system and technology for rail transit, RMB358,410,000 was invested in the research of intelligent city and industry communication information system, RMB13,720,000 was invested in the research of chip technology applicable to rail transit, and RMB97,430,000 was invested in the research of intelligent construction technology for rail transit.

Note 2: As of 31 December 2023, the actual amount invested in the replenishment of liquid capital was RMB2,995.93 million, which included the total initial committed investment of RMB2,954.34 million and the demand interest generated in the corresponding special bank account of RMB41.59 million.

## SECTION VII SIGNIFICANT EVENTS (CONTINUED)

### iii. Changes in or termination of fund-raising investments during the Reporting Period

Applicable  Not applicable

### iv. Other use of the raised funds during the Reporting Period

#### 1. Early investment and replacement regarding the investment projects with the raised funds

Applicable  Not applicable

#### 2. Temporary replenishment of liquid capital with the idle raised funds

Applicable  Not applicable

#### 3. Use of idle raised funds for cash management and investment in relevant products

Applicable  Not applicable

Unit: 0'000 Yuan Currency: RMB

Date of deliberation by the Board of Directors	Effective deliberation amount of raised funds used for cash management	Start date	End date	Cash management balance at the end of the reporting period	Does the maximum balance for the period exceed the authorised amount
4 August 2023	270,000	4 August 2023	3 August 2024	215,000	No

Other explanations

On 4 August 2023, the Company held the 14th meeting of the fourth session of the Board of Directors and the 9th meeting of the fourth session of the Supervisory Committee, and considered and passed the Proposal on the Use of Temporarily Idle Raised Funds to Conduct Cash Management, agreeing that the Company shall use the idle raised funds of up to RMB2.7 billion (inclusive) in cash management products under the condition that such utilisation does not impact the progress of the capital investment plan, disrupt normal business operations, or compromise fund security. The funds will be invested in highly secure, liquid, and principal-protected financial instruments, including but not limited to structured deposits, time deposits, and large denomination certificates of deposit, with a usage period not exceeding 12 months. The details are subject to the resolution of the Board of Directors.

#### 4. Permanent Replenishment of Liquid Capital or Repayment of Bank Loans with Excessive Raised Funds

Applicable  Not applicable

#### 5. Other

Applicable  Not applicable

### XV. TAX AND TAX REDUCTION AND EXEMPTION

#### Cash dividend income tax applicable to overseas shareholders

##### *Withholding and Payment of EIT on behalf of Overseas Non-Resident Enterprise Shareholders*

Pursuant to the applicable provisions of the *Enterprise Income Tax Law of the People's Republic of China* (《中華人民共和國企業所得稅法》) and its implementing rules and the requirements under the *Notice on the Issues Concerning Withholding and Payment of the Enterprise Income Tax on the Dividends Paid by Chinese Resident Enterprises to H Shareholders Who Are Overseas Non-resident Enterprises* (Guo Shui Han [2008] No. 897) (《關於中國居民企業向境外H股非居民企業股東派發股息代扣代繳企業所得稅有關問題的通知》(國稅函[2008]897號)) issued by the State Administration of Taxation, the Company will withhold and pay EIT at the rate of 10% when it distributes the cash dividend to overseas non-resident enterprise holders of H Shares (including any H Shares of the Company registered in the name of HKSCC Nominees Limited, but excluding any H Shares of the Company registered in the name of HKSCC Nominees Limited and are held by China Securities Depository and Clearing Corporation Limited as nominee shareholder on behalf of investors who invest in the H shares of the Company through Shanghai-Hong Kong Stock Connect).

##### *Withholding and Payment of Individual Income Tax on behalf of Overseas Individual Shareholders*

Pursuant to the applicable provisions of the *Individual Income Tax Law of the People's Republic of China* (《中華人民共和國個人所得稅法》) and its implementing rules, the *Tax Notice* (《稅收通知》), the *Notice of the State Administration of Taxation on Issues Concerning the Administration of Individual Income Tax Collection after the Annulment of Document Guo Shui Fa [1993] No. 045* (Guo Shui Han [2011] No. 348) (《國家稅務總局關於國稅發[1993]045號文件廢止後有關個人所得稅徵管問題的通知》(國稅函[2011]348號)) and other relevant laws, regulations and requirements under normative documents, the Company will implement the following arrangements in relation to the withholding and payment of individual income tax on behalf of the overseas individual H shareholders:

- For individual H shareholders who are Hong Kong or Macao residents or whose country (region) of domicile is a country (region) which has entered into a tax treaty with the PRC stipulating a tax rate of 10%, the Company will withhold and pay individual income tax at the rate of 10% on behalf of these individual H shareholders in the distribution of the cash dividend;
- For individual H shareholders whose country (region) of domicile is a country (region) which has entered into a tax treaty with the PRC stipulating a tax rate of less than 10%, the Company will temporarily withhold and pay individual income tax at the rate of 10% on behalf of these individual H shareholders in the distribution of the cash dividend. If relevant individual H shareholders would like to apply for a refund of the excess amount of tax withheld and paid, the Company will handle, on their behalf, the applications for tax preferential treatments under relevant tax treaties according to the *Tax Notice*. Qualified Shareholders please submit in time a letter of entrustment and all application materials as required under the *Tax Notice* to the Company's H Share Registrar, Computershare Hong Kong Investor Services Limited. The Company will then submit the above documents to the competent tax authorities and, after their examination and if and when the documents are approved, the Company will assist in refunding the excess amount of tax withheld and paid;

## SECTION VII SIGNIFICANT EVENTS (CONTINUED)

- For individual H shareholders whose country (region) of domicile is a country (region) which has entered into a tax treaty with the PRC stipulating a tax rate of more than 10% but less than 20%, the Company will withhold and pay individual income tax at the effective tax rate stipulated in the relevant tax treaty on behalf of these individual H shareholders in the distribution of the cash dividend; and
- For individual H shareholders whose country (region) of domicile is a country (region) which has entered into a tax treaty with the PRC stipulating a tax rate of 20%, or a country (region) which has not entered into any tax treaties with the PRC, or under any other circumstances, the Company will withhold and pay individual income tax at the rate of 20% on behalf of these individual H shareholders in the distribution of the cash dividend.

### **Cash dividend income tax applicable to shareholders in Mainland China investing in H shares of the Company through Southbound Trading Link**

#### *Withholding and Payment of Individual Income Tax on behalf of Domestic Individual Shareholders Investing through Southbound Trading Link*

Shanghai-Hong Kong Stock Connect: Pursuant to the *Notice on Tax Policies for Shanghai-Hong Kong Stock Connect Pilot Programme* (Cai Shui [2014] No. 81) (《關於滬港股票市場交易互聯互通機制試點有關稅收政策的通知》(財稅[2014]81號)), for domestic individual shareholders who invest in H Shares of the Company through Shanghai-Hong Kong Stock Connect (such H shares are registered in the name of HKSCC Nominees Limited and held by China Securities Depository and Clearing Corporation Limited as nominee shareholder), the Company will withhold and pay individual income tax at the rate of 20% on their behalf in the distribution of the cash dividend. For domestic shareholders who are securities investment funds investing in H Shares of the Company through Shanghai-Hong Kong Stock Connect (such H shares are registered in the name of HKSCC Nominees Limited and held by China Securities Depository and Clearing Corporation Limited as nominee shareholder), the Company will withhold and pay individual income tax at the rate of 20% on their behalf in the distribution of the cash dividend.

Shenzhen-Hong Kong Stock Connect: Pursuant to the *Notice on Tax Policies for Shenzhen-Hong Kong Stock Connect Pilot Programme* (Cai Shui [2016] No. 127) (《關於深港股票市場交易互聯互通機制試點有關稅收政策的通知》(財稅[2016]127號)), for domestic individual shareholders who invest in H shares of the Company through Shenzhen-Hong Kong Stock Connect (such H shares are registered in the name of HKSCC Nominees Limited and held by China Securities Depository and Clearing Corporation Limited as nominee shareholder), the Company will withhold and pay individual income tax at the rate of 20% on their behalf in the distribution of the cash dividend. For domestic shareholders who are securities investment funds investing in H shares of the Company through Shenzhen-Hong Kong Stock Connect (such H shares are registered in the name of HKSCC Nominees Limited and held by China Securities Depository and Clearing Corporation Limited as nominee shareholder), the Company will withhold and pay individual income tax at the rate of 20% on their behalf in the distribution of the cash dividend.

## SECTION VII SIGNIFICANT EVENTS (CONTINUED)

### *No Withholding or Payment of EIT on behalf of Domestic Enterprise Shareholders Investing through Southbound Trading Link*

Shanghai-Hong Kong Stock Connect: Pursuant to the *Notice on Tax Policies for Shanghai-Hong Kong Stock Connect Pilot Programme* (Cai Shui [2014] No. 81) (《關於滬港股票市場交易互聯互通機制試點有關稅收政策的通知》(財稅[2014]81號)), for domestic enterprise shareholders who invest in H shares of the Company through Shanghai-Hong Kong Stock Connect (such H Shares are registered in the name of HKSCC Nominees Limited and held by China Securities Depository and Clearing Corporation Limited as nominee shareholder), the Company will not withhold or pay EIT on their behalf in the distribution of the cash dividend, and the domestic enterprise shareholders shall report and pay the relevant taxes payable by themselves. Any dividend received in respect of H shares of the Company which have been continuously held by a domestic enterprise shareholder for 12 months shall be exempted from EIT.

Shenzhen-Hong Kong Stock Connect: Pursuant to the *Notice on Tax Policies for Shenzhen-Hong Kong Stock Connect Pilot Programme* (Cai Shui [2016] No. 127) (《關於深港股票市場交易互聯互通機制試點有關稅收政策的通知》(財稅[2016]127號)), for domestic enterprise shareholders who invest in H shares of the Company through Shenzhen-Hong Kong Stock Connect (such H Shares are registered in the name of HKSCC Nominees Limited and held by China Securities Depository and Clearing Corporation Limited as nominee shareholder), the Company will not withhold or pay EIT on their behalf in the distribution of the cash dividend, and the domestic enterprise shareholders shall report and pay the relevant taxes payable by themselves. Any dividend received in respect of H shares of the Company which have been continuously held by a domestic enterprise shareholder for 12 months shall be exempted from EIT.

H shareholders of the Company are recommended to consult their own tax advisors on the relevant tax impact in China, Hong Kong and other countries (regions) on the possession and disposal of H shares of the Company.

## **XVI. EXPLANATION ON OTHER SIGNIFICANT MATTERS THAT HAVE A SIGNIFICANT IMPACT ON THE INVESTORS' VALUE JUDGMENT AND INVESTMENT DECISIONS**

Applicable  Not applicable

## SECTION VIII CHANGES IN SHARES AND PARTICULARS OF SHAREHOLDERS

### I. THE MOVEMENTS IN SHARE CAPITAL

#### i. Table of changes in shares

##### 1. Table of changes in shares

Unit: share

	Before the Change		Increase/Decrease (+/-)					After the Change	
	Amounts	Percentage (%)	Newly issued shares	Bonus shares	Shares converted		Subtotal	Amounts	Percentage (%)
					from capital reserve	Other			
<b>I. Shares subject to trading moratorium</b>	6,604,426,424	62.37	-	-	-	-6,604,426,424	-6,604,426,424	-	-
1. State-held shares	-	-	-	-	-	-	-	-	-
2. Shares held by a state-owned legal person	6,604,426,424	62.37	-	-	-	-6,604,426,424	-6,604,426,424	-	-
3. Other domestically-held shares	-	-	-	-	-	-	-	-	-
Of which: Shares held by a domestic non-state-owned legal person	-	-	-	-	-	-	-	-	-
Shares held by a domestic natural person	-	-	-	-	-	-	-	-	-
4. Foreign-held shares	-	-	-	-	-	-	-	-	-
Of which: Shares held by an offshore legal person	-	-	-	-	-	-	-	-	-
Shares held by an offshore natural person	-	-	-	-	-	-	-	-	-
<b>II. Circulating shares not subject to trading moratorium</b>	3,985,392,576	37.63	-	-	-	6,604,426,424	6,604,426,424	10,589,819,000	100
1. RMB ordinary shares	2,016,591,576	19.04	-	-	-	6,604,426,424	6,604,426,424	8,621,018,000	81.41
2. Domestically listed foreign-invested shares	-	-	-	-	-	-	-	-	-
3. Overseas listed foreign-invested shares	1,968,801,000	18.59	-	-	-	-	-	1,968,801,000	18.59
4. Others	-	-	-	-	-	-	-	-	-
<b>III. Total Shares</b>	10,589,819,000	100	-	-	-	-	-	10,589,819,000	100

## SECTION VIII CHANGES IN SHARES AND PARTICULARS OF SHAREHOLDERS (CONTINUED)

### 2. Explanation on changes in shares

Applicable  Not applicable

On 15 July 2022, CRSC Group, the controlling shareholder of the Company, made undertakings to extend the lock-up period of domestic shares (6,604,426,424 shares) held by CRSC upon its initial public offering by six months to 21 January 2023. During the extended lock-up period, CRSC Group shall not transfer or entrust others to manage the CRSC's A shares held by it, nor shall CRSC repurchase such shares. CRSC Group has strictly complied with the above undertakings during the lock-up period and there is no non-fulfilment of the relevant undertakings affecting the listing and circulation of the restricted shares, and such shares have been listed and circulated since 30 January 2023.

On 18 October 2023, CRSC Group, the controlling shareholder of the Company, released a share increase plan, according to which it intended to increase the A-shares of CRSC held by it by such means as permitted by the Shanghai Stock Exchange within six months from the date of 18 October 2023. The total proposed increase shall neither be less than RMB50 million nor exceed RMB100 million. As of the date of the disclosure of this Report, CRSC Group increased the A-shares of CSRC held by it by 5,659,000 shares through call auctions in the trading system of the Shanghai Stock Exchange with approximately RMB25.46 million of its own funds, and the increase represented 0.05% of the total shares issued by the Company (10,589,819,000 shares).

### 3. The impact of changes in shares on financial indicators such as earnings per share, net asset per share for the latest year and the latest period (if any)

Applicable  Not applicable

### 4. Other disclosable contents that the Company deemed necessary or were required by securities regulatory authorities

Applicable  Not applicable

### ii. Changes in shares subject to trading moratorium

Applicable  Not applicable

Unit: Share

Name of Shareholders	Number of Shares Subject to Trading Moratorium at the Beginning of the Year	Number of Shares Released from Trading Moratorium for the Year	Number of New Shares Subject to Trading Moratorium for the Year	Number of Shares Subject to Trading Moratorium at the End of the Year	Reasons for the trading moratorium	Date of Release from Trading Moratorium
China Railway Signal and Communication (Group) Corporation Limited	6,604,426,424	6,604,426,424	0	0	Voluntary commitment to extend the lock-up period for restricted shares	30 January 2023
Total	6,604,426,424	6,604,426,424	0	0 /		/

## SECTION VIII CHANGES IN SHARES AND PARTICULARS OF SHAREHOLDERS (CONTINUED)

### II. SECURITIES ISSUE AND LISTING

#### i. Issue of Securities as at the Reporting Period

Applicable  Not applicable

Explanation on securities issue as at the Reporting Period (for bonds with different interest rates during the duration, please specify separately):

Applicable  Not applicable

#### ii. Changes in the total number of shares and shareholders structure of the Company and changes in the Company's assets and liabilities structure

Applicable  Not applicable

### III. SHAREHOLDERS AND ACTUAL CONTROLLERS

#### i. Total number of shareholders

Total number of ordinary shareholders as at the end of the Reporting Period (account)	73,835
Total number of ordinary shareholders at the end of the previous month before the disclosure date of the annual report (account)	73,238
Total number of shareholders of preference shares with restored voting rights as at the end of the Reporting Period (account)	N/A
Total number of shareholders of preference shares with restored voting rights at the end of the previous month before the disclosure date of the annual report (account)	N/A
Total number of shareholders holding special voting shares as at the end of the Reporting Period (account)	N/A
Total number of shareholders holding special voting shares at the end of the previous month before the disclosure date of the annual report (account)	N/A

#### Number of depositary receipt holders

Applicable  Not applicable

## SECTION VIII CHANGES IN SHARES AND PARTICULARS OF SHAREHOLDERS (CONTINUED)

### ii. Particulars of Shareholdings of the Top Ten Shareholders and the Top Ten Shareholders of Circulating Shares (or Shareholders Not Subject to Trading Moratorium) as at the End of the Reporting Period

Unit: Share

*Particulars of Shareholdings of the Top Ten Shareholders (Excluding Shares Lent Through Refinancing)*

Name of Shareholder (Full name)	Change of shareholding during the Reporting Period	Number of shares held at the end of the Reporting Period	Percentage (%)	Number of shares held subject to trading moratorium	Shares pledged, marked, or frozen		Shareholder's nature
					Share status	Amounts	
China Railway Signal and Communication (Group) Corporation Limited <sup>note 1</sup>	+2,367,000	6,606,793,424	62.39	0	None	–	State-owned legal person
HKSCC NOMINEES LIMITED <sup>note 2</sup>	+42,000	1,967,756,950	18.58	0	Unknown	–	Overseas legal person
China Merchants Securities Co., Ltd.- ChinaAMC SSE STAR 50 ETF	+69,609,112	215,755,617	2.04	0	Unknown	–	Other
Hong Kong Securities Clearing Company Ltd. (HKSCC)	+48,930,783	158,973,998	1.50	0	Unknown	–	Other
Industrial and Commercial Bank of China Limited – E Fund SSE STAR 50 ETF	+24,504,713	72,279,268	0.68	0	Unknown	–	Other
China National Machinery Industry Co., Ltd.	0	63,507,192	0.60	0	Unknown	–	State-owned legal person
China Railway Investment Co., Ltd.	0	34,188,000	0.32	0	Unknown	–	State-owned legal person
CETC Fund Management Co., Ltd.- Zhongdian Electronic Information Industry Investment Fund (Tianjin) Partnership (Limited Partnership)	0	23,677,500	0.22	0	Unknown	–	Other
Hunan Rail Transit Holding Group Co., Ltd.	0	23,677,500	0.22	0	Unknown	–	State-owned legal person
Agricultural Bank of China Limited – ICBCCS SSE STAR 50 ETF	+5,042,018	20,816,192	0.20	0	Unknown	–	Other

## SECTION VIII CHANGES IN SHARES AND PARTICULARS OF SHAREHOLDERS (CONTINUED)

### Particulars of shareholdings of the top ten Shareholders not subject to trading moratorium

Name of Shareholder	Number of circulating shares held not subject to trading moratorium	Type and number of shares	
		Type	Amounts
China Railway Signal and Communication (Group) Corporation Limited	6,606,793,424	RMB ordinary shares	6,606,793,424
HKSCC NOMINEES LIMITED <sup>note 2</sup>	1,967,756,950	Overseas-listed foreign shares	1,967,756,950
China Merchants Securities Co., Ltd. – ChinaAMC SSE STAR 50 ETF	215,755,617	RMB ordinary shares	215,755,617
Hong Kong Securities Clearing Company Ltd. (HKSCC)	158,973,998	RMB ordinary shares	158,973,998
Industrial and Commercial Bank of China Limited – E Fund SSE STAR 50 ETF	72,279,268	RMB ordinary shares	72,279,268
China National Machinery Industry Co., Ltd.	63,507,192	RMB ordinary shares	63,507,192
China Railway Investment Co., Ltd.	34,188,000	RMB ordinary shares	34,188,000
CETC Fund Management Co., Ltd. – Zhongdian Electronic Information Industry Investment Fund (Tianjin) Partnership (Limited Partnership)	23,677,500	RMB ordinary shares	23,677,500
Hunan Rail Transit Holding Group Co., Ltd.	23,677,500	RMB ordinary shares	23,677,500
Agricultural Bank of China Limited – ICBCCS SSE STAR 50 ETF	20,816,192	RMB ordinary shares	20,816,192
Explanation on the special account for repurchase of the top ten shareholders	–		
Explanation on the above shareholders who entrusted, be entrusted with or waived voting rights	–		
Explanation on the related party relationship or acting-in-concert arrangement among the above shareholders		China Railway Signal and Communication (Group) Corporation Limited, the largest shareholder, does not have any related party relationship with the other shareholders nor is it a person acting in concert with them. The Company is not aware whether the other shareholders have related party relationship or acting-in-concert arrangement.	
Explanation on the shareholders of preference shares with restored voting right and their shareholdings	–		

Note 1: As of 31 December 2023, apart from 6,606,793,424 A shares, China Railway Signal and Communication (Group) Corporation Limited also holds 34,302,000 H shares of the Company.

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

Note 3: Apart from information set out in note 1 and note 2, shares held by shareholders in the table above are all A shares of the Company.

### Particulars of shareholdings of the top ten Shareholders lent through refinancing

Applicable  Not applicable

Unit: Share

Name of shareholder (full name)	Participation of top ten shareholders in the lending of shares on the Re-financing Facility							
	General account and credit account holdings at the beginning of the period		Lending of shares under finance facilities at the beginning of the period and not yet repatriated		Shareholdings in general account and credit account at the end of the periodzz		Shares lent under finance facilities at the end of the period and not yet repatriated	
	Total amount	proportion (%)	Total amount	proportion (%)	Total amount	proportion (%)	Total amount	proportion (%)
China Merchants Bank Co., Ltd – China AMC SSE STAR 50 Exchange Traded Fund	146,146,505	1.38	2,711,100	0.03	215,755,617	2.04	5,251,900	0.05
Industrial and Commercial Bank of China Limited – E Fund SSE STAR 50 Exchange Traded Fund	47,774,555	0.45	1,046,600	0.01	72,279,268	0.68	1,204,100	0.01

## SECTION VIII CHANGES IN SHARES AND PARTICULARS OF SHAREHOLDERS (CONTINUED)

*Changes in the top ten Shareholders compared with the previous period*

Applicable  Not applicable

Unit: Share

### Changes in the top ten shareholders from the end of the previous period

Name of shareholder (full name)	Additions/ withdrawals during the reporting period	Number of shares lent under refinancing at the end of the period and not yet repaid		Number of shares held in the shareholders' general account, credit account and outstanding shares borrowed through transfer at the end of the period	
		Total amount	proportion (%)	Total amount	proportion (%)
		Guangdong Hengjian Capital Management Co., Ltd.	Exit Top 10	0	0
Agricultural Bank of China Limited – ICBC Credit Suisse SSE STAR 50 Exchange Traded Fund	New to Top 10	0	0	20,816,192	0.20

*The shareholdings of the top ten Shareholders subject to trading moratorium and conditions of such trading moratorium*

Applicable  Not applicable

*Particulars of the top ten domestic depository receipt holders of the Company as at the end of the Reporting Period*

Applicable  Not applicable

*Particulars of depository receipt lending by the top ten domestic depository receipt holders through refinancing*

Applicable  Not applicable

*Changes in the top ten domestic depository receipt holders compared with the previous period*

Applicable  Not applicable

*Number of holdings of the top ten holders of depository receipts subject to trading moratorium and conditions of such trading moratorium*

Applicable  Not applicable

## SECTION VIII CHANGES IN SHARES AND PARTICULARS OF SHAREHOLDERS (CONTINUED)

### iii. Particulars of the top ten shareholders with voting rights as at the end of the Reporting Period

Applicable  Not applicable

### iv. Strategic investors or general legal persons who become top ten shareholders due to the placing of new shares/depository receipts

Applicable  Not applicable

### v. Strategic placement of IPO

#### 1. Particulars of shareholdings of the senior management and core employees participating in the strategic placement of IPO through the establishment of a special asset management plan

Applicable  Not applicable

Unit: Share

Name of Shareholder/holder	Number of Allocated Shares/ Depository Receipts	Time of Public Offering	Changes of Number in the Reporting Period	Number of Holdings of Shares/ Depository Receipts including Those Lent Through Refinancing at the End of the Reporting Period
CICC-Guangfa Bank-CICC Feng Zhong No. 1 collective assets management plan for employee participation in STAR MARKET strategic allotment	18,901,500	22 July 2020	-1,032,884	2,977,763
CICC-Guangfa Bank-CICC Feng Zhong No. 2 collective assets management plan for employee participation in STAR MARKET strategic allotment	44,713,112	22 July 2020	-2,248,800	4,948,791
CICC-Guangfa Bank-CICC Feng Zhong No. 3 collective assets management plan for employee participation in STAR MARKET strategic allotment	34,227,038	22 July 2020	-1,338,786	4,989,745
CICC-Guangfa Bank-CICC Feng Zhong No. 4 collective assets management plan for employee participation in STAR MARKET strategic allotment	1,621,102	22 July 2020	-	415,522
CICC-Guangfa Bank-CICC Feng Zhong No. 5 collective assets management plan for employee participation in STAR MARKET strategic allotment	9,270,248	22 July 2020	-940,104	1,600,068

## SECTION VIII CHANGES IN SHARES AND PARTICULARS OF SHAREHOLDERS (CONTINUED)

### 2. Particulars of shareholdings of relevant subsidiaries of sponsors participating in the strategic placement of IPO

Applicable  Not applicable

Unit: Share

Name of Shareholder	Relationship with the sponsor	Number of Allocated Shares/ Depository Receipts	Time of Public Offering	Changes of Number in the Reporting Period	Number of Holdings of Shares/ Depository Receipts including Those Lent Through Refinancing at the End of the Reporting Period
China CICC Wealth Management Securities Company Limited (Formerly known as China Investment Securities Company Limited)	A wholly-owned subsidiary of the sponsor	36,000,000	22 July 2021	-	-

### vi. Interests and short positions of substantial shareholders in shares and underlying shares of the Company

As at 31 December 2023, so far as is known to the Directors, the following persons (other than the directors, the supervisors or chief executives of the Company) had interests or short positions in the shares or underlying shares of the Company which would be required to be disclosed to the Company under the provisions of Divisions 2 and 3 of Part XV of the Securities and Futures Ordinance (the "SFO") and which were entered in the register required to be kept by the Company pursuant to section 336 of the SFO:

Name of Shareholder	Class of Shares	Capacity	Number of Shares Held	Approximate Percentage of Shares in the Relevant Class of Shares of the Company	Approximate percentage of shares in the total issued shares of the Company
China Railway Signal and Communication (Group) Corporation Limited	A shares	Beneficial owner	6,604,426,424 (Long position)	76.61%	62.37%
Shanghai Zhenhua Heavy Industries Co., Ltd. <sup>(1)</sup>	H shares	Interests in a controlled corporation	123,063,000 (Long position)	6.25%	1.16%
Shanghai Zhenhua Port Machinery (Hong Kong) Company Limited <sup>(1)</sup>	H shares	Beneficial owner	123,063,000 (Long position)	6.25%	1.16%
China Railway Group Investment (Hong Kong) Limited <sup>(2)</sup>	H shares	Beneficial owner	123,063,000 (Long position)	6.25%	1.16%
China Railway Engineering Corporation <sup>(2)</sup>	H shares	Interests in a controlled corporation	123,063,000 (Long position)	6.25%	1.16%

## SECTION VIII CHANGES IN SHARES AND PARTICULARS OF SHAREHOLDERS (CONTINUED)

Name of Shareholder	Class of Shares	Capacity	Number of Shares Held	Approximate Percentage of Shares in the Relevant Class of Shares of the Company	Approximate percentage of shares in the total issued shares of the Company
China Railway Group Limited <sup>(2)</sup>	H shares	Interests in a controlled corporation	123,063,000 (Long position)	6.25%	1.16%
China Railway International Group Co., Limited <sup>(2)</sup>	H shares	Interests in a controlled corporation	123,063,000 (Long position)	6.25%	1.16%
Shanghai Ningquan Asset Management Co., Ltd. (上海寧泉資產管理有限公司)	H shares	Investment manager	236,972,000 (Long position)	12.04%	2.24%

Notes:

As at 31 December 2023, the number of issued shares of the Company was 10,589,819,000 shares, of which 1,968,801,000 shares were H shares and 8,621,018,000 shares were A shares.

- Shanghai Zhenhua Heavy Industries Co., Ltd. had interests in such shares through Shanghai Zhenhua Port Machinery (Hong Kong) Company Limited.
- China Railway Engineering Corporation had interests in such shares through China Railway Group Limited, China Railway International Group Co., Limited and China Railway Group Investment (Hong Kong) Limited.

Save as disclosed above, as at 31 December 2023, the Directors were not aware of any persons (other than the directors, the supervisors or chief executives of the Company) who had interests and/or short positions in the shares and/or underlying shares of the Company which would be required to be disclosed to the Company under the provisions of Divisions 2 and 3 of Part XV of the SFO and which were entered in the register required to be kept by the Company pursuant to section 336 of the SFO.

## IV. THE CONTROLLING SHAREHOLDER AND ACTUAL CONTROLLER

### i. Controlling shareholder

#### 1 Legal person

Applicable  Not applicable

Name China Railway Signal and Communication (Group) Corporation Limited

Leader or legal representative LOU Qiliang

Date of establishment 7 January 1984

## SECTION VIII CHANGES IN SHARES AND PARTICULARS OF SHAREHOLDERS (CONTINUED)

Main business	Business scope: Dispatching expatriate labour required to undertake overseas projects that are compatible with the company's strength, scale, and performance; production of railway (including subway) equipment used in communications, signals, electricity, and automatic control; scientific research, survey, design, installation and construction of the aforesaid projects, as well as construction of supporting projects thereof; import and export businesses; contracting overseas railways and electricity projects and international tender projects in PRC; contracting survey, consultation, design and supervision of the afore-said overseas projects; survey, design, installation, construction and ancillary building construction of communication, signal, electricity, and automatic control projects of roadway traffic, airport, port, industrial and mining enterprises; technical consultation and technical services related to the aforesaid projects; leasing of the equipment and self-owned building. (Enterprises can freely choose the operating projects and carry out business activities according to laws; projects subject to approval according to laws shall be launched to carry out business activities with approval of the competent authorities and based on the content of the approval; business activities of the forbidden and restricted projects as required by the municipal industry policies are not allowed.)
Equity in other domestic and overseas listed companies controlled and invested during the Reporting Period	China Railway Signal and Communication (Group) Corporation Limited holds 36,686,852 RMB ordinary shares of Tianjin Keyvia Electric Co., Ltd. (stock code: 300407). The shareholding percentage is 11.53%. China Railway Signal and Communication (Group) Corporation Limited holds 34,843,206 RMB ordinary shares of China Railway Construction Heavy Industry Co., Ltd. (stock code: 688425). The shareholding percentage is 0.65%. China Railway Signal and Communication (Group) Corporation Limited participated in the non-public offering of the shares of Power Construction Corporation of China, Ltd. in January 2023. After the completion of the offering, China Railway Signal and Communication (Group) Corporation Limited holds 31,055,900 RMB ordinary shares of Power Construction Corporation of China, Ltd. (stock code: 601669). The shareholding percentage is 0.18%.

Other explanations

**2 Natural person**

Applicable  Not applicable

**3 Special explanation for absence of the Company's controlling shareholder**

Applicable  Not applicable

## SECTION VIII CHANGES IN SHARES AND PARTICULARS OF SHAREHOLDERS (CONTINUED)

### 4 Explanation for changes in controlling shareholder during the Reporting Period

Applicable  Not applicable

### 5 Diagram of the property rights and control relationship between the Company and the controlling shareholder

Applicable  Not applicable



### ii. Actual controller

#### 1 Legal person

Applicable  Not applicable

Actual controller of the Company – State-owned Assets Supervision and Administration Commission of the State Council, which is a ministry-level institution directly under the State Council set up in accordance with the Institutional Reform Plan of the State Council and the Notice of the State Council on Establishment of Institutions passed at the First Session of the 10th National People's Congress. The State-owned Assets Supervision and Administration Commission is authorised by the State Council to perform its duties as an investor on behalf of the State. The scope of supervision of the State-owned Assets Supervision and Administration Commission extends to the state-owned assets of central government owned enterprises (excluding financial enterprises).

#### 2 Natural person

Applicable  Not applicable

## SECTION VIII CHANGES IN SHARES AND PARTICULARS OF SHAREHOLDERS (CONTINUED)

**3 Special explanation for absence of the Company's actual controller**

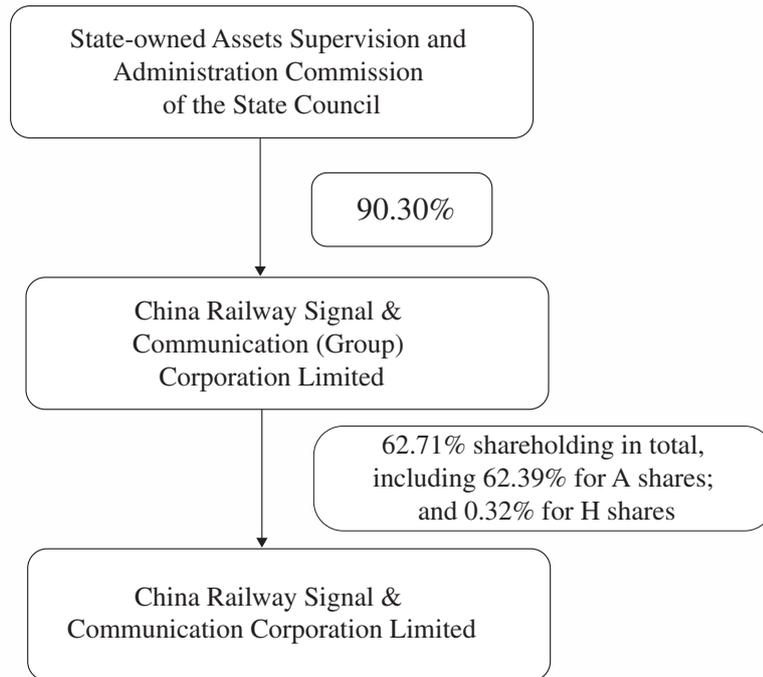
Applicable  Not applicable

**4 Explanation for changes in control of the Company during the Reporting Period**

Applicable  Not applicable

**5 Diagram of the property rights and control relationship between the Company and the actual controller**

Applicable  Not applicable



**6 The control of the Company by the actual controller through trust or other asset management methods**

Applicable  Not applicable

**iii. Other Information about the Controlling Shareholder and the Actual Controller**

Applicable  Not applicable

## SECTION VIII CHANGES IN SHARES AND PARTICULARS OF SHAREHOLDERS (CONTINUED)

### V. THE CUMULATIVE NUMBER OF PLEDGED SHARES OF THE CONTROLLING SHAREHOLDERS OR THE LARGEST SHAREHOLDER OF THE COMPANY AND THE PERSON ACTING IN CONCERT WITH THEM ACCOUNTS FOR MORE THAN 80% OF THE SHARES OF THE COMPANY HELD BY THEM

Applicable  Not applicable

### VI. OTHER LEGAL PERSON HOLDING MORE THAN 10% OF THE SHARES

Applicable  Not applicable

### VII. EXPLANATION OF RESTRICTIONS ON REDUCTION OF HOLDING OF SHARES/DEPOSITARY RECEIPTS

Applicable  Not applicable

### VIII. IMPLEMENTATION OF THE SHARE REPURCHASE DURING THE REPORTING PERIOD

Applicable  Not applicable

Neither the Company nor any of its subsidiaries purchased, sold or redeemed any of its listed securities during the year ended 31 December 2023.

## SECTION IX PARTICULARS OF PREFERENCE SHARES

Applicable  Not applicable

## SECTION X PARTICULARS OF BONDS

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

Applicable  Not applicable

#### i. Enterprise Bonds

Applicable  Not applicable

#### ii. Corporate Bonds

Applicable  Not applicable

## SECTION X PARTICULARS OF BONDS (CONTINUED)

### iii. Debt Financing Instruments of Non-financial Enterprises in the Interbank Bond Market

Applicable  Not applicable

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

Unit: Yuan Currency: RMB

Name of bond	Abbreviation	Code	Issue date	Value date	Maturity date	Balance of the bond	Interest rate (%)	Principal repayment and interest payment	Trading place	Investor suitability arrangements (if any)	Trading mechanism	Whether there is a risk of termination of public offering
2021 First Tranche of Medium-term Notes of China Railway Signal & Communication Corporation Limited	21 CRSC MTN001	1021032651B	15 December 2021	16 December 2021	3+N (3) years, standing perpetually before redemption by the issuer in accordance with the terms of issuance, and maturing upon redemption by the issuer in accordance with the terms of issuance.	2,800,000,000.00	3.32	Interest payment method: Simple interest for accrual of annual interest, and no compound interest will be accrued. If the Company does not exercise the option of deferred payment of interest, interest will be paid annually; if the Company exercises the option of deferred payment of interest, the current interest and all deferred interest and interest thereon will be deferred to the next interest payment date, and each deferred interest is interest bearing at the prevailing coupon rate during the deferral period. The last instalment of interest shall be paid together with the principal. Principal repayment method: The principal and the last instalment of interest are paid upon redemption by the issuer in accordance with the terms of issuance.	Interbank market	For qualified institutional investors in China's interbank bond market (other than purchasers prohibited by China's laws or regulations), it shall be conducted in accordance with the relevant regulations promulgated by the National Interbank Funding Centre.	Through the local currency trading system of the foreign exchange trading centre in the interbank market, transactions are concluded one by one with the counterparties by means of price inquiry.	No

## SECTION X PARTICULARS OF BONDS (CONTINUED)

*Measures adopted by the Company for the risk of terminating the public offering of bonds*

Applicable  Not applicable

*Overdue and outstanding bonds*

Applicable  Not applicable

*Interest payment and principal repayment for bonds during the Reporting Period*

Applicable  Not applicable

<b>Name of bond</b>	<b>Explanation of interest payment and principal repayment</b>
2021 First Tranche of Medium-term Notes of China Railway Signal & Communication Corporation Limited	The Company paid interest on bonds of RMB92.96 million on schedule

**2. The triggering and implementation of the issuer or investor option terms and the investor protection terms**

Applicable  Not applicable

## SECTION X PARTICULARS OF BONDS (CONTINUED)

### 3. Intermediaries providing services for bond issuance and business subsisting

Name of intermediary	Address	Name of the signing accountant	Contact person(s)	Contact number
China Merchants Securities Co., Ltd.	17/F, Building 3, No. 1 Yuetan South Street, Xicheng District, Beijing	N/A	RONG Xi, ZHAO Yan	010-57601901
China Everbright Bank Company Limited	China Everbright Centre, No. 25 Taipingqiao Avenue, Xicheng District, Beijing	N/A	JIANG Shasha	010-63639651
Zhong Lun Law Firm	23-31/F, Building 3, South Tower of CP Centre, No. 20 Jin He East Avenue, Chaoyang District, Beijing	N/A	YUAN Ting, MA Sicong	010-59572288
Ernst & Young Hua Ming LLP (Special General Partnership)	Rooms 01-12, Level 17, Ernst & Young Tower, Oriental Plaza, No. 1 East Chang'an Avenue, Dongcheng District, Beijing	N/A	ZHANG Xiaoliang	010-58153960
Dagong Global Credit Rating Co., Ltd.	3/F-01, No. 89 West Third Ring North Road, Haidian District, Beijing	N/A	GE Ling	010-67413300
BDO China Shu Lun Pan Certified Public Accountants LLP	20/F, Tower A, China Overseas International Centre, Building 7, No. 5 Anding Road, Chaoyang District, Beijing	N/A	GUO Jian, WANG Xiaoyan	010-56730214

*Changes in the above intermediaries*

Applicable  Not applicable

## SECTION X PARTICULARS OF BONDS (CONTINUED)

### 4. Use of proceeds as at the end of the Reporting Period

Applicable  Not applicable

Unit: Yuan Currency: RMB

Name of bond	Total proceeds	Proceeds used	Proceeds unused	Operation of the special account for proceeds (if any)	Rectification of the illegal use of proceeds (if any)	Whether the use of proceeds is consistent with the use of proceeds committed, the planned use and other agreements in the prospectus
2021 First Tranche of Medium-term Notes of China Railway Signal & Communication Corporation Limited	2,800,000,000	2,500,000,000	300,000,000	N/A	N/A	Yes

Note: The Company raised a total of RMB2.8 billion from the debt financing instruments, and the net proceeds after deduction of the relevant issuance expenses was RMB2,797.03 million.

#### *Progress and operating efficiency in the use of proceeds for construction projects*

Applicable  Not applicable

#### *Explanation for changing the use of proceeds raised from the above-mentioned bonds during the Reporting Period*

Applicable  Not applicable

#### *Other explanations*

Applicable  Not applicable

### 5. Adjustment of credit rating results

Applicable  Not applicable

#### *Other explanations*

Applicable  Not applicable

## SECTION X PARTICULARS OF BONDS (CONTINUED)

6. **Implementation and changes in guarantees, debt repayment plans and other repayment guarantees during the Reporting Period and their impact**

Applicable  Not applicable

7. **Other explanations of debt financing instrument of non-financial enterprises**

Applicable  Not applicable

- iv. **Losses in the Consolidated Statements Exceeding 10% of the Net Assets as at the End of the Previous Year during the Reporting Period**

Applicable  Not applicable

- v. **Default on Payment of Interest-bearing Debts Excluding Bonds as at the End of the Reporting Period**

Applicable  Not applicable

- vi. **Influence of Violations of Laws and Regulations, the Articles of Association, the Management System for Information Disclosure, and the Agreements or Undertakings in the Bond Prospectus on the Rights and Interests of Bond Investors During the Reporting Period**

Applicable  Not applicable

## SECTION X PARTICULARS OF BONDS (CONTINUED)

### vii. Accounting Data and Financial Indicators of the Company for the Last Two Years as of the End of the Reporting Period

Applicable  Not applicable

Unit: Yuan Currency: RMB

Major indicators	2023	2022	Change as compared with the corresponding period of last year (%)	Reason of Changes
Net profits attributable to shareholders of the listed company after deducting non-recurring profit and loss	3,266,204,579.74	3,416,830,555.97	-4.41	/
Current ratio	1.40	1.42	-0.02	/
Quick ratio	0.74	0.75	-0.01	/
Gearing ratio (%)	58.93	59.52	-0.59	/
Debt-to-EBITDA ratio	0.98	1.25	-0.27	/
Interest coverage ratio	62.74	43.73	19.01	/
Cash interest coverage ratio	36.89	25.81	11.08	/
EBITDA interest coverage ratio	72.73	49.91	22.82	/
Loan repayment ratio (%)	100.00	100.00	-	/
Interest coverage ratio (%)	100.00	100.00	-	/

## II. CONVERTIBLE COMPANY DEBENTURES

Applicable  Not applicable

# SECTION XI FINANCIAL REPORT

## I AUDIT REPORT

Applicable  Not Applicable

### AUDITOR'S REPORT

Xin Kuai Shi Bao Zi [2024] No. ZG10457

To the Shareholders of China Railway Signal & Communication Corporation Limited:

#### I. Opinion

We have audited the accompanying financial statements of China Railway Signal & Communication Corporation Limited ("CRSC"), which comprise the consolidated and company's balance sheets as at 31 December 2023, the consolidated and company's income statements, the consolidated and company's statements of cash flows, and the consolidated and company's statements of changes in owners' equity for the year then ended, and notes to the financial statements.

In our opinion, the accompanying financial statements present fairly, in all material respects, the consolidated and company's financial position as at 31 December 2023 and the consolidated and company's financial performance and cash flows for the year then ended in accordance with the requirements of Accounting Standards for Business Enterprises.

#### II. Basis for Opinion

We conducted our audit in accordance with China Standards on Auditing ("CSAs"). Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are independent of CRSC in accordance with the Code of Ethics for Professional Accountants of the Chinese Institute of Certified Public Accountants ("CICPA Code"), and we have fulfilled our other ethical responsibilities in accordance with the CICPA Code. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

## SECTION XI FINANCIAL REPORT (CONTINUED)

### AUDITOR'S REPORT (CONTINUED)

#### I AUDIT REPORT (CONTINUED)

##### III. Key Audit Matters

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

We identified the following key audit matters in our audit:

Key Audit Matters	How these matters were addressed in the audit
<p>(1) <i>Recognition of revenue from construction contracts</i></p> <p>The revenue of CRSC is mainly derived from construction contracts for which CRSC recognises revenue according to performance progress. Recognition of revenue in accordance with performance progress may involve significant Management judgements and estimates, including estimated contract revenue, estimated contract costs, and work progress. When conditions change, the relating judgements and estimates may vary. During the execution of contracts, the Management of CRSC evaluated and revised the estimated contract revenue and estimated contract costs based on factors such as scope of contract delivery and estimated cost to completion. The recognition of revenue from construction contracts has a significant effect on financial statements.</p> <p>The accounting policies and disclosure information for the recognition of revenue from construction contracts are set out in the notes "V (XXXVI)" and "VII (LXI)" of the financial statement.</p>	<p>Method of audit</p> <ol style="list-style-type: none"><li>1. We tested and evaluated the internal control of revenue recognition of CRSC.</li><li>2. We obtained major construction contracts, reviewed key contract terms and evaluated the rationality of the Management's estimation on estimated contract revenue and estimated contract costs.</li><li>3. We performed sampling inspection of relevant documents to review contract costs incurred; recalculated the performance progress and revenue based on incurred costs and estimated contract costs.</li><li>4. We carried out cut-off test procedures to check whether relevant contract costs are recorded in the appropriate accounting period; and underwent an analytical review process for the gross profit margin of major construction contracts.</li><li>5. We evaluated the sufficiency of the Management's disclosure of recognition of revenue from construction contracts in the financial statements.</li></ol>

## SECTION XI FINANCIAL REPORT (CONTINUED)

### AUDITOR'S REPORT (CONTINUED)

#### I AUDIT REPORT (CONTINUED)

##### III. Key Audit Matters (Continued)

Key Audit Matters	How these matters were addressed in the audit
<p>(II) <i>Impairment of accounts receivable and contract assets</i></p> <p>CRSC recognises provision for impairment of accounts receivable and contract assets based on expected credit losses, which involves significant judgements and estimations of the Management. Specific factors considered by the Management in its recoverability analysis include ageing, customers' repayment plans, historical settlement records, credit ratings and historical repayment records, and other qualitative and quantitative data available to the Management. The Management also evaluated the expected changes in the credit risk of the debtor based on the above data combined with economic policies, macroeconomic indicators, industry risks and other factors, and considered forward-looking information. The balance of accounts receivable and contract assets of CRSC was significant, and the impairment of accounts receivable and contract assets had significant impacts on the financial statements.</p> <p>The accounting policies and disclosure information for the accounts receivable and the provision for impairment of contract assets are set out in the notes "V(XI)", "VII(V)" and "VII(VI)" of the financial statement.</p>	<p>Method of audit</p> <ol style="list-style-type: none"><li>1. We tested and evaluated the internal control of accrual process of CRSC for provision for impairment of accounts receivable and contract assets.</li><li>2. We reviewed the Management's analysis and evaluation of historical data of receivables and analysis of historical settlement of contract assets, and checked relevant supporting documents for selected samples to review the accuracy of the ageing of receivables.</li><li>3. For individual recognition of impairment provision for receivables and contract assets, we understood the reasons for the Management's judgement and evaluated the rationality of the Management's impairment provision.</li><li>4. For the recognition of impairment provision for receivables and contract assets by reference to the credit risk portfolio, we reviewed the Management's settings for the credit risk portfolio, evaluated the rationality of the impairment loss rate in combination with the consideration of historical audit experience and forward-looking information, and reviewed relevant documents for the selected samples to evaluate the rationality of the Management's credit risk portfolio classification and impairment provision.</li><li>5. We evaluated the sufficiency of the Management's disclosure of provision for impairment of accounts receivable and contract assets.</li></ol>

## SECTION XI FINANCIAL REPORT (CONTINUED)

### AUDITOR'S REPORT (CONTINUED)

#### I AUDIT REPORT (CONTINUED)

##### IV. Other Information

Management of CRSC ("Management") is responsible for the other information. The other information comprises all of the information included in the 2023 annual report of CRSC, other than the financial statements and our auditor's report thereon.

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

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

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

##### V. Responsibilities of Management and Those Charged with Governance for the Financial Statements

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

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

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

## SECTION XI FINANCIAL REPORT (CONTINUED)

### AUDITOR'S REPORT (CONTINUED)

#### I AUDIT REPORT (CONTINUED)

##### VI. Auditor's Responsibilities for the Audit of the Financial Statements

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

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

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

## SECTION XI FINANCIAL REPORT (CONTINUED)

### AUDITOR'S REPORT (CONTINUED)

#### I AUDIT REPORT (CONTINUED)

##### VI. Auditor's Responsibilities for the Audit of the Financial Statements (Continued)

- (6) Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within CRSC to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

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

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

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

**BDO CHINA Shu Lun Pan Certified  
Public Accountants LLP**

Shanghai, China

*Certified Public Accountant of China:  
GUO Jian  
(Engagement Partner)*

*Certified Public Accountant of China:  
WANG Xiaoyan*

26 March 2024

# CONSOLIDATED BALANCE SHEET

31 December 2023

## II FINANCIAL STATEMENTS

Prepared by: China Railway Signal & Communication Corporation Limited

Unit: Yuan Currency: RMB

ITEM	Note	31 December 2023	31 December 2022
<b>Current assets:</b>			
Cash and bank balances	VII. (I)	<b>22,574,043,702.19</b>	22,215,371,337.81
Balances with clearing companies		–	–
Lending fund		–	–
Trading financial assets	VII. (II)	–	–
Held-for-trading financial assets	VII. (III)	–	–
Bills receivable	VII. (IV)	<b>1,058,627,238.40</b>	1,714,371,393.60
Accounts receivable	VII. (V)	<b>22,875,547,606.09</b>	22,672,081,197.55
Receivables for financing	VII. (VII)	<b>972,719,326.28</b>	1,048,965,771.85
Prepayments	VII. (VIII)	<b>1,082,591,486.36</b>	1,135,530,595.29
Premiums receivable		–	–
Reinsurance accounts receivable		–	–
Deposits receivable from reinsurance treaty		–	–
Other receivables	VII. (IX)	<b>1,536,562,573.61</b>	1,579,389,304.96
Including: Interest receivable		–	3,628,769.52
Dividends receivable		<b>5,100,000.00</b>	6,075,000.00
Financial assets held under resale agreements		–	–
Inventories	VII. (X)	<b>3,206,183,424.85</b>	2,378,763,660.23
Contract assets	VII. (VI)	<b>38,228,739,616.63</b>	38,617,088,327.03
Assets held for sale	VII. (XI)	–	–
Non-current assets due within one year	VII. (XII)	<b>63,287,188.01</b>	104,252,537.37
Other current assets	VII. (XIII)	<b>911,304,421.59</b>	954,216,216.16
<b>Total current assets</b>		<b>92,509,606,584.01</b>	92,420,030,341.85

## CONSOLIDATED BALANCE SHEET (CONTINUED)

31 December 2023

ITEM	Note	31 December 2023	31 December 2022
<b>Non-current assets:</b>			
Loans and advances to customers		–	–
Debt investment	VII. (XIV)	<b>273,172,183.50</b>	273,172,183.50
Other debt investments	VII. (XV)	–	–
Long-term receivables	VII. (XVI)	<b>7,246,719,629.43</b>	5,909,956,266.76
Long-term equity investments	VII. (XVII)	<b>1,532,166,245.23</b>	1,505,010,167.68
Other equity instrument investments	VII. (XVIII)	<b>1,223,290,285.94</b>	1,124,819,159.20
Other non-current financial assets	VII. (XIX)	–	–
Investment properties	VII. (XX)	<b>335,313,226.24</b>	360,225,551.83
Fixed assets	VII. (XXI)	<b>5,122,689,100.30</b>	4,580,968,030.17
Construction in progress	VII. (XXII)	<b>400,246,410.75</b>	891,536,403.93
Productive biological assets	VII. (XXIII)	–	–
Oil and gas assets	VII. (XXIV)	–	–
Right-of-use assets	VII. (XXV)	<b>124,635,956.62</b>	173,961,270.40
Intangible assets	VII. (XXVI)	<b>2,587,644,292.75</b>	2,563,747,410.22
Development expenditure	VIII. (II)	<b>179,725,096.60</b>	188,000,541.82
Goodwill	VII. (XXVII)	<b>283,042,528.58</b>	305,324,128.58
Long-term prepaid expenses	VII. (XXVIII)	<b>55,688,360.12</b>	58,177,965.51
Deferred tax assets	VII. (XXIX)	<b>550,629,452.92</b>	474,086,180.50
Other non-current assets	VII. (XXX)	<b>6,565,918,378.75</b>	5,977,528,881.93
<b>Total non-current assets</b>		<b>26,480,881,147.73</b>	24,386,514,142.03
<b>Total assets</b>		<b>118,990,487,731.74</b>	116,806,544,483.88

## CONSOLIDATED BALANCE SHEET (CONTINUED)

31 December 2023

ITEM	Note	31 December 2023	31 December 2022
<b>Current liabilities:</b>			
Short-term borrowings	VII. (XXXII)	<b>2,451,633,147.05</b>	261,169,967.41
Borrowings from central bank		–	–
Placements from banks and other financial institutions		–	–
Financial liabilities held for trading	VII. (XXXIII)	–	–
Derivative financial liabilities	VII. (XXXIV)	–	–
Bills payable	VII. (XXXV)	<b>1,416,353,129.31</b>	2,260,154,270.80
Accounts payable	VII. (XXXVI)	<b>49,669,506,699.81</b>	49,888,119,903.73
Advance receipts	VII. (XXXVII)	–	–
Contract liabilities	VII. (XXXVIII)	<b>7,825,651,674.51</b>	7,704,721,222.25
Financial assets sold for repurchase		–	–
Customers deposits and deposits from banks and other financial institutions	VII. (XXXIX)	<b>138,046,438.06</b>	–
Amount paid for agency securities trading		–	–
Amount paid for agency securities underwriting		–	–
Employee benefits payable	VII. (XL)	<b>701,016,829.27</b>	690,620,818.93
Tax payable	VII. (XLI)	<b>1,040,646,981.47</b>	899,902,868.80
Other payables	VII. (XLII)	<b>1,735,520,570.87</b>	1,485,075,980.09
Including: Interest payable		–	–
Dividends payable		<b>61,102,622.90</b>	118,347,201.50
Fees and commissions payable		–	–
Reinsurance accounts payable		–	–
Liabilities held for sale		–	–
Non-current liabilities due within one year	VII. (XLIII)	<b>438,571,680.21</b>	1,237,094,658.03
Other current liabilities	VII. (XLIV)	<b>826,904,226.67</b>	815,521,607.44
<b>Total current liabilities</b>		<b>66,243,851,377.23</b>	65,242,381,297.48

# CONSOLIDATED BALANCE SHEET (CONTINUED)

31 December 2023

ITEM	Note	31 December 2023	31 December 2022
<b>Non-current liabilities:</b>			
Insurance contract reserve		—	—
Long-term borrowings	VII. (XLV)	<b>2,979,942,069.48</b>	3,290,786,172.77
Bonds payable	VII. (XLVI)	—	—
Including: Preference shares		—	—
Perpetual bonds		—	—
Lease liabilities	VII. (XLVII)	<b>74,462,004.67</b>	118,073,535.41
Long-term payables	VII. (XLVIII)	<b>53,338,192.06</b>	58,629,829.67
Long-term employee benefits payable	VII. (XLIX)	<b>507,951,000.00</b>	503,607,000.00
Estimated liabilities	VII. (L)	<b>27,113,956.19</b>	28,711,970.11
Deferred income	VII. (LI)	<b>173,790,666.02</b>	215,017,593.46
Deferred tax liabilities	VII. (XXIX)	<b>55,203,436.19</b>	71,602,084.41
Other non-current liabilities		—	—
Total non-current liabilities		<b>3,871,801,324.61</b>	4,286,428,185.83
<b>Total liabilities</b>		<b>70,115,652,701.84</b>	69,528,809,483.31
<b>Shareholders' equity:</b>			
Share capital	VII. (LIII)	<b>10,589,819,000.00</b>	10,589,819,000.00
Other equity instruments	VII. (LIV)	<b>2,796,935,660.38</b>	2,796,935,660.38
Including: Preference shares		—	—
Perpetual bonds		<b>2,796,935,660.38</b>	2,796,935,660.38
Capital reserve	VII. (LV)	<b>15,964,182,695.10</b>	15,964,068,097.89
Less: treasury stocks	VII. (LVI)	—	—
Other comprehensive income	VII. (LVII)	<b>-203,485,689.35</b>	-198,844,477.42
Special reserve	VII. (LVIII)	<b>299,764,318.80</b>	343,494,199.17
Surplus reserve	VII. (LIX)	<b>2,280,998,087.60</b>	2,042,968,810.17
General risk reserve		<b>39,397,794.27</b>	—
Retained earnings	VII. (LX)	<b>15,044,440,040.06</b>	13,785,475,907.76
Total equity attributable to Shareholders of the parent company		<b>46,812,051,906.86</b>	45,323,917,197.95
Non-controlling interests		<b>2,062,783,123.04</b>	1,953,817,802.62
Total Shareholders' equity		<b>48,874,835,029.90</b>	47,277,735,000.57
<b>Total liabilities and Shareholders' equity</b>		<b>118,990,487,731.74</b>	116,806,544,483.88

Person-in-charge of the Company:  
Lou Qiliang

Chief Financial Officer:  
Li Lianqing

Head of Accounting Department:  
Zhang Shihu

# PARENT COMPANY'S BALANCE SHEET

31 December 2023

Prepared by: China Railway Signal & Communication Corporation Limited

Unit: Yuan Currency: RMB

ITEM	Note	31 December 2023	31 December 2022
<b>Current assets:</b>			
Cash and bank balances		<b>9,618,021,072.64</b>	14,716,787,400.28
Held-for-trading financial assets		—	—
Derivative financial assets		—	—
Bills receivable		—	79,973,817.53
Accounts receivable	XX. (I)	<b>1,642,075,530.34</b>	1,788,106,057.35
Receivables for financing		<b>86,737,718.32</b>	54,684,084.19
Prepayments		<b>227,165,875.59</b>	300,822,929.37
Other receivables	XX. (II)	<b>6,857,294,566.71</b>	6,417,222,998.16
Including: Interest receivable		—	—
Dividends receivable		<b>250,222,930.31</b>	161,752,930.31
Inventories		<b>8,367,845.69</b>	7,879,326.58
Contract assets		<b>1,670,505,380.98</b>	1,826,390,756.07
Assets held for sale		—	—
Non-current assets due within one year		<b>864,167.38</b>	21,937,975.59
Other current assets		<b>86,057,502.39</b>	95,978,072.44
<b>Total current assets</b>		<b>20,197,089,660.04</b>	25,309,783,417.56

## PARENT COMPANY'S BALANCE SHEET (CONTINUED)

31 December 2023

ITEM	Note	31 December 2023	31 December 2022
<b>Non-current assets:</b>			
Debt investment		273,172,183.50	273,172,183.50
Other debt investments		–	–
Long-term receivables		2,131,932,397.90	2,130,745,638.37
Long-term equity investments	XX. (III)	19,317,502,298.16	19,245,173,565.00
Other equity instrument investments		501,144,899.67	476,408,221.20
Other non-current financial assets		–	–
Investment properties		1,384,534,865.00	1,422,508,459.84
Fixed assets		488,935,188.10	505,661,396.64
Construction in progress		9,199,876.28	9,199,876.28
Productive biological assets		–	–
Oil and gas assets		–	–
Right-of-use assets		891,246.41	928,460.62
Intangible assets		519,729,627.07	471,510,245.98
Development expenditure		–	–
Goodwill		–	–
Long-term prepaid expenses		–	–
Deferred tax assets		40,162,614.97	32,275,748.35
Other non-current assets		58,193,659.96	67,200,329.05
<b>Total non-current assets</b>		<b>24,725,398,857.02</b>	<b>24,634,784,124.83</b>
<b>Total assets</b>		<b>44,922,488,517.06</b>	<b>49,944,567,542.39</b>

## PARENT COMPANY'S BALANCE SHEET (CONTINUED)

31 December 2023

ITEM	Note	31 December 2023	31 December 2022
<b>Current liabilities:</b>			
Short-term borrowings		2,000,000,000.00	–
Financial liabilities held for trading		–	–
Derivative financial liabilities		–	–
Bills payable		34,465,037.06	68,734,295.36
Accounts payable		4,144,369,247.93	4,230,353,881.18
Advance receipts		–	–
Contract liabilities		866,076,667.84	1,231,698,118.45
Employee benefits payable		26,471,780.36	28,431,342.29
Tax payable		9,206,960.81	3,892,538.54
Other payables		3,450,175,190.87	9,671,141,276.39
Including: Interest payable		–	–
Dividends payable		–	–
Liabilities held for sale		–	–
Non-current liabilities due within one year		381,189.60	800,518,240.71
Other current liabilities		34,342,454.72	45,902,934.67
<b>Total current liabilities</b>		<b>10,565,488,529.19</b>	<b>16,080,672,627.59</b>
<b>Non-current liabilities:</b>			
Long-term borrowings		–	–
Bonds payable		–	–
Including: Preference shares		–	–
Perpetual bonds		–	–
Lease liabilities		418,123.25	144,616.42
Long-term payables		–	–
Long-term employee benefits payable		56,190,000.00	60,534,000.00
Provisions		686,646.49	686,646.49
Deferred income		4,020,017.87	3,869,841.68
Deferred tax liabilities		6,207,153.01	–
Other non-current liabilities		–	–
<b>Total non-current liabilities</b>		<b>67,521,940.62</b>	<b>65,235,104.59</b>
<b>Total liabilities</b>		<b>10,633,010,469.81</b>	<b>16,145,907,732.18</b>

## PARENT COMPANY'S BALANCE SHEET (CONTINUED)

31 December 2023

ITEM	Note	31 December 2023	31 December 2022
<b>Shareholders' equity:</b>			
Share capital		10,589,819,000.00	10,589,819,000.00
Other equity instruments		2,796,935,660.38	2,796,935,660.38
Including: Preference shares		–	–
Perpetual bonds		2,796,935,660.38	2,796,935,660.38
Capital reserve		16,356,470,432.63	16,356,470,432.63
Less: treasury stocks		–	–
Other comprehensive income		-26,293,082.07	-45,904,166.59
Special reserve		26,363,291.27	42,219,683.05
Surplus reserve		2,280,998,087.60	2,042,968,810.17
Retained earnings		2,265,184,657.44	2,016,150,390.57
<b>Total Shareholders' equity</b>		<b>34,289,478,047.25</b>	<b>33,798,659,810.21</b>
<b>Total liabilities and Shareholders' equity</b>		<b>44,922,488,517.06</b>	<b>49,944,567,542.39</b>

Person-in-charge of the Company:  
Lou Qiliang

Chief Financial Officer:  
Li Lianqing

Head of Accounting Department:  
Zhang Shihu

# CONSOLIDATED STATEMENT OF PROFIT OR LOSS

January to December 2023

Unit: Yuan Currency: RMB

ITEM	Note	2023	2022
I. Total revenue		<b>37,087,421,909.11</b>	40,219,614,549.44
Including: Revenue	VII. (LXI)	<b>37,002,229,438.89</b>	40,203,207,773.29
Interest income		<b>85,192,470.22</b>	16,406,776.15
Premiums earned		—	—
Fees and commissions income		—	—
II. Total cost of sales		<b>32,520,733,946.25</b>	35,476,209,041.72
Including: Cost of sales	VII. (LXI)	<b>27,472,315,758.82</b>	30,680,741,586.09
Interest expenses		<b>732,167.93</b>	—
Fees and commissions expense		<b>68,492.73</b>	—
Surrenders		—	—
Net payments for insurance claims		—	—
Net provisions for insurance contract reserve		—	—
Policy dividend expenses		—	—
Reinsurance costs		—	—
Taxes and surcharges	VII. (LXII)	<b>256,690,986.90</b>	241,534,607.36
Selling and distribution expenses	VII. (LXIII)	<b>893,032,489.34</b>	812,111,306.78
General and administrative expenses	VII. (LXIV)	<b>2,335,834,136.35</b>	2,289,994,474.16
Research and development expenses	VII. (LXV)	<b>1,862,286,761.81</b>	1,689,810,596.63
Finance costs	VII. (LXVI)	<b>-300,226,847.63</b>	-237,983,529.30
Including: Interest expenses		<b>75,965,079.18</b>	110,995,320.48
Interest income		<b>422,427,842.34</b>	407,442,103.32
Add: Other income	VII. (LXVII)	<b>410,647,468.42</b>	366,824,324.56
Investment income (with "-" for loss)	VII. (LXVIII)	<b>145,006,530.06</b>	121,595,656.28
Including: Share of profits of associates and joint ventures		<b>119,041,378.77</b>	96,310,729.93
Derecognition of income from financial assets at amortized cost		—	—
Foreign exchange gains (with "-" for loss)		—	—
Net gains from hedging exposure (with "-" for loss)	VII. (LXIX)	—	—
Gains from changes in fair value (with "-" for loss)	VII. (LXX)	—	—
Credit impairment losses (with "-" for loss)	VII. (LXXI)	<b>-445,966,775.20</b>	-594,320,058.29
Assets impairment losses (with "-" for loss)	VII. (LXXII)	<b>-15,597,119.37</b>	37,185,041.73
Gains from disposal of assets (with "-" for loss)	VII. (LXXIII)	<b>63,696.54</b>	29,599,933.66

## CONSOLIDATED STATEMENT OF PROFIT OR LOSS (CONTINUED)

January to December 2023

ITEM	Note	2023	2022
III. Operating profit (with "-" for loss)		<b>4,660,841,763.31</b>	4,704,290,405.66
Add: Non-operating income	VII. (LXXIV)	<b>39,131,903.49</b>	48,280,889.32
Less: Non-operating expenses	VII. (LXXV)	<b>9,688,065.04</b>	9,877,586.82
IV. Total profits (with "-" for total losses)		<b>4,690,285,601.76</b>	4,742,693,708.16
Less: Income tax expenses	VII. (LXXVI)	<b>675,450,919.54</b>	642,049,846.43
V. Net profit (with "-" for net loss)		<b>4,014,834,682.22</b>	4,100,643,861.73
(I) Classified by continuity of operation			
1. Net profit from continuing operations (with "-" for net loss)		<b>4,014,834,682.22</b>	4,100,643,861.73
2. Net profit from discontinued operations (with "-" for net loss)		—	—
(II) Classified by the ownership			
1. Net profit attributable to the owners of the parent company (with "-" for net loss)		<b>3,477,326,647.54</b>	3,633,640,258.62
2. Net profit attributable to non-controlling interests (with "-" for net loss)		<b>537,508,034.68</b>	467,003,603.11
VI. Other comprehensive income, net of tax	VII. (LVII)	<b>-4,855,479.47</b>	-14,969,172.13
(I) Other comprehensive income attributable to the owners of the parent company, net of tax		<b>-4,639,846.93</b>	-15,208,824.74
1. Other comprehensive income that may not be reclassified into profit or loss		<b>-12,045,865.94</b>	1,565,000.00
(1) Changes of re-measurement of defined benefit plans		<b>-26,068,000.00</b>	1,565,000.00
(2) Other comprehensive income that cannot be transferred to profit or loss under equity method		—	—
(3) Changes in fair value of other equity instrument investments		<b>14,022,134.06</b>	—
(4) Changes in fair value of the Company's own credit risk		—	—

## CONSOLIDATED STATEMENT OF PROFIT OR LOSS (CONTINUED)

January to December 2023

ITEM	Note	2023	2022
2. Other comprehensive income that will be reclassified into profit or loss		<b>7,406,019.01</b>	-16,773,824.74
(1) Other comprehensive income that can be transferred to profit or loss under equity method		-	-
(2) Changes in fair value of other debt investments		-	-
(3) Provision for impairment of receivables for financing		-	-
(4) Amount of financial assets reclassified into other comprehensive income		-	-
(5) Credit impairment provisions for other debt investments		<b>4,283,995.36</b>	-17,353,786.82
(6) Hedging reserve arising from cash flows		<b>524,442.03</b>	1,697,537.35
(7) Exchange differences on translation of foreign operations		<b>2,597,581.62</b>	-1,117,575.27
(8) Others			-
(II) Other comprehensive income attributable to non-controlling interests, net of tax		<b>-215,632.54</b>	239,652.61
VII. Total comprehensive income		<b>4,009,979,202.75</b>	4,085,674,689.60
(I) Total comprehensive income attributable to Shareholders of the parent company		<b>3,472,686,800.61</b>	3,618,431,433.88
(II) Total comprehensive income attributable to non-controlling interests		<b>537,292,402.14</b>	467,243,255.72
VIII. Earning per share:			
(I). Basic earnings per share (RMB/share)		<b>0.32</b>	0.33
(II) Diluted earnings per share (RMB/share)		<b>0.32</b>	0.33

Person-in-charge of the Company:  
Lou Qiliang

Chief Financial Officer:  
Li Lianqing

Head of Accounting Department:  
Zhang Shihu

# PARENT COMPANY'S STATEMENT OF PROFIT OR LOSS

January to December 2023

Unit: Yuan Currency: RMB

ITEM	Note	2023	2022
I. Revenue	XX. (IV)	<b>3,699,075,009.60</b>	3,668,723,629.64
Less: Cost of sale	XX. (IV)	<b>3,321,264,497.46</b>	3,212,561,012.53
Taxes and surcharges		<b>45,196,622.32</b>	38,710,831.58
Selling and distribution expenses		<b>5,960,591.67</b>	3,238,006.40
General and administrative expenses		<b>207,676,864.72</b>	218,082,028.39
Research and development expenses		<b>94,811,983.28</b>	194,890,776.03
Finance costs		<b>-167,097,346.53</b>	-201,125,589.31
Including: Interest expenses		<b>122,642,403.24</b>	107,904,368.37
Interest income		<b>273,898,017.87</b>	315,018,653.88
Add: Other income		<b>2,503,953.74</b>	2,653,830.84
Investment income (with "-" for loss)	XX. (V)	<b>2,298,376,747.89</b>	2,210,271,346.30
Including: Share of profits of associates and joint ventures		<b>44,555,126.22</b>	30,765,509.16
Derecognition of income from financial assets at amortized cost		-	-
Net gains from hedging exposure (with "-" for loss)		-	-
Gains from changes in fair value (with "-" for loss)		-	-
Credit impairment losses (with "-" for loss)		<b>-31,492,340.98</b>	-27,405,511.28
Assets impairment losses (with "-" for loss)		<b>-59,500.27</b>	406,202.75
Gains from disposal of assets (with "-" for loss)		<b>37,353.00</b>	2,353.75
II. Operating profit (with "-" for loss)		<b>2,460,628,010.06</b>	2,388,294,786.38
Add: Non-operating income		<b>440,266.77</b>	3,161,814.94
Less: Non-operating expenses		<b>643,439.49</b>	16,653.97
III. Total profits (with "-" for total losses)		<b>2,460,424,837.34</b>	2,391,439,947.35
Less: Income tax expenses		<b>80,132,063.04</b>	74,998,790.11
IV. Net profit (with "-" for net loss)		<b>2,380,292,774.30</b>	2,316,441,157.24
(I) Net profit from continuing operations (with "-" for net loss)		<b>2,380,292,774.30</b>	2,316,441,157.24
(II) Net profit from discontinued operations (with "-" for net loss)		-	-

## PARENT COMPANY'S STATEMENT OF PROFIT OR LOSS (CONTINUED)

January to December 2023

ITEM	Note	2023	2022
V. Other comprehensive income, net of tax		<b>19,611,084.52</b>	2,098,633.76
(I) Other comprehensive income that may not be reclassified into profit or loss		<b>19,504,508.85</b>	2,240,000.00
1. Changes of re-measurement of defined benefit plans		<b>952,000.00</b>	2,240,000.00
2. Other comprehensive income that cannot be transferred to profit or loss under equity method		—	—
3. Changes in fair value of other equity instrument investments		<b>18,552,508.85</b>	—
4. Changes in fair value of the Company's own		—	—
(II) Other comprehensive income that will be reclassified into profit or loss		<b>106,575.67</b>	-141,366.24
1. Other comprehensive income that can be transferred to profit or loss under equity method		—	—
2. Changes in fair value of other debt investments		—	—
3. Amount of financial assets reclassified to other comprehensive income		—	—
4. Provision for credit impairment of other debt investments		—	—
5. Hedging reserve arising from cash flows		—	—
6. Exchange differences on translation of foreign operations		<b>106,575.67</b>	49,893.64
7. Provision for impairment of receivables for financing		—	-191,259.88
8. Others		—	—
VI. Total comprehensive income		<b>2,399,903,858.82</b>	2,318,539,791.00
VII. Earnings per share:			
(I) Basic earnings per share (RMB/share)		—	—
(II) Diluted earnings per share (RMB/share)		—	—

Person-in-charge of the Company:  
Lou Qiliang

Chief Financial Officer:  
Li Lianqing

Head of Accounting Department:  
Zhang Shihu

# CONSOLIDATED STATEMENT OF CASH FLOWS

January to December 2023

Unit: Yuan Currency: RMB

ITEM	Note	2023	2022
<b>I. Cash flows generated from operating activities:</b>			
Cash received from the sale of goods or rendering of services		<b>35,383,106,552.69</b>	35,104,674,749.42
Net increase in customer deposits received and interbank deposits		<b>137,902,594.74</b>	–
Net increase in borrowings from central bank		–	–
Net increase in placements from other financial institutions		–	–
Cash received from original insurance contract premium		–	–
Net cash received from reinsurance business		–	–
Net increase in savings and investment funds		–	–
Interests, service charges and commission received		<b>67,297,641.53</b>	12,780,332.10
Net increase in placements from banks and other financial institutions		–	–
Net increase in returned business capital		–	–
Net cash received from accounts payables to brokerage clients		–	–
Refunds of tax		<b>284,342,807.02</b>	612,337,395.38
Cash received relating to other operating activities	VII. (LXXVIII)	<b>975,191,468.01</b>	838,799,769.58
Subtotal of cash inflows from operating activities		<b>36,847,841,063.99</b>	36,568,592,246.48
Cash paid for goods and services		<b>24,377,310,902.42</b>	24,949,280,859.96
Net increase in loans and advances to customers		–	–
Net increase in deposits with the central bank and interbank funds		<b>241,163,665.70</b>	–
Cash paid for original insurance contract compensation		–	–
Net increase in placements with banks and other financial institutions		–	–
Interests, service charges and commission paid		<b>68,492.73</b>	–
Cash paid for bonus of guarantee slip		–	–
Cash paid to and on behalf of employees		<b>5,825,706,548.94</b>	5,628,724,136.37
Cash paid for all taxes		<b>2,185,905,595.34</b>	2,293,139,763.20
Cash paid relating to other operating activities	VII. (LXXVIII)	<b>2,159,651,995.87</b>	1,615,285,826.07
Subtotal of cash outflows from operating activities		<b>34,789,807,201.00</b>	34,486,430,585.60
Net cash flows generated from operating activities		<b>2,058,033,862.99</b>	2,082,161,660.88

## CONSOLIDATED STATEMENT OF CASH FLOWS (CONTINUED)

January to December 2023

ITEM	Note	2023	2022
<b>II. Cash flows generated from investing activities:</b>			
Cash received from disposal of investments		92,675,189.81	–
Cash received from return on investment		53,689,410.29	39,334,273.70
Net cash received from disposal of fixed assets, intangible assets and other long-term assets		1,201,808.87	34,176,839.70
Decrease in unsecured/pledged and unrestricted time deposits with maturity over three months		–	369,676,297.78
Net cash from disposal of subsidiaries and other operating units		–	–
Cash received relating to other investing activities	VII. (LXXVIII)	17,822,281.29	183,259,710.63
Subtotal of cash inflows from investing activities		<u>165,388,690.26</u>	<u>626,447,121.81</u>
Cash paid for acquisition of fixed assets, intangible assets and other long-term assets		680,611,974.95	707,989,088.68
Cash paid for investments		108,524,948.00	69,400,000.00
Increase in unsecured/pledged and unrestricted time deposits with maturity over three months		1,198,615,327.25	–
Net increase in pledged loan		–	–
Net cash paid on acquisition of subsidiaries and other operating units		–	–
Cash paid relating to other investing activities	VII. (LXXVIII)	332,844.66	–
Subtotal of cash outflows from investing activities		<u>1,988,085,094.86</u>	<u>777,389,088.68</u>
Net cash flows generated from investing activities		<u>-1,822,696,404.60</u>	<u>-150,941,966.87</u>
<b>III. Cash flows generated from financing activities:</b>			
Cash received as capital contributions		1,200,000.00	129,889,435.93
Including: Cash received by subsidiaries from minority shareholders' investment		1,200,000.00	129,889,435.93
Cash received from borrowings		2,446,653,147.05	1,540,734,282.82
Cash received relating to other financing activities	VII. (LXXVIII)	100,000,000.00	–
Subtotal of cash inflows from financing activities		<u>2,547,853,147.05</u>	<u>1,670,623,718.75</u>

## CONSOLIDATED STATEMENT OF CASH FLOWS (CONTINUED)

January to December 2023

ITEM	Note	2023	2022
Subtotal of cash inflows from financing activities		<b>1,370,332,217.10</b>	272,909,856.03
Cash paid on repayments of borrowings		<b>2,494,449,005.10</b>	2,320,651,979.30
Including: Dividend and profit of minority shareholder paid by subsidiaries		<b>447,300,583.39</b>	307,508,732.98
Cash paid relating to other financing activities	VII. (LXXVIII)	<b>145,522,629.63</b>	1,495,908,382.53
Subtotal of cash outflows from financing activities		<b>4,010,303,851.83</b>	4,089,470,217.86
Net cash flows generated from financing activities		<b>-1,462,450,704.78</b>	-2,418,846,499.11
<b>IV. Effect of fluctuations in exchange rate on cash and cash equivalents</b>		<b>5,567,511.24</b>	133,561,129.63
<b>V. Net increase in cash and cash equivalents</b>		<b>-1,221,545,735.15</b>	-354,065,675.47
Add: Balance of cash and cash equivalents at the beginning of the period		<b>17,241,658,431.27</b>	17,595,724,106.74
<b>VI. Balance of cash and cash equivalents at the end of the period</b>		<b>16,020,112,696.12</b>	17,241,658,431.27

Person-in-charge of the Company:  
Lou Qiliang

Chief Financial Officer:  
Li Lianqing

Head of Accounting Department:  
Zhang Shihu

# STATEMENT OF CASH FLOWS OF THE PARENT COMPANY

January to December 2023

Unit: Yuan Currency: RMB

ITEM	Note	2023	2022
<b>1. Cash flows generated from operating activities:</b>			
Cash received from the sale of goods or rendering of services		<b>3,247,001,968.09</b>	4,015,126,390.22
Refunds of tax		<b>60,140,156.75</b>	66,947,210.59
Cash received relating to other operating activities		<b>729,863,024.16</b>	980,176,186.94
		<hr/>	<hr/>
Subtotal of cash inflows from operating activities		<b>4,037,005,149.00</b>	5,062,249,787.75
		<hr/>	<hr/>
Cash paid for goods and services		<b>3,131,582,579.96</b>	3,764,978,024.65
Cash paid to and on behalf of employees		<b>199,614,792.27</b>	187,273,086.99
Cash paid for all taxes		<b>212,142,640.99</b>	196,605,642.85
Cash paid relating to other operating activities		<b>1,121,919,059.16</b>	1,200,447,667.82
		<hr/>	<hr/>
Subtotal of cash outflows from operating activities		<b>4,665,259,072.38</b>	5,349,304,422.31
		<hr/>	<hr/>
Net cash flows generated from operating activities		<b>-628,253,923.38</b>	-287,054,634.56
		<hr/>	<hr/>
<b>II. Cash flows generated from investing activities:</b>			
Cash received from disposal of investments		<b>90,300,000.00</b>	249,607,061.63
Cash received from return on investment		<b>1,993,534,257.22</b>	1,960,169,251.35
Net cash received from disposal of fixed assets, intangible assets and other long-term assets		<b>163,612.22</b>	30,610.00
Net cash from disposal of subsidiaries and other operating units		<b>-</b>	-
Cash received relating to other investing activities		<b>1,265,559,058.30</b>	5,683,250,255.55
		<hr/>	<hr/>
Subtotal of cash inflows from investing activities		<b>3,349,556,927.74</b>	7,893,057,178.53
		<hr/>	<hr/>
Cash paid for acquisition of fixed assets, intangible assets and other long-term assets		<b>67,499,550.59</b>	72,136,821.69
Cash paid for investments		<b>104,277,379.43</b>	2,067,053,427.20
Increase in unsecured/pledged and unrestricted time deposits with maturity over three months		<b>-</b>	-
Net cash from disposal of subsidiaries and other operating units		<b>-</b>	-
Cash paid relating to other investing activities		<b>6,426,388,319.92</b>	3,844,794,813.59
		<hr/>	<hr/>
Subtotal of cash outflows from investing activities		<b>6,598,165,249.94</b>	5,983,985,062.48
		<hr/>	<hr/>
Net cash flows generated from investing activities		<b>-3,248,608,322.20</b>	1,909,072,116.05
		<hr/>	<hr/>

# STATEMENT OF CASH FLOWS OF THE PARENT COMPANY (CONTINUED)

January to December 2023

ITEM	Note	2023	2022
<b>III. Cash flows generated from financing activities:</b>			
Cash received as capital contributions		—	—
Cash received from issuance of other equity instruments		<b>2,000,000,000.00</b>	—
Cash received relating to other financing activities		—	—
Subtotal of cash inflows from financing activities		<b>2,000,000,000.00</b>	—
Cash paid on repayments of borrowings		<b>800,000,000.00</b>	—
Cash paid for distribution of dividends or profits and for interest expenses		<b>1,888,815,863.31</b>	1,858,916,543.93
Cash paid relating to other financing activities		<b>693,900.00</b>	1,429,505,549.34
Subtotal of cash outflows from financing activities		<b>2,689,509,763.31</b>	3,288,422,093.27
Net cash flows generated from financing activities		<b>-689,509,763.31</b>	-3,288,422,093.27
<b>IV. Effect of fluctuations in exchange rate on cash and cash equivalents</b>		<b>1,499,398.22</b>	124,921,139.00
<b>V. Net increase in cash and cash equivalents</b>		<b>-4,564,872,610.67</b>	-1,541,483,472.78
Add: Balance of cash and cash equivalents at the beginning of the period		<b>11,442,781,825.07</b>	12,984,265,297.85
<b>VI. Balance of cash and cash equivalents at the end of the period</b>		<b>6,877,909,214.40</b>	11,442,781,825.07

Person-in-charge of the Company:  
Lou Qiliang

Chief Financial Officer:  
Li Lianqing

Head of Accounting Department:  
Zhang Shihu



# CONSOLIDATED STATEMENT OF CHANGES IN OWNERS' EQUITY (CONTINUED)

January to December 2023

ITEM	2023													
	Equity attributable to owners of the parent Company											Total owners' equity		
	Other equity instruments			Less:		Other comprehensive income			Undistributed profits				Subtotal	
Paid-in capital (or share capital)	Preference shares	Perpetual bonds	Others	Capital reserve	treasury stocks	Less:	Special reserve	Surplus reserve	General risk reserve	Undistributed profits	Others	Minority shareholder interests		
(IV) Internal transfer of owners' equity	-	-	-	-	-	-	-	-	-	-	-	-	-	
1. Transfer of capital reserve into capital (or share capital)	-	-	-	-	-	-	-	-	-	-	-	-	-	
2. Transfer of surplus reserve into capital (or share capital)	-	-	-	-	-	-	-	-	-	-	-	-	-	
3. Recover of loss by surplus reserve	-	-	-	-	-	-	-	-	-	-	-	-	-	
4. Changes in defined benefit plan transferred to retained earnings	-	-	-	-	-	-	-	-	-	-	-	-	-	
5. Other comprehensive income transferred to retained earnings	-	-	-	-	-	-	-	-	-	-	-	-	-	
6. Others	-	-	-	-	-	-	-	-	-	-	-	-	-	
(V) Special reserve	-	-	-	-	-	-	-	-	-	-	-	-	-	
1. Appropriated in current period	-	-	-	-	-	-	-	-	-	-	-	-	-	
2. Use in current period	-	-	-	-	-	-	-	-	-	-	-	-	-	
(VI) Others	-	-	-	-	-	-	-	-	-	-	-	-	-	
IV Closing balance during the period	10,569,819,000.00	-	2,796,335,660.38	-	15,394,182,695.10	-	299,764,316.80	2,260,990,087.60	39,397,794.27	15,044,440,040.06	-	46,812,051,906.66	2,062,783,123.04	46,874,835,029.30



# CONSOLIDATED STATEMENT OF CHANGES IN OWNERS' EQUITY (CONTINUED)

January to December 2023

ITEM	Equity attributable to owners of the parent Company											Total owners' equity				
	Other equity instruments				Other			Subtotal					Minority shareholder interests			
	Paid-in capital (or share capital)	Preference shares	Perpetual bonds	Others	Other equity instruments	Other equity instruments	comprehensive income	Special reserve	Surplus reserve	General risk reserve	Undistributed profits			Others		
(IV) Internal transfer of owners' equity	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
1. Transfer of capital reserve into capital (or share capital)	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
2. Transfer of surplus reserve into capital (or share capital)	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
3. Recover of loss by surplus reserve	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
4. Changes in defined benefit plan transferred to retained earnings	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
5. Other comprehensive income transferred to retained earnings	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
6. Others	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
(V) Special reserve	-	-	-	-	-	-	-	88,172,335.19	-	-	-	-	-	88,172,335.19	677,972.97	83,850,308.16
1. Appropriated in current period	-	-	-	-	-	-	-	420,046,073.14	-	-	-	-	-	420,046,073.14	3,853,344.00	423,901,417.14
2. Use in current period	-	-	-	-	-	-	-	-336,875,737.95	-	-	-	-	-	-336,875,737.95	-3,175,371.03	-340,051,108.98
(VI) Others	-	-	-	-	-	-	-	-7,558,465.15	-	-	-	-	-	-7,558,465.15	-	-7,558,465.15
IV Closing balance during the period	10,559,819,000.00	-	2,796,335,660.38	-	15,394,068,097.89	-	-193,844,477.42	343,494,493.17	2,042,988,010.17	-	13,785,415,907.6	-	45,323,917,197.95	1,953,617,802.82	47,277,735,000.57	

Person-in-charge of the Company: Lou Qiliang

Chief Financial Officer: Li Lianqing

Head of Accounting Department: Zhang Shihu

# PARENT COMPANY'S STATEMENT OF CHANGES IN OWNERS' EQUITY

January to December 2023

Unit: Yuan Currency: RMB

ITEM	2023										
	Paid-in capital (or share capital)	Preference shares	Perpetual bonds	Others	Capital reserve	Less: treasury	Other comprehensive income	Special reserve	Surplus reserve	Undistributed profits	Total owners' equity
I. Closing balance of last year	10,589,819,000.00	-	2,796,935,660.38	-	16,356,470,432.63	-	-45,904,166.59	42,219,683.05	2,042,668,810.17	2,016,150,390.57	33,798,659,810.21
Plus: changes in accounting policies	-	-	-	-	-	-	-	-	-	-	-
Correction of errors in prior period	-	-	-	-	-	-	-	-	-	-	-
Others	-	-	-	-	-	-	-	-	-	-	-
II. Opening balance of the year	10,589,819,000.00	-	2,796,935,660.38	-	16,356,470,432.63	-	-45,904,166.59	42,219,683.05	2,042,668,810.17	2,016,150,390.57	33,798,659,810.21
III. Increase/(decrease) during the period (with "+" for decrease)	-	-	-	-	-	-	19,611,084.52	-15,856,991.78	238,029,277.43	249,094,266.87	490,818,237.04
(I) Total comprehensive income	-	-	-	-	-	-	19,611,084.52	-	2,380,292,774.30	2,389,903,888.82	-
(II) Capital contributions and withdrawals by	-	-	-	-	-	-	-	-	-	-	-
1. Common shares contributed by shareholders	-	-	-	-	-	-	-	-	-	-	-
2. Capital contributed by holders of other equity	-	-	-	-	-	-	-	-	-	-	-
3. Share-based payment recorded in owners' equity	-	-	-	-	-	-	-	-	-	-	-
4. Others	-	-	-	-	-	-	-	-	-	-	-
(III) Profit distribution	-	-	-	-	-	-	-	238,029,277.43	-2,131,258,507.43	-1,893,229,230.00	-
1. Appropriation of surplus reserve	-	-	-	-	-	-	-	238,029,277.43	-238,029,277.43	-	-
2. Distribution to owners (or shareholders)	-	-	-	-	-	-	-	-	-1,800,269,230.00	-1,800,269,230.00	-
3. Others	-	-	-	-	-	-	-	-	-92,960,000.00	-92,960,000.00	-

# PARENT COMPANY'S STATEMENT OF CHANGES IN OWNERS' EQUITY (CONTINUED)

January to December 2023

ITEM	2023										
	Paid-in capital (or share capital)	Preference shares	Perpetual bonds	Others	Capital reserve	Less: treasury	Other comprehensive income	Special reserve	Surplus reserve	Undistributed profits	Total owners' equity
(V) Internal transfer of owners' equity	-	-	-	-	-	-	-	-	-	-	-
1. Transfer of capital reserve into capital (or share capital)	-	-	-	-	-	-	-	-	-	-	-
2. Transfer of surplus reserve into capital (or share capital)	-	-	-	-	-	-	-	-	-	-	-
3. Recover of loss by surplus reserve	-	-	-	-	-	-	-	-	-	-	-
4. Changes in defined benefit plan transferred to retained earnings	-	-	-	-	-	-	-	-	-	-	-
5. Other comprehensive income transferred to retained earnings	-	-	-	-	-	-	-	-	-	-	-
6. Others	-	-	-	-	-	-	-	-	-	-	-
(V) Special reserve	-	-	-	-	-	-	-	-15,856,391.78	-	-	-15,856,391.78
1. Appropriated in current period	-	-	-	-	-	-	-	39,167,147.78	-	-	39,167,147.78
2. Use in current period	-	-	-	-	-	-	-	-55,023,539.56	-	-	-55,023,539.56
(VI) Others	-	-	-	-	-	-	-	-	-	-	-
IV Closing balance during the period	10,589,019,000.00	-	2,796,835,660.38	-	16,356,470,432.63	-	-26,293,082.07	26,383,291.27	2,280,999,067.60	2,265,194,657.44	34,289,478,047.25

# PARENT COMPANY'S STATEMENT OF CHANGES IN OWNERS' EQUITY (CONTINUED)

January to December 2023

2022

ITEM	Other equity instruments							Total owners' equity			
	Paid-in capital (or share capital)	Preference shares	Perpetual bonds	Others	Capital reserve	Less: treasury	Other comprehensive income		Special reserve	Surplus reserve	Undistributed profits
I. Closing balance of last year	10,589,819,000.00	-	2,796,835,660.38	-	16,356,470,432.63	-	-48,002,800.35	18,097,489.74	1,811,324,694.45	1,824,582,579.05	33,349,227,055.90
Plus: changes in accounting policies	-	-	-	-	-	-	-	-	-	-	-
Correction of errors in prior period	-	-	-	-	-	-	-	-	-	-	-
Others	-	-	-	-	-	-	-	-	-	-	-
II. Opening balance of the year	10,589,819,000.00	-	2,796,835,660.38	-	16,356,470,432.63	-	-48,002,800.35	18,097,489.74	1,811,324,694.45	1,824,582,579.05	33,349,227,055.90
III. Increase/(decrease) during the period (with "+" for decrease)	-	-	-	-	-	-	2,698,633.76	24,122,893.31	231,644,115.72	191,567,811.52	449,432,754.31
(I) Total comprehensive income	-	-	-	-	-	-	2,698,633.76	-	-	2,316,441,157.24	2,318,539,791.00
(II) Capital contributions and withdrawals by	-	-	-	-	-	-	-	-	-	-	-
1. Common shares contributed by shareholders	-	-	-	-	-	-	-	-	-	-	-
2. Capital contributed by holders of other equity	-	-	-	-	-	-	-	-	-	-	-
3. Share-based payment recorded in owners' equity	-	-	-	-	-	-	-	-	-	-	-
4. Others	-	-	-	-	-	-	-	-	-	-	-
(III) Profit distribution	-	-	-	-	-	-	-	-	231,644,115.72	-2,124,873,945.72	-1,893,229,230.00
1. Appropriation of surplus reserve	-	-	-	-	-	-	-	-	231,644,115.72	-231,644,115.72	-
2. Distribution to owners (or shareholders)	-	-	-	-	-	-	-	-	-	-1,800,289,230.00	-1,800,289,230.00
3. Others	-	-	-	-	-	-	-	-	-	-92,960,000.00	-92,960,000.00

# PARENT COMPANY'S STATEMENT OF CHANGES IN OWNERS' EQUITY (CONTINUED)

January to December 2023

2022

ITEM	Other equity instruments							Total owners' equity			
	Paid-in capital (or share capital)	Preference shares	Perpetual bonds	Others	Capital reserve	Less: Treasury	Other comprehensive income				
(IV) Internal transfer of owners' equity	-	-	-	-	-	-	-	-			
1. Transfer of capital reserve into capital (or share capital)	-	-	-	-	-	-	-	-			
2. Transfer of surplus reserve into capital (or share capital)	-	-	-	-	-	-	-	-			
3. Recover of loss by surplus reserve	-	-	-	-	-	-	-	-			
4. Changes in defined benefit plan transferred to retained earnings	-	-	-	-	-	-	-	-			
5. Other comprehensive income transferred to retained earnings	-	-	-	-	-	-	-	-			
6. Others	-	-	-	-	-	-	-	-			
(V) Special reserve	-	-	-	-	-	-	24,122,193.31	24,122,193.31			
1. Appropriated in current period	-	-	-	-	-	-	67,662,728.34	67,662,728.34			
2. Use in current period	-	-	-	-	-	-	-43,540,535.03	-43,540,535.03			
(VI) Others	-	-	-	-	-	-	-	-			
IV Closing balance during the period	10,589,919,000.00	-	2,796,935,660.38	-	16,356,470,432.63	-	-45,904,166.59	42,219,683.05	2,042,868,810.17	2,016,150,390.57	33,798,659,810.21

Person-in-charge of the Company: Lou Qiliang

Chief Financial Officer: Li Lianqing

Head of Accounting Department: Zhang Shihu

# NOTES TO THE FINANCIAL STATEMENTS OF 2023

31 December 2023

RMB

## III CORPORATE INFORMATION

### (I) Company profile

Applicable  Not Applicable

China Railway Signal & Communication Corporation Limited (the "Company") is a joint stock company limited liability company jointly sponsored on 29 December 2010 by China Railway Signal and Communication (Group) Corporation Limited (hereinafter referred to as the "CRSC Group") as the promoter, in association with China National Machinery Industry Corporation, China Chengtong Holdings Group Ltd., China Reform Holdings Corporation Ltd., and CICC Jiacheng Investment Management Co., Ltd. (these four companies are collectively referred to as the "Other Promoters") approved by the State-owned Assets Supervision and Administration Commission of the State Council (國務院國有資產監督管理委員會) (the "SASAC") via Guo Zi Gai Ge [2010] No. 876 on 17 August 2010 in accordance with the relevant provisions of laws and administrative regulations of the PRC. The Company's headquarters are at 20th floor of Block A, CRSC Building, 1 Compound Automobile Museum South Road, Fengtai District, Beijing. The Company's headquarters are at 20th floor of Block A, CRSC Building, 1 Compound Automobile Museum South Road, Fengtai District, Beijing.

Upon approval of the China Securities Regulatory Commission's Reply on Issuance of Overseas Listed Foreign Shares by China Railway Signal & Communication Corporation Limited (Zheng Jian Xu Ke [2015] No. 1630), the Company has issued 1,789,819,000 H Shares with a nominal value of RMB1 each at an issue price of HK\$6.30 per share that were listed on the Hong Kong Stock Exchange from July to September 2015. The total amount of funds raised before deducting the issuance expenses was approximately HK\$11,275,859,700 and such H Shares commenced for trading on the Main Board of the Hong Kong Stock Exchange in August and September 2015. The Company's four state-owned shareholders, CRSC Group, China National Machinery Industry Corporation, China Chengtong Holdings Group Ltd. and China Reform Holdings Corporation Ltd., converted a total of 178,982,000 state-owned legal person shares to H Shares during August and September 2015, which were then transferred to the National Council for Social Security Fund of the People's Republic of China.

According to the China Securities Regulatory Commission's Approval for Consent to the Registration of China Railway Signal & Communication Corporation Limited's Initial Public Offering (Zheng Jian Xu Ke [2019] No. 1135), as of 16 July 2019, the Company has issued 1,800,000,000 ordinary shares with a nominal value of RMB1 each at an issue price of RMB5.85 per share that were listed on the Sci-Tech innovation board of the Shanghai Stock Exchange. The total amount of funds raised before deduction of issuance expenses was RMB10,530,000,000.00 and such ordinary shares were commenced for trading on the Shanghai Stock Exchange's Sci-Tech innovation board on 22 July 2019.

# NOTES TO THE FINANCIAL STATEMENTS OF 2023 (CONTINUED)

31 December 2023

RMB

## III CORPORATE INFORMATION (CONTINUED)

### (I) Company profile (Continued)

As of 31 December 2023, the Company has accumulatively issued a total issued share capital of 10,589,819,000 shares with the accumulated share capital amounting RMB10,589,819,000.

The Company and its subsidiaries (collectively referred to as the "Company") are mainly engaged in the following businesses: design and integration of rail transportation control system which mainly include the provision of comprehensive planning for investigation, design and control systems for rail transportation control system; equipment manufacturing of rail transportation control system which mainly includes production and sales of signal systems, communication systems, infrastructure equipment, information systems and other products; and system implementation services for rail transportation control system which include provision of construction, installation, testing, operation and maintenance services for rail transportation control system; and provision of services relating to municipal engineering projects and other construction projects.

The parent company and the ultimate controlling party of the Company is CRSC Group based in the PRC.

The financial statements were approved by resolution by the Board of Directors of the Company on 26 March 2024.

### (II) Scope of consolidated financial statements

Applicable  Not Applicable

As of 31 December 2023, the subsidiaries of the Company within the scope of consolidated financial statements are as follows:

No.	Level	Name of subsidiary	Abbreviation of subsidiary
1	2	Beijing CRSC Research & Design Institute Group Co., Ltd.	CRSCD
2	2	China Railway Signal & Communication International Co., Ltd.	CRSC International
3	2	CRSC Cables Company Ltd.	CRSC Cables
4	2	CRSC Jishou Huatai Pipeline Project Management Co., Ltd.	CRSC Huatai
5	2	CRSC Jishou Tengda Project Management Co., Ltd.	CRSC Tengda

# NOTES TO THE FINANCIAL STATEMENTS OF 2023 (CONTINUED)

31 December 2023

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## III CORPORATE INFORMATION (CONTINUED)

### (II) Scope of consolidated financial statements (Continued)

No.	Level	Name of subsidiary	Abbreviation of subsidiary
6	2	CRSC (Beijing) Tendering Company Ltd.	CRSC Beijing Tendering
7	2	CRSC (Xi' an) Rail Industry Group Co., Ltd.	CRSC Xi'an Industry Group
8	2	CRSC (Changsha) Rail Transit Control Technology Company Limited	CRSC Changsha Railway
9	2	Zhengzhou Xiudong Engineering Consulting Co., Ltd.	Zhengzhou Xiudong
10	2	Tonghao (Zhengzhou) Electrification Bureau Group Co., Ltd.	Electrification Bureau
11	2	CASCO Signal Co., Ltd.	CASCO
12	2	CRSC International Holdings Company Limited	CRSC International Holdings
13	2	CRSC (Jiangsu) Smart City Construction & Development Co., Ltd.	CRSC Jiangsu Smart
14	2	CRSC Innovation Investment Co., Ltd.	Innovation Investment
15	2	CRSC Engineering Group Company Ltd.	CRSCE
16	2	CRSC Construction Group Co., Ltd.	CRSC Construction
17	2	CRSC Communication & Information Group Company Ltd.	CRSCC
18	2	CRSC Urban Rail Transit Technology Co., Ltd.	Urban Rail Transit
19	2	China Railway Signal & Communication Shanghai Engineering Bureau Group Co., Ltd.	Shanghai Engineering Bureau
20	2	CRSC Group Finance Limited	CRSC Finance

For relevant details of subsidiaries of the Company, please refer to Note "X. Interests in Other Entities".

For details of changes in the scope of consolidation during the Reporting Period, please refer to Note "IX. Changes on Scope of Consolidation".

## NOTES TO THE FINANCIAL STATEMENTS OF 2023 (CONTINUED)

31 December 2023

RMB

### IV BASIS OF PREPARATION OF FINANCIAL STATEMENTS

#### (I) Basis of preparation

The Company prepares financial statements in accordance with the Accounting Standards for Business Enterprises – Basic Standards and all the specific accounting standards, Application Guidance to the Accounting Standards for Business Enterprises, the interpretation of the Accounting Standards for Business Enterprises and other relevant provisions (hereinafter referred to as the “Accounting Standards for Business Enterprises”), as well as the relevant provisions of the Rules for the Compilation and Submission of Information Disclosure by Companies Offering Securities to the Public No.15 – General Requirements for Financial Reports issued by the China Securities Regulatory Commission. Furthermore, the financial statements also comply with the applicable disclosure provisions of the Rules Governing the Listing of Securities on the Stock Exchange of Hong Kong Limited and the applicable disclosure requirements of the Hong Kong Companies Ordinance.

#### (II) Going concern

Applicable  Not Applicable

The financial statements are prepared on a going concern basis.

It is evaluated that the Company has no significant event, which may raise any serious doubt about the going-concern ability, within 12 months from the end of the Reporting Period.

### V SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES

Tips for specific accounting policies and accounting estimates:

Applicable  Not Applicable

The following disclosures have covered the specific accounting policies and estimates formulated by the Company according to its actual production and operation features.

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

The financial statements meet the requirements of the Accounting Standards for Business Enterprises issued by the Ministry of Finance, and truly and completely reflect the consolidated and the company’s financial position of the Company as at 31 December 2023, and the consolidated and the company’s financial performance and cash flows for the year then ended.

#### (II) Accounting period

The accounting year is from 1 January to 31 December in calendar year.

## NOTES TO THE FINANCIAL STATEMENTS OF 2023 (CONTINUED)

31 December 2023

RMB

### V SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES (CONTINUED)

#### (III) Operating cycle

Applicable  Not Applicable

The Company's operating cycle is 12 months.

#### (IV) Functional currency

RMB is adopted as the Company's functional currency.

#### (V) Importance criterion determination method and selection basis

Applicable  Not Applicable

#### (VI) Accounting treatment methods for business combinations under and not under common control

Applicable  Not Applicable

Business combination under common control: Assets and liabilities acquired from business combination by the acquirer (including the goodwill formed by the ultimate controller's acquisition of the acquiree) are measured at the carrying amount of assets and liabilities of the acquiree in the financial statements of the ultimate controller on the combination date. Capital stock premium in the capital reserves should be adjusted according to the difference between the carrying amount of net asset acquired from the combination and that of consideration (total face value of the shares issued) paid for the combination. In case the capital stock premium is not enough, the retained earnings need to be adjusted.

For the business combination not under common control: The combination costs are the fair value, on the acquisition date, of any assets acquired, any liabilities incurred or assumed, and any equity securities issued by the acquirer, in exchanges for the right of control over the acquiree. The Company shall recognize the difference of the combination costs in excess of the fair value of the identifiable net assets acquired from the acquiree as goodwill. The Company shall recognize the difference of the combination costs in short of the fair value of the identifiable net assets acquired from the acquiree in the current profit or loss. The identifiable assets, liabilities and contingent liabilities of the acquiree that are obtained from combination and satisfying the recognition criteria shall be measured at their fair values.

Direct expenses arising from the business combination shall be included in current profit or loss on the occurrence date. Transaction expenses on equity or debt securities issued by the acquirer for the purpose of the combination consideration shall be included in the initially recognized amount of equity or debt securities.

## NOTES TO THE FINANCIAL STATEMENTS OF 2023 (CONTINUED)

31 December 2023

RMB

### V SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES (CONTINUED)

#### (VII) Judgement criterion of control and preparation method of consolidated financial statements

Applicable  Not Applicable

##### 1. *Judgement criterion of control*

The scope of consolidation for the consolidated financial statements of the Company is determined based on control, including the Company and all its subsidiaries. Control means the Company has the power over the investee and enjoys the variable return through participating in activities related to the investee, and has the ability to the Company's return by using the power over the investee.

##### 2. *Consolidation process*

The Company deems the whole enterprise group as a single accounting entity and prepares consolidated financial statements in accordance with unified accounting policies to reflect the overall financial position, operating results and cash flows. The influence of internal transactions between the Company and its subsidiaries and between subsidiaries shall be offset. When internal trading indicates that related assets are impaired, they will be fully recognized. If the accounting policy and the accounting period adopted by a subsidiary are inconsistent with that of the Company, in preparing consolidated financial statements, necessary adjustments shall be made in accordance with the Company's accounting policy and accounting period.

The share of shareholders' equity, current net profit or loss, and current comprehensive income of subsidiaries attributable to non-controlling interests shall be respectively and separately listed in the shareholders' equity of the consolidated balance sheet, the net profit and the total comprehensive income item of the consolidated income statement. If the share of the current losses attributable to the non-controlling interests of a subsidiary exceeds the share of the shareholders' equity attributable to non-controlling interests of the subsidiary at the beginning of the period, the balance is allocated against the non-controlling interests.

##### (1) *Increase of subsidiaries or business*

During the Reporting Period, if a subsidiary or business is included as a result of a business combination under the same control, the operating results and cash flows of the subsidiary or business combination from the beginning of the period to the end of the reporting year are included in the consolidated financial statements, while the beginning of the consolidated financial statements and the related items in the comparative statements are adjusted as if the consolidated reporting entity had existed since the point when the ultimate controller began to control it.

## NOTES TO THE FINANCIAL STATEMENTS OF 2023 (CONTINUED)

31 December 2023

RMB

### V SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES (CONTINUED)

#### (VII) Judgement criterion of control and preparation method of consolidated financial statements (Continued)

##### 2. Consolidation process (Continued)

###### (1) Increase of subsidiaries or business (Continued)

If the Company is able to exercise control over an investee under the same control due to additional investment, etc., equity investments held before the control over the acquiree is obtained, the related gains and losses, other comprehensive income as well as other changes in net assets recognized from the later of the date when the original equity is obtained or the date when the acquirer and the acquiree are under the same control, to the combination date will respectively write down the retained earnings or current profit or loss in the comparative statements.

During the Reporting Period, if the Company acquires subsidiaries or business from the business combination not under common control, such subsidiaries or business shall be included in consolidated financial statements from the acquisition date at the fair value of identifiable assets, liabilities and contingent liabilities determined on the acquisition date.

If there is control over the investee not under the common control due to additional investments or other reasons, for the equity of the acquiree held before the acquisition date, the Company will re-measure the equity on the acquisition date at its fair value and include the difference between the fair value and carrying amount in current investment income. Other comprehensive income and other changes in shareholders' equity under the equity method that are involved in the equity of the acquiree held prior to the acquisition date and can be reclassified into profit or loss later are transferred to investment income of the period to which the acquisition date belongs.

###### (2) Disposal of subsidiaries

###### 1) General method of disposal

For the remaining equity investments after the disposal, the Company will re-measure the same at the fair value on the date when it loses control over the investee due to disposal of partial equity investment or other reasons. The sum of the consideration of equity disposal and the fair value of the remaining equity, less the sum of the share of net assets of the subsidiary attributable to the Company calculated continuously since the acquisition date or the combination date according to the original shareholding ratio and the goodwill, shall be included in the investment income for this period when the control is lost. Other comprehensive income and other changes in shareholders' equity under the equity method that are related to the equity investment of original subsidiaries and can be reclassified into profit or loss later are transferred to investment income for this period upon the loss of control power.

# NOTES TO THE FINANCIAL STATEMENTS OF 2023 (CONTINUED)

31 December 2023

RMB

## V SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES (CONTINUED)

### (VII) Judgement criterion of control and preparation method of consolidated financial statements (Continued)

#### 2. Consolidation process (Continued)

##### (2) Disposal of subsidiaries (Continued)

##### 2) Disposal of subsidiaries by stages

Where the Company disposes the equity investments in subsidiary through multiple transactions and by stages until it loses the control, if the effect of the disposal on the terms and conditions of all transactions of equity investments in subsidiary and economic effect meet one or more of the following circumstance, it usually indicates that the multiple transactions should be accounted for as a package deal:

- i. The transactions are concluded at the same time or under the consideration of mutual effect;
- ii. The transactions as a whole can reach a complete business result;
- iii. The occurrence of a transaction depends on that of at least one other transactions;
- iv. A single transaction is uneconomical but it is economical when considered together with other transactions.

If the transactions for the disposal of equity investment in subsidiaries that leads to the loss of control are under a package of transactions, the Company treats all such transactions as one transaction through which the Company disposes of its equity in the subsidiary and loses its control over such subsidiary; the difference between the proceeds from each transaction before the Company loses its control over the subsidiary and the corresponding share in the net assets of the subsidiary of the disposed-of investment shall be recognized as other comprehensive income in the consolidated financial statements, and shall be included into the loss and profit in this period when the Company loses its control over the subsidiary.

If the transactions are not package transactions, before the control loses, related policies governing the partial disposal of equity investments in subsidiaries without losing control will apply; when the control loses, general accounting method for the disposal of subsidiaries will govern.

## NOTES TO THE FINANCIAL STATEMENTS OF 2023 (CONTINUED)

31 December 2023

RMB

### V SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES (CONTINUED)

#### (VII) Judgement criterion of control and preparation method of consolidated financial statements (Continued)

##### 2. Consolidation process (Continued)

###### (3) Purchase of non-controlling interests of subsidiary

The difference between long-term equity investments acquired by the Company through purchase of minority interest and the subsidiary's identifiable net assets attributable to the Company calculated continuously from the acquisition date (or the combination date) in accordance with the increased shareholding ratio shall be charged against stock premium within capital reserves in the consolidated balance sheet; when stock premium within capital reserves is insufficient to offset, the retained earnings shall be adjusted.

###### (4) Partial disposal of equity investments in subsidiaries without losing control

Share premium in the capital reserve under the consolidated balance sheet will be adjusted at the difference between the proceeds achieved from the partial disposal of equity investments in subsidiaries and the share of net assets of subsidiaries attributable to the Company corresponding to the disposal of long-term equity investments and calculated constantly from the acquisition date or combination date without losing the control rights. Where the share premium in capital reserve is insufficient to offset, retained earnings will be adjusted.

#### (VIII) Classification of joint venture arrangements and accounting treatment methods of joint operation

Applicable  Not Applicable

Joint venture arrangements are classified into joint operation and joint venture.

Joint operation refers to those joint venture arrangements under which the joint venture is entitled to relevant assets and be responsible for relevant liabilities.

The Company recognizes the following items relating to the interests share in joint operation:

- (1) Assets it solely holds and its share of jointly-held assets based on its percentage;
- (2) Liabilities it solely assumes and its share of jointly-assumed liabilities based on its percentage;
- (3) Incomes from sale of output enjoyed by it from the joint operation;

## NOTES TO THE FINANCIAL STATEMENTS OF 2023 (CONTINUED)

31 December 2023

RMB

### V SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES (CONTINUED)

#### (VIII) Classification of joint venture arrangements and accounting treatment methods of joint operation

(4) Income from selling the production of the joint operation recognized based on the shares held by the Company :

(5) Separate costs and costs for the joint operation based on the shares held by the Company.

The Company's investments in its joint ventures are calculated under the equity method. For details, please refer to Note "V. (XIX) Long-term equity investments".

#### (IX) Recognition criteria of cash and cash equivalents

Cash refers to the Company's cash on hand and the unrestricted deposits. Cash equivalents refer to the short-term and highly liquid investments that are readily convertible to known amounts of cash and which are subject to an insignificant risk of change in value.

#### (X) Foreign currency transactions and translation of foreign currency financial statements

Applicable  Not Applicable

##### 1. Foreign currency transactions

Foreign currency transactions are converted into RMB for recording purpose at the spot exchange rate prevailing on the transaction date.

The balance of foreign currency monetary items as at the balance sheet date are translated at the spot exchange rate on the balance sheet date and the exchange differences arising therefrom shall be included in the current profit or loss, except those exchange differences arising from the special borrowings of foreign currency related to the acquired and constructed assets qualified for capitalization that will be capitalized at the borrowing expenses.

##### 2. Conversion of foreign currency financial statements

The assets and liability items in the balance sheet shall be converted at the spot exchange rates on the balance sheet date. For shareholders' equity items, except for the item of "retained earnings," other items are translated at the spot exchange rates when the transactions occur. The income and expenses in the income statement are translated at the spot exchange rate prevailing on the date when transactions occur.

Where the Company disposes of an overseas business, it shall transfer the exchange difference relating to the overseas business to the current profit or loss.

## NOTES TO THE FINANCIAL STATEMENTS OF 2023 (CONTINUED)

31 December 2023

RMB

### V SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES (CONTINUED)

#### (XI) Financial instruments

Applicable  Not Applicable

When the Company becomes a party to a financial instrument, it shall recognize a financial asset or financial liability or an equity instrument.

##### 1. Classification

Based on the business model of managing financial assets and the contractual cash flow characteristics of financial assets, the Company classifies upon initial recognition financial assets into financial assets measured at amortized cost, financial assets measured at fair value through other comprehensive income, and financial assets measured at fair value through current profit or loss.

The Company classifies financial assets that are not designated as those measured at fair value through current profit or loss as financial assets measured at amortized cost if they both meet the following conditions:

- A business model is to collect contractual cash flows;
- The contractual terms are only payments of principal and interest based on the outstanding principal.

The Company classifies as financial assets at fair value through other comprehensive income financial assets (debt instruments) that are not designated those measured at fair value through current profit or loss if they meet the following criteria:

- The business model is both to collect the contractual cash flows and to sell the financial asset;
- The contractual terms are only payments of principal and interest based on the outstanding principal.

For investments in equity instrument not held for trading, the Company will upon initial recognition designate them as financial assets (equity instrument) measured at fair value through other comprehensive income. This designation is made on an individual investment basis and the related investment meets the definition of an equity instrument from the perspective of the issuer.

## NOTES TO THE FINANCIAL STATEMENTS OF 2023 (CONTINUED)

31 December 2023

RMB

### V SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES (CONTINUED)

#### (XI) Financial instruments (Continued)

##### 1. Classification (Continued)

The Company classifies financial assets except financial assets measured at amortized cost and financial assets measured at fair value through other comprehensive income, as financial assets measured at fair value through current profit or loss. On initial recognition, if it can eliminate or significantly reduce accounting mismatch, the Company irrevocably designates some financial assets that should be measured at amortized cost or at fair value through other comprehensive income as financial assets at fair value through current profit or loss.

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

Financial liabilities meeting one of the following conditions can, at the time carrying out the initial recognition, be designated to the financial liabilities measured at fair value through the current profit or loss:

- 1) The designation eliminates or significantly reduces accounting mismatches.
- 2) Management and performance evaluation of the financial liability portfolio or portfolio of financial assets and financial liabilities on a fair value basis in accordance with the enterprise risk management or investment strategy as set out in a formal written document, and reporting to key officers on this basis within the Company.
- 3) The financial liability contains embedded derivative needed to be separated.

##### 2. Recognition basis and measurement method

###### (1) Financial assets measured at amortized cost

Financial assets measured at amortized cost include notes receivable, accounts receivable, other receivables, long-term receivables, and debt investments, etc., which are initially measured at fair value, and related transaction expenses are included in the amount upon initial recognition; accounts receivable that do not contain a significant financing component and that the Company decides not to consider those with a financing component not exceeding one year are initially measured at the contract transaction price.

During the holding period, the interest calculated with the effective interest method shall be included in the current profit or loss.

Upon recovery or disposal, the difference between the purchase price obtained and the carrying amount of such financial asset is included in current profit or loss.

## NOTES TO THE FINANCIAL STATEMENTS OF 2023 (CONTINUED)

31 December 2023

RMB

### V SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES (CONTINUED)

#### (XI) Financial instruments (Continued)

##### 2. Recognition basis and measurement method (Continued)

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

Financial assets (debt instruments) measured at fair value through other comprehensive income include financing of accounts receivable, other debt investments, etc., which are initially measured at fair value, and related transaction expenses are included in the initial recognition amount. The financial assets are subsequently measured at fair value. Changes in fair value, except for interest calculated with the effective interest method, impairment or gains and exchange gains and losses, shall be included in other comprehensive income.

At derecognition, the accumulated gains or losses previously included in other comprehensive income will be transferred from the other comprehensive income to current profit or loss.

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

Financial assets (equity instruments) measured at fair value through other comprehensive income, including investments in other equity instruments are initially measured at fair value, and related transaction expenses are included in the initial recognition amount. The financial assets are subsequently measured at fair value. Changes in fair value shall be included in other comprehensive income. The dividends obtained are included in the current profit or loss.

When a financial asset is derecognized, the accumulated gains or losses previously included in other comprehensive income shall be transferred from other comprehensive income and included in retained earnings.

- (4) *Financial assets measured at fair values through current profit or loss*

Financial liabilities measured at fair value through current profit or loss include financial liabilities held for trading, derivative financial liabilities and other non-current financial assets, and are measured at fair value upon initial recognition, with the related transaction expenses being included into current profit or loss. The financial assets are subsequently measured at fair value. Changes in fair value shall be included in current profit or loss.

# NOTES TO THE FINANCIAL STATEMENTS OF 2023 (CONTINUED)

31 December 2023

RMB

## V SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES (CONTINUED)

### (XI) Financial instruments (Continued)

#### 2. Recognition basis and measurement method (Continued)

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

Financial liabilities measured at fair value through current profit or loss include financial liabilities held for trading, derivative financial liabilities etc., which are initially measured at fair value, and related transaction expenses are included in current profit or loss. The financial liabilities are subsequently measured at fair value. Changes in fair value shall be included in current profit or loss.

Difference between the fair value and the consideration paid is included in investment income upon derecognition.

##### (6) Financial liabilities measured at amortized cost

Financial assets measured at amortized cost include short-term borrowings, notes payable, accounts payable, other payables, long-term borrowings, bonds payable, long-term payables, etc., which are initially measured at fair value, and related transaction expenses are included in the amount upon initial recognition.

During the holding period, the interest calculated with the effective interest method shall be included in the current profit or loss.

Difference between the consideration paid and the fair value of such financial liabilities is included in current profit or loss upon derecognition.

#### 3. Derecognition and transfer of financial assets

The Company will terminate the recognition of the financial assets if:

- Where the contractual rights for collecting the cash flow of the said financial asset are terminated;
- The financial asset has been transferred, and nearly all the risks and rewards associated with ownership of the financial assets have been transferred to the transferee;
- The financial asset has been transferred and the Company has neither transferred nor retained nearly all the risks and rewards associated with the ownership of the financial asset but does not retain the control over the financial asset.

## NOTES TO THE FINANCIAL STATEMENTS OF 2023 (CONTINUED)

31 December 2023

RMB

### V SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES (CONTINUED)

#### (XI) Financial instruments (Continued)

##### 3. Derecognition and transfer of financial assets (Continued)

In the event that the Company and the counterparty revise or renegotiate the contract and constitute substantial amendments, the confirmation for the original financial asset shall be terminated, and a new financial asset shall be confirmed in accordance with the revised clauses.

In the event of a transfer of financial asset, the Company shall not de-recognize the financial asset if nearly all the risks and rewards associated with the ownership of the financial assets are retained.

The principle of substance over form is adopted to determine whether a financial asset meets the above de-recognition conditions for the financial asset.

The transfer of a financial asset of the Company is classified into the entire transfer and the partial transfer of financial asset. If the entire transfer of financial asset satisfies the criteria for derecognition, the difference between the amounts of the following two items shall be included in the current profit or loss:

- (1) The carrying amount of the financial asset transferred;
- (2) The sum of the consideration received from the transfer and the accumulated amount of the changes in fair value originally and directly included in shareholders' equity (where the financial asset transferred is a financial asset (debt instrument) measured at fair value through other comprehensive income is involved).

If the partial transfer of financial asset satisfies the criteria for derecognition, the entire carrying amount of the transferred financial asset shall be split into the derecognized and recognized parts according to their respective fair values and the difference between the amounts of the following two items shall be included in the current profit or loss:

- (1) The carrying amount of derecognized part;
- (2) The sum of the consideration received from the derecognition and the amount of the derecognized part in the accumulated amount of the changes in fair value originally and directly included in shareholders' equity (where the financial asset transferred is a financial asset (debt instrument) measured at fair value through other comprehensive income is involved).

Where the financial assets transfer does not meet the derecognition conditions, the financial asset will be recognized and the consideration received is recognized as a financial liability.

## NOTES TO THE FINANCIAL STATEMENTS OF 2023 (CONTINUED)

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### V SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES (CONTINUED)

#### (XI) Financial instruments (Continued)

##### 4. *Derecognition of financial liabilities*

A financial liability shall be wholly or partly derecognized if its present obligations are wholly or partly dissolved. Where the Company enters into an agreement with a creditor so as to substitute the existing financial liabilities with any new financial liability, and the new financial liability is substantially different from the contractual stipulations regarding the existing financial liability, it shall derecognize the existing financial liability, and recognize a new one at the same time.

Where substantive changes are made to the contractual terms of an existing financial liability in whole or in part, the existing financial liability or part thereof will be derecognized, and the financial liability the terms of which have been modified will be recognized as a new financial liability.

Where financial liabilities are de-recognized in whole or in part, the difference between the carrying amount of the financial liabilities derecognized and the consideration paid (including non-cash assets transferred out or new financial liabilities borne) shall be included in the current profit or loss.

Where the Company repurchases part of a financial liability, the entire carrying amount of the financial liability shall be split into the derecognized part and continuously-recognized part according to their respective relatively fair values on the repurchase date. The difference between the carrying amount of the derecognized part and the consideration paid (including non-cash assets surrendered or new financial liabilities assumed) shall be included in the current profit or loss.

##### 5. *Determination method for the fair value of financial assets and financial liabilities*

Fair value of a financial instrument having an active market is determined on the basis of quoted prices in the active market. The fair value of a financial instrument, for which there is no active market, is determined by using valuation techniques. At the time of valuation, the Company adopts the valuation techniques that are applicable in the current situation and supported by enough available data and other information, selects the input values that are consistent with the features of assets or liabilities as considered by market participants in relevant asset or liability transactions, and gives priority to use relevant observable inputs. Unobservable input values are used only when relevant observable input values cannot be available or such values obtained are infeasible.

## NOTES TO THE FINANCIAL STATEMENTS OF 2023 (CONTINUED)

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### V SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES (CONTINUED)

#### (XI) Financial instruments (Continued)

##### 6. *Testing method and accounting treatment of depreciation of financial assets*

The Company performs accounting treatment for impairment of financial assets measured at amortized cost, financial assets measured at fair value and whose changes are included in other comprehensive income (debt instruments), and financial guarantee contracts based on expected credit losses.

The Company recognizes expected credit losses by calculating the probability-weighted amount of the present value of the difference between the cash flows receivable under the contract and the cash flows expected to be received, taking into account reasonable and substantiated information about past events, current conditions and forecasts of future economic conditions, weighted by the risk of default.

For receivables and contract assets resulting from transactions governed by the Accounting Standards for Business Enterprises No. 14 – Revenue, the Company consistently measures its allowance for losses at an amount equal to the expected credit loss over the entire life of the asset, whether or not it contains a significant financing component.

For leases receivable resulting from transactions governed by the Accounting Standards for Business Enterprises No. 21 – Leases, the Company consistently measures its allowance for losses at an amount equal to the expected credit loss over the entire life of the asset, whether or not it contains a significant financing component.

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

The Company assesses whether the credit risk of a financial instrument has increased significantly since initial recognition by comparing the risk of default of the financial instrument at the balance sheet date with the risk of default at the date of initial recognition to determine the relative change in the risk of default over the expected life of the financial instrument. Generally, once the overdue period is more than 30 days, the Company may consider that there is obvious increase in credit risk of such financial instrument, unless there is unambiguous evidence that there is no obvious increase in credit risk of such financial instrument following the initial recognition.

The Company considers that the credit risk of the financial instrument has not increased significantly since initial recognition if the credit risk of a financial instrument on the balance sheet date.

## NOTES TO THE FINANCIAL STATEMENTS OF 2023 (CONTINUED)

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### V SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES (CONTINUED)

#### (XI) Financial instruments (Continued)

##### 6. *Testing method and accounting treatment of depreciation of financial assets (Continued)*

If the credit risk of the financial instrument has increased significantly since the initial recognition, the Company measures its loss provision at the expected credit losses for the whole duration of the financial instrument; if the credit risk of the financial instrument has not significantly increased since the initial recognition, the Company measures its loss provision at the expected credit losses of the financial instrument within the next 12 months. The increase or reversal of the loss provision is included in the current profit or loss as an impairment loss or gain. For financial assets measured at fair value and whose changes are included in other comprehensive income (debt instruments), the Company recognizes its provision for loss in other comprehensive income, and includes its provision for impairment in profit or loss in current period, without reducing the carrying amount of the financial assets set forth in the balance sheet.

When the Company no longer reasonably expects the contractual cash flows of a financial asset to be recovered in whole or in part, it directly writes down the gross carrying amount of that financial asset.

#### (XII) Notes receivable

Applicable  Not Applicable

#### (XIII) Accounts receivable

Applicable  Not Applicable

#### (XIV) Financing of receivables

Applicable  Not Applicable

#### (XV) Other receivables

Applicable  Not Applicable

## NOTES TO THE FINANCIAL STATEMENTS OF 2023 (CONTINUED)

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### V SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES (CONTINUED)

#### (XVI) Inventories

Applicable  Not Applicable

##### 1. *Classification and cost of inventories*

Applicable  Not Applicable

Inventories are classified into stock commodities, raw materials, semi-finished goods and work in progress, turnover materials, dispatched goods, etc.

Inventories are initially measured at cost, and the inventory cost includes the procurement cost, processing cost and other expenses arising from making the inventory at their present location and condition.

##### 2. *Measurement method of dispatched inventories*

Applicable  Not Applicable

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

##### 3. *Inventory system of inventories*

Applicable  Not Applicable

The perpetual inventory system is adopted.

##### 4. *Amortisation method of low-value consumables and packaging materials*

Applicable  Not Applicable

(1) The one-time resale method is adopted for low-value consumables;

(2) The one-time resale method is adopted for packaging materials.

## NOTES TO THE FINANCIAL STATEMENTS OF 2023 (CONTINUED)

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### V SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES (CONTINUED)

#### (XVI) Inventories (Continued)

##### 5. *Recognition criteria and provision method of inventory falling price reserves*

Applicable  Not Applicable

On the balance sheet date, the inventories shall be valued at the lower of their costs or net realizable values. When the inventory costs are higher than the net realizable values, the provision for inventory depreciation reserves shall be made. The net realizable values of inventories refer to the amounts of the estimated selling prices of inventories minus the estimated costs to completion, estimated selling expenses and relevant taxes and surcharges.

In normal operation process, for merchandise inventories held directly for sale, including finished goods, stock commodities and held-for-sale materials, their net realizable values are determined at the estimated selling prices minus the estimated selling expenses and relevant taxes and surcharges; in normal production and operation process, for material inventories that need further processing, their net realizable values are determined at the estimated selling prices of finished goods minus estimated costs to completion, estimated selling expenses and relevant taxes and surcharges; for inventories held to execute sales contract or service contract, their net realizable values are calculated on the basis of contract price. If the quantities of inventories held by the Company are more than those specified in sales contracts, the net realizable value of the excess portion of inventories are calculated on the basis of general selling prices.

After the provisions for the inventory depreciation are made, the factors causing any write-down of inventory value have disappeared, leading to the net realizable values of inventories higher than its carrying amount, the amount of write-down shall be resumed and be reversed from the original provision for inventory devaluation with the reversal being included in current profit or loss.

#### (XVII) Contract assets

Applicable  Not Applicable

##### 1. *Recognition method and standards for contractual assets*

Applicable  Not Applicable

The Company presents contractual assets or contractual liabilities in the balance sheet based on the relationship between its performance of fulfilment obligations and customer payments. If the Company has transferred the right to receive consideration for goods transferred or services provided to customers and the right depends on factors other than the passage of time, it is presented as a contract asset. Contractual assets and contractual liabilities under the same contract are presented by their net amounts. The Company's unconditional (only subject to the passage of time) rights to receive consideration from customers are individually presented as receivables.

## NOTES TO THE FINANCIAL STATEMENTS OF 2023 (CONTINUED)

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### V SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES (CONTINUED)

#### (XVII) Contract assets (Continued)

##### 2. *Determination method and accounting treatment of expected credit losses of contractual assets*

Applicable  Not Applicable

The method of determining expected credit losses and accounting treatment for contract assets are detailed in Note “(V). (XI) 6. Testing method and accounting treatment of depreciation of financial instruments”.

Combination categories and determination basis for bad-debt provision by credit risk characteristics

Applicable  Not Applicable

Aging calculation method of credit risk characteristic combination based by aging

Applicable  Not Applicable

Identified single provision judgment standards for bad-debt provision by credit risk characteristics

Applicable  Not Applicable

#### (XVIII) Held for sale and discontinued operations

Applicable  Not Applicable

##### 1. *Held for sale*

Applicable  Not Applicable

Held-for-sale categories refer to a non-current asset or disposal group that is sold (including non-monetary asset exchanges with commercial substance) but not used constantly and whose carrying amounts are recovered.

## NOTES TO THE FINANCIAL STATEMENTS OF 2023 (CONTINUED)

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### V SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES (CONTINUED)

#### (XVIII) Held for sale and discontinued operations

##### 1. Held for sale (Continued)

The Company classifies non-current assets or disposal groups that meet the following conditions as held-for-sale categories:

- (1) According to the practice of selling such assets or disposal groups in similar transactions, the sale can be made immediately in the current circumstances;
- (2) The sale is highly likely to occur. That is to say, if the Company has made a resolution on a sale plan and obtained firm purchase commitments, the sale is expected to be completed within one year. The approval has been obtained according to relevant regulations that require the approval of relevant authorities or regulatory departments of the Company before the sale.

For non-current assets classified as held for sale (excluding financial assets, deferred tax assets, assets formed from employee compensation) or disposal groups, if their carrying amount is higher than the net amount of fair value less disposal charges, their carrying amount shall be written down to the net amount of fair value less disposal charges. The write-down amount is recognized as the asset impairment loss, which is included in the profit and loss in the current period, and the provision for impairment is made for the held-for-sale assets.

##### 2. Discontinued operations

Applicable  Not Applicable

Discontinued operations are a component that meet one of the following conditions and are distinguishable separately. The component has been disposed or classified by the Company as held for sale:

- (1) The component represents a separate principal business or a separate principal operation area;
- (2) The component is part of an associated plan to dispose a separate principal business or a separate principal operation area;
- (3) The component is a subsidiary acquired exclusively for resale.

Profit and loss from continuing operations and discontinued operations shall be shown separately in the income statement. The impairment loss from discontinued operations, returned amount and other profits and losses from operations and disposal shall be reported as profit or loss from discontinued operations. For discontinued operations in the current period, the Company lists the information originally recognized as profit or loss from continuing operations as the profit or loss from discontinued operations in the comparable accounting period.

## NOTES TO THE FINANCIAL STATEMENTS OF 2023 (CONTINUED)

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### V SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES (CONTINUED)

#### (XIX) Long-term equity investments

Applicable  Not Applicable

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

Common control refers to the control shared over an arrangement in accordance with the relevant stipulations, and the decision-making of related activities of the arrangement should not be made before the party sharing the control right agrees the same. Where the Company and other investors exert common control over the investee and the Company is entitled to net assets of the investee, the investee is the joint venture of the Company.

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

##### 2. **Determination of initial investment costs**

###### (1) *A long-term equity investment as a result of business combination*

For long-term equity investments acquired from business combinations under common control, the investment initial cost thereof shall be recognized at the share of carrying amount of the shareholders' equity of the acquiree in the consolidated financial statements of the ultimate controller on the acquisition date. The capital premium in the capital reserve is adjusted according to the difference between the initial investment cost of long-term equity investment and the carrying amount of consideration. If the capital premium in the capital reserves is insufficient to cover the difference, the retained earnings shall be adjusted. In case the Company can exercise control over the investee under common control for additional investment or other reasons, the share premium will be adjusted at the difference between the initial investment cost of long-term equity investments recognized in accordance with the above principles and the sum of the carrying amount of long-term equity investments before the combination plus the carrying amount of the new consideration paid for further acquisition of shares on the combination date. If the share premium is insufficient to offset, retained earnings will be offset.

For long-term equity investment as a result of business combination not under common control, the Company determines the combination cost determined on the purchase date as the initial cost of long-term equity investments. Where additional investment or other reasons make the control over the investee not under the same control possible, the initial investment cost will be the sum of the carrying amount of the equity investments previously held and the newly increased investment costs.

## NOTES TO THE FINANCIAL STATEMENTS OF 2023 (CONTINUED)

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### V SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES (CONTINUED)

#### (XIX) Long-term equity investments (Continued)

##### 2. *Determination of initial investment costs (Continued)*

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

For long-term equity investments acquired from cash payment, the initial investment cost is the actually paid purchasing cost.

For a long-term equity investment acquired from issuance of equity securities, its initial cost is the fair value of the issued equity securities.

##### 3. *Subsequent measurement and recognition of gains and losses*

###### (1) *Long-term equity investments calculated under cost method*

Long-term equity investments of the Company in its subsidiaries are accounted for at cost, unless the investments meet the conditions for holding for sale. Except for the actual price paid for acquisition of investment or the cash dividends or profits contained in the consideration which have been declared but not yet distributed, the Company recognizes the investment income in the current year at the cash dividends or profits declared by the investee.

###### (2) *Long-term equity investments calculated under equity method*

The Company's long-term equity investments in its associates and joint ventures are calculated under the equity method. If the cost of initial investment is in excess of the proportion of the fair value of the net identifiable assets in the investee when the investment is made, the difference will not be adjusted to the initial investment cost of long-term equity investment; if the cost of initial investment is in short of the proportion of the fair value of the net identifiable assets in the investee when the investment is made, the difference will be included in the current profit or loss, meanwhile the costs of long-term equity investments will be adjusted.

The Company shall recognize the investment income and other comprehensive income at the shares of net profit or loss and other comprehensive income realized by the investee which the Company shall enjoy or bear and adjust the carrying amount of long-term equity investments at the same time; the Company shall calculate the shares according to profits or cash dividends declared by the investee and correspondingly reduce the carrying amount of long-term equity investments; the carrying amount of long-term equity investments shall be adjusted according to the investee's other changes in shareholders' equity other than net profit or loss, other comprehensive income and Distribution of profits ("other changes in shareholders' equity"), which should be included in shareholders' equity.

## NOTES TO THE FINANCIAL STATEMENTS OF 2023 (CONTINUED)

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### V SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES (CONTINUED)

#### (XIX) Long-term equity investments (Continued)

##### 3. Subsequent measurement and recognition of gains and losses (Continued)

###### (2) Long-term equity investments calculated under equity method (Continued)

The share of the investee's net profit or loss, other comprehensive income and other changes in shareholders' equity should be recognized after adjustments are made to Net profit and other comprehensive income of the investee based on the fair value of identifiable net assets of the investee upon acquisition of investments and according to accounting policies and accounting period of the Company.

The Company shall write off the part of incomes from internal unrealized transactions between the Company and associates and joint ventures which are attributable to the Company according to the corresponding ratio and recognize the profit or loss on investments on such basis except that the assets invested or sold constitute business. Where the losses from internal transactions between the Company and the investee fall into the scope of assets impairment loss, the full amount of such losses should be recognized.

For net loss incurred by joint ventures or associates, the Company shall, in addition to its obligation to bear additional losses, write down to zero the carrying amount of long-term equity investments and other long-term equity that essentially constitutes net investment in such joint ventures or associates. If a joint venture or an associate realizes net profits in the future, the Company shall resume recognizing its share of profits after the share of profits makes up for the share of unrecognized losses.

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

For disposal of long-term equity investments, the difference between the carrying amount and the actual price shall be included in the current investment income.

For partial disposal of long-term equity investments accounted for under the equity method, if the remaining equity is still accounted for under the equity method, other comprehensive income originally accounted for and recognized under the equity method shall be carried forward in proportion on the basis same as that for the direct disposal of related assets or liabilities by the investee, and other changes in shareholders' equity shall be carried forward to current profit or loss in proportion.

## NOTES TO THE FINANCIAL STATEMENTS OF 2023 (CONTINUED)

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### V SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES (CONTINUED)

#### (XIX) Long-term equity investments (Continued)

##### 3. Subsequent measurement and recognition of gains and losses (Continued)

###### (3) Disposal of long-term equity investments (Continued)

In case the joint control or significant influence over the investee is lost for disposing of equity investments or other reasons, other comprehensive income recognized from original equity investments by using the equity method shall be subject to accounting treatment on the basis same as that for the direct disposal of related assets or liabilities by the investee when the equity method is terminated, and other changes in shareholders' equity shall be transferred to current profits or losses when the equity method is terminated.

Where the Company loses the control over the investee due to disposal of partial equity investments or other reasons, when it prepares individual financial statements, if the remaining equity can exercise joint control or significant influence on the investee, such investments should be changed to be accounted for under the equity method and the remaining equity should be deemed to have been accounted for by adopting the equity method on acquisition and adjusted; other comprehensive income recognized before the control of the investee is obtained will be carried forward on the basis same as that for the direct disposal of related assets or liabilities by the investee, and other changes in owner's equity accounted for and recognized under the equity method will be carried forward to current profits or losses in proportion; if the remaining equity cannot exercise joint control or significant influence on the investee, such equity will be recognized as financial assets, and the difference between fair value and carrying amount on the date of loss of the control should be included in current profits or losses; other comprehensive income and other changes in owner's equity recognized before the control of the investee is obtained will be carried forward.

Where the Company disposes of equity investments in subsidiaries through multiple transactions and by stages until loss of the control, if the above transactions belong to a package deal, accounting treatment shall be made on the transactions as a transaction to dispose equity investments of subsidiaries and lose the control. The difference between each disposal cost and the carrying amount of long-term equity investments corresponding to disposed equities before the loss of the control should be firstly recognized as other comprehensive income in individual financial statements and then transferred into the current profit or loss at the loss of the control. If the transactions are not under a package of transactions, each transaction shall be subject to accounting treatment separately.

## NOTES TO THE FINANCIAL STATEMENTS OF 2023 (CONTINUED)

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### V SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES (CONTINUED)

#### (XX) Investment properties

An investment property is a property held to earn rentals or for capital appreciation or for both purposes, which include a land use right that is leased out, a land use right held for transfer upon capital appreciation and a building that is leased out (including a building that used for rent after the completion of self-construction or development activities and a building under construction or development for future rental purpose).

Subsequent expenditures incurred for such investment properties are included in the cost of the investment properties when it is probable that economic benefits associated with an investment property will flow to the Company and the cost can be measured reliably. Otherwise, they are recognised in profit or loss for the period in which they are incurred.

The Company uses the cost model for subsequent measurement of investment properties, and adopts a depreciation or amortisation policy for the investment properties which is consistent with that for buildings and land use rights.

#### (XXI) Fixed assets

##### 1. *Recognition and initial measurement of fixed assets*

Applicable  Not Applicable

Fixed assets refer to the tangible assets of the Company held for the purpose of production of goods, service supply, leasing or business management with useful lives exceeding one accounting year. Fixed assets are recognized when the following criteria are satisfied simultaneously:

- (1) It is probable that the economic benefits relating to the fixed assets will flow into the Company;
- (2) The costs of the fixed asset can be measured reliably.

A fixed asset shall be initially measured at its cost with the consideration of the expected discard expenses.

The subsequent expenditures relating to fixed assets shall be included in the costs of fixed assets when the relevant economic interests are much likely to flow in the Company and their costs may be measured reliably; as for the party replaced, the carrying amount shall be derecognized; all other subsequent expenditures shall be included in the current profit or loss when incurred.

## NOTES TO THE FINANCIAL STATEMENTS OF 2023 (CONTINUED)

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### V SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES (CONTINUED)

#### (XXI) Fixed assets (Continued)

##### 2. Depreciation method

Applicable  Not Applicable

Fixed assets will be depreciated by using the straight line method by category and the depreciation rate shall be recognized according to the category, estimated useful lives and estimated net residual value rate of fixed assets. For the fixed assets with provision for impairment made, the amount of depreciation will be determined according to the carrying amount after deduction of the provision for impairment and the remaining useful life in the future. Where various components of fixed assets are different in useful lives or provide economic benefits for the enterprise in different ways, then different depreciation rates or methods are chosen to separately provide for depreciation.

Depreciation method, depreciation life, residual value rate and annual depreciation rate of various fixed assets are as follows:

Type	Depreciation method	Depreciation life (year)	Residual value rate (%)	Annual depreciation rate (%)
Houses and buildings	Straight-line method	20-40	3-10	2.25-4.85
Machinery equipment	Straight-line method	5-10	3-10	9.00-19.40
Means of transportation	Straight-line method	5-8	3-10	11.25-19.40
Vehicles	Straight-line method	3-10	3-10	9.00-32.33

The Company reviews the useful life, estimated net residual value of a fixed asset and the depreciation method applied at least once at each year-end, and make adjustments when necessary.

## NOTES TO THE FINANCIAL STATEMENTS OF 2023 (CONTINUED)

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### V SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES (CONTINUED)

#### (XXI) Fixed assets (Continued)

##### 3. Disposal of fixed assets

When fixed assets are disposed of or are expected to fail to generate economic benefits after the use or disposal, the fixed assets shall be derecognized. The difference of the income from sales, transfer, retirement or damage of fixed assets deducting the carrying amount and related taxes should be included in the current profit or loss.

#### (XXII) Construction in progress

Applicable  Not Applicable

Construction in progress is recognised based on the actual construction expenditures incurred. It includes construction costs, installation costs, capitalised borrowing costs and expenditures necessary to be incurred before the construction in progress is ready for intended use, and other relevant expenditures. Construction in progress is transferred to fixed assets when the asset is ready for its intended use and provide for depreciation since next month.

#### (XXIII) Borrowing costs

Applicable  Not Applicable

##### 1. Recognition criteria of capitalization of borrowing costs

Borrowing costs of the Company that are directly attributable to the acquisition, construction or production of qualifying assets should be capitalized and included in the costs of related assets. Other borrowing costs are recognized as expenses at the amount on occurrence and are charged to the current profit or loss.

Assets meeting the capitalization requirements refers to fixed assets, investment properties and inventories, etc. that need to be purchased, constructed or produced for a long time to be available for intended use or sale.

## NOTES TO THE FINANCIAL STATEMENTS OF 2023 (CONTINUED)

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### V SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES (CONTINUED)

#### (XXIII) Borrowing costs (Continued)

##### 2. Capitalization period for borrowing costs

Capitalization period refers to the period from commencement of capitalization of borrowing costs to its cessation. The period of capitalization suspension of borrowing costs is excluded.

Capitalization should commence when all the following three conditions are satisfied:

- (1) asset disbursements, which include those incurred by cash payment, the transfer of non-cash assets or the undertaking of interest-bearing debts for acquiring and constructing or producing assets eligible for capitalization, have already been incurred;
- (2) borrowing costs have occurred;
- (3) purchase, construction or manufacturing activities that are necessary to prepare the assets for their intended use are in progress.

Capitalization of borrowing costs should be ceased when the acquired and constructed or produced assets eligible for capitalization have reached their intended use or sale condition.

##### 3. Period of capitalization suspension

If the acquisition and construction or production activities of assets eligible for capitalization are abnormally interrupted and such condition lasts for more than three months, the capitalization of borrowing costs should be suspended; if the interruption is necessary procedures for the acquired, constructed or produced assets eligible for capitalization to reach their intended use or sale status, the borrowing costs continue to be capitalized. Borrowing costs incurred during the interruption are recognized as the current profit or loss and continue to be capitalized until the acquisition, construction or production of the asset restarts.

## NOTES TO THE FINANCIAL STATEMENTS OF 2023 (CONTINUED)

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### V SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES (CONTINUED)

#### (XXIII) Borrowing costs (Continued)

##### 4. *Calculation method of capitalization rate and capitalization amount of borrowing costs*

As for special borrowings borrowed for acquiring and constructing or producing assets eligible for capitalization, borrowing costs of special borrowing actually incurred in this period less the interest income of the borrowings unused and deposited in bank or return on temporary investment shall be recognized as the capitalization amount of borrowing costs.

As for general borrowings used for acquiring and constructing or producing assets eligible for capitalization, the interest of general borrowings to be capitalized should be calculated by multiplying the weighted average of asset disbursements of the part of accumulated asset disbursements exceeding special borrowings by the capitalization rate of used general borrowings. The capitalization rate is determined via the calculation at the weighted average actual interest rate of general borrowings.

During capitalization period, exchange differences of principal and interest on foreign currency special borrowings shall be capitalized and included in the cost of assets eligible for capitalization. Exchange differences arising from the principal and interest of foreign currency borrowings other than special foreign currency borrowings are included in current profits or losses.

#### (XXIV) Biological assets

Applicable  Not Applicable

## NOTES TO THE FINANCIAL STATEMENTS OF 2023 (CONTINUED)

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### V SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES (CONTINUED)

#### (XXV) Oil and gas assets

Applicable  Not Applicable

#### (XXVI) Right-of-use assets

Applicable  Not Applicable

The Company's right-of-use assets include houses and buildings, means of transportation vehicles.

On the commencement date of the lease term, the Company recognises its right to use the leased assets over the lease term as right-of-use assets, the amount of which includes: the amount of the initial measurement of the lease liability; any lease payments made at or before the commencement date of the lease term less any lease incentives already received; any initial direct costs incurred by the lessee; an estimate of costs to be incurred by the lessee in dismantling and removing the leased asset, restoring the site on which it is located or restoring the leased asset to the condition required by the terms and conditions of the lease. The Company depreciates the right-of-use assets by using the straight-line method. If it is reasonable to determine the ownership of the leased asset at the expiration of the lease term, the Company shall depreciate the leased assets over the remaining useful life. If it is not reasonable to determine that the ownership of the leased assets can be obtained at the expiry of the lease term, the Company shall depreciate the leased assets over the lease term or the remaining useful life of the leased assets, whichever is shorter.

The Company shall re-measure lease liabilities according to the present value of the changed lease payments and adjust the book value of the right-of-use assets accordingly. However, if the carrying amount of the right-of-use assets is reduced to zero, yet there is still a further reduction in the measurement of the lease liabilities, the Company recognises any remaining amount of the re-measurement in profit or loss for the period

## NOTES TO THE FINANCIAL STATEMENTS OF 2023 (CONTINUED)

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### V SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES (CONTINUED)

#### (XXVII) Intangible assets

##### 1. *Measurement method of intangible assets*

###### (1) *The Company initially measures intangible assets at cost upon acquisition*

The costs of externally acquired intangible assets include their purchase prices, related taxes and surcharges and any other directly attributable expenditure incurred to prepare the asset for its intended use.

###### (2) *Subsequent measurement*

The useful lives of intangible assets are analysed on acquisition.

As for intangible assets with limited useful life, they will be amortized during the period when the intangible assets generate economic benefit for enterprise; if the period when the intangible assets generate economic benefit for enterprise cannot be predicted, the intangible assets will be deemed as those with indefinite useful life and should not be amortized.

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### V SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES (CONTINUED)

#### (XXVII) Intangible assets (Continued)

##### 2. Estimate of the useful life of the intangible assets with definite useful lives

Applicable  Not Applicable

Item	Estimated useful life (year)	Amortization method	Residual value rate (%)	Basis
Land use right	50	Straight-line method	0.00	Legal useful life
Patent right	5-8	Straight-line method	0.00	Estimated actual useful life
Software	5	Straight-line method	0.00	Estimated actual useful life
Unfinished contracts	2-3	Straight-line method	0.00	Estimated actual useful life
Customer relationship	5-9	Straight-line method	0.00	Estimated actual useful life

Land use rights obtained by the Company are usually accounted for as intangible assets. The land use rights of the self-developed buildings including plants are measured as intangible assets and buildings are measured as fixed assets, respectively. With respect to the land use rights purchased together with buildings, the acquisition cost is allocated between the two parts proportionately, or otherwise, is wholly accounted for as fixed assets.

Intangible assets with a limited useful life shall be amortized by the straight-line method during their useful life. The Company shall review the useful life of intangible assets with a limited useful life and the amortization method at least at the end of each year, and make adjustments if necessary.

##### 3. Judgment basis for intangible assets with an uncertain useful life and procedure for reviewing their useful life

Applicable  Not Applicable

The Company does not have intangible assets with an uncertain useful life.

## NOTES TO THE FINANCIAL STATEMENTS OF 2023 (CONTINUED)

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### V SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES (CONTINUED)

#### (XXVII) Intangible assets (Continued)

##### 4. *Accumulation range of research and development expenditure*

The Company's research and development expenses are directly related to the company's research and development activities, including salaries for research and development personnel, material costs, testing and processing fees, depreciation and amortization expenses, management fees, travel expenses, and other expenses. The salaries of research and development personnel are allocated to research and development expenses based on project hours. Shared equipment, production lines, and facilities used for research and development activities and other production and operation activities are allocated to research and development expenses based on hours or area proportions.

The Company distinguishes internal research and development project expenses into research stage expenses and development stage expenses.

Research stage expenses are recognized in the current period when incurred. Development stage expenses can be capitalized if they meet the following conditions: the intangible asset is completed and able to be used or sold with technical feasibility, the intention to complete and use or sell the intangible asset exists, the intangible asset generates economic benefits, including the ability to demonstrate the market for products produced using the intangible asset or the market existence of the intangible asset itself, if the intangible asset will be used internally, its usefulness can be demonstrated, there are sufficient technical, financial and other resources to complete the development of the intangible asset, and the expenditures attributable to the development stage of the intangible asset can be reliably measured. Development expenses that do not meet the above conditions are recognized in the current period.

The Company's research and development projects, after meeting the above conditions and going through technical and economic feasibility studies, enter the development stage after being approved.

Capitalized development stage expenses are presented in the balance sheet as development expenses and are transferred to intangible assets when the project reaches its intended use.

## NOTES TO THE FINANCIAL STATEMENTS OF 2023 (CONTINUED)

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### V SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES (CONTINUED)

#### (XXVII) Intangible assets (Continued)

##### 5. *Specific standards dividing the research stage and the development stage*

The Company's expenditure on internal research and development projects is divided into the expenses in the research stage and that in the development stage.

The research stage refers to the stage of original planned investigation and research activities in order to acquire and understand new scientific or technical knowledge.

The development stage refers to the stage in which research achievements or other knowledge are applied to a specific plan or design to produce new or substantially improved materials, devices or products prior to commercial production or use.

##### 6. *Specific criteria for capitalisation of expenditures in development phase*

The expenditures in research phase will be included in current profit or loss on occurrence. Expenditures in the development stage will be recognized as intangible assets only when the following conditions are simultaneously satisfied, and included in current profit or loss if the following conditions are not satisfied:

- (1) It is feasible technically to finish intangible assets for use or sale;
- (2) It is intended to finish and use or sell the intangible assets;
- (3) The usefulness of methods for intangible assets to generate economic benefits shall be proved, including being able to prove that there is a potential market for the products manufactured by applying the intangible assets or there is a potential market for the intangible assets themselves or the intangible assets will be used internally;
- (4) It is able to finish the development of the intangible assets and able to use or sell the intangible assets, with the support of sufficient technologies, financial resources and other resources;
- (5) The expenditure attributable to the intangible asset during its development phase can be measured reliably.

Where the research expenditures and the development expenditures are indistinguishable, the research expenditures and development expenditures shall be included in current profit or loss.

## NOTES TO THE FINANCIAL STATEMENTS OF 2023 (CONTINUED)

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### V SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES (CONTINUED)

#### (XXVIII) Long-term assets impairment

Applicable  Not Applicable

In the event of signs of impairments in long-term equity investments, investment real estate measured by the cost model, fixed assets, projects under construction, right-of-use assets, intangible assets with a limited useful life, oil and gas assets and other long-term assets, at the balance sheet date, an impairment test shall be conducted. In the event that the results of the impairment test indicate that the recoverable amount of the assets is lower than their carrying amount, the provision for impairment shall be made based on the difference, and included in the impairment loss. The recoverable amount refers to the higher of the fair value of the asset less the disposal cost as well as the present value of the asset's expected future cash flow. The asset impairment reserve shall be calculated and recognized on the basis of individual assets. In the event that the recoverable amount of an individual asset is difficult to estimate, the recoverable amount of the asset group shall be determined based on the asset group to which the asset belongs. An asset group refers to the smallest asset portfolio that can generate cash inflows independently.

Goodwill arising in a business combination, intangible assets with an uncertain useful life, intangible assets that have not been ready for intended use shall be tested for impairment at least at the end of each year no matter there are signs of impairment,

The Company has conducted impairment test for goodwill. The carrying amount of goodwill acquired in a business combination is allocated from the acquisition date on a reasonable basis to each of the related asset groups; if it is difficult to allocate to the related asset groups, it is allocated to each of the related set of asset groups. Each of the related asset groups or set of asset groups is an asset group or set of asset groups that is able to benefit from the synergies of the business combination.

In testing an asset group or a set of asset groups including goodwill for impairment, if there is indication of impairment, the Company shall first test the asset group or the set of asset groups excluding goodwill for impairment, calculate the recoverable amount and compare it with the related carrying amount and recognise the corresponding impairment loss. After that, the Group shall test the asset group or set of asset groups including goodwill for impairment. The carrying amount of the related asset group or set of asset group is compared to its recoverable amount. If the recoverable amount of the asset group or set of asset groups is lower than its carrying amount, an impairment loss is first reduced by the carrying amount of the goodwill allocated to the asset group or set of asset groups and then, the carrying amount of other assets (excluding goodwill) within the asset group or set of asset groups pro rata based on the carrying amount of each asset. The above losses from assets impairment will not be reversed in subsequent accounting periods once recognized.

## NOTES TO THE FINANCIAL STATEMENTS OF 2023 (CONTINUED)

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### V SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES (CONTINUED)

#### (XXIX) Long-term deferred expenses

Applicable  Not Applicable

Long-term deferred expenses refer to the expenses which have been already incurred but will be borne in this period and in the future with an amortization period of over 1 year.

#### (XXX) Contract liabilities

Applicable  Not Applicable

The Company presents contractual assets or contractual liabilities in the balance sheet based on the relationship between its performance of fulfilment obligations and customer payments. The Company's obligation to transfer goods or provide services to customers for consideration receivable for goods received is presented as contract liabilities. Contractual assets and contractual liabilities under the same contract are presented by their net amounts.

#### (XXXI) Employee compensation

##### 1. Accounting treatment of short-term compensation

Applicable  Not Applicable

During the accounting period in which employees provide service to the Company, the short-term compensation actually incurred is recognized as liabilities and charged to the current profit or loss or the relevant assets cost.

The social insurance premiums and housing fund paid for employees by the Company, as well as the labour union expense and employee education expense accrued according to the provisions, shall be calculated according to the stipulated contribution base and proportion to determine the amount of corresponding employee compensation during the accounting period of employees providing services to the Company.

Employee benefits incurred by the Company are charged to current income or loss or the cost of related assets based on the actual amount incurred, of which non-monetary benefits are measured at fair value.

## NOTES TO THE FINANCIAL STATEMENTS OF 2023 (CONTINUED)

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### V SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES (CONTINUED)

#### (XXXI) Employee compensation (Continued)

##### 2. Accounting treatment of post-employment benefits

Applicable  Not Applicable

###### (1) Defined contribution plan

The Company pays the basic endowment insurance premiums and unemployment insurance for employees according to the relevant provisions of the local governments. During the accounting period when employees serve the Company, the paid amount which is calculated based on the payment base and proportion as stipulated in the provisions of the local place is recognized as liabilities and included in the current profit or loss or costs associated with assets. In addition, the Company also participates in the Enterprise Annuity Plan of China Railway Signal & Communication Corporation Limited as approved by the relevant national authorities. The Company makes payments to the local social insurance institutions in a certain proportion to the total employee wage, with corresponding expense included in the current profit or loss or related asset cost. The Company may not utilize any forfeited contributions to reduce the current contributions.

## NOTES TO THE FINANCIAL STATEMENTS OF 2023 (CONTINUED)

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### V SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES (CONTINUED)

#### (XXXI) Employee compensation (Continued)

##### 2. Accounting treatment of post-employment benefits (Continued)

###### (2) Defined benefit scheme

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

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

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

The service cost incurred by defined benefit scheme and the net interest of the net liabilities and net assets of the defined benefit scheme would be charged into the current profits and loss or relevant costs of assets. The changes generated from the re-measurement of the net liabilities or net assets of the defined benefit scheme would be included in the other comprehensive income and are not reversed to profit or loss in a subsequent accounting period. The portion originally included in other comprehensive income is carried forward to unallocated profit to the extent of equity upon termination of the original defined benefit schemes.

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

## NOTES TO THE FINANCIAL STATEMENTS OF 2023 (CONTINUED)

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### V SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES (CONTINUED)

#### (XXXI) Employee compensation (Continued)

##### 3. Accounting treatment of dismissal benefits

Applicable  Not Applicable

As to providing employees dismissal benefits, employee compensation incurred from dismissal benefits should be recognized as liabilities and included in the current profit or loss at the date when the Company is unable to unilaterally withdraw the dismissal benefits provided in the plan on the cancellation of labour relationship or the layoff proposal or when the Company recognizes the cost related to restructuring concerning payment of dismissal benefits (whichever is earlier).

##### 4. Accounting methods for other long-term employee benefits

Applicable  Not Applicable

#### (XXXII) Lease liabilities

Applicable  Not Applicable

On the commencement date of the lease term, the Company recognises the present value of the lease payments that have not been paid as lease liabilities, except for short-term leases and low-value asset leases. In calculating the present value of the lease payments, the Company uses the leased interest rate as the discount rate; if the interest rate of the lease cannot be determined, the lessee's incremental borrowing rate is used as the discount rate. The Company calculates interest expenses of lease liabilities in each period of the lease term based on the constant periodic interest rate and recognises the interest expenses in profit or loss for the current period, except for those that are stipulated to be recognised in related asset costs. The variable lease payments that are not included in the measurement of the lease liabilities are recognised in profit or loss when incurred, except for those that are stipulated to be recognised in related asset costs.

After the commencement date of the lease term, in the event of change in the actual fixed payment amount, change in the amount expected to be payable under a residual value guaranteed, change in the index or ratio used to determine the lease payment, or change in the assessment results or actual exercise rights of the call option, renewal option or termination option, the Company re-measures the lease liability based on the present value of the changed lease payments.

## NOTES TO THE FINANCIAL STATEMENTS OF 2023 (CONTINUED)

31 December 2023

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### V SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES (CONTINUED)

#### (XXXIII) Anticipated liabilities

Applicable  Not Applicable

Where the obligation related to contingency meets all the following conditions simultaneously, it may be recognized as provisions by the Company:

- (1) This obligation is a present obligation of the Company;
- (2) The performance of such obligation is likely to result in outflow of economic benefits from the Company;
- (3) The amount of the obligation can be measured reliably.

Provisions of the Company are initially measured as the best estimate of expenses required for the performance of relevant present obligations.

When determining the best estimates, the Company comprehensively considers the risks, uncertainties, time value of money, and other factors relating to the contingencies. If the time value of money is significant, the best estimate shall be determined after discounting the relevant future outflow of cash.

## NOTES TO THE FINANCIAL STATEMENTS OF 2023 (CONTINUED)

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### V SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES (CONTINUED)

#### (XXXIII) Anticipated liabilities (Continued)

If there is continuous range for the necessary expenses, and probabilities of occurrence of all the outcomes within this range are equal, the best estimate shall be determined at the median range within the range; in other cases, the best estimate shall be accounted for as follows in different circumstances:

- If contingencies involve a single item, the best estimate shall be determined at the amount most likely incurred.
- If contingencies involve multiple items, the best estimate shall be calculated and determined at possible outcomes and related probabilities.

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

On the balance sheet date, the carrying amount of provisions shall be reviewed. If there is conclusive evidence that the best estimate cannot be reflected, the carrying amount shall be adjusted based on the current best estimate.

#### (XXXIV) Share-based payment

Applicable  Not Applicable

#### (XXXV) Perpetual bonds and other financial instruments

Applicable  Not Applicable

In accordance with the terms of the contract and the economic substance of the issued perpetual bonds reflected therein rather than in legal form only, the Company classifies the financial instrument or its components as financial assets, financial liabilities or equity instruments upon initial recognition.

## NOTES TO THE FINANCIAL STATEMENTS OF 2023 (CONTINUED)

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### V SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES (CONTINUED)

#### (XXXV) Perpetual bonds and other financial instruments (Continued)

In the event that any perpetual bonds/preferred shares and other financial instruments issued by the Company meet one of the following conditions, the financial instruments as a whole or their components shall be classified as financial liabilities on initial recognition:

- (1) There are contractual obligations that the Company cannot unconditionally avoid to deliver cash or other financial assets;
- (2) Including contractual obligations to deliver a variable number of its own equity instruments for settlement;
- (3) Including derivative instruments settled in its own equity (such as debt-for-equity swap), and the derivative instruments cannot be settled by a fixed number of its own equity instruments in exchange of a fixed amount of cash or other financial assets;
- (4) There are contract terms that indirectly form contractual obligations;
- (5) When the issuer liquidates, the perpetual bonds are in the same order as the ordinary bonds and other debts issued by the issuer.

Financial instruments such as perpetual bonds/preference shares that do not meet any of the above conditions shall be classified as equity instruments at initial recognition.

## NOTES TO THE FINANCIAL STATEMENTS OF 2023 (CONTINUED)

31 December 2023

RMB

### V SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES (CONTINUED)

#### (XXXVI) Revenue

##### 1. *Accounting policies adopted for income recognition and measurement*

Applicable  Not Applicable

The Company recognises the income when its performance obligations as stipulated in the contract are fulfilled, that is, when the customer obtained control of the related goods or services. The acquisition of control over the related goods or services is defined as the ability to dominate the use of the goods or services and derive substantially all of the economic benefits therefrom.

Where the contract contains two or more performance obligations, the Company will, on the contract start date, allocate the transaction price to each individual performance obligation in the proportion of the individual selling price of the goods or services for which each individual performance obligation is committed. The Company measures revenue based on the transaction price apportioned to each individual performance obligation.

## NOTES TO THE FINANCIAL STATEMENTS OF 2023 (CONTINUED)

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RMB

### V SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES (CONTINUED)

#### (XXXVI) Revenue (Continued)

##### 1. *Accounting policies adopted for income recognition and measurement (Continued)*

The transaction price is the amount of consideration to which the Company expects to be entitled as a result of the transfer of goods or provision of services to the customer, excluding amounts collected on behalf of third parties and amounts that the Company expects to refund to the customer. The Company determines the transaction price based on the terms of the contract, taking into account its past customary practice, and considers the impact of variable consideration, the existence of significant financing components in the contract, non-cash consideration, and consideration payable to the customer in determining the transaction price. The Company determines the transaction price that includes variable consideration by an amount not exceeding the amount for which it is highly probable that there will be no material reversal of the cumulative recognized revenue at the time the relevant uncertainty is removed. For contracts with a significant financing component, the Company determines the transaction price based on the amount payable in cash assuming that the customer will pay for the goods or services as soon as control is obtained, and amortizes the difference between this transaction price and the contract consideration over the term of the contract using the effective interest rate method. If the Company meets one of the following conditions, it is deemed to fulfill the performance obligations within a certain period of time; otherwise, it is deemed to so at a certain point of time:

- The customer obtains and consumes the economic benefits brought by the Company's performance while the Company is performing the contract.
- The customer can control the commodities under construction during the Company's performance.
- The commodities produced by the Company during the performance of the contract have irreplaceable uses, and the Company has the right to receive payment for the accumulated performance of the contract so far throughout the contract period.

For performance obligations to be performed within a certain period of time, the Company recognizes revenue in accordance with the progress of performance over that period, except when the progress of performance cannot be reasonably determined. The Company determines the progress of performance using the output method or the input method, taking into account the nature of the goods or services. When there is no reasonable certainty of the progress of performance, revenue is recognized at the costs incurred when the costs incurred are expected to be reimbursed until the progress of performance can be reasonably determined.

## NOTES TO THE FINANCIAL STATEMENTS OF 2023 (CONTINUED)

31 December 2023

RMB

### V SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES (CONTINUED)

#### (XXXVI) Revenue (Continued)

##### 1. *Accounting policies adopted for income recognition and measurement (Continued)*

The Company recognizes the income from the performance obligations to be performed at certain time, that is, when the customer obtained control of the related goods or services. In determining whether a customer has acquired control of goods or services, the Company considers the following indications:

- The Company has a present right to receive payment in respect of the commodity or services, i.e. the customer has a present payment obligation in respect of the commodity or services.
- The Company has transferred the legal title to the commodity to the customer, i.e. the customer has the legal title to the commodity.
- The Company has transferred the physical commodity to the customer, i.e. the customer has taken physical possession of the commodity.
- The Company has transferred to the customer the principal risks and rewards of ownership of the commodity, i.e. the customer has acquired principal risks and rewards with respect to the title to the commodity.
- The customer has accepted the goods or services, etc.

##### 2. *Revenue recognition of the Company*

Applicable  Not Applicable

###### (1) *Sales agreement of goods*

The sales agreement of goods entered into between the Company and its customers usually only includes the performance obligations of the transferred goods. The Company usually recognises the revenue at the time of transfer of control, taking into account the following factors: obtaining the current collection rights of the goods, transfer of the key risks and rewards of the ownership of the goods, transfer of the legal ownership of the goods, transfer of physical assets of goods and customers' acceptance of the goods.

## NOTES TO THE FINANCIAL STATEMENTS OF 2023 (CONTINUED)

31 December 2023

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### V SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES (CONTINUED)

#### (XXXVI) Revenue (Continued)

##### 2. Revenue recognition of the Company (Continued)

###### (2) Service agreement

The service agreement entered into between the Company and its customers usually includes performance obligations such as system integration. As the services provided by the Company during the performance of the agreement have irreplaceable uses, and during the entire contract period, the Company has the right to take the revenue from the completion of performance of the agreement accumulated to date as the performance obligation performed within a certain period of time, and recognise the revenue based on the performance progress, except where the performance progress cannot be reasonably determined. The Company determines the performance progress for the services provided in accordance with the input method. When the performance progress cannot be reasonably determined, if the costs incurred by the Company are expected to be compensated, the revenue will be recognised based on the amount of costs incurred, until the performance progress can be reasonably determined.

###### (3) Construction contract

The construction contract entered into between the Company and its customers usually includes performance obligations such as construction services. As the customers can control the assets under construction in the performance of the Company, the Company considers them as performance obligations within a certain period of time, and recognises the revenue based on the performance progress, except where the performance progress cannot be reasonably determined. The Company determines the performance progress for the services provided in accordance with the input method and the costs occurred. When the performance progress cannot be reasonably determined, if the costs incurred by the Company are expected to be compensated, the revenue will be recognised based on the amount of costs incurred, until the performance progress can be reasonably determined.

###### (4) Variable considerations

The contracts between the Company and its certain customers containing changes, claims and reward arrangements, which forms a variable consideration. The Company determines the best estimate of the variable consideration based on the expected value or the most probable value. However, the sales price including variable considerations should not exceed the amount accumulatively recognised which is not likely to be significantly reversed when the uncertainty disappears.

## NOTES TO THE FINANCIAL STATEMENTS OF 2023 (CONTINUED)

31 December 2023

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### V SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES (CONTINUED)

#### (XXXVI) Revenue (Continued)

##### 2. Revenue recognition of the Company (Continued)

###### (5) Return clauses

In connection with sales with a return clause, revenue is recognised according to the amount of consideration it expects to be entitled to for the transfer to a customer when the customer acquires control of the relevant. Amounts expected to be refunded for the return of sales are recognised as estimated liabilities. At the same time, the balance of the carrying value of the product expected to be returned upon transfer less expected costs for the recall of such product (including impairment loss of the recalled product) shall be recognised as an asset (i.e. cost of return receivables), and the net amount of the carrying value of the transferred product upon the transfer less the aforesaid asset cost shall be transferred to cost. At each balance sheet date, the Company reassesses the future return of sales and re-measures the above assets and liabilities.

###### (6) Significant financing component

If the contract includes significant financing component, the Company 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 is obtained by the customer. By discounting the nominal amount of the contract consideration to the discount rate of the current selling price of the goods, the difference between the transaction price determined and the contract consideration of the contract committed shall be amortised within the contract period using effective interest rate method. If the Company expects that the period between when the Company transfers a promised good to a customer and when the customer pays for that good will be one year or less, the Company needs not to consider the significant financing component.

###### (7) Quality assurance obligation

According to the contractual agreement, legal provisions, etc., the Company provides quality assurance for the goods sold or assets constructed. For assurance-type quality assurance to the customers to ensure that the goods sold meet the established standards, the Company performs accounting treatment in accordance with Note "V. (XXXIII) Anticipated liabilities." For service-type quality assurance for a separate service provided in addition to ensuring to the customers that the goods sold meet the established standards, the Company considers it as a single performance obligation, and according to the relative proportion of the individual selling prices for providing quality assurance for goods and services, amortises part of the transaction price to the service-type quality assurance, and recognises the revenue when the customer obtains control of the service. In assessing whether the quality assurance provides a separate service in addition to ensuring to the customers that the goods sold meet the established standards, the Company considers whether the quality assurance is a statutory requirement, a quality assurance period and the nature of the Company's commitment to perform its tasks and other factors.

## NOTES TO THE FINANCIAL STATEMENTS OF 2023 (CONTINUED)

31 December 2023

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### V SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES (CONTINUED)

#### (XXXVI) Revenue (Continued)

##### 2. Revenue recognition of the Company (Continued)

###### (8) Principal/agent

For the Company to obtain control of the goods or other assets from a third party and then transfer it to the customer, the Company has the right to determine the price of the goods traded at its own discretion, that is, the Company is a principal if it controls the specified good before that good is transferred to a customer, and the revenue shall be recognised based on the total consideration received or receivable; otherwise, the Company 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 shall be 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.

###### (9) Change in contract

When there is a change to the construction contract entered into between the Company and its customers:

- 1) If the change in contract adds a clearly distinguishable construction service and contract price, and the new contract price reflects the individual selling price of the new construction service, the Company will consider the change in contract as a separate contract for accounting treatment;
- 2) If the change in contract does not fall within the circumstances stated in item 1) above, and the transferred construction service and the construction service which has not been transferred can be clearly distinguished at the date of change in contract, the Company considers it as termination of the original contract, and at the same time, the non-performance part of the original contract and the modified part of the contract will be combined into a new contract for accounting treatment;
- 3) If the change in contract does not fall within the circumstances stated in item 1) above, and the transferred construction service and the construction service which has not been transferred cannot be clearly distinguished at the date of change in contract, the Company will make the modified part of the contract as an integral part of the original contract for accounting treatment, of which the impact on the recognised revenue as a result of such change will be adjusted as the revenue for the period on the date of change in contract.

## NOTES TO THE FINANCIAL STATEMENTS OF 2023 (CONTINUED)

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### V SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES (CONTINUED)

#### (XXXVI) Revenue (Continued)

##### 2. Revenue recognition of the Company (Continued)

###### (10) Franchise contract (“BOT Contract”)

The franchise activities under the BOT Contract usually include building, operation and transfer.

During the construction phase, the Company recognizes the contractual income for construction services in accordance with the accounting policy of the construction contract above and determines whether the Company is a principal or an agent in accordance with the accounting policy of the principal/agent above, and if the Company is the principal, the revenue of the construction service is recognized for performance progress. The Company recognises contract assets while recognising the revenue to the extent that it has an unconditional contractual right to receive a definite amount of cash or another financial asset from the grantor within a certain period after the completion of the infrastructure prescribed in the contract; if the Company is an agent, the construction service revenue is not recognised, and contract assets shall be recognised after considering the provisions in the contract with reference to the project consideration payable in the course of construction.

During the operation phase, the contract assets and the revenue are both recognised when services are provided and a receivable is recognised to the extent that the Company has the right to receive the consideration (such right is conditional only on the passage of time); the daily maintenance or repair costs incurred are recognised as current expenses.

###### (11) Build and transfer contract (“BT Contract”)

The activities under the BT Contract usually include building and transfer. For the construction services provided by the Company, during the construction phase, the relevant construction service contract revenue is recognised in accordance with the accounting policies of the construction contract mentioned above. The construction contract revenue is measured at the fair value of the consideration receivable and the “long-term receivable” is recognised by using the effective interest rate and measured at amortised cost, and is eliminated upon the receipt of payment from the owner.

## NOTES TO THE FINANCIAL STATEMENTS OF 2023 (CONTINUED)

31 December 2023

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### V SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES (CONTINUED)

#### (XXXVI) Revenue (Continued)

##### 2. Revenue recognition of the Company (Continued)

###### (12) Interest income and expenses

"Interest income" and "interest expenses" in the Company's income statement are generated from interest income and expenses on financial assets measured at amortized cost using the effective interest rate method, financial assets measured at fair value with changes recognized in other comprehensive income, and financial liabilities measured at amortized cost.

The effective interest rate method refers to the method of calculating the amortized cost of financial assets or financial liabilities and allocating interest income or expenses to each accounting period. The effective interest rate refers to the rate used to discount the estimated future cash flows of the financial asset or financial liability over its expected term to the carrying amount or amortized cost. In determining the effective interest rate, the Company estimates expected cash flows based on all contractual terms of the financial asset or financial liability, but does not consider expected credit losses. Fees, transaction costs, premiums, or discounts paid or received by the Company that are considered components of the effective interest rate are also taken into account when determining the effective interest rate.

For purchased or originated financial assets with credit impairment, the Company calculates the interest income based on the amortized cost and the effective interest rate adjusted for credit. The effective interest rate adjusted for credit refers to the rate used to discount the estimated future cash flows of the purchased or originated financial asset with credit impairment over its expected term to the amortized cost.

For purchased or originated financial assets that have not yet experienced credit impairment but become impaired in subsequent periods, the Company calculates the interest income based on the amortized cost and the effective interest rate.

###### (13) Service fees and commission income

Service fees and commission income are recognized under the accrual basis of accounting over the service period.

## NOTES TO THE FINANCIAL STATEMENTS OF 2023 (CONTINUED)

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### V SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES (CONTINUED)

#### (XXXVII) Contract costs

Applicable  Not Applicable

Contract costs include contract performance costs and contract acquisition costs.

Costs incurred by the Company to perform a contract that are not regulated by the relevant standards, such as inventories, fixed assets or intangible assets, are recognised as a contract performance cost as an asset when the following conditions are met:

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

If the incremental cost of the Company is expected to be recovered, the contract acquisition cost shall be recognised as an asset.

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

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

1. Where the remaining consideration is expected to be obtained by the transfer of goods or services related to the asset;
2. Where the costs are estimated to occur for the transfer of the relevant goods or services.

If the said difference is higher than the carrying amount of the asset due to changes in the impairment factors in the previous period, the originally accrued impairment reserve shall be reversed and included in the current profit or loss, but the reversed asset carrying amount shall not exceed the carrying amount of the asset on the date of reversal assuming that the impairment reserve is not accrued.

## NOTES TO THE FINANCIAL STATEMENTS OF 2023 (CONTINUED)

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### V SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES (CONTINUED)

#### (XXXVIII) Government subsidies

Applicable  Not Applicable

##### 1. *Type*

Government subsidies are monetary assets or non-monetary assets obtained by the Company from the government for free, which are classified into government subsidies related to assets and government subsidies related to income.

Asset-related government subsidies refer to government subsidies obtained by the Company for forming long-term assets by acquisition, construction or other manners. Government subsidies related to income refer to government subsidies other than those related to assets.

##### 2. *Timing of recognition*

Government subsidies shall be recognized only if the Company is able to comply with the conditions for the government subsidies, and is likely to receive the government subsidies.

##### 3. *Accounting treatment*

Government subsidies related to assets shall be used to offset the carrying amount of relevant assets or recognized as deferred income. Where such subsidies are recognized as the deferred income, they will be included in current profit or loss in accordance with the reasonable and systematic methods within useful lives of related assets (where such subsidies are related to the daily activities of the Company, they will be included in other income; where such subsidies are not related to the daily activities of the Company, they will be included in non-operating income);

Government subsidies relating to income used to compensate for relevant costs or losses which will occur in the following period in the Company shall be recognized as deferred income, and, during the period when relevant costs or losses are recognized, be included in current profit or loss (where government subsidies relating to income are relevant to routine activities of the Company, such subsidies shall be included in other income; where government subsidies relating to income are irrelevant to routine activities of the Company, such subsidies shall be included in non-operating income) or used to offset relevant costs or losses; government subsidies relating to income used to compensate for relevant costs or losses incurred in the Company shall be included in current profit or loss (where such subsidies are related to daily activities of the Company, they will be included in other income; where such subsidies are unrelated to the daily activities of the Company, they will be included in non-operating income) or used to offset relevant costs or losses.

## NOTES TO THE FINANCIAL STATEMENTS OF 2023 (CONTINUED)

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### V SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES (CONTINUED)

#### (XXXIX) Leases

Applicable  Not Applicable

Lease refers to a contract in which the lessor transfers the right to use the assets to the lessee within a certain period to obtain consideration. On the contract commencement date, the Company evaluates whether the contract is or includes a lease. If a party to the contract transfers the right to control the use of one or more identified assets for a certain period of time in exchange for consideration, the contract is or includes a lease.

If the contract contains multiple separate leases at the same time, the Company may split the contract, and account for each lease separately. If the contract includes both lease and non-lease parts, the lessee and the lessor shall split them.

#### 1. *The Company as the lessee*

Applicable  Not Applicable

##### (1) *Right-of-use assets*

At the commencement of the lease term, the Company recognizes the right-of-use assets for leases other than short-term and low-value asset leases. Right-of-use assets are initially measured at cost, which includes:

- The initial measurement amount of the lease liability;
- The lease payment made on or before the commencement of the lease term, or the relevant amount after deducting the lease incentive already enjoyed if any;
- Initial direct costs incurred by the Company;
- The Company expects to incur costs for dismantling and removing leased assets, restoring the site of the leased assets to its original condition, or restoring leased assets to their original condition, excluding costs incurred for the production of inventories.

The Company subsequently adopts the straight-line method to accrue depreciation for the right-of-use assets. If ownership of the leased assets can be obtained with reasonable certainty at the end of the lease term, the Company depreciates the leased assets over their remaining useful lives; otherwise, the leased assets are depreciated over the shorter of the lease term and the remaining useful life of the leased assets.

The Company determines whether a right-of-use asset is impaired and accounts for the identified impairment loss in accordance with the principles described in Note "V. (XXVIII) Impairment of long-term assets".

## NOTES TO THE FINANCIAL STATEMENTS OF 2023 (CONTINUED)

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### V SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES (CONTINUED)

#### (XXXIX) Leases (Continued)

##### 1. The Company as the lessee (Continued)

###### (2) Lease Liabilities

At the commencement of the lease term, the Company recognizes lease liabilities for leases other than short-term and low-value asset leases. The lease liabilities are initially measured at the present value of the unpaid lease payments. Lease payments include:

- Fixed payment (including substantial fixed payment), and the relevant amount after deducting the lease incentive, if any;
- Variable lease payments depending on index or ratio;
- Estimated payments due according to the guaranteed residual value provided by the Company;
- Exercise price of the purchase option, provided that the Company reasonably determines that the option will be exercised;
- The amount to be paid for the exercise of the lease termination options, provided that the lease term reflects that the Company will exercise the options to terminate the lease;

The Company uses the interest rate implicit in lease as the discount rate, but if the interest rate implicit in the lease cannot be reasonably determined, the Company uses the incremental borrowing rate as the discount rate.

The Company calculates the interest expense of the lease liabilities in each the lease term at a fixed periodic interest rate, and includes it in the current profit or loss or related asset costs.

Variable lease payments that are not included in the lease liabilities are included in current profit or loss or related asset costs when incurred.

## NOTES TO THE FINANCIAL STATEMENTS OF 2023 (CONTINUED)

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### V SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES (CONTINUED)

#### (XXXIX) Leases (Continued)

##### 1. The Company as the lessee (Continued)

###### (2) Lease Liabilities (Continued)

The Company remeasures the lease liability and adjusts the corresponding right-of-use asset if, after the lease commencement date, the following circumstances occur. If the carrying amount of the right-of-use asset is reduced to zero, but the lease liability is still subject to further reduction, the difference is recognized in profit or loss:

- When the appraisal results of the purchase option, lease renewal option or termination option change, or when the actual exercise of the aforementioned options is inconsistent with the original appraisal results, the Company re-measures the lease liability at the present value calculated by the changed lease payments and the revised discount rate;
- When there is a change in the substantive fixed payment amount, a change in the amount expected to be payable for the guaranteed residual value or a change in the index or rate used to determine the lease payment amount, the Company re-measures the lease liability at the present value calculated from the changed lease payment amount and the original discount rate. However, if the change in the lease payment amount results from a change in the floating interest rate, the present value is calculated using the revised discount rate.

###### (3) Short-term and low-value asset leases

The Company chooses not to recognize the right-of-use assets and lease liabilities for short term and low-value asset leases, and includes the related lease payments in the current profit or loss or related asset costs with the straight-line method in each lease term. Short term lease refers to a lease that lasts for no more than 12 months and includes no purchase options at the commencement of the lease term. Low-value asset lease refers to a lease with lower value when the individual leased assets are brand new assets. If the Company sublets or anticipates subletting the leased assets, the original lease is not a low-value asset lease.

## NOTES TO THE FINANCIAL STATEMENTS OF 2023 (CONTINUED)

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### V SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES (CONTINUED)

#### (XXXIX) Leases (Continued)

##### 1. The Company as the lessee (Continued)

###### (4) Lease change

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

- The lease change expands the scope of the lease by adding one or more rights to use the leased assets;
- The increased consideration is equivalent to the individual price of the expanded part adjusted according to the contract.

If the lease change is not accounted for as a separate lease, the Company shall, on the effective date of the lease change, re-allocate the consideration of the changed contract, redetermine the lease term, and remeasure the lease liabilities at the present value calculated based on the changed lease payment and the revised discount rate.

If a lease change results in a reduction in the scope of the lease or a shortening of the lease term, the Company reduces the carrying amount of the right-of-use asset accordingly and recognizes the gain or loss related to the partial or complete termination of the lease in current profit or loss. If other lease changes result in a remeasurement of the lease liability, the Company adjusts the carrying amount of the right-of-use asset accordingly.

## NOTES TO THE FINANCIAL STATEMENTS OF 2023 (CONTINUED)

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### V SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES (CONTINUED)

#### (XXXIX) Leases (Continued)

##### 2. *The Company as lessor*

Applicable  Not Applicable

On the lease commencement date, the Company divides the lease into financial lease and operating lease. Financial leasing refers to the leasing that transfers almost all the risks and returns related to the ownership of the leased asset, regardless of whether the ownership is ultimately transferred or not. The term "operating lease" refers to a lease other than a financial lease. When the Company is the sub-lessee, the sublease is classified based on the right-to-use assets generated from the original lease contract.

##### (1) *Accounting for operating lease*

The lease amount received under operating leases are recognized as rental income according to the straight-line method in each period of the lease term. The Company capitalizes the initial direct expenses related to operating lease and amortizes them into the current profit and loss according to the same basis as the recognition of rental income during the lease term. The variable lease payments excluded from the lease receipts shall be included in the current profits and losses when they are actually incurred. In case of any change in the operating lease, the Company will make the accounting treatment for it as a new lease from the effective date of the change, and the amount received in advance or lease receivables before the change will be regarded as the receivables from the new lease.

##### (2) *Accounting for financial lease*

On the lease commencement date, the Company recognizes the financial lease receivable and derecognizes the financial lease assets. The net investment in the lease is taken as the entry value of the financial lease receivable as the Company initially measures the financial lease receivable. The net investment in a lease is the sum of the present value of the unguaranteed residual value and future lease payments at the beginning of the lease term, discounted at the interest rate implicit in lease.

The Company calculates and recognizes the interest income of each period in the lease term according to the fixed periodic interest rate. The derecognition and impairment of financial lease receivables shall be accounted for in accordance with the requirements set out in Note "V. (XI) Financial Instruments."

## NOTES TO THE FINANCIAL STATEMENTS OF 2023 (CONTINUED)

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### V SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES (CONTINUED)

#### (XXXIX) Leases (Continued)

##### 2. The Company as lessor (Continued)

###### (2) Accounting for financial lease (Continued)

The variable lease payments excluded from the measurement of net investment in lease shall be included in the current profit and loss when they are actually incurred.

If the financial lease changes and meets the following conditions at the same time, the Company will treat the change as a separate lease for accounting treatment:

- The change expands the lease scope by increasing the right-to-use of one or more leased assets;
- The increased consideration is equivalent to the individual price of the expanded part of the lease scope adjusted according to the contract conditions.

If the change of financial lease is not accounted for as a separate lease, the Company will deal with the changed lease under the following circumstances:

- If the change takes effect on the lease commencement date, the lease will be classified as an operating lease, and the Company will treat it as a new lease from the effective date of the lease change, and take the net lease investment before the effective date of the lease change as the carrying amount of the leased assets;
- If the change takes effect on the commencement date of the lease, the lease will be classified as a financial lease, and the Company will carry out accounting treatment according to the policy on modifying or renegotiating a contract set out in "Note V. (XI) Financial Instruments".

## NOTES TO THE FINANCIAL STATEMENTS OF 2023 (CONTINUED)

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### V SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES (CONTINUED)

#### (XXXIX) Leases (Continued)

##### 3. *Sale and leaseback transaction*

The Company assesses and determines whether the asset transfer in the sale and leaseback transaction is a sale according to the principles set out in Note "V. (XXXVI) Revenue".

##### (1) *The Company as lessee*

If the asset transfer in the sale and leaseback transaction is a sale, the Company, as the lessee, measures the right-of-use assets according to the carrying amount of the original assets regarding the right-of-use obtained by the leaseback, and only recognizes the relevant gains or losses for the right transferred to the lessor.

If the asset transfer in the sale and leaseback transaction is not a sale, the Company, as the lessee, continues to recognize the transferred assets and recognize a financial liability whose amount equal to the transferred income at the same time. For the accounting treatment of financial liabilities, please refer to Note "V. (XI) Financial Instruments".

##### (2) *The Company as Lessor*

If the asset transfer in the sale and leaseback transaction is considered as sales, the Company, as the lessor, makes accounting treatment of the asset purchase and the asset lease in accordance with the policy in the aforesaid "2. The Company as Lessor". If the asset transfer in the sale and leaseback transaction is not considered as sales, the Company, as the lessor, shall not recognize the transferred asset, but recognize a financial asset whose amount equal to the transferred income. For the accounting treatment of financial assets, please refer to Note "V. (XI) Financial Instruments".

## NOTES TO THE FINANCIAL STATEMENTS OF 2023 (CONTINUED)

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### V SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES (CONTINUED)

#### (XL) Hedge Accounting

##### 1. *Classification of hedging*

- (1) Fair value hedge is a hedge of the exposure to changes in fair value of a recognised asset or liability or an unrecognised firm commitment (except foreign exchange risk).
- (2) Cash flow hedge is a hedge of the exposure to variability in cash flows that is either attributable to a particular risk associated with a recognised asset or liability or a highly probable forecast transaction, or a foreign currency risk in an unrecognised firm commitment.
- (3) Hedge of a net investment in a foreign operation is a hedge of the exposure to foreign exchange risk associated with a net investment in a foreign operation. Net investment in a foreign operation is the share of interest in the net asset of the foreign operation.

##### 2. *Designation of the hedge relationship and recognition of the effectiveness of hedging*

At the inception of a hedge relationship, the Company formally designates the hedge relationship and documents the hedge relationship, the risk management objective and its strategy for undertaking the hedge. The documentation includes identification of the nature and quantity of the hedging instrument, the nature and quantity of the hedged item, the nature of the risk being hedged, the type of hedging and how the Company will assess the hedging instrument's effectiveness. Hedging instrument's effectiveness means the degree of the change of fair value and cash flow of the hedging instrument in offsetting the exposure to changes in the hedged item's fair value or cash flows attributable to the hedged risk.

The hedge is assessed by the Company for effectiveness on an ongoing basis and judged whether it meets the requirements for the effectiveness of using hedge accounting throughout the accounting periods for which the hedging relationship was designated. Provided the discontent of the requirements, the application of a hedge shall be terminated.

## NOTES TO THE FINANCIAL STATEMENTS OF 2023 (CONTINUED)

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### V SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES (CONTINUED)

#### (XL) Hedge Accounting (Continued)

##### 2. *Designation of the hedge relationship and recognition of the effectiveness of hedging (Continued)*

The application of hedge accounting shall meet the following requirements on the effectiveness of the hedge:

- (1) There is an economic relationship between the hedged item and the hedging instrument.
- (2) The effect of credit risk does not dominate the value changes that result from that economic relationship.
- (3) The appropriate hedge ratio will not cause the imbalance of relative weight between the hedged item and the hedging instrument, thus generating accounting results inconsistent with the hedge accounting objectives. If the hedge ratio is no longer inappropriate, but the hedge risk management objectives do not change, the amount of the hedged item or the hedging instrument shall be adjusted, so that the hedge ratio can re-meet the requirements on the effectiveness.

##### 3. *Criteria for hedge accounting*

###### (1) *Fair value hedges*

The change in the fair value of a hedging derivative is recognized in the current profit or loss. The change in the fair value of the hedged item attributable to the risk hedged is recorded as a part of the carrying amount of the hedged item and is also recognized in the current profit or loss.

For fair value hedges relating to financial instruments carried at amortized cost, the adjustment to carrying amount is amortized through the current profit or loss over the remaining term to maturity. Any adjustment to the carrying amount of a hedged financial instrument for which the effective interest method is used is amortized to the current profit or loss. Amortization may begin as soon as an adjustment exists and shall begin no later than when the hedged item ceases to be adjusted for changes in its fair value attributable to the risk being hedged.

If the hedged item is derecognized, the unamortized fair value is recognized immediately in the current profit or loss.

When an unrecognized firm commitment is designated as a hedged item, the subsequent cumulative change in the fair value of the firm commitment attributable to the hedged risk is recognized as an asset or liability with a corresponding gain or loss recognized in the current profit or loss. The changes in the fair value of the hedging instrument are also recognized in the current profit or loss.

## NOTES TO THE FINANCIAL STATEMENTS OF 2023 (CONTINUED)

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### V SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES (CONTINUED)

#### (XL) Hedge Accounting (Continued)

##### 3. *Criteria for hedge accounting*

###### (2) *Cash flow hedges*

The effective portion of the gain or loss on the hedging instrument is recognized directly as other comprehensive income, while the ineffective portion is recognized immediately in the current profit or loss.

Amounts taken to other comprehensive income are transferred to the current profit or loss when the hedged transaction affects the current profit or loss, such as when hedged financial income or financial expense is recognized or when a forecast sale occurs. Where the hedged item is the cost of a non-financial asset or nonfinancial liability, the amounts taken to other comprehensive income are transferred to the initial carrying amount of the non-financial asset or non-financial liability (or originally recognized in other comprehensive income, and transferred in the same period as the profit and loss is affected by the non-financial assets and non-financial debts, the amounts shall be included in the current profit or loss).

If the forecast transaction or firm commitment is no longer expected to occur, the amounts previously recognized in other comprehensive income are transferred to the current profit or loss. If the hedging instrument expires or is sold, terminated or exercised without replacement or rollover, or if its designation as a hedge is revoked, the amounts previously recognised in other comprehensive income remain in there until the forecast transaction or firm commitment affects the current profit or loss.

###### (3) *Hedges of a net investment in a foreign operation*

Hedges of a net investment in a foreign operation, including a hedge of a monetary item that is accounted for as part of the net investment, are accounted for in a similar way to cash flow hedges. Gains or losses on the hedging instrument relating to the effective portion of the hedge are recognized in other comprehensive income while any gains or losses relating to the ineffective portion are recognized in the current profit or loss. On disposal of the foreign operation, the cumulative value of any such gains or losses recorded in equity is transferred to the current profit or loss.

## NOTES TO THE FINANCIAL STATEMENTS OF 2023 (CONTINUED)

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### V SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES (CONTINUED)

#### (XLI) Deferred tax assets and deferred tax liabilities

Applicable  Not Applicable

Income tax includes the current income tax and deferred income tax. Except for the income tax arising from business mergers and such transactions or items as are directly included in shareholders' equity (including other comprehensive income), the Company shall include the current income tax and the deferred income tax in the current profit or loss.

Deferred tax assets and deferred tax liabilities are calculated and recognized based on differences (temporary differences) between tax base and carrying amount of the assets and liabilities.

Deferred tax assets are recognized at deductible temporary differences to the extent that it shall not exceed the taxable income probably obtained in future periods to be against the deductible temporary difference. For deductible losses and tax credits that can be carried forward to subsequent periods, the Company recognized deferred tax assets to the extent that it is probable that taxable profit will be available against which the deductible losses and tax credits can be utilized.

Taxable temporary differences are recognized as deferred tax liabilities except in special circumstances.

Such special circumstances for not recognition of deferred tax assets and deferred tax liabilities include:

- Initial recognition of goodwill;
- A transaction or event that is neither a business combination nor, when incurred, affects accounting profit and taxable income (or deductible loss), and such a transaction or event that the initially recognized assets and liabilities do not result in the equal amount of taxable temporary differences and deductible temporary differences.

For the taxable temporary differences related to the investments in subsidiaries, associates and joint ventures, the deferred tax liabilities should be recognized, unless that the timing of the reversal of the temporary differences is able to be controlled by the Company and the temporary differences will be probable not to be reversed in the foreseeable future. For deductible temporary differences arising from investments in subsidiaries, associates, and joint ventures, when the temporary difference will reverse in the foreseeable future and taxable profit will be available against which the deductible temporary differences can be used, the deferred tax asset will be recognized.

On the balance sheet date, deferred tax assets and deferred tax liabilities should be measured at the applicable tax rate during the period of expected recovery of the relevant assets or liquidation of the relevant assets according to the provisions of tax laws.

## NOTES TO THE FINANCIAL STATEMENTS OF 2023 (CONTINUED)

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### V SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES (CONTINUED)

#### (XLI) Deferred tax assets and deferred tax liabilities (Continued)

On the balance sheet date, the Company reviews the carrying amount of deferred tax assets. If it is unlikely to obtain sufficient taxable income taxes to offset the benefit of the deferred tax assets, the carrying amount of the deferred tax assets shall be written down. When it is likely to earn sufficient taxable income, the write-down amount should be reversed.

If the Company has the legal right of netting and intends to settle in net amount or to obtain assets and discharge liabilities simultaneously, the current tax assets and current tax liabilities of the Company shall be presented based on the net amount after offset.

On the balance sheet date, deferred tax assets and deferred tax liabilities shall be listed by the net amount after offset if:

- The taxpayer has the statutory right to settle the current tax assets and current tax liabilities with net amount.
- Deferred tax assets and deferred tax liabilities are related to the income tax which are imposed on the same taxpayer by the same tax collection authority or on different taxpayers, but, in each important future period in connection with the reverse of deferred tax assets and liabilities, the involved taxpayer intends to balance tax assets and liabilities for this period with net settlement at the time of obtaining assets and discharging liabilities, deferred tax assets and deferred tax liabilities shall be presented based on the net amount after offset.

#### (XLII) Segment Report

The Company determines operating segments based on internal organization structure, management requirements and internal reporting system, determines reporting segments based on operating segments, and disclose the information of the segments.

Operating segment refers to the component parts of the Company that meet the following conditions at the same time: (1) the component parts can generate income and incur expenses in daily activities; (2) the Company's management can regularly evaluate the operating results thereof in order to decide allocation of resources and evaluate their performance; (3) the Company can obtain relevant accounting information such as the financial status, operating results and cash flows of the component parts. If two or more operating segments have similar economic characteristics, and have met a certain condition, they will be merged into one operating segment.

## NOTES TO THE FINANCIAL STATEMENTS OF 2023 (CONTINUED)

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### V SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES (CONTINUED)

#### (XLIII) Fair Value Measurement

The Company measures the relevant assets or liabilities at fair value based on the following assumptions:

- The sale of assets or the transfer of liabilities between market participants on the measurement date is conducted in an orderly transaction under current market conditions.
- Such orderly transaction is carried out in the principal market of relevant assets or liabilities. If the principal market does not exist, it is assumed that such transaction is carried out in the most advantageous market for relevant assets or liabilities.
- The assumption used by the market participant in order to maximize the benefits at the time of pricing such assets or liabilities.

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

## NOTES TO THE FINANCIAL STATEMENTS OF 2023 (CONTINUED)

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### V SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES (CONTINUED)

#### (XLIII) Fair Value Measurement (Continued)

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

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

The valuation techniques which are applicable to the current situation and have sufficient usable data and other information support are taken into account by the Company for the adoption of valuation technique. Relevant observable input values are preferentially adopted for valuation techniques, and the unobservable input values can be used only when the observable input values are unable or unpractical to be obtained.

Input values used in the fair value measurement are divided into three levels:

- Level 1 input values are unadjusted quoted prices in the active market of identical assets or liabilities accessible on the measurement date.
- Level 2 input values refer to input values that are directly or indirectly observable for relevant assets or liabilities, other than Level 1 input values.
- Level 3 input values are unobservable input values for relevant assets or liabilities.

The level of the measurement result of fair value shall be subject to the lowest level which the input that is of great significance to the measurement of fair value as a whole.

The assets and liabilities of the Company measured at fair value mainly include accounts receivable financing, investments in other equity instruments, etc.

## NOTES TO THE FINANCIAL STATEMENTS OF 2023 (CONTINUED)

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### V SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES (CONTINUED)

#### (XLIV) Safety production and maintenance expenses

The Company shall withdraw the maintenance expenses in accordance with the relevant provisions of the Notice of the Ministry of Emergency Management and the Ministry of Finance on Issuing the Management Measures for the Withdrawal and Use of Enterprise Safety Production Expenses (CZ [2022] No.136).

The safety production and maintenance expenses shall be included in the cost of related products or current profit and loss at time of withdrawal and in the "special reserve" account.

Such safety production and maintenance expenses withdrawn as are used within the prescribed scope and belong to cost expenditure can directly write down the special reserve; if a fixed asset is formed, the expenditure incurred through the collection of "construction items under construction" account will be recognized as a fixed asset when the safety project is completed and reaches the intended use state; in addition, the special reserve is written down based on the costs that form the fixed assets, and the accumulated depreciation of the same amount is recognized. The fixed assets shall not be depreciated in subsequent periods.

#### (XLV) Significant accounting judgments and estimates

Applicable  Not Applicable

The preparation of the financial statements requires management to make judgements, estimations and assumption that affect the reported amounts and disclosures of revenues, expenses, assets and liabilities, and the disclosure of contingent liabilities at the balance sheet date. However, uncertainty about these assumptions and estimations could result in outcomes that could require a material adjustment to the carrying amounts of the assets or liabilities affected in the future.

##### 1. Judgements

In the process of applying the Company's accounting policies, management has made the following judgements which have the most significant effect on the amounts recognised in the financial statements:

###### (1) Operating leases – the Group as lessor

The Company has entered into operating leases on its investment property portfolio. The Company has determined, based on an evaluation of the terms and conditions of the arrangements, that it retains all the significant risks and rewards of ownership of these properties which are leased out on operating leases.

## NOTES TO THE FINANCIAL STATEMENTS OF 2023 (CONTINUED)

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### V SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES (CONTINUED)

#### (XLV) Significant accounting judgments and estimates (Continued)

##### 1. Judgements (Continued)

- (2) *Determination of progress towards completion of the performance of obligations for construction contracts*

The Company uses the input method to determine the progress towards completion of the performance obligations for the construction contracts. To be specific, the Company determines the progress towards completion of the performance obligations on the basis of the percentage of the accumulative actual construction costs incurred to the expected total costs. The accumulative actual costs include the direct and indirect costs incurred during the process of transferring goods to the customers. The Company believes that the construction contract price with the customers is determined on the basis of the construction costs, and the actual construction costs as a percentage of the estimated total costs can accurately reflect the progress of the construction service. The Company determines the progress of contract performance based on the proportion of the cumulative actual construction costs to the estimated total costs, and recognizes revenue accordingly. In view of the long duration of construction contracts, which may span several accounting periods, the Company will review and revise the budget as the construction contracts progress, and adjust the income recognition amount accordingly.

- (3) *The division of research stage and development stage of research and development project*

The Company distinguishes between the research and development stages of internal research and development projects, the research phase for original planned surveys to acquire and understand new scientific or technical knowledge, and the application of research results or other knowledge to a programme or design prior to commercial production or use to produce new or substantially improved materials, installations, products, etc.

## V SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES (CONTINUED)

### (XLV) Significant accounting judgments and estimates (Continued)

#### 2. *Estimation uncertainty*

The key assumptions concerning the future and other key sources of estimation uncertainty at the balance sheet date, that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the future accounting periods, are described below.

##### (1) *Construction contracts and labour service results*

The Company recognises revenue based on the percentage of completion of individual contracts providing construction contracts and labour services. The management estimates the percentage of project completion based on the actual costs involved in the total budgeted costs and also estimates the relevant contract revenue. Due to the nature of the activities carried out in the contracts, the dates of the activities and the dates of completion of the activities are usually classified into different accounting periods. The Company will review and revise the budget and contract cost estimates as the contracts progress (if the actual contract revenue is less than the estimated or actual contract costs, provision for the estimated contract losses is to be made).

##### (2) *Impairment of financial instruments and contract assets*

The Company has adopted the expected credit loss model to evaluate the impairment of financial instruments and contract assets. The application of the expected credit loss model requires significant judgement and estimates and the consideration of all reasonable and soundly based information, including forward-looking information. In making such judgement and estimates, the Company estimates the projected movements of the debtor's credit risk according to past repayment records, economic policies, macro-economic indicators and industry risks, etc. Differences in estimates may have an impact on the provision for Impairment. A provision for impairment may not be equal to the actual amount of impairment losses in the future.

##### (3) *Impairment of non-current assets other than financial assets (excluding goodwill)*

The Company assesses whether there are any indicators of impairment for non-current assets other than financial assets as at the balance sheet date. Non-current assets other than financial assets are tested for impairment when there are indicators that the carrying amounts may not be recoverable. An impairment exists when the carrying value of an asset or asset group exceeds its recoverable amount, which is the higher of its fair value less costs to sell and its present value of future cash flows. The calculation of the fair value less costs to sell is based on available data from binding sales transactions in an arm's length transaction of similar assets or observable market prices less incremental costs for disposing of the asset. When value in use calculations are undertaken, management must estimate the expected future cash flows from the asset or asset group and choose a suitable discount rate in order to calculate the present value of those cash flows.

## NOTES TO THE FINANCIAL STATEMENTS OF 2023 (CONTINUED)

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### V SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES (CONTINUED)

#### (XLV) Significant accounting judgments and estimates (Continued)

##### 2. Estimation uncertainty (Continued)

###### (4) Impairment of goodwill

Goodwill is tested for impairment at least annually. For the purpose of impairment testing, the present value of future cash flows, which are generated from asset groups or sets of asset groups considered together with allocated goodwill, is estimated. The Company estimates the present value of future cash flows from asset groups or sets of asset groups by forecasting the related cash flow and selecting a suitable discount rate.

###### (5) Impairment of inventories

The Company determines the write-down for obsolescence of inventories. These estimates are made with reference to aged inventory analyses, projections of expected future sales 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 realizable values. Due to changes in market conditions, actual sales of goods may be different from estimation and profit or loss in the current period could be affected by differences in this estimation.

###### (6) Deferred tax assets

Deferred tax assets are recognised for all unused tax losses to the extent that it is probable that taxable profit will be available against which the losses 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) Measurement of defined benefit scheme obligations

The Company has recognised the supplementary retirement benefits under the defined benefit scheme as a liability. The estimated amount of these welfare expenses and liabilities shall be calculated and paid on the basis of various assumptions. These assumptions include the discount rate, the growth rate of welfare expenses during relevant period, as well as other factors. Deviations between actual results and actuarial assumptions will affect the accuracy of the relevant accounting estimates. Although the management believes that the above assumptions are reasonable, any changes in assumptions shall still affect the estimated liabilities of the relevant supplementary pension insurance and other external welfare plans.

## NOTES TO THE FINANCIAL STATEMENTS OF 2023 (CONTINUED)

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### V SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES (CONTINUED)

#### (XLV) Significant accounting judgments and estimates (Continued)

##### 2. Estimation uncertainty (Continued)

###### (8) Useful lives and residual values of fixed assets

The useful lives of fixed assets are estimated based on historical experience of the Group with similar assets used in a similar way. If useful lives of the fixed assets are estimated to be shorter than previously estimated, the Company will increase the depreciation rates accordingly, or dispose of those assets that are idle or technically obsolete.

In determining the useful lives and net residual values of fixed assets, the Company periodically reviews the changes in market conditions, estimated physical wear and tear, and the maintenance of an asset. The estimation of the useful life of the asset is based on historical experience of the Company with similar assets that are used in a similar way. The depreciation amount will be adjusted if the estimated useful lives and/or the net residual values of fixed assets are less than previous estimation. Useful lives and net residual values are reviewed, at each settlement date, based on changes in circumstances.

###### (9) Lessee's incremental borrowing rate

For a lease whose rate cannot be readily determined, the Company adopts lessee's incremental borrowing rate as the discount rate in estimating the present value of the lease payment. When determining the incremental borrowing interest rate, the Company uses the observable interest rate as a reference basis for determining the incremental borrowing rate according to the economic environment in which it is located and, on this basis, adjusts the reference interest rate according to the specific circumstances of the lease business, such as its own conditions, the underlying asset's condition, the lease term and the amount of the lease liability for obtaining an appropriate incremental borrowing rate.

###### (10) Quality guarantee

The Company will make a reasonable estimate of the warranty rate for the contract combination with similar characteristics based on historical warranty data and current warranty conditions, taking into account all relevant information such as product improvement and market changes. The estimate of the warranty rate may not be equal to the actual warranty rate in the future. The Company re-evaluates the warranty rate at least on each balance sheet date and determines the estimated liabilities based on the re-evaluated warranty rate.

## NOTES TO THE FINANCIAL STATEMENTS OF 2023 (CONTINUED)

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### V SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES (CONTINUED)

#### (XLVI) Changes in significant accounting policies and accounting estimates

**1. Changes in significant accounting policies**

Applicable  Not Applicable

**2. Changes in significant accounting estimates**

Applicable  Not Applicable

**3. First implementation of the new accounting standards or the interpretation of the accounting standards in 2023 in relation with the adjustment of the financial statements at the beginning of the current year**

Applicable  Not Applicable

#### (XLVII) Others

Applicable  Not Applicable

### VI TAXATION

#### (I) Main taxes and tax rates

Main taxes and tax rates

Applicable  Not Applicable

Category	Tax determination basis	Tax rate (%)
Value-added tax	The VAT payable is the difference between output tax (calculated based on sales of goods and taxable service income under the tax laws) and the deductible input tax for the current period	6, 9, 13
Urban maintenance and construction tax	Levied on the basis of VAT and consumption tax actually paid	5, 7
Corporate income tax	Levied on the basis of taxable profits	15, 16.5, 20, 25

## NOTES TO THE FINANCIAL STATEMENTS OF 2023 (CONTINUED)

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### VI TAXATION (CONTINUED)

#### (I) Main taxes and tax rates (Continued)

Disclosure statement of taxable entities subject to different enterprise income tax rates

Applicable  Not Applicable

Name of taxable entities	Income tax rate (%)
CRSC INTERNATIONAL	16.5
CRSC Guangdong, Hong Kong and Macau (Guangzhou) Transportation Technology Co.	15
Beijing Modern Signal Engineering Consulting Co.	15
Beijing Railway Signal Co.	15
CRSCD	15
Tianshui Railway Cable Co.	15
Jiaozuo Railway Cable Co.	15
Changsha Railway	15
Shenyang Railway Signal Co.	15
Tianjin Railway Signal Co.	15
Xi'an Railway Signal Co.	15
Shanghai Railway Communication Co.	15
Shanghai D'lota Electronic & Electrical Equipment Co.	15
Casco	15
Chengdu Railway Communication Equipment Co.	15
Casco Signal (Chengdu) Co.	15
Casco Signal (Zhengzhou) Co.	15
Beijing Norrath Stantefon Communication Equipment Co.	15

## NOTES TO THE FINANCIAL STATEMENTS OF 2023 (CONTINUED)

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### VI TAXATION (CONTINUED)

#### (I) Main taxes and tax rates (Continued)

Name of taxable entities	Income tax rate (%)
CRSC Group	15
CRSC Communication & Information Group Shanghai Company Ltd.	15
CRSC Information Industry Co., Ltd.	15
CRSC Smart City Research & Design Institute Co., Ltd.	15
Beijing National Railway Brilliance Communication Technology Co., Ltd.	15
Changsha Architectural Design Institute Co., Ltd.	15
CRSC Engineering Bureau Group Construction Engineering Co., Ltd.	15
Tongzhou Engineering Bureau Group Tianjin Equipment Technology Co., Ltd.	15
CRSC Engineering Bureau Group Beijing Research and Design Laboratory Center Co., Ltd.	15
Shanghai China Railway Communication & Signal Testing Co., Ltd.	15
CRSC Wanquan Signal Equipment Co., LTD.	15
Shanghai Xinhai Xintong Information Technology Co., Ltd.	15
Urban Rail Transit	15
Xi'an Quanlutonghao Equipment Research Co., Ltd.	15
Xi'an Tonghao Railway Signaling Products Inspection Station Co., Ltd.	20
Kunming China Railway Innovation and New Construction Project Management Co., Ltd.	20
CRSC (Jiangsu) Smart City Industry Research Institute Co., Ltd.	20
Zhengzhou Zhongyuan Railway Railway Transportation Operation and Maintenance Co., Ltd.	20
Casco (Xi'an) Co., Ltd.	20
Casco (Wuhan) Co., Ltd.	20
Casco (Xuzhou) Co., Ltd.	20

## NOTES TO THE FINANCIAL STATEMENTS OF 2023 (CONTINUED)

31 December 2023

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### VI TAXATION (CONTINUED)

#### (II) Tax preference

Applicable  Not Applicable

##### 1. **Refund-upon-collection policy for VAT for software enterprises**

According to the Notice of the State Council on Issuing Several Policies on Further Encouraging the Development of the Software and Integrated Circuit Industries (Guo Fa [2011] No. 4) issued by the State Council, CRSCD, Beijing Railway Signal Co., CASCO, CRSCC, Beijing Norrath Stantefon Communication Equipment Co., Urban Rail Transit enjoy the refund-upon-collection policy for the portion of VAT exceeding 3% for software enterprises.

##### 2. **Tax preferential policy for high-new technology enterprises**

- (1) CRSC Guangdong-Hong Kong-Macao (Guangzhou) Transportation Technology Co., Ltd. applied and was finally recognised as a high-new technology enterprise in 2020. The company submitted the high-tech enterprise qualification review materials to the competent authorities in 2023 and obtained the updated high-new technology enterprise certificate on 28 December 2023. is valid for three years. The company shall pay enterprise income tax at the preferential tax rate of 15% from 2023 to 2025.
- (2) Beijing Xiandai Signal & Communication Engineering Consulting Ltd. applied and was finally recognised as a high-new technology enterprise in 2014. The company submitted the high-tech enterprise qualification review materials to the competent authorities in 2023 and obtained the updated high-new technology enterprise certificate on 20 December 2023. The certificate is valid for three years. The company shall pay enterprise income tax at the preferential tax rate of 15% from 2023 to 2025.
- (3) Beijing Railway Signal Co., Ltd. applied and was finally recognised as a high-new technology enterprise in 2011. The company submitted the high-tech enterprise qualification review materials to the competent authorities in 2023 and obtained the updated high-new technology enterprise certificate on 2 December 2023. The certificate is valid for three years. The company shall pay enterprise income tax at the preferential tax rate of 15% from 2023 to 2025.
- (4) CRSCD applied and was finally recognised as a high-new technology enterprise in 2011. The company submitted the high-tech enterprise qualification review materials to the competent authorities in 2023 and obtained the updated high-new technology enterprise certificate on 26 October 2023. The certificate is valid for three years. The company shall pay enterprise income tax at the preferential tax rate of 15% from 2023 to 2025.

# NOTES TO THE FINANCIAL STATEMENTS OF 2023 (CONTINUED)

31 December 2023

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## VI TAXATION (CONTINUED)

### (II) Tax preference (Continued)

#### 2. Tax preferential policy for high-new technology enterprises (Continued)

- (5) Tianshui Railway Cable Co., Ltd. applied and was finally recognised as a high-new technology enterprise in 2012. The company submitted the high-tech enterprise qualification review materials to the competent authorities in 2021 and obtained the updated high-new technology enterprise certificate on 16 September 2021. The certificate is valid for three years. The company shall pay enterprise income tax at the preferential tax rate of 15% from 2021 to 2023.
- (6) Jiaozuo Railway Cable Co., Ltd. applied and was finally recognised as a high-new technology enterprise in 2013. The company submitted the high-tech enterprise qualification review materials to the competent authorities in 2022 and obtained the updated high-new technology enterprise certificate on 23 December 2022. The certificate is valid for three years. The company shall pay enterprise income tax at the preferential tax rate of 15% from 2022 to 2024.
- (7) CRSC Changsha Railway applied and was finally recognised as a high-new technology enterprise in 2017. The company submitted the high-tech enterprise qualification review materials to the competent authorities in 2023 and obtained the updated high-new technology enterprise certificate on 16 October 2023. The certificate is valid for three years. The company shall pay enterprise income tax at the preferential tax rate of 15% from 2023 to 2025.
- (8) Shenyang Railway Signal Co., Ltd. applied and was finally recognised as a high-new technology enterprise in 2012. The company submitted the high-tech enterprise qualification review materials to the competent authorities in July 2021 and obtained the updated high-new technology enterprise certificate on 14 December 2021. The certificate is valid for three years. The company shall pay enterprise income tax at the preferential tax rate of 15% from 2021 to 2023.
- (9) Tianjin Railway Signal Co., Ltd. applied and was finally recognised as a high-new technology enterprise in 2012. The company submitted the high-tech enterprise qualification review materials to the competent authorities in 2021 and obtained the updated high-new technology enterprise certificate on 9 October 2021. The certificate is valid for three years. The company shall pay enterprise income tax at the preferential tax rate of 15% from 2021 to 2023.
- (10) Xi'an Railway Signal Co., Ltd. applied and was finally recognised as a high-new technology enterprise in 2015. The company submitted the high-tech enterprise qualification review materials to the competent authorities in 2021 and obtained the updated high-new technology enterprise certificate on 25 December 2021. The certificate is valid for three years. The company shall pay enterprise income tax at the preferential tax rate of 15% from 2021 to 2023.

## NOTES TO THE FINANCIAL STATEMENTS OF 2023 (CONTINUED)

31 December 2023

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### VI TAXATION (CONTINUED)

#### (II) Tax preference (Continued)

##### 2. Tax preferential policy for high-new technology enterprises (Continued)

- (11) Shanghai Railway Communication Co., Ltd. applied and was finally recognised as a high-new technology enterprise in 2011. The company submitted the high-tech enterprise qualification review materials to the competent authorities in 2023 and obtained the updated high-new technology enterprise certificate on 12 December 2023. The certificate is valid for three years. The company shall pay enterprise income tax at the preferential tax rate of 15% from 2023 to 2025.
- (12) Shanghai DEUTA Electronic & Electrical Equipment Co., Ltd. applied and was finally recognised as a high-new technology enterprise in 2012. The company submitted the high-tech enterprise qualification review materials to the competent authorities in 2021 and obtained the updated high-new technology enterprise certificate on 13 September 2021. The certificate is valid for three years. The company shall pay enterprise income tax at the preferential tax rate of 15% from 2021 to 2023.
- (13) CASCO applied and was finally recognised as a high-new technology enterprise in 2014. The company submitted the high-tech enterprise qualification review materials to the competent authorities in 2023, and obtained the updated high-new technology enterprise certificate on 15 November 2023. The certificate is valid for three years. The company shall pay enterprise income tax at the preferential tax rate of 15% from 2023 to 2025.
- (14) Chengdu Railway Communication Equipment Co., Ltd. applied and was finally recognised as a high-new technology enterprise in 2014. The company submitted the high-tech enterprise qualification review materials to the competent authorities in 2023, and obtained the updated high-new technology enterprise certificate on 16 October 2023. The certificate is valid for three years. The company shall pay enterprise income tax at the preferential tax rate of 15% from 2023 to 2025.
- (15) CASCO Signal (Chengdu) Co., Ltd. applied in 2019 and was finally recognised as a high-new technology enterprise on 28 November 2019. The Company submitted the high-tech enterprise qualification review materials to the competent authorities in 2022, and obtained the updated high-new technology enterprise certificate on 2 November 2022. The certificate is valid for three years. CASCO Signal (Chengdu) Co., Ltd. shall pay enterprise income tax at the preferential tax rate of 15% from 2022 to 2024.

# NOTES TO THE FINANCIAL STATEMENTS OF 2023 (CONTINUED)

31 December 2023

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## VI TAXATION (CONTINUED)

### (II) Tax preference (Continued)

#### 2. Tax preferential policy for high-new technology enterprises (Continued)

- (16) CASCO Signal (Zhengzhou) Co., Ltd. applied in 2021 and was finally recognised as a high-new technology enterprise and obtained the high-new technology enterprise certificate on 28 October 2021. The certificate is valid for three years. CASCO Signal (Zhengzhou) Co., Ltd. shall pay enterprise income tax at the preferential tax rate of 15% from 2021 to 2023.
- (17) Beijing Nera Stentofon Communication Equipment Co., Ltd. applied and was finally recognised as a high-new technology enterprise in 2011. The company submitted the high-tech enterprise qualification review materials to the competent authorities in 2023, and obtained the updated high- new technology enterprise certificate on 20 December 2023. The certificate is valid for three years. The company shall pay enterprise income tax at the preferential tax rate of 15% from 2023 to 2025.
- (18) CRSCC applied and was finally recognised as a high-new technology enterprise in 2011. The company submitted the high-tech enterprise qualification review materials to the competent authorities in 2023, and obtained the updated high- new technology enterprise certificate on 30 November 2023. The certificate is valid for three years. The company shall pay enterprise income tax at the preferential tax rate of 15% from 2023 to 2025.
- (19) CRSC Communication & Information Group Shanghai Company Ltd. applied and was finally recognised as a high-new technology enterprise in 2014. The company submitted the high-tech enterprise qualification review materials to the competent authorities in 2023, and obtained the updated high-new technology enterprise certificate on 12 December 2023. The certificate is valid for three years. The company shall pay enterprise income tax at the preferential tax rate of 15% from 2023 to 2025.
- (20) CRSC Information Industry Co., Ltd. applied and was finally recognised as a high-new technology enterprise in 2015. The company submitted the high-tech enterprise qualification review materials to the competent authorities in 2021, and obtained the updated high-new technology enterprise certificate on 25 October 2021. The certificate is valid for three years. The company shall pay enterprise income tax at the preferential tax rate of 15% from 2021 to 2023.

## NOTES TO THE FINANCIAL STATEMENTS OF 2023 (CONTINUED)

31 December 2023

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### VI TAXATION (CONTINUED)

#### (II) Tax preference (Continued)

##### 2. Tax preferential policy for high-new technology enterprises (Continued)

- (21) CRSC Institute of Smart City Research & Design applied and was finally recognised as a high-new technology enterprise in 2018. The company submitted the high-tech enterprise qualification review materials to the competent authorities in 2021, and obtained the updated high-new technology enterprise certificate on 25 October 2021. The certificate is valid for three years. The company shall pay enterprise income tax at the preferential tax rate of 15% from 2021 to 2023.
- (22) Beijing Guo Tie Hua Chen Communication Technology Co., Ltd. applied and was finally recognised as a high-new technology enterprise in 2020. The company submitted the high-tech enterprise qualification review materials to the competent authorities in 2023, and obtained the updated high-new technology enterprise certificate on 26 October 2023. The certificate is valid for three years. The company shall pay enterprise income tax at the preferential tax rate of 15% from 2023 to 2025.
- (23) Changsha Architectural Design Institute Co., Ltd. applied and was finally recognised as a high-new technology enterprise in 2020. The company submitted the high-tech enterprise qualification review materials to the competent authorities in 2023, and obtained the updated high-new technology enterprise certificate on 16 October 2023. The certificate is valid for three years. The company shall pay enterprise income tax at the preferential tax rate of 15% from 2023 to 2025.
- (24) CRSC Engineering Bureau Group Construction Engineering Co., Ltd. applied and was finally recognised as a high-new technology enterprise in 2016. The company submitted the high-tech enterprise qualification review materials to the competent authorities in 2022, and obtained the updated high-new technology enterprise certificate on 18 October 2022. The certificate is valid for three years. The company shall pay enterprise income tax at the preferential tax rate of 15% from 2022 to 2024.
- (25) CRSC Engineering Bureau Group Tianjin Equipment Engineering Ltd. applied and was finally recognised as a high-new technology enterprise in 2016. The company submitted the high-tech enterprise qualification review materials to the competent authorities in 2022, and obtained the updated high-new technology enterprise certificate on 15 November 2022. The certificate is valid for three years. The company shall pay enterprise income tax at the preferential tax rate of 15% from 2022 to 2024.

## NOTES TO THE FINANCIAL STATEMENTS OF 2023 (CONTINUED)

31 December 2023

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### VI TAXATION (CONTINUED)

#### (II) Tax preference (Continued)

##### 2. Tax preferential policy for high-new technology enterprises (Continued)

- (26) CRSCE Beijing Research & Design Experiment Center Ltd. applied and was finally recognised as a high-new technology enterprise in 2015. The company submitted the high-tech enterprise qualification review materials to the competent authorities in 2021, and obtained the updated high-new technology enterprise certificate on 21 December 2021. The certificate is valid for three years. The company shall pay enterprise income tax at the preferential tax rate of 15% from 2021 to 2023.
- (27) Shanghai Xinhaixin Information Technology Co., Ltd. applied and was finally recognised as a high-new technology enterprise in 2016. The Company submitted the high-tech enterprise qualification review materials to the competent authorities in 2022, and obtained the updated high-new technology enterprise certificate on 14 December 2022. The certificate is valid for three years. The Company shall pay enterprise income tax at the preferential tax rate of 15% from 2022 to 2024.
- (28) CRSC Wanquan Signal Equipment Co., LTD. applied and was finally recognised as a high-new technology enterprise in 2012. The company submitted the high-tech enterprise qualification review materials to the competent authorities in 2021, and obtained the updated high-new technology enterprise certificate on 16 December 2021. The certificate is valid for three years. The company shall pay enterprise income tax at the preferential tax rate of 15% from 2021 to 2023.
- (29) Shanghai China Railway Communication & Signal Testing Co., Ltd. applied and was finally recognised as a high-new technology enterprise in 2015. The company submitted the high-tech enterprise qualification review materials to the competent authorities in 2021, and obtained the updated high-new technology enterprise certificate on 18 November 2021. The certificate is valid for three years. The company shall pay enterprise income tax at the preferential tax rate of 15% from 2021 to 2023.
- (30) Urban Rail Transit applied and was finally recognised as a high-new technology enterprise in 2020. The company submitted the high-tech enterprise qualification review materials to the competent authorities in 2023, and obtained the updated high-new technology enterprise certificate on 26 October 2023. The certificate is valid for three years. The company shall pay enterprise income tax at the preferential tax rate of 15% from 2023 to 2025.

## NOTES TO THE FINANCIAL STATEMENTS OF 2023 (CONTINUED)

31 December 2023

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### VI TAXATION (CONTINUED)

#### (II) Tax preference (Continued)

##### 3. *Preferential taxation policies for the western development strategy*

According to the Announcement of the Ministry of Finance, the State Taxation Administration and the National Development and Reform Commission on Continuation of the Enterprise Income Tax Policies of Western Development (MOF Announcement [2020] No.23), from 1 January 2021 to 31 December 2030, an enterprise in western area engaged in industries encouraged is subject to the enterprise income tax rate of 15%. Xi'an Railway Signal Co., Ltd. and Xi'an Quanlutonghao Equipment Research Co., Ltd. are eligible for the preferential tax policies related to the western development strategy.

##### 4. *Preferential taxation policies for small low-profit enterprises*

According to the Announcement of the State Administration of Taxation on Issues Concerning the Implementation of Preferential Income Tax Policies to Support the Development of Small Low-Profit Enterprises and Individual Business (SAT Announcement [2021] No. 8) and Announcement of the Ministry of Finance and the State Administration of Taxation on Further Implementing the Preferential Income Tax Policies for Small and Micro Enterprises (Announcement No. 13 [2022] of the MOF and the SAT), from 1 January 2022 to 31 December 2024, the portion of annual taxable income of a small low-profit enterprise which does not exceed RMB1 million shall be calculated at a reduced rate of 12.5% as taxable income amount and shall be subject to EIT at 20% tax rate. The portion of annual taxable income of a small low-profit enterprise which exceeds RMB1 million but does not exceed RMB3 million shall be calculated at a reduced rate of 25% as taxable income amount and shall be subject to EIT at 20% tax rate. Xi'an Tonghao Railway Signal Product Inspection Station Co., Ltd., Kunming Zhongtie Innovation Construction Project Management Ltd., Nantong (Jiangsu) Smart City Industry Research Institute Co., Ltd., Zhengzhou Zhongyuan Railway Rail Transit Operation & Maintenance Co., Ltd., CASCO (Xi'an) Co., Ltd., CASCO (Wuhan) Co., Ltd. and CASCO (Xuzhou) Co., Ltd. were eligible for the preferential tax policies for small low-profit enterprises.

# NOTES TO THE FINANCIAL STATEMENTS OF 2023 (CONTINUED)

31 December 2023

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## VI TAXATION (CONTINUED)

### (II) Tax preference (Continued)

#### 5. Additional input VAT deduction policy

- (1) Pursuant to the Article 7 of the Announcement of the Ministry of Finance, the State Taxation Administration and the General Administration of Customs on Relevant Policies for Deepening the VAT Reform (財政部稅務總局海關總署關於深化增值稅改革有關政策的公告) (Announcement [2019] No. 39 of Ministry of Finance, State Taxation Administration and General Administration of Customs), with effect from April 1, 2019 to December 31, 2021, for taxpayers in production and consumer-oriented service industries, the tax payable shall be deducted after a 10% increase in the current deductible input tax. In accordance with the Announcement of the Ministry of Finance and the State Taxation Administration on Relevant VAT Policies for Promoting the Resolution of Difficulties so as to Develop the Difficulty-Ridden Industries in the Service Sector (《關於促進服務業領域困難行業紓困發展有關增值稅政策的公告》) (Announcement [2022] No. 11), the additional tax credit policy for taxpayers in production and consumer-oriented service industries will extend to December 31, 2023. CRSCD, Beijing Xiandai Signal & Communication Engineering Consultant Ltd., Xi'an Tonghao Railway Signal Product Inspection Station Co., Ltd., CRSC Beijing Tendering, CRSC (Beijing) Tendering Company Ltd., CRSCE Beijing Research & Design Experiment Center Ltd., Changsha Architectural Design Institute Co., Ltd., Shanghai Xinhai Information Transportation Information Technology Co., Ltd., and Shanghai China Railway Communication & Signal Testing Co., Ltd. enjoy the additional tax credit policy.
- (2) Pursuant to the Announcement of the Ministry of Finance and the State Taxation Administration on Additional Value-Added Tax Credit Policy for Advanced Manufacturing Enterprises (Announcement [2023] No. 43 of Ministry of Finance and State Taxation Administration, from 1 January 2023 to 31 December 2027, an advanced manufacturing enterprise is allowed to credit the amount of input tax creditable in the current period plus 5% thereof against the amount of tax payable (hereinafter referred to as the "additional tax credit policy"). Jiaozuo Railway Cable Co., Ltd., Beijing Railway Signal Co., Ltd., Shenyang Railway Signal Co., Ltd., Xi'an Railway Signal Co., Ltd., Shanghai Railway Communication Co., Ltd., Tianjin Railway Signal Co., Ltd., and CRSC Communication & Information Group Shanghai Company Ltd. enjoy the input VAT credit policy.

### (III) Others

Applicable  Not Applicable

# NOTES TO THE FINANCIAL STATEMENTS OF 2023 (CONTINUED)

31 December 2023

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## VII NOTES TO ITEMS IN THE CONSOLIDATED FINANCIAL STATEMENTS

### (I) Cash and bank balances

Applicable  Not Applicable

Unit: Yuan Currency: RMB

Item	Closing balance	Opening balance
Cash on hand	455,776.05	567,662.59
Bank deposits	21,981,471,414.76	21,816,914,263.80
Other monetary funds	592,116,511.38	397,889,411.42
Total	<u>22,574,043,702.19</u>	<u>22,215,371,337.81</u>
Including: Total amount deposited abroad	<u>125,626,865.60</u>	<u>222,080,697.67</u>

The relationship between the Company's monetary funds and cash and cash equivalents is as follows:

Item	Closing balance	Opening balance
Closing balance of monetary funds for the period/year	22,574,043,702.19	22,215,371,337.81
Less: Monetary funds with unrestricted usage rights but not belonging to cash and cash equivalents	5,956,341,873.50	4,516,562,880.55
Less: Restricted monetary funds	597,589,132.57	457,150,025.99
Closing balance of cash and cash equivalents for the period/year	<u>16,020,112,696.12</u>	<u>17,241,658,431.27</u>

- Notes: 1. As at 31 December 2023, the Company's cash and bank balances deposited abroad were RMB125,626,865.60. (31 December 2022: RMB222,080,697.67).
2. As at 31 December 2023, the Company's restricted cash and bank balances were RMB597,589,132.57. (31 December 2022: RMB457,150,025.99), please see Note "VII. (XXXI)."
3. The monetary funds with unrestricted usage rights but not belonging to cash and cash equivalents are mainly non-pledged/secured and unrestricted time deposits with maturity of three months or above.
4. Interest income from demand deposits is earned at the bank's interest rate on the demand deposits. The Company determines the period of maturity of short-term time deposit on the basis of its needs for cash and earns the interest income at the bank's corresponding interest rate on the time deposits.

## NOTES TO THE FINANCIAL STATEMENTS OF 2023 (CONTINUED)

31 December 2023

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### VII NOTES TO ITEMS IN THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

**(II) Held-for-trading financial assets**

Applicable  Not Applicable

**(III) Derivative financial assets**

Applicable  Not Applicable

**(IV) Notes receivable**

**1. Classified presentation of notes receivable**

Applicable  Not Applicable

Unit: Yuan Currency: RMB

Item	Closing balance	Opening balance
Banker acceptance bills	188,802,439.78	–
Commercial acceptance notes	873,128,947.33	1,719,529,983.55
Less: Provision for bad debt	3,304,148.71	5,158,589.95
Total	1,058,627,238.40	1,714,371,393.60

**1. Notes receivable pledged by the Company at the end of the period**

Applicable  Not Applicable

Unit: Yuan Currency: RMB

Item	Amount pledged at the end of the period
Bank acceptance bills	91,215,838.81
Commercial acceptance notes	267,557,953.13
Total	358,773,791.94

## NOTES TO THE FINANCIAL STATEMENTS OF 2023 (CONTINUED)

31 December 2023

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### VII NOTES TO ITEMS IN THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

#### (IV) Notes receivable (Continued)

**2. Notes receivable endorsed or discounted by the Company at the end of the period and not yet due on the balance sheet date**

Applicable  Not Applicable

Unit: Yuan Currency: RMB

Item	Amount derecognized at the end of the period	Amount not derecognized at the end of the period
Bank acceptance bills	-	91,215,838.81
Commercial acceptance notes	-	267,557,953.13
	-	-
Total	-	358,773,791.94

**3. Disclosure by classification with the method of provision of bad debts**

Applicable  Not Applicable

Single provision for bad debt:

Applicable  Not Applicable

Provision withdrawn for bad debt on a combination basis:

Applicable  Not Applicable

Provision withdrawn for bad debts based on general model of expected credit losses

Applicable  Not Applicable

Descriptions of significant changes in the carrying amount of accounts receivable for which the allowance for loss has changed in the period:

Applicable  Not Applicable

# NOTES TO THE FINANCIAL STATEMENTS OF 2023 (CONTINUED)

31 December 2023

RMB

## VII NOTES TO ITEMS IN THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

### (IV) Notes receivable (Continued)

#### 4. Provision for bad debt

Applicable  Not Applicable

Significant amounts recovered or reversed to bad debts in the period:

Applicable  Not Applicable

#### 5. Write-off of notes receivable for the period

Applicable  Not Applicable

Write-off of significant notes receivable:

Applicable  Not Applicable

Explanation on the write-off of notes receivable:

Applicable  Not Applicable

Other explanation

Applicable  Not Applicable

# NOTES TO THE FINANCIAL STATEMENTS OF 2023 (CONTINUED)

31 December 2023

RMB

## VII NOTES TO ITEMS IN THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

### (V) Accounts receivable

#### 1. Disclosure by aging on recording dates

Applicable  Not Applicable

Unit: Yuan Currency: RMB

Aging	Closing gross carrying amount	Book balance at the beginning of the period
Within 1 year	14,931,237,683.76	16,343,582,721.33
1 to 2 years	5,344,595,684.88	4,109,998,298.01
2 to 3 years	2,365,701,661.44	1,718,830,007.62
Over 3 years	1,839,881,498.95	1,714,307,866.33
Subtotal	24,481,416,529.03	23,886,718,893.29
Less: Provision for bad debt	1,605,868,922.94	1,214,637,695.74
Total	22,875,547,606.09	22,672,081,197.55

#### 2. Disclosure by the method of provision of bad debts

Applicable  Not Applicable

Unit: Yuan Currency: RMB

Category	Closing balance				Opening balance					
	Gross carrying amount		Provision for bad debt		Gross carrying amount		Provision for bad debt		Carrying amount	
	Amount	Proportion (%)	Amount	Percentage of provision (%)	Amount	Proportion (%)	Amount	Percentage of provision (%)		
Single provision for bad debt	474,812,405.74	1.94	408,995,657.16	86.14	65,816,748.58	676,351,805.51	2.83	62,885,832.31	9.30	613,465,973.20
Provision withdrawn for bad debt on a combination basis	24,006,604,123.29	98.06	1,196,873,265.78	4.99	22,809,730,857.51	23,210,367,087.78	97.17	1,151,751,863.43	4.96	22,058,615,224.35
Total	24,481,416,529.03	/	1,605,868,922.94	/	22,875,547,606.09	23,886,718,893.29	/	1,214,637,695.74	/	22,672,081,197.55

## NOTES TO THE FINANCIAL STATEMENTS OF 2023 (CONTINUED)

31 December 2023

RMB

### VII NOTES TO ITEMS IN THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

#### (V) Accounts receivable (Continued)

##### 2. Disclosure by the method of provision of bad debts (Continued)

Single provision for bad debt:

Applicable  Not Applicable

31 December 2023

Unit: Yuan Currency: RMB

Name	Closing balance			Reasons for making provision
	Gross carrying amount	Provision for bad debt	Percentage of provision (%)	
Single provision for bad debt	474,812,405.74	408,995,657.16	86.14	-
Total	474,812,405.74	408,995,657.16	86.14	-

31 December 2022

Name	Closing balance			Reasons for making provision
	Gross carrying amount	Provision for bad debt	Percentage of provision (%)	
Single provision for bad debt	676,351,805.51	62,885,832.31	9.30	-
Total	676,351,805.51	62,885,832.31	9.30	-

Descriptions of single provision for bad debt:

Applicable  Not Applicable

## NOTES TO THE FINANCIAL STATEMENTS OF 2023 (CONTINUED)

31 December 2023

RMB

### VII NOTES TO ITEMS IN THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

#### (V) Accounts receivable (Continued)

##### 2. Disclosure by the method of provision of bad debts (Continued)

Provision withdrawn for bad debt on a combination basis:

Applicable  Not Applicable

31 December 2023

Unit: Yuan Currency: RMB

Name	Closing balance		
	Accounts receivable	Provision for bad debt	Percentage of provision (%)
Within 1 year	14,926,608,841.56	73,095,306.82	0.49
1 to 2 years	5,344,126,417.97	265,330,847.63	4.96
2 to 3 years	2,255,087,741.18	221,693,065.19	9.83
Over 3 years	1,480,781,122.58	636,754,046.14	43.00
Total	24,006,604,123.29	1,196,873,265.78	/

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Name	Closing balance		
	Accounts receivable	Provision for bad debt	Percentage of provision (%)
Within 1 year	16,069,742,935.48	80,348,714.68	0.50
1 to 2 years	3,996,658,079.58	199,832,903.97	5.00
2 to 3 years	1,682,936,273.45	168,293,627.34	10.00
Over 3 years	1,461,029,799.27	703,276,617.44	48.14
Total	23,210,367,087.78	1,151,751,863.43	/

## NOTES TO THE FINANCIAL STATEMENTS OF 2023 (CONTINUED)

31 December 2023

RMB

### VII NOTES TO ITEMS IN THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

#### (V) Accounts receivable (Continued)

##### 2. Disclosure by the method of provision of bad debts (Continued)

Descriptions of provision withdrawn for bad debt on a combination basis:

Applicable  Not Applicable

Provision withdrawn for bad debts based on general model of expected credit losses

Applicable  Not Applicable

Descriptions of significant changes in the carrying amount of accounts receivable for which the allowance for loss has changed during the Reporting Period:

Applicable  Not Applicable

## NOTES TO THE FINANCIAL STATEMENTS OF 2023 (CONTINUED)

31 December 2023

RMB

### VII NOTES TO ITEMS IN THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

#### (V) Accounts receivable (Continued)

##### 3. Provision for bad debts

Applicable  Not Applicable

31 December 2023

Unit: Yuan Currency: RMB

Category	Increase/decrease during the period				Closing balance
	Provision	Recovery or reversal	Write-off or cancellation	Other changes	
Single provision for bad debt	62,885,832.31	346,109,824.85	-	-	408,995,657.16
Provision withdrawn for bad debt on a combination basis by credit risk characteristics	1,151,751,863.43	46,395,374.43	-	606,680.83	1,196,873,265.78
Total	1,214,637,695.74	392,505,199.28	-	606,680.83	1,605,868,922.94

31 December 2022

Category	Opening balance	Increase/decrease during the period			Closing balance
		Provision	Recovery or reversal	Write-off or cancellation	
Single provision for bad debt	64,217,847.44	13,498,918.88	5,459,094.01	9,371,840.00	62,885,832.31
Provision withdrawn for bad debt on a combination basis by credit risk characteristics	780,120,452.03	372,697,329.41	-	1,364,102.83	1,151,751,863.43
Total	844,338,299.47	386,196,248.29	5,459,094.01	10,735,942.83	1,214,637,695.74

Significant amounts recovered or reversed to bad debts in the period:

Applicable  Not Applicable

# NOTES TO THE FINANCIAL STATEMENTS OF 2023 (CONTINUED)

31 December 2023

RMB

## VII NOTES TO ITEMS IN THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

### (V) Accounts receivable (Continued)

#### 4. Write-off of accounts receivable for the period

Applicable  Not Applicable

Unit: Yuan Currency: RMB

Item	Write-off amount
Accounts receivable actually written off	<b>606,680.83</b>

Write-off of other significant accounts receivable

Applicable  Not Applicable

Explanation on the write-off of accounts receivable:

Applicable  Not Applicable

#### 5. Top five accounts receivable by closing balance of debtors

Applicable  Not Applicable

As at 31 December 2023, the total amount of top five accounts receivable and contract assets by closing balance of debtors amounted to RMB4,650,273,505.05 in total, accounting for 7.40% of the total closing balance of accounts receivable and contract assets. The closing balance of the corresponding provision for bad debt amounted to RMB28,393,007.70 in total.

As at 31 December 2022, the total amount of top five accounts receivable by closing balance of debtors amounted to RMB1,768,639,080.02 in total, accounting for 7.40% of the total closing balance of accounts receivable. The closing balance of the corresponding provision for bad debt amounted to RMB212,138,690.14 in total.

## NOTES TO THE FINANCIAL STATEMENTS OF 2023 (CONTINUED)

31 December 2023

RMB

### VII NOTES TO ITEMS IN THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

#### (V) Accounts receivable (Continued)

##### 6. Restricted accounts receivable

Applicable  Not Applicable

As at 31 December 2023, the Company pledged trade receivables of RMB634,223,818.22 and other non-current assets of RMB4,957,337,547.83 (31 December 2022: trade receivables of RMB465,060,456.80, other non-current assets: RMB4,739,035,785.79) pledged for obtaining long-term loans of RMB3,194,933,469.48 (31 December 2022: RMB3,464,075,719.17), please refer to “Note VII (XXXI)” for details.

#### (VI) Contract assets

##### 1. Information of contract assets

Applicable  Not Applicable

Unit: Yuan Currency: RMB

Item	Closing balance			Opening balance		
	Gross carrying	Provision for bad debt	Carrying amount	Gross carrying	Provision for bad debt	Carrying amount
Completed but not yet settled	<u>38,367,354,739.19</u>	<u>138,615,122.56</u>	<u>38,228,739,616.63</u>	<u>38,763,141,992.34</u>	<u>146,053,665.31</u>	<u>38,617,088,327.03</u>
Total	<u>38,367,354,739.19</u>	<u>138,615,122.56</u>	<u>38,228,739,616.63</u>	<u>38,763,141,992.34</u>	<u>146,053,665.31</u>	<u>38,617,088,327.03</u>

## NOTES TO THE FINANCIAL STATEMENTS OF 2023 (CONTINUED)

31 December 2023

RMB

### VII NOTES TO ITEMS IN THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

#### (VI) Contract assets (Continued)

**2. Amount of and reason for significant change in carrying amount within the Reporting Period**

Applicable  Not Applicable

**3. Disclosure by the method of provision for bad debts**

Applicable  Not Applicable

Single provision for bad debt:

Applicable  Not Applicable

Descriptions of single provision for bad debt:

Applicable  Not Applicable

Provision withdrawn for bad debt on a combination basis:

Applicable  Not Applicable

Provision withdrawn for bad debts based on general model of expected credit losses

Applicable  Not Applicable

Descriptions of significant changes in the carrying amount of contract assets for which the allowance for loss has changed in the period:

Applicable  Not Applicable

## NOTES TO THE FINANCIAL STATEMENTS OF 2023 (CONTINUED)

31 December 2023

RMB

### VII NOTES TO ITEMS IN THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

#### (VI) Contract assets (Continued)

##### 4. Provision for impairment of contract assets in the period

Applicable  Not Applicable

2023

Unit: Yuan Currency: RMB

Item	Opening balance of last year	Provision for the period	Recovery or reversal for the period	Cancellation or write-off for the period	Others	Closing balance
Completed but not yet settled	146,053,665.31	3,719,415.67	11,152,140.18	–	-5,818.24	138,615,122.56
Total	146,053,665.31	3,719,415.67	11,152,140.18	–	-5,818.24	138,615,122.56

2022

Unit: Yuan Currency: RMB

Item	Opening balance of last year	Provision for the period	Reversal for the period	Cancellation or write-off for the period	Others	Closing balance
Completed but not yet settled	183,186,502.16	-37,155,672.08	–	–	22,835.23	146,053,665.31
Total	183,186,502.16	-37,155,672.08	–	–	22,835.23	146,053,665.31

Notes:

- Contract assets of the Company are derived from provision of construction services to customers and recognition of revenue over a period of time. At time of settlement of project-related payments, any such contract asset turns into the unconditional right to collect payments and is transferred into the receivables.
- As at 31 December 2023, the expected credit loss rate of the contract assets was 0.36% (31 December 2022: 0.38%)

Including significant amounts of provision for bad debts recovered or reversed in the period:

Applicable  Not Applicable

# NOTES TO THE FINANCIAL STATEMENTS OF 2023 (CONTINUED)

31 December 2023

RMB

## VII NOTES TO ITEMS IN THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

### (VI) Contract assets (Continued)

#### 5. Write-off of contract assets for the period

Applicable  Not Applicable

Write-off of significant contract assets

Applicable  Not Applicable

Explanation on the write-off of contract assets:

Applicable  Not Applicable

Other explanation:

Applicable  Not Applicable

### (VII) Receivable for financing

#### 1. Classified presentation of receivable for financing

Applicable  Not Applicable

Unit: Yuan Currency: RMB

Item	Closing balance	Opening balance
Bank acceptance bills	374,075,903.41	652,778,029.27
Other credit instruments measured at fair value through other comprehensive income	598,643,422.87	396,187,742.58
Total	972,719,326.28	1,048,965,771.85

Note: The Company endorses or discounts certain bank acceptance bills in its daily treasury management. The business model for managing the aforementioned notes receivable and other credit instruments aims at both the collection and sales of contractual cash flows; therefore, the Company reclassifies these notes receivable and other credit instruments as financial assets at fair value through other comprehensive income, and presents them as receivable for financing.

## NOTES TO THE FINANCIAL STATEMENTS OF 2023 (CONTINUED)

31 December 2023

RMB

### VII NOTES TO ITEMS IN THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

#### (VII) Receivable for financing (Continued)

##### 2. Notes receivable pledged by the Company at the end of the period

Applicable  Not Applicable

Unit: Yuan Currency: RMB

Item	Amount pledged at the end of the period
Other credit instruments measured at fair value through other comprehensive income	500,000.00
Total	500,000.00

##### 3. Notes receivable endorsed or discounted by the Company at the end of the period and not yet due on the balance sheet date

Applicable  Not Applicable

Unit: Yuan Currency: RMB

Item	Amount derecognized at the end of the period	Amount not derecognized at the end of the period
Bank acceptance bills	439,903,335.27	-
Other credit instruments measured at fair value through other comprehensive income	68,522,549.52	500,000.00
Total	508,425,884.79	500,000.00

# NOTES TO THE FINANCIAL STATEMENTS OF 2023 (CONTINUED)

31 December 2023

RMB

## VII NOTES TO ITEMS IN THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

### (VII) Receivable for financing (Continued)

#### 4. Disclosure by classification with the method of provision of bad debts

Applicable  Not Applicable

Single provision for bad debt:

Applicable  Not Applicable

Descriptions of single provision for bad debt:

Applicable  Not Applicable

Provision withdrawn for bad debt on a combination basis:

Applicable  Not Applicable

Provision withdrawn for bad debts based on general model of expected credit losses

Applicable  Not Applicable

Descriptions of significant changes in the carrying amount of receivables for financing for which the allowance for loss has changed in the period:

Applicable  Not Applicable

#### 5. Provision for bad debt

Applicable  Not Applicable

Significant amounts recovered or reversed to bad debts in the period:

Applicable  Not Applicable

# NOTES TO THE FINANCIAL STATEMENTS OF 2023 (CONTINUED)

31 December 2023

RMB

## VII NOTES TO ITEMS IN THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

### (VII) Receivable for financing (Continued)

#### 6. Write-off of notes receivable for the period

Applicable  Not Applicable

Write-off of significant notes receivables for financing

Applicable  Not Applicable

Explanation on write-off:

Applicable  Not Applicable

#### 7. The increase/decrease and fair value change of receivables for financing in the period:

Applicable  Not Applicable

#### 8. Other explanation:

Applicable  Not Applicable

### (VIII) Prepayments

#### 1. Prepayments set out by aging

Applicable  Not Applicable

Unit: Yuan Currency: RMB

Aging	Closing balance		Opening balance	
	Amount	Proportion (%)	Amount	Proportion (%)
Within 1 year	875,818,869.02	80.90	922,232,174.09	81.22
1 to 2 years	136,923,665.28	12.65	80,771,114.32	7.11
2 to 3 years	36,388,648.89	3.36	74,723,420.69	6.58
Over 3 years	33,460,303.17	3.09	57,803,886.19	5.09
Total	1,082,591,486.36	100.00	1,135,530,595.29	100.00

## NOTES TO THE FINANCIAL STATEMENTS OF 2023 (CONTINUED)

31 December 2023

RMB

### VII NOTES TO ITEMS IN THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

#### (VIII) Prepayments (Continued)

##### 2. Top five prepayments by closing balance of prepaid parties

Applicable  Not Applicable

- (1) As at 31 December 2023, the total amount of top five prepayments by closing balance of prepaid parties amounted to RMB169,810,543.29, accounting for 15.69% of the closing balance of the total prepayments.
- (2) As at 31 December 2022, the total amount of top five prepayments by closing balance of prepaid parties amounted to RMB235,149,747.35, accounting for 20.71% of the closing balance of the total prepayments.

##### 3. Other explanation

Applicable  Not Applicable

#### (IX) Other receivables

##### Presentation of item

Applicable  Not Applicable

Unit: Yuan Currency: RMB

Item	Closing balance	Opening balance
Interests receivable	—	3,628,769.52
Dividends receivable	5,100,000.00	6,075,000.00
Other receivables	1,531,462,573.61	1,569,685,535.44
Total	1,536,562,573.61	1,579,389,304.96

Other explanation:

Applicable  Not Applicable

## NOTES TO THE FINANCIAL STATEMENTS OF 2023 (CONTINUED)

31 December 2023

RMB

### VII NOTES TO ITEMS IN THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

#### (IX) Other receivables (Continued)

##### *Interest receivable*

##### 1. *Classification of interest receivable*

Applicable  Not Applicable

Unit: Yuan Currency: RMB

Item	Closing balance	Opening balance
Time deposits	—	3,184,111.13
Other items	—	444,658.39
Subtotal	—	3,628,769.52
Less: Provision for bad debt	—	—
 Total	—	3,628,769.52

##### 2. *Significant overdue interest*

Applicable  Not Applicable

##### 3. *Disclosure by the method of provision for bad debts*

Applicable  Not Applicable

Single provision for bad debt:

Applicable  Not Applicable

Descriptions of single provision for bad debt:

Applicable  Not Applicable

Provision withdrawn for bad debt on a combination basis:

Applicable  Not Applicable

## NOTES TO THE FINANCIAL STATEMENTS OF 2023 (CONTINUED)

31 December 2023

RMB

### VII NOTES TO ITEMS IN THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

#### (IX) Other receivables (Continued)

##### *Interest receivable (Continued)*

#### 4. **Provision withdrawn for bad debts based on general model of expected credit losses**

Applicable  Not Applicable

Descriptions of significant changes in the carrying amount of interests receivable for which the allowance for loss has changed in the period:

Applicable  Not Applicable

#### 5. **Provision for bad debts**

Applicable  Not Applicable

Significant amounts recovered or reversed to bad debts in the period:

Applicable  Not Applicable

#### 6. **Write-off of interest receivable for the period**

Applicable  Not Applicable

Write-off of significant interest receivable

Applicable  Not Applicable

Explanation on the write-off:

Applicable  Not Applicable

Other explanation:

Applicable  Not Applicable

## NOTES TO THE FINANCIAL STATEMENTS OF 2023 (CONTINUED)

31 December 2023

RMB

### VII NOTES TO ITEMS IN THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

#### (IX) Other receivables (Continued)

##### *Dividends receivable*

##### 1. *Dividends receivable*

Applicable  Not Applicable

Unit: Yuan Currency: RMB

Item (or investee)	Closing balance	Opening balance
Siemens Signaling Company Ltd.	5,100,000.00	6,075,000.00
Subtotal	5,100,000.00	6,075,000.00
Less: Provision for bad debt	—	—
Total	5,100,000.00	6,075,000.00

##### 2. *Significant dividends receivable with an age over 1 year*

Applicable  Not Applicable

##### 3. *Disclosure by the method of provision for bad debts*

Applicable  Not Applicable

Single provision for bad debt:

Applicable  Not Applicable

Descriptions of single provision for bad debt:

Applicable  Not Applicable

Provision withdrawn for bad debt on a combination basis:

Applicable  Not Applicable

# NOTES TO THE FINANCIAL STATEMENTS OF 2023 (CONTINUED)

31 December 2023

RMB

## VII NOTES TO ITEMS IN THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

### (IX) Other receivables (Continued)

#### *Dividends receivable (Continued)*

**4. Provision withdrawn for bad debts based on general model of expected credit losses**

Applicable  Not Applicable

Descriptions of significant changes in the carrying amount of dividends receivable for which the allowance for loss has changed in the period:

Applicable  Not Applicable

**5. Provision for bad debts**

Applicable  Not Applicable

Significant amounts recovered or reversed to bad debts in the period:

Applicable  Not Applicable

**6. Write-off of dividends receivable**

Applicable  Not Applicable

Write-off of significant dividends receivable

Applicable  Not Applicable

Explanation on the write-off:

Applicable  Not Applicable

Other explanation:

Applicable  Not Applicable

# NOTES TO THE FINANCIAL STATEMENTS OF 2023 (CONTINUED)

31 December 2023

RMB

## VII NOTES TO ITEMS IN THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

### (IX) Other receivables (Continued)

#### Other receivables

##### 1. Disclosure by aging

Applicable  Not Applicable

Unit: Yuan Currency: RMB

Aging	Book balance at the end of the period	Book balance at the beginning of the period
Within 1 year	709,237,751.27	802,293,479.43
1 to 2 years	249,603,552.07	203,244,683.38
2 to 3 years	119,391,447.65	115,315,539.90
Over 3 years	661,081,074.54	614,980,469.57
Subtotal	1,739,313,825.53	1,735,834,172.28
Less: Provision for bad debt	207,851,251.92	166,148,636.84
Total	<u>1,531,462,573.61</u>	<u>1,569,685,535.44</u>

##### 2. Classified by nature

Applicable  Not Applicable

Unit: Yuan Currency: RMB

Nature of accounts	Book balance at the end of the period	Book balance at the beginning of the period
Performance and tender bonds	1,139,241,481.87	1,131,203,828.85
Advance payments	82,487,631.93	172,895,626.84
Various deposits	115,248,856.80	119,739,953.20
Others	402,335,854.93	311,994,763.39
Subtotal	1,739,313,825.53	1,735,834,172.28
Less: Provision for bad debt	207,851,251.92	166,148,636.84
Total	<u>1,531,462,573.61</u>	<u>1,569,685,535.44</u>

## NOTES TO THE FINANCIAL STATEMENTS OF 2023 (CONTINUED)

31 December 2023

RMB

### VII NOTES TO ITEMS IN THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

#### (IX) Other receivables (Continued)

##### *Other receivables (Continued)*

##### 3. Provision for bad debt

Applicable  Not Applicable

2023

Unit: Yuan Currency: RMB

Provision for bad debt	Stage 1	Stage 2	Stage 3	Total
	12-month ECL	Lifetime ECL (non-credit impaired)	Lifetime ECL (credit-impaired)	
Amounts due as at 1 January 2023	13,397,307.04	14,991,612.87	137,759,716.93	166,148,636.84
Amounts due for the period as at 1 January 2023	-	-	-	-
- Transferred to stage 1	-	-	-	-
- Transferred to stage 2	-	-	-	-
- Reversed to stage 2	-	-	-	-
- Reversed to stage 1	-	-	-	-
Provision for the period	44,448,275.75	-	12,690,478.36	57,138,754.11
Reversal for the period	-	-14,991,612.87	-	-14,991,612.87
Write-off for the period	-	-	-	-
Cancellation for the period	-	-	-	-
Other changes	-444,526.16	-	-	-444,526.16
Amounts due as at 31 December 2023	57,401,056.63	-	150,450,195.29	207,851,251.92

## NOTES TO THE FINANCIAL STATEMENTS OF 2023 (CONTINUED)

31 December 2023

RMB

### VII NOTES TO ITEMS IN THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

#### (IX) Other receivables (Continued)

##### *Other receivables (Continued)*

##### **3. Provision for bad debt(Continued)**

2022

	Unit: Yuan Currency: RMB			
	Stage 1	Stage 2	Stage 3	
	12-month ECL	Lifetime ECL (non-credit impaired)	Lifetime ECL (credit-impaired)	Total
Amounts due as at 1 January 2022	31,685,499.23	18,477,101.40	70,690,622.78	120,853,223.41
Amounts due for the period as at				
1 January 2022	-7,622,448.03	-6,325,808.66	13,948,256.69	-
- Transferred to stage 2	-4,471,638.28	4,471,638.28	-	-
- Transferred to stage 3	-3,150,809.75	-10,797,446.94	13,948,256.69	-
Provision for the period	-10,665,744.16	2,840,320.13	53,196,285.34	45,370,861.31
Reversal for the period	-	-	-20,063.90	-20,063.90
Cancellation for the period	-	-	-55,383.98	-55,383.98
Other changes	-	-	-	-
Amounts due as at				
31 December 2022	<u>13,397,307.04</u>	<u>14,991,612.87</u>	<u>137,759,716.93</u>	<u>166,148,636.84</u>

## NOTES TO THE FINANCIAL STATEMENTS OF 2023 (CONTINUED)

31 December 2023

RMB

### VII NOTES TO ITEMS IN THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

#### (IX) Other receivables (Continued)

##### *Other receivables (Continued)*

##### 3. *Provision for bad debt(Continued)*

Significant changes in the carrying amount of other receivables for which the allowance for loss has changed in the period:

Applicable  Not Applicable

2023

Unit: Yuan Currency: RMB

	Stage 1	Stage 2	Stage 3	
	12-month ECL	Lifetime ECL (non-credit impaired)	Lifetime ECL (credit-impaired)	Total
Amounts due as at 1 January 2023	1,195,253,560.79	46,245,677.67	494,334,933.82	1,735,834,172.28
Amounts due for the period				
as at 1 January 2023	-	-	-	-
- Transferred to stage 1	-	-	-	-
- Transferred to stage 2	-	-	-	-
- Transferred to stage 3	-	-	-	-
Provision for the period	660,069,348.51	-	49,168,402.76	709,237,751.27
Derecognized	-582,819,293.45	-46,245,677.67	-67,872,181.72	-696,937,152.84
Other changes	-8,820,945.18	-	-	-8,820,945.18
Amounts due as at				
31 December 2023	<u>1,263,682,670.67</u>	<u>-</u>	<u>475,631,154.86</u>	<u>1,739,313,825.53</u>

## NOTES TO THE FINANCIAL STATEMENTS OF 2023 (CONTINUED)

31 December 2023

RMB

### VII NOTES TO ITEMS IN THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

#### (IX) Other receivables (Continued)

##### *Other receivables (Continued)*

##### **3. Provision for bad debt(Continued)**

2022

Unit: Yuan Currency: RMB

	Stage 1	Stage 2	Stage 3	
	12-month ECL	Lifetime ECL (non-credit impaired)	Lifetime ECL (credit-impaired)	Total
Amounts due as at 1 January 2022	1,098,891,380.93	36,232,060.42	72,800,213.01	1,207,923,654.36
Amounts due for the period				
as at 1 January 2022	-57,575,105.12	10,013,617.25	47,561,487.87	-
- Transferred to stage 1	-	-	-	-
- Transferred to stage 2	-35,066,581.95	35,066,581.95	-	-
- Transferred to stage 3	-22,508,523.17	-25,052,964.70	47,561,487.87	-
Increase for the period	802,293,479.43	-	374,028,616.92	1,176,322,096.35
Derecognized	-648,356,194.45	-	-55,383.98	-648,411,578.43
Cancellation for the period	-	-	-	-
Amounts due t 31 December 2022	<u>1,195,253,560.79</u>	<u>46,245,677.67</u>	<u>494,334,933.82</u>	<u>1,735,834,172.28</u>

Amount of provision for bad debts for the period and basis for evaluating whether credit risk of financial instruments increase significantly

Applicable  Not Applicable

## NOTES TO THE FINANCIAL STATEMENTS OF 2023 (CONTINUED)

31 December 2023

RMB

### VII NOTES TO ITEMS IN THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

#### (IX) Other receivables (Continued)

##### Other receivables (Continued)

#### 4. Provision for bad debts

Applicable  Not Applicable

2023

Unit: Yuan Currency: RMB

Categories	Opening balance	Increase/decrease during the period			Closing balance
		Provision	Recovery or reversal	Write-off or cancellation	
Provision for bad debts	166,148,636.84	57,138,754.11	14,991,612.87	–	207,851,251.92
Total	166,148,636.84	57,138,754.11	14,991,612.87	–	207,851,251.92

2022

Unit: Yuan Currency: RMB

Categories	Opening balance	Increase/decrease during the period			Closing balance
		Provision	Recovery or reversal	Write-off or cancellation	
Provision for bad debts	120,853,223.41	45,370,861.31	20,063.90	55,383.98	166,148,636.84
Total	120,853,223.41	45,370,861.31	20,063.90	55,383.98	166,148,636.84

## NOTES TO THE FINANCIAL STATEMENTS OF 2023 (CONTINUED)

31 December 2023

RMB

### VII NOTES TO ITEMS IN THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

#### (IX) Other receivables (Continued)

##### *Other receivables (Continued)*

##### **5. Write-off of other receivables for the period**

Applicable  Not Applicable

Write-off other significant receivables:

Applicable  Not Applicable

Explanation on the write-off of other receivables:

Applicable  Not Applicable

##### **6. Top five other receivables by closing balance of debtors**

Applicable  Not Applicable

As at 31 December 2023, the total amount of top five debtors with the largest closing balance of other receivables amounted to RMB651,654,631.45 in total, accounting for 37.47% of the total closing balance of other receivables. The closing balance of the corresponding provision for bad debt amounted to RMB69,693,038.63 in total.

As at 31 December 2022, the total amount of top five debtors with the largest closing balance of other receivables amounted to RMB600,237,485.61 in total, accounting for 34.58% of the total closing balance of other receivables. The closing balance of the corresponding provision for bad debt amounted to RMB75,864,312.08 in total.

## NOTES TO THE FINANCIAL STATEMENTS OF 2023 (CONTINUED)

31 December 2023

RMB

### VII NOTES TO ITEMS IN THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

#### (IX) Other receivables (Continued)

##### *Other receivables (Continued)*

##### 7. *Other receivables derecognized due to the transfer of financial assets*

Applicable  Not Applicable

Other explanation:

Applicable  Not Applicable

#### (X) Inventories

##### 1. *Inventories classification*

Applicable  Not Applicable

Unit: Yuan Currency: RMB

Item	Closing balance			Opening balance		
	Gross carrying amount	Provision for decline in value of inventories/ provision for impairment of contract performance cost	Carrying amount	Gross carrying amount	Provision for decline in value of inventories/ provision for impairment of contract performance cost	Carrying amount
Raw materials	1,360,066,346.37	5,706,790.43	1,354,359,555.94	1,022,956,286.06	5,316,687.27	1,017,639,598.79
Turnover materials	4,944,439.46	-	4,944,439.46	5,854,306.22	-	5,854,306.22
Materials for consigned processing	11,814,536.24	-	11,814,536.24	-	-	-
Self-made semi-finished products and work-in process	905,803,423.79	481,398.37	905,322,025.42	689,701,874.24	224,483.41	689,477,390.83
Finished goods	929,844,941.40	102,073.61	929,742,867.79	665,793,212.24	847.85	665,792,364.39
Total	3,212,473,687.26	6,290,262.41	3,206,183,424.85	2,384,305,678.76	5,542,018.53	2,378,763,660.23

## NOTES TO THE FINANCIAL STATEMENTS OF 2023 (CONTINUED)

31 December 2023

RMB

### VII NOTES TO ITEMS IN THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

#### (X) Inventories (Continued)

#### 2. Provision for decline in value of inventories and provision for impairment of contract performance cost

Applicable  Not Applicable

2023

Unit: Yuan Currency: RMB

Item	Opening balance	Increase during the period		Decrease during the period		Closing balance
		Provision	Others	Reversal or write-off	Others	
Raw materials	5,316,687.27	390,103.16	–	–	–	5,706,790.43
Self-made semi-finished products and work-in process	224,483.41	256,914.96	–	–	–	481,398.37
Finished goods	847.85	101,225.76	–	–	–	102,073.61
<b>Total</b>	<b>5,542,018.53</b>	<b>748,243.88</b>	<b>–</b>	<b>–</b>	<b>–</b>	<b>6,290,262.41</b>

2022

Unit: Yuan Currency: RMB

Item	Opening balance	Increase during the period		Decrease during the period		Closing balance
		Provision	Others	Reversal or write-off	Others	
Raw materials	5,362,466.80	–	–	45,779.53	–	5,316,687.27
Self-made semi-finished products and work-in process	252,878.98	–	–	28,395.57	–	224,483.41
Finished goods	847.85	–	–	–	–	847.85
Turnover materials	299.08	–	–	299.08	–	–
<b>Total</b>	<b>5,616,492.71</b>	<b>–</b>	<b>–</b>	<b>74,474.18</b>	<b>–</b>	<b>5,542,018.53</b>

## NOTES TO THE FINANCIAL STATEMENTS OF 2023 (CONTINUED)

31 December 2023

RMB

### VII NOTES TO ITEMS IN THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

#### (X) Inventories (Continued)

**2. Provision for decline in value of inventories and provision for impairment of contract performance cost (Continued)**

Reasons for reversal or write-off of inventory write-down for the period:

Applicable  Not Applicable

Provision for inventory write-down on a combination basis

Applicable  Not Applicable

Criteria for provision withdrawn for inventory write-down on a combination basis

Applicable  Not Applicable

**3. Amount and calculation of capitalized amount of the borrowing cost in the closing balance of inventories**

Applicable  Not Applicable

**4. Explanation about current amortization amount of contract performance cost**

Applicable  Not Applicable

Other explanation

Applicable  Not Applicable

#### (XI) Assets held for sale

Applicable  Not Applicable

## NOTES TO THE FINANCIAL STATEMENTS OF 2023 (CONTINUED)

31 December 2023

RMB

### VII NOTES TO ITEMS IN THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

#### (XII) Non-current assets due within one year

Applicable  Not Applicable

Unit: Yuan Currency: RMB

Item	Closing balance	Opening balance
Project quality deposit due within one year	63,401,801.70	104,421,906.64
Less: Provision for bad debt	114,613.69	169,369.27
Total	63,287,188.01	104,252,537.37

Debt investment due within one year

Applicable  Not Applicable

Other debt investment due within one year

Applicable  Not Applicable

#### (XIII) Other current assets

Applicable  Not Applicable

Unit: Yuan Currency: RMB

Item	Closing balance	Opening balance
VAT input to be deducted	881,448,099.10	903,887,537.87
Prepaid corporate income tax	25,438,654.20	42,026,337.76
Other prepaid tax	4,417,668.29	8,302,340.53
Total	911,304,421.59	954,216,216.16

## NOTES TO THE FINANCIAL STATEMENTS OF 2023 (CONTINUED)

31 December 2023

RMB

### VII NOTES TO ITEMS IN THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

#### (XIV) Debt investment

##### 1. Information of debt investment

Applicable  Not Applicable

Unit: Yuan Currency: RMB

Item	Closing balance			Opening balance		
	Carrying amount	Provision for impairment	Carrying amount	VAT input to be deducted	Provision for impairment	Carrying amount
Shandong Railway Development Fund Co., Ltd.	273,172,183.50	-	273,172,183.50	273,172,183.50	-	273,172,183.50
Total	273,172,183.50	-	273,172,183.50	273,172,183.50	-	273,172,183.50

Note: The Company completed its investment in Shandong Railway Development Fund Co., Ltd. On 28 January 2019, with the investment return to be paid by Shandong Development Fund as per 10% off the benchmark interest rate for more-than-5-year loans issued by PBOC (the prevailing interest rate  $4.9\% \times 0.9 = 4.41\%$ ), and the interest was commenced on a phased basis from the date on which such investment capital was received, subject to adjustment according to interest rate of the central bank in the end period. At the end of the tenth anniversary of the date on which the project cooperation is commenced (i.e., 28 January 2029), Shandong Railway Development Fund Co., Ltd. will receive the equity equivalent to the Company's original capital contribution in lump sum. Therefore, the Company mainly holds the investment for the purpose of obtain contractual cash flows, and cash flows generated on specific dates are solely for the payment of the investment principal and interests incurred from the outstanding amount, and they fall into financial assets measured at amortized cost, therefore, the investment is stated as debt investment.

The Company has assessed that its credit risk has not significantly increased since the initial recognition on the balance sheet date, therefore the Company did not make provision for impairment according to the amount equivalent to the ECL for the next 12 months.

Changes in provision for impairment of debt investments during the period

Applicable  Not Applicable

## NOTES TO THE FINANCIAL STATEMENTS OF 2023 (CONTINUED)

31 December 2023

RMB

### VII NOTES TO ITEMS IN THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

#### (XIV) Debt investment (Continued)

##### 2. Significant debt investments at the end of the period

Applicable  Not Applicable

##### 3. Provision for impairment

Applicable  Not Applicable

Explanation on significant changes in carrying amount of debt investments for which the provision for impairment has changed in the period:

Applicable  Not Applicable

Amount of provision for impairment for the period and basis for evaluating whether credit risk of financial instruments increase significantly

Applicable  Not Applicable

##### 4. Write-off of debt investments in the period:

Applicable  Not Applicable

Write-off of significant debt investments

Applicable  Not Applicable

Explanations on the write-off of debt investments:

Applicable  Not Applicable

Other explanation

Applicable  Not Applicable

## NOTES TO THE FINANCIAL STATEMENTS OF 2023 (CONTINUED)

31 December 2023

RMB

### VII NOTES TO ITEMS IN THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

#### (XV) Other debt investment

**1. Other debt investment**

Applicable  Not Applicable

Changes in provision for impairment of other debt investments

Applicable  Not Applicable

**2. Other significant debt investments at the end of the period**

Applicable  Not Applicable

**3. Provision for impairment**

Applicable  Not Applicable

Explanation on significant changes in carrying amount of other debt investments for which the provision for impairment has changed in the period:

Applicable  Not Applicable

Amount of provision for impairment for the period and basis for evaluating whether credit risk of financial instruments increase significantly

Applicable  Not Applicable

## NOTES TO THE FINANCIAL STATEMENTS OF 2023 (CONTINUED)

31 December 2023

RMB

### VII NOTES TO ITEMS IN THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

#### (XV) Other debt investment (Continued)

##### 4. *Write-off of other debt investments for the period*

Applicable  Not Applicable

Write-off of other significant debt investments

Applicable  Not Applicable

Explanation on write-off of other debt investments:

Applicable  Not Applicable

Other explanation:

Applicable  Not Applicable

## NOTES TO THE FINANCIAL STATEMENTS OF 2023 (CONTINUED)

31 December 2023

RMB

### VII NOTES TO ITEMS IN THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

#### (XVI) Long-term receivables

##### 1. Long-term receivables

Applicable  Not Applicable

Unit: Yuan Currency: RMB

Item	Closing balance			Opening balance			Discount rate
	Carrying amount	Provision for bad debt	Carrying amount	Carrying amount	Provision for bad debt	Carrying amount	
Receivables of "Build-Transfer" project	196,283,858.22	857,690.88	195,426,167.34	265,179,426.54	1,177,508.91	264,001,917.63	-
Project receivables	7,262,576,298.01	177,834,929.21	7,084,741,368.80	5,922,927,027.31	172,720,140.81	5,750,206,886.50	-
Subtotal	7,458,860,156.23	178,692,620.09	7,280,167,536.14	6,188,106,453.85	173,897,649.72	6,014,208,804.13	-
Less: Amount due within one year	33,452,249.26	4,342.55	33,447,906.71	104,421,906.64	169,369.27	104,252,537.37	-
Total	7,425,407,906.97	178,688,277.54	7,246,719,629.43	6,083,684,547.21	173,728,280.45	5,909,956,266.76	-

Note: The Company has entered into municipal engineering investment construction repurchase agreements with relevant government departments, where the relevant government departments have authorized the Company to undertake the investment and financing functions for the "build-transfer" projects and carry out municipal engineering construction. After the completion of the projects, they will be transferred to the relevant government departments, who will pay the repurchase funds within the specified period according to the repurchase agreements.

## NOTES TO THE FINANCIAL STATEMENTS OF 2023 (CONTINUED)

31 December 2023

RMB

### VII NOTES TO ITEMS IN THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

#### (XVI) Long-term receivables (Continued)

##### 2. *Disclosure by the method of provision for bad debts*

Applicable  Not Applicable

Single provision for bad debt:

Applicable  Not Applicable

Descriptions of single provision for bad debt:

Applicable  Not Applicable

Provision withdrawn for bad debt on a combination basis:

Applicable  Not Applicable

##### 3. *Provision withdrawn for bad debts based on general model of expected credit losses*

Applicable  Not Applicable

Explanation on significant changes in carrying amount of long-term receivables for which the provision for impairment has changed in the period:

Applicable  Not Applicable

Amount of provision for impairment for the period and basis for evaluating whether credit risk of financial instruments increase significantly

Applicable  Not Applicable

## NOTES TO THE FINANCIAL STATEMENTS OF 2023 (CONTINUED)

31 December 2023

RMB

### VII NOTES TO ITEMS IN THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

#### (XVI) Long-term receivables (Continued)

##### 4. Provision for bad debt

Applicable  Not Applicable

2023

Unit: Yuan Currency: RMB

Categories	Closing balance	Increase/decrease during the period			Closing balance
		Provision	Recovery or reversal	Write-off or cancellation	
Provision for bad debt	173,728,280.45	4,959,997.09	-	-	178,688,277.54
Total	173,728,280.45	4,959,997.09	-	-	178,688,277.54

2022

Unit: Yuan Currency: RMB

Categories	Closing balance	Increase/decrease during the period			Closing balance
		Provision	Recovery or reversal	Write-off or cancellation	
Provision for bad debt	13,843,378.88	159,884,901.57	-	-	173,728,280.45
Total	13,843,378.88	159,884,901.57	-	-	173,728,280.45

Note: The Company evaluated whether or not the credit risk of the said long-term receivables has been significantly increased since the initial recognition on each balance sheet date. If such credit risk has not significantly increased since the initial recognition, the Company made provisions for loss at the amount equivalent to ECL for the next 12 months; and if the credit risk has significantly increased since the initial recognition but no credit impairment has occurred, the Company made provisions for loss at the amount equivalent to the lifetime ECL.

Significant amounts recovered or reversed to bad debts in the period:

Applicable  Not Applicable

## NOTES TO THE FINANCIAL STATEMENTS OF 2023 (CONTINUED)

31 December 2023

RMB

### VII NOTES TO ITEMS IN THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

#### (XVI) Long-term receivables (Continued)

##### 5. Write-off of long-term receivables for the period

Applicable  Not Applicable

Write-off of significant long-term receivables

Applicable  Not Applicable

Explanations on write-off of long-term receivables:

Applicable  Not Applicable

Other explanation

Applicable  Not Applicable

#### (XVII) Long-term equity investment

##### 1. Long-term equity investment

Applicable  Not Applicable

Item	Closing balance			Closing balance of last year		
	Carrying amount	Provision for impairment	Carrying amount	Carrying amount	Provision for impairment	Carrying amount
Investments in joint ventures	146,986,709.27	-	146,986,709.27	235,031,314.57	-	235,031,314.57
Investments in associates	1,385,179,535.96	-	1,385,179,535.96	1,269,978,853.11	-	1,269,978,853.11
Total	1,532,166,245.23	-	1,532,166,245.23	1,505,010,167.68	-	1,505,010,167.68

# NOTES TO THE FINANCIAL STATEMENTS OF 2023 (CONTINUED)

31 December 2023

RMB

## VII NOTES TO ITEMS IN THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

### (XVII) Long-term equity investment (Continued)

#### 1. Long-term equity investment (Continued)

2023

Unit: Yuan Currency: RMB

Investee	Opening balance	Increase in investment	Decrease in investment	Investment gains/losses confirmed under equity method	Increase/decrease for the period					Closing balance	Closing balance of provision for impairment	
					Other comprehensive income adjustment	Other equity changes	Declared and paid cash dividends or profits	Provision for impairment	Others			
<b>I. Joint ventures</b>												
Xi'an Schalbau Electric Corp., Ltd	145,272,671.03	-	-	17,550,000.00	-	-	30,000,000.00	-	-	-	132,822,671.03	-
CRSC Smart Data Technology (Beijing) Co., Ltd.	13,254,871.05	-	-	909,167.19	-	-	-	-	-	-	14,164,038.24	-
Wenzhou-Hangzhou High-Speed Railway Investment Partnership (LLP)	76,503,772.49	-	76,503,772.49	-	-	-	-	-	-	-	-	-
Subtotal	235,031,314.57	-	76,503,772.49	18,459,167.19	-	-	30,000,000.00	-	-	-	146,986,709.27	-

## VII NOTES TO ITEMS IN THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

### (XVII) Long-term equity investment (Continued)

#### 1. Long-term equity investment (Continued)

Investee	Opening balance	Increase in investment	Decrease in investment	Investment gains/losses confirmed under equity method	Increase/decrease for the period					Closing balance	Closing balance of provision for impairment	
					Other comprehensive income adjustment	Other equity changes	Declared and paid cash dividends or profits	Provision for impairment	Others			
<b>II. Associates</b>												
Guangdong Utrust Financial Leasing Co., Ltd.	351,646,087.12	-	-	12,439,903.94	-	-	-	-	-	-	364,085,991.06	-
CRSC Transhui Tram Co., Ltd.	229,523,985.84	-	-	32,108,141.78	-	-	-	-	-	-	261,632,127.62	-
Spring Integrated Pipeline Construction Co., Ltd.	224,763,946.36	-	-	-	-	-	-	-	-	-	224,763,946.36	-
Transhui Tram Co., Ltd.	162,602,636.09	250,000.00	-	32,594,807.12	-	-	-	-	-	-	195,357,443.21	-
Henan Huazhou Railway Co., Ltd.	149,457,187.20	-	-	1,974,192.91	-	-	-	-	-	-	151,431,380.11	-
Siemens Signaling Company Ltd.	69,187,626.78	-	-	11,050,000.00	-	-	10,200,000.00	-	-	-	70,037,626.78	-
China Tietong Railway Operation Co., Ltd.	19,652,932.24	-	-	8,814,532.50	-	114,597.21	1,500,000.00	-	-	-	27,082,061.95	-
Shentie Signaling (Shenzhen) Co., Ltd.	-	24,500,000.00	-	7,080.50	-	-	-	-	-	-	24,507,080.50	-
Zhongguancun Chipsea Prioritizing Technology Co., Ltd.	20,200,843.45	-	-	1,416,254.89	-	-	166,817.72	-	-	-	21,450,280.62	-
Tianjin Jinghui Huifai Technology Development Co., Ltd.	7,229,194.10	4,000,000.00	-	1,697,737.85	-	-	-	-	-	-	12,926,931.95	-
CSCEC Foshan Joint Investment Co., Ltd.	12,616,233.38	-	-	-	-	-	-	-	-	-	12,616,233.38	-

# NOTES TO THE FINANCIAL STATEMENTS OF 2023 (CONTINUED)

31 December 2023

RMB

## VII NOTES TO ITEMS IN THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

### (XVII) Long-term equity investment (Continued)

#### 1. Long-term equity investment (Continued)

Investee	Opening balance	Increase in investment	Decrease in investment	Investment gains/losses confirmed under equity method	Increase/decrease for the period					Closing balance	Closing balance of provision for impairment	
					Other comprehensive income adjustment	Other equity changes	Declared and paid cash dividends or profits	Provision for impairment	Others			
Zhubai Huatong Private Equity Fund Management Enterprise (Limited Partnership)	9,807,875.44	-	-	420,000.00	-	-	-	-	-	-	9,807,875.44	-
Zhejiang Jiaotou Intelligent Transportation Technology Co., Ltd.	4,847,111.89	-	-	208,264.00	-	-	-	-	-	-	5,055,375.89	-
CCUI (SHANGHAI) DIGITAL TECHNOLOGIES CO., LTD	6,087,738.79	-	-	-1,662,557.70	-	-	-	-	-	-	4,425,181.09	-
Beijing Sobing Electronic Technology Co., Ltd.	2,775,454.43	-	2,379,308.22	-395,146.21	-	-	-	-	-	-	-	-
Subtotal	1,269,978,853.11	28,750,000.00	2,379,308.22	100,582,211.58	-	114,597.21	11,866,817.72	-	-	-	1,385,179,535.96	-
Total	1,505,010,167.68	28,750,000.00	78,883,080.71	119,041,378.77	-	114,597.21	41,866,817.72	-	-	-	1,532,166,245.23	-

## VII NOTES TO ITEMS IN THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

### (XVII) Long-term equity investment (Continued)

#### 1. Long-term equity investment (Continued)

2022

Unit: Yuan      Currency: RMB

Investee	Opening balance	Increase in investment	Decrease in investment	Investment gains/losses confirmed under equity method	Increase/decrease for the period					Closing balance	Lossing balance of provision for impairment	
					Other comprehensive income adjustment	Other equity changes	Declared and paid cash dividends or profits	Provision for impairment	Others			
I. Joint ventures	-	-	-	-	-	-	-	-	-	-	-	-
Xi'an Schalbau Electric Corp., Ltd.	147,602,671.03	-	-	22,670,000.00	-	-	25,000,000.00	-	-	-	145,272,671.03	-
Wenzhou-Hangzhou High-Speed Railway Investment Partnership (LLP)	76,503,772.49	-	-	-	-	-	-	-	-	-	76,503,772.49	-
CFSC Smart Data Technology (Beijing) Co., Ltd.	5,581,280.25	3,150,000.00	-	4,523,610.80	-	-	-	-	-	-	13,254,871.05	-
Subtotal	229,687,703.77	3,150,000.00	-	27,193,610.80	-	-	25,000,000.00	-	-	-	235,031,314.57	-

## NOTES TO THE FINANCIAL STATEMENTS OF 2023 (CONTINUED)

31 December 2023

RMB

# NOTES TO THE FINANCIAL STATEMENTS OF 2023 (CONTINUED)

31 December 2023

RMB

## VII NOTES TO ITEMS IN THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

### (XVII) Long-term equity investment (Continued)

#### 1. Long-term equity investment (Continued)

Investee	Opening balance	Increase in investment	Decrease in investment	Investment gains/losses confirmed under equity method	Increase/decrease for the period						Closing balance	Impairment provision for impairment	
					Other comprehensive income adjustment	Other equity changes	Declared and paid cash dividends or profits	Provision for impairment	Others	Lossing balance of			
II. Associates	-	-	-	-	-	-	-	-	-	-	-	-	-
Siping Integrated Pipeline Construction Co., Ltd.	224,763,946.36	-	-	-	-	-	-	-	-	-	-	224,763,946.36	-
Zhuhai Huatong Private Equity Fund Management Enterprise (Limited Partnership)	9,093,873.17	-	-	294,002.27	-	-	-	-	-	-	-	9,387,875.44	-
Siemens Signaling Company Ltd.	71,158,626.78	-	-	10,179,000.00	-	-	12,150,000.00	-	-	-	-	83,187,626.78	-
CSCEC Foshan Joint Investment Co., Ltd.	12,616,233.38	-	-	-	-	-	-	-	-	-	-	12,616,233.38	-
Transhui Tram Co., Ltd.	72,000,000.00	63,250,000.00	-	27,352,636.09	-	-	-	-	-	-	-	162,602,636.09	-
Beijing Sobing Electronic Technology Co., Ltd.	2,768,705.07	-	-	6,749.36	-	-	-	-	-	-	-	2,775,454.43	-
Guangdong Utrust Financial Leasing Co., Ltd.	344,091,086.75	-	-	7,555,000.37	-	-	-	-	-	-	-	351,646,087.12	-
China Tietong Railway Operation Co., Ltd.	22,270,395.17	-	-	-1,077,427.32	-	-40,035.61	1,500,000.00	-	-	-	-	19,652,932.24	-
CRSC Transhui Tram Co., Ltd.	206,313,477.05	-	-	23,210,508.79	-	-	-	-	-	-	-	229,523,985.84	-
Tianjin Jirui Huihai Technology Development Co., Ltd.	2,940,040.90	3,000,000.00	-	1,289,153.20	-	-	-	-	-	-	-	7,229,194.10	-
Zhejiang Jiaobu Intelligent Transportation Technology Co., Ltd.	4,800,000.00	-	-	47,111.89	-	-	-	-	-	-	-	4,847,111.89	-

## VII NOTES TO ITEMS IN THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

### (XVII) Long-term equity investment (Continued)

#### 1. Long-term equity investment (Continued)

Investee	Opening balance	Increase/decrease for the period										Closing balance	Impairment provision for impairment lossing balance of	
		Increase in investment	Decrease in investment	Investment gains/losses confirmed under equity method	Other comprehensive income adjustment	Other equity changes	Declared and paid cash dividends or profits	Provision for impairment	Others					
Henan Huazhou Railway Co., Ltd.	149,458,777.00	-	-	-1,589.80	-	-	-	-	-	-	-	-	149,457,187.20	-
Zhongguancun Chipsea Prioritizing Technology Co., Ltd.	20,011,106.07	-	-	224,011.08	-	-	34,273.70	-	-	-	-	-	20,200,843.45	-
CCUI (SHANGHAI) DIGITAL TECHNOLOGIES CO., LTD	6,249,775.59	-	-	37,963.20	-	-	200,000.00	-	-	-	-	-	6,087,738.79	-
Subtotal	1,148,536,043.29	66,250,000.00	-	69,117,119.13	-	-	13,884,273.70	-	-	-	-	-	1,269,978,853.11	-
Total	1,378,223,747.06	69,400,000.00	-	96,310,729.93	-	-	38,884,273.70	-	-	-	-	-	1,505,010,167.68	-

Notes:

- As at 31 December 2023 and 31 December 2022, the ability of investees in which the Company hold long-term equity investments to transfer funds to the Company has not been restricted.
- For the information of joint ventures or associates for the period, please refer to note "X. (III)"

## NOTES TO THE FINANCIAL STATEMENTS OF 2023 (CONTINUED)

31 December 2023

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# NOTES TO THE FINANCIAL STATEMENTS OF 2023 (CONTINUED)

31 December 2023

RMB

## VII NOTES TO ITEMS IN THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

(XVII) Long-term equity investment (Continued)

### 2. Impairment test of long-term equity investment

Applicable  Not Applicable

(XVIII) Other equity instrument investments

### 1. Other equity instrument investments

Applicable  Not Applicable

Unit: Yuan Currency: RMB

Item	Opening balance	Increase/decrease for the period				Closing balance	Dividend incomes recognized for the period	Accumulated gains recognized in other comprehensive income	Accumulated losses recognized in other comprehensive income	Reasons for being measured at fair value through other comprehensive income
		Increase in investment	Decrease in investment	Gains recognized in other comprehensive income for the period	Losses recognized in other comprehensive income for the period					
Beijing-Yan'an High-Speed Railway Co., Ltd.	405,810,000.00	79,774,948.00	-	-	2,620,901.62	482,964,046.38	-	-	2,620,901.62	-
Garzhou-Shenzhen Railway (Guangdong)	100,000,000.00	-	-	-	630,616.48	99,369,383.52	-	-	630,616.48	-
Beijing Rail Transit Operation Control System National Engineering Research Center Co., Ltd.	2,141,159.20	-	-	-	-	2,141,159.20	-	-	-	-
Hunan Maglev Group Co., Ltd.	100,000,000.00	-	-	15,000,000.00	-	115,000,000.00	-	15,000,000.00	-	-
Lunan High-Speed Railway Co., Ltd.	369,637,534.00	-	-	13,972,298.79	-	383,609,832.79	-	13,972,298.79	-	-
Taizhou-Hangzhou High-Speed Railway Investment Management Partnership (LLP)	147,230,466.00	-	-	-	7,024,601.95	140,205,864.05	-	-	7,024,601.95	-
Total	1,124,819,159.20	79,774,948.00	-	28,972,298.79	10,276,120.05	1,223,290,285.94	-	28,972,298.79	10,276,120.05	-

## NOTES TO THE FINANCIAL STATEMENTS OF 2023 (CONTINUED)

31 December 2023

RMB

### VII NOTES TO ITEMS IN THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

#### (XVIII) Other equity instrument investments (Continued)

##### 2. *Derecognition for the period*

Applicable  Not Applicable

Other explanation:

Applicable  Not Applicable

#### (XIX) Other non-current financial assets

Applicable  Not Applicable

Other explanation:

Applicable  Not Applicable

## NOTES TO THE FINANCIAL STATEMENTS OF 2023 (CONTINUED)

31 December 2023

RMB

### VII NOTES TO ITEMS IN THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

#### (XX) Investment properties

Measurement model for investment properties

##### 1. Investment properties measured under cost method

2023

Unit: Yuan Currency: RMB

Item	Buildings	Land use rights	Total
I. Original book value			
1. Opening balance	464,086,233.41	118,614,400.00	582,700,633.41
2. Increase during the current period	–	–	–
(1) Acquisition	–	–	–
(2) Inventories/fixed assets/ transferred from construction in progress	–	–	–
(3) Merger	–	–	–
3. Decrease during the current period	6,704,292.70	–	6,704,292.70
(1) Disposal	80,950.00	–	80,950.00
(2) Other transfers	6,623,342.70	–	6,623,342.70
4. Closing balance	457,381,940.71	118,614,400.00	575,996,340.71
II. Accumulated depreciation and accumulated amortization			
1. Opening balance	187,513,239.50	34,961,842.08	222,475,081.58
2. Increase during the current period	15,734,474.06	2,742,105.27	18,476,579.33
(1) Provision or amortization	15,734,474.06	2,742,105.27	18,476,579.33
3. Decrease during the current period	268,546.44	–	268,546.44
(1) Disposal	78,521.50	–	78,521.50
(2) Other transfers	190,024.94	–	190,024.94
4. Closing balance	202,979,167.12	37,703,947.35	240,683,114.47
III. Impairment provision			
1. Opening balance	–	–	–
2. Increase during the current period	–	–	–
(1) Provision	–	–	–
3. Decrease during the period	–	–	–
(1) Disposal	–	–	–
(2) Other transfers	–	–	–
4. Closing balance	–	–	–
IV. Carrying amount			
1. Closing carrying amount	254,402,773.59	80,910,452.65	335,313,226.24
2. Opening carrying amount	276,572,993.91	83,652,557.92	360,225,551.83

## NOTES TO THE FINANCIAL STATEMENTS OF 2023 (CONTINUED)

31 December 2023

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### VII NOTES TO ITEMS IN THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

#### (XX) Investment properties (Continued)

##### 1. Investment properties measured under cost method (Continued)

2022

Unit: Yuan Currency: RMB

Item	Buildings	Land use rights	Total
I. Original book value			
1. Opening balance	362,094,307.71	118,614,400.00	480,708,707.71
2. Increase during the current period	100,909,107.56	-	100,909,107.56
(1) Acquisition	-	-	-
(2) Inventories/fixed assets/ transferred from construction in progress	100,909,107.56	-	100,909,107.56
3. Decrease during the current period	-1,082,818.14	-	-1,082,818.14
(1) Disposal	-1,082,818.14	-	-1,082,818.14
4. Closing balance	464,086,233.41	118,614,400.00	582,700,633.41
II. Accumulated depreciation and accumulated amortization			
1. Opening balance	163,796,425.34	32,219,736.80	196,016,162.14
2. Increase during the current period	23,431,447.91	2,742,105.28	26,173,553.19
(1) Provision or amortization	13,698,432.23	2,742,105.28	16,440,537.51
(2) Other transfers	9,733,015.68	-	9,733,015.68
3. Decrease during the current period	-285,366.25	-	-285,366.25
(1) Disposal	-285,366.25	-	-285,366.25
4. Closing balance	187,513,239.50	34,961,842.08	222,475,081.58
III. Impairment provision			
1. Opening balance	-	-	-
2. Increase during the current period	-	-	-
(1) Provision	-	-	-
3. Decrease during the period	-	-	-
(1) Disposal	-	-	-
(2) Other transfers	-	-	-
4. Closing balance	-	-	-
IV. Carrying amount			
1. Closing carrying amount	276,572,993.91	83,652,557.92	360,225,551.83
2. Opening carrying amount	198,297,882.37	86,394,663.20	284,692,545.57

## NOTES TO THE FINANCIAL STATEMENTS OF 2023 (CONTINUED)

31 December 2023

RMB

### VII NOTES TO ITEMS IN THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

#### (XX) Investment properties (Continued)

**2. Information of investment properties to which a certificate of title has not been obtained**

Applicable  Not Applicable

**3. Impairment test of investment properties measured under cost method**

Applicable  Not Applicable

Other explanation

Applicable  Not Applicable

#### (XXI) Fixed assets

Fixed assets and disposal of fixed assets

Applicable  Not Applicable

Unit: Yuan Currency: RMB

Item	Closing balance	Opening balance
Fixed assets	5,122,689,100.30	4,580,968,030.17
Disposal of fixed asset	—	—
Total	5,122,689,100.30	4,580,968,030.17

Other explanation:

Applicable  Not Applicable

# NOTES TO THE FINANCIAL STATEMENTS OF 2023 (CONTINUED)

31 December 2023

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## VII NOTES TO ITEMS IN THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

### (XXI) Fixed assets (Continued)

#### Fixed assets

##### 1. Fixed assets

Applicable  Not Applicable

2023

Unit: Yuan Currency: RMB

Item	Buildings	Machinery equipment	Means of transportation vehicles	Electronic equipment and others	Total
I. Original book value:					
1. Opening balance	4,715,819,652.71	1,356,193,198.39	422,662,236.94	1,555,273,864.65	8,049,948,952.69
2. Increase during the current period	675,517,328.00	90,784,886.37	12,923,140.77	181,810,657.72	961,036,012.86
(1) Acquisition	6,617,465.51	51,586,652.65	12,905,034.03	148,535,862.26	219,645,014.45
(2) Transferred from construction in progress	662,276,519.79	39,198,233.72	–	33,265,230.73	734,739,984.24
(3) Others	6,623,342.70	–	18,106.74	9,564.73	6,651,014.17
3. Decrease during the current period	13,371,250.00	42,048,067.41	4,407,776.59	26,859,642.69	86,686,736.69
(1) Disposal or retirement	13,371,250.00	16,376,514.36	3,938,764.20	26,537,316.81	60,223,845.37
(2) Other transfers	–	25,671,553.05	469,012.39	322,325.88	26,462,891.32
4. Closing balance	5,377,965,730.71	1,404,930,017.35	431,177,601.12	1,710,224,879.68	8,924,298,228.86
II. Accumulated depreciation					
1. Opening balance	1,175,470,712.82	877,030,270.08	410,238,469.41	1,006,209,352.15	3,468,948,804.46
2. Increase during the current period	136,117,540.49	92,810,902.80	21,321,947.64	153,082,590.11	403,332,981.04
(1) Provision	135,927,515.55	92,810,902.80	21,312,468.25	153,077,046.67	403,127,933.27
(2) Other transfers	190,024.94	–	9,479.39	5,543.44	205,047.77

## NOTES TO THE FINANCIAL STATEMENTS OF 2023 (CONTINUED)

31 December 2023

RMB

### VII NOTES TO ITEMS IN THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

#### (XXI) Fixed assets (Continued)

##### *Fixed assets (Continued)*

##### 1. *Fixed assets (Continued)*

Item	Buildings	Machinery equipment	Means of transportation vehicles	Electronic equipment and others	Total
3. Decrease during the current period	10,538,708.80	29,569,647.87	4,600,195.33	25,996,223.00	70,704,775.00
(1) Disposal or retirement	10,538,708.80	15,459,269.51	3,713,445.51	24,855,005.40	54,566,429.22
(2) Other transfers	–	14,110,378.36	886,749.82	1,141,217.60	16,138,345.78
4. Closing balance	1,301,049,544.51	940,271,525.01	426,960,221.72	1,133,295,719.26	3,801,577,010.50
III. Impairment provision					
1. Opening balance	–	32,118.06	–	–	32,118.06
2. Closing balance	–	32,118.06	–	–	32,118.06
IV. Carrying amount					
1. Closing carrying amount	4,076,916,186.20	464,626,374.28	4,217,379.40	576,929,160.42	5,122,689,100.30
2. Opening carrying amount	3,540,348,939.89	479,130,810.25	12,423,767.53	549,064,512.50	4,580,968,030.17

## NOTES TO THE FINANCIAL STATEMENTS OF 2023 (CONTINUED)

31 December 2023

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### VII NOTES TO ITEMS IN THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

#### (XXI) Fixed assets (Continued)

2022

Item	Unit: Yuan Currency: RMB				
	Buildings	Machinery equipment	Means of transportation vehicles	Electronic equipment and others	Total
I. Original book value:					
1. Opening balance	4,816,260,733.53	1,179,230,190.13	430,411,738.71	1,473,488,635.47	7,899,391,297.84
2. Increase during the current period	2,058,821.20	199,022,706.89	4,190,213.69	112,231,671.97	317,503,413.75
(1) Acquisition	664,152.17	160,682,637.45	4,099,925.27	95,923,800.96	261,370,515.85
(2) Transferred from construction in progress	1,394,669.03	38,340,069.44	-	16,267,248.23	56,001,986.70
(3) Others	-	-	90,288.42	40,622.78	130,911.20
3. Decrease during the current period	102,499,902.02	22,059,698.63	11,939,715.46	30,446,442.79	166,945,758.90
(1) Disposal or retirement	1,590,794.46	22,059,698.63	11,939,715.46	30,446,442.79	66,036,651.34
(2) Investment properties	100,909,107.56	-	-	-	100,909,107.56
(3) Others	-	-	-	-	-
4. Closing balance	4,715,819,652.71	1,356,193,198.39	422,662,236.94	1,555,273,864.65	8,049,948,952.69
II. Accumulated depreciation					
1. Opening balance	1,062,775,607.10	812,019,593.26	391,057,388.67	943,816,224.05	3,209,668,813.08
2. Increase during the current period	123,305,525.42	85,045,460.19	28,534,227.13	90,674,428.70	327,559,641.44
(1) Provision	123,305,525.42	85,045,460.19	28,504,719.06	90,657,323.21	327,513,027.88
(2) Other transfers	-	-	29,508.07	17,105.49	46,613.56

## NOTES TO THE FINANCIAL STATEMENTS OF 2023 (CONTINUED)

31 December 2023

RMB

### VII NOTES TO ITEMS IN THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

#### (XXI) Fixed assets (Continued)

Item	Buildings	Machinery equipment	Means of transportation vehicles	Electronic equipment and others	Total
3. Decrease during the current period	10,610,419.70	20,034,783.37	9,353,146.39	28,281,300.60	68,279,650.06
(1) Disposal or retirement	877,404.02	20,034,783.37	9,353,146.39	28,281,300.60	58,546,634.38
(2) Investment properties	9,733,015.68	-	-	-	9,733,015.68
(3) Others	-	-	-	-	-
4. Closing balance	1,175,470,712.82	877,030,270.08	410,238,469.41	1,006,209,352.15	3,468,948,804.46
III. Impairment provision					
1. Opening balance	-	32,118.06	-	-	32,118.06
2. Closing balance	-	32,118.06	-	-	32,118.06
IV. Carrying amount					
1. Closing carrying amount	3,540,348,939.89	479,130,810.25	12,423,767.53	549,064,512.50	4,580,968,030.17
2. Opening carrying amount	3,753,485,126.43	367,178,478.81	39,354,350.04	529,672,411.42	4,689,690,366.70

Note:

- As at 31 December 2023 and 31 December 2022, none of main fixed assets for production and operation of the Company became temporarily idle.
- As at 31 December 2023 and 31 December 2022, the Company had no fixed assets with title restriction.
- As at the approval date of this financial statement, the Company was applying for title certificate and handling registration or transfer procedures for houses and buildings with book values totaling RMB1,349,768,205.46 as of 31 December 2023. The management of the Company believed that the Company has the right to legally and effectively occupy and use the above-mentioned houses, and also believed that the above matters will not have any significant adverse impact on the overall financial position of the Company as at 31 December 2023.

## NOTES TO THE FINANCIAL STATEMENTS OF 2023 (CONTINUED)

31 December 2023

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### VII NOTES TO ITEMS IN THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

#### (XXI) Fixed assets (Continued)

**2. Temporarily-idle fixed assets**

Applicable  Not Applicable

**3. Fixed assets leased in through financial leases**

Applicable  Not Applicable

**4. Fixed assets for which title certificates have not been obtained**

Applicable  Not Applicable

**5. Impairment test of fixed assets**

Applicable  Not Applicable

Other explanation:

Applicable  Not Applicable

**Disposal of fixed assets**

Applicable  Not Applicable

## NOTES TO THE FINANCIAL STATEMENTS OF 2023 (CONTINUED)

31 December 2023

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### VII NOTES TO ITEMS IN THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

#### (XXII) Construction in progress

##### *Presentation of item*

Applicable  Not Applicable

Unit: Yuan Currency: RMB

Item	Closing balance	Opening balance
Construction in progress	400,246,410.75	891,536,403.93
Construction materials	—	—
Total	400,246,410.75	891,536,403.93

Other explanation:

Applicable  Not Applicable

## NOTES TO THE FINANCIAL STATEMENTS OF 2023 (CONTINUED)

31 December 2023

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### VII NOTES TO ITEMS IN THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

#### (XXII) Construction in progress (Continued)

##### 1. Construction in progress

Applicable  Not Applicable

Unit: Yuan Currency: RMB

Item	Closing balance			Opening balance		
	Gross carrying amount	Provision for impairment	Carrying amount	Gross carrying amount	Provision for impairment	Carrying amount
CRSC Electrochemical Science and Technology Mansion	163,777,348.62	-	163,777,348.62	85,744,917.80	-	85,744,917.80
Digitalization and Intelligent Upgrade of Autonomous R&D Bases for Infrastructure of Train Control System of Rail Transit	107,196,319.94	-	107,196,319.94	917,152.84	-	917,152.84
Industrial Project for Deeply Autonomous Train Control System of High Speed Railway	30,231,326.58	-	30,231,326.58	24,672,735.10	-	24,672,735.10
CRSC Changsha Industrial Park Project	29,376,367.06	-	29,376,367.06	26,753,204.70	-	26,753,204.70
One Center Tower II Renovation Project	-	-	-	657,621,681.63	-	657,621,681.63
The Research on Electromagnetic Environmental Effects of Rail Transportation and Construction of Test Platform	-	-	-	13,474,005.54	-	13,474,005.54
Others	69,665,048.55	-	69,665,048.55	82,352,706.32	-	82,352,706.32
<b>Total</b>	<b>400,246,410.75</b>	<b>-</b>	<b>400,246,410.75</b>	<b>891,536,403.93</b>	<b>-</b>	<b>891,536,403.93</b>

# NOTES TO THE FINANCIAL STATEMENTS OF 2023 (CONTINUED)

31 December 2023

RMB

## VII NOTES TO ITEMS IN THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

### (XXII) Construction in progress (Continued)

#### 2. Changes in important projects under construction for the current period

Applicable  Not Applicable

2023

Unit: Yuan Currency: RMB

Project name	Opening balance	Opening balance	Increase during the period	Transferred into fixed assets during the period	Other decrease during the period	Closing balance	Proportion of project investment to budget (%)	Source of funds
CRSC Electrochemical Science and Technology Mansion	600,000,000.00	85,744,917.80	78,032,430.82	-	-	163,777,348.62	27.30	Self-raised funds
Digitalization and Intelligent Upgrade of Autonomous R&D Bases for Infrastructure of Train Control System of Rail Transit	494,570,000.00	917,152.84	106,279,167.10	-	-	107,196,319.94	21.67	Self-raised funds
Industrial Project for Deeply Autonomous Train Control System of High Speed Railway	35,230,000.00	24,672,735.10	5,558,591.48	-	-	30,231,326.58	85.81	Self-raised funds
CRSC Changsha Industrial Park Project	900,000,000.00	26,753,204.70	2,623,162.36	-	-	29,376,367.06	3.26	Self-raised funds
One Center Tower II Renovation Project	720,000,000.00	657,621,681.63	24,589,703.52	670,470,345.18	11,741,039.97	-	94.75	Self-raised funds
The Research on Electromagnetic Environmental Effects of Rail Transportation and Construction of Test Platform	17,951,750.00	13,474,005.54	2,272,506.23	15,746,511.77	-	-	87.72	Self-raised funds
Others	-	82,352,706.32	46,061,353.72	48,523,127.29	10,225,884.20	69,665,048.55	-	Self-raised funds
Total	-	891,536,403.93	265,416,915.23	734,739,984.24	21,966,924.17	400,246,410.75	-	/

Note:

- (1) As at 31 December 2023, the Company had no construction in progress with title restriction.
- (2) As at 31 December 2023, the Company had no construction in progress required to make impairment provision.

## NOTES TO THE FINANCIAL STATEMENTS OF 2023 (CONTINUED)

31 December 2023

RMB

### VII NOTES TO ITEMS IN THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

#### (XXII) Construction in progress (Continued)

##### 2. Changes in important projects under construction for the current period (Continued)

2022

Unit: Yuan Currency: RMB

Project name	Budgets	Opening balance	Increase during the period	Transferred into fixed assets during the period	Other decrease during the period	Closing balance	Proportion of project investment to budget (%)	Source of funds
One Center Tower II Renovation Project	720,000,000.00	623,899,559.94	33,722,121.69	-	-	657,621,681.63	99.27	Self-raised funds
CRSC Electrochemical Science and Technology Mansion	600,000,000.00	63,345,958.30	22,398,959.50	-	-	85,744,917.80	14.00	Self-raised funds
CRSC Changsha Industrial Park Project	900,000,000.00	28,451,298.93	2,432,934.63	4,131,028.86	-	26,753,204.70	94.45	Self-raised funds
Industrial Project for Deeply Autonomous Train Control System of High Speed Railway	35,230,000.00	-	24,672,735.10	-	-	24,672,735.10	70.00	Self-raised funds
The Research on Electromagnetic Environmental Effects of Rail Transportation and Construction of Test Platform	17,951,750.00	-	13,474,005.54	-	-	13,474,005.54	75.00	Self-raised funds
Technology upgrade of rail transportation safety control system	678,909,800.00	10,287,385.88	-	10,287,385.88	-	-	-	Self-raised funds
Others	-	74,298,446.42	50,554,984.70	41,583,571.96	-	83,269,859.16	-	Self-raised funds
<b>Total</b>	<b>-</b>	<b>800,282,649.47</b>	<b>147,255,741.16</b>	<b>56,001,986.70</b>	<b>-</b>	<b>891,536,403.93</b>	<b>-</b>	<b>/</b>

## NOTES TO THE FINANCIAL STATEMENTS OF 2023 (CONTINUED)

31 December 2023

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### VII NOTES TO ITEMS IN THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

#### (XXII) Construction in progress (Continued)

**3. Provision for impairment of construction in progress made during the period**

Applicable  Not Applicable

**4. Impairment test of construction in progress**

Applicable  Not Applicable

Other explanation

Applicable  Not Applicable

**Construction materials**

**1. Construction materials**

Applicable  Not Applicable

## NOTES TO THE FINANCIAL STATEMENTS OF 2023 (CONTINUED)

31 December 2023

RMB

### VII NOTES TO ITEMS IN THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

#### (XXIII) Productive biological assets

**1. Productive biological assets measured under cost method**

Applicable  Not Applicable

**2. Impairment test of productive biological assets measured under cost method**

Applicable  Not Applicable

**3. Productive biological assets measured at fair value**

Applicable  Not Applicable

Other explanation

Applicable  Not Applicable

#### (XXIV) Oil and gas assets

**1. Oil and gas assets**

Applicable  Not Applicable

**2. Impairment test of oil and gas assets**

Applicable  Not Applicable

# NOTES TO THE FINANCIAL STATEMENTS OF 2023 (CONTINUED)

31 December 2023

RMB

## VII NOTES TO ITEMS IN THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

### (XXV) Right-of-use assets (Continued)

#### 1. Right-of-use assets

Applicable  Not Applicable

2023

Unit: Yuan Currency: RMB

Item	Buildings	Machinery equipment	Means of transportation vehicles	Total
I. Original book value				
1. Opening balance	433,719,767.54	3,401,363.71	1,054,943.30	438,176,074.55
2. Increase during the current period				
(1) New leases	31,376,817.87	-	-	31,376,817.87
(2) Revaluation adjustments	35,900,438.15	-	-	35,900,438.15
(3) Others	-4,560,087.31	-	-	-4,560,087.31
(3) Others	36,467.03	-	-	36,467.03
3. Decrease during the current period				
(1) Disposal	422,301.74	-	-	422,301.74
(2) Others	422,301.74	-	-	422,301.74
(2) Others	-	-	-	-
4. Closing balance	464,674,283.67	3,401,363.71	1,054,943.30	469,130,590.68
II. Accumulated depreciation				
1. Opening balance	263,955,735.70	56,689.40	202,379.05	264,214,804.15
2. Increase during the current period				
(1) Disposal	80,435,602.38	170,068.19	45,805.48	80,651,476.05

## NOTES TO THE FINANCIAL STATEMENTS OF 2023 (CONTINUED)

31 December 2023

RMB

### VII NOTES TO ITEMS IN THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

#### (XXV) Right-of-use assets (Continued)

##### 1. Right-of-use assets (Continued)

Item	Buildings	Machinery equipment	Means of transportation vehicles	Total
(1) Provision	84,836,532.92	170,068.19	45,805.48	85,052,406.59
(2) Others	-4,400,930.54	-	-	-4,400,930.54
3. Decrease during the current period	371,646.14	-	-	371,646.14
(1) Disposal	371,646.14	-	-	371,646.14
4. Closing balance	344,019,691.94	226,757.59	248,184.53	344,494,634.06
III. Impairment provision				
1. Opening balance	-	-	-	-
2. Increase during the current period	-	-	-	-
3. Decrease during the current period	-	-	-	-
4. Closing balance	-	-	-	-
IV. Carrying amount				
1. Closing carrying amount	120,654,591.73	3,174,606.12	806,758.77	124,635,956.62
2. Opening carrying amount	169,764,031.84	3,344,674.31	852,564.25	173,961,270.40

## NOTES TO THE FINANCIAL STATEMENTS OF 2023 (CONTINUED)

31 December 2023

RMB

### VII NOTES TO ITEMS IN THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

#### (XXVI) Intangible assets (Continued)

##### 1. Information about intangible assets (Continued)

2022

Unit: Yuan Currency: RMB				
Item	Buildings	Machinery equipment	Means of transportation vehicles	Total
I. Original book value	-	-	-	-
1. Opening balance	377,413,880.51	-	1,731,001.25	379,144,881.76
2. Increase during the current period	79,456,699.10	3,401,363.71	-	82,858,062.81
(1) New leases	80,099,774.91	3,401,363.71	-	83,501,138.62
(2) Revaluation adjustments	-824,916.95	-	-	-824,916.95
(3) Others	181,841.14	-	-	181,841.14
3. Decrease during the current period	23,150,812.07	-	676,057.95	23,826,870.02
(1) Disposal	22,775,999.42	-	676,057.95	23,452,057.37
(2) Others	374,812.65	-	-	374,812.65
4. Closing balance	433,719,767.54	3,401,363.71	1,054,943.30	438,176,074.55
II. Accumulated depreciation	-	-	-	-
1. Opening balance	205,684,793.18	-	832,631.52	206,517,424.70
2. Increase during the current period	77,639,146.52	56,689.40	45,805.48	77,741,641.40
(1) Provision	77,582,016.89	56,689.40	45,805.48	77,684,511.77
(2) Others	57,129.63	-	-	57,129.63
3. Decrease during the current period	19,368,204.00	-	676,057.95	20,044,261.95
(1) Disposal	19,368,204.00	-	676,057.95	20,044,261.95
4. Closing balance	263,955,735.70	56,689.40	202,379.05	264,214,804.15
III. Impairment provision	-	-	-	-
1. Opening balance	-	-	-	-
2. Increase during the current period	-	-	-	-
3. Decrease during the current period	-	-	-	-
4. Closing balance	-	-	-	-
IV. Carrying amount	-	-	-	-
1. Closing carrying amount	169,764,031.84	3,344,674.31	852,564.25	173,961,270.40
2. Opening carrying amount	171,729,087.33	-	898,369.73	172,627,457.06

##### 2. Impairment test of right-of-use assets

Applicable  Not Applicable

# NOTES TO THE FINANCIAL STATEMENTS OF 2023 (CONTINUED)

31 December 2023

RMB

## VII NOTES TO ITEMS IN THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

### (XXVI) Intangible assets

#### 1. Information about intangible assets

Applicable  Not Applicable

2023

Unit: Yuan Currency: RMB

Item	Land use rights	Patents	Software	Unfinished contract	Customer relationships	Total
I. Original book value						
1. Opening balance	2,448,480,404.53	1,038,000,450.03	416,596,349.37	169,921,119.24	244,325,834.78	4,317,324,157.95
2. Increase during the current period	-	177,424,088.02	75,155,899.93	-	-	252,579,987.95
(1) Acquisition	-	464,873.33	60,242,305.77	-	-	60,707,179.10
(2) Internal R&D	-	176,959,214.69	6,906,067.11	-	-	183,865,281.80
(3) Others	-	-	8,007,527.05	-	-	8,007,527.05
3. Decrease during the current period	-	-	57,264.96	-	-	57,264.96
(1) Disposal	-	-	57,264.96	-	-	57,264.96
4. Closing balance	2,448,480,404.53	1,215,424,538.05	491,694,984.34	169,921,119.24	244,325,834.78	4,569,846,880.94
II. Accumulated amortization						
1. Opening balance	494,583,481.24	493,684,778.54	378,075,615.59	169,921,119.24	217,311,753.12	1,753,576,747.73
2. Increase during the current period	50,929,558.76	113,189,438.43	37,550,026.57	-	27,014,081.66	228,683,105.42
(1) Provision	50,929,558.76	113,189,438.43	37,550,026.57	-	27,014,081.66	228,683,105.42
3. Decrease during the current period	-	-	57,264.96	-	-	57,264.96
(1) Disposal	-	-	57,264.96	-	-	57,264.96
4. Closing balance	545,513,040.00	606,874,216.97	415,568,377.20	169,921,119.24	244,325,834.78	1,982,202,588.19
III. Impairment provision						
IV. Carrying amount						
1. Closing carrying amount	1,902,967,364.53	608,550,321.08	76,126,607.14	-	-	2,587,644,292.75
2. Opening carrying amount	1,953,896,923.29	544,315,671.49	38,520,733.78	-	27,014,081.66	2,563,747,410.22

# NOTES TO THE FINANCIAL STATEMENTS OF 2023 (CONTINUED)

31 December 2023

RMB

## VII NOTES TO ITEMS IN THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

### (XXVI) Intangible assets (Continued)

#### 1. Information about intangible assets (Continued)

2022

Unit: Yuan Currency: RMB

Item	Land use rights	Patents	Software	Unfinished contract	Customer relationships	Total
I. Original book value						
1. Opening balance	2,451,378,126.02	835,733,248.41	372,303,772.76	169,921,119.24	244,325,834.78	4,073,662,101.21
2. Increase during the current period	-	202,267,201.62	44,292,576.61	-	-	246,559,778.23
(1) Acquisition	-	4,800.00	34,072,249.08	-	-	34,077,049.08
(2) Internal R&D	-	201,815,986.42	7,848,877.77	-	-	209,664,864.19
(3) Others	-	446,415.20	2,371,449.76	-	-	2,817,864.96
3. Decrease during the current period	2,897,721.49	-	-	-	-	2,897,721.49
(1) Disposal	2,897,721.49	-	-	-	-	2,897,721.49
4. Closing balance	2,448,480,404.53	1,038,000,450.03	416,596,349.37	169,921,119.24	244,325,834.78	4,317,324,157.95
II. Accumulated amortization						
1. Opening balance	444,258,023.74	392,387,871.09	347,085,474.39	169,921,119.24	190,297,671.48	1,543,950,159.94
2. Increase during the current period	50,960,448.67	101,296,907.45	30,990,141.20	-	27,014,081.64	210,261,578.96
(1) Provision	50,960,448.67	101,296,907.45	30,990,141.20	-	27,014,081.64	210,261,578.96
3. Decrease during the current period	634,991.17	-	-	-	-	634,991.17
(1) Disposal	634,991.17	-	-	-	-	634,991.17
4. Closing balance	494,583,481.24	493,684,778.54	378,075,615.59	169,921,119.24	217,311,753.12	1,753,576,747.73
III. Carrying amount						
1. Closing carrying amount	1,953,896,923.29	544,315,671.49	38,520,733.78	-	27,014,081.66	2,563,747,410.22
2. Opening carrying amount	2,007,120,102.28	443,345,377.32	25,218,298.37	-	54,028,163.30	2,529,711,941.27

## NOTES TO THE FINANCIAL STATEMENTS OF 2023 (CONTINUED)

31 December 2023

RMB

### VII NOTES TO ITEMS IN THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

#### (XXVI) Intangible assets (Continued)

##### 1. Information about intangible assets (Continued)

2022 (Continued)

Notes:

1. As at 31 December 2023 and 31 December 2022, the Company had no intangible assets with title restriction.
2. As of the approval date of this financial statement, the Company has obtained the title certificates and completed the procedures for registration for the land use rights.
3. The intangible assets derived from internal research and development accounted for 4.02% (2022: 4.65%) of the closing carrying amount of intangible assets.

##### 2. Information about land use rights for which a certificate of title has not been obtained

Applicable  Not Applicable

##### 3. Impairment test of intangible assets

Applicable  Not Applicable

Other explanation:

Applicable  Not Applicable

# NOTES TO THE FINANCIAL STATEMENTS OF 2023 (CONTINUED)

31 December 2023

RMB

## VII NOTES TO ITEMS IN THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

### (XXVII) Goodwill

#### 1. Original carrying amount of goodwill

Applicable  Not Applicable

2023

Unit: Yuan Currency: RMB

Name of investee or matters resulting in goodwill	Opening balance	Increase during the period	Decrease during the period	Closing balance
		Arising from business combination	Disposal	
CASCO	201,027,354.70	-	-	201,027,354.70
Changsha Architectural Design Institute Co., Ltd. ("Changsha Design Institute")	37,429,932.37	-	-	37,429,932.37
Electrication Bureau	30,525,980.16	-	-	30,525,980.16
CRSC (Zhengzhou) Zhong'an Engineering Co., Ltd. ("Zhengzhou Zhong'an")	27,673,509.65	-	-	27,673,509.65
CRSC Wanquan Signal Equipment Co., LTD.	3,865,524.80	-	-	3,865,524.80
CRSC First Construction Co., Ltd. ("First Construction")	3,802,223.24	-	-	3,802,223.24
Shanghai Deuta Electronic & Electrical Equipment Co., Ltd. ("Shanghai Deuta")	669,345.89	-	-	669,345.89
Others	330,257.77	-	-	330,257.77
<b>Total</b>	<b>305,324,128.58</b>	<b>-</b>	<b>-</b>	<b>305,324,128.58</b>

## NOTES TO THE FINANCIAL STATEMENTS OF 2023 (CONTINUED)

31 December 2023

RMB

### VII NOTES TO ITEMS IN THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

#### (XXVII) Goodwill (Continued)

##### 1. Original carrying amount of goodwill (Continued)

2022

Name of investee or matters resulting in goodwill	Opening balance	Unit: Yuan Currency: RMB		Closing balance
		Increase during the period Arising from business combination	Decrease during the period Disposal	
CASCO	201,027,354.70	-	-	201,027,354.70
Changsha Architectural Design Institute Co., Ltd. ("Changsha Design Institute")	37,429,932.37	-	-	37,429,932.37
CRSC Electrification Bureau	30,525,980.16	-	-	30,525,980.16
CRSC (Zhengzhou) Zhong'an Engineering Co., Ltd. ("Zhengzhou Zhong'an")	27,673,509.65	-	-	27,673,509.65
CRSC Wanquan Signal Equipment Co., LTD.	3,865,524.80	-	-	3,865,524.80
CRSC First Construction Co., Ltd. ("First Construction")	3,802,223.24	-	-	3,802,223.24
Shanghai Deuta Electronic & Electrical Equipment Co., Ltd. ("Shanghai Deuta")	669,345.89	-	-	669,345.89
Others	330,257.77	-	-	330,257.77
<b>Total</b>	<b>305,324,128.58</b>	<b>-</b>	<b>-</b>	<b>305,324,128.58</b>

Note:

- The Company allocates the carrying amount of goodwill of CASCO to the asset group that can benefit from the synergies of the business combination, and performs impairment test on this basis. The recoverable amount of the asset group is determined based on the higher of its net fair value less costs of disposal and the present value of estimated future cash flows of the asset group; indicating that the asset group is not impaired if either of which is more than the carrying amount of the asset group.

# NOTES TO THE FINANCIAL STATEMENTS OF 2023 (CONTINUED)

31 December 2023

RMB

## VII NOTES TO ITEMS IN THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

### (XXVII) Goodwill (Continued)

#### 1. Original carrying amount of goodwill (Continued)

The asset group of CASCO in this year is consistent with the asset group determined at the acquisition date and the goodwill impairment test in previous years. The determination of an asset group is based on whether the main cash inflow of the asset group is independent of other assets, as well as the way for the enterprise management to manage production and operation activities, and the decision-making method for the continued use or disposal of assets. In this year, CASCO confirmed that CASCO asset group portfolio was the smallest unit of asset groups with the combination of goodwill and its relevant assets based on the cash flow generated from goodwill. The cash flow generated from this asset group is independent of other assets or other asset groups, and the recoverable amount of the asset group is the present value of the estimated future cash flows of CASCO. The amounts of key assumptions of the asset group related to impairment tests were consistent with the Company's historical experience and external information. The key assumptions made by management in determining the present value of the cash flow forecast are as follows:

Item	31 December 2023	31 December 2022
Forecast period	5 years	5 years
Discount rate	15.12%	15.16%
Average growth rate of income in the forecast period	2.00%	2.00%

As at 31 December 2023 and 31 December 2022, the goodwill of the CASCO asset group has not been impaired and therefore no provision for impairment was required.

- The Company conducted impairment test on the allocation of goodwill resulting from the acquisition of Zhengzhou Zhong'an, CRSC Electrification Bureau and Changsha Design Institute to the asset group. The combination of asset groups is the combination which the goodwill combined with smallest asset groups related to it, and the cash flow generated from this asset group was independent from other assets or other asset groups, which was consistent with the combination of asset groups determined at the date of purchase and during the impairment test for prior years. The recoverable amount was determined according to the present value of the expected future cash flows of those subsidiaries, and the expected future cash flows were determined according to the cash flow forecast based on the 5-year financial budget approved by the management. The pre-tax discount rates used in the cash flow forecast were 14.57%, 14.57% and 12.71% respectively (14.88%, 14.88% and 14.01% respectively in 2022). After testing, the management of the Company believes that the goodwill generated by the acquisition of CRSC Electrification Bureau has not been impaired, so no provision for impairment is required; and the goodwill generated by the acquisition of Zhengzhou Zhong'an and Changsha Design Institute has been impaired, and a provision of RMB16.6647 million and RMB5.6169 million for impairment has been made respectively.

## NOTES TO THE FINANCIAL STATEMENTS OF 2023 (CONTINUED)

31 December 2023

RMB

### VII NOTES TO ITEMS IN THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

#### (XXVII) Goodwill (Continued)

##### 1. *Original carrying amount of goodwill (Continued)*

Note: (Continued)

3. Assumptions were used to calculate the present value of the expected future cash flows of CASCO, Zhengzhou Zhong'an CRSC Electrification Bureau and Changsha Design Institute as at 31 December 2023 and 31 December 2022. The following details the key assumptions made by the management in determining the cash flow forecast for goodwill impairment test: Budget gross margin – The determination basis was to appropriately increase the average gross margin that was realized in the year before the budget year on the basis of the expected efficiency improvement and the expected market development. Discount rate – The discount rate adopted was the pre-tax discount rate that reflects the specific risks of the relevant asset group. The amounts of key assumptions of the asset group related to impairment tests were consistent with the Company's historical experience and external information.

# NOTES TO THE FINANCIAL STATEMENTS OF 2023 (CONTINUED)

31 December 2023

RMB

## VII NOTES TO ITEMS IN THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

### (XXVII) Goodwill (Continued)

#### 2. Provision for impairment of goodwill

Applicable  Not Applicable

Unit: Yuan Currency: RMB

Name of investee or matters resulting in goodwill	Opening balance	Increase during the period		Decrease during the period		Closing balance
		Provision	Others	Disposal	Others	
Changsha Design Institute	-	5,616,900.00	-	-	-	5,616,900.00
Zhengzhou Zhong'an	-	16,664,700.00	-	-	-	16,664,700.00
Total	-	22,281,600.00	-	-	-	22,281,600.00

#### 3. Information about the asset group or combination of asset groups to which the goodwill belongs

Applicable  Not Applicable

Changes in the asset group or combination of asset groups

Applicable  Not Applicable

Other explanation

Applicable  Not Applicable

## NOTES TO THE FINANCIAL STATEMENTS OF 2023 (CONTINUED)

31 December 2023

RMB

### VII NOTES TO ITEMS IN THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

#### (XXVII) Goodwill (Continued)

##### 4. **Method to determine the recoverable amount**

The recoverable amount is net fair value less costs of disposal

Applicable  Not Applicable

The recoverable amount is the present value of estimated future cash flows

Applicable  Not Applicable

Reasons for significant inconsistency between the aforesaid information and the information used by the previous impairment test or external information

Applicable  Not Applicable

Reasons for inconsistency between the information used by the Company for previous impairment tests and the facts for the corresponding years

Applicable  Not Applicable

##### 5. **Performance commitments and the impact on goodwill impairment test**

Performance commitments exist when goodwill is recognized and the reporting period or the period preceding the reporting period is within the period of the commitments.

Applicable  Not Applicable

Other explanation

Applicable  Not Applicable

## NOTES TO THE FINANCIAL STATEMENTS OF 2023 (CONTINUED)

31 December 2023

RMB

### VII NOTES TO ITEMS IN THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

#### (XXVIII) Long-term deferred expenses

Applicable  Not Applicable

2023

Unit: Yuan Currency: RMB

Item	Opening balance	Increase during the period	Amortization for the period	Other deduction	Closing balance
Costs of improvements to fixed assets under operating leases and others	<u>58,177,965.51</u>	<u>21,123,615.05</u>	<u>23,609,033.15</u>	<u>4,187.29</u>	<u>55,688,360.12</u>
Total	<u>58,177,965.51</u>	<u>21,123,615.05</u>	<u>23,609,033.15</u>	<u>4,187.29</u>	<u>55,688,360.12</u>

2022

Unit: Yuan Currency: RMB

Item	Opening balance	Increase during the period	Amortization for the period	Other deduction	Closing balance
Costs of improvements to fixed assets under operating leases	<u>50,007,280.33</u>	<u>62,117,401.63</u>	<u>53,946,716.45</u>	<u>-</u>	<u>58,177,965.51</u>
Total	<u>50,007,280.33</u>	<u>62,117,401.63</u>	<u>53,946,716.45</u>	<u>-</u>	<u>58,177,965.51</u>

## NOTES TO THE FINANCIAL STATEMENTS OF 2023 (CONTINUED)

31 December 2023

RMB

### VII NOTES TO ITEMS IN THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

#### (XXIX) Deferred tax assets/liabilities

##### 1. Deferred tax assets not offset

Applicable  Not Applicable

Unit: Yuan Currency: RMB

Item	Closing balance		Opening balance	
	Deductible temporary difference	Deferred income tax assets	Deductible temporary difference	Deferred income tax assets
Provision for impairment of assets	2,179,960,114.84	471,315,186.90	1,750,308,264.26	374,068,256.34
Recognition of lease liabilities	131,220,810.13	23,056,442.97	177,874,906.78	32,006,755.02
Unrealized profits in intra-group transactions	43,919,461.46	10,910,845.45	64,388,077.44	16,097,019.36
Deferred income	153,015,228.16	25,435,568.79	121,631,813.87	18,244,772.08
Estimated liabilities	53,361,704.01	8,094,918.45	52,385,422.33	8,014,636.27
Unpaid employee benefits payable	60,089,649.35	12,004,235.95	57,967,291.93	11,371,459.36
Others	93,331,187.82	22,699,641.57	57,598,727.25	14,283,282.07
<b>Total</b>	<b>2,714,898,155.77</b>	<b>573,516,840.08</b>	<b>2,282,154,503.86</b>	<b>474,086,180.50</b>

## NOTES TO THE FINANCIAL STATEMENTS OF 2023 (CONTINUED)

31 December 2023

RMB

### VII NOTES TO ITEMS IN THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

#### (XXIX) Deferred tax assets/liabilities (Continued)

##### 2. Deferred tax liabilities not offset

Applicable  Not Applicable

Unit: Yuan Currency: RMB

Item	Closing balance		Opening balance	
	Deductible temporary difference	Deferred income tax assets	Deductible temporary difference	Deferred income tax assets
Depreciation of fixed assets	89,497,808.33	13,424,671.25	97,379,975.50	14,606,996.33
Recognition of right-of-use assets	124,635,956.62	22,154,502.91	173,961,270.40	27,833,803.26
Fair value adjustment of business combination not under common control	52,114,602.59	12,143,674.76	82,267,000.19	16,946,328.45
Floating profit and loss in portion of positions of copper futures	1,432,775.00	214,916.25	1,147,350.00	172,102.50
Others	120,623,018.14	30,153,058.18	48,046,379.80	12,042,853.87
Total	388,304,160.68	78,090,823.35	402,801,975.89	71,602,084.41

## NOTES TO THE FINANCIAL STATEMENTS OF 2023 (CONTINUED)

31 December 2023

RMB

### VII NOTES TO ITEMS IN THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

#### (XXIX) Deferred tax assets/liabilities (Continued)

##### 3. Deferred tax assets or liabilities stated on a net basis after offset

Applicable  Not Applicable

Unit: Yuan Currency: RMB

Item	Amount of deferred tax assets and liabilities offset at the end of the period	Closing amount of deferred tax assets or liabilities after the offset	Amount of deferred tax assets and liabilities offset at the beginning of the period	Opening amount of deferred tax assets or liabilities after the offset
Deferred tax assets	22,887,387.16	550,629,452.92	-	474,086,180.50
Deferred tax liabilities	22,887,387.16	55,203,436.19	-	71,602,084.41

##### 4. Breakdown of unrecognised deferred tax assets

Applicable  Not Applicable

Unit: Yuan Currency: RMB

Item	Closing balance	Opening balance
Deductible temporary difference	38,128,880.80	17,781,950.90
Deductible loss	494,200,658.79	388,763,146.27
Total	532,329,539.59	406,545,097.17

## NOTES TO THE FINANCIAL STATEMENTS OF 2023 (CONTINUED)

31 December 2023

RMB

### VII NOTES TO ITEMS IN THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

#### (XXIX) Deferred tax assets/liabilities (Continued)

##### 5. *Deductible loss for which no deferred tax assets are recognised will become due in the following years*

Applicable  Not Applicable

Unit: Yuan Currency: RMB

Year	Closing balance	Opening balance	Remarks
2023	–	29,434,526.41	/
2024	<b>16,533,026.26</b>	16,533,026.26	/
2025	<b>32,248,171.52</b>	32,248,171.52	/
2026	<b>82,374,945.76</b>	80,296,496.37	/
2027	<b>44,337,993.44</b>	42,440,943.59	/
2028	<b>23,961,642.68</b>	23,797,531.72	/
2029	<b>39,512,549.27</b>	39,512,549.27	/
2030	<b>41,231,965.89</b>	44,389,191.09	/
2031	<b>29,485,952.16</b>	19,602,818.29	/
2032	<b>101,934,286.38</b>	60,507,891.75	/
2033	<b>82,580,125.43</b>	–	/
Total	<b>494,200,658.79</b>	<b>388,763,146.27</b>	/

Note: The Company believes that it is not probable that future taxable income will be available to offset the deductible temporary differences and deductible losses described above and, therefore, no deferred tax assets have been recognized for these items.

Other explanation:

Applicable  Not Applicable

## NOTES TO THE FINANCIAL STATEMENTS OF 2023 (CONTINUED)

31 December 2023

RMB

### VII NOTES TO ITEMS IN THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

#### (XXX) Other non-current assets

Applicable  Not Applicable

Unit: Yuan Currency: RMB

Item	Closing balance			Opening balance		
	Book balance	Provision for impairment	Carrying amount	Book balance	Provision for impairment	Carrying amount
Project quality deposit	620,613,309.56	5,854,768.81	614,758,540.75	290,595,597.80	4,002,634.26	286,592,963.54
Prepayment for fixed assets	48,275,316.40	–	48,275,316.40	335,695.00	–	335,695.00
Receivables of "Build-Operate-Transfer" project	5,960,721,997.76	57,837,476.16	5,902,884,521.60	5,742,420,235.72	51,820,012.33	5,690,600,223.39
Total	6,629,610,623.72	63,692,244.97	6,565,918,378.75	6,033,351,528.52	55,822,646.59	5,977,528,881.93

As at 31 December 2023, the Company's book value of other non-current assets of RMB4,957,337,547.83 and book value of receivables of RMB634,223,818.22 (31 December 2022: other non-current assets of RMB4,739,035,785.79 and receivables of RMB465,060,456.80), which were formed by the earning rights of the franchise pledged and all proceeds thereunder were used to obtain long-term loans of RMB3,194,933,469.48 (31 December 2022: RMB3,464,075,719.17). See Note "VII. (XXXI)" for details.

## NOTES TO THE FINANCIAL STATEMENTS OF 2023 (CONTINUED)

31 December 2023

RMB

### VII NOTES TO ITEMS IN THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

#### (XXX) Other non-current assets

##### *Provision for bad debt regarding other non-current assets*

2023

Categories	Opening balance	Increase/decrease during the period			Closing balance
		Provision	Recovery or reversal	Write-off or cancellation	
Provision for bad debt	55,822,646.59	7,869,598.38	-	-	63,692,244.97
Total	55,822,646.59	7,869,598.38	-	-	63,692,244.97

2022

Categories	Opening balance	Increase/decrease during the period			Closing balance
		Provision	Recovery or reversal	Write-off or cancellation	
Provision for bad debt	51,892,132.55	3,930,514.04	-	-	55,822,646.59
Total	51,892,132.55	3,930,514.04	-	-	55,822,646.59

## NOTES TO THE FINANCIAL STATEMENTS OF 2023 (CONTINUED)

31 December 2023

RMB

### VII NOTES TO ITEMS IN THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

#### (XXXI) Assets with restricted ownership or right of use

Applicable  Not Applicable

Unit: Yuan Currency: RMB

Item	Closing				Opening			
	Book balance	Carrying amount	Type	Description of restriction	Book balance	Carrying amount	Type	Description of restriction
Cash and bank balances	597,589,132.57	597,589,132.57	Other	Acceptance bill deposits, guarantee letter deposits and others	457,150,025.99	457,150,025.99	Other	Acceptance bill deposits, guarantee letter deposits and others
Bills receivable	358,773,791.94	348,010,578.18	Pledge	Pledged borrowings	218,610,572.55	212,052,255.37	Pledge	Pledged borrowings
Receivables for financing	500,000.00	500,000.00	Pledge	Pledged borrowings	34,059,394.86	34,059,394.86	Pledge	Pledged borrowings
Accounts receivable	634,223,818.22	608,829,017.21	Pledge	Pledged borrowings	465,060,456.80	452,219,645.73	Pledge	Pledged borrowings
Other non-current assets	4,957,337,547.83	4,938,321,443.67	Pledge	Pledged borrowings	4,739,035,785.79	4,726,037,145.46	Pledge	Pledged borrowings
Total	<u>6,548,424,290.56</u>	<u>6,493,250,171.63</u>	/	/	<u>5,913,916,235.99</u>	<u>5,881,518,467.41</u>	/	/

## NOTES TO THE FINANCIAL STATEMENTS OF 2023 (CONTINUED)

31 December 2023

RMB

### VII NOTES TO ITEMS IN THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

#### (XXXII) Short-term borrowings

##### 1. Breakdown of short-term borrowings

Applicable  Not Applicable

Unit: Yuan Currency: RMB

Item	Closing balance	Opening balance
Pledged borrowings	126,672,665.87	252,669,967.41
Credit borrowings	2,324,960,481.18	8,500,000.00
Total	2,451,633,147.05	261,169,967.41

Notes:

As at 31 December 2023, the book value of bank acceptance bills, commercial acceptance bills pledged by the Company and other credit instruments measured at fair value through other comprehensive income were RMB6,061,051.80, RMB120,111,614.07 and RMB500,000.00, respectively, which was used to obtain short-term loans of RMB126,672,665.87. (As at 31 December 2022, the book value of bank acceptance bills and commercial acceptance bills pledged by the Company was RMB34,059,394.86 and RMB218,610,572.55, respectively, which was used to obtain short-term loans of RMB252,669,967.41.) Please see note "VII. (XXXI)".

## NOTES TO THE FINANCIAL STATEMENTS OF 2023 (CONTINUED)

31 December 2023

RMB

### VII NOTES TO ITEMS IN THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

#### (XXXII) Short-term borrowings (Continued)

##### 2. *Overdue but unpaid short-term borrowings*

Applicable  Not Applicable

Major overdue but unpaid short-term borrowings:

Applicable  Not Applicable

Other explanation

Applicable  Not Applicable

#### (XXXIII) Financial liabilities held-for-trading

Applicable  Not Applicable

Other explanation:

Applicable  Not Applicable

#### (XXXIV) Derivative financial liabilities

Applicable  Not Applicable

## NOTES TO THE FINANCIAL STATEMENTS OF 2023 (CONTINUED)

31 December 2023

RMB

### VII NOTES TO ITEMS IN THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

#### (XXXV) Bills payable

##### 1. Breakdown of bills payable

Applicable  Not Applicable

Unit: Yuan Currency: RMB

Type	Closing balance	Opening balance
Commercial acceptance bills	856,775,260.38	782,613,750.58
Bank acceptance bills	559,577,868.93	1,477,540,520.22
Total	1,416,353,129.31	2,260,154,270.80

Note: As of 31 December 2023 and 31 December 2022, the Company did not have overdue but unpaid bills payable.

## NOTES TO THE FINANCIAL STATEMENTS OF 2023 (CONTINUED)

31 December 2023

RMB

### VII NOTES TO ITEMS IN THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

#### (XXXVI) Accounts payable

##### 1. Accounts payable by aging on recording dates

Applicable  Not Applicable

Unit: Yuan Currency: RMB

Item	Closing balance	Opening balance
Within 1 year	29,679,263,560.27	32,360,518,932.24
1 to 2 years	10,716,501,363.79	9,728,128,194.22
2 to 3 years	4,548,280,124.74	4,125,561,674.48
Over 3 years	4,725,461,651.01	3,673,911,102.79
Total	49,669,506,699.81	49,888,119,903.73

##### 2. Major accounts payable aged over one year

Applicable  Not Applicable

As at 31 December 2023, the total of the top five accounts payable aged over one year amounted to RMB1,044,324,977.73.

As at 31 December 2022, the total of the top five accounts payable aged over one year amounted to RMB578,745,897.94.

Other explanation

Applicable  Not Applicable

## NOTES TO THE FINANCIAL STATEMENTS OF 2023 (CONTINUED)

31 December 2023

RMB

### VII NOTES TO ITEMS IN THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

#### (XXXVII) Receipts in advance

**1. Breakdown of advance receipts**

Applicable  Not Applicable

**2. Major advance receipts aged over one year**

Applicable  Not Applicable

**3. Amount of and reason for significant change in carrying amount within the Reporting Period**

Applicable  Not Applicable

Other explanation

Applicable  Not Applicable

## NOTES TO THE FINANCIAL STATEMENTS OF 2023 (CONTINUED)

31 December 2023

RMB

### VII NOTES TO ITEMS IN THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

#### (XXXVIII) Contract liabilities

##### 1. Breakdown of contract liabilities

Applicable  Not Applicable

Unit: Yuan Currency: RMB

Item	Closing balance	Opening balance
Advances	1,837,526,824.46	2,607,444,876.57
Incomplete project, settled	5,988,124,850.05	5,097,276,345.68
Total	7,825,651,674.51	7,704,721,222.25

##### 2. Major contract liabilities aged over one year

Applicable  Not Applicable

## NOTES TO THE FINANCIAL STATEMENTS OF 2023 (CONTINUED)

31 December 2023

RMB

### VII NOTES TO ITEMS IN THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

#### (XXXVIII) Contract liabilities

##### 3. Amount of and reason for significant change in carrying amount within the Reporting Period

Applicable  Not Applicable

Unit: Yuan Currency: RMB

Item	Change in amount	Reasons for change
Advances	-769,918,052.11	Collection at the beginning of the period was recognised as revenue in the current period
Incomplete project, settled	890,848,504.37	The newly added settlement amount in the current period is greater than the completion amount
Total	120,930,452.26	/

Note The contract liabilities of RMB3,325,720,934.89 included in the carrying amount as at 31 December 2022 have been transferred to revenue in 2023.

Other explanation:

Applicable  Not Applicable

#### (XXXIX) Customers deposits and deposits from banks and other financial institutions

Item	Closing balance	Opening balance
Deposits absorbed by the finance company	138,046,438.06	—
Total	138,046,438.06	—

## NOTES TO THE FINANCIAL STATEMENTS OF 2023 (CONTINUED)

31 December 2023

RMB

### VII NOTES TO ITEMS IN THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

#### (XL) Employee benefits payable

##### 1. Breakdown of employee benefits payable

Applicable  Not Applicable

2023

Unit: Yuan Currency: RMB

Item	Opening balance	Increase during the period	Decrease during the period	Closing balance
I. Short-term benefits	613,320,665.31	5,237,237,390.13	5,215,948,184.69	634,609,870.75
II. Post-employment benefits (defined contribution plan)	37,455,153.62	678,484,641.21	686,750,477.81	29,189,317.02
III. Dismissal benefits	–	3,027,740.19	2,417,098.69	610,641.50
IV. Other benefits due within one year	39,845,000.00	22,347,000.00	25,585,000.00	36,607,000.00
<b>Total</b>	<b>690,620,818.93</b>	<b>5,941,096,771.53</b>	<b>5,930,700,761.19</b>	<b>701,016,829.27</b>

2022

Unit: Yuan Currency: RMB

Item	Opening balance	Increase during the period	Decrease during the period	Closing balance
I. Short-term benefits	582,411,623.25	5,160,488,795.41	5,129,579,753.35	613,320,665.31
II. Post-employment benefits (defined contribution plan)	30,370,965.95	661,288,465.36	654,204,277.69	37,455,153.62
III. Dismissal benefits	50,396.79	5,631,009.21	5,681,406.00	–
IV. Other benefits due within one year	44,769,000.00	37,404,000.00	42,328,000.00	39,845,000.00
<b>Total</b>	<b>657,601,985.99</b>	<b>5,864,812,269.98</b>	<b>5,831,793,437.04</b>	<b>690,620,818.93</b>

## NOTES TO THE FINANCIAL STATEMENTS OF 2023 (CONTINUED)

31 December 2023

RMB

### VII NOTES TO ITEMS IN THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

#### (XL) Employee benefits payable (Continued)

##### 2. Breakdown of short-term remunerations

Applicable  Not Applicable

Unit: Yuan Currency: RMB

Item	Opening balance	Increase during the period	Decrease during the period	Closing balance
I. Wages, bonuses, allowances and subsidies	71,453,999.93	3,833,277,965.34	3,881,655,008.54	23,076,956.73
II. Employee welfare benefits	312,825,764.84	339,621,760.62	270,830,139.62	381,617,385.84
III. Social insurance premiums	62,460,111.64	388,010,453.34	395,947,802.27	54,522,762.71
Including: Medical insurance premiums	61,364,245.95	364,667,548.45	372,385,166.34	53,646,628.06
Industrial injury insurance premiums	679,876.76	16,530,967.83	16,748,701.55	462,143.04
Maternity insurance premiums	415,988.93	6,811,937.06	6,813,934.38	413,991.61
Others				
IV. Housing provident fund	2,800,628.76	379,386,864.53	378,658,138.85	3,529,354.44
V. Labour union funds and staff education funds	163,107,546.13	105,919,470.13	97,992,392.00	171,034,624.26
VI. Others	672,614.01	191,020,876.17	190,864,703.41	828,786.77
<b>Total</b>	<b>613,320,665.31</b>	<b>5,237,237,390.13</b>	<b>5,215,948,184.69</b>	<b>634,609,870.75</b>

## NOTES TO THE FINANCIAL STATEMENTS OF 2023 (CONTINUED)

31 December 2023

RMB

### VII NOTES TO ITEMS IN THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

#### (XL) Employee benefits payable (Continued)

##### 2. Breakdown of short-term remunerations (Continued)

2022

Unit: Yuan Currency: RMB

Item	Opening balance	Increase during the period	Decrease during the period	Closing balance
I. Wages, bonuses, allowances and subsidies	111,073,752.54	3,826,255,785.53	3,865,875,538.14	71,453,999.93
II. Employee welfare benefits	250,443,668.84	306,523,795.61	244,141,699.61	312,825,764.84
III. Social insurance premiums	59,414,423.39	360,945,455.18	357,899,766.93	62,460,111.64
Including: Medical insurance premiums	58,664,167.65	340,673,892.25	337,973,813.95	61,364,245.95
Industrial injury insurance premiums	375,693.73	15,785,184.19	15,481,001.16	679,876.76
Maternity insurance premiums	374,562.01	4,486,378.74	4,444,951.82	415,988.93
IV. Housing provident fund	2,229,973.50	369,316,083.68	368,745,428.42	2,800,628.76
V. Labour union funds and staff education funds	158,857,951.26	98,929,555.72	94,679,960.85	163,107,546.13
VI. Other short-term remunerations	391,853.72	198,518,119.69	198,237,359.40	672,614.01
Total	582,411,623.25	5,160,488,795.41	5,129,579,753.35	613,320,665.31

# NOTES TO THE FINANCIAL STATEMENTS OF 2023 (CONTINUED)

31 December 2023

RMB

## VII NOTES TO ITEMS IN THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

### (XL) Employee benefits payable (Continued)

#### 3. Breakdown of defined contribution plan

Applicable  Not Applicable

2023

Unit: Yuan Currency: RMB

Item	Opening balance	Increase during the period	Decrease during the period	Closing balance
1. Basic pension insurance	23,904,261.66	508,325,967.02	513,627,094.29	18,603,134.39
2. Unemployment insurance	297,946.38	18,668,040.28	18,352,993.88	612,992.78
3. Enterprise annuity payment	13,252,945.58	151,490,633.91	154,770,389.64	9,973,189.85
Total	<u>37,455,153.62</u>	<u>678,484,641.21</u>	<u>686,750,477.81</u>	<u>29,189,317.02</u>

2022

Unit: Yuan Currency: RMB

Item	Opening balance	Increase during the period	Decrease during the period	Closing balance
1. Basic pension insurance	16,583,744.38	492,163,963.31	484,843,446.03	23,904,261.66
2. Unemployment insurance	586,299.43	16,845,150.86	17,133,503.91	297,946.38
3. Enterprise annuity payment	13,200,922.14	152,279,351.19	152,227,327.75	13,252,945.58
Total	<u>30,370,965.95</u>	<u>661,288,465.36</u>	<u>654,204,277.69</u>	<u>37,455,153.62</u>

Other explanation:

Applicable  Not Applicable

## NOTES TO THE FINANCIAL STATEMENTS OF 2023 (CONTINUED)

31 December 2023

RMB

### VII NOTES TO ITEMS IN THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

#### (XLI) Taxes payable

Applicable  Not Applicable

Unit: Yuan Currency: RMB

Item	Closing balance	Opening balance
Value-added tax	592,242,716.66	512,832,538.35
Enterprise income tax	286,153,473.19	247,583,704.01
Individual income tax	122,533,185.89	102,337,644.72
Urban maintenance and construction tax	20,562,792.07	16,826,734.30
Property tax	1,182,650.65	2,776,384.16
Educational surcharge	14,890,425.39	12,599,319.35
Land use tax	1,182,650.65	1,206,864.00
Others	1,899,086.97	3,739,679.91
Total	1,040,646,981.47	899,902,868.80

# NOTES TO THE FINANCIAL STATEMENTS OF 2023 (CONTINUED)

31 December 2023

RMB

## VII NOTES TO ITEMS IN THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

### (XLII) Other payables

#### 1. Presentation of item

Applicable  Not Applicable

Unit: Yuan Currency: RMB

Item	Closing balance	Opening balance
Interest payable	—	—
Dividends payable	61,102,622.90	118,347,201.50
Other payables	1,674,417,947.97	1,366,728,778.59
Total	1,735,520,570.87	1,485,075,980.09

Other explanation:

Applicable  Not Applicable

#### 2. Interests payable

Classified presentation

Applicable  Not Applicable

Major overdue interest payable:

Applicable  Not Applicable

Other explanation:

Applicable  Not Applicable

## NOTES TO THE FINANCIAL STATEMENTS OF 2023 (CONTINUED)

31 December 2023

RMB

### VII NOTES TO ITEMS IN THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

#### (XLII) Other payables (Continued)

##### 3. Dividends payable

Classified presentation

Applicable  Not Applicable

Unit: Yuan Currency: RMB

Item	Closing balance	Opening balance
China Railway Zhengzhou Group Co., Ltd.	51,366,300.00	117,216,300.00
Jishou Tengda Economic Construction and Investment Co., Ltd.	3,751,533.00	–
Jishou Huatai Underground Pipeline Investment and Construction Co., Ltd.	2,438,266.00	–
Taixing Zhiguang Technology Talents Plaza Management Co., Ltd.	2,270,000.00	–
Eltek AS	607,958.40	529,872.00
Zenitel Norway AS	525,816.00	458,280.00
Hangzhou Tianyue Win-Win Corporate Management Partnership (Limited Partnership)	142,749.50	142,749.50
Total	61,102,622.90	118,347,201.50

# NOTES TO THE FINANCIAL STATEMENTS OF 2023 (CONTINUED)

31 December 2023

RMB

## VII NOTES TO ITEMS IN THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

### (XLII) Other payables (Continued)

#### 4. Other payables

(1) Breakdown of other payables by nature

Applicable  Not Applicable

Unit: Yuan Currency: RMB

Item	Closing balance	Opening balance
Deposits and margins	964,121,715.86	746,181,270.86
Current payments	314,829,882.38	294,065,046.01
Acquisition of fixed assets	166,232,517.61	137,087,512.54
Public facility maintenance funds	10,259,908.85	18,663,526.25
Others	218,973,923.27	170,731,422.93
Total	1,674,417,947.97	1,366,728,778.59

(2) Other payables by aging

Applicable  Not Applicable

Unit: Yuan Currency: RMB

Item	Closing balance	Opening balance
Within 1 year	966,215,927.08	848,872,303.09
1 to 2 years	563,444,297.32	344,376,071.63
2 to 3 years	114,782,518.69	78,139,763.23
Over 3 years	29,975,204.88	95,340,640.64
Total	1,674,417,947.97	1,366,728,778.59

## NOTES TO THE FINANCIAL STATEMENTS OF 2023 (CONTINUED)

31 December 2023

RMB

### VII NOTES TO ITEMS IN THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

#### (XLII) Other payables (Continued)

##### 4. Other payables (Continued)

(3) Major other payables aged over one year:

Applicable  Not Applicable

As at 31 December 2023, the total of the top five other accounts payable aged over one year amounted to RMB180,234,844.71.

As at 31 December 2022, the total of the top five other accounts payable aged over one year amounted to RMB91,137,731.94.

#### (XLIII) Non-current liabilities due within one year

Applicable  Not Applicable

Unit: Yuan Currency: RMB

Item	Closing balance	Opening balance
Long-term borrowings due within one year	<b>341,991,400.00</b>	1,145,289,546.40
Long-term payables due within one year	<b>39,821,474.75</b>	32,003,740.26
Lease liabilities due within one year	<b>56,758,805.46</b>	59,801,371.37
Total	<b>438,571,680.21</b>	1,237,094,658.03

Note: Please see the note "VII. (XLV)" for details of long-term borrowings, the note "VII. (XLVII)" for details of lease liabilities, and the note "VII. (XLVIII)" for details of long-term payables.

# NOTES TO THE FINANCIAL STATEMENTS OF 2023 (CONTINUED)

31 December 2023

RMB

## VII NOTES TO ITEMS IN THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

### (XLIV) Other current liabilities

Other current liabilities

Applicable  Not Applicable

Unit: Yuan Currency: RMB

Item	Closing balance	Opening balance
Output VAT to be transferred	800,656,478.85	791,848,155.22
Estimated liabilities due within one year	26,247,747.82	23,673,452.22
Total	826,904,226.67	815,521,607.44

Note: Please see the note "VII. (L)" for details of the estimated liabilities.

Increase or decrease in short-term bonds payable:

Applicable  Not Applicable

Other explanation:

Applicable  Not Applicable

# NOTES TO THE FINANCIAL STATEMENTS OF 2023 (CONTINUED)

31 December 2023

RMB

## VII NOTES TO ITEMS IN THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

### (XLV) Long-term borrowings

#### (1) Breakdown of long-term borrowings

Applicable  Not Applicable

Unit: Yuan Currency: RMB

Item	Closing balance	Opening balance
Balance	<b>3,321,933,469.48</b>	4,436,075,719.17
Pledged borrowings	<b>3,194,933,469.48</b>	3,464,075,719.17
Credit borrowings	<b>127,000,000.00</b>	972,000,000.00
Less: Long-term borrowings due within one year	<b>-341,991,400.00</b>	-1,145,289,546.40
Total	<b>2,979,942,069.48</b>	3,290,786,172.77

Notes:

- As at 31 December 2023, the Company's book value of other non-current assets of RMB4,957,337,547.83 and book value of accounts receivable of RMB634,223,818.22 (31 December 2022: other non-current assets of RMB4,739,035,785.79, and accounts receivable of RMB465,060,456.80) derived from the pledged income right in and to the franchise and all proceeds thereunder were used to obtain long term loans of RMB3,194,933,469.48 (31 December 2022: RMB3,464,075,719.17), including the amounts due within one year of RMB341,991,400.00.
- As at 31 December 2023, the Company's credit borrowings amounted to RMB127,000,000.00 were the credit borrowings from the Bank of Chengdu that were guaranteed by the Company's third-tier subsidiary First Construction for its subsidiary Yibin Tonghao Hongshun Project Management Co., Ltd..
- The above bank borrowings (including short-term borrowings) are made with variable annual interest rates ranging from 1.95% to 5.39% (31 December 2022: 2.90% to 5.39%).
- For the details of long-term borrowings due within one year, please see Note "VII. (XLIII)".

## NOTES TO THE FINANCIAL STATEMENTS OF 2023 (CONTINUED)

31 December 2023

RMB

### VII NOTES TO ITEMS IN THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

#### (XLV) Long-term borrowings (Continued)

##### (1) Breakdown of long-term borrowings (Continued)

Notes: (Continued)

5. As at 31 December 2023, the long-term borrowing balance due within one to two years was RMB28,000,000.00, the long-term borrowing balance due within two to five years was RMB363,000,000.00, and the long-term borrowing balance due over five years was RMB2,588,942,069.48. (As at 31 December 2022, the long-term borrowing balance due within one to two years was RMB24,000,000.00, the long-term borrowing balance due within two to five years was RMB442,947,076.77, and the long-term borrowing balance due over five years was RMB2,823,839,096.00.)

Other explanation

Applicable  Not Applicable

#### (XLVI) Bonds payable

##### (1) Bonds payable

Applicable  Not Applicable

##### (2) Increase or decrease in bonds payable (excluding preferred shares, perpetual bonds and other financial instruments classified as financial liabilities)

Applicable  Not Applicable

##### (3) Explanation about convertible corporate bonds

Applicable  Not Applicable

Accounting treatment and judgment basis for conversion into equities

Applicable  Not Applicable

## NOTES TO THE FINANCIAL STATEMENTS OF 2023 (CONTINUED)

31 December 2023

RMB

### VII NOTES TO ITEMS IN THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

#### (XLV) Long-term borrowings (Continued)

##### (4) *Explanation about other financial instruments classified as financial liabilities*

Basic information on preferred shares, perpetual bonds and other financial instruments that are outstanding at the end of the period

Applicable  Not Applicable

Statement on changes in preferred shares, perpetual bonds and other financial instruments that are outstanding at the end of the period

Applicable  Not Applicable

Explanation about basis for classifying other financial instruments as financial liabilities:

Applicable  Not Applicable

Other explanation:

Applicable  Not Applicable

## NOTES TO THE FINANCIAL STATEMENTS OF 2023 (CONTINUED)

31 December 2023

RMB

### VII NOTES TO ITEMS IN THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

#### (XLVII) Lease liabilities

Applicable  Not Applicable

Unit: Yuan Currency: RMB

Item	Closing balance	Opening balance
Lease liabilities	<b>131,220,810.13</b>	177,874,906.78
Reclassified as non-current liabilities due within one year	<b>56,758,805.46</b>	59,801,371.37
Total	<b>74,462,004.67</b>	118,073,535.41

Item	Closing balance	Closing balance of last year
Opening balance for the year	<b>177,874,906.78</b>	162,800,666.72
Increase for the year	<b>35,900,438.15</b>	83,501,138.62
Interest expense	<b>7,046,965.35</b>	11,045,192.88
Lease payments for the year	<b>-89,760,656.92</b>	-78,647,174.49
Modification of lease for the year	<b>159,156.77</b>	-824,916.95
Closing balance for the year	<b>131,220,810.13</b>	177,874,906.78

Note: For the details of lease liabilities due within one year, please see Note "VII (XLIII)".

## NOTES TO THE FINANCIAL STATEMENTS OF 2023 (CONTINUED)

31 December 2023

RMB

### VII NOTES TO ITEMS IN THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

#### (XLVIII) Long-term payables

##### *Presentation of item*

Applicable  Not Applicable

Unit: Yuan Currency: RMB

Item	Closing balance	Opening balance
Long-term payables	53,338,192.06	58,629,829.67
Special payables	—	—
Total	<b>53,338,192.06</b>	58,629,829.67

##### *Long-term payables*

#### 1. Breakdown of long-term payables by nature

Applicable  Not Applicable

Unit: Yuan Currency: RMB

Item	Closing balance	Opening balance
Construction quality guarantee deposits	93,159,666.81	90,633,569.93
Less: Long-term payables due within one year	<b>39,821,474.75</b>	32,003,740.26
Total	<b>53,338,192.06</b>	58,629,829.67

Note: For the details of long-term payables due within one year, please see Note "VII (XLIII)".

## NOTES TO THE FINANCIAL STATEMENTS OF 2023 (CONTINUED)

31 December 2023

RMB

### VII NOTES TO ITEMS IN THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

#### (XLVIII) Long-term payables (Continued)

##### *Special payables*

(1) Breakdown of special payables by nature

Applicable  Not Applicable

#### (XLIX) Long-term employee benefits payable

Applicable  Not Applicable

(1) *Statement on long-term employee benefits payable*

Applicable  Not Applicable

Unit: Yuan Currency: RMB

Item	Closing balance	Opening balance
I. Post-employment benefits – Net liabilities under defined benefit plans	535,949,000.00	529,374,000.00
II. Dismissal benefits	8,609,000.00	14,078,000.00
Subtotal	544,558,000.00	543,452,000.00
Less: Remunerations payable within one year	36,607,000.00	39,845,000.00
Total	507,951,000.00	503,607,000.00

## NOTES TO THE FINANCIAL STATEMENTS OF 2023 (CONTINUED)

31 December 2023

RMB

### VII NOTES TO ITEMS IN THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

#### (XLIX) Long-term employee benefits payable (Continued)

##### (2) Changes in defined benefit plans

Present value of obligations under defined benefit plans:

Applicable  Not Applicable

Unit: Yuan Currency: RMB

Item	Amount for the current period	Amount for the last period
I. Opening balance	543,452,000.00	575,544,000.00
II. The defined benefit cost included in the current profit and loss	12,584,000.00	11,801,000.00
1. Current service costs	-1,000.00	-
2. Past service costs	-	-1,854,000.00
3. Settlement gains (losses indicated by "-")	-3,069,000.00	-2,859,000.00
4. Net interests	15,654,000.00	16,514,000.00
III. The defined benefits cost included in other comprehensive income	26,068,000.00	-1,565,000.00
1. Actuarial gains (losses indicated by "-")	26,068,000.00	-1,565,000.00
2. Others	-	-
IV. Other changes	-37,546,000.00	-42,328,000.00
1. Consideration paid at settlement	-	-
2. Benefits paid	-37,546,000.00	-42,328,000.00
V. Closing balance	544,558,000.00	543,452,000.00
Less: Amount due within one year	36,607,000.00	39,845,000.00
VI. Amount due after one year	507,951,000.00	503,607,000.00

## NOTES TO THE FINANCIAL STATEMENTS OF 2023 (CONTINUED)

31 December 2023

RMB

### VII NOTES TO ITEMS IN THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

#### (XLIX) Long-term employee benefits payable (Continued)

##### (2) Changes in defined benefit plans (Continued)

Plan assets:

Applicable  Not Applicable

Net liabilities (net assets) under defined benefit plans

Applicable  Not Applicable

Explanation about impacts of the details of the defined benefit plan and its associated risks on the Company's future cash flow, timing, and uncertainty:

Applicable  Not Applicable

Note: The Company pays supplementary retirement benefits for its employees in Mainland China who retired on and before 31 December 2012 in addition to the contributions made to statutory insurance plans. Such supplementary retirement benefits are defined benefit plans. These plans include monthly pension benefits, medical reimbursement benefits, annual medical insurance premiums, and funeral benefits for employees who are retired. The Company's obligations in respect of supplementary retirement benefits are determined by estimating the amount of obligations that the Company is committed to paying to the employees after their retirement using actuarial techniques. The amount of the subsidy is determined based on the period during which the employee serves the Company and the relevant subsidy and welfare policy.

Some employees of the Company have gone through internal retirement. The internal retirement payables are accrued in the relevant legal entities within the Company during the period in which the Company has entered into relevant agreements/documents with relevant employees or informing individual employees of the specific internal retirement terms.

The specific terms of internal retirement vary depending on factors such as the position of the relevant employee, length of service and the region of service.

The plan is subject to interest rate risk, risk of changes in life expectancy of pension beneficiaries, and stock market risks.

## NOTES TO THE FINANCIAL STATEMENTS OF 2023 (CONTINUED)

31 December 2023

RMB

### VII NOTES TO ITEMS IN THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

#### (XLIX) Long-term employee benefits payable (Continued)

##### (2) Changes in defined benefit plans (Continued)

Plan assets: (Continued)

Such supplementary retirement benefits are discounted with the discount rate which determined by referring to the yield rate of the PRC treasury bonds with the maturity date similar to the period of the obligations assumed by the Company at the end of the Reporting Period. The service cost and net interest income and expenditures from the supplementary retirement benefits are recorded in the profit or loss for the current period when incurred, while the changes in liabilities from the remeasurement of supplementary retirement benefits are recorded in other comprehensive income.

No planned asset has been established for the defined benefit plan by the Company as at 31 December 2023 and 31 December 2022.

The actuarial method and key assumption adopted for the calculation of the Company's supplementary retirement benefits and internal retirement payables in each year/period are as follows:

Name of the independent actuary: Towers Watson Consulting (Shenzhen) Co., Ltd. (韜睿惠悅管理諮詢(深圳)有限公司), Wu Haichuan;

Qualifications: Member of the Society of Actuaries, member of the American Academy of Actuaries, fellow of China Association of Actuaries and Chartered Enterprise Risk Analyst;

Actuarial method: The Company has adopted expected accumulated benefit unit method in its annual actuarial valuation, and the rolling method in its interim actuarial valuation;

Key assumption: The annual growth rate of average medical costs, the annual growth rate of unreimbursed funeral costs, the annual growth rate of supplementary pension benefits for retired personnel, the annual growth rate of testament grant benefits, the annual growth rate of benefits for internal retired personnel and the death rate remain unchanged.

## NOTES TO THE FINANCIAL STATEMENTS OF 2023 (CONTINUED)

31 December 2023

RMB

### VII NOTES TO ITEMS IN THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

#### (XLIX) Long-term employee benefits payable (Continued)

##### (2) Changes in defined benefit plans (Continued)

Plan assets: (Continued)

The following table shows the main actuarial assumptions used on the balance sheet date:

Item	Current period	Preceding period
Discount rate	2.75%	3.00%
Mortality rate	<b>Average mortality rate of residents in Mainland China</b>	Average mortality rate of residents in Mainland China
Average life expectancy	15	16
Annual growth rate of average medical expenses	8.00%	8.00%
Growth rate of supplementary pension benefits for retired personnel	3.00%	3.00%
Annual growth rate of benefits for internal retired personnel	4.50%	4.50%

## NOTES TO THE FINANCIAL STATEMENTS OF 2023 (CONTINUED)

31 December 2023

RMB

### VII NOTES TO ITEMS IN THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

#### (XLIX) Long-term employee benefits payable (Continued)

##### (2) Changes in defined benefit plans (Continued)

Explanation on the material actuarial assumptions and sensitivity analysis results of defined benefit plans

Applicable  Not Applicable

The following table provides a quantitative sensitivity analysis on the key assumptions used:

Item	Increase (%)	(Decrease)/ increase in obligations under defined benefit plans		Decrease (%)	Increase/ (decrease) in obligations under defined benefit plans
Discount rate	0.25	-15,029,000.00		0.25	15,757,000.00
Annual growth rate of average medical expenses	1.00	30,286,000.00		1.00	-20,340,000.00

The above sensitivity analysis is to infer the impact of reasonable change occurring to the key assumptions on the balance sheet date on the obligations under the defined benefit plans. Sensitivity analysis is made on the basis of changes in significant assumptions while other assumptions remain unchanged. Since changes in assumptions are often not isolated from each other, sensitivity analysis might not represent actual changes in the obligations under defined benefit plans.

Other explanation:

Applicable  Not Applicable

## NOTES TO THE FINANCIAL STATEMENTS OF 2023 (CONTINUED)

31 December 2023

RMB

### VII NOTES TO ITEMS IN THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

#### (L) Estimated liabilities

Applicable  Not Applicable

Unit: Yuan Currency: RMB

Item	Opening balance	Closing balance	Cause of formation
Product quality guarantee	42,272,884.54	43,062,970.78	/
Pending onerous contracts	10,112,537.79	10,112,537.79	/
Others	-	186,195.44	/
Less: Estimated liabilities due within one year	<u>23,673,452.22</u>	<u>26,247,747.82</u>	/
Total	<u>28,711,970.11</u>	<u>27,113,956.19</u>	/

#### 2023

Unit: Yuan Currency: RMB

	2023 Product quality guarantee (Note)	2023 Pending onerous contracts and others	2023 Total
Opening balance	42,272,884.54	10,112,537.79	52,385,422.33
Increase in this year	49,036,908.88	186,195.44	49,223,104.32
Reversal in this year	-8,535,717.42	-	-8,535,717.42
Used in this year	-39,711,105.22	-	-39,711,105.22
Closing balance	43,062,970.78	10,298,733.23	53,361,704.01
Including: Estimated liabilities due within one year	<u>26,061,552.38</u>	<u>186,195.44</u>	<u>26,247,747.82</u>
	<u>17,001,418.40</u>	<u>10,112,537.79</u>	<u>27,113,956.19</u>

## NOTES TO THE FINANCIAL STATEMENTS OF 2023 (CONTINUED)

31 December 2023

RMB

### VII NOTES TO ITEMS IN THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

#### (L) Estimated liabilities (Continued)

2022

Unit: Yuan Currency: RMB

	2022	2022	2022
	Product quality guarantee (Note)	Pending onerous contracts and others	Total
Opening balance	44,409,443.04	10,112,537.79	54,521,980.83
Increase in this year	48,591,659.60	-	48,591,659.60
Reversal in this year	-25,260,267.69	-	-25,260,267.69
Used in this year	-25,467,950.41	-	-25,467,950.41
Closing balance	42,272,884.54	10,112,537.79	52,385,422.33
Including: Estimated liabilities due within one year	<u>23,673,452.22</u>	<u>-</u>	<u>23,673,452.22</u>
	<u>18,599,432.32</u>	<u>10,112,537.79</u>	<u>28,711,970.11</u>

Notes:

1. For the details of estimated liabilities due within one year, please see Note "VII (XLIV)".
2. The Company estimates the quality guarantee deposits according to the sales revenue and the estimated warranty rate taking into account the different stages of the product life cycle of different products. The estimated rate of warranty occurrence is based on the historical experience data of the actual occurrence of warranty for the same type of products, and may be estimated according to significant changes due to the different stages of product life cycle of different products and similar products. As at the balance sheet date, the quality guarantee deposits that the Company expects to incur in the future under the above method shall be included into the profit or loss for the period.

## NOTES TO THE FINANCIAL STATEMENTS OF 2023 (CONTINUED)

31 December 2023

RMB

### VII NOTES TO ITEMS IN THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

#### (LI) Deferred income

##### *Deferred income situation*

Applicable  Not Applicable

2023

Unit: Yuan Currency: RMB

Item	Opening balance	Increase during the period	Decrease during the period	Closing balance	Cause of formation
1. Government grants related to assets	68,208,015.18	50,000.00	5,188,130.50	63,069,884.68	-
2. Government grants related to income	146,809,578.28	85,452,519.10	121,541,316.04	110,720,781.34	-
Total	215,017,593.46	85,502,519.10	126,729,446.54	173,790,666.02	-

2022

Unit: Yuan Currency: RMB

Item	Opening balance	Increase during the period	Decrease during the period	Closing balance	Cause of formation
1. Government grants related to assets	70,263,540.42	5,710,000.00	7,765,525.24	68,208,015.18	-
2. Government grants related to income	89,835,372.26	152,845,625.50	95,871,419.48	146,809,578.28	-
Total	160,098,912.68	158,555,625.50	103,636,944.72	215,017,593.46	-

Other explanation

Applicable  Not Applicable

## NOTES TO THE FINANCIAL STATEMENTS OF 2023 (CONTINUED)

31 December 2023

RMB

### VII NOTES TO ITEMS IN THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

**(LII) Other non-current liabilities**

Applicable  Not Applicable

# NOTES TO THE FINANCIAL STATEMENTS OF 2023 (CONTINUED)

31 December 2023

RMB

## VII NOTES TO ITEMS IN THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

### (LIII) Share capital

Applicable  Not Applicable

2023

Unit: Yuan Currency: RMB

	Opening balance	New issue	Increase/decrease for the period (+/-)			Subtotal	Closing balance
			Bonus issue	Capital increase by capital surplus	Others		
Total	10,589,819,000.00	-	-	-	-	-	10,589,819,000.00

2022

Unit: Yuan Currency: RMB

Item	Opening balance	New issue	Increase/decrease for the period (+/-)			Subtotal	Closing balance
			Bonus issue	Capital increase by capital surplus	Others		
Total	10,589,819,000.00	-	-	-	-	-	10,589,819,000.00

# NOTES TO THE FINANCIAL STATEMENTS OF 2023 (CONTINUED)

31 December 2023

RMB

## VII NOTES TO ITEMS IN THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

### (LIV) Other equity instruments

#### (1) Basic information on preferred shares, perpetual bonds and other financial instruments that are outstanding at the end of the period

Applicable  Not Applicable

2023

Unit: Yuan Currency: RMB

Outstanding financial instruments	Issue date	Accounting classification	Dividend rate or interest rate	Issue price	Number	Amount	Expense	Carrying amount	Expiry date or renewal status	Condition of conversion	Transformation status
2021 First Tranche of Medium-term Notes of China Railway Signal & Communication Corporation Limited	15 December 2021	Perpetual bonds	3.32%	100.00	28,000,000	2,800,000,000.00	-3,064,339.62	2,796,935,660.38	Unexpired	None	No

2022

Unit: Yuan Currency: RMB

Outstanding financial instruments	Issue date	Accounting classification	Dividend rate or interest rate	Issue price	Number	Amount	Expense	Carrying amount	Expiry date or renewal status	Condition of conversion	Transformation status
2021 First Tranche of Medium-term Notes of China Railway Signal & Communication Corporation Limited	15 December 2021	Perpetual bonds	3.32%	100.00	28,000,000	2,800,000,000.00	-3,064,339.62	2,796,935,660.38	Unexpired	None	No

## NOTES TO THE FINANCIAL STATEMENTS OF 2023 (CONTINUED)

31 December 2023

RMB

### VII NOTES TO ITEMS IN THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

#### (LIV) Other equity instruments

##### (2) Statement on changes in preferred shares, perpetual bonds and other financial instruments that are outstanding at the end of the period

Applicable  Not Applicable

2023

Unit: Yuan Currency: RMB

	Beginning of the period		Increase during the period		Decrease during the period		End of the period	
	Number	Carrying amount	Number	Carrying amount	Number	Carrying amount	Number	Carrying amount
Outstanding financial instruments								
2021 First Tranche of Medium-term Notes of China Railway Signal & Communication Corporation Limited	28,000,000	2,796,935,660.38	-	-	-	-	28,000,000	2,796,935,660.38
Total	28,000,000	2,796,935,660.38	-	-	-	-	28,000,000	2,796,935,660.38

2022

Unit: Yuan Currency: RMB

	Beginning of the period		Increase during the period		Decrease during the period		End of the period	
	Number	Carrying amount	Number	Carrying amount	Number	Carrying amount	Number	Carrying amount
Outstanding financial instruments								
2021 First Tranche of Medium-term Notes of China Railway Signal & Communication Corporation Limited	28,000,000	2,796,935,660.38	-	-	-	-	28,000,000	2,796,935,660.38
Total	28,000,000	2,796,935,660.38	-	-	-	-	28,000,000	2,796,935,660.38

## NOTES TO THE FINANCIAL STATEMENTS OF 2023 (CONTINUED)

31 December 2023

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### VII NOTES TO ITEMS IN THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

#### (LIV) Other equity instruments (Continued)

Increase/decrease of other equity instruments in the period, the reasons thereof and the basis for related accounting treatment:

Applicable  Not Applicable

Other explanation:

Applicable  Not Applicable

The Company issued 2021 First Tranche of Medium-term Notes of China Railway Signal & Communication Corporation Limited in the amount of RMB2,800,000,000.00 on 15 December 2021. The net proceeds raised after deducting the underwriting expenses of RMB3,064,339.62 for the Medium-term Notes was RMB2,796,935,660.38. The Company recorded the Medium-term Notes with its net proceeds from the issuance net off underwriting expenses and included it in other equity instruments. The initial investment period is 3 years, and the interest rate of the initial investment period is fixed at 3.32%. The Company has the option to defer the interest payment. After the expiration, the Company has the option to renew; the reset rate during the renewal period jumped 300 basis points based on the annual interest rate applicable to the previous investment period.

## NOTES TO THE FINANCIAL STATEMENTS OF 2023 (CONTINUED)

31 December 2023

RMB

### VII NOTES TO ITEMS IN THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

#### (LV) Capital reserve

Applicable  Not Applicable

2023

Unit: Yuan Currency: RMB

Item	Opening balance	Increase during the period	Decrease during the period	Closing balance
Capital premium	15,538,873,267.94	–	–	15,538,873,267.94
Fiscal appropriation	8,670,000.00	–	–	8,670,000.00
Acquisition of minority interest of subsidiaries	9,240,638.86	–	–	9,240,638.86
Adjustment on long-term equity under interest method	620,651.14	114,597.21	–	735,248.35
Others	406,663,539.95	–	–	406,663,539.95
<b>Total</b>	<b>15,964,068,097.89</b>	<b>114,597.21</b>	<b>–</b>	<b>15,964,182,695.10</b>

2022

Unit: Yuan Currency: RMB

Item	Opening balance	Increase during the period	Decrease during the period	Closing balance
Capital premium (share capital premium)	15,538,873,267.94	–	–	15,538,873,267.94
Fiscal appropriation	8,670,000.00	–	–	8,670,000.00
Acquisition of minority interest of subsidiaries	9,240,638.86	–	–	9,240,638.86
Adjustment on long-term equity under interest method	660,686.75	–	40,035.61	620,651.14
Others	406,663,539.95	–	–	406,663,539.95
<b>Total</b>	<b>15,964,108,133.50</b>	<b>–</b>	<b>40,035.61</b>	<b>15,964,068,097.89</b>

#### (LVI) Treasury stocks

Applicable  Not Applicable

## VII NOTES TO ITEMS IN THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

### (LVII) Other comprehensive income

Applicable  Not Applicable

2023

Unit: Yuan Currency: RMB

Item	Amount for the period					Less: Amount transferred to retained earnings from other comprehensive income	Other changes	Closing balance
	Amount before income tax during the period	Less: Amount transferred to profit or loss from other comprehensive income	Amount attributable to the parent company after tax	Amount attributable to the minority shareholders after tax	Less: Amount transferred to retained earnings from other comprehensive income			
I. Other comprehensive income not reclassified into profit or loss								
Including: Changes of the re-measurement of the defined benefit plan								
Changes in fair value of other equity instrument investments	18,696,178.74	-	4,674,044.68	14,022,134.06	-	-	14,022,134.06	
II. Other comprehensive income reclassified to profit or loss	7,811,522.58	-	-	7,406,019.01	-215,632.54	-1,365.00	15,216,176.59	
Hedging reserve arising from cash flows	3,344,198.46	-	-	4,283,995.36	-	-	7,628,193.82	
Differences on translation of foreign currency financial statements	892,478.21	-	-	524,442.03	-	-	1,416,920.24	
Changes in fair value of receivables for financing	3,574,845.91	-	-	2,597,561.62	-215,632.54	-1,365.00	6,171,062.53	
Total other comprehensive income	-198,844,477.42	-	4,674,044.68	-4,639,846.93	-215,632.54	-1,365.00	-203,485,689.35	

## NOTES TO THE FINANCIAL STATEMENTS OF 2023 (CONTINUED)

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# NOTES TO THE FINANCIAL STATEMENTS OF 2023 (CONTINUED)

31 December 2023

RMB

## VII NOTES TO ITEMS IN THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

### (LVII) Other comprehensive income (Continued)

2022

Item	Opening balance	Amount before income tax during the period	Less: Amount transferred to		Amount for the current period		Amount attributable to minority shareholders after tax	Closing balance
			profit or loss from other comprehensive income	retained earnings from other comprehensive income	Less: income tax expenses	Less: Amount transferred to profit or loss from other comprehensive income		
1. Other comprehensive income not reclassified into profit or loss	-208,221,000.00	1,565,000.00	-	-	-	1,565,000.00	-	-206,656,000.00
Including: Changes of the re-measurement of the defined benefit plan	-208,221,000.00	1,565,000.00	-	-	-	1,565,000.00	-	-206,656,000.00
2. Other comprehensive income reclassified into profit or loss	24,585,347.32	-16,534,172.13	-	-	-	-16,773,824.74	239,652.61	7,811,522.58
Including: Hedging reserve arising from cash flows	20,697,995.28	-17,353,786.82	-	-	-	-17,353,786.82	-	3,344,198.46
Differences on translation of foreign currency financial statements	-805,059.14	1,697,537.35	-	-	-	1,697,537.35	-	892,478.21
Changes in fair value of receivables for financing	4,632,421.18	-877,922.66	-	-	-	-1,117,575.27	239,652.61	3,574,845.91
Total other comprehensive income	-183,635,652.68	-14,989,172.13	-	-	-	-15,208,824.74	239,652.61	-198,844,477.42

Unit: Yuan Currency: RMB

## NOTES TO THE FINANCIAL STATEMENTS OF 2023 (CONTINUED)

31 December 2023

RMB

### VII NOTES TO ITEMS IN THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

#### (LVIII) Special reserve

Applicable  Not Applicable

2023

Unit: Yuan Currency: RMB

Item	Opening balance	Increase during the period	Decrease during the period	Closing balance
Safety production expenses	<u>343,494,199.17</u>	<u>324,865,103.50</u>	<u>368,594,983.87</u>	<u>299,764,318.80</u>
Total	<u>343,494,199.17</u>	<u>324,865,103.50</u>	<u>368,594,983.87</u>	<u>299,764,318.80</u>

2022

Unit: Yuan Currency: RMB

Item	Opening balance	Increase during the period	Decrease during the period	Closing balance
Safety production expenses	<u>267,880,349.13</u>	<u>420,048,073.14</u>	<u>344,434,223.10</u>	<u>343,494,199.17</u>
Total	<u>267,880,349.13</u>	<u>420,048,073.14</u>	<u>344,434,223.10</u>	<u>343,494,199.17</u>

## NOTES TO THE FINANCIAL STATEMENTS OF 2023 (CONTINUED)

31 December 2023

RMB

### VII NOTES TO ITEMS IN THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

#### (LIX) Surplus reserve

Applicable  Not Applicable

2023

Unit: Yuan Currency: RMB

Item	Opening balance	Increase during the period	Decrease during the period	Closing balance
Statutory surplus reserve	<u>2,042,968,810.17</u>	<u>238,029,277.43</u>	<u>–</u>	<u>2,280,998,087.60</u>
Total	<u>2,042,968,810.17</u>	<u>238,029,277.43</u>	<u>–</u>	<u>2,280,998,087.60</u>

2022

Unit: Yuan Currency: RMB

Item	Opening balance	Increase during the period	Decrease during the period	Closing balance
Statutory surplus reserve	<u>1,811,324,694.45</u>	<u>231,644,115.72</u>	<u>–</u>	<u>2,042,968,810.17</u>
Total	<u>1,811,324,694.45</u>	<u>231,644,115.72</u>	<u>–</u>	<u>2,042,968,810.17</u>

Note:

1. According to the Company Law and the Articles of Association of the Company, the Company shall withdraw statutory surplus reserve fund at 10% of its net profit. If the accumulative amount of the statutory surplus reserve is more than 50% of the Company's registered capital, the statutory surplus reserve fund shall no longer be withdrawn.
2. After the Company withdraws the statutory surplus reserve fund, it can withdraw discretionary surplus reserve fund. Upon approval, the discretionary surplus reserve can be used to make up for losses of the preceding year or increase share capital.

## NOTES TO THE FINANCIAL STATEMENTS OF 2023 (CONTINUED)

31 December 2023

RMB

### VII NOTES TO ITEMS IN THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

#### (LX) Retained earnings

Applicable  Not Applicable

Unit: Yuan Currency: RMB

Item	Current period	Last period
Retained earnings at the end of last period before adjustment	<b>13,785,475,907.76</b>	12,308,220,568.86
Total amount of retained earnings at the beginning of the adjustment period (increase +, decrease -)	–	–
Retained earnings at the beginning of the period after adjustment	<b>13,785,475,907.76</b>	12,308,220,568.86
Add: Net profits attributable to owners of the parent during the current period	<b>3,477,326,647.54</b>	3,633,640,258.62
Less: Appropriation to statutory surplus reserve	<b>238,029,277.43</b>	231,644,115.72
Appropriation to discretionary surplus reserve	–	–
Accrual of general risk reserves	<b>39,397,794.27</b>	–
Dividend payables of ordinary shares	<b>1,800,269,230.00</b>	1,800,269,230.00
Dividend of ordinary shares converted into share capital	–	–
Other decrease	<b>140,666,213.54</b>	124,471,574.00
Retained earnings at the end of the period	<b>15,044,440,040.06</b>	13,785,475,907.76

Notes:

- (1) Pursuant to the resolution of the Company's 2022 annual general meeting, the Company declared a dividend in respect of the remaining distributable profits for the year ended 31 December 2022 on 9 June 2023 of RMB0.17 cash dividend per share (inclusive of tax), totaling RMB1,800,269,230.00 (FY2022: Pursuant to the resolution of the 2021 annual general meeting of the Company, the Company declared a dividend in respect of the remaining distributable profits for the year ended 31 December 2021 of RMB0.17 cash dividend per share (inclusive of tax) totaling RMB1,800,269,230.00 on 11 June 2022.)
- (2) Appropriation to employee reward and welfare fund for the current period resulted in a decrease of RMB35,636,811.00 in retained earnings.
- (3) Provision made for general risks during this period results in the decrease of RMB39,397,794.27 in undistributed profits.
- (4) Dividends paid to other equity holders for the current period resulted in a decrease of RMB92,960,000.00 in retained earnings.

## NOTES TO THE FINANCIAL STATEMENTS OF 2023 (CONTINUED)

31 December 2023

RMB

### VII NOTES TO ITEMS IN THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

#### (LXI) Revenue and costs of sales

##### 1. Revenue and costs of sales

Applicable  Not Applicable

Unit: Yuan Currency: RMB

Item	Amount for the current period		Amount for the last period	
	Revenue	Cost	Revenue	Cost
Principal operations	36,645,449,808.11	27,324,429,452.44	39,818,754,300.00	30,366,694,766.32
Other operations	356,779,630.78	147,886,306.38	384,453,473.29	314,046,819.77
Total	<u>37,002,229,438.89</u>	<u>27,472,315,758.82</u>	<u>40,203,207,773.29</u>	<u>30,680,741,586.09</u>

##### 2. Revenue generated from contracts

Unit: Yuan Currency: RMB

Categories	Rail transportation control system	Construction contracting	Others	Total
By region of operation:				
China	27,775,023,159.78	7,673,647,905.68	66,763,716.42	35,515,434,781.88
Other countries and regions	<u>1,486,794,657.01</u>	<u>-</u>	<u>-</u>	<u>1,486,794,657.01</u>
Total	<u>29,261,817,816.79</u>	<u>7,673,647,905.68</u>	<u>66,763,716.42</u>	<u>37,002,229,438.89</u>
By time of transfer of goods:				
Revenue recognised at a certain point of time	6,112,524,125.68		66,763,716.42	6,179,287,842.10
Revenue recognised within a certain period of time	<u>23,149,293,691.11</u>	<u>7,673,647,905.68</u>	<u>-</u>	<u>30,822,941,596.79</u>
Total	<u>29,261,817,816.79</u>	<u>7,673,647,905.68</u>	<u>66,763,716.42</u>	<u>37,002,229,438.89</u>

Typically, the construction contracts or service rendering contracts provided by the Group as a whole constitutes a single performance obligation and is a performance obligation performed within a certain period of time. As of 31 December 2023, some of the Group's construction contracts or service rendering contract are still in the process of performance. The transaction price allocated to the outstanding (or partially outstanding) performance obligations is related to the performance progress of the corresponding construction contract or service rendering contract, and will be recognized as revenue on the basis of the performance progress in the future performance period of the corresponding construction contract or service rendering contract.

## NOTES TO THE FINANCIAL STATEMENTS OF 2023 (CONTINUED)

31 December 2023

RMB

### VII NOTES TO ITEMS IN THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

#### (LXI) Revenue and costs of sales (Continued)

##### 3. Breakdown of revenue and costs of sales

Applicable  Not Applicable

Revenue is presented as follows:

Unit: Yuan Currency: RMB

Item	Amount for the current period		Amount for the previous period	
	Revenue	Cost	Revenue	Cost
Rail transportation control system	29,261,817,816.79	20,553,617,454.85	29,408,391,368.97	21,231,816,680.78
Equipment manufacturing	6,112,524,125.68	3,934,929,134.55	5,575,023,023.62	3,422,790,768.16
System implementation	11,425,379,927.13	9,546,644,637.71	14,076,059,317.09	12,149,977,685.25
Design and integration	11,723,913,763.98	7,072,043,682.59	9,757,309,028.26	5,659,048,227.37
Construction contracting	7,673,647,905.68	6,897,575,863.26	10,729,797,684.06	9,428,340,154.55
Others	66,763,716.42	21,122,440.71	65,018,720.26	20,584,750.76
<b>Total</b>	<b>37,002,229,438.89</b>	<b>27,472,315,758.82</b>	<b>40,203,207,773.29</b>	<b>30,680,741,586.09</b>

Other explanation

Applicable  Not Applicable

## NOTES TO THE FINANCIAL STATEMENTS OF 2023 (CONTINUED)

31 December 2023

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### VII NOTES TO ITEMS IN THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

#### (LXI) Revenue and costs of sales (Continued)

##### 4. Details of performance obligation

Applicable  Not Applicable

The Company recognizes the income when its performance obligations as stipulated in the contract are fulfilled, that is, when the customer obtained control of the related assets (goods or services). Whether a performance obligation is fulfilled within a time period or at a point in time depends on the terms of the contract and relevant laws and regulations. If the Company meets one of the following conditions, the performance obligation is fulfilled within a certain period of time:

- (1) The customer obtains and consumes the economic benefits brought by the Company's performance while the Company is performing the contract.
- (2) The customer can control the assets under construction during the Company's performance.
- (3) The assets produced by the Company during the performance of the contract have irreplaceable uses, and the Company has the right to receive payment for the accumulated performance of the contract so far throughout the contract period.

If the performance obligation is fulfilled within a certain period of time, the Company recognizes revenue in accordance with the progress of performance.

Otherwise, the Company recognizes revenue at the point at which the customer obtains control of the underlying assets. The progress of performance is determined based on the value to the customer of the commodities transferred to the customer.

##### 5. Explanation about allocation to the remaining performance obligations

Applicable  Not Applicable

Typically, the construction contracts or service rendering contracts provided by the Company as a whole constitutes a single performance obligation and is a performance obligation performed within a certain period of time.

As of 31 December 2023, some of the Company's construction contracts or service rendering contract are still in the process of performance. The transaction price allocated to the outstanding (or partially outstanding) performance obligations is related to the performance progress of the corresponding construction contract or service rendering contract, and will be recognized as revenue on the basis of the performance progress in the future performance period of the corresponding construction contract or service rendering contract.

## NOTES TO THE FINANCIAL STATEMENTS OF 2023 (CONTINUED)

31 December 2023

RMB

### VII NOTES TO ITEMS IN THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

#### (LXI) Revenue and costs of sales (Continued)

##### 6. Changes in significant contracts or price adjustments of significant transactions

Applicable  Not Applicable

#### (LXII) Taxes and surcharges

Applicable  Not Applicable

Unit: Yuan Currency: RMB

Item	Amount for the current period	Amount for the last period
Urban maintenance and construction tax	77,648,704.58	80,180,473.67
Educational surcharge	58,121,267.73	59,722,491.91
Property tax	66,925,227.00	57,874,205.18
Stamp duty	40,108,235.40	25,424,336.37
Urban land use tax	11,744,375.49	10,637,570.58
Others	2,143,176.70	7,695,529.65
Total	256,690,986.90	241,534,607.36

#### (LXIII) Selling and distribution expenses

Applicable  Not Applicable

Unit: Yuan Currency: RMB

Item	Amount for the current period	Amount for the last period
Employee benefits	538,045,287.60	521,875,083.04
Sales service expenses	180,652,117.75	136,195,807.98
Tendering expenses	69,631,807.85	49,496,689.45
Office and rental expenses	41,209,194.88	28,362,880.81
Depreciation and amortization expenses	4,232,723.36	6,032,515.92
Others	59,261,357.90	70,148,329.58
Total	893,032,489.34	812,111,306.78

## NOTES TO THE FINANCIAL STATEMENTS OF 2023 (CONTINUED)

31 December 2023

RMB

### VII NOTES TO ITEMS IN THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

#### (LXIV) General and administrative expenses

Applicable  Not Applicable

Unit: Yuan Currency: RMB

Item	Amount for the current period	Amount for the last period
Employee benefits	1,497,846,768.14	1,429,725,243.28
Safety production expenses	161,433,435.75	208,351,889.52
Depreciation and amortization expenses	268,901,645.05	287,595,401.34
Office and rental expenses	211,461,810.37	187,453,539.36
Travel costs and business entertainment expenses	66,841,876.57	45,092,085.74
Others	129,348,600.47	131,776,314.92
Total	<b>2,335,834,136.35</b>	<b>2,289,994,474.16</b>

Note: The audit fees of the Group for the year was RMB6,360,000.00 (2022: RMB6,360,000.00).

#### (LXV) Research and development expenses

Applicable  Not Applicable

Unit: Yuan Currency: RMB

Item	Amount for the current period	Amount for the last period
Labour expenses	1,041,058,607.64	1,029,009,234.86
Materials expenses	164,352,568.91	177,208,907.38
Testing and processing expenses	196,093,275.56	139,792,112.54
Depreciation and amortization expenses	165,437,906.18	78,076,419.04
Administrative expenses	27,891,869.57	65,399,624.22
Travel costs	39,428,420.33	34,333,263.13
Others	228,024,113.62	165,991,035.46
Total	<b>1,862,286,761.81</b>	<b>1,689,810,596.63</b>

## NOTES TO THE FINANCIAL STATEMENTS OF 2023 (CONTINUED)

31 December 2023

RMB

### VII NOTES TO ITEMS IN THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

#### (LXVI) Finance costs

Applicable  Not Applicable

Unit: Yuan Currency: RMB

Item	Amount for the current period	Amount for the last period
Interest expense	75,965,079.18	110,995,320.48
Less: Interest income	422,427,842.34	407,442,103.32
Exchange profit or loss	-7,953,654.54	-116,087,250.19
Financial institutions commissions and others	54,189,570.07	174,550,503.73
Total	<b>-300,226,847.63</b>	<b>-237,983,529.30</b>

#### (LXVII) Other income

Applicable  Not Applicable

Unit: Yuan Currency: RMB

By nature	Amount for the current period	Amount for the last period
Government grants	385,603,677.03	361,030,269.21
Additional deduction of input tax	23,200,318.61	938,018.84
Withholding of personal income tax fees	1,843,472.78	4,855,057.85
VAT directly exempted	—	978.66
Total	<b>410,647,468.42</b>	<b>366,824,324.56</b>

Government grants recognized as other income

Item	Amount for the current period	Amount for the previous period
Government grants related to assets	3,381,160.78	6,959,552.89
Other grants	3,381,160.78	6,959,552.89
Government grants related to income	382,222,516.25	354,070,716.32
Refund of taxes	166,307,178.35	144,115,082.55
Other grants	215,915,337.90	209,955,633.77
Total	<b>385,603,677.03</b>	<b>361,030,269.21</b>

## NOTES TO THE FINANCIAL STATEMENTS OF 2023 (CONTINUED)

31 December 2023

RMB

### VII NOTES TO ITEMS IN THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

#### (LXVIII) Investment income

Applicable  Not Applicable

Unit: Yuan Currency: RMB

Item	Amount for the current period	Amount for the last period
Income from long-term equity investments under the equity method	119,041,378.77	96,310,729.93
Investment income from disposal of long-term equity investments	21,052,806.91	–
Interest income from debt investments during the holding period	11,364,993.67	11,364,993.67
Realized gain (loss) from ineffective portion of cash flow hedges	1,050,831.88	2,650,493.61
Investment income generated from debt restructuring	291,104.07	12,168,420.51
Others	-7,794,585.24	-898,981.44
Total	145,006,530.06	121,595,656.28

#### (LXIX) Gains on net exposure hedges

Applicable  Not Applicable

#### (LXX) Gains on changes in fair value

Applicable  Not Applicable

#### (LXXI) Credit impairment losses

Applicable  Not Applicable

Unit: Yuan Currency: RMB

Item	Amount for the current period	Amount for the last period
Losses from bad debts	445,966,775.20	594,320,058.29
Total	445,966,775.20	594,320,058.29

## NOTES TO THE FINANCIAL STATEMENTS OF 2023 (CONTINUED)

31 December 2023

RMB

### VII NOTES TO ITEMS IN THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

#### (LXXII) Losses from impairment of assets

Applicable  Not Applicable

Unit: Yuan Currency: RMB

Item	Amount for the current period	Amount for the last period
Impairment losses	15,597,119.37	-37,185,041.73
Total	15,597,119.37	-37,185,041.73

#### (LXXIII) Gains on disposal of assets

Applicable  Not Applicable

Unit: Yuan Currency: RMB

Item	Amount for the current period	Amount for the last period
Gains on disposal of fixed assets	63,696.54	-1,005,999.02
Gains on disposal of intangible assets	-	30,605,932.68
Total	63,696.54	29,599,933.66

## NOTES TO THE FINANCIAL STATEMENTS OF 2023 (CONTINUED)

31 December 2023

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### VII NOTES TO ITEMS IN THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

#### (LXXIV) Non-operating income

Information about non-operating income

Applicable  Not Applicable

Unit: Yuan Currency: RMB

Item	Amount for the current period	Amount for the last period	Amount included in current non-recurring profit or loss
Income from damage and scrapping of non-current assets	589,821.21	584,856.40	589,821.21
Government grants	4,598,052.02	8,970,852.07	4,598,052.02
Compensation payments	8,478,739.59	4,516,921.68	8,478,739.59
Accounts payable	15,508,021.91	15,393,017.03	15,508,021.91
Others	9,957,268.76	18,815,242.14	9,957,268.76
Total	39,131,903.49	48,280,889.32	39,131,903.49

Other explanation:

Applicable  Not Applicable

#### (LXXV) Non-operating expenses

Applicable  Not Applicable

Unit: Yuan Currency: RMB

Item	Amount for the current period	Amount for the last period	Amount included in current non-recurring profit or loss
Losses from disposal of non-current assets	666,026.72	4,349,752.52	666,026.72
External donation	664,700.00	595,000.00	664,700.00
Lawsuit compensation	512,839.73	–	512,839.73
Others	7,844,498.59	4,932,834.30	7,844,498.59
Total	9,688,065.04	9,877,586.82	9,688,065.04

## NOTES TO THE FINANCIAL STATEMENTS OF 2023 (CONTINUED)

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### VII NOTES TO ITEMS IN THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

#### (LXXVI) Income tax expenses

##### (1) Table for income tax expenses

Applicable  Not Applicable

Unit: Yuan Currency: RMB

Item	Amount for the current period	Amount for the last period
Current income tax expenses	773,383,599.89	737,792,019.18
Deferred income tax expenses	-97,932,680.35	-95,742,172.75
Total	675,450,919.54	642,049,846.43

##### (2) Adjustment process for accounting profit and income tax

Applicable  Not Applicable

Unit: Yuan Currency: RMB

Item	Amount for the current period
Total profit	4,690,285,601.76
Income tax at the statutory/applicable income tax rate	1,172,571,400.44
Effect of different tax rates for subsidiaries	-351,612,422.18
Effect of adjustment on the income tax prevailing in previous period	-9,137,745.27
Effect of non-taxable income	-
Effect of non-deductible cost, expenses and loss	36,407,914.62
Effect of utilization of deductible losses in deferred income tax assets not recognized in previous period	-3,476,083.01
Effect of deductible temporary differences or deductible losses in deferred income tax assets not recognized in the current period	15,099,571.03
Profit and loss attributable to joint ventures and associates	-29,546,590.71
Tax effect of additional deductions	-150,015,133.17
Others	-4,839,992.21
Income tax expenses	675,450,919.54

# NOTES TO THE FINANCIAL STATEMENTS OF 2023 (CONTINUED)

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## VII NOTES TO ITEMS IN THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

### (LXXVI) Income tax expenses (Continued)

#### (2) Adjustment process for accounting profit and income tax (Continued)

Other explanation:

Applicable  Not Applicable

Notes: The Group's income tax has been provided at the applicable rate on the estimated profits assessable arising in the PRC during the period. Taxes on profits assessable elsewhere have been calculated at the applicable rates of tax prevailing in the countries/regions in which the Group operates, based on existing legislation, interpretations and practices in respect thereof.

Share of tax attributable to joint ventures and associates in 2023 was RMB29,546,590.71 (2022: RMB24,077,682.48).

### (LXXVII) Other comprehensive income

Applicable  Not Applicable

Please refer to Note VII. (LVII) for details

### (LXXVIII) Items in statement of cash flows

#### 1. Other cash related to operating activities

Other cash received related to operating activities

Applicable  Not Applicable

Unit: Yuan Currency: RMB

Item	Amount for the current period	Amount for the last period
Income from other businesses	230,725,100.26	279,986,800.77
Government grants	182,667,623.26	271,833,867.44
Interest income	299,274,147.11	229,417,038.23
Others	262,524,597.38	57,562,063.14
Total	975,191,468.01	838,799,769.58

## NOTES TO THE FINANCIAL STATEMENTS OF 2023 (CONTINUED)

31 December 2023

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### VII NOTES TO ITEMS IN THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

#### (LXXVIII) Items in statement of cash flows (Continued)

##### 1. Other cash related to operating activities (Continued)

Explanation on other cash received related to operating activities:

None

Other cash paid related to operating activities

Applicable  Not Applicable

Unit: Yuan Currency: RMB

Item	Amount for the current period	Amount for the last period
Research and development expenses	453,741,926.14	548,391,679.60
Safety production expenses	113,760,489.38	208,351,889.52
Travel and business hospitality expenses	268,042,353.35	79,425,348.87
Others	1,324,107,227.00	779,116,908.08
Total	2,159,651,995.87	1,615,285,826.07

Explanation on other cash paid related to operating activities:

None

## NOTES TO THE FINANCIAL STATEMENTS OF 2023 (CONTINUED)

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### VII NOTES TO ITEMS IN THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

#### (LXXVIII) Items in statement of cash flows (Continued)

##### 2. Other cash related to investment activities

Other cash received related to significant investment activities

Applicable  Not Applicable

Other cash paid related to significant investment activities

Applicable  Not Applicable

Other cash received related to investment activities

Applicable  Not Applicable

Unit: Yuan Currency: RMB

Item	Amount for the current period	Amount for the last period
Futures margin	–	18,508,756.41
Interest income	<b>17,822,281.29</b>	164,750,954.22
Total	<b>17,822,281.29</b>	183,259,710.63

Explanation on other cash received related to investment activities:

None

## NOTES TO THE FINANCIAL STATEMENTS OF 2023 (CONTINUED)

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### VII NOTES TO ITEMS IN THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

#### (LXXVIII) Items in statement of cash flows (Continued)

##### 2. Other cash related to investment activities (Continued)

Other cash paid related to investment activities

Applicable  Not Applicable

Unit: Yuan Currency: RMB

Item	Amount for the current period	Amount for the last period
Net cash decreased due to disposal of subsidiaries and other associates	332,844.66	-
Total	332,844.66	-

##### 3. Other cash related to fund-raising activities

Other cash received related to fund-raising activities

Applicable  Not Applicable

Unit: Yuan Currency: RMB

Item	Amount for the current period	Amount for the last period
Cash received from factoring services	100,000,000.00	-
Total	100,000,000.00	-

Explanation on other cash received related to fund-raising activities:

None

## NOTES TO THE FINANCIAL STATEMENTS OF 2023 (CONTINUED)

31 December 2023

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### VII NOTES TO ITEMS IN THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

#### (LXXVIII) Items in statement of cash flows (Continued)

##### 3. Other cash related to fund-raising activities (Continued)

Other cash paid related to fund-raising activities

Applicable  Not Applicable

Unit: Yuan Currency: RMB

Item	Amount for the current period	Amount for the last period
Rental expenses and others	<b>145,522,629.63</b>	1,495,908,382.53
Total	<b>145,522,629.63</b>	1,495,908,382.53

Explanation on other cash paid related to fund-raising activities:

None

Changes in liabilities due to fund-raising activities

Applicable  Not Applicable

Unit: Yuan Currency: RMB

Item	Interests payable	Borrowings	Dividends payable	Lease liabilities
Opening balance	-	4,697,245,686.58	118,347,201.50	177,874,906.78
Dividend distribution	-	-	2,204,991,977.09	-
Distribution to other equity holders	-	-	92,960,000.00	-
Interests accrued	195,838,391.74	-	-	-
Changes in cash flows of fund-raising activities	-195,838,391.74	1,076,320,929.95	-2,298,610,613.36	-72,703,929.64
Significant cash-free fund-raising activities	-	-	-56,585,942.33	26,049,832.99
Closing balance	-	5,773,566,616.53	61,102,622.90	131,220,810.13

## NOTES TO THE FINANCIAL STATEMENTS OF 2023 (CONTINUED)

31 December 2023

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### VII NOTES TO ITEMS IN THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

#### (LXXVIII) Items in statement of cash flows (Continued)

##### 4. Explanation on presenting cash flows in net amount

Applicable  Not Applicable

##### 5. Significant activities not involving current cash receipts and payments but affecting the Company's financial condition or potentially affecting the Company's future cash flows, and the financial impact thereof

Applicable  Not Applicable

#### (LXXIX) Supplementary information to the statement of cash flows

##### (1) Supplementary information to the statement of cash flows

Applicable  Not Applicable

Unit: Yuan Currency: RMB

Supplementary information	Amount for the current period	Amount for the previous period
<b>1. Adjustment of net profit to cash flow of operating activities:</b>		
Net profit	4,014,834,682.22	4,100,643,861.73
Add: assets impairment provision	15,597,119.37	-37,185,041.73
Credit impairment losses	445,966,775.20	594,320,058.29
Depreciation of fixed assets, oil and gas assets, productive biological assets	403,127,933.27	327,513,027.88
Amortization of right-of-use assets	84,680,760.45	77,684,511.77
Amortization of intangible assets	228,683,105.42	210,261,578.96
Amortization of long-term prepaid expenses	23,609,033.15	53,946,716.45
Loss from disposal of fixed assets, intangible assets and other long-term assets (income as sign "-")	-63,696.54	-29,599,933.66
Loss from scrap of fixed assets (income as sign "-")	76,205.51	3,764,896.12
Loss from fair value change (income as sign "-")	-	-
Financial costs (income as sign "-")	-30,170,879.85	261,762,054.03
Investment loss (income as sign "-")	-145,006,530.06	-121,595,656.28
Decrease in deferred income tax assets (increase as sign "-")	-75,033,147.48	-104,066,969.11
Increase in deferred income tax liabilities (decrease as sign "-")	-22,582,817.84	-8,324,796.36
Decrease in inventories (increase as sign "-")	-835,172,758.89	114,063,286.45

## NOTES TO THE FINANCIAL STATEMENTS OF 2023 (CONTINUED)

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### VII NOTES TO ITEMS IN THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

#### (LXXIX) Supplementary information to the statement of cash flows (Continued)

##### (1) Supplementary information to the statement of cash flows (Continued)

Supplementary information	Amount for the current period	Amount for the previous period
Decrease in operating receivables (increase as sign "-")	-2,539,904,335.53	-4,911,199,201.36
Increase in operating payables (decrease as sign "-")	895,304,482.70	1,413,968,945.85
Depreciation of investment properties	18,476,579.33	16,440,537.51
Decrease in special reserves	-42,761,661.59	76,291,823.01
Others	-381,626,985.85	43,471,961.33
Net cash flow generated from operating activities	2,058,033,862.99	2,082,161,660.88
<b>2. Significant investment and financing activities not involving cash receipts and payments:</b>		
Conversion of debt into capital	-	-
Convertible corporate bonds due within one year	-	-
Fixed assets acquired under financing leases	-	-
<b>3. Net change in cash and cash equivalents:</b>		
Ending Balance of Cash	16,020,112,696.12	17,241,658,431.27
Less: opening balance of cash	17,241,658,431.27	17,595,724,106.74
Add: closing balance of cash equivalents	-	-
Less: opening balance of cash equivalents	-	-
Net increase in cash and cash equivalents	-1,221,545,735.15	-354,065,675.47

##### (2) Net cash paid to acquire subsidiaries during the period

Applicable  Not Applicable

## NOTES TO THE FINANCIAL STATEMENTS OF 2023 (CONTINUED)

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### VII NOTES TO ITEMS IN THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

#### (LXXIX) Supplementary information to the statement of cash flows (Continued)

##### (3) *Net cash received from disposal of subsidiaries during the period*

Applicable  Not Applicable

Unit: Yuan Currency: RMB

Item	Amount
Receipt of cash and cash equivalents during the period from disposal of subsidiaries during the period	–
Less: Cash and cash equivalents held by the subsidiaries on the date of loss of control	332,844.66
Add: Receipt of cash and cash equivalents during the period from disposal of subsidiaries during past period	–
Net cash received from disposal of subsidiaries	<u>-332,844.66</u>

## NOTES TO THE FINANCIAL STATEMENTS OF 2023 (CONTINUED)

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### VII NOTES TO ITEMS IN THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

#### (LXXIX) Supplementary information to the statement of cash flows (Continued)

##### (4) Composition of cash and cash equivalents

Applicable  Not Applicable

Unit: Yuan Currency: RMB

Item	Closing balance	Opening balance
I. Cash	<b>16,020,112,696.12</b>	17,241,658,431.27
Including: Cash on hand	<b>455,776.05</b>	567,662.59
Bank deposits available for payment	<b>10,060,264,002.91</b>	17,241,090,768.68
Other monetary funds available for payment	<b>2,991,640.47</b>	—
Funds deposited with the central bank that are available for payment	—	—
Deposit from other banks	<b>5,956,401,276.69</b>	—
Loans to other banks	—	—
II. Cash equivalents	—	—
Including: Bond investment due within three months	—	—
III. Closing balance of cash and cash equivalents	<b>16,020,112,696.12</b>	17,241,658,431.27
Including: Cash and cash equivalents with restrictions on use by the parent or subsidiaries within the Group	—	—

##### (5) Cash and cash equivalents with restrictions on use

Applicable  Not Applicable

##### (6) Monetary funds not deemed as cash and cash equivalents

Applicable  Not Applicable

Other explanation:

Applicable  Not Applicable

#### (LXXX) Notes to items in statement of changes in owner's equity

Explanation of the name of "Others" item that adjusted the closing balance at the end of last year and the amount of adjustment, etc.:

Applicable  Not Applicable

## NOTES TO THE FINANCIAL STATEMENTS OF 2023 (CONTINUED)

31 December 2023

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### VII NOTES TO ITEMS IN THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

#### (LXXXI) Foreign currency monetary items

##### (1) Foreign currency monetary items

Applicable  Not Applicable

Unit: Yuan

Item	Closing balance of foreign currency	Exchange rate	Closing balance in RMB equivalent
Monetary funds	–	–	243,890,899.00
Including: USD	<b>16,228,692.87</b>	7.0827	114,942,962.99
Euro	<b>6,280,701.32</b>	7.8592	49,361,287.82
HK Dollar	<b>4,287,902.52</b>	0.9062	3,885,783.02
Indian Rupee	<b>6,370,070.99</b>	0.0855	544,641.07
Others	<b>34,423,996,155.38</b>	–	75,156,224.10
Accounts receivable	–	–	163,190,665.97
Including: USD	<b>19,368,584.05</b>	7.0827	137,181,870.25
Euro	<b>528,239.79</b>	7.8592	4,151,542.16
Others	<b>105,394,419.97</b>	–	21,857,253.56
Accounts payable	–	–	207,883,699.74
Including: USD	<b>10,475,878.69</b>	7.0827	74,197,506.00
Euro	<b>6,114,713.78</b>	7.8592	48,056,758.54
Others	<b>439,473,585.71</b>	–	85,629,435.20

Other explanation:

##### (2) Notes on the overseas operating entities, including, for significant overseas operating entities, the necessary disclosure of main overseas operating places, functional currency and selection basis, as well as reasons for changes of the functional currency

Applicable  Not Applicable

## NOTES TO THE FINANCIAL STATEMENTS OF 2023 (CONTINUED)

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### VII NOTES TO ITEMS IN THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

#### (LXXXII) Lease

##### (1) As lessee

Applicable  Not Applicable

Item	Amount for the current period	Amount for the last period
Interest expense on lease liabilities	8,027,848.66	10,125,376.63
Short-term lease expense under simplified approach included in the cost of the relevant asset or the current profit or loss	136,551,404.83	89,540,384.62
Lease expense of low-value assets (except short-term lease expense of low-value assets) under simplified approach included in the cost of the relevant asset or the current profit or loss	–	875,615.14
Total cash outflows relating to leases	<u>201,398,677.46</u>	<u>138,351,192.79</u>

The Company's potential future cash outflows that are not included in the measurement of lease liabilities are primarily derived from leases that are committed but have not yet commenced.

The Company's expected future cash outflows relating to leases that are committed but have not yet commenced are as follows:

Remaining lease term	Undiscounted lease payments
Within 1 year	29,439,294.33
1 to 2 years	8,600,864.80
2 to 3 years	5,652,540.39
Over 3 years	<u>28,603,977.51</u>
Total	<u>72,296,677.03</u>

## NOTES TO THE FINANCIAL STATEMENTS OF 2023 (CONTINUED)

31 December 2023

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### VII NOTES TO ITEMS IN THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

#### (LXXXII) Lease (Continued)

##### (2) *As lessor*

Operating lease

Applicable     Not Applicable

Unit: Yuan    Currency: RMB

<b>Item</b>	<b>Amount for the current period</b>	<b>Including: Income related to variable lease payment that are not included in lease receipts</b>
Recurring rental income	86,119,486.22	–
Total	86,119,486.22	–

## NOTES TO THE FINANCIAL STATEMENTS OF 2023 (CONTINUED)

31 December 2023

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### VII NOTES TO ITEMS IN THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

#### (LXXXII) Lease (Continued)

##### (2) As lessor (Continued)

The undiscounted lease receipts to be received after the balance sheet date are as follows:

Remaining lease term	Amount for the current period	Amount for the previous period
Within 1 year	26,357,872.46	3,987,054.37
1 to 2 years	23,324,743.00	3,291,382.84
2 to 3 years	23,324,743.00	3,296,621.21
Over 3 years	68,523,921.92	2,497,161.04
Total	141,531,280.38	13,072,219.46

Financing lease

Applicable  Not Applicable

Reconciliation of undiscounted lease receipts to net investment in leases

Applicable  Not Applicable

Undiscounted lease receipts over next five years

Applicable  Not Applicable

##### (3) Recognition of profits and losses on sales under finance leases as a manufacturer or distributor

Applicable  Not Applicable

Other explanation

Applicable  Not Applicable

#### (LXXXIII) Others

Applicable  Not Applicable

# NOTES TO THE FINANCIAL STATEMENTS OF 2023 (CONTINUED)

31 December 2023

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## VIII RESEARCH AND DEVELOPMENT EXPENSES

### (I) By nature

Applicable  Not Applicable

Unit: Yuan Currency: RMB

Item	Amount for the current period	Amount for the last period
Labour expenses	1,152,388,496.74	1,185,215,815.70
Materials expenses	172,893,753.02	190,187,790.86
Testing and processing expenses	197,918,418.96	141,595,720.92
Depreciation and amortization expenses	167,834,062.54	80,250,029.64
Administrative expenses	30,342,647.79	69,319,782.15
Travel costs	40,983,115.47	35,124,334.14
Others	275,516,103.87	172,532,326.12
<b>Total</b>	<b>2,037,876,598.39</b>	<b>1,874,225,799.53</b>
Including: Expensed research and development expenditure	1,862,286,761.81	1,689,810,596.63
Capitalized research and development expenditure	175,589,836.58	184,415,202.90

### (II) Development expenditure qualified for capitalization

Applicable  Not Applicable

Unit: Yuan Currency: RMB

Item	Increase during the period		Decrease during the period			Closing balance
	Opening balance	Internal development expenditure	Others	Recognised as intangible assets	Transferred to current profit or loss	
Development expenditure	188,000,541.82	286,508,529.60	-	183,865,281.80	110,918,693.02	179,725,096.60
<b>Total</b>	<b>188,000,541.82</b>	<b>286,508,529.60</b>	<b>-</b>	<b>183,865,281.80</b>	<b>110,918,693.02</b>	<b>179,725,096.60</b>

## NOTES TO THE FINANCIAL STATEMENTS OF 2023 (CONTINUED)

31 December 2023

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### VIII RESEARCH AND DEVELOPMENT EXPENSES (CONTINUED)

#### (II) Development expenditure qualified for capitalization (Continued)

Significant capitalized research and development projects

Applicable  Not Applicable

Provision for impairment of research and development expenditure

Applicable  Not Applicable

Other explanation

Applicable  Not Applicable

#### (III) Significant acquired projects under development

Applicable  Not Applicable

### IX CHANGES ON SCOPE OF CONSOLIDATION

#### (I) Business combination of entities not under common control

Applicable  Not Applicable

#### (II) Business combination of entities under common control

Applicable  Not Applicable

# NOTES TO THE FINANCIAL STATEMENTS OF 2023 (CONTINUED)

31 December 2023

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## IX CHANGES ON SCOPE OF CONSOLIDATION (CONTINUED)

### (III) Reverse takeover

Applicable  Not Applicable

### (IV) Disposal of subsidiaries

Any transactions or events that result in the loss of control over a subsidiary in this period

Applicable  Not Applicable

Unit: Yuan Currency: RMB

Name of subsidiary company	Time of loss of control	Disposal price at time of loss of control	Proportion of disposals at time of loss of control (%)	Way of disposal at the point of loss of control	Basis for determining the time of loss of control power	Net assets of the difference between the disposal price and the disposal of the investment of the Company corresponding in the consolidated financial statements	Proportion of remaining shares on the day of loss of control (%)	Book value of the surplus stock on the day of loss of control in the consolidated financial statements	Fair value of the surplus stock on the day of loss of control in the consolidated financial statements	Gains or losses arising from the remeasurement of the remaining shares based on the fair value	Determination method and main hypothesis of the fair value of the remaining stock right in the day of loss of control in the consolidated financial statements	Amount of other comprehensive income related to the equity investment of the former subsidiary transferred to profits and losses or retained earnings
CRSC Hezhou Assembly Construction Co., Ltd.	29 December 2023	RMB13.95 million	65.00	Disposal of equity interest	Completion of equity transaction	7,260,697.81	-	-	-	-	-	-

On 29 December 2023, CRSC Construction, a second-tier subsidiary of the Company, transferred all of its 65% equity interest in CRSC Hezhou Assembly Construction Co., Ltd. (“**Hezhou CRSC**”) to Hezhou Park Construction Investment Group Co., Ltd.\*, and has since lost control over Hezhou CRSC.

## NOTES TO THE FINANCIAL STATEMENTS OF 2023 (CONTINUED)

31 December 2023

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### IX CHANGES ON SCOPE OF CONSOLIDATION (CONTINUED)

#### (IV) Disposal of subsidiaries (Continued)

Other explanation:

Applicable  Not Applicable

Any disposal of investments in subsidiaries through multiple transactions and losing control over the subsidiary in the reporting period

Applicable  Not Applicable

Other explanation:

Applicable  Not Applicable

#### (V) Changes in scope of consolidation due to other reasons

Explanation of changes in scope of consolidation due to other reasons and other information (e.g. establishment of new subsidiaries, liquidation of subsidiaries, etc.):

Applicable  Not Applicable

On 1 December 2023, the Company's second-tier subsidiary, CRSC Urban Rail Transit Technology Co., Ltd., and Hefei Gaoxin Development & Investment Group Co., Ltd.\* invested in the establishment of a new subsidiary, CRSC Urban Transportation (Hefei) Technology Co., Ltd.\*, with shareholding ratios of 80% and 20% respectively.

#### (VI) Others

Applicable  Not Applicable

# NOTES TO THE FINANCIAL STATEMENTS OF 2023 (CONTINUED)

31 December 2023

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## X INTERESTS IN OTHER ENTITIES

### (I) Interests in subsidiaries

#### (1) Composition of enterprise group

Applicable  Not Applicable

Unit: Yuan Currency: RMB

Name of subsidiaries	Places of principal activities	Registered capital	Place of registration	Nature of business	Shareholding percentage of the Group (%)		Means of acquisition
					Direct	Indirect	
Innovation Investment	Beijing	RMB5 billion	Beijing	Investment management	100.00		Incorporation through investment
CRSC Xi'an Industry Group	Xi'an	RMB2.149 billion	Xi'an	Equipment manufacturing	100.00		Incorporation through investment
CRSCD	Beijing	RMB1.36 billion	Beijing	Design and integration	100.00		Incorporation through investment
Shanghai Engineering Bureau	Shanghai	RMB1.5 billion	Shanghai	System delivery and design integration	100.00		Incorporation through investment
CRSC Changsha Railway	Changsha	RMB1.229 billion	Changsha	System delivery services	100.00		Incorporation through investment
CRSC Construction	Changsha	RMB1.1 billion	Changsha	Construction contracting	100.00		Incorporation through investment
CRSCE	Beijing	RMB1.095 billion	Beijing	System delivery services	100.00		Incorporation through investment
CRSC International Holdings	Beijing	RMB463 million	Beijing	Design and integration	100.00		Incorporation through investment
CRSC Cables	Zhengzhou	RMB348 million	Zhengzhou	Equipment manufacturing	100.00		Incorporation through investment

## NOTES TO THE FINANCIAL STATEMENTS OF 2023 (CONTINUED)

31 December 2023

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### X INTERESTS IN OTHER ENTITIES (CONTINUED)

#### (I) Interests in subsidiaries (Continued)

##### (1) Composition of enterprise group (Continued)

Name of subsidiaries	Places of principal activities	Registered capital	Place of registration	Nature of business	Shareholding percentage of the Group (%)		Means of acquisition
					Direct	Indirect	
CRSCC	Beijing	RMB233 million	Beijing	Design and integration	100.00		Incorporation through investment
Urban Rail Transit	Beijing	RMB100 million	Beijing	Design and integration	100.00		Incorporation through investment
CRSC Beijing Tendering	Beijing	RMB5 million	Beijing	Tendering agent	100.00		Incorporation through investment
CRSC International	Hong Kong, China	HKD3 million	Hong Kong, China	Technical exchange and trade	100.00		Incorporation through investment
CRSC Finance	Beijing	RMB2 billion	Beijing	Enterprise group financial company services	95.00		Incorporation through investment
CRSC Huatai	Jishou	RMB580 million	Jishou	Project management of engineering and operation and maintenance	90.00		Incorporation through investment
CRSC Tengda	Jishou	RMB450 million	Jishou	Project management of engineering and operation and maintenance	90.00		Incorporation through investment
CRSC Jiangsu Smart	Taixing	RMB400 million	Taixing	Design and integration	88.00	2.00	Incorporation through investment

# NOTES TO THE FINANCIAL STATEMENTS OF 2023 (CONTINUED)

31 December 2023

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## X INTERESTS IN OTHER ENTITIES (CONTINUED)

### (I) Interests in subsidiaries (Continued)

#### (1) Composition of enterprise group (Continued)

Name of subsidiaries	Places of principal activities	Registered capital	Place of registration	Nature of business	Shareholding percentage of the Group (%)		Means of acquisition
					Direct	Indirect	
Electrification Bureau	Zhengzhou	RMB500 million	Zhengzhou	General engineering contracting and system delivery service	65.00		Business combination not under common control
Zhengzhou Xiudong	Zhengzhou	RMB500 million	Zhengzhou	Construction contracting	65.00		Business combination not under common control
CASCO	Shanghai	RMB600 million	Shanghai	Design and integration	51.00		Business combination not under common control

- Notes: 1. All the companies above are limited liability companies.
2. For changes on major subsidiaries for the year, please refer to Note "IX. Changes on scope of consolidation".
3. The Articles of Association stipulate that CRSC CASCO is a Sino-foreign joint venture, with the Board as its highest authority, and the proportion of voting rights is calculated according to the proportion of seats on the Board. The Board of CRSC CASCO consists of seven members, including four from CRSC.

# NOTES TO THE FINANCIAL STATEMENTS OF 2023 (CONTINUED)

31 December 2023

RMB

## X INTERESTS IN OTHER ENTITIES (CONTINUED)

### (I) Interests in subsidiaries (Continued)

#### (2) Significant non-wholly owned subsidiaries

Applicable  Not Applicable

Unit: Yuan Currency: RMB

Name of subsidiary	Shareholding percentage of non-controlling shareholders	Current profits and losses attributable to non-controlling shareholders	Current dividends declared and paid to non-controlling shareholders	Ending balance of interest of non-controlling shareholders
CASCO	49.00%	464,542,378.75	342,393,429.00	1,094,046,149.62

Explanations for the inconsistency of shareholding percentage of non-controlling shareholders of subsidiaries with proportion of their voting rights:

Applicable  Not Applicable

Other explanation:

Applicable  Not Applicable

# NOTES TO THE FINANCIAL STATEMENTS OF 2023 (CONTINUED)

31 December 2023

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## X INTERESTS IN OTHER ENTITIES (CONTINUED)

### (I) Interests in subsidiaries (Continued)

#### (3) Main financial information of significant non-wholly owned subsidiaries

Applicable  Not Applicable

Unit: Yuan Currency: RMB

Name of subsidiary	Closing balance		Opening balance		Amount for the current period		Amount for the last period					
	Total assets	Current liabilities	Total assets	Current liabilities	Revenue	Net profit	Total comprehensive income	Cash-flows from operating activities				
CASCO	5,882,013,947.97	1,237,626,808.93	7,119,640,756.90	4,813,989,753.81	60,756,485.53	4,874,746,249.34	5,331,917,150.06	1,230,303,570.04	6,562,820,720.10	4,439,620,418.21	87,019,801.20	4,526,640,219.41
Name of subsidiary	Revenue	Net profit	Total comprehensive income	Cash flows from operating activities	Revenue	Net profit	Total comprehensive income	Cash-flows from operating activities				
CASCO	5,043,432,093.74	972,043,226.16	971,631,635.83	919,406,245.79	4,504,904,430.45	874,082,582.64	874,543,303.68	1,071,624,759.99				

# NOTES TO THE FINANCIAL STATEMENTS OF 2023 (CONTINUED)

31 December 2023

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## X INTERESTS IN OTHER ENTITIES (CONTINUED)

### (I) Interests in subsidiaries (Continued)

**(4) Major restrictions on the use of assets of the Group and repayment of debts of the Group**

Applicable  Not Applicable

**(5) Financial support or other support provided for structured entities included in the scope of consolidated financial statements**

Applicable  Not Applicable

Other explanation:

Applicable  Not Applicable

### (II) Transaction in which the share of shareholder's interests in the subsidiary changes while control over the subsidiary remaining unchanged

Applicable  Not Applicable

### (III) Interests in the joint venture or associate

Applicable  Not Applicable

#### 1. Significant joint ventures or associates

Applicable  Not Applicable

Name of joint ventures or associates	Principal place of business	Place of registration	Nature of business	Shareholding percentage of the Group (%)		Accounting method for Investments in joint ventures or associates
				Direct	Indirect	
Joint ventures						
Wenzhou-Hangwen High-Speed Railway Investment Partnership (LLP)	Wenzhou	Wenzhou	Commercial services	29.99	-	Equity method

# NOTES TO THE FINANCIAL STATEMENTS OF 2023 (CONTINUED)

31 December 2023

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## X INTERESTS IN OTHER ENTITIES (CONTINUED)

### (III) Interests in the joint venture or associate (Continued)

#### 1. Significant joint ventures or associates (Continued)

Name of joint ventures or associates	Principal place of business	Place of registration	Nature of business	Shareholding percentage of the Group (%)		Accounting method for Investments in joint ventures or associates
				Direct	Indirect	
Xi'an Schaltbau Electric Corp., Ltd.	Xi'an	Xi'an	Manufacturing of product	-	50.00	Equity method
CRSC Smart Data Technology (Beijing) Co., Ltd.	Beijing	Beijing	Technology development	-	45.00	Equity method
<b>Associates</b>						
CSCEC Foshan Joint Investment Co., Ltd.	Guangzhou	Guangzhou	Investment project construction	11.00	-	Equity method
Siping Integrated Pipeline Construction Co., Ltd.	Siping	Siping	Project contracting	20.00	-	Equity method
Guangdong Utrust Financial Leasing Co., Ltd.	Guangzhou	Guangzhou	Financial leasing	30.00	-	Equity method
CRSC Tianshui Tram Co., Ltd.	Tianshui	Tianshui	Project contracting	35.63	-	Equity method
Siemens Signalling Company Ltd.	Xi'an	Xi'an	Manufacturing of product	-	30.00	Equity method
Zhongguancun Chipsea Prioritizing Technology Co., Ltd.	Beijing	Beijing	Technology development	-	20.00	Equity method
Henan Huazhou Railway Co., Ltd.	Anyang	Anyang	Project contracting	-	44.00	Equity method
Zhuhai Huatong Private Equity Fund Management Enterprise (Limited Partnership)	Zhuhai	Zhuhai	Equity investment management	-	40.00	Equity method
Tianshui Tram Co., Ltd.	Tianshui	Tianshui	Project contracting	-	36.00	Equity method
Zhejiang Jiaotou Intelligent Transportation Technology Co., Ltd.	Hangzhou	Hangzhou	Technology development	-	40.00	Equity method
Beijing Solong Electronic Technology Co., Ltd.	Beijing	Beijing	Manufacturing of product	-	49.00	Equity method
China Tietong Railway Operation Co., Ltd.	Wenzhou	Wenzhou	Rail transit operation	-	30.00	Equity method
China Liantou (Shanghai) Digital Technology Co., Ltd.	Shanghai	Shanghai	Data technology	-	20.00	Equity method

# NOTES TO THE FINANCIAL STATEMENTS OF 2023 (CONTINUED)

31 December 2023

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## X INTERESTS IN OTHER ENTITIES (CONTINUED)

### (III) Interests in the joint venture or associate (Continued)

#### 1. Significant joint ventures or associates (Continued)

Name of joint ventures or associates	Principal place of business	Place of registration	Nature of business	Shareholding percentage of the Group (%)		Accounting method for Investments in joint ventures or associates
				Direct	Indirect	
Tianjin Jingui Huihai Technology Development Co., Ltd.	Tianjin	Tianjin	Rail transit operation	-	20.00	Equity method
Shentie Signaling (Shenzhen) Co., Ltd	Shenzhen	Shenzhen	Software and information technology services	49.00	-	Equity method

Notes:

- (1) In January 2019, the Company, Wenzhou Parkson United High-Speed Railway Investment Partnership (LLP) (温州百盛聯合高鐵投資合夥企業(有限合夥)), Parkson United Rail Transit Co., Ltd. (百盛聯合軌道交通有限公司), Parkson United Group Co., Ltd. (百盛聯合集團有限公司) and CRSC Jiahe Industrial Investment Fund Management Co., Ltd. (通號嘉和產業投資基金管理有限公司) jointly established Wenzhou-Hangwen High-Speed Railway Investment Partnership (Limited Partnership). The Company subscribed for a shareholding of 29.99%. According to the company's articles of association, voting rights are exercised in proportion to the capital contribution, therefore, the Company and each of the other shareholders jointly control Wenzhou-Hangwen High-Speed Railway Investment Partnership (Limited Partnership).
- (2) On 14 April 2020, our subsidiary, CRSC Institute of Smart City Research & Design Co., Ltd. jointly established Zhitong Data Technology (Beijing) Co., Ltd. with Aerospace Harmony Wisdom Technologies Co., Ltd.. According to the company's articles of association, Aerospace Harmony Wisdom Technologies Co., Ltd. holds 55% of the shares, and CRSC Institute of Smart City Research & Design Co., Ltd. holds 45% of the shares. The voting rights shall be exercised according to the proportion of actual capital contributions, and the resolution of the shareholders' meeting must be passed by more than two-thirds of the voting rights of the shareholders represented. CRSC Institute of Smart City Research & Design Co., Ltd., and Aerospace Harmony Wisdom Technologies Co., Ltd jointly control Zhitong Data Technology (Beijing) Co., Ltd.
- (3) CSCEC Foshan Joint Investment Co., Ltd. is jointly established by the Company, China Communications Construction Group Co., Ltd., China State Construction Engineering Corporation, and Beijing E-hualu Information Technology Co., Ltd. Our company holds 11% of the shares, China Communications Construction Group Co., Ltd. holds 48% of the shares, China State Construction Engineering Corporation holds 30% of the shares, and Beijing E-hualu Information Technology Co., Ltd. holds 11% of the shares. The Company's appointed director has a significant influence, so CSCEC Foshan Joint Investment Co., Ltd. is accounted for as a joint venture enterprise.

# NOTES TO THE FINANCIAL STATEMENTS OF 2023 (CONTINUED)

31 December 2023

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## X INTERESTS IN OTHER ENTITIES (CONTINUED)

### (III) Interests in the joint venture or associate (Continued)

#### 2. Main financial information of significant joint ventures

Applicable  Not Applicable

#### 3. Main financial information of significant associates

Applicable  Not Applicable

#### 4. Summary of financial information of insignificant joint ventures and associates

Applicable  Not Applicable

Unit: Yuan Currency: RMB

	Closing balance/ Amount for the current period	Opening balance/ Amount for the last period
Joint ventures:		
Total book value of investment	146,986,709.27	235,031,314.57
Total amount of the following items calculated on the basis of shareholding percentage		
– Net profit	18,459,167.19	27,193,610.80
– Other comprehensive income	–	–
– Total comprehensive income	18,459,167.19	27,193,610.80
Associates:		
Total book value of investment	1,385,179,535.96	1,269,978,853.11
Total amount of the following items calculated on the basis of shareholding percentage		
– Net profit	100,582,211.58	69,117,119.13
– Other comprehensive income	–	–
– Total comprehensive income	100,582,211.58	69,117,119.13

Other explanation

Applicable  Not Applicable

#### 5. Explanation for the significant restrictions on the ability of joint ventures or associates to transfer funds to the Company

Applicable  Not Applicable

#### 6. Excessive loss incurred by joint ventures or associates

Applicable  Not Applicable

## NOTES TO THE FINANCIAL STATEMENTS OF 2023 (CONTINUED)

31 December 2023

RMB

### X INTERESTS IN OTHER ENTITIES (CONTINUED)

#### (III) Interests in the joint venture or associate (Continued)

##### 7. *Unrecognised commitments related to investments in joint ventures*

Applicable  Not Applicable

##### 8. *Contingent liabilities related to investments in joint ventures or associates*

Applicable  Not Applicable

#### (IV) Significant joint operation

Applicable  Not Applicable

#### (V) Interests in structured entities not included in the scope of consolidated financial statements

Explanation of structured entities not included in the scope of consolidated financial statements

Applicable  Not Applicable

#### (VI) Others

Applicable  Not Applicable

# NOTES TO THE FINANCIAL STATEMENTS OF 2023 (CONTINUED)

31 December 2023

RMB

## XI GOVERNMENT SUBSIDIES

### (I) Government subsidies recognised as accounts receivable at the end of the reporting period

Applicable  Not Applicable

The reasons for not receiving the expected amount of government subsidies at the anticipated time

Applicable  Not Applicable

### (II) Debt items involving government subsidies

Applicable  Not Applicable

Unit: Yuan Currency: RMB

Item	Opening balance	Increase for the period	Decrease for the period in non-operating income	Decrease for the period in other income	Others	Closing balance	Government grants related to assets/income
Deferred income	68,208,015.18	50,000.00	1,806,969.72	3,381,160.78	-	63,069,884.68	Government grants related to assets
Deferred income	146,809,578.28	85,452,519.10	-	121,541,316.04	-	110,720,781.34	Government grants related to income
Total	<u>215,017,593.46</u>	<u>85,502,519.10</u>	<u>1,806,969.72</u>	<u>124,922,476.82</u>	<u>-</u>	<u>173,790,666.02</u>	/

### (III) Government subsidies included in current profit and loss

Applicable  Not Applicable

Unit: Yuan Currency: RMB

Type	Amount for the current period	Amount for the last period
Government grants related to assets	<b>5,188,130.50</b>	7,765,525.24
Government grants related to income	<b>385,013,598.55</b>	354,070,716.32
Total	<b><u>390,201,729.05</u></b>	<u>361,836,241.56</u>

## NOTES TO THE FINANCIAL STATEMENTS OF 2023 (CONTINUED)

31 December 2023

RMB

### XII RISKS RELATED TO FINANCIAL INSTRUMENTS

#### (I) Category of financial instruments

##### Financial assets:

Item	Measured at amortized cost	Measured at fair value through other comprehensive income		Total
		Standards	Designated	
Cash and bank balances	22,574,043,702.19	-	-	22,574,043,702.19
Bills receivable	1,058,627,238.40	-	-	1,058,627,238.40
Receivables for financing	-	972,719,326.28	-	972,719,326.28
Accounts receivable	22,875,547,606.09	-	-	22,875,547,606.09
Other receivables	1,536,562,573.61	-	-	1,536,562,573.61
Debt investment	273,172,183.50	-	-	273,172,183.50
Other equity instrument investments	-	-	1,223,290,285.94	1,223,290,285.94
Long-term receivables	7,246,719,629.43	-	-	7,246,719,629.43
Financial assets included in other non-current assets	5,902,884,521.60	-	-	5,902,884,521.60
Total	61,467,557,454.82	972,719,326.28	1,223,290,285.94	63,663,567,067.04

##### Financial liabilities:

Item	Measured at amortized cost	Measured at fair value through other comprehensive income	Total
Bills payable	1,416,353,129.31	-	1,416,353,129.31
Accounts payable	49,669,506,699.81	-	49,669,506,699.81
Customers deposits and deposits from banks and other financial institutions	138,046,438.06	-	138,046,438.06
Other payables	1,735,520,570.87	-	1,735,520,570.87
Employee benefits payable (cash payment)	701,016,829.27	-	701,016,829.27
Long-term borrowings	2,979,942,069.48	-	2,979,942,069.48
Financial liabilities in non-current liabilities due within one year	438,571,680.21	-	438,571,680.21
Lease liabilities	74,462,004.67	-	74,462,004.67
Long-term payables	53,338,192.06	-	53,338,192.06
Total	59,658,390,760.79	-	59,658,390,760.79

## NOTES TO THE FINANCIAL STATEMENTS OF 2023 (CONTINUED)

31 December 2023

RMB

### XII RISKS RELATED TO FINANCIAL INSTRUMENTS (CONTINUED)

#### (II) Transfer of financial assets

##### **Transferred financial assets that are not derecognized in their entirety**

As at 31 December 2023, the carrying amounts of bank acceptance bills, commercial acceptance bills, and other credit instruments measured at fair value with changes recognised in other comprehensive income that the Company has endorsed or discounted to suppliers for settlement of accounts payable was RMB91,215,838.81, RMB267,557,953.13, and RMB500,000.00, respectively. (31 December 2022: RMB123,779,958.94 for bank acceptance bills and RMB604,494,019.30 for commercial acceptance bills). The Company believed that almost all risks and rewards have been retained, including related default risks. Therefore, it continued to recognise the full carrying amounts of the Endorsed Bills and the associated trade payables settled. Subsequent to the endorsement, the Company no longer reserves the right to use it, including the right to sell, transfer or pledge it to other third parties. The aggregate carrying amount of the trade payables settled by the endorsed bills as at 31 December 2023 was RMB359,273,791.94 (31 December 2022: RMB728,273,978.24).

As at 31 December 2023, the Company had a balance of RMB100,000,000.00 in factoring of accounts receivable with recourse.

##### **Transferred financial assets that are derecognised in their entirety in which continuing involvement exists**

As at 31 December 2023, the carrying amounts of bank acceptance bills, and other credit instruments measured at fair value with changes recognised in other comprehensive income that the Company has endorsed or discounted to suppliers for settlement of accounts payable was RMB439,903,335.27 and RMB68,522,549.52 respectively. (31 December 2022: RMB517,617,447.59 for bank acceptance bills).

As at 31 December 2023, the derecognized bills had a maturity of one to twelve months. In accordance with the Law of Negotiable Instruments, the holders of the derecognized bills have the right of recourse against the Company if the accepting banks default (the "Continuing Involvement"). In the opinion of the Company, the Company has transferred substantially all risks and rewards relating to the Derecognised Bills. Accordingly, it has derecognised the carrying amounts of such Derecognised Bills and the associated trade payables settled. The maximum exposure to loss from the Company's Continuing Involvement in the Derecognised Bills and the undiscounted cash flows to repurchase these Derecognised Bills is equal to their carrying amounts. In the opinion of the Company, the fair values of the Company's Continuing Involvement in the Derecognised Bills are not significant.

In 2023, the Company did not recognise any profit or loss on the date of transfer of the derecognised bills. The Company had no current or accumulated gains or expenses related to continuing involvement of financial assets which had been derecognized. The endorsement happened evenly throughout the year.

## NOTES TO THE FINANCIAL STATEMENTS OF 2023 (CONTINUED)

31 December 2023

RMB

### XII RISKS RELATED TO FINANCIAL INSTRUMENTS (CONTINUED)

#### (III) Risk of financial instruments

The Company is faced with risks of various financial instruments in daily activities, which mainly include credit risk, liquidity risk and market risk (including exchange rate risk, interest rate risk and commodity price risk). The main financial instruments of the Company include monetary funds, equity investment, borrowings, receivables for financing and accounts receivable, bills payable and accounts payable and others. The risks associated with these financial instruments and the risk management strategies adopted by the Company to mitigate these risks are described below.

The Board of Directors shall be responsible for planning and establishing the risk management framework of the Company, formulating the Company's risk management policies and relevant guidelines, and supervising the implementation of risk management measures. The Company has developed risk management policies to identify and analyze risks faced by the Company. These risk management policies specify specific risks and cover many aspects such as market risk, credit risk and liquidity risk management. The Company periodically evaluates changes in the market environment and the Company's business activities to determine whether to update risk management policies and systems. The risk management of the Company shall be carried out by the Risk Management Committee in accordance with the policies approved by the Board of Directors. The Risk Management Committee works closely with other business units of the Company to identify, assess and mitigate risks. The internal audit department of the Company conducts regular audits on risk management control and procedures and reports the audit results to the Company's Audit Committee.

The Company diversifies the risk of financial instruments through appropriate diversification of investments and business portfolios, and reduces the risk of concentration in any single industry, specific region or specific counterparty by formulating appropriate risk management policies.

#### 1. Credit risk

Credit risk is the risk that one party to a financial instrument will cause a financial loss for the other party by failing to discharge an obligation.

The Company only deals with recognized and reputable third parties. According to the Company's policy, credit review is required for all customers who seek to carry out credit-based transactions. In addition, the Company continuously monitors the balance of accounts receivable to ensure that the Company is not exposed to significant bad debt risks. For transactions that are not settled in the functional currency of the relevant business entity, the Company does not provide credit-based transactions unless specifically approved by the credit control department of the Company.

Since the counterparties of monetary funds and bank acceptance bills receivable are banks with good reputation and high credit ratings, these financial instruments have low credit risk.

Financial assets of the Company include monetary funds, receivables for financing, accounts receivable, other receivables, debt investments, other equity instrument investments, long-term receivables, and financial assets included in other non-current assets. The credit risk of these financial assets originates from the default of the counterparty. The maximum risk exposure is equal to the book value of these instruments.

## NOTES TO THE FINANCIAL STATEMENTS OF 2023 (CONTINUED)

31 December 2023

RMB

### XII RISKS RELATED TO FINANCIAL INSTRUMENTS (CONTINUED)

#### (III) Risk of financial instruments (Continued)

##### 1. Credit risk (Continued)

As the Company only deals with recognized and reputable third parties, no collateral is required. Credit risk is centrally managed by customers/counterparties, geographic region and industry. Customers owing accounts receivable to the Company were widely engaged in different sectors and industries, therefore, there was no concentration of significant credit risks within the Company. The Company did not hold any collateral or other credit enhancement against the balance of accounts receivable.

##### (1) Criteria for judgment of significant increase in credit risk:

On each balance sheet date, the Company assessed whether or not the credit risk of relevant financial instruments has increased significantly since initial recognition. In determining whether or not the credit risk has increased significantly since the initial recognition, the Company considered that the reasonable and reliable information could be obtained without unnecessary extra costs or efforts, including qualitative and quantitative analysis based on the Company's historical data, external credit risk rating and forward-looking information. Based on a single financial instrument or a combination of financial instruments with similar credit risk characteristics, the Company compared the risk of default of financial instruments as at the balance sheet date with the risk of default on the initial recognition date to determine the changes in the default risk of financial instruments during their lifetime.

The Company believed that the credit risk of financial instruments has increased significantly when one or more of the following quantitative and qualitative criteria or upper limit indicators are triggered:

- The quantitative criteria are satisfied if the probability of default for the remaining lifetime on the reporting date rises by more than a certain proportion compared with the probability of default at time of the initial recognition;
- Qualitative criteria mainly comprise material adverse changes in the debtor's business or financial position, and alert list of customers;
- The upper limit indicator is defined as the debtor's contract payment (including principal and interest) has been overdue for more than 30 days.

## NOTES TO THE FINANCIAL STATEMENTS OF 2023 (CONTINUED)

31 December 2023

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### XII RISKS RELATED TO FINANCIAL INSTRUMENTS (CONTINUED)

#### (III) Risk of financial instruments (Continued)

##### 1. Credit risk (Continued)

###### (2) Definition of assets with credit impairment:

In order to determine whether or not credit impairment has occurred, the Company adopted the definition criteria consistent with the internal credit risk management objectives for relevant financial instruments, while considering both quantitative and qualitative indicators. When the Company evaluated whether or not the debtor suffers from credit impairment, it mainly considered the following factors:

- the issuer or debtor is in material financial difficulties;
- the debtor violates the contract, such as default or overdue payment of interest or principal, etc.;
- the creditor gives concessions that it would not make under any other circumstance based on economic or contractual considerations related to the debtor's financial difficulties;
- the debtor is likely to go bankrupt or undergo other financial restructuring;
- difficulties of the issuer or debtor result in the disappearance of the active market of the financial asset;
- purchase or generate a financial asset at a substantial discount, which reflects the fact that credit impairment has occurred.

Credit impairment of financial assets might be caused by the combined action of multiple events, but not necessarily by separately identifiable events.

## NOTES TO THE FINANCIAL STATEMENTS OF 2023 (CONTINUED)

31 December 2023

RMB

### XII RISKS RELATED TO FINANCIAL INSTRUMENTS (CONTINUED)

#### (III) Risk of financial instruments (Continued)

##### 1. Credit risk (Continued)

###### (3) Parameters for measuring expected credit loss:

Depending on whether credit risk has increased significantly and whether credit impairment has occurred, the Company measures impairment provision for different assets with the expected credit loss for 12 months or the lifetime period, respectively. The key parameters for expected credit loss measurement include default probability, default loss rate and default risk exposure. Considering the quantitative analysis and forward-looking information of historical statistical data (such as counterparty ratings, guarantees and collateral types, repayment methods and others), the Company establishes a default probability, default loss rate and default risk exposure model.

The relevant definitions are as follows:

- Probability of default (PD) refers to the possibility that the debtor will not be able to fulfill its obligations of repayment over the next 12 months or throughout the entire remaining lifetime. The Company's PD is adjusted based on the results of the historical mobility model of receivables, taking into account the forward-looking information to reflect the debtor's PD under the current macroeconomic environment;
- Loss given default (LGD) refers to the Company's expectation of the extent of the loss resulting from the default exposure. Depending on the type of counterparty, the method and priority of the recourse, and the type of collaterals, the LGD varies. The LGD is the percentage of loss of risk exposure at the time of default, calculated over the next 12 months or over the entire remaining lifetime;
- Exposure at default (EAD) is the amount that the Company should be reimbursed at the time of the default in the next 12 months or throughout the entire remaining lifetime.

The assessment of a significant increase in credit risk and the calculation of ECL both involve forward-looking information. Through the analysis of historical data, the Company identified the key economic indicators that affect the credit risk of each business type and ECL.

Please see Notes "VII.(V)", "VII.(VII)", "VII.(IX)", "VII.(VI)", "VII.(XII)", "VII.(XIV)", "VII.(XVI)" and "VII.(XXX)" for the quantitative data of credit risk exposure of the Company due to receivables, receivables for financing, other receivables, contract assets, non-current assets due within one year, debt investments, long-term receivables and other non-current assets.

## NOTES TO THE FINANCIAL STATEMENTS OF 2023 (CONTINUED)

31 December 2023

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### XII RISKS RELATED TO FINANCIAL INSTRUMENTS (CONTINUED)

#### (III) Risk of financial instruments (Continued)

##### 2. *Liquidity risk*

The Company monitors its risk of deficiency of funds using a recurring liquidity planning tool. This tool considers the maturity of both its financial instruments and estimated cash flows from the Company's operations.

The Company sets its objective as maintaining a balance between continuity of funding and flexibility through the use of several financing methods such as notes settlement and bank borrowings, as well as optimizing financing structure through the combination of long and short-term financing. The Company has obtained banking facilities from several commercial banks to fund the working capital requirements and capital expenditure.

Management of the Company monitors the liquidity position of the Company on an ongoing basis to ensure the availability of sufficient liquid funds to meet all obligations as they fall due and to make the most efficient use of the Company's financial resources.

## NOTES TO THE FINANCIAL STATEMENTS OF 2023 (CONTINUED)

31 December 2023

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### XII RISKS RELATED TO FINANCIAL INSTRUMENTS (CONTINUED)

#### (III) Risk of financial instruments (Continued)

##### 2. Liquidity risk (Continued)

The table below summarizes the maturity profile of the Company's financial liabilities and lease liabilities based on the undiscounted contractual cash flows:

#### 31 December 2023

Item	Within 1 year	1 to 2 years	2 to 5 years	Over 5 years	Total
Short-term borrowings	2,451,633,147.05	–	–	–	2,451,633,147.05
Bills payable <sup>1</sup>	1,416,353,129.31	–	–	–	1,416,353,129.31
Accounts payable	49,669,506,699.81	–	–	–	49,669,506,699.81
Other payables	1,674,417,947.97	–	–	–	1,674,417,947.97
Customers deposits and deposits from banks and other financial institutions	138,046,438.06	–	–	–	138,046,438.06
Lease liabilities	63,251,555.98	64,973,517.76	16,810,798.76	2,474,034.89	147,509,907.39
Long-term borrowings (including maturity within 1 year)	341,991,400.00	28,000,000.00	363,000,000.00	2,588,942,069.48	3,321,933,469.48
Interest on long-term and short-term borrowings	161,777,993.49	158,724,132.21	578,441,748.96	310,858,038.39	1,209,801,913.05
Long-term payables (including maturity within 1 year)	39,821,474.75	53,338,192.06	–	–	93,159,666.81

#### 31 December 2022

Item	Within 1 year	1 to 2 years	2 to 5 years	Over 5 years	Total
Short-term borrowings	261,169,967.41	–	–	–	261,169,967.41
Bills payable	2,260,154,270.80	–	–	–	2,260,154,270.80
Accounts payable	49,888,119,903.73	–	–	–	49,888,119,903.73
Other payables	1,366,728,778.59	–	–	–	1,366,728,778.59
Lease liabilities	68,141,726.23	89,815,559.25	24,483,238.96	17,333,939.37	199,774,463.81
Long-term borrowings (including maturity within 1 year)	1,145,289,546.40	24,000,000.00	442,947,076.77	2,823,839,096.00	4,436,075,719.17
Interest on long-term and short-term borrowings	186,373,851.39	156,041,333.01	576,899,190.72	432,197,781.89	1,351,512,157.01
Long-term payables (including maturity within 1 year)	32,003,740.26	58,629,829.67	–	–	90,633,569.93

# NOTES TO THE FINANCIAL STATEMENTS OF 2023 (CONTINUED)

31 December 2023

RMB

## XII RISKS RELATED TO FINANCIAL INSTRUMENTS (CONTINUED)

### (III) Risk of financial instruments (Continued)

#### 3. Market risk

##### (1) Interest rate risk

The Company's exposure to the risk of changes in market interest rates relates primarily to the Company's borrowings and bank current deposit in large amount with floating interest rates.

The Company regularly reviews and monitors the mix of fixed and floating interest rate in order to manage its interest rate risk. Borrowings and monetary funds are stated at amortized cost and are not revalued on a periodic basis. Floating rate interest income and expenses are credited/charged to the profit or loss as earned/incurred.

As at 31 December 2023, floating interest rate loans and fixed interest rate loans accounted for 99.90% and 0.10% of the Company's borrowings respectively. Management would adjust the floating rate assets based on changes in the market interest rates to reduce the significant impact arising from interest rate risk.

If there was a general increase/decrease in the interest rate of borrowings with floating interest rates by 1%, with all other variables held constant, the consolidated net profits and other comprehensive income, net of tax would have decreased/increased by approximately RMB43,307,229.62 in 2023 (2022: RMB29,191,842.65), and there is no impact on other components of the consolidated equity, except for retained earnings, of the Company. The sensitivity analysis above has been determined assuming that the change in interest rates had occurred as at 31 December 2023 and the exposure to interest rate risk has been applied to those financial instruments in existence at that date. The estimated 1% of increase or decrease represents management's assessment of a reasonably possible change in interest rates over the period from the year until the date of balance sheet of the next year.

If there was a general increase/decrease in the interest rates of demand deposit of bank with floating interest rates by 0.1 percentage point, with all other variables held constant, the consolidated net profits and other comprehensive income, net of tax would have increased/decreased by approximately RMB9,210,243.26 in 2023 (2022: RMB9,832,754.73), and there is no impact on other components of the consolidated equity, except for retained earnings, of the Company. The sensitivity analysis above has been determined assuming that the change in interest rates had occurred as at 31 December 2023 and the exposure to interest rate risk has been applied to those financial instruments in existence at that date. The estimated 0.1 percentage point of increase or decrease represents management's assessment of a reasonably possible change in interest rates over the period from the year until the date of balance sheet of the next year.

## NOTES TO THE FINANCIAL STATEMENTS OF 2023 (CONTINUED)

31 December 2023

RMB

### XII RISKS RELATED TO FINANCIAL INSTRUMENTS (CONTINUED)

#### (III) Risk of financial instruments (Continued)

##### 3. Market risk (Continued)

###### (2) Foreign currency risk

As a result of its significant business operations in Mainland China, the Company's revenue, expenses and over 95% of the financial assets and liabilities are denominated in RMB. The effect of the fluctuations in the exchange rates of RMB against foreign currencies on the Company's results of operations is therefore minimal and the Company has not entered into any hedging transactions as at 31 December 2023 and 31 December 2022 in order to reduce the Company's exposure to foreign currency risk in this regard.

The following table demonstrates the sensitivity analysis on the foreign currency risk, reflecting the influence of reasonable possible change in the exchange rates of the United States dollar and Hong Kong dollar, with all other variables held constant, on the Company's net profit net of tax.

Item	Increase/ (decrease) in United States dollar exchange rate)	Increase/ (decrease) in net profit or loss	Increase/ (decrease) in total shareholder's equity
Depreciation of RMB against United States dollar	5%	6,343,420.05	6,343,420.05
Appreciation of RMB against United States dollar	-5%	-6,343,420.05	-6,343,420.05

Item	Increase/ (decrease) in United States dollar exchange rate)	Increase/ (decrease) in net profit or loss	Increase/ (decrease) in total shareholder's equity
Depreciation of RMB against Hong Kong dollar	5%	157,947.96	157,947.96
Appreciation of RMB against Hong Kong dollar	-5%	-157,947.96	-157,947.96

The sensitivity analysis above has been determined assuming that the change in foreign exchange rates had occurred as at 31 December 2023 and 31 December 2022 and the exposure to foreign currency risk has been applied to those monetary assets and liabilities in existence at that date. The estimated percentage increase or decrease represents management's assessment of a reasonable possible change in foreign exchange rates over the period from the year until the date of balance sheet of the next year.

# NOTES TO THE FINANCIAL STATEMENTS OF 2023 (CONTINUED)

31 December 2023

RMB

## XIII DISCLOSURE OF FAIR VALUE

### (I) Closing fair value of assets and liabilities measured at fair value

Applicable  Not Applicable

Unit: Yuan Currency: RMB

Item	Closing fair value			Total
	Level-1 fair value measurement	Level-2 fair value measurement	Level-3 fair value measurement	
<b>I. Continuous measurement of fair value</b>				
(1) Receivables for financing	-	972,719,326.28	-	972,719,326.28
(2) Other equity instrument investments	-	-	1,223,290,285.94	1,223,290,285.94

#### 1. Level-2 fair value measurement

The Group adopts the present value of cash flows method to determine the fair value of financing receivables, and the fair value approximates the book value.

#### 2. Level-3 fair value measurement

Other equity instrument investments measured at level-3 fair value are the non-listed equity held by the Company. The Company has determined through evaluation that the fair value of other equity instrument investments is RMB1,223,290,285.94.

### (II) Basis for determining the market value of continuous and non-continuous Level-1 fair value measurement items

Applicable  Not Applicable

### (III) Qualitative and quantitative information of valuation techniques and important parameters used in continuous and non-continuous Level-2 fair value measurement items

Applicable  Not Applicable

### (IV) Qualitative and quantitative information of valuation techniques and important parameters used in continuous and non-continuous Level-3 fair value measurement items

Applicable  Not Applicable

### (V) Information on adjustment between opening and closing book values and sensitivity analysis of unobservable parameters for continuous Level-3 fair value measurement items

Applicable  Not Applicable

## NOTES TO THE FINANCIAL STATEMENTS OF 2023 (CONTINUED)

31 December 2023

RMB

### XIII DISCLOSURE OF FAIR VALUE (CONTINUED)

(VI) Reason for conversion for transfer between levels during the current period for continuous fair value measurement items, and policies for determination of time point of the conversion

Applicable  Not Applicable

(VII) Changes in valuation techniques during the current period and reason for such change

Applicable  Not Applicable

(VIII) Fair value of financial assets and financial liabilities not measured at fair value

Applicable  Not Applicable

(IX) Others

Applicable  Not Applicable

### XIV RELATED PARTIES AND RELATED PARTY TRANSACTIONS

(I) Parent of the Company

Applicable  Not Applicable

Unit: 0,000 Yuan Currency: RMB

Name of the parent	Place of registration	Nature of business	Registered capital	Shareholding percentage of the parent to the Company (%)	Percentage of voting right of the parent to the Company (%)
CRSC Group	Beijing, the PRC	Wholly state-owned company; central enterprise	1,000,000.00	62.71	62.71

Note: The ultimate holding company of the Company is CRSC Group, and the principal place of business of CRSC Group is 20th Floor, Building A, CRSC Building, 1 Compound, Automobile Museum South Road, Fengtai District, Beijing, the PRC.

(II) Subsidiaries of the Company

For details of the subsidiaries of the Company, refer to Note "X. Interests in Other Entities"

Applicable  Not Applicable

# NOTES TO THE FINANCIAL STATEMENTS OF 2023 (CONTINUED)

31 December 2023

RMB

## XIV RELATED PARTIES AND RELATED PARTY TRANSACTIONS (CONTINUED)

### (III) Details of the joint ventures and associates of the Company

For details of significant joint ventures or associates of the Company, see Note "X. Interests in Other Entities"

Applicable  Not Applicable

Information of other joint ventures or associates that had related party transactions with the Company in the current period or had formed balances from related party transactions with the Company in the previous period is as follows:

Applicable  Not Applicable

Other explanation

Applicable  Not Applicable

### (IV) Other related parties

Applicable  Not Applicable

#### Name of other related parties

ALSTOM Transport Australia Pty Limited

ALSTOM Transport SA-France Signalling

ALSTOM Transport Singapore Pte Ltd

ALSTOM Transport India Limited

ALSTOM Ferroviaria S.p.A.

ALSTOM Hong Kong Ltd

ALSTOM Signaling Inc.

ALSTOM Transport (S) Pte Ltd

ALSTOM (Thailand) Ltd

ALSTOM Transport S.A.

#### Relationship between other related parties and the Company

Related party of a minority shareholder having material influence on subsidiary of the Group

Related party of a minority shareholder having material influence on subsidiary of the Group

Related party of a minority shareholder having material influence on subsidiary of the Group

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Related party of a minority shareholder having material influence on subsidiary of the Group

## NOTES TO THE FINANCIAL STATEMENTS OF 2023 (CONTINUED)

31 December 2023

RMB

### XIV RELATED PARTIES AND RELATED PARTY TRANSACTIONS (CONTINUED)

#### (IV) Other related parties (Continued)

Name of other related parties	Relationship between other related parties and the Company
ALSTOM Transport SA (Romania)	Related party of a minority shareholder having material influence on subsidiary of the Group
ALSTOM Transport SA-Aix en Provence	Related party of a minority shareholder having material influence on subsidiary of the Group
ALSTOM Transport SA-Saint Ouen	Related party of a minority shareholder having material influence on subsidiary of the Group
ALSTOM Transport SA-Villeurbanne	Related party of a minority shareholder having material influence on subsidiary of the Group
ALSTOM Transport Spain Limited	Related party of a minority shareholder having material influence on subsidiary of the Group
ALSTOM ISRAEL LTD	Related party of a minority shareholder having material influence on subsidiary of the Group
GE (Shanghai) Electric Power Technology Co., Ltd.	Related party of a minority shareholder having material influence on subsidiary of the Group
Alstom Investment (Shanghai) Co., Ltd.	Minority shareholder having material influence on subsidiary of the Group
Gu'an Beixin Railway Signal Co., Ltd.	Associate of the subsidiary under control of the ultimate holding company
Shanghai Xinlicheng Communication Technology Service Co., Ltd.	Subsidiary under control of the ultimate holding company
CRSC Foshan Real Estate Co., Ltd.	Subsidiary under control of the ultimate holding company
CRSC Guizhou Real Estate Co., Ltd.	Subsidiary under control of the ultimate holding company
CRSC Real Estate Co., Ltd.	Subsidiary under control of the ultimate holding company
Xi'an Weixun Monitoring Equipment Co., Ltd.	Subsidiary under control of the ultimate holding company
Beijing Beixin Fengyuan Railway Electronic Equipment Co., Ltd.	Subsidiary under control of the ultimate holding company
Beijing Erqi Communication Factory Co., Ltd.	Subsidiary under control of the ultimate holding company
Beijing Railways Signal & Communication Complete Equipment Company Ltd.	Subsidiary under control of the ultimate holding company
Tianjin Keyvia Electric Co.,Ltd.	Associate of the Parent
Beijing CRSC Beifang Real Estate Co., Ltd.	Joint venture of the Parent

# NOTES TO THE FINANCIAL STATEMENTS OF 2023 (CONTINUED)

31 December 2023

RMB

## XIV RELATED PARTIES AND RELATED PARTY TRANSACTIONS (CONTINUED)

### (V) Related party transactions

#### 1. *Related party transactions of purchasing or selling goods and rendering or receiving services*

Statement on procurement of goods/receipt of services

Applicable  Not Applicable

Unit: Yuan Currency: RMB

Related parties	Contents of related party transactions	Amount for the current period	Approved limit of transaction (if applicable)	Exceed the transaction limit or not (if applicable)	Amount for the last period
Zhongguancun Chipsea Prioritizing Technology Co., Ltd.	Procurement of goods	36,452,303.62	-	No	472,756.69
Gu'an Beixin Railway Signal Co., Ltd.	Procurement of goods	32,594,793.18	-	No	27,289,476.93
Beijing Beixin Fengyuan Railway Electronic Equipment Co., Ltd.	Procurement of goods	31,902,064.57	-	No	32,802,689.22
ALSTOM Transport SA-Saint Ouen	Procurement of goods	30,168,146.14	-	No	16,214,539.71
Siemens Signalling Company Ltd.	Procurement of goods	28,471,330.93	-	No	42,608,914.02
ALSTOM Transport SA-Villeurbanne	Procurement of goods	17,601,359.80	-	No	12,739,168.43
ALSTOM (Thailand) Ltd	Procurement of goods	7,889,467.19	-	No	-
ALSTOM Signaling Inc.	Procurement of goods	5,970,272.70	-	No	16,105,915.29
Tianjin Jingui Huihai Technology Development Co., Ltd.	Procurement of goods	5,425,011.25	-	No	10,134,614.52
Xi'an Weixun Monitoring Equipment Co., Ltd.	Procurement of goods	1,854,400.27	-	No	3,583,389.90
Shenzhen Metro Signal Technology (Shenzhen) Co., Ltd.	Procurement of goods	1,546,282.41	-	No	-

## NOTES TO THE FINANCIAL STATEMENTS OF 2023 (CONTINUED)

31 December 2023

RMB

### XIV RELATED PARTIES AND RELATED PARTY TRANSACTIONS (CONTINUED)

#### (V) Related party transactions (Continued)

##### 1. Related party transactions of purchasing or selling goods and rendering or receiving services (Continued)

Statement on procurement of goods/receipt of services (Continued)

Related parties	Contents of related party transactions	Amount for the current period	Approved limit of transaction (if applicable)	Exceed the transaction limit or not (if applicable)	Amount for the last period
CRSC Smart Data Technology (Beijing) Co., Ltd.	Procurement of goods	941,037.05	–	No	–
Xi'an Schaltbau Electric Corp., Ltd.	Procurement of goods	128,685.35	–	No	54,789.20
China Tietong Railway Operation Co., Ltd.	Procurement of goods	–	–	No	380,070.00
ALSTOM Transport SA-Saint Ouen	Technology service	264,634,546.37	–	No	150,081,082.41
ALSTOM Signaling Inc.	Technology service	22,931,258.42	–	No	11,092,586.09
ALSTOM Transport SA-Villeurbanne	Technology service	21,848,487.92	–	No	11,512,910.58
Alstom Investment (Shanghai) Co., Ltd.	Technology service	1,525,154.65	–	No	13,095,126.11
ALSTOM Transport SA-Aix en Provence	Technology service	725,963.82	–	No	–
ALSTOM Transport S.A.	Technology service	360,677.32	–	No	–
ALSTOM Ferroviaria S.p.A	Technology service	365,324.81	–	No	–
Shanghai Xinlicheng Communication Technology Service Co., Ltd.	Receipt of service	6,854,316.58	–	No	8,909,203.31
CRSC Smart Data Technology (Beijing) Co., Ltd.	Receipt of service	3,327,118.36	–	No	–
China Tietong Railway Operation Co., Ltd.	Receipt of service	33,500.00	–	No	1,741,994.09
Siemens Signalling Company Ltd.	Receipt of service	52,132.08	–	No	79,600.00
Xi'an Weixun Monitoring Equipment Co., Ltd.	Receipt of service	–	–	No	17,699.12

## NOTES TO THE FINANCIAL STATEMENTS OF 2023 (CONTINUED)

31 December 2023

RMB

### XIV RELATED PARTIES AND RELATED PARTY TRANSACTIONS (CONTINUED)

#### (V) Related party transactions (Continued)

##### 1. Related party transactions of purchasing or selling goods and rendering or receiving services (Continued)

Statement on sales of goods/provision of services (Continued)

Applicable  Not Applicable

Unit: Yuan Currency: RMB

Related parties	Contents of related party transactions	Amount for the current period	Amount for the last period
ALSTOM Transport S.A.	Sale of goods	56,237,793.02	–
Siemens Signalling Company Ltd.	Sale of goods	43,897,853.75	34,087,172.36
Gu'an Beixin Railway Signal Co., Ltd.	Sale of goods	13,690,165.06	13,372,523.90
ALSTOM Transport India Limited	Sale of goods	7,085,848.00	505,672.00
Zhongguancun Chipsea Prioritizing Technology Co., Ltd.	Sale of goods	5,817,097.11	1,634,654.88
ALSTOM Transport Australia Pty Limited	Sale of goods	5,652,818.13	26,420,660.05
ALSTOM Transport Spain Limited	Sale of goods	806,781.25	3,112,767.00
ALSTOM ISRAEL LTD	Sale of goods	493,802.20	–
ALSTOM Hong Kong Ltd	Sale of goods	385,000.00	240,000.00
Beijing Beixin Fengyuan Railway Electronic Equipment Co., Ltd.	Sale of goods	227,998.68	768,794.61
CRSC Guizhou Real Estate Co., Ltd.	Sale of goods	224,881.13	–
ALSTOM Transport SA (Romania)	Sale of goods	73,822.00	3,112,767.00
China Tietong Railway Operation Co., Ltd.	Sale of goods	17,150.44	118,407.08
ALSTOM Transport Singapore Pte Ltd	Sale of goods	16,792.00	522,983.00
Tianshui Tram Co., Ltd.	Sale of goods	–	53,982,300.89
ALSTOM Transport SA-Saint Ouen	Sale of goods	–	10,754,655.00
ALSTOM Transport (S) Pte Ltd	Sale of goods	–	522,983.00

## NOTES TO THE FINANCIAL STATEMENTS OF 2023 (CONTINUED)

31 December 2023

RMB

### XIV RELATED PARTIES AND RELATED PARTY TRANSACTIONS (CONTINUED)

#### (V) Related party transactions (Continued)

##### 1. Related party transactions of purchasing or selling goods and rendering or receiving services (Continued)

Statement on sales of goods/provision of services (Continued)

Related parties	Contents of related party transactions	Amount for the current period	Amount for the last period
Shanghai Xinlicheng Communication Technology Service Co., Ltd.	Sale of goods	–	358,490.57
Xi'an Schaltbau Electric Corp., Ltd.	Sale of goods	–	47,575.22
Tianshui Tramway Co.	Provision of services	<b>189,165,879.69</b>	241,488,265.42
Beijing CRSC Beifang Real Estate Co., Ltd.	Provision of services	<b>132,757,397.61</b>	139,133,644.91
CRSC Guizhou Real Estate Co., Ltd.	Provision of services	<b>55,289,517.25</b>	40,770,753.27
CRSC Foshan Real Estate Co., Ltd.	Provision of services	<b>42,784,861.21</b>	20,600,000.00
CRSC Real Estate Co., Ltd.	Provision of services	<b>36,167,776.25</b>	65,893,351.46
CRSC Tianshui Tram Co., Ltd.	Provision of services	<b>2,342,456.37</b>	273,794,325.50
Siemens Signalling Company Ltd.	Provision of services	<b>1,641,988.20</b>	–
Shanghai Xinlicheng Communication Technology Service Co.	Provision of services	<b>884,471.54</b>	358,490.57
Xi'an Schaltbau Electric Corp., Ltd.	Provision of services	<b>701,967.98</b>	1,194,992.30
Xi'an Weixun Monitoring Equipment Co., Ltd.	Provision of services	<b>156,424.25</b>	17,312.97
Zhongguancun Chipsea Prioritizing Technology Co., Ltd.	Provision of services	<b>21,698.11</b>	–
China Railway Signal and Communication (Group) Corporation Limited	Provision of services	–	270,906.17
Gu'an Beixin Railway Signal Co., Ltd.	Provision of services	–	59,433.96
CRSC Foshan Real Estate Co., Ltd.	Other income	<b>25,688,073.39</b>	–

Explanation about related party transactions of purchasing or selling goods and rendering or receiving services

Applicable  Not Applicable

# NOTES TO THE FINANCIAL STATEMENTS OF 2023 (CONTINUED)

31 December 2023

RMB

## XIV RELATED PARTIES AND RELATED PARTY TRANSACTIONS (CONTINUED)

### (V) Related party transactions (Continued)

#### 1. Related party transactions of purchasing or selling goods and rendering or receiving services (Continued)

##### (1) Connected entrusted management/contracting and entrusted management/outsourcing

Statement on entrusted management/contracting by the Company:

Applicable  Not Applicable

Description of connected custody/contracting

Applicable  Not Applicable

Statement on entrusted management/outsourcing by the Company

Applicable  Not Applicable

Description of connected management/outsourcing

Applicable  Not Applicable

##### (2) Leases with related parties

The Company as lessor:

Applicable  Not Applicable

Unit: Yuan Currency: RMB

Name of lessee	Type of leased assets	Rental income recognized in current period	Rental income recognized in the previous period
Xi'an Schaltbau Electric Corp., Ltd.	House	2,469,832.47	2,433,302.75
Xi'an Weixun Monitoring Equipment Co., Ltd.	House	824,986.95	175,774.16

# NOTES TO THE FINANCIAL STATEMENTS OF 2023 (CONTINUED)

31 December 2023

RMB

## XIV RELATED PARTIES AND RELATED PARTY TRANSACTIONS (CONTINUED)

### (V) Related party transactions (Continued)

#### 1. Related party transactions of purchasing or selling goods and rendering or receiving services (Continued)

##### (2) Leases with related parties (Continued)

The Company as lessee:

Applicable  Not Applicable

Unit: Yuan Currency: RMB

Name of lessor	Type of leased assets	Short-term lease and low-value asset lease expense under simplified approach (if applicable)		Variable lease payments not included in the measurement of the lease liabilities (if applicable)		Rental expenses		Variable lease payments not included in the measurement of the lease liabilities (if applicable)		Right-of-use asset acquired	
		Amount for the current period	Amount for the last period	Amount for the current period	Amount for the last period	Amount for the current period	Amount for the last period	Amount for the current period	Amount for the last period	Amount for the current period	Amount for the last period
Beijing Railways Signal & Communication Complete Equipment Company Ltd.	House	284,495.24	185,274.29								
CRSC Real Estate Co., Ltd.	House	1,466,891.01									

Explanation about leases with related parties

Applicable  Not Applicable

# NOTES TO THE FINANCIAL STATEMENTS OF 2023 (CONTINUED)

31 December 2023

RMB

## XIV RELATED PARTIES AND RELATED PARTY TRANSACTIONS (CONTINUED)

### (V) Related party transactions (Continued)

#### 1. *Related party transactions of purchasing or selling goods and rendering or receiving services (Continued)*

##### (3) *Related guarantee*

The Company as a guarantor

Applicable  Not Applicable

The Company as a secured party

Applicable  Not Applicable

Description of related guarantee

Applicable  Not Applicable

##### (4) *Capital lending to/borrowing from related parties*

Applicable  Not Applicable

##### (5) *Asset transfer and debt restructuring of related parties*

Applicable  Not Applicable

##### (6) *Emolument of key management*

Applicable  Not Applicable

##### (1) Emolument of key management

Item	<b>Amount for the current period</b>	Amount for the previous period
Emolument of key management	<b>8,724,248.49</b>	10,653,042.17

Key management personnel include executive directors, supervisors, independent non-executive directors and senior management.

# NOTES TO THE FINANCIAL STATEMENTS OF 2023 (CONTINUED)

31 December 2023

RMB

## XIV RELATED PARTIES AND RELATED PARTY TRANSACTIONS (CONTINUED)

### (V) Related party transactions (Continued)

#### 1. Related party transactions of purchasing or selling goods and rendering or receiving services (Continued)

##### (6) Emolument of key management (Continued)

##### (2) Directors' and supervisors' remuneration

Item	Amount for the current period	Amount for the last period
Directors' and supervisors' remuneration	<b>4,377,937.27</b>	4,787,069.77

During the year, the names of directors and supervisors and their remunerations were as follows:

#### 2023

Name	Position	Remuneration	Basic salaries	Performance-based bonuses	Total Pre-tax Remunerations	Social Insurance	Annuity	Total Remunerations and Benefits (before tax)
LOU Qiliang (樓齊良)	Executive Director, the Chairman and President	-	60,051.00	60,051.00	120,102.00	39,266.37	15,298.32	174,666.69
ZHOU Zhiliang (周志亮)	Former Executive Director and the Chairman	-	240,204.00	553,596.00	793,800.00	152,413.86	60,444.00	1,006,657.86
XU Zongxiang (徐宗祥)	Former Executive Director and President	-	160,136.00	473,528.00	633,664.00	100,058.70	40,046.24	773,768.94
ZHANG Quan (張權)	Executive Director	-	216,180.00	310,160.00	526,340.00	152,413.86	53,118.24	731,872.10
YAO Guiqing (姚桂清)	Independent Non-executive Director	100,000.00	-	-	100,000.00	-	-	100,000.00
YAO Cho Fai Andrew (姚祖輝)	Independent Non-executive Director	117,000.00	-	-	117,000.00	-	-	117,000.00
FU Junyuan (傅俊元)	Independent Non-executive Director	76,667.00	-	-	76,667.00	-	-	76,667.00
GUO Yonghong (郭永宏)	Former Non-executive Director	-	-	-	-	-	-	-

# NOTES TO THE FINANCIAL STATEMENTS OF 2023 (CONTINUED)

31 December 2023

RMB

## XIV RELATED PARTIES AND RELATED PARTY TRANSACTIONS (CONTINUED)

### (V) Related party transactions (Continued)

#### 1. Related party transactions of purchasing or selling goods and rendering or receiving services (Continued)

##### (6) Emolument of key management (Continued)

Name	Position	Remuneration	Performance-based		Total Pre-tax Remunerations	Social Insurance	Annuity	Total Remunerations and Benefits (before tax)
			Basic salaries	bonuses				
KONG Ning (孔宁)	Chairman of the Supervisory Committee	-	192,000.00	324,700.00	516,700.00	152,413.86	34,484.16	703,598.02
YANG Yang (杨扬)	Employee Representative Supervisor	-	240,000.00	314,370.00	554,370.00	104,050.42	35,286.24	693,706.66
LI Tienan (李滇南)	Shareholder Representative Supervisor	-	-	-	-	-	-	-

- Notes: 1) The total pre-tax remunerations include basic salary, seniority wage, post salary, performance-based salary, bonus, term incentive income and meeting allowance, etc.
- 2) LOU Qiliang was appointed as the president in September 2023, executive Director in October 2023, and chairman in February 2024, and the above-mentioned remuneration and benefits is the total amount for his term of office from October to December 2023.
- 3) In January 2024, ZHOU Zhiliang ceased to serve as executive Director and the chairman, and the above-mentioned remuneration and benefits is the total amount for his term of office from January to December 2023.
- 4) In August 2023, XU Zongxiang ceased to serve as executive Director and the president, and the above-mentioned remuneration and benefits is the total amount for his term of office from January to August 2023.
- 5) In January 2024, GUO Yonghong ceased to serve as non-executive Director. He received no emoluments for the year ended 31 December 2023, because he did not receive any remuneration in the capacity as non-executive Director.
- 6) Ms. LI Tienan was appointed as supervisor in February 2020. She received no emoluments for the year ended 31 December 2023, because she did not receive any remuneration in the capacity as supervisor.

# NOTES TO THE FINANCIAL STATEMENTS OF 2023 (CONTINUED)

31 December 2023

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## XIV RELATED PARTIES AND RELATED PARTY TRANSACTIONS (CONTINUED)

### (V) Related party transactions (Continued)

#### 1. Related party transactions of purchasing or selling goods and rendering or receiving services (Continued)

##### (6) Emolument of key management (Continued)

2022

Name	Position	Remuneration	Basic salaries	Performance-based bonuses	Total Pre-tax Remunerations	Social Insurance	Annuity	Total Remunerations and Benefits (before tax)
ZHOU Zhiliang (周志亮)	Executive Director and the Chairman	-	240,204.00	1,060,532.00	1,300,736.00	139,277.76	55,356.96	1,495,370.72
XU Zongxiang (徐宗祥)	Executive Director and President	-	240,204.00	948,079.00	1,188,283.00	139,277.76	55,356.96	1,382,917.72
ZHANG Quan (張權)	Executive Director	-	72,060.00	72,060.00	144,120.00	49,254.08	17,054.08	210,428.16
YANG Yongsheng (楊永勝)	Former Executive Director	-	105,480.00	755,180.00	860,660.00	65,396.64	23,458.96	949,515.60
YAO Guiqing (姚桂清)	Independent Non-executive Director	100,000.00	-	-	100,000.00	-	-	100,000.00
YAO Cho Fai Andrew (姚祖輝)	Independent Non-executive Director	125,340.00	-	-	125,340.00	-	-	125,340.00
FU Junyuan (傅俊元)	Independent Non-executive Director	50,000.00	-	-	50,000.00	-	-	50,000.00
CHEN Jin'en (陳津恩)	Former Independent Non-executive Director	30,000.00	-	-	30,000.00	-	-	30,000.00
CHAN Ka Keung Peter (陳嘉強)	Former Independent Non-executive Director	62,668.00	-	-	62,668.00	-	-	62,668.00
GUO Yonghong (郭永宏)	Non-executive Director	-	-	-	-	-	-	-
KONG Ning (孔寧)	Chairman of the Supervisory Committee	-	192,000.00	227,760.00	419,760.00	139,277.76	32,813.76	591,851.52
YANG Yang (楊揚)	Employee Representative Supervisor	-	220,000.00	-	220,000.00	128,378.32	32,915.03	381,293.35
LI Tienan (李鐵南)	Shareholder Representative Supervisor	-	-	-	-	-	-	-
CHEN Shikui (陳世奎)	Former Employee Representative Supervisor	-	16,000.00	8,000.00	24,000.00	10,899.44	2,045.85	36,945.29

## NOTES TO THE FINANCIAL STATEMENTS OF 2023 (CONTINUED)

31 December 2023

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### XIV RELATED PARTIES AND RELATED PARTY TRANSACTIONS (CONTINUED)

#### (V) Related party transactions (Continued)

##### 1. *Related party transactions of purchasing or selling goods and rendering or receiving services (Continued)*

###### (6) *Emolument of key management (Continued)*

- Notes:
- 1) The total pre-tax remunerations include basic salary, seniority wage, post salary, performance-based salary, bonus, term incentive income and meeting allowance, etc.
  - 2) The remunerations for 2022 includes term incentive income from 2019 to 2021 (XU Zongxiang served for 26 months during the term of office from 2019 to 2021, less than three years).
  - 3) ZHANG Quan was appointed as executive Director in August 2022, and the above-mentioned remuneration and benefits is the total amount for his term of office from September to December.
  - 4) Mr. GUO Yonghong was appointed as non-executive Director in March 2021. He received no emoluments for the year ended 31 December 2022, because he did not receive any remuneration in the capacity as non-executive Director.
  - 5) YAO Cho Fai Andrew and FU Junyuan were appointed as independent non-executive Director in February 2022, and the above-mentioned remuneration and benefits is the total amount for their terms of office from March to December.
  - 6) In July 2022, YANG Yongsheng ceased to serve as executive Director.
  - 7) In February 2022, CHEN Jin'en and CHAN Ka Keung Peter ceased to serve as independent non-executive Director, and the above-mentioned remuneration and benefits is the total amount for their terms of office from February to December.
  - 8) Ms. LI Tienan was appointed as supervisor in February 2020. She received no emoluments for the year ended 31 December 2022, because she did not receive any remuneration in the capacity as supervisor.
  - 9) YANG Yang was appointed as employee representative supervisor in February 2022, and the above-mentioned remuneration and benefits is the total amount for her term of office from February to December.
  - 10) In February 2022, CHEN Shikui ceased to serve as employee representative supervisor.

## NOTES TO THE FINANCIAL STATEMENTS OF 2023 (CONTINUED)

31 December 2023

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### XIV RELATED PARTIES AND RELATED PARTY TRANSACTIONS (CONTINUED)

#### (V) Related party transactions (Continued)

##### 1. Related party transactions of purchasing or selling goods and rendering or receiving services (Continued)

###### (6) Emolument of key management (Continued)

An analysis of the number of five highest paid employees within the Company for the year is as follows:

	Current period	Last period
Non-director and non-supervisor employees	<u>5</u>	<u>5</u>

Details of the remuneration of the above non-director and non-supervisor highest paid employees are as follows:

Item	Current period	Last period
Basic salary	2,625,600.00	2,535,021.00
Performance bonus	4,554,683.39	4,595,834.70
Total pre-tax remunerations	7,180,283.39	7,130,855.70
Social insurance premium and housing provident fund	784,780.02	722,089.28
Supplementary pension insurance	<u>178,859.88</u>	<u>237,262.44</u>
Total	<u>8,143,923.29</u>	<u>8,090,207.42</u>

The number of non-director and non-supervisor highest paid employees whose remuneration fell within the following bands is as follows:

	Current period	Last period
Nil to HK\$1,000,000	–	–
HK\$1,000,001 to HK\$1,500,000	2	1
HK\$1,500,001 to HK\$2,000,000	2	3
HK\$2,000,001 to HK\$2,500,000	1	–
HK\$2,500,001 to HK\$3,000,000	–	1
HK\$3,000,001 to HK\$3,500,000	–	–
Total	<u>5</u>	<u>5</u>

## NOTES TO THE FINANCIAL STATEMENTS OF 2023 (CONTINUED)

31 December 2023

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### XIV RELATED PARTIES AND RELATED PARTY TRANSACTIONS (CONTINUED)

#### (V) Related party transactions (Continued)

##### 1. *Related party transactions of purchasing or selling goods and rendering or receiving services (Continued)*

(7) *Other related party transactions*

Applicable  Not Applicable

Interest expenses corresponding to the centralized management of funds deposited by related parties in financial companies:

Related parties	Amount for the current period	Amount for the last period
China Railway Signal and Communication (Group) Corporation Limited	242,760.93	–
CRSC Real Estate Co., Ltd.	149,701.46	–
Shanghai Xinlicheng Communication Technology Service Co., Ltd.	147,040.76	–
Beijing Railways Signal & Communication Complete Equipment Company Ltd.	146,088.44	–
CRSC Guizhou Real Estate Co., Ltd.	32,667.85	–
Beijing Beixin Fengyuan Railway Electronic Equipment Co., Ltd.	7,566.67	–
Beijing Erqi Communication Factory Co., Ltd.	3,993.16	–
CRSC Foshan Real Estate Co., Ltd.	2,298.91	–
Xi'an Weixun Monitoring Equipment Co., Ltd.	0.14	–

# NOTES TO THE FINANCIAL STATEMENTS OF 2023 (CONTINUED)

31 December 2023

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## XIV RELATED PARTIES AND RELATED PARTY TRANSACTIONS (CONTINUED)

### (VI) Unsettled items such as amounts due from/to related parties

#### 1. Receivables

Applicable  Not Applicable

Unit: Yuan Currency: RMB

Project name	Related Parties	Closing balance	Opening balance
Accounts receivable			
	Tianshui Tram Co., Ltd.	203,671,708.70	40,716,302.73
	CRSC Tianshui Tram Co., Ltd.	262,216,007.93	223,364,552.80
	CRSC Foshan Real Estate Co., Ltd.	143,101,916.47	270,478,117.58
	Beijing CRSC Beifang Real Estate Co., Ltd.	65,429,340.13	37,235,921.67
	Siping Integrated Pipeline Construction Co., Ltd.	27,332,996.00	40,053,876.28
	CRSC Real Estate Co., Ltd.	59,506,091.92	81,207,832.22
	CRSC Guizhou Real Estate Co., Ltd.	20,521,611.60	11,039,721.40
	ALSTOM Transport India Limited	3,168,089.11	952,347.84
	Siemens Signalling Company Ltd.	15,635,907.76	5,668,983.32
	Gu'an Beixin Railway Signal Co., Ltd.	10,758,491.00	6,286,930.23
	Zhongguancun Chipsea Prioritizing Technology Co., Ltd.	4,980,344.77	1,847,160.00
	ALSTOM Transport S.A.	917,406.00	-
	ALSTOM Transport Australia Pty Limited	65,938.00	164,889.00
	ALSTOM Transport Spain Limited	89.06	-
	ALSTOM Transport SA (Romania)	20.00	16.00
	China Railway Signal and Communication (Group) Corporation Limited	-	287,160.54
	China Tietong Railway Operation Co., Ltd.	-	127,800.00
	ALSTOM Transport SA-Saint Ouen	-	80,391.00
	Xi'an Schaltbau Electric Corp., Ltd.	-	23,760.00
	Subtotal	817,305,958.45	719,535,762.61
	Less: provision for bad debts of accounts receivable	30,571,261.45	10,926,805.96
	Total	786,734,697.00	708,608,956.65

## NOTES TO THE FINANCIAL STATEMENTS OF 2023 (CONTINUED)

31 December 2023

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### XIV RELATED PARTIES AND RELATED PARTY TRANSACTIONS (CONTINUED)

#### (VI) Unsettled items such as amounts due from/to related parties (Continued)

##### 1. Receivables (Continued)

Project name	Related Parties	Closing balance	Opening balance
Dividends receivable	Siemens Signaling Company Ltd.	5,100,000.00	6,075,000.00
Prepayments	ALSTOM Transport SA-Saint Ouen	3,001,885.88	30,370,662.61
	ALSTOM (Thailand) Ltd	1,605,967.25	–
	Xi'an Weixun Monitoring Equipment Co., Ltd.	1,426,896.00	2,055,834.67
	Zhongguancun Chipsea	1,908,300.00	–
	Prioritizing Technology Co., Ltd.	423,000.00	–
	ALSTOM Transport SA-France Signaling	25,557.50	–
	Beijing Railways Signal & Communication Complete Equipment Company Ltd.	–	20,887.72
	Gu'an Beixin Railway Signal Co., Ltd.	–	3,900.00
	Total	8,391,606.63	32,451,285.00
Other receivables	Xi'an Weixun Monitoring Equipment Co., Ltd.	1,680,522.40	–
	ALSTOM (Thailand) Ltd	1,082,821.68	–
	Siemens Signaling Company Ltd.	995,861.38	649,774.21
	CRSC Smart Data Technology (Beijing) Co., Ltd.	599,811.41	–
	Xi'an Schaltbau Electric Corp., Ltd.	449,027.84	285,358.28
	Beijing CRSC Beifang Real Estate Co., Ltd.	355,770.82	2,222,766.76
	CRSC Real Estate Co., Ltd.	314,943.80	314,943.80
	China Railway Signal and Communication (Group) Corporation Limited	195,600.00	–
	CRSC Tianshui Tram Co., Ltd.	124,692.57	–
	Beijing Railways Signal & Communication Complete Equipment Company Ltd.	24,919.80	10,000.00

# NOTES TO THE FINANCIAL STATEMENTS OF 2023 (CONTINUED)

31 December 2023

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## XIV RELATED PARTIES AND RELATED PARTY TRANSACTIONS (CONTINUED)

### (VI) Unsettled items such as amounts due from/to related parties (Continued)

#### 1. Receivables (Continued)

Project name	Related Parties	Closing balance	Opening balance
	CRSC Guizhou Real Estate Co., Ltd.	–	32,134.56
	CRSC Foshan Real Estate Co., Ltd.	<b>28,017,521.82</b>	17,301.18
	Subtotal	<b>33,841,493.52</b>	3,532,278.79
	Less: provision for bad debts of other receivables	<b>57,140.14</b>	–
	Total	<b>33,784,352.78</b>	3,532,278.79

#### 2. Payable

Applicable  Not Applicable

Unit: Yuan Currency: RMB

Project name	Related parties	Book balance at the end of the period	Book balance at the beginning of the period
Accounts payable	Beijing Beixin Fengyuan Railway Electronic Equipment Co., Ltd.	<b>144,434,989.36</b>	132,845,757.18
	Tianjin Keyvia Electric Co., Ltd.	<b>94,140,276.10</b>	–
	CRSC Smart Data Technology (Beijing) Co., Ltd.	<b>51,250,349.86</b>	–
	Gu'an Beixin Railway Signal Co., Ltd.	<b>44,595,594.86</b>	32,954,805.20
	ALSTOM Transport SA-Saint Ouen	<b>34,071,222.77</b>	82,545,944.04
	ALSTOM Signaling Inc.	<b>26,380,780.45</b>	52,779,024.61
	Siemens Signaling Company Ltd.	<b>11,174,583.34</b>	13,684,417.69
	Zhongguancun Chipsea Prioritizing Technology Co., Ltd.	<b>8,575,240.65</b>	262,954.81
	ALSTOM Transport SA-Villeurbanne	<b>5,978,759.91</b>	1,195,269.63
	Tianjin Jingui Huihai Technology Development Co., Ltd.	<b>6,251,713.68</b>	1,700,412.61
	ALSTOM (Thailand) Ltd	<b>4,524,294.58</b>	–
	Shenzhen Metro Signal Technology (Shenzhen) Co., Ltd.	<b>805,739.82</b>	–
	Xi'an Weixun Monitoring Equipment Co., Ltd.	<b>609,432.56</b>	–
	Xi'an Schaltbau Electric Corp., Ltd.	<b>304,696.82</b>	256,751.53
	Alstom Investment (Shanghai) Co., Ltd.	<b>287,654.71</b>	2,963,223.11

## NOTES TO THE FINANCIAL STATEMENTS OF 2023 (CONTINUED)

31 December 2023

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### XIV RELATED PARTIES AND RELATED PARTY TRANSACTIONS (CONTINUED)

#### (VI) Unsettled items such as amounts due from/to related parties (Continued)

##### 2. Payable (Continued)

Project name	Related parties	Book balance at the end of the period	Book balance at the beginning of the period
	ALSTOM Ferroviaria S.p.A.	83,048.45	83,048.45
	Beijing Erqi Communication Factory Co., Ltd.	64,953.41	64,953.41
	ALSTOM Transport SA-Aix en Provence	59,553.43	–
	China Tietong Railway Operation Co., Ltd.	–	908,553.36
	Total	433,592,884.76	322,245,115.63
Contract liabilities			
	ALSTOM Transport S.A.	–	–
	ALSTOM Transport (S) Pte Ltd	28,156,783.10	206,954.00
	ALSTOM Transport Australia Pty Limited	15,067,184.56	975,045.42
	ALSTOM Transport India Limited	379,290.90	46,105.06
	ALSTOM ISRAEL LTD	236,660.14	–
	CRSC Guizhou Real Estate Co., Ltd.	–	8,390,102.80
	ALSTOM Transport SA-Saint Ouen	–	4,238,125.56
	Total	43,839,918.70	13,856,332.84
Other payables			
	China Railway Signal and Communication (Group) Corporation Limited	49,710,137.71	777,896.85
	Beijing Railways Signal & Communication Complete Equipment Company Ltd.	3,721,078.30	697,728.66
	Zhongguancun Chipsea Prioritizing Technology Co., Ltd.	232,101.46	–
	China Tietong Railway Operation Co., Ltd.	184,548.54	186,783.90
	Gu'an Beixin Railway Signal Co., Ltd.	30,000.00	–
	CRSC Guizhou Real Estate Co., Ltd.	1,000.00	–
	CRSC Tianshui Tram Co., Ltd.	–	103,461.75
	Total	53,878,866.01	1,765,871.16
Bills payable			
	Beijing Beixin Fengyuan Railway Electronic Equipment Co., Ltd.	700,000.00	1,500,000.00
	Xi'an Schaltbau Electric Corp., Ltd.	–	100,000.00
	Gu'an Beixin Railway Signal Co., Ltd.	1,496,549.00	–
	Total	2,196,549.00	1,600,000.00

## NOTES TO THE FINANCIAL STATEMENTS OF 2023 (CONTINUED)

31 December 2023

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### XIV RELATED PARTIES AND RELATED PARTY TRANSACTIONS (CONTINUED)

#### (VI) Unsettled items such as amounts due from/to related parties (Continued)

##### 2. Payable (Continued)

Project name	Related parties	Book balance at the end of the period	Book balance at the beginning of the period
Customers deposits and deposits from banks and other financial institutions			
	Beijing Railways Signal & Communication Complete Equipment Company Ltd.	72,661,560.11	-
	China Railway Signal and Communication (Group) Corporation Limited	33,905,451.51	-
	Shanghai Xinlicheng Communication Technology Service Co., Ltd.	22,762,916.49	-
	CRSC Real Estate Co., Ltd.	3,151,784.84	-
	CRSC Foshan Real Estate Co., Ltd.	2,347,772.26	-
	Beijing Beixin Fengyuan Railway Electronic Equipment Co., Ltd.	1,948,327.57	-
	Beijing Erqi Communication Factory Co., Ltd.	1,264,403.57	-
	CRSC Guizhou Real Estate Co., Ltd.	4,164.73	-
	Xi'an Weixun Monitoring Equipment Co., Ltd.	56.98	-
	Total	138,046,438.06	-

##### 3. Other items

Applicable  Not Applicable

# NOTES TO THE FINANCIAL STATEMENTS OF 2023 (CONTINUED)

31 December 2023

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## XIV RELATED PARTIES AND RELATED PARTY TRANSACTIONS (CONTINUED)

### (VII) Commitment of related parties

Applicable  Not Applicable

The commitments in relation to related parties contracted for but not yet necessary to be recognised on the balance sheet by the Company as at the balance sheet dates were as follows:

Project name	Related parties	Balance at the end of the period	Balance at the beginning of the period
Procurement of goods/ provision of services	ALSTOM Transport SA-Saint Ouen	290,474,027.74	214,869,007.73
	ALSTOM Transport SA-Villeurbanne	38,695,331.28	19,657,533.25
	Alstom Investment (Shanghai) Co., Ltd.	28,613,541.60	-
	ALSTOM Signaling Inc.	16,293,074.07	6,848,028.00
	Siemens Signaling Company Ltd.	8,803,984.20	6,427,113.61
	Beijing Beixin Fengyuan Railway Electronic Equipment Co., Ltd.	6,526,455.75	-
	Xi'an Weixun Monitoring Equipment Co., Ltd.	-	167,644.00
Sales of goods/ provision of services	CRSC Guizhou Real Estate Co., Ltd.	328,774,966.51	-
	ALSTOM Hong Kong Ltd	123,495,430.93	325,000.00
	Tianshui Tram Co., Ltd.	71,369,409.88	-
	ALSTOM Transport S.A.	63,882,902.14	208,444,609.00
	Tianshui Tram Co., Ltd.	51,744,282.21	-
	ALSTOM Transport India Limited	33,997,081.25	31,843,658.00
	ALSTOM Transport Australia Pty Limited	19,156,774.08	38,288,033.77
	CRSC Real Estate Co., Ltd.	19,078,034.62	-
	Gu'an Beixin Railway Signal Co., Ltd.	11,987,079.72	-
	Tianjin Jingui Huihai Technology Development Co., Ltd.	2,613,553.00	2,613,553.00
	Siemens Signaling Company Ltd.	1,646,489.10	-
	ALSTOM Signaling Inc.	1,444,950.00	-
	Zhongguancun Chipsea Prioritizing Technology Co., Ltd.	1,236,820.00	-
	ALSTOM Ferroviaria S.p.A	859,590.00	843,854.25
	GE (Shanghai) Electric Power Technology Co., Ltd.	370,148.28	-
	ALSTOM ISRAEL LTD	4,826.82	-
ALSTOM Transport (S) Pte Ltd	263.00	690,693.00	

### (VIII) Others

Applicable  Not Applicable

## NOTES TO THE FINANCIAL STATEMENTS OF 2023 (CONTINUED)

31 December 2023

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### XV SHARE-BASED PAYMENT

**(I) Various equity instruments**

Applicable  Not Applicable

Stock options or other equity instruments issued at the end of the period

Applicable  Not Applicable

**(II) Equity-settled share-based payments**

Applicable  Not Applicable

**(III) Cash-settled share-based payments**

Applicable  Not Applicable

**(IV) Share-based payment expenses for current period**

Applicable  Not Applicable

**(V) Modification and termination of share-based payment**

Applicable  Not Applicable

**(VI) Others**

Applicable  Not Applicable

# NOTES TO THE FINANCIAL STATEMENTS OF 2023 (CONTINUED)

31 December 2023

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## XVI COMMITMENTS AND CONTINGENCIES

### (I) Significant commitments

Applicable  Not Applicable

Major external commitments, nature and amount thereof as at the balance sheet date

Name of item	Closing balance	Opening balance
Contracted, but not provided for Capital commitment	–	1,000,000.00
Investment commitment	<b>422,500,000.00</b>	422,600,000.00
Total	<b>422,500,000.00</b>	423,600,000.00

### (II) Contingencies

#### 1. Important contingencies existing as at the balance sheet date

Applicable  Not Applicable

#### 2. The Company has no disclosable important contingencies, and shall also give an explanation:

Applicable  Not Applicable

### (III) Others

Applicable  Not Applicable

## NOTES TO THE FINANCIAL STATEMENTS OF 2023 (CONTINUED)

31 December 2023

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### XVII EVENTS AFTER THE BALANCE SHEET DATE

**(I) Important non-adjusting matters**

Applicable  Not Applicable

**(II) Profit distribution**

Applicable  Not Applicable

On 26 March 2024, the Board of Directors of the Company resolved to recommend the distribution of cash dividend of RMB0.17 (including tax) per share with the profit available for distribution as of 31 December 2023. The profit distribution plan will be submitted to the Company's 2023 annual general meeting for the shareholders' consideration and approval.

**(III) Sales return**

Applicable  Not Applicable

**(IV) Explanation of other events after the balance sheet date**

Applicable  Not Applicable

### XVIII CAPITAL MANAGEMENT

The Company manages its capital structure and makes adjustments to it in light of changes in economic conditions and the risk characteristics of the underlying assets. In order to maintain or adjust the capital structure, the Company may adjust the profit distribution to Shareholders, return capital to Shareholders, issue new shares or sell assets to reduce debts. The Company is not bound by external compulsory capital requirements. In 2023 and 2022, no changes were made in the objectives, policies or processes for managing capital.

The Company manages its capital through gearing ratio, which is total liabilities divided by total assets. The gearing ratios of the Company as at the balance sheet date are as follows:

Item	Closing balance	Opening balance
Total assets	<b>118,990,487,731.74</b>	116,806,544,483.88
Total liabilities	<b>70,115,652,701.84</b>	69,528,809,483.31
Gearing ratio	<b>58.93%</b>	59.52%

## NOTES TO THE FINANCIAL STATEMENTS OF 2023 (CONTINUED)

31 December 2023

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### XIX OTHER SIGNIFICANT EVENTS

**(I) Early correction of accounting error**

**(1) Retrospective restatement**

Applicable  Not Applicable

**(2) Prospective application**

Applicable  Not Applicable

**(II) Debt restructuring**

Applicable  Not Applicable

**(III) Asset replacement**

**(1) Exchange of non-monetary assets**

Applicable  Not Applicable

**(2) Other asset replacement**

Applicable  Not Applicable

**(IV) Annuity plan**

Applicable  Not Applicable

**(V) Discontinuing operations**

Applicable  Not Applicable

## NOTES TO THE FINANCIAL STATEMENTS OF 2023 (CONTINUED)

31 December 2023

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### XIX OTHER SIGNIFICANT EVENTS

#### (VI) Segment information

##### 1. *Basis for determining and accounting policies of reportable segments*

Applicable  Not Applicable

For management purposes, the Company is divided into business units based on the products and services. The Company has the following three reportable segments:

- (1) The rail transportation control system segment mainly provides a specialized “three-in-one” service comprising of design and integration, equipment manufacturing and system delivery for rail transportation control systems;
- (2) General engineering contracting segment mainly includes municipal engineering contracting and the construction services of other engineering projects;
- (3) Other segments mainly engage in trading etc.

The management separately manages the operating results of each business unit for the purpose of making decisions about resources allocation and performance assessment.

Segment performance is evaluated based on the profit of a reportable segment. The indicator is consistent with the total profit of the Company.

Inter-segment transfer pricing is determined by reference to prices adopted in sales or provision of labour services to third parties.

# NOTES TO THE FINANCIAL STATEMENTS OF 2023 (CONTINUED)

31 December 2023

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## XIX OTHER SIGNIFICANT EVENTS (CONTINUED)

### (VI) Segment information (Continued)

#### 2. Financial information of reportable segment

Applicable  Not Applicable

Unit: Yuan Currency: RMB

Item	Rail transportation control system	Construction contracting	Others	Inter-segment offsetting	Total
Revenue from external transactions	29,261,817,816.79	7,673,647,905.68	66,763,716.42	-	37,002,229,438.89
Revenue from inter-segment transactions	45,715,896.77	80,558,985.12	2,984,209.02	-129,259,090.91	-
Investment income from joint ventures and associates	86,116,571.65	32,924,807.12	-	-	119,041,378.77
Credit impairment loss	210,903,094.02	235,063,681.18	-	-	445,966,775.20
Asset impairment loss	12,010,427.63	3,586,691.74	-	-	15,597,119.37
Depreciation and amortization fees	618,846,456.13	12,131,568.69	3,544,585.56	-1,012,971.16	633,509,639.22
Total profit (Total loss)	/	/	/	/	4,690,285,601.76
Income tax expenses	/	/	/	/	675,450,919.54
Net profit (net loss)	/	/	/	/	4,014,834,682.22
Total assets	<u>83,951,114,490.37</u>	<u>33,549,340,902.55</u>	<u>9,864,045,091.44</u>	<u>-8,374,012,752.62</u>	<u>118,990,487,731.74</u>
Total liabilities	<u>44,981,010,321.37</u>	<u>25,721,532,975.02</u>	<u>7,787,122,158.07</u>	<u>-8,374,012,752.62</u>	<u>70,115,652,701.84</u>
Other significant no cash items	-	-	-	-	-
Long-term equity investments in joint ventures and associates	1,327,000,926.58	205,165,318.65	-	-	1,532,166,245.23
Increase in non-current assets other than long-term equity investments	<u>1,841,509,414.70</u>	<u>12,859,182.30</u>	<u>9,711,705.73</u>	<u>-46,038,424.17</u>	<u>1,818,041,878.56</u>

Note: Capital expenditure includes the current year's increase in investment real estate, fixed assets, construction in progress, right-of-use assets, intangible assets, development expenditure, and long-term deferred expenses.

#### 3. The Company shall explain the reason why there is no reportable segment or it cannot disclose the total assets and total liabilities of each reportable segment

Applicable  Not Applicable

#### 4. Other explanation

Applicable  Not Applicable

# NOTES TO THE FINANCIAL STATEMENTS OF 2023 (CONTINUED)

31 December 2023

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## XIX OTHER SIGNIFICANT EVENTS (CONTINUED)

### (VII) Other material transactions and matters that have an impact on investors' decisions

Applicable  Not Applicable

### (VIII) Others

Applicable  Not Applicable

#### 1. Geographic information

##### (1) Revenue from external transactions

Revenue from external transactions	2023	2022
China	35,515,434,781.88	38,699,754,794.78
Other countries or regions	1,486,794,657.01	1,503,452,978.51
Total	37,002,229,438.89	40,203,207,773.29

Note: Revenue from external transactions is categorized by where the customers are located.

##### (2) Total non-current assets

Total non-current assets	2023	2022
China	11,284,185,074.34	10,913,880,128.68

Note: Non-current assets are categorized based on where the assets (excluding financial assets and deferred tax assets) are located.

#### 2 Key Implications of the Implementation of Rule 15 of the Rules Governing the Preparation of Disclosure Statements by Publicly-traded Companies - General Requirements for Financial Reporting (Revised in 2023)

In preparing these financial statements, the Company has disclosed the relevant financial information in accordance with the requirements of "Rule No. 15 of the Rules Governing the Preparation of Information Disclosure Reports by Companies with Publicly Issued Securities - General Requirements for Financial Reports (Revised in 2023)" issued by the China Securities Regulatory Commission (CSCRC) on December 22, 2023, which requires the disclosure of financial information in accordance with the requirements of the Rule. Except for the items of financial instruments, inventories, impairment of long-lived assets, operating income, cash flows and research and development expenses, the implementation of such requirement did not have any significant impact on the format of disclosure of key financial data for comparable accounting periods for other items.

# NOTES TO THE FINANCIAL STATEMENTS OF 2023 (CONTINUED)

31 December 2023

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## XX NOTES TO KEY ITEMS OF THE PARENT COMPANY'S FINANCIAL STATEMENTS

### (I) Accounts receivable

#### (1) Disclosure by aging on recording dates

Applicable  Not Applicable

Unit: Yuan Currency: RMB

Ageing	Book balance at the end of the period	Book balance at the beginning of the period
Within 1 year		
Including: Sub items within 1 year		
Subtotal for within 1 year	<b>669,015,662.76</b>	954,209,257.79
1 to 2 years	<b>326,687,594.34</b>	480,830,031.73
2 to 3 years	<b>410,332,286.71</b>	228,372,496.69
Over 3 years	<b>387,337,505.10</b>	244,183,436.87
Subtotal	<b>1,793,373,048.91</b>	1,907,595,223.08
Less: Provision for bad debt	<b>151,297,518.57</b>	119,489,165.73
Total	<b>1,642,075,530.34</b>	1,788,106,057.35

#### (2) Disclosure by classification with the method of provision of bad debts

Applicable  Not Applicable

Unit: Yuan Currency: RMB

Categories	Closing balance					Opening balance				
	Book balance		Provision for bad debt		Book value	Book balance		Provision for bad debt		Book value
	Amount	Proportion (%)	Amount	Percentage of provision (%)		Amount	Proportion (%)	Amount	percentage (%)	
Single provision for bad debt	2,831,288.06	0.16	2,831,288.06	100.00	-	459,225,210.57	24.07	2,831,288.06	0.62	456,393,922.51
Provision withdrawn for bad debt on a combination basis	1,790,541,760.85	99.84	148,466,230.51	8.29	1,642,075,530.34	1,448,370,012.51	75.93	116,657,877.67	8.05	1,331,712,134.84
Total	1,793,373,048.91	/	151,297,518.57	/	1,642,075,530.34	1,907,595,223.08	/	119,489,165.73	/	1,788,106,057.35

## NOTES TO THE FINANCIAL STATEMENTS OF 2023 (CONTINUED)

31 December 2023

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### XX NOTES TO KEY ITEMS OF THE PARENT COMPANY'S FINANCIAL STATEMENTS (CONTINUED)

#### (I) Accounts receivable (Continued)

##### (2) Disclosure by classification with the method of provision of bad debts (Continued)

Single provision for bad debt:

Applicable  Not Applicable

Unit: Yuan Currency: RMB

Name	Book balance	Closing balance		Reasons for provision
		Provision for bad debt	Percentage of provision (%)	
Single provision for bad debt	<u>2,831,288.06</u>	<u>2,831,288.06</u>	<u>100.00</u>	-
Total	<u>2,831,288.06</u>	<u>2,831,288.06</u>	<u>100.00</u>	/

Descriptions of single provision for bad debt:

Applicable  Not Applicable

Provision withdrawn for bad debt on a combination basis:

Applicable  Not Applicable

## NOTES TO THE FINANCIAL STATEMENTS OF 2023 (CONTINUED)

31 December 2023

RMB

### XX NOTES TO KEY ITEMS OF THE PARENT COMPANY'S FINANCIAL STATEMENTS (CONTINUED)

#### (I) Accounts receivable (Continued)

##### (2) Disclosure by classification with the method of provision of bad debts (Continued)

Combination provision items:

Unit: Yuan Currency: RMB

Name	Accounts receivable	Closing balance	
		Provision for bad debt	Percentage of provision (%)
Within 1 year	669,015,662.76	3,223,201.94	0.48
1 to 2 years	326,687,594.34	12,967,156.99	3.97
2 to 3 years	410,332,286.71	19,003,796.63	4.63
Over 3 years	384,506,217.04	113,272,074.95	29.46
Total	<u>1,790,541,760.85</u>	<u>148,466,230.51</u>	<u>          /</u>

Descriptions of provision withdrawn for bad debt on a combination basis:

Applicable  Not Applicable

If provisions for bad debts are made as per the general model of ECL, please make disclosure with reference to other receivables:

Applicable  Not Applicable

Explanation on significant changes in the book balance of account receivables with changes in loss provisions in the current period:

Applicable  Not Applicable

## NOTES TO THE FINANCIAL STATEMENTS OF 2023 (CONTINUED)

31 December 2023

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### XX NOTES TO KEY ITEMS OF THE PARENT COMPANY'S FINANCIAL STATEMENTS (CONTINUED)

#### (I) Accounts receivable (Continued)

##### (3) Provision for bad debts

Unit: Yuan Currency: RMB

Categories	Opening balance	Increase/decrease during the period			Other changes	Closing balance
		Provision	Recovery or reversal	Write-off or cancellation		
Single provision for bad debt	2,831,288.06	-	-	-	-	2,831,288.06
Provision withdrawn for bad debt on a combination basis by credit risk characteristics	116,657,877.67	31,808,352.65	-	-	0.19	148,466,230.51
Total	119,489,165.73	31,808,352.65	-	-	0.19	151,297,518.57

Significant amounts recovered or reversed to bad debts in the period:

Applicable  Not Applicable

##### (4) Actual write-off of accounts receivable for the period

Applicable  Not Applicable

Write-off of significant accounts receivable

Applicable  Not Applicable

## NOTES TO THE FINANCIAL STATEMENTS OF 2023 (CONTINUED)

31 December 2023

RMB

### XX NOTES TO KEY ITEMS OF THE PARENT COMPANY'S FINANCIAL STATEMENTS (CONTINUED)

#### (I) Accounts receivable (Continued)

##### (5) Top five accounts receivable and contract assets by closing balance of debtors

Applicable  Not Applicable

As of 31 December 2023, the total amount of top five account receivables and contract assets by closing balance of debtors amounted to RMB708,671,294.75, accounting for 20.44% of the total closing balance of accounts receivables. The total closing balance of the corresponding provision for bad debts amounted to RMB3,812,692.65.

As of 31 December 2022, the total amount of top five account receivables by closing balance of debtors amounted to RMB588,251,757.04, accounting for 30.84% of the total closing balance of other receivables. The total closing balance of the corresponding provision for bad debts amounted to RMB2,748,849.85.

Other explanation:

Applicable  Not Applicable

#### (II) Other receivables

##### Presentation of item

Applicable  Not Applicable

Unit: Yuan Currency: RMB

Item	Closing balance	Opening balance
Interests receivable		
Dividends receivable	250,222,930.31	161,752,930.31
Other receivables	6,607,071,636.40	6,255,470,067.85
Total	6,857,294,566.71	6,417,222,998.16

## NOTES TO THE FINANCIAL STATEMENTS OF 2023 (CONTINUED)

31 December 2023

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### XX NOTES TO KEY ITEMS OF THE PARENT COMPANY'S FINANCIAL STATEMENTS (CONTINUED)

#### (II) Other receivables (Continued)

##### *Presentation of item (Continued)*

Other explanation:

Applicable  Not Applicable

##### *Interest receivable*

(1) *Classification of interest receivable*

Applicable  Not Applicable

(2) *Significant overdue interest*

Applicable  Not Applicable

(3) *Disclosure by classification with the method of provision of bad debts*

Applicable  Not Applicable

Single provision for bad debt:

Applicable  Not Applicable

Descriptions of single provision for bad debt:

Applicable  Not Applicable

Provision withdrawn for bad debt on a combination basis:

Applicable  Not Applicable

Provisions for bad debts made as per the general model of ECL

Applicable  Not Applicable

## NOTES TO THE FINANCIAL STATEMENTS OF 2023 (CONTINUED)

31 December 2023

RMB

### XX NOTES TO KEY ITEMS OF THE PARENT COMPANY'S FINANCIAL STATEMENTS (CONTINUED)

#### (II) Other receivables (Continued)

##### *Interest receivable (Continued)*

(3) *Disclosure by classification with the method of provision of bad debts (Continued)*

Explanation of significant changes in the book balance of interests receivable due to changes in loss provisions in the current period:

Applicable  Not Applicable

(4) *Provision for bad debts*

Applicable  Not Applicable

Significant amounts recovered or reversed to bad debts in the period:

Applicable  Not Applicable

(5) *Actual write-off of interest receivable for current period*

Applicable  Not Applicable

Write-off of significant interest receivable:

Applicable  Not Applicable

Explanation of write-off:

Applicable  Not Applicable

Other explanation:

Applicable  Not Applicable

# NOTES TO THE FINANCIAL STATEMENTS OF 2023 (CONTINUED)

31 December 2023

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## XX NOTES TO KEY ITEMS OF THE PARENT COMPANY'S FINANCIAL STATEMENTS (CONTINUED)

### (II) Other receivables (Continued)

#### *Dividends receivable*

(1) *Dividends receivable*

Applicable  Not Applicable

Unit: Yuan Currency: RMB

Investee	Closing balance	Opening balance
CRSC Construction Group Co., Ltd.	172,561,000.00	158,136,000.00
China Railway Signal & Communication Shanghai Engineering Bureau Group Co., Ltd.	56,270,000.00	-
CRSC (Jiangsu) Smart City Construction and Development Co., Ltd.	13,800,000.00	-
CRSC Jishou Tengda Project Management Co., Ltd.	3,975,000.00	-
CRSC Wanquan Signal Equipment Co., LTD.	3,616,930.31	3,616,930.31
Subtotal	250,222,930.31	161,752,930.31
Less: Provision for bad debt	-	-
Total	<b>250,222,930.31</b>	<b>161,752,930.31</b>

(2) *Significant dividends receivable aging over 1 year*

Applicable  Not Applicable

(3) *Disclosure by classification with the method of provision of bad debts*

Applicable  Not Applicable

Single provision for bad debt:

Applicable  Not Applicable

Descriptions of single provision for bad debt:

Applicable  Not Applicable

## NOTES TO THE FINANCIAL STATEMENTS OF 2023 (CONTINUED)

31 December 2023

RMB

### XX NOTES TO KEY ITEMS OF THE PARENT COMPANY'S FINANCIAL STATEMENTS (CONTINUED)

#### (II) Other receivables (Continued)

##### *Dividends receivable (Continued)*

##### (3) *Disclosure by classification with the method of provision of bad debts (Continued)*

Provision withdrawn for bad debt on a combination basis:

Applicable  Not Applicable

Provisions for bad debts made as per the general model of ECL

Applicable  Not Applicable

Explanation of significant changes in the book balance of dividends receivable due to changes in loss provisions in the current period:

Applicable  Not Applicable

##### (4) *Provision for bad debts*

Applicable  Not Applicable

Significant amounts recovered or reversed to bad debts in the period:

Applicable  Not Applicable

##### (5) *Actual write-off of dividends receivable in current period*

Applicable  Not Applicable

Write-off of significant dividends receivable:

Applicable  Not Applicable

## NOTES TO THE FINANCIAL STATEMENTS OF 2023 (CONTINUED)

31 December 2023

RMB

### XX NOTES TO KEY ITEMS OF THE PARENT COMPANY'S FINANCIAL STATEMENTS (CONTINUED)

#### (II) Other receivables (Continued)

##### *Dividends receivable (Continued)*

(5) *Actual write-off of dividends receivable in current period (Continued)*

Explanation of write-off:

Applicable  Not Applicable

Other explanation:

Applicable  Not Applicable

##### *Other receivables*

(1) *Disclosure by ageing*

Applicable  Not Applicable

Unit: Yuan Currency: RMB

<b>Ageing</b>	<b>Book balance at the end of the period</b>	Book balance at the beginning of the period
Within 1 year		
Including: Sub items within 1 year		
Subtotal for within 1 year	<b>1,291,330,911.51</b>	1,645,181,079.59
1 to 2 years	<b>1,214,202,766.17</b>	4,254,979,490.21
2 to 3 years	<b>3,803,179,284.15</b>	133,351,323.64
Over 3 years	<b>298,897,495.86</b>	222,543,422.21
Subtotal	<b>6,607,610,457.69</b>	6,256,055,315.65
Less: Provision for bad debt	<b>538,821.29</b>	585,247.80
Total	<b>6,607,071,636.40</b>	6,255,470,067.85

## NOTES TO THE FINANCIAL STATEMENTS OF 2023 (CONTINUED)

31 December 2023

RMB

### XX NOTES TO KEY ITEMS OF THE PARENT COMPANY'S FINANCIAL STATEMENTS (CONTINUED)

#### (II) Other receivables (Continued)

##### *Other receivables (Continued)*

(2) *Classified by nature*

Applicable  Not Applicable

Unit: Yuan Currency: RMB

<b>Nature of accounts</b>	<b>Book balance at the end of the period</b>	Book balance at the beginning of the period
Loans from subsidiaries	<b>5,438,843,130.00</b>	5,942,843,130.00
Advances	<b>1,026,193,302.90</b>	256,412,878.94
Others	<b>142,574,024.79</b>	56,799,306.71
Subtotal	<b>6,607,610,457.69</b>	6,256,055,315.65
Less: Provision for bad debt	<b>538,821.29</b>	585,247.80
Total	<b>6,607,071,636.40</b>	6,255,470,067.85

## NOTES TO THE FINANCIAL STATEMENTS OF 2023 (CONTINUED)

31 December 2023

RMB

### XX NOTES TO KEY ITEMS OF THE PARENT COMPANY'S FINANCIAL STATEMENTS (CONTINUED)

#### (II) Other receivables (Continued)

##### *Other receivables (Continued)*

(3) Provision for bad debts

Applicable  Not Applicable

Unit: Yuan Currency: RMB

Provision for bad debt	Stage 1	Stage 2	Stage 3	Total
	12-month ECL	Lifetime ECL (non-credit impaired)	Lifetime ECL (credit- impaired)	
Amounts due as at 1 January 2023	213,196.80	–	372,051.00	585,247.80
Amounts due for the period as at 1 January 2023				
– Transferred to stage 2	–	–	–	–
– Transferred to stage 3	–	–	–	–
– Reversed to stage 2	–	–	–	–
– Reversed to stage 1	–	–	–	–
Provision for the period	-95,201.71	–	48,775.20	-46,426.51
Reversal for current period	–	–	–	–
Write-off for current period	–	–	–	–
Cancellation for current period	–	–	–	–
Other changes	–	–	–	–
Amounts due as at 31 December 2023	117,995.09	–	420,826.20	538,821.29

## NOTES TO THE FINANCIAL STATEMENTS OF 2023 (CONTINUED)

31 December 2023

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### XX NOTES TO KEY ITEMS OF THE PARENT COMPANY'S FINANCIAL STATEMENTS (CONTINUED)

#### (II) Other receivables (Continued)

##### *Other receivables (Continued)*

##### (3) *Provision for bad debts (Continued)*

Changes in gross carrying amount of other receivables are as follows:

	Stage 1 12-month ECL	Stage 2 Lifetime ECL (non-credit impaired)	Stage 3 Lifetime ECL (credit- impaired)	Total
Book balance				
Amounts due as at 1 January 2023	6,255,683,264.65	-	372,051.00	6,256,055,315.65
Amounts due for the period as at 1 January 2023				
- Transferred to stage 2	-	-	-	-
- Transferred to stage 3	-48,775.20	-	48,775.20	-
- Reversed to stage 2	-	-	-	-
- Reversed to stage 1	-	-	-	-
Increase for the period	1,787,208,343.44	-	-	1,787,208,343.44
Derecognized for the period	-1,435,653,201.40	-	-	-1,435,653,201.40
Other changes	-	-	-	-
Amounts due as at 31 December 2023	<u>6,607,189,631.49</u>	<u>-</u>	<u>420,826.20</u>	<u>6,607,610,457.69</u>

Explanation on significant changes in the book balance of other receivables with changes in loss provisions in the current period:

Applicable  Not Applicable

Amount of provision for bad debt for the period and basis for evaluating whether credit risk of financial instruments increases significantly:

Applicable  Not Applicable

## NOTES TO THE FINANCIAL STATEMENTS OF 2023 (CONTINUED)

31 December 2023

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### XX NOTES TO KEY ITEMS OF THE PARENT COMPANY'S FINANCIAL STATEMENTS (CONTINUED)

#### (II) Other receivables (Continued)

##### *Other receivables (Continued)*

(4) *Provision for bad debts*

Applicable  Not Applicable

Unit: Yuan Currency: RMB

Categories	Opening balance	Increase/decrease during the period				Closing balance
		Provision	Recovery or reversal	Write-off or cancellation	Other changes	
Provision for bad debt	585,247.80	-46,426.51	-	-	-	<b>538,821.29</b>
Total	<u>585,247.80</u>	<u>-46,426.51</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u><b>538,821.29</b></u>

Including significant amounts of provision for bad debts recovered or reversed in the period:

Applicable  Not Applicable

(5) *Write-off of other receivables for the period*

Applicable  Not Applicable

Write-off of other significant receivables:

Applicable  Not Applicable

Explanation of write-off of other receivables:

Applicable  Not Applicable

## NOTES TO THE FINANCIAL STATEMENTS OF 2023 (CONTINUED)

31 December 2023

RMB

### XX NOTES TO KEY ITEMS OF THE PARENT COMPANY'S FINANCIAL STATEMENTS (CONTINUED)

#### (II) Other receivables (Continued)

##### *Other receivables (Continued)*

(6) *Top five other receivables by closing balance of debtors*

Applicable  Not Applicable

31 December 2023

The total amount of top five other receivables by closing balance of debtors amounted to RMB4,551,681,308.54, accounting for 68.89% of the total closing balance of other receivables. There was no need to make provision for bad debt.

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The total amount of top five other receivables by closing balance of debtors amounted to RMB5,761,642,694.29, accounting for 92.10% of the total closing balance of other receivables. There was no need to make provision for bad debt.

(7) *Listed as "Other receivables" due to centralized fund management*

Applicable  Not Applicable

Other explanation:

Applicable  Not Applicable

## NOTES TO THE FINANCIAL STATEMENTS OF 2023 (CONTINUED)

31 December 2023

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### XX NOTES TO KEY ITEMS OF THE PARENT COMPANY'S FINANCIAL STATEMENTS (CONTINUED)

#### (III) Long-term equity investments

Applicable  Not Applicable

Unit: Yuan Currency: RMB

Item	Closing balance			Opening balance		
	Book balance	Impairment provision	Carrying amount	Book balance	Impairment provision	Carrying amount
Investment in subsidiaries	18,429,896,919.24	-	18,429,896,919.24	18,350,119,539.81	-	18,350,119,539.81
Investments in associates and joint ventures	887,605,378.92	-	887,605,378.92	895,054,025.19	-	895,054,025.19
Total	19,317,502,298.16	-	19,317,502,298.16	19,245,173,565.00	-	19,245,173,565.00

#### (1) Investment in subsidiaries

Applicable  Not Applicable

Unit: Yuan Currency: RMB

Investee	Opening balance	Increase during the period	Decrease during the period	Closing balance	Provision for impairment for the period	Closing balance of provision for impairment
Shanghai Engineering Bureau	1,635,118,995.36	-	-	1,635,118,995.36	-	-
CRSCD	2,183,153,452.31	-	-	2,183,153,452.31	-	-
CRSCC	370,790,731.45	-	-	370,790,731.45	-	-
Urban Rail Transit	100,000,000.00	-	-	100,000,000.00	-	-
CRSC International Holdings	463,000,000.00	79,777,379.43	-	542,777,379.43	-	-

## NOTES TO THE FINANCIAL STATEMENTS OF 2023 (CONTINUED)

31 December 2023

RMB

### XX NOTES TO KEY ITEMS OF THE PARENT COMPANY'S FINANCIAL STATEMENTS (CONTINUED)

#### (III) Long-term equity investments (Continued)

##### (1) Investment in subsidiaries (Continued)

Investee	Opening balance	Increase during the period	Decrease during the period	Closing balance	Provision for impairment for the period	Closing balance of provision for impairment
Innovation Investment	2,901,431,060.71	-	-	2,901,431,060.71	-	-
CRSCE	1,090,447,494.77	-	-	1,090,447,494.77	-	-
CRSC Cables	389,223,087.50	-	-	389,223,087.50	-	-
CRSC Changsha Railway	1,454,470,000.00	-	-	1,454,470,000.00	-	-
CASCO	731,460,709.51	-	-	731,460,709.51	-	-
CRSC Xi'an Industry Group	2,161,476,363.60	-	-	2,161,476,363.60	-	-
Electrification Bureau	325,000,000.00	-	-	325,000,000.00	-	-
CRSC Construction	1,278,913,017.40	-	-	1,278,913,017.40	-	-
CRSC International	2,581,200.00	-	-	2,581,200.00	-	-
CRSC Tengda	405,000,000.00	-	-	405,000,000.00	-	-
CRSC Huatai	522,000,000.00	-	-	522,000,000.00	-	-
CRSC Jiangsu Smart	431,053,427.20	-	-	431,053,427.20	-	-
CRSC Beijing Tendering	5,000,000.00	-	-	5,000,000.00	-	-
CRSC Finance	1,900,000,000.00	-	-	1,900,000,000.00	-	-
Total	18,350,119,539.81	79,777,379.43	-	18,429,896,919.24	-	-

# NOTES TO THE FINANCIAL STATEMENTS OF 2023 (CONTINUED)

31 December 2023

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## XX NOTES TO KEY ITEMS OF THE PARENT COMPANY'S FINANCIAL STATEMENTS (CONTINUED)

### (III) Long-term equity investments (Continued)

#### (2) Investment in associates and joint ventures

Applicable  Not Applicable

Unit: Yuan Currency: RMB

Investor	Opening balance	Increase in investment	Decrease in investment	Increase/decrease for the period			Declared and paid cash dividends or profits	Provision for impairment	Other	Closing balance	Closing balance of provision for impairment
				Investment gains/losses confirmed under equity method	Other comprehensive income adjustment	Other equity changes					
I. Joint ventures											
Wenzhou-Hangwen High-Speed Railway Investment Partnership (LLP)	76,503,772.49	-	76,503,772.49	-	-	-	-	-	-	-	-
Subtotal	76,503,772.49	-	76,503,772.49	-	-	-	-	-	-	-	-
II. Associates											
CSCEC Foshan Joint Investment Co., Ltd.	12,616,233.38	-	-	-	-	-	-	-	-	12,616,233.38	-
Siping Integrated Pipeline Construction Co., Ltd.	224,763,946.36	-	-	-	-	-	-	-	-	224,763,946.36	-
Guangdong Utrust Financial Leasing Co., Ltd.	351,646,087.12	-	-	12,439,903.94	-	-	-	-	-	364,085,991.06	-
CRSC Tianshui Tram Co., Ltd.	229,523,985.84	-	-	32,108,141.78	-	-	-	-	-	261,632,127.62	-
Shenzhen Metro Signal Technology (Shenzhen) Co., Ltd.	-	24,500,000.00	-	7,080.50	-	-	-	-	-	24,507,080.50	-
Subtotal	818,550,252.70	24,500,000.00	-	44,555,126.22	-	-	-	-	-	887,605,378.92	-
Total	895,054,025.19	24,500,000.00	76,503,772.49	44,555,126.22	-	-	-	-	-	887,605,378.92	-

## NOTES TO THE FINANCIAL STATEMENTS OF 2023 (CONTINUED)

31 December 2023

RMB

### XX NOTES TO KEY ITEMS OF THE PARENT COMPANY'S FINANCIAL STATEMENTS (CONTINUED)

#### (III) Long-term equity investments (Continued)

##### 3. Impairment testing of long-term equity investments

Applicable  Not Applicable

#### (IV) Revenue and costs of sales

##### (1) Revenue and costs of sales

Applicable  Not Applicable

Unit: Yuan Currency: RMB

Item	Amount for the current period		Amount for the last period	
	Revenue	Cost	Revenue	Cost
Principal operations	3,507,014,782.09	3,273,317,979.75	3,491,835,458.20	3,164,713,992.99
Other operations	<u>192,060,227.51</u>	<u>47,946,517.71</u>	<u>176,888,171.44</u>	<u>47,847,019.54</u>
Total	<u>3,699,075,009.60</u>	<u>3,321,264,497.46</u>	<u>3,668,723,629.64</u>	<u>3,212,561,012.53</u>

##### (2) Breakdown of revenue and costs of sales

Applicable  Not Applicable

Other explanation

Applicable  Not Applicable

##### (3) Details of performance obligation

Applicable  Not Applicable

##### (4) Explanation about allocation to the remaining performance obligations

Applicable  Not Applicable

##### (5) Significant contract amendments or significant transaction price adjustments

Applicable  Not Applicable

## NOTES TO THE FINANCIAL STATEMENTS OF 2023 (CONTINUED)

31 December 2023

RMB

### XX NOTES TO KEY ITEMS OF THE PARENT COMPANY'S FINANCIAL STATEMENTS (CONTINUED)

#### (V) Investment income

Applicable  Not Applicable

Unit: Yuan Currency: RMB

Item	Amount for the current period	Amount for the last period
Income from long-term equity investments under the cost method	2,004,547,671.00	1,939,015,477.95
Income from long-term equity investments under the equity method	44,555,126.22	30,765,509.16
Investment income from disposal of long-term equity investments	13,796,227.51	–
Interest income from debt investments during the holding period	11,364,993.67	11,364,993.67
Investment income from borrowing/loan	224,112,729.49	229,125,365.52
Total	2,298,376,747.89	2,210,271,346.30

#### (VI) Others

Applicable  Not Applicable

# NOTES TO THE FINANCIAL STATEMENTS OF 2023 (CONTINUED)

31 December 2023

RMB

## XXI SUPPLEMENTARY INFORMATION

### (I) Breakdown of current non-recurring profit or loss

Applicable  Not Applicable

Unit: Yuan Currency: RMB

Item	Amount	Note
Profit and loss on disposal of non-current assets, including the offsetting portion of the provision for impairment of assets	21,116,503.45	/
Government grants recognized as income in the current profit or loss, except for those closely related to the Company's normal operating activities, compliant with national policy regulations, received based on established criteria, and with a sustained impact on the Company's financial statements	223,894,550.70	/
Other non-operating income and expenses apart from the aforesaid items	24,845,786.43	/
Other gain or loss items falling within the definition of extraordinary items	-	/
Less: Effect of income tax	43,864,184.99	/
Effect of minority interest (after tax)	14,870,587.79	/
Total	<u>211,122,067.80</u>	/

Reasons shall be given with respect to items not listed but identified as significant non-recurring gain or loss items in the Explanatory Notice on Information Disclosure of Companies with Public Offering No. 1-Non-recurring Profit and Loss (《公開發行證券的公司資訊披露解釋性公告第1號-非經常性損益》), as well as the Company classifying the non-recurring profit and loss items defined and listed in the Explanatory Notice on Information Disclosure of Companies with Public Offering No. 1-Non-recurring Profit and Loss (《公開發行證券的公司資訊披露解釋性公告第1號-非經常性損益》) as recurring profit and loss items.

Applicable  Not Applicable

Other explanation

Applicable  Not Applicable

# NOTES TO THE FINANCIAL STATEMENTS OF 2023 (CONTINUED)

31 December 2023

RMB

## XXI SUPPLEMENTARY INFORMATION (CONTINUED)

### (II) Return on net assets and earnings per share

Applicable  Not Applicable

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 ordinary shareholders of the Company	7.54	0.32	0.32
Net profit attributable to ordinary shareholders of the Company after deducting non-recurring profits and losses	7.08	0.30	0.30

### (III) Differences in accounting data between domestic and overseas accounting standards

Applicable  Not Applicable

### (IV) Others

Applicable  Not Applicable

Chairman: LOU Qiliang

Date of approval by the Board for submission: March 26 2024

## INFORMATION ON AMENDMENT

Applicable  Not Applicable

Report Version No.	Publication date of the correction or supplementary announcement	Content of the correction or supplementary announcement
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## SECTION XII FIVE-YEAR FINANCIAL SUMMARY

### CONSOLIDATED STATEMENT OF PROFIT

Item	2023	2022	2021	2020	2019
Revenue	<b>37,002,229,438.89</b>	40,203,207,773.29	38,358,297,108.78	40,124,476,710.76	41,646,286,792.57
Costs of sales	<b>27,472,315,758.82</b>	30,680,741,586.09	29,846,875,671.34	31,269,101,236.91	32,112,103,467.88
Taxes and surcharges	<b>256,690,986.90</b>	241,534,607.36	253,686,656.86	230,083,398.31	260,018,767.25
Selling and distribution expenses	<b>893,032,489.34</b>	812,111,306.78	796,771,857.42	782,685,977.22	878,468,933.38
General and administrative expenses	<b>2,335,834,136.35</b>	2,289,994,474.16	2,116,982,019.27	2,059,557,214.11	2,530,027,201.64
Research and development expenses	<b>1,862,286,761.81</b>	1,689,810,596.63	1,638,494,903.20	1,434,273,399.90	1,583,455,766.97
Finance costs	<b>-300,226,847.63</b>	-237,983,529.30	-312,381,754.25	-249,659,643.80	-144,051,571.49
Assets impairment losses	<b>-15,597,119.37</b>	37,185,041.73	64,728,770.22	13,806,313.28	12,097,212.16
Credit impairment losses	<b>-445,966,775.20</b>	-594,320,058.29	195,496,554.50	16,062,175.36	18,930,589.80
Investment income	<b>145,006,530.06</b>	121,595,656.28	113,911,083.50	58,689,540.14	372,775,072.48
Gains or losses from disposal of assets	<b>63,696.54</b>	29,599,933.66	35,949,376.07	171,224,991.74	-1,382,312.77
Other income	<b>410,647,468.42</b>	366,824,324.56	336,893,708.75	216,220,467.27	213,181,016.26
Operating profit	<b>4,660,841,763.31</b>	4,704,290,405.66	4,244,396,598.54	5,014,701,638.62	4,979,410,200.95
Non-operating income	<b>39,131,903.49</b>	48,280,889.32	44,826,898.06	26,100,278.36	61,799,594.90
Non-operating expenses	<b>9,688,065.04</b>	9,877,586.82	15,311,313.98	4,929,393.37	13,735,278.90
Total profit	<b>4,690,285,601.76</b>	4,742,693,708.16	4,273,912,182.62	5,035,872,523.61	5,027,474,516.95
Income tax expenses	<b>675,450,919.54</b>	642,049,846.43	581,002,096.30	796,452,326.62	850,426,160.91
Net profit	<b>4,014,834,682.22</b>	4,100,643,861.73	3,692,910,086.32	4,239,420,196.99	4,177,048,356.04
Net profit attributable to the owners of parent company	<b>3,477,326,647.54</b>	3,633,640,258.62	3,274,672,689.28	3,819,046,319.02	3,815,874,901.39
Profit or loss attributable to non-controlling interests	<b>537,508,034.68</b>	467,003,603.11	418,237,397.04	420,373,877.97	361,173,454.65
Basic earnings per share	<b>0.32</b>	0.33	0.30	0.34	0.38
Diluted earnings per share	<b>0.32</b>	0.33	0.30	0.34	0.38

### TOTAL CONSOLIDATED ASSETS AND LIABILITIES

Item	2023	2022	2021	2020	2019
Total assets	<b>118,990,487,731.74</b>	116,806,544,483.88	108,942,588,838.30	105,328,082,320.59	97,512,591,304.36
Total liabilities	<b>70,115,652,701.84</b>	69,528,809,483.31	63,571,212,916.84	61,030,744,806.19	54,787,913,723.34
Total Shareholders' equity	<b>48,874,835,029.90</b>	47,277,735,000.57	45,371,375,921.46	44,297,337,514.40	42,724,677,581.02