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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)**

**US\$600,000,000 Zero Coupon Convertible Bonds due 2021**

**Stock code: 5613**

**2016 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 2016 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**  
**Cui Dianguo**  
*Chairman*

Beijing, the PRC  
28 October 2016

*As at the date of this announcement, the executive directors of the Company are Mr. Cui Dianguo, Mr. Zheng Changhong, Mr. Liu Hualong and Mr. Xi Guohua; the non-executive director is Mr. Liu Zhiyong; and the independent non-executive directors are Mr. Li Guo'an, Mr. Zhang Zhong, Mr. Wu Zhuo, Mr. Sun Patrick and Mr. Chan Ka Keung, Peter.*

## I. IMPORTANT NOTICE

- 1.1 The board of directors (the “**Board**”), the supervisory committee, 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 third quarterly report has been considered and approved by the seventeenth meeting of the first session of the Board of the Company. All Directors of the Company attended the Board meeting.
- 1.3 The Chairman of the Company, Cui Dianguo, the person in charge of accounting affairs, Zhan Yanjing, 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. MAJOR FINANCIAL INFORMATION AND CHANGES OF SHAREHOLDERS

### 2.1 Major Financial Information

*Unit: RMB'000*

	As at the end of the reporting period	As at the end of last year	Change as at the end of the reporting period as compared to the end of last year (%)
Total assets	343,302,346	311,693,729	10.14
Net assets attributable to shareholders of the listed Company	100,410,464	96,900,316	3.62

	From the beginning of the year to the end of the reporting period (January-September)	From the beginning of last year to the end of the reporting period of last year (January-September)	Change as compared to the same period of last year (%)
Net cash flow from operating activities	3,354,216	-10,177,113	—

	From the beginning of the year to the end of the reporting period (January-September)	From the beginning of last year to the end of the reporting period of last year (January-September)	Change as compared to the same period of last year (%)
Revenue from operations	147,059,682	148,554,772	-1.01
Net profit attributable to shareholders of the listed Company	7,520,041	7,960,768	-5.54
Net profit after non-recurring profit or loss attributable to shareholders of the listed Company	6,687,597	5,634,223	18.70
			Decreased by 0.99
Return on weighted average net assets (%)	7.57	8.56	percentage point
Basic earnings per share (RMB/share)	0.28	0.29	-3.45
Diluted earnings per share (RMB/share)	0.28	0.29	-3.45

*Note:* The relatively large non-recurring profit or loss for January to September 2015 was mainly attributable to the fact that the net profit of former China CNR Corporation Limited for January to May 2015 prior to the merger between CSR and CNR was included.

### Non-recurring profit and loss items and amounts

✓ Applicable

☐ Not applicable

Unit: RMB'000

Item	Amount for the current period (July- September)	Amount from the beginning of the year to the end of the reporting period (January- September)
Gains and losses on disposal of non-current assets	-17,476	-22,763
Government subsidies recognized in current profit or loss (excluding those closely related to the Company's normal operations and granted on an ongoing basis under the State's policies with standard amount or quantity)	425,439	861,627
Gains and losses on debt restructuring	-206	-423
Gains and losses on fair value changes arising from holding of trading financial assets and trading financial liabilities, and investment gains on disposal of trading financial assets, trading financial liabilities and financial assets available for sale, other than effective hedging activities associated with normal operating business of the Company	18,570	132,869
Other non-operating income and expenses excluding the items above	9,974	36,431
Other non-recurring profit and loss items	72,219	83,431
Effect of income tax	-76,205	-163,676
Effect of minority shareholders' interests (after tax)	-5,028	-95,052
Total	427,287	832,444

## 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 of shares not subject to trading moratorium) as at the end of the reporting period

Unit: Share

Total number of shareholders <sup>Note 1</sup>	1,057,261
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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	Status of shares	Pledged or frozen Number	Nature of shareholder
CRRC Group (中國中車集團公司) <sup>Note 2</sup>	14,786,323,011	54.18	0	Nil	0	State-owned legal person
HKSCC NOMINEES LIMITED <sup>Note 3</sup>	4,360,518,109	15.98	0	Unknown	—	Overseas legal person

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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	Status of shares	Pledged or frozen	Nature of shareholder
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)	125,366,000	0.609	F3TD0Tc46	125,366,000	0	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)

**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 (中國中車集團公司)	14,786,323,011	Ordinary shares denominated in RMB	14,786,323,011
HKSCC NOMINEES LIMITED	4,360,518,109	Overseas listed foreign shares	4,360,518,109
China Securities Finance Corporation Limited (中國證券金融股份有限公司)	846,611,934	Ordinary shares denominated in RMB	846,611,934
CRRC Financial and Securities Investment Co., Ltd.* (中車金證投資有限公司)	380,172,012	Ordinary shares denominated in RMB	380,172,012
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
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)	125,366,000	Ordinary shares denominated in RMB	125,366,000
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)	125,366,000	Ordinary shares denominated in RMB	125,366,000
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)	125,366,000	Ordinary shares denominated in RMB	125,366,000
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)	125,366,000	Ordinary shares denominated in RMB	125,366,000
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)	125,366,000	Ordinary shares denominated in RMB	125,366,000

**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
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)	125,366,000	Ordinary shares denominated in RMB	125,366,000
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)	125,366,000	Ordinary shares denominated in RMB	125,366,000
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)	125,366,000	Ordinary shares denominated in RMB	125,366,000
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)	125,366,000	Ordinary shares denominated in RMB	125,366,000
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)	125,366,000	Ordinary shares denominated in RMB	125,366,000
Connections or parties acting in concert among the aforesaid shareholders	CRRC Financial and Securities Investment Co., Ltd.* (中車金証投資有限公司) is a wholly-owned subsidiary of the CRRC Group. Save for the above, the Company is not aware of any connections among the other shareholders above, nor aware of any parties acting in concert as defined in the Administrative Measures on Acquisitions by Listed Companies.		

*Note 1:* As at the end of the reporting period, the Company has 1,054,695 holders of A shares and 2,566 registered holders of H shares.

*Note 2:* The shares of the Company formerly registered under CSR Group (“**CSRG**”) and China Northern Locomotive & Rolling Stock Industry (Group) Corporation



(“**CNRG**”) have respectively completed the share transfer procedure in respect of the transfer and the registering of such shares under CRRC Group (“**CRRCG**”). Please refer to the announcement dated 19 October 2016 published by the Company on the websites of the Shanghai Stock Exchange and the Hong Kong Stock Exchange for details.

*Note 3:* The H shares held by HKSCC NOMINEES LIMITED are held on behalf of a various clients.

**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 reporting period in the analysis below refers to the period from January 2016 to September 2016.)

1. Placements with banks and other financial institutions decreased by RMB1,200 million or 100% as compared to the beginning of the year, mainly due to the recovery of external placements with banks and other financial institutions by the finance company held by the Company during the reporting period.
2. Prepayments increased by RMB3,698.808 million or 40.23% as compared to the beginning of the year, mainly due to the increase in prepayments made by the Company pursuant to contracts during the reporting period.
3. Other receivables increased by RMB1,510.806 million or 52.63% as compared to the beginning of the year, mainly due to the increase in government grant receivable by the Company for new energy vehicles and trade receivable during the reporting period.
4. Available-for-sale financial assets increased by RMB1,075.494 million or 34.07% as compared to the beginning of the year, mainly due to the increase in wealth management products purchased by the Company during the reporting period.

5. Investments held to maturity increased by RMB332.857 million or 168.17% as compared to the beginning of the year, mainly due to the increase in bonds purchased by the Company for the purpose of holding until maturity during the reporting period.
6. Long-term equity investments increased by RMB4,906.947 million or 135.82% as compared to the beginning of the year, mainly due to the acquisition of certain equity interests in China United Insurance Holding Corporation by the Company during the reporting period.
7. Construction-in-progress increased by RMB2,651.059 million or 30.91% as compared to the beginning of the year, mainly due to the increase in the Company's investments in fixed assets during the reporting period.
8. Short-term borrowings increased by RMB7,804.693 million or 105.96% as compared to the beginning of the year, mainly due to the increase in the Company's short-term bank borrowings during the reporting period.
9. Deposit taking and deposits in inter-bank market increased by RMB2,112.506 million or 113.46% as compared to the beginning of the year, mainly due to the increase in external deposits taken by the finance company held by the Company during the reporting period.
10. Interests payable decreased by RMB129.133 million or 30.61% as compared to the beginning of the year, mainly due to the payment of interests by the Company during the reporting period.
11. Dividends payable decreased by RMB175.024 million or 58.52% as compared to the beginning of the year, mainly due to the payment of dividends by the Company during the reporting period.
12. Other payables increased by RMB2,239.761 million or 32.01% as compared to the beginning of the year, mainly due to the increase in the Company's performance bonds and external current accounts during the reporting period.
13. Non-current liabilities due within one year increased by RMB2,853.86 million or 56.99% as compared to the beginning of the year, mainly due to the increase in the Company's bonds payable and long-term borrowings due within one year during the reporting period.
14. Other current liabilities of the Company mainly represent short-term commercial paper payable. Other current liabilities increased by RMB3,000 million or 50.00% as compared to the beginning of the year, mainly due to the increased issuance of short-term commercial paper.

15. Bonds payable increased by RMB2,903.740 million or 37.80% as compared to the beginning of the year, mainly due to the issuance of H-share convertible bonds by the Company during the reporting period.
16. Other non-current liabilities increased by RMB463.271 million or 204.54% as compared to the beginning of the year, mainly due to the increase in derivative instruments resulting from issuance of H-share convertible bonds by the Company during the reporting period.
17. Asset impairment losses increased by RMB265.668 million or 40.20% as compared to the same period of the previous year, mainly due to the impairment provision for financial assets made by the Company during the reporting period.
18. Non-operating income increased by RMB303.679 million or 43.88% as compared to the same period of the previous year, mainly due to the increase in government subsidies as recognized through the recovery of value-added tax refunds during the reporting period.
19. Net cash flow from operating activities was a net inflow of RMB3,354.216 million, as compared to a net outflow of RMB10,177.113 million for the same period of the previous year, mainly due to the decrease in cash paid by the Company for purchase of products and receipt of labour services during the reporting period as compared to the same period of the previous year.
20. Net cash flow from investing activities was a net outflow of RMB12,288.927 million as compared to a net inflow of RMB639.478 million for the same period of the previous year, mainly due to the increase in cash paid by the Company for investments during the reporting period.
21. Net cash flow from financing activities was a net inflow of RMB9,981.428 million, representing an increase of RMB8,220.332 million as compared to the same period of the previous year, mainly due to the increase in the Company's capital requirements during the reporting period as compared to the same period of the previous year.



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

✓ Applicable

☐ Not applicable

1. Non-public issuance of A shares: On 27 May 2016, the Company considered and approved the “Resolution for the Plan on Non-public Issuance of A Shares by CRRC Corporation Limited (《關於中國中車股份有限公司非公開發行A股股票預案的議案》)” and other resolutions relating to the non-public issuance at the 14th meeting of the first session of the Board. Pursuant to the resolutions, the Company proposed to issue not more than 1,385,681,291 A Shares and proposed to raise not more than RMB12 billion in proceeds. On 7 June 2016, SASAC issued the “Approval Reply Concerning the Non-public Issuance of A Shares by CRRC Corporation Limited (Guo Zi Chan Quan [2016] No. 465) (《關於中國中車股份有限公司非公開發行A股股票有關問題的批覆》(國資產權 [2016]465號))”, pursuant to which SASAC has approved in principle the plan relating to the non-public issuance of A shares by the Company. On 16 June 2016, the Company held a general meeting which considered and approved the “Resolution for the Plan on Non-public Issuance of A Shares by CRRC Corporation Limited (《關於中國中車股份有限公司非公開發行A股股票預案的議案》)” and other resolutions relating to the non-public issuance. On 5 August 2016, the Company adjusted the price and the number of A Shares to be issued under the non-public issuance of A Shares following the implementation of the 2015 profit distribution plan of the Company. On 17 August 2016, the Company received the “Notice Regarding the Feedback Comments from the China Securities Regulatory Commission on Matters Subject to Administrative Approval (No. 161634) (《中國證監會行政許可項目審查反饋意見通知書》(161634號))” (the “**Comments**”) issued by the China Securities Regulatory Commission (“**CSRC**”). On 2 September 2016, the Company has publicly disclosed its response to the Comments. Please refer to the relevant announcements dated 27 May 2016, 13 June 2016, 16 June 2016, 5 August 2016, 17 August 2016 and 2 September 2016 published by the Company on the websites of the Shanghai Stock Exchange and the Hong Kong Stock Exchange for details.
2. During the reporting period, the Company has successfully issued two tranches of super short-term commercial paper with an aggregate amount of RMB6 billion on 12 July 2016 and 25 July 2016, respectively.

3. Issuance of corporate bonds: Pursuant to the Resolution on the Issuance of Bond Financing Instruments by CRRC Corporation Limited in 2016 (《關於中國中車股份有限公司2016年度發行債券類融資工具的議案》) considered and approved at the 12th meeting of the first session of the Board convened on 29 March 2016 and the 2015 Annual General Meeting convened on 16 June 2016, the Company proposed to issue corporate bonds of no more than RMB9 billion (inclusive) by way of a multi-tranche offering. The proposal was approved by the CSRC on 19 August 2016. Issuance of the first tranche of bonds completed on 30 August 2016 with an actual issuance size of RMB2 billion and a final coupon rate of 2.95%. Please refer to the relevant announcements dated 22 August 2016, 25 August 2016, 29 August 2016 and 30 August 2016 published by the Company on the websites of the Shanghai Stock Exchange and the Hong Kong Stock Exchange for details.
4. Implementation of the cash dividend distribution policy during the reporting period: At the 2015 Annual General Meeting of the Company held on 16 June 2016, the Resolution on the 2015 Profit Distribution Plan of CRRC Corporation Limited was considered and approved to distribute to all shareholders cash dividends of RMB1.5 (tax inclusive) per 10 shares based on the total share capital of 27,288,758,333 shares as at 31 December 2015. On 5 August 2016, the implementation of the 2015 Profit Distribution Plan was completed.

### 3.3 Performance of the undertakings given by the Company and its shareholders holding more than 5% of the share capital

☒ Applicable                      ☐ Not applicable

#### § *Undertakings by the Company*

1. *Undertaking of non-competition with Zhuzhou Times New Material Technology Co., Ltd. (“Times New Material”)*

In order to resolve the issue of competition between CRRC and Times New Material after the completion of the merger between former CSR Corporation Limited (“CSR”) and former China CNR Corporation Limited (“CNR”), CRRC issued the letter of undertaking of non-competition with Zhuzhou Times New Material Technology Co., Ltd. (《關於避免與株洲時代新材料科技股份有限公司同業競爭的承諾函》) on 5 August 2015. The specific undertakings are as follows: the current operations of CRRC in fields such as air

springs for rail vehicles and rubber-metal parts for rail vehicles compete with the operations of Times New Material, which is indirectly controlled by CRRC. In order to resolve such competition with Times New Material, in accordance with relevant laws and regulations, CRRC undertakes that it will resolve such issue with Times New Material within five years from the date of this letter of undertaking in the manner approved by the regulatory authorities (including but not limited to asset restructuring, business integration etc.).

During the reporting period, CRRC complied with its undertakings as stated above.

2. *Undertaking of non-competition with Zhuzhou CRRC Times Electric Co., Ltd. (“Times Electric”)*

In order to resolve the issue of competition between CRRC and Times Electric after the completion of the merger between CSR and CNR, CRRC issued the letter of undertaking of non-competition with Zhuzhou CSR Times Electric Co., Ltd (《關於避免與株洲南車時代電氣股份有限公司同業競爭的承諾函》) on 5 August 2015. The specific undertakings are as follows: the current operations of CRRC in fields such as transmission control systems, network control systems, traction power supply system, braking system, track construction machinery, electronic components and vacuum sanitation system compete with the operations of Times Electric, which is indirectly controlled by the Company. To safeguard the interests of Times Electric in its future development, in accordance with relevant laws and regulation, CRRC undertakes that with respect to the operations of CRRC that compete with the operations of Times Electric: (1) CRRC will grant Times Electric a call option, pursuant to which Times Electric will be entitled to elect, at its own discretion, when to request CRRC to sell the competing businesses of CRRC to Times Electric; (2) CRRC will further grant Times Electric a pre-emptive right, pursuant to which if CRRC proposes to sell the competing business to an independent third party, CRRC shall offer to Times Electric the competing business first on the same terms and conditions, and the sale to an independent third party may only be effected after Times Electric refuses to purchase the competing business; (3) the decision of Times Electric to exercise the aforesaid call option and the pre-emptive right shall be made by the independent non-executive directors of Times Electric;

(4) the exercise of the aforesaid call option and the pre-emptive right as well as other effective methods to resolve this competition matter will be subject to the applicable regulatory and disclosure requirements and shareholders' approval at the general meeting in the places of listing of CRRC and Times Electric respectively; and (5) the non-competition undertaking will be effective from the date of issuance of this letter of undertaking to the time when Times Electric is de-listed or CRRC ceases to be an indirect controlling shareholder of Times Electric.

During the reporting period, CRRC complied with its undertakings as stated above.

## § *Undertakings by CRRCG*

### 1. *Undertakings in relation to the initial public offering*

The following undertakings have been made by CSRG and CNRG respectively upon the listing of CSR and CNR. Following the completion of the merger between CSR and CNR, the following undertakings made by CNRG to CNR shall remain valid for CRRC. Following the completion of the merger between CNRG and CSRG, the following undertakings will continue to be performed by CRRCG.

#### (1) Undertakings on property ownership issues

CSR disclosed in its prospectus that CSR has not yet obtained proper property ownership certificates for 326 properties with a total gross floor area of 282,019.03 square meters, representing 7.85% of the total gross floor area of the properties in use by CSR. As for the properties which CSR has not yet obtained property ownership certificates, CSRG undertook that properties which could not obtain complete property ownership certificates due to reasons such as incomplete procedures in planning and constructions and, which were included in the asset injection to CSR by CSRG, such properties would satisfy the usage requirements necessary for the production and operations of CSR. Moreover, if any loss would be incurred by CSR due to such properties, CSRG shall assume all compensation liabilities and all economic losses incurred by CSR.



During the reporting period, CRRCG complied with undertakings as stated above.

- (2) Undertakings on the state-owned land use certificate without specifying the land use terms or termination date

CNR disclosed in its prospectus that the land use term or termination date of land use rights was not specified in the state-owned land use certificates for part of the authorized lands acquired by CNR. CNRG undertook to compensate the relevant wholly-owned subsidiaries of CNR for any losses incurred as a result of the land use term or termination date of land use rights not being specified in the state-owned land use certificates.

During the reporting period, CRRCG complied with undertakings as stated above.

## 2. *Non-competition undertakings*

Upon the listing of CSR and CNR, CSRG and CNRG have respectively undertaken not to compete with each other. Upon the merger between CSR and CNR, CSRG and CNRG have undertaken to not compete with the post-merger company. Upon the merger between CNRG and CSRG, CNRG, by assuming the aforesaid undertakings, issued the Letter of Undertaking of Non-competition with CRRC Corporation Limited (《關於避免與中國中車股份有限公司同業競爭的承諾函》) on 5 August 2015. The specific undertakings are as follows: (1) CNRG undertakes that CNRG will not and will, through legal procedures, procure its wholly-owned and non-wholly owned subsidiaries to not engage in any businesses which may directly compete with the current operating businesses of CRRC in the future; (2) subject to the aforesaid undertaking (1), should CNRG (including its wholly-owned subsidiaries and non-wholly owned subsidiaries or other connected entities) provide any products or services that may be in competition with the principal products or services of CRRC in future, CNRG has agreed to grant CRRC pre-emptive right to acquire the assets or its entire equity interests in such subsidiaries related to such products or services from CNRG; (3) subject to the aforesaid undertaking (1), CNRG may develop advanced and lucrative projects in the future which may fall within the business scope of CRRC, but it should

preferentially transfer any achievement on such projects to CRRC for its own operation on equal terms of transfer; (4) CNRG should compensate CRRC for any actual losses incurred by CRRC arising from its failure to comply with the aforesaid undertakings.

During the reporting period, CRRCG complied with undertakings as stated above.

3. *Undertaking to maintain the independence of a listed company*

Upon the merger between CSR and CNR, CSRG and CNRG have respectively undertaken to maintain the independence of the post-merger company. Upon the merger between CNRG and CSRG, CNRG, by assuming the aforesaid undertakings, issued the Letter of Undertaking to Maintain the Independence of CRRC Corporation Limited (《關於保持中國中車股份有限公司獨立性的承諾函》) on 5 August 2015. The specific undertakings are as follows: CNRG undertakes to be separate from CRRC in respect of areas such as assets, personnel, finance, organization and business and will, in strict compliance with the relevant requirements on the independence of a listed company imposed by the CSRC, not to use its position as the controlling shareholder to violate the standardized operation procedures of a listed company, to intervene in the operating decisions of CRRC and to damage the legitimate interests of CRRC and other shareholders. CNRG and other companies under its control undertake to not use the funds of CRRC and the companies under its control by any means.

During the reporting period, CRRCG complied with undertakings as stated above.

4. *Undertaking to regulate related party transactions*

Upon the merger between CSR and CNR, CSRG and CNRG have respectively undertaken to regulate the related party transactions with the post-merger company. Upon the merger between CNRG and CSRG, CNRG, by assuming the aforesaid undertakings, issued the Letter of Undertaking to Regulate the Related Party Transactions with CRRC Corporation Limited (《關於規範與中國中車股份有限公司關聯交易的承諾函》) on 5 August 2015. The specific undertakings are as follows: CNRG and other companies controlled by CNRG will endeavor to not enter into or minimize the related party transactions with CRRC and other companies in

which it holds a controlling interest. For related party transactions which are inevitable or have reasonable grounds, CNRG will continue to perform the obligations under the related party transaction framework agreements entered into between CNRG and CNR and succeeded by the post-merger company as well as the related party transaction framework agreements entered into between CSRG and CSR (the rights and obligations of CSR and CNR under these related party transaction framework agreements will be succeeded and assumed by CRRC), and will comply with the approval procedures and information disclosure obligations in accordance with the relevant laws and regulations as well as the provisions under the articles of association of CRRC. Prices of the related party transactions will be determined based on prices of the same or comparable transactions conducted with other independent third parties in accordance to the principles of fairness and reasonableness.

During the reporting period, CRRCG complied with undertakings as stated above.

§ *Undertakings in respect of refinancing*

For undertakings in relation to the non-public issuance of A shares of the Company, please refer to the relevant announcements dated 27 May 2016 and 2 September 2016 published by the Company on the websites of the Shanghai Stock Exchange and the Hong Kong Stock Exchange. The non-public issuance of A shares of the Company is subject to approval of the CSRC.

**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 last year**

☐ Applicable                      ☒ Not applicable

Company Name	<b>CRRC Corporation Limited</b>
Legal representative	<b>Cui Dianguo</b>
Date	28 October 2016

## IV. APPENDIX

### 4.1 Financial Statements

#### Consolidated Balance Sheet

30 September 2016

Prepared by: CRRC Corporation Limited

*Unit: RMB'000*

*Currency: RMB*

*Type of Audit: Unaudited*

Item	Closing balance at the end of the period	Opening balance at the beginning of the year
<b>Current assets:</b>		
Cash and bank balances	39,458,962	39,368,687
Placements with banks and other financial institutions		1,200,000
Financial assets at fair value through profit or loss	2,857	3,424
Bills receivable	10,310,749	10,166,491
Accounts receivable	82,170,903	72,514,398
Prepayments	12,893,437	9,194,629
Interest receivable	28,907	7,791
Dividends receivable	18,775	7,363
Other receivables	4,381,611	2,870,805
Inventories	69,250,945	59,786,201
Non-current assets due within one year	4,459,096	4,440,493
Other current assets	5,547,972	5,617,748
Total current assets	<u>228,524,214</u>	<u>205,178,030</u>
<b>Non-current assets:</b>		
Loans and advances to customers	207,890	170,874
Available-for-sale financial assets	4,232,003	3,156,509
Investments held to maturity	530,785	197,928
Long-term receivables	10,260,547	10,623,522
Long-term equity investments	8,519,824	3,612,877
Investment properties	1,014,287	951,052
Fixed assets	52,742,617	53,497,360
Construction-in-progress	11,227,633	8,576,574
Construction materials	64,547	86,535
Disposal of fixed assets	28,958	19,235
Intangible assets	17,495,400	18,013,046
Development expenditure	34,191	11,082
Goodwill	1,290,161	1,315,234
Long-term deferred expenses	160,574	170,908
Deferred income tax assets	2,935,751	2,743,530
Other non-current assets	4,032,964	3,369,433
Total non-current assets	<u>114,778,132</u>	<u>106,515,699</u>
Total assets	<u>343,302,346</u>	<u>311,693,729</u>

Item	Closing balance at the end of the period	Opening balance at the beginning of the year
<b>Current liabilities:</b>		
Short-term borrowings	15,170,206	7,365,513
Deposit taking and deposits in inter-bank market	3,974,453	1,861,947
Financial liabilities at fair value through profit or loss	7,246	359
Bills payable	18,525,123	22,790,082
Accounts payable	94,591,874	83,179,106
Receipts in advance	27,993,285	29,693,134
Staff remuneration payable	2,483,408	1,911,321
Taxes payable	2,976,985	3,564,231
Interest payable	292,693	421,826
Dividends payable	124,057	299,081
Other payables	9,236,007	6,996,246
Non-current liabilities due within one year	7,861,920	5,008,060
Other current liabilities	9,000,000	6,000,000
Total current liabilities	<u>192,237,257</u>	<u>169,090,906</u>
<b>Non-current liabilities:</b>		
Long-term borrowings	6,348,705	6,633,689
Bonds payable	10,586,304	7,682,564
Long-term payables	263,505	275,924
Long-term staff remuneration payable	4,138,801	4,054,445
Special payables	13,799	4,843
Anticipated liabilities	4,693,162	4,351,961
Deferred income	5,828,506	5,556,354
Deferred income tax liabilities	215,161	241,975
Other non-current liabilities	689,766	226,495
Total non-current liabilities	<u>32,777,709</u>	<u>29,028,250</u>
Total liabilities	<u>225,014,966</u>	<u>198,119,156</u>
<b>Owners' equity:</b>		
Share capital	27,288,758	27,288,758
Capital reserves	29,976,612	29,960,109
Other comprehensive income	-783,612	-851,087
Special reserves	49,957	49,957
Surplus reserves	1,801,679	1,801,679
General risk reserves	339,689	339,689
Undistributed profits	41,737,381	38,311,211
Total equity attributable to owners of the Parent Company	100,410,464	96,900,316
Minority interest	17,876,916	16,674,257
Total owners' equity	<u>118,287,380</u>	<u>113,574,573</u>
Total liabilities and owners' equity	<u>343,302,346</u>	<u>311,693,729</u>
<i>Legal representative:</i> <b>Cui Dianguo</b>	<i>Person-in-charge of accounting affairs:</i> <b>Zhan Yanjing</b>	<i>Head of the accounting department:</i> <b>Wang Jian</b>

## Balance Sheet of the Parent Company

30 September 2016

Prepared by: CRRC Corporation Limited

*Unit: RMB'000*

*Currency: RMB*

*Type of Audit: Unaudited*

Item	Closing balance as at the end of the period	Opening balance as at the beginning of the year
<b>Current assets:</b>		
Cash and bank balances	1,270,701	6,672,436
Financial assets at fair value through profit and loss		
Bills receivable	2,000	6,000
Accounts receivable	28,673	11,013
Prepayments	170,521	38,360
Interest receivable	391,848	198,722
Dividends receivable	70,937	2,511,579
Other receivables	20,253,694	20,581,864
Non-current assets due within one year	3,098,710	2,813,360
Other current assets	2,804,243	30,128
Total current assets	<u>28,091,327</u>	<u>32,863,462</u>
<b>Non-current assets:</b>		
Financial assets available for sale	1,026,408	
Long-term receivables	10,413,825	11,161,100
Long-term equity investments	93,179,765	86,370,676
Fixed assets	32,938	37,608
Construction-in-progress	111,316	113,930
Construction materials		
Intangible assets	116,829	116,178
<u>Total non-current assets</u>	<u>104,881,081</u>	<u>97,799,492</u>
Total assets	<u>132,972,408</u>	<u>130,662,954</u>
<b>Current liabilities:</b>		
Short-term borrowings	20,074,020	11,639,540
Accounts payable	60,629	10,184
Receipts in advance	241,402	88,364
Staff remuneration payable	5,254	47,117
Taxes payable	9,660	17,941
Interest payable	326,572	373,069
Other payables	299,095	12,991,560
Non-current liabilities due within one year	2,854,386	1,857,000
Other current liabilities	9,000,000	6,000,000
Total current liabilities	<u>32,871,018</u>	<u>33,024,775</u>

<b>Item</b>	<b>Closing balance as at the end of the period</b>	<b>Opening balance as at the beginning of the year</b>
<b>Non-current liabilities:</b>		
Long-term borrowings	<b>3,037,165</b>	2,720,075
Bonds payable	<b>10,586,304</b>	6,982,564
Long-term staff remuneration payable	<b>9,254</b>	9,553
Deferred income tax liabilities	<b>4,049</b>	
Other non-current liabilities	<b>403,573</b>	
Total non-current liabilities	<b><u>14,040,345</u></b>	<u>9,712,192</u>
Total liabilities	<b><u>46,911,363</u></b>	<u>42,736,967</u>
<b>Owners' equity:</b>		
Share capital	<b>27,288,758</b>	27,288,758
Capital reserves	<b>52,201,054</b>	52,201,054
Other comprehensive income	<b>66,451</b>	-10,807
Surplus reserves	<b>1,801,679</b>	1,801,679
Undistributed profit	<b>4,703,103</b>	6,645,303
Total owners' equity	<b><u>86,061,045</u></b>	<u>87,925,987</u>
Total liabilities and owners' equity	<b><u>132,972,408</u></b>	<u>130,662,954</u>
<i>Legal representative:</i> <b>Cui Dianguo</b>	<i>Person-in-charge of accounting affairs:</i> <b>Zhan Yanjing</b>	<i>Head of the accounting department:</i> <b>Wang Jian</b>

## Consolidated Income Statement

January — September 2016

Prepared by: CRRC Corporation Limited

*Unit: RMB'000*

*Currency: RMB*

*Type of Audit: Unaudited*

Item		Amount for the current period (July- September)	Amount for the corresponding period of last year (July- September)	Amount from the beginning of the year to the end of the reporting period (January- September)	Amount from the beginning of last year to the end of the corresponding reporting period of last year (January- September)
1.	Total operating revenue	52,854,746	55,318,700	147,059,682	148,554,772
	Including: Revenue from operations	52,854,746	55,318,700	147,059,682	148,554,772
2.	Total operating costs	49,148,053	50,821,763	136,931,104	137,815,639
	Including: Operating costs	41,487,451	42,792,224	113,937,450	115,681,213
	Business tax and surcharges	292,858	264,803	949,084	765,006
	Selling expenses	1,736,569	1,947,914	4,915,228	5,320,120
	Administration expenses	5,357,583	5,207,731	15,288,262	14,632,962
	Finance costs	424,407	479,889	914,470	755,396
	Asset Impairment loss	-150,855	129,202	926,610	660,942
	Add: Gains from changes in fair value (Loss denoted with “-”)	18,570	-29	33,246	651
	Investment income (Loss denoted with “-”)	167,362	75,019	611,496	574,961
	Including: Investment gains from associates and joint ventures	28,498	260,585	361,797	289,685
3.	Operating profit (Loss denoted with “-”)	3,892,625	4,571,927	10,773,320	11,314,745
	Add: Non-operating income	257,080	284,741	995,709	692,030
	Including: Gains on disposal of non-current assets	3,536	36,163	15,117	36,163
	Less: Non-operating expenses	58,844	19,261	120,837	165,280
	Including: Loss on disposal of non-current assets	21,012	22,212	37,880	22,212



Item	Amount for the current period (July- September)	Amount for the corresponding period of last year (July- September)	Amount from the beginning of the year to the end of the reporting period (January- September)	Amount from the beginning of last year to the end of the corresponding reporting period of last year (January- September)
<b>4. Total profit (Loss denoted with “-”)</b>	4,090,861	4,837,407	11,648,192	11,841,495
Less: Income tax expenses	787,933	900,584	2,270,881	2,229,836
<b>5. Net profit (Loss denoted with “-”)</b>	3,302,928	3,936,823	9,377,311	9,611,659
Net profit attributable to equity holders of the Parent Company	2,725,268	3,261,888	7,522,041	7,960,768
Minority interests	577,660	674,935	1,857,270	1,650,891
<b>6. Other net comprehensive income after tax</b>	33,735	-441,114	-2,918	-465,999
Other net comprehensive income after tax attributable to owners of the Parent Company	62,742	-534,128	55,545	-448,145
(1) Other comprehensive income that will be subsequently reclassified into profit or loss	62,742	-534,128	55,545	-448,145
1. Share of other comprehensive income of investee that will be subsequently reclassified into profit or loss under equity method	18,081		51,984	
2. Gains or losses from changes in fair value of available-for sale financial assets	59,686	-606,878	57,368	-467,641
3. Exchange difference on translation of financial statements in foreign currency	-15,025	72,750	-53,807	19,496
Other net comprehensive income after tax attributable to minority shareholders	-29,007	93,014	-58,463	-17,854

Item	Amount for the current period (July- September)	Amount for the corresponding period of last year (July- September)	Amount from the beginning of the year to the end of the reporting period (January- September)	Amount from the beginning of last year to the end of the corresponding reporting period of last year (January- September)
<b>7. Total comprehensive income</b>	3,336,663	3,495,709	9,374,393	9,145,660
Total comprehensive income attributable to equity holders of the Parent Company	2,788,010	2,727,760	7,575,586	7,512,623
Total comprehensive income attributable to minority shareholders	548,653	767,949	1,798,807	1,633,037
<b>8. Earnings per share</b>				
(1) Basic earnings per share (RMB/share)		0.28	0.29	
(2) Diluted earnings per share (RMB/share)		0.28	0.29	
<i>Legal representative:</i> <b>Cui Dianguo</b>	<i>Person-in-charge of accounting affairs:</i> <b>Zhan Yanjing</b>		<i>Head of the accounting department:</i> <b>Wang Jian</b>	

**Income Statement of the Parent Company**  
January - September 2016

Prepared by: CRRC Corporation Limited

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

Item	Amount for the current period (July- September)	Amount for the corresponding period of last year (July- September)	Amount from the beginning of the year to the end of the reporting period (January- September)	Amount from the beginning of last year to the end of the corresponding reporting period of last year (January- September)
<b>1. Revenue from operations</b>	42,408	38,150	42,423	67,064
Less: Operating costs	40,051		40,051	
Business tax and surcharges	418	3,498	12,720	3,555
Selling expenses	3,441	3,612	6,353	11,557
Administration expenses	133,330	31,450	230,964	89,071
Finance costs	17,859	-115,100	-76,146	-158,573
Add: Gains from changes in fair value (Loss denoted with "-")	21,749		40,700	
Investment income (Loss denoted with "-")	-20,416	611,884	2,283,772	2,798,004
<b>2. Operating profit (Loss denoted with "-")</b>	-151,358	726,574	2,152,953	2,919,458
Add: Non-operating income	272		623	41
Less: Non-operating expenses		7	2,461	7
<b>3. Total profit (Loss denoted with "-")</b>	-151,086	726,567	2,151,115	2,919,492
Less: Income tax expenses		5,581		5,581
<b>4. Net profit (Loss denoted with "-")</b>	-151,086	720,986	2,151,115	2,913,911

Item	Amount for the current period (July- September)	Amount for the corresponding period of last year (July- September)	Amount from the beginning of the year to the end of the reporting period (January- September)	Amount from
				the beginning of last year to the end of the corresponding reporting period of last year (January- September)

5. Other net compearof lfr86-3r

## Consolidated Cash Flow Statement

January — September 2016

Prepared by: CRRC Corporation Limited

*Unit: RMB'000*

*Currency: RMB*

*Type of Audit: Unaudited*

Item	Amount from the beginning of the year to the end of the reporting period (January- September)	Amount from the beginning of last year to the end of the corresponding reporting period of last year (January- September)
<b>1. Cash flow generated from operating activities:</b>		
Cash from sale of products and provision of services	151,846,695	147,333,255
Net increase in deposits from customers and business partners	2,061,694	490,865
Net decrease in placements with financial institutions	1,200,000	600,000
Tax rebate received	746,439	914,337
Other cash from operating activities	1,681,102	2,408,297
Cash inflow from operating activities-subtotal	157,535,930	151,746,754
Cash paid for purchase of products and services	117,356,785	125,183,822
Cash paid to and for employees	17,204,052	16,058,440
Cash paid for various taxes	10,686,689	10,615,435
Cash paid for other operating activities	8,934,188	10,066,170
Cash outflow from operating activities - subtotal	154,181,714	161,923,867
Net cash flow generated from operating activities	3,354,216	-10,177,113
<b>2. Cash flow generated from investment activities:</b>		
Cash from recovery of investments	18,176,150	14,240,915
Cash from investment income	456,029	427,829
Net cash received from disposal of fixed assets, intangible assets and other long-term assets	104,135	251,550
Acquisition of subsidiaries not under common control	2,411	

Item	Amount from the beginning of the year to the end of the reporting period (January- September)	Amount from the beginning of last year to the end of the corresponding reporting period of last year (January- September)
Net cash received from disposal of subsidiaries and other business units	78,186	40,901
Cash received from other investment activities	88,512	149,860
Cash inflow from investment activities — subtotal	18,905,423	15,111,055
Cash paid for acquisition and construction of fixed assets, intangible assets and other long term assets	5,648,115	4,866,688
Cash paid for investments	25,546,235	8,187,484
Net cash paid for acquiring subsidiaries and other operating entities		487,477
Cash paid for other investment activities		929,928
Cash outflow from investment activities — subtotal	31,194,350	14,471,577
Net cash generated from investment activities	-12,288,927	639,478
<b>3. Cash flow generated from financing activities:</b>	133,686	275,779
Cash received from investments	133,686	275,779
Including: Cash received by subsidiaries from investment by minority shareholders	58,273,897	50,825,152
Cash received from borrowings	17,891,408	13,000,000
Cash received from issuance of bonds	60,000	5,000
Cash received from other financing activities	76,358,991	64,105,931
Cash inflow from financing activities — subtotal	60,736,094	59,953,996
Cash paid for repayment of indebtedness	5,528,399	1,661,552
Cash paid for distribution of dividends, profit or interest	605,085	494,915
Including: Dividends and profit distributed to minority shareholders by subsidiaries	113,070	729,287

<b>Item</b>	<b>Amount from the beginning of the year to the end of the reporting period (January-September)</b>	<b>Amount from the beginning of last year to the end of the corresponding reporting period of last year (January- September)</b>
Cash paid for other financing activities	66,377,563	62,344,835
Cash outflow from financing activities — subtotal	9,981,428	1,761,096
Net cash flow generated from financing activities	245,448	27,798
<b>4. Effects of changes in exchange rates on cash and cash equivalents</b>	1,292,165	-7,748,741
<b>5. Net increase in cash and cash equivalents</b>		
Add: Balance of cash and cash equivalents at the beginning of the period	29,944,221	37,034,186
<b>6. Balance of cash and cash equivalents at the end of the period</b>	31,236,386	29,285,445
<i>Legal representative:</i> <b>Cui Dianguo</b>	<i>Person-in-charge of accounting affairs:</i> <b>Zhan Yanjing</b>	<i>Head of the accounting department:</i> <b>Wang Jian</b>

## Cash Flow Statement of the Parent Company

January — September 2016

Prepared by: CRRC Corporation Limited

Unit: RMB'000

Currency: RMB

Type of Audit: Unaudited

Item	Amount from the beginning of the year to the end of the reporting period (January- September)	Amount from the beginning of last year to the end of the corresponding reporting period of last year (January-September)
<b>1. Cash flow generated from operating activities:</b>		
Cash from sale of products and provision of services	101,886	49,052
Tax rebate received	11,363	1,538
Cash received from other operating activities	398,602	538,992
Cash inflow from operating activities — subtotal	511,851	589,582
Cash paid for purchase of products and services	83,658	
Cash paid to and for employees	139,386	96,352
Cash paid for various taxes	101,383	18,309
Cash paid for other operating activities	703,276	538,982
Cash outflow from operating activities — subtotal	1,027,703	653,643
Net cash flow generated from operating activities	-515,852	-64,061
<b>2. Cash flow generated from investment activities:</b>		
Cash from recovery of investments	26,683,293	900,000
Cash from investment income	5,403,703	3,151,934
Cash received from other investment activities		2,049,803
Cash inflow from investment activities — subtotal	32,086,996	6,101,737



<b>Item</b>	<b>Amount from the beginning of the year to the end of the reporting period (January- September)</b>	<b>Amount from the beginning of last year to the end of the corresponding reporting period of last year (January-September)</b>
Cash paid for acquisition and construction of fixed assets, intangible assets and other long term assets	15,476	113,777
Cash paid for investments	37,190,975	1,545,210
Cash paid for other investment activities		5,517,849
Cash outflow from investment activities - subtotal	37,206,451	7,176,836
Net cash generated from investment activities	-5,119,455	-1,075,099
<b>3. Cash flow generated from financing activities:</b>		
Cash received from borrowings	80,025,980	6,779,970
Cash from issuance of bonds	17,891,408	6,000,000
Cash received from other financing activities	13,254,059	
Cash inflow from financing activities - subtotal	111,171,447	12,779,970
Cash paid for repayment of indebtedness	92,425,500	10,172,575
Cash paid for distribution of dividends, profit or interest	4,849,198	454,397
Cash paid for other financing activities	13,667,354	
Cash outflow from financing activities — subtotal	110,942,052	10,626,972
Net cash flow generated from financing activities	229,395	2,152,998
<b>4. Effects of changes in exchange rates on cash and cash equivalents</b>	1,882	37,161

Item	Amount from the beginning of the year to the end of the reporting period (January-September)	Amount from the beginning of last year to the end of the corresponding reporting period of last year (January-September)
<b>5. Net increase in cash and cash equivalents</b>	-5,404,030	1,050,999
Add: Balance of cash and cash equivalents at the beginning of the period	5,669,504	2,444,951
<b>6. Balance of cash and cash equivalents at the end of the period</b>	265,474	3,495,950

*Legal representative:*  
**Cui Dianguo**

*Person-in-charge of accounting affairs:*  
**Zhan Yanjing**

*Head of the accounting department:*  
**Wang Jian**

#### 4.2 Audit report

☐ Applicable

☒ Not applicable