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**中國中車股份有限公司**  
**CRRC CORPORATION LIMITED**

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

**(Stock Code: 1766)**

**2019 THIRD QUARTERLY REPORT**

This announcement is made pursuant to Rules 13.09(2) and 13.10B of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the “**Hong Kong Stock Exchange**”) and the inside information provisions under Part XIVA of the Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong).

The 2019 third quarterly report of CRRC Corporation Limited (the “**Company**” or “**CRRC**”, together with its subsidiaries, the “**Group**”) is set out below. The financial report is prepared in accordance with the Accounting Standards for Business Enterprises of the PRC and is unaudited.

By order of the Board  
**CRRC Corporation Limited**  
**Liu Hualong**  
*Chairman*

Beijing, the PRC  
30 October 2019

*As at the date of this announcement, the executive directors of the Company are Mr. Liu Hualong, Mr. Sun Yongcai and Mr. Xu Zongxiang; the non-executive director is Mr. Liu Zhiyong; and the independent non-executive directors are Mr. Li Guo'an, Mr. Wu Zhuo and Mr. Sun Patrick.*

## I. IMPORTANT NOTICE

1.1 The board of directors, the supervisory committee and the directors, supervisors and senior management of the Company shall warrant that the information stated in this quarterly report is true, accurate, complete and without any false representation, misleading statement or material omission, and assume several and joint liabilities.

1.2 The details of the director absent from the meeting are as follows:

<b>Name of absentee director</b>	<b>Position held by absentee director</b>	<b>Reason for absence</b>	<b>Name of proxy</b>
Sun Yongcai	Executive director and President	Other business engagement	Xu Zongxiang

The third quarterly report has been considered and approved by the fourteenth meeting of the second session of the board of directors of the Company. There were seven directors eligible for attending the meeting and six directors attended the meeting, Mr. Sun Yongcai, an executive director and the president, did not attend the on-site meeting due to other business engagement and appointed Mr. Xu Zongxiang, an executive director, as proxy to vote on his behalf and to execute documents including resolutions and minutes of the meeting in relation to each resolution proposed at the Board meeting.

1.3 The Chairman of the Company, Liu Hualong, the person in charge of accounting affairs, Li Zheng, and the person responsible for the accounting department (head of the accounting department), Wang Jian, hereby warrant the truthfulness, accuracy and completeness of the financial statements contained in this quarterly report.

1.4 The third quarterly report of the Company is unaudited.

## II. BASIC INFORMATION OF THE COMPANY

### 2.1 Major Financial Data

	<i>Unit: RMB'000</i>			<i>Currency: RMB</i>
	<b>As at the end of the reporting period</b>	<b>As at the end of last year</b>		<b>Change as at the end of the reporting period as compared to the end of last year (%)</b>
		<b>After adjustment</b>	<b>Before Adjustment</b>	
Total assets	411,643,536	357,523,050	357,523,050	15.14
Net assets attributable to shareholders of the listed Company	132,480,558	128,457,695	128,457,695	3.13
	<b>From the beginning of the year to the end of the reporting period (January to September)</b>	<b>From the beginning of last year to the end of the reporting period of last year (January to September)</b>		<b>Change as compared to the same period of last year (%)</b>
		<b>After adjustment</b>	<b>Before Adjustment</b>	
Net cash flow from operating activities	-5,534,844	-742,290	-731,088	–
Revenue from operations	154,519,861	135,366,872	135,365,775	14.15
Net profit attributable to shareholders of the listed Company	8,412,632	7,527,398	7,531,756	11.76
Net profit after non-recurring profit or loss attributable to shareholders of the listed Company	7,715,853	5,629,268	5,633,626	37.07
Return on weighted average net assets (%)	6.41	6.10	6.11	Increased by 0.31 percentage points
Basic earnings per share (RMB/share)	0.29	0.26	0.26	11.54
Diluted earnings per share (RMB/share)	0.29	0.26	0.26	11.54

*Note:* CRRC Qingdao Sifang Co., Ltd., a wholly-owned subsidiary of the Company, completed the acquisition of 51% equity interest in Qingdao CNR Hitachi Rail Communication Signal Co., Ltd., controlled by CRRC GROUP Co., Ltd., the controlling shareholder of the Company, in December 2018, which constituted a business combination under common control. As such, comparative figures for the same period last year were restated in accordance with the Accounting Standards for Business Enterprises.

## Non-recurring profit and loss items and amounts

√ Applicable

□ Not applicable

Item	<i>Unit: RMB'000</i>	<i>Currency: RMB</i>
	<b>Amount for the current period (July to September)</b>	<b>Amount from the beginning of the year to the end of the reporting period (January to September)</b>
Profit or loss on disposal of non-current assets	-9,024	-23,917
Government subsidies recognized in current profit or loss excluding those closely related to the Company's normal business operations and granted on an ongoing basis under the national policies with standard amount or quantity	136,723	517,603
Apart from hedging instruments relating to the normal operating business of the Company, gains and losses from change in fair value of held-for-trading financial assets, derivative financial assets, and held- for-trading financial liabilities, derivative financial liabilities and investment income from disposal of held-for-trading financial assets, derivative financial assets, held-for-trading financial liabilities, derivative financial liabilities and other debt investments	37,564	327,741
Other non-operating income and expenses excluding the items above	58,740	91,647
Other profit or loss items conforming with the definition of non-recurring profit or loss	-	-17,459
Effect on minority interest (after tax)	-9,635	-92,506
Effect on income tax	-66,947	-106,330
Total	<u>147,421</u>	<u>696,779</u>

2.2 Total number of shareholders, particulars of shareholdings of the top ten shareholders and of the top ten shareholders of tradable shares (or shareholders not subject to trading moratorium) as at the end of the reporting period

*Unit: Share*

Total number of shareholders <sup>Note 1</sup> 804,617

Particulars of shareholdings of the top ten shareholders

Name of shareholder (full name)	Number of shares held as at the end of the period	Percentage (%)	Number of shares held subject to trading moratorium	Pledged or frozen		
				Nature of shareholders	Status of share	Number
CRRC GROUP Co., Ltd. (中國中車集團有限公司)	14,429,518,023	50.28	705,052,878	Nil	—	State-owned legal person
HKSCC NOMINEES LIMITED <sup>Note 2</sup>	4,360,103,789	15.19	—	Unknown	—	Foreign legal person
China Securities Finance Corporation Limited (中國證券金融股份有限 公司)	858,958,326	2.99	—	Unknown	—	State-owned legal person
China Reform Investment Co., Ltd. (國新投資有限 公司)	362,293,268	1.26	—	Unknown	—	State-owned legal person
Central Huijin Asset Management Ltd. (中央 匯金資產管理有限責任 公司)	304,502,100	1.06	—	Unknown	—	State-owned legal person
Hong Kong Securities Clearing Company Limited (香港中央結算 有限公司)	257,461,884	0.90	—	Unknown	—	Foreign legal person
Shanghai Xinghan Asset – Industrial Bank – China Industrial International Trust Limited (上海興瀚 資產-興業銀行-興業國際 信託有限公司)	235,017,626	0.82	235,017,626	Unknown	—	State-owned legal person
Bosera Funds – Agricultural Bank of China – Bosera China Securities and Financial Assets Management Plan (博時 基金—農業銀行—博時 中證金融資產管理計劃)	234,982,900	0.82	—	Unknown	—	Unknown

Name of shareholder (full name)	Number of shares held as at the end of the period	Percentage (%)	Number of shares held subject to trading moratorium	Pledged or frozen		
				Nature of shareholders	Status of share	Number
E Fund – Agricultural Bank of China – E Fund China Securities and Financial Assets Management Plan (易方達基金–農業銀行–易方達中證金融資產管理計劃)	234,982,900	0.82	—	Unknown	—	Unknown
Dacheng Fund – Agricultural Bank of China – Dacheng China Securities and Financial Assets Management Plan (大成基金–農業銀行–大成中證金融資產管理計劃)	234,982,900	0.82	—	Unknown	—	Unknown
Harvest Fund – Agricultural Bank of China – Harvest China Securities and Financial Assets Management Plan (嘉實基金–農業銀行–嘉實中證金融資產管理計劃)	234,982,900	0.82	—	Unknown	—	Unknown
GF Fund – Agricultural Bank of China – GF China Securities and Financial Assets Management Plan (廣發基金–農業銀行–廣發中證金融資產管理計劃)	234,982,900	0.82	—	Unknown	—	Unknown
Zhongou Asset – Agricultural Bank of China – Zhongou China Securities and Financial Assets Management Plan (中歐基金–農業銀行–中歐中證金融資產管理計劃)	234,982,900	0.82	—	Unknown	—	Unknown
China AMC – Agricultural Bank of China – China AMC China Securities and Financial Assets Management Plan (華夏基金–農業銀行–華夏中證金融資產管理計劃)	234,982,900	0.82	—	Unknown	—	Unknown

Name of shareholder (full name)	Number of shares held as at the end of the period	Percentage (%)	Number of shares held subject to trading moratorium	Pledged or frozen		
				Nature of shareholders	Status of share	Number
Yinhua Fund – Agricultural Bank of China – Yinhua China Securities and Financial Assets Management Plan (銀華 基金–農業銀行–銀華中 證金融資產管理計劃)	234,982,900	0.82	—	Unknown	—	Unknown
China Southern Asset Management – Agricultural Bank of China – China Southern Asset Management China Securities and Financial Assets Management Plan (南方基金–農業銀行–南 方中證金融資產管理計 劃)	234,982,900	0.82	—	Unknown	—	Unknown
ICBCCS Fund – Agricultural Bank of China – ICBCCS China Securities and Financial Assets Management Plan (工銀 瑞信基金–農業銀行–工 銀瑞信中證金融資產管 理計劃)	234,982,900	0.82	—	Unknown	—	Unknown

**Particulars of shareholdings of the top ten shareholders  
not subject to trading moratorium**

Name of shareholder		Number of tradable shares held not subject to trading moratorium	Class and number of shares	
			Class	Number
CRRC GROUP Co., Ltd. (中國中車集團有限公司)	13,724,465,145	Ordinary shares denominated in RMB	13,724,465,145	
HKSCC NOMINEES LIMITED <sup>Note 2</sup>	4,360,103,789	Overseas listed foreign invested shares	4,360,103,789	

Name of shareholder	Number of tradable shares held not subject to trading moratorium	Class and number of shares	
		Class	Number
China Securities Finance Corporation Limited (中國證券金融股份有限公司)	858,958,326	Ordinary shares denominated in RMB	858,958,326
China Reform Investment Co., Ltd. (國新投資有限公司)	362,293,268	Ordinary shares denominated in RMB	362,293,268
Central Huijin Asset Management Ltd. (中央匯金資產管理有限責任公司)	304,502,100	Ordinary shares denominated in RMB	304,502,100
Hong Kong Securities Clearing Company Limited (香港中央結算有限公司)	257,461,884	Ordinary shares denominated in RMB	257,461,884
Bosera Funds - Agricultural Bank of China - Bosera China Securities and Financial Assets Management Plan (博時基金-農業銀行-博時中證金融資產管理計劃)	234,982,900	Ordinary shares denominated in RMB	234,982,900
E Fund - Agricultural Bank of China - E Fund China Securities and Financial Assets Management Plan (易方達基金-農業銀行-易方達中證金融資產管理計劃)	234,982,900	Ordinary shares denominated in RMB	234,982,900

Name of shareholder	Number of tradable shares held not subject to trading moratorium	Class and number of shares	
		Class	Number
Dacheng Fund – Agricultural Bank of China – Dacheng China Securities and Financial Assets Management Plan (大成基金–農業銀行–大成中證金融資產管理計劃)	234,982,900	Ordinary shares denominated in RMB	234,982,900
Harvest Fund – Agricultural Bank of China – Harvest China Securities and Financial Assets Management Plan (嘉實基金–農業銀行–嘉實中證金融資產管理計劃)	234,982,900	Ordinary shares denominated in RMB	234,982,900
GF Fund – Agricultural Bank of China – GF China Securities and Financial Assets Management Plan (廣發基金–農業銀行–廣發中證金融資產管理計劃)	234,982,900	Ordinary shares denominated in RMB	234,982,900
Zhongou Asset – Agricultural Bank of China – Zhongou China Securities and Financial Assets Management Plan (中歐基金–農業銀行–中歐中證金融資產管理計劃)	234,982,900	Ordinary shares denominated in RMB	234,982,900

Name of shareholder	Number of tradable shares held not subject to trading moratorium	Class and number of shares	
		Class	Number
China AMC – Agricultural Bank of China – China AMC China Securities and Financial Assets Management Plan ( 華夏基金 – 農業銀行 – 華夏中證金融資產管理計劃 )	234,982,900	Ordinary shares denominated in RMB	234,982,900
Yinhua Fund – Agricultural Bank of China – Yinhua China Securities and Financial Assets Management Plan ( 銀華基金 – 農業銀行 – 銀華中證金融資產管理計劃 )	234,982,900	Ordinary shares denominated in RMB	234,982,900
China Southern Asset Management – Agricultural Bank of China – China Southern Asset Management China Securities and Financial Assets Management Plan ( 南方基金 – 農業銀行 – 南方中證金融資產管理計劃 )	234,982,900	Ordinary shares denominated in RMB	234,982,900
ICBCCS Fund – Agricultural Bank of China – ICBCCS China Securities and Financial Assets Management Plan ( 工銀瑞信基金 – 農業銀行 – 工銀瑞信中證金融資產管理計劃 )	234,982,900	Ordinary shares denominated in RMB	234,982,900

Name of shareholder	Number of tradable shares held not subject to trading moratorium	Class	Class and number of shares Number
Connections or parties acting in concert among the aforesaid shareholders	Nil		

*Note 1:* As at the end of the reporting period, the Company has 801,934 holders of A shares and 2,683 registered holders of H shares.

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

*Note 3:* During the reporting period, CRRC Financial and Securities Investment Co., Ltd., a wholly-owned subsidiary of CRRC Corporation Limited, subscribed for Bosera CSI State-owned Enterprises Innovation Drives Exchange Traded Funds, GF State-owned Enterprises Innovation ETFs and Harvest State-owned Enterprises Innovation Drives ETFs by 100,446,000 A shares of CRRC.

2.3 Total number of holders of preference shares, shareholdings of the top ten holders of preference shares and the top ten holders of preference shares not subject to trading moratorium as at the end of the reporting period

Applicable                       Not applicable

### III. SIGNIFICANT EVENTS

#### 3.1 Particulars of and reasons for material changes in the major financial statement items and financial indicators of the Company

Applicable                       Not applicable

*Note:* The current period in the analysis below refers to the period from January to September 2019.

1. Bills receivable decreased by 42.92%, mainly due to the decrease in bills received during the period.
2. Trade receivable increased by 40.60%, mainly due to the increase in sales during the period and centralized delivery of products at the end of the period.
3. Prepayments increased by 30.45%, mainly due to the increase in prepayments paid in accordance with the contract during the period.
4. Inventories increased by 35.56%, mainly due to the increase in make-to-order and stocks during the period.
5. Loans and advances to customers decreased by 90.12%, mainly due to the decrease in loans and advances to customers from the Finance Company owned by the Company during the period.
6. Long-term receivables increased by 57.58%, mainly due to the increase in finance lease of the Financial Leasing Company owned by the Company during the period.
7. Right-of-use assets increased during the period, mainly due to the new items arising from the adoption of new standards for lease during the period.
8. Short-term borrowings increased by 89.00%, mainly due to the increase in short-term borrowings during the period.
9. Employee benefits payable increased by 31.67%, mainly due to the increase in the provision for salary payable during the period.
10. Tax payable decreased by 42.79%, mainly due to the payment of value added tax and income tax during the period.
11. Non-current liabilities due within one year decreased by 68.56%, mainly due to the decrease in debentures payable due within one year at the end of the period.
12. Other current liabilities increased by 198.22%, mainly due to the increase in super short-term financing bills issued.
13. Long-term borrowings increased by 151.07%, mainly due to the increase in long-term borrowings during the period.

14. Bonds payable increased by 31.08%, mainly due to convertible bonds reversed from non-current liabilities due within one year to the item, which redemption option date was expired, during the period.
15. Lease liabilities increased during the period, mainly due to the new items arising from the adoption of new standards for lease during the period.
16. Financial expenses decreased by 61.76%, mainly due to the decrease in interest expenses and exchange loss during the period.
17. Investment income decreased by 77.49%, mainly due to the transfer of equity income during the same period last year.
18. Assets impairment losses increased by 31.91%, mainly due to the increase in provision for the decline in value of inventories during the period.
19. Gains or losses on changes in fair value decreased by 39.72%, mainly due to the decrease in changes in fair value of financial instruments during the period.
20. Gains on disposal of assets decreased by 119.26%, mainly due to the disposal of land use rights during the same period last year.
21. Net cash flow from operating activities was a net outflow of RMB5,535 million, compared with a net outflow of RMB742 million during the same period last year, the increase in net outflow mainly due to the decrease in cash received from sales of goods and provision of services during the reporting period as compared with the same period last year.
22. Net cash flow from investing activities was a net outflow of RMB9,315 million, compared with a net outflow of RMB12,345 million during the same period last year, the decrease in net outflow mainly due to the decrease in cash paid for investment during the reporting period as compared with the same period last year.
23. Net cash flow from financing activities was a net outflow of RMB9,047 million, compared with a net outflow of RMB2,951 million during the same period last year, mainly due to the increase in cash received from borrowings obtained during the reporting period as compared with the same period last year.

Operation income increased by 14.15% as compared with the same period last year, mainly due to the increase in the revenue from railway equipment business. Railway equipment business, urban rail transit vehicle and urban infrastructure business, new industry business and modern service business accounted for 57.28%, 17.69%, 21.19% and 3.84% of the operation income, respectively. Details are as follows:

*Unit: RMB'000 Currency: RMB*

Segment business	Operation income			
	January-September 2019	For the same period last year	Increase/decrease	Increase/decrease percentage
Railway equipment	88,504,294	71,716,662	16,787,632	23.41%
Urban rail transit vehicle and urban infrastructure	27,339,417	20,855,061	6,484,356	31.09%
New industry	32,740,600	31,436,290	1,304,310	4.15%
Modern service	5,935,549	11,358,859	-5,423,310	-47.75%
Total	154,519,861	135,366,872	19,152,989	14.15%

Operation income from railway equipment business increased by 23.41% as compared with the same period last year, mainly due to the increase in revenue from locomotives, freight wagons, MUs and passenger carriage. Among these, revenue from locomotive business was RMB16,183 million, revenue from passenger carriage business was RMB8,693 million, revenue from MUs business was RMB49,407 million, and revenue from freight wagon business was RMB14,221 million.

Operation income from urban rail transit vehicle and urban infrastructure business increased by 31.09% as compared with the same period of the previous year, mainly due to the increase in urban rail transit vehicle products delivered in the current period.

Operation income from new industry business increased by 4.15% as compared with the same period of the previous year, mainly due to the increase in revenue from wind power and other businesses during the current period.

Operation income from modern service business decreased by 47.75% as compared with the same period of the previous year, mainly due to the reduced scale of logistics business during the current period.

From January to September 2019, the Company's newly signed orders amounted to approximately RMB177.0 billion (of which, contracted sales generated by the international businesses amounted to approximately RMB17.1 billion).

### **3.2 Analysis and explanations of the progress of significant events and their impacts and solutions**

√ Applicable

Not applicable

1. On 18 April 2019, the Company issued 2019 First Tranche of 90-day Super Short-term Financing Bills amount of RMB3 billion, which were due and settled on 21 July 2019.
2. On 23 April 2019, the Company issued 2019 Second Tranche of 180-day Super Short-term Financing Bills amount of RMB3 billion, which will be due and settled on 21 October 2019.
3. On 24 April 2019, the Company issued 2019 Third Tranche of 90-day Super Short-term Financing Bills amount of RMB3 billion, which were due and settled on 24 July 2019.
4. On 25 April 2019, the Company issued 2019 Fourth Tranche of 90-day Super Short-term Financing Bills amount of RMB3 billion, which were due and settled on 25 July 2019.
5. The Company issued medium-term notes (14 CNR MTN002) amount of RMB2 billion in 2014, which were due and settled on 18 March 2019.
6. On 26 June 2019, the Company completed the interest payment of priority notes under the asset-backed notes.
7. On 24 July 2019, the Company issued 2019 Fifth Tranche of 61-day Super Short-term Financing Bills amount of RMB3 billion, which were due and settled on 23 September 2019.
8. On 25 July 2019, the Company issued 2019 Sixth Tranche of 120-day Super Short-term Financing Bills amount of RMB3 billion, which will be due and settled on 22 November 2019.
9. On 26 July 2019, the Company issued 2019 Seventh Tranche of 90-day Super Short-term Financing Bills amount of RMB1.5 billion, which will be due and settled on 24 October 2019.
10. On 26 July 2019, the Company issued 2019 Eighth Tranche of 119-day Super Short-term Financing Bills amount of RMB4.5 billion, which will be due and settled on 22 November 2019.

11. On 19 September 2019, the Company issued 2019 Ninth Tranche of 60-day Super Short-term Financing Bills amount of RMB3 billion, which will be due and settled on 18 November 2019.

**3.3 Particulars of overdue and outstanding undertakings during the reporting period**

Applicable                       Not applicable

**3.4 Warning and explanations as to a loss (if any) expected to be recorded against the accumulated net profits from the beginning of the year to the end of the next reporting period or material changes as compared with the same period of last year**

Applicable                       Not applicable

Company name	<b>CRRC Corporation Limited</b>
Legal representative	<b>Liu Hualong</b>
Date	30 October 2019

## IV. APPENDIX

### 4.1 Financial Statements

#### Consolidated Balance Sheet

30 September 2019

Prepared by: CRRC Corporation Limited

*Unit: RMB'000      Currency: RMB      Type of Audit: Unaudited*

<b>Item</b>	<b>30 September 2019</b>	<b>31 December 2018</b>
<b>Current assets:</b>		
Monetary assets	<b>42,251,503</b>	38,171,008
Placement with banks and other financial institutes	<b>84,875</b>	—
Financial assets held for trading	<b>6,370,217</b>	7,246,736
Notes receivable	<b>8,832,910</b>	15,475,106
Account receivable	<b>90,272,197</b>	64,205,603
Finance receivable	<b>5,052,937</b>	5,277,641
Prepayments	<b>11,999,871</b>	9,198,553
Other receivables	<b>3,759,205</b>	3,029,887
Including: Interests receivable	<b>22,140</b>	43,817
Dividends receivable	<b>85,418</b>	70,473
Inventories	<b>74,725,097</b>	55,121,500
Contract assets	<b>17,974,905</b>	14,657,889
Held-to-sale assets	<b>5,666</b>	6,354
Non-current assets due within one year	<b>14,116,236</b>	11,646,729
Other current assets	<b>2,997,766</b>	3,475,122
Total current assets	<b>278,443,385</b>	227,512,128

<b>Item</b>	<b>30 September 2019</b>	31 December 2018
<b>Non-current assets:</b>		
Loans and advances to customers	<b>185,920</b>	1,880,911
Debt investment	<b>1,718,832</b>	1,622,252
Other debt investments	<b>50,173</b>	—
Long-term receivables	<b>12,305,416</b>	7,809,013
Long-term equity investments	<b>14,939,207</b>	13,765,792
Other equity investment	<b>2,126,358</b>	2,252,423
Other non-current financial assets	<b>599,460</b>	598,551
Investment properties	<b>1,069,366</b>	1,248,530
Fixed assets	<b>56,639,896</b>	57,390,729
Construction-in-progress	<b>8,251,479</b>	8,098,213
Ownership assets	<b>983,279</b>	—
Intangible assets	<b>16,322,176</b>	16,650,104
Development expenditure	<b>312,231</b>	286,606
Goodwill	<b>725,416</b>	713,042
Long-term deferred expenses	<b>208,359</b>	223,691
Deferred income tax assets	<b>3,781,331</b>	3,644,579
Other non-current assets	<b>12,981,252</b>	13,826,486
 Total non-current assets	 <b>133,200,151</b>	 130,010,922
 Total assets	 <b>411,643,536</b>	 357,523,050

Item	30 September 2019	31 December 2018
<b>Current liabilities:</b>		
Short-term borrowings	16,318,529	8,634,101
Borrowings from the central bank	210,798	—
Loans from banks and other financial institutions	—	14,955
Notes payable	24,302,702	21,978,720
Account payable	125,971,707	99,189,987
Accounts collected in advance	22,607	24,337
Customer bank deposits and due to banks and other financial institutions	2,238,030	2,795,282
Payroll payable	2,693,743	2,045,836
Tax payables	2,019,236	3,529,455
Other payables	10,976,439	9,860,396
Including: Interests payable	58,185	223,538
Dividends payable	333,771	378,374
Contract liabilities	26,150,014	22,335,899
Non-current liabilities due within one year	3,488,523	11,096,595
Other non-current liabilities	18,358,405	6,155,925
 Total current liabilities	 232,750,733	 187,661,488
<b>Non-current liabilities:</b>		
Long-term borrowings	2,209,464	880,011
Bonds payable	4,587,957	3,500,000
Lease liabilities	805,104	—
Long-term payables	265,764	279,178
Long-term employee benefits payable	3,531,909	3,599,049
Estimated liabilities	5,739,922	5,389,261
Deferred revenue	6,293,721	6,193,236
Deferred income tax liabilities	143,119	158,546
Other non-current liabilities	101,263	177,654
 Total non-current liabilities	 23,678,223	 20,176,935
 Total liabilities	 256,428,956	 207,838,423

<b>Item</b>	<b>30 September 2019</b>	31 December 2018
<b>Owners' equity (or shareholders' equity):</b>		
Share capital	<b>28,698,864</b>	28,698,864
Additional Paid-In Capital	<b>40,614,359</b>	40,628,708
Other comprehensive income	<b>(863,367)</b>	(866,748)
Special reserves	<b>49,957</b>	49,957
Surplus reserve	<b>3,279,992</b>	3,279,992
Provisions for general risk	<b>551,265</b>	551,265
Undistributed profit	<b>60,149,488</b>	56,115,657
Total shareholders' equity attributable to parent company	<b>132,480,558</b>	128,457,695
Minority interest	<b>22,734,022</b>	21,226,932
 Total shareholders' equity	 <b>155,214,580</b>	 149,684,627
 Total liabilities and shareholders' equity	 <b>411,643,536</b>	 357,523,050

*Legal Representative:*

**Liu Hualong**

*Chief Accounting Officer:*

**Li Zheng**

*Head of Accounting*

*Department:*

**Wang Jian**

**Balance Sheet of the Parent Company**  
30 September 2019

Prepared by: CRRC Corporation Limited

*Unit: RMB'000      Currency: RMB      Type of Audit: Unaudited*

<b>Item</b>	<b>30 September 2019</b>	31 December 2018
<b>Current assets:</b>		
Monetary funds	<b>15,257,876</b>	8,472,605
Transactional financial assets	–	61,242
Account receivables	<b>257,830</b>	275,828
Other receivables	<b>23,814,595</b>	23,195,654
Including: Interests receivable	<b>265,247</b>	208,065

<b>Item</b>	<b>30 September 2019</b>	<b>31 December 2018</b>
<b>Current liabilities:</b>		
Short-term borrowings	3,238,420	4,866,730
Account payables	229,768	231,686
Contract liabilities	—	42,518
Payroll payable	20,160	56,964
Taxes payable	2,009	10,912
Other payables	25,783,097	23,138,870
Non-current liabilities due within one year	13,669	6,181,896
Other current liabilities	15,077,732	3,000,000
Total current liabilities	44,364,855	37,529,576
<b>Non-current liabilities:</b>		
Bonds payable	4,587,957	3,500,000
Lease liabilities	40,831	—
Long-term payables	240	241
Long-term employee benefits payable	2,170	2,090
Other non-current liabilities	8,678	—
Total non-current liabilities	4,639,876	3,502,331
Total liabilities	49,004,731	41,031,907
<b>Owners' equity (or shareholders' equity)</b>		
Share capital	28,698,864	28,698,864
Additional Paid-In Capital	62,804,115	62,804,362
Other comprehensive income	104,098	(32,989)
Surplus reserve	3,279,992	3,279,992
Undistributed profit	3,551,315	5,564,707
Total Shareholders' equity	98,438,384	100,314,936
Total liabilities and shareholders' equity	147,443,115	141,346,843
<i>Legal Representative:</i> <b>Liu Hualong</b>	<i>Chief Accounting Officer:</i> <b>Li Zheng</b>	<i>Head of Accounting Department:</i> <b>Wang Jian</b>

**Consolidated Income Statement**  
January to September 2019

Prepared by: CRRC Corporation Limited

Item	<i>Unit: RMB'000</i>		<i>Currency: RMB</i>		<i>Type of Audit: Unaudited</i>	
	2019 Q3 (July to September)	2018 Q3 (July to September)	For the first three quarters of 2019 (January to September)	For the first three quarters of 2018 (January to September) (Restated)		
<b>1. Total revenue from operations</b>	58,372,840	49,076,051	154,519,861	135,366,872		
<b>2. Total costs from operations</b>	53,978,447	46,143,361	142,961,992	126,508,112		
Including: Operating costs	45,133,505	38,139,032	119,677,875	104,360,157		
Tax and surcharges	441,082	364,945	1,171,605	1,177,448		
Selling expenses	1,989,309	1,601,278	5,005,391	4,114,066		
Administration expenses	3,526,567	3,288,659	9,517,380	9,310,437		
Research and development expenses	2,755,983	2,353,399	7,144,394	6,381,347		
Financial expenses	132,001	396,048	445,347	1,164,657		
Add: Other income	254,179	256,578	610,386	530,502		
Investment income (Loss denoted with “-”)	109,475	1,035,628	312,983	1,390,208		
Including: Gains from derecognition of financial assets measured at amortised cost (Loss denoted with “-”)	(3,319)	–	(71,070)	(23,597)		
Gains from changes in fair value (Loss denoted with “-”)	25,905	103,967	194,275	322,266		
Credit impairment loss (Loss denoted with “-”)	(88,367)	(236,128)	(1,071,083)	(987,602)		
Impairment loss on assets (Loss denoted with “-”)	2,263	55,388	(237,633)	(180,151)		
Gains on disposal of assets (Loss denoted with “-”)	(9,024)	17,523	(23,917)	124,157		

Item	2019 Q3 (July to September)	2018 Q3 (July to September)	For the first three quarters of 2019 (January to September)	For the first three quarters of 2018 (January to September) (Restated)
<b>3. Operating profit (Loss denoted with “-”)</b>	4,688,824	4,165,646	11,342,880	10,058,140
Add: Non-operating income	146,514	142,507	367,141	481,628
Less: Non-operating expenses	42,765	62,212	98,965	119,803
<b>4. Total profit (Total loss denoted with “-”)</b>	4,792,573	4,245,941	11,611,056	10,419,965
Less: Income tax expenses	691,709	498,771	1,945,548	1,738,567
<b>5. Net profit (Net loss denoted with “-”)</b>	4,100,864	3,747,170	9,665,508	8,681,398
(1) Classification according to operation continuity				
1. Net profit from continuing operation (Net loss denoted with “-”)	4,100,864	3,747,170	9,665,508	8,681,398
(2) Classification according to ownership				
1. Net profit attributable to shareholders of the parent company (Net loss denoted with “-”)	3,631,991	3,413,011	8,412,632	7,527,398
2. Profit and loss attributable to minority interests (Net loss denoted with “-”)	468,873	334,159	1,252,876	1,154,000
<b>6. Other comprehensive income after tax, net</b>	(24,121)	114,717	(12,510)	(264,576)
Other comprehensive income after tax attributable to owners of the parent company, net	(23,428)	108,036	(6,360)	(248,242)
(1) Other comprehensive income that cannot be subsequently reclassified into profit or loss	(183,677)	(69,355)	(248,699)	(396,669)
1. Items that will not be reclassified to profit or loss	(183,677)	(69,355)	(248,699)	(396,669)
(2) Other comprehensive income reclassified to profit and loss in the future	160,249	177,391	242,339	148,427

Item	2019 Q3 (July to September)	2018 Q3 (July to September)	For the first three quarters of 2019 (January to September)	For the first three quarters of 2018 (January to September) (Restated)
1. Other comprehensive income that will be subsequently transferred to profit or loss under equity method	34,892	6,130	137,087	(30,529)
2. Changes in fair value of other debt investments	(17,555)	(2,709)	(8,393)	2,876
3. Credit impairment provision for other debt investments	(197)	27,164	(186)	(6,598)
4. Exchange difference on translation of financial statements in foreign currency	143,109	146,806	113,831	182,678
5. Other comprehensive income after tax attributable to minority shareholders, net	(693)	6,681	(6,150)	(16,334)
<b>7. Total consolidated income</b>	<b>4,076,743</b>	<b>3,861,887</b>	<b>9,652,998</b>	<b>8,416,822</b>
Total consolidated income attributable to equity holders of the parent company	3,608,563	3,521,047	8,406,272	7,279,156
Total consolidated income attributable to minority shareholders	468,180	340,840	1,246,726	1,137,666
<b>8. Earnings per share</b>				
(1) Basic earnings per share (RMB/share)	-	-	0.29	0.26
(2) Diluted earnings per share (RMB/share)	-	-	0.29	0.26

The business combination under common control has incurred in December 2018. From January to September 2018, the net loss of the merged party was RMB8,544,000.

*Legal Representative:*  
**Liu Hualong**

*Chief Accounting Officer:*  
**Li Zheng**

*Head of Accounting  
Department:*  
**Wang Jian**

**Income Statement of the Parent Company**  
January to September 2019

Prepared by: CRRC Corporation Limited

Item	<i>Unit: RMB'000</i>		<i>Currency: RMB</i>		<i>Type of Audit: Unaudited</i>	
	2019 Q3 (July to September)	2018 Q3 (July to September)	For the first three quarters of 2019 (January to September)	For the first three quarters of 2018 (January to September)		
<b>1. Total revenue</b>	127,687	–	129,309	3		
Less: Operating costs	122,130	–	122,130	–		
Tax and surcharges	–	11	1,342	8,327		
Selling expenses	1,900	7,137	3,759	9,791		
Administration expenses	86,262	68,786	180,112	157,961		
Research and development expenses	63,990	70,868	112,136	95,274		
Financial expenses	(46,401)	396,345	(97,146)	333,878		
Add: Other income	–	2,800	–	2,800		
Investment income (Loss denoted with “-”)	1,149,397	(494,304)	2,326,562	610,307		
Gains from changes in fair value	26,071	61,496	151,863	321,405		
<b>2. Operating profit (Loss denoted with “-”)</b>	1,075,274	(973,155)	2,285,401	329,284		
Add: Non-operating income	1,630	(2,476)	6,037	564		
<b>3. Total profit (Loss denoted with “-”)</b>	1,076,904	(975,631)	2,291,438	329,848		
Less: Income tax expenses	–	–	–	–		
<b>4. Net profit (Loss denoted with “-”)</b>	1,076,904	(975,631)	2,291,438	329,848		
(1) Net profit from continuing operation (Net loss denoted with “-”)	1,076,904	(975,631)	2,291,438	329,848		

Item	2019 Q3 (July to September)	2018 Q3 (July to September)	For the first	For the first
			three quarters of 2019 (January to September)	three quarters of 2018 (January to September)
<b>5. Other comprehensive income after tax, net</b>	34,892	6,130	137,087	(30,529)
(2) Other comprehensive income to be reclassified to profit and loss	34,892	6,130	137,087	(30,529)
1. Other comprehensive income that may be reclassified into profit or loss under equity method	34,892	6,130	137,087	(30,529)
<b>6. Total comprehensive income</b>	1,111,796	(969,501)	2,428,525	299,319

*Legal Representative:*  
**Liu Hualong**

*Chief Accounting Officer:*  
**Li Zheng**

*Head of Accounting  
Department:*  
**Wang Jian**

## Consolidated Statement of Cash Flows

January to September 2019

Prepared by: CRRC Corporation Limited

	<i>Unit: RMB'000</i>	<i>Currency: RMB</i>	<i>Type of Audit: Unaudited</i>
<b>Item</b>	<b>For the first three quarters of 2019 (January to September)</b>	<b>For the first three quarters of 2018 (January to September) (Restated)</b>	
<b>1. Cash flow generated from operating activities:</b>			
Cash from sale of products and provision of services	149,834,811	159,111,584	
Tax rebate received	1,178,417	1,026,513	
Other cash from operating activities	3,519,075	1,756,067	
Cash inflow from operating activities – subtotal	154,532,303	161,894,164	
Cash paid for purchase of products and services	118,714,588	120,569,615	
Net increase in loans and advances to customers	1,572,345	–	
Net decrease in deposits from banks and other financial institutions	557,253	1,168,067	
Cash paid to and on behalf of employees	19,767,925	19,582,745	
Payments of taxes and surcharges	9,864,414	10,904,588	
Cash paid for other operating activities	9,590,622	10,411,439	
Cash outflow from operating activities – subtotal	160,067,147	162,636,454	
Net cash flow generated from operating activities	(5,534,844)	(742,290)	
<b>2. Cash flow generated from investment activities:</b>			
Cash from recovery of investments	31,640,351	35,296,369	
Cash from investment income	596,744	369,285	
Net cash received from disposal of fixed assets, intangible assets and other long-term assets	113,573	304,112	
Net cash received from disposal of subsidiaries and other business units	–	483,543	
Cash received from other investment activities	–	26,538	
Cash inflow from investment activities – subtotal	32,350,668	36,479,847	
Cash paid for acquisition and installation of fixed assets, intangible assets and other long-term assets	3,778,788	4,979,630	
Cash paid for investments	37,765,875	43,623,726	
Net cash paid for acquiring subsidiaries and other operating entities	–	171,941	
Cash paid for other investment activities	121,264	50,031	
Cash outflow from investment activities – subtotal	41,665,927	48,825,328	
Net cash flow generated from investment activities	(9,315,259)	(12,345,481)	

<b>Item</b>	<b>For the first three quarters of 2019 (January to September)</b>	<b>For the first three quarters of 2018 (January to September) (Restated)</b>
<b>3. Cash flow generated from financing activities:</b>		
Cash received from investments	<b>806,011</b>	47,189
Including: Cash received by subsidiaries from investment absorption of minority interest	<b>806,011</b>	47,189
Cash received from borrowings	<b>69,045,072</b>	19,806,890
Cash received from issue of debenture	<b>27,500,000</b>	12,000,000
Cash received from other financing activities	<b>900</b>	–
Cash inflow from financing activities, subtotal	<b>97,351,983</b>	31,854,079
Cash paid for repayment of indebtedness	<b>82,742,874</b>	28,391,550
Cash paid for distribution of dividends, profit or interest	<b>5,259,265</b>	6,204,274
Including: Dividends and profits paid to minority interest by subsidiaries	<b>399,755</b>	620,278
Cash paid for other financing activities	<b>302,751</b>	208,771
Cash outflow from financing activities, subtotal	<b>88,304,890</b>	34,804,595
Net cash flow generated from financing activities	<b>9,047,093</b>	(2,950,516)
<b>4. Effects of changes in exchange rates on cash and cash equivalents</b>	<b>90,237</b>	195,655
<b>5. Net increase in cash and cash equivalents</b>	<b>(5,712,773)</b>	(15,842,632)
Add: Balance of cash and cash equivalents at the beginning of the period	<b>30,290,094</b>	47,723,380
<b>6. Balance of cash and cash equivalents at the end of the period</b>	<b>24,577,321</b>	31,880,748

*Legal Representative:*  
**Liu Hualong**

*Chief Accounting Officer:*  
**Li Zheng**

*Head of Accounting  
Department:*  
**Wang Jian**

**Statement of Cash Flows of the Parent Company**  
January to September 2019

Prepared by: CRRC Corporation Limited

*Unit: RMB'000      Currency: RMB      Type of Audit: Unaudited*

<b>Item</b>	<b>For the first three quarters of 2019 (January to September)</b>	Amount for the first three quarters of 2018 (January to September)
<b>1. Cash flow generated from operating activities:</b>		
Cash from sale of products and provision of services	74,382	61,599
Tax rebate received	25,286	44,027
Other cash from operating activities	5,476,016	950,677
Cash inflow from operating activities – subtotal	5,575,684	1,056,303
Cash paid for purchase of products and services	86,027	–
Cash paid to and on behalf of employees	119,626	90,066
Payments of taxes and surcharges	82,071	27,137
Cash paid for other operating activities	4,743,551	819,273
Cash outflow from operating activities – subtotal	5,031,275	936,476
Net cash flow generated from operating activities	544,409	119,827
<b>2. Cash flow generated from investment activities:</b>		
Cash from recovery of investments	33,822,317	45,727,258
Cash from investment income	3,925,511	3,336,111
Net cash received from disposal of subsidiaries and other business units	–	407,521
Cash inflow from investment activities –subtotal	37,747,828	49,470,890
Cash paid for acquisition and installation of fixed assets, intangible assets and other long-term assets	10,770	7,681
Cash paid for investments	45,031,634	57,440,357
Cash paid for other investment activities	121,263	–
Cash outflow from investment activities –subtotal	45,163,667	57,448,038
Net cash flow generated from investment activities	(7,415,839)	(7,977,148)

<b>Item</b>	<b>For the first three quarters of 2019 (January to September)</b>	Amount for the first three quarters of 2018 (January to September)
<b>3. Cash flow generated from financing activities:</b>		
Cash received from borrowings	49,976,420	7,949,830
Cash received from bond issuing	27,000,000	12,000,000
Cash received from other financing activities	53,910,585	21,808,963
Cash inflow from financing activities, subtotal	130,887,005	41,758,793
Cash paid for repayment of indebtedness	59,624,954	18,323,946
Cash paid for distribution of dividends, profit or interest	4,883,514	5,192,270
Cash paid for other financing activities	62,829,760	26,819,801
Cash outflow from financing activities, subtotal	127,338,228	50,336,017
Net cash flow generated from financing activities	3,548,777	(8,577,224)
<b>4. Effects of changes in exchange rates on cash and cash equivalents</b>	<b>5,634</b>	<b>(411)</b>
<b>5. Net increase in cash and cash equivalents</b>	<b>(3,317,019)</b>	<b>(16,434,956)</b>
Add: Balance of cash and cash equivalents at the beginning of the period	7,470,295	17,729,651
<b>6. Balance of cash and cash equivalents at the end of the period</b>	<b>4,153,276</b>	<b>1,294,695</b>

*Legal Representative:*  
**Liu Hualong**

*Chief Accounting Officer:*  
**Li Zheng**

*Head of Accounting  
Department:*  
**Wang Jian**

**4.2 Adjustments to financial statements of the current year at its beginning for the initial application of the new financial instrument standards, new income standards and new lease standards are shown as below**

√ Applicable      □ Not applicable

**Consolidated Balance Sheet**

*Unit: RMB'000    Currency: RMB*

<b>Item</b>	<b>31 December 2018</b>	<b>1 January 2019</b>	<b>Adjustments</b>
<b>Current assets:</b>			
Monetary assets	38,171,008	38,171,008	—
Financial assets held for trading	7,246,736	7,246,736	—
Notes receivable	15,475,106	15,475,106	—
Account receivable	64,205,603	64,205,603	—
Finance receivable	5,277,641	5,277,641	—
Prepayments	9,198,553	9,168,779	(29,774)
Other receivables	3,029,887	3,029,887	—
Including: Interest receivable	43,817	43,817	—
Dividends receivable	70,473	70,473	—
Inventories	55,121,500	55,121,500	—
Contract assets	14,657,889	14,657,889	—
Held-to-sale assets	6,354	6,354	—
Non-current assets due within one year	11,646,729	11,646,729	—
Other current assets	3,475,122	3,475,122	—
<b>Total current assets</b>	<b>227,512,128</b>	<b>227,482,354</b>	<b>(29,774)</b>

Item	31 December 2018	1 January 2019	Adjustments
<b>Non-current assets:</b>			
Loans and advances to customers	1,880,911	1,880,911	—
Debt investment	1,622,252	1,622,252	—
Long-term receivables	7,809,013	7,809,013	—
Long-term equity investments	13,765,792	13,765,792	—
Other equity investment	2,252,423	2,252,423	—
Other non-current financial assets	598,551	598,551	—
Investment properties	1,248,530	1,248,530	—
Fixed assets	57,390,729	57,224,429	(166,300)
Construction-in-progress	8,098,213	8,098,213	—
Right-of-use assets	-	779,995	779,995
Intangible assets	16,650,104	16,650,104	—
Development expenditure	286,606	286,606	—
Goodwill	713,042	713,042	—
Long-term deferred expenses	223,691	223,691	—
Deferred income tax assets	3,644,579	3,644,579	—
Other non-current assets	13,826,486	13,826,486	—
 Total non-current assets	 130,010,922	 130,624,617	 613,695
 Total assets	 357,523,050	 358,106,971	 583,921

Item	31 December 2018	1 January 2019	Adjustments
<b>Current liabilities:</b>			
Short-term borrowings	8,634,101	8,634,101	—
Loans from banks and other financial institutions	14,955	14,955	—
Notes payable	21,978,720	21,978,720	—
Account payable	99,189,987	99,189,987	—
Accounts collected in advance	24,337	24,337	—
Customer bank deposits and due to banks and other financial institutions	2,795,282	2,795,282	—
Payroll payable	2,045,836	2,045,836	—
Tax payables	3,529,455	3,529,455	—
Other payables	9,860,396	9,860,396	—
Including: Interests payable	223,538	223,538	—
Dividends payable	378,374	378,374	—
Contract liabilities	22,335,899	22,335,899	—
Non-current liabilities due within one year	11,096,595	11,280,011	183,416
Other non-current liabilities	6,155,925	6,155,925	—
<b>Total current liabilities</b>	<b>187,661,488</b>	<b>187,844,904</b>	<b>183,416</b>
<b>Non-current liabilities:</b>			
Long-term borrowings	880,011	880,011	—
Bonds payable	3,500,000	3,500,000	—
Lease liabilities	-	529,943	529,943
Long-term payables	279,178	149,740	(129,438)
Long-term employee benefits payable	3,599,049	3,599,049	—
Estimated liabilities	5,389,261	5,389,261	—
Deferred revenue	6,193,236	6,193,236	—
Deferred income tax liabilities	158,546	158,546	—
Other non-current liabilities	177,654	177,654	—
<b>Total non-current liabilities</b>	<b>20,176,935</b>	<b>20,577,440</b>	<b>400,505</b>
<b>Total liabilities</b>	<b>207,838,423</b>	<b>208,422,344</b>	<b>583,921</b>

Item	31 December 2018	1 January 2019	Adjustments
<b>Owners' equity (or shareholders' equity):</b>			
Share capital	28,698,864	28,698,864	—
Additional Paid-In Capital	40,628,708	40,628,708	—
Other comprehensive income	(866,748)	(866,748)	—
Special reserves	49,957	49,957	—
Surplus reserve	3,279,992	3,279,992	—
Provisions for general risk	551,265	551,265	—
Undistributed profit	56,115,657	56,115,657	—
Total owners' equity attributable to parent company	128,457,695	128,457,695	—
Minority interest	21,226,932	21,226,932	—
 Total shareholders' equity	 149,684,627	 149,684,627	 —
 Total liabilities and Shareholders' equity	 357,523,050	 358,106,971	 583,921

**Explanation to adjustment of each item:**

Applicable       Not applicable

## Balance Sheet of the Parent Company

*Unit: RMB'000    Currency: RMB*

Item	31 December 2018	1 January 2019	Adjustments
<b>Current assets:</b>			
Monetary funds	8,472,605	8,472,605	—
Transactional financial assets	61,242	61,242	—
Account receivable	275,828	275,828	—
Other receivables	23,195,654	23,195,654	—
Including: Interests receivable	208,065	208,065	—
Dividends receivable	2,820,458	2,820,458	—
Non-current assets due within one year	880,192	880,192	—
<b>Total current assets</b>	<b>32,885,521</b>	<b>32,885,521</b>	<b>—</b>
<b>Non-current assets:</b>			
Long-term receivables	5,701,111	5,701,111	—
Long-term equity investment	100,154,514	100,154,514	—
Fixed assets	25,797	25,797	—
Construction in progress	40,752	40,752	—
Right-of-use assets	-	-	—
Intangible assets	109,148	109,148	—
Other non-current assets	2,430,000	2,430,000	—
<b>Total non-current assets</b>	<b>108,461,322</b>	<b>108,461,322</b>	<b>—</b>
<b>Total assets</b>	<b>141,346,843</b>	<b>141,346,843</b>	<b>—</b>

Item	31 December 2018	1 January 2019	Adjustments
<b>Current liabilities:</b>			
Short-term borrowings	4,866,730	4,866,730	—
Account payable	231,686	231,686	—
Contract liabilities	42,518	42,518	—
Payroll payable	56,964	56,964	—
Taxes payable	10,912	10,912	—
Other payables	23,138,870	23,138,870	—
Non-current liabilities due within one year	6,181,896	6,181,896	—
Other current liabilities	3,000,000	3,000,000	—
Total current liabilities	37,529,576	37,529,576	—
<b>Non-current liabilities:</b>			
Bonds payable	3,500,000	3,500,000	—
Lease liabilities	—	—	—
Long-term payables	241	241	—
Long-term employee benefits payable	2,090	2,090	—
Total non-current liabilities	3,502,331	3,502,331	—
Total liabilities	41,031,907	41,031,907	—

Item	31 December 2018	1 January 2019	Adjustments
<b>Owners' equity (or shareholders' equity):</b>			
Share capital	28,698,864	28,698,864	—
Additional Paid-In Capital	62,804,362	62,804,362	—
Other comprehensive income	(32,989)	(32,989)	—
Surplus reserve	3,279,992	3,279,992	—
Undistributed profit	5,564,707	5,564,707	—
Total shareholders' equity	100,314,936	100,314,936	—
Total liabilities and Shareholders' equity	141,346,843	141,346,843	—

**Explanation to adjustment of each item:**

Applicable       Not applicable

**4.3 Description of the retrospective adjustment to the comparable figures for the previous period due to the initial application of the new financial instrument standards and the new lease standard**

Applicable       Not applicable

The Accounting Standards for Business Enterprises 23 – Transfer of Financial Assets, the Accounting Standards for Business Enterprises 24 – Hedge Accounting, the Accounting Standards for Business Enterprises 37 – Presentation of Financial Instruments and other New Principles for Financial Instruments are not applicable for this time.

Starting from 1 January 2019, the Company has recognized the cumulative effect of initial application of the Accounting Standards for Business Enterprises 21 – Leasing amended by the Ministry of Finance as an adjustment to the opening balance of relevant items in 2019, and comparative information has not been restated.

**4.4 Audit Report**

Applicable       Not applicable