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中国通号

China Railway Signal & Communication Corporation Limited*

中國鐵路通信信號股份有限公司

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

(Stock Code: 03969)

2019 THIRD QUARTERLY REPORT

The Board of Directors of China Railway Signal & Communication Corporation Limited* (the “**Company**”) is pleased to announce the unaudited financial information of the Company and its subsidiaries for the third quarter ended 30 September 2019, prepared in accordance with China Accounting Standards for Business Enterprises. This announcement is made pursuant to the Inside Information Provisions under Part XIVA of the Securities and Futures Ordinance (Cap. 571 of the Laws of Hong Kong) and Rules 13.09(2) and 13.10B of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the “**Listing Rules**”).

This announcement contains the Chinese original version and English translation version of the “2019 Third Quarterly Report of China Railway Signal & Communication Corporation Limited*” as published on the website of the Shanghai Stock Exchange, and is provided for your reference only.

DEFINITIONS

In this announcement, the following expressions have the meanings set out below unless the context otherwise requires.

“Board” or “Board of Directors”	the board of Directors of the Company
“Company”	China Railway Signal & Communication Corporation Limited* (中國鐵路通信信號股份有限公司)
“Director(s)”	director(s) of the Company
“Listing Rules”	the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited
“Reporting Period”	the period from 1 January 2019 to 30 September 2019
“Supervisor(s)”	supervisor(s) of the Company
“Supervisory Committee”	the supervisory committee of the Company

By order of the Board
**China Railway Signal &
Communication Corporation Limited***
ZHOU Zhiliang
Chairman

Beijing, the People’s Republic of China, 29 October 2019

As of the date of this announcement, the executive Directors of the Company are Mr. ZHOU Zhiliang, Mr. YIN Gang and Mr. YANG Yongsheng, and the independent non-executive Directors of the Company are Mr. WANG Jiajie, Mr. CHEN Jin’en, Mr. CHAN Ka Keung Peter and Mr. YAO Guiqing.

* *For identification only*

**China Railway Signal & Communication
Corporation Limited*
2019 Third Quarterly Report**

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I. IMPORTANT NOTICE

- 1.1 The Board of Directors, the Supervisory Committee, Directors, Supervisors and senior management of the Company undertake that the information in this quarterly report is true, accurate and complete and contains no false record, misleading statement or material omission, and assume individual and joint liabilities to the information in this report.
- 1.2 All Directors of the Company attended the Board meeting to review and consider this quarterly report.
- 1.3 ZHOU Zhiliang, person in charge of the Company, HU Shaofeng, person in charge of accounting affairs of the Company, and ZHANG Shihu, person in charge of the accounting office of the Company (head of accounting department), hereby guarantee that the financial statements contained in this quarterly report are true, accurate and complete.
- 1.4 This third quarterly report of the Company is unaudited.

II. BASIC CORPORATE INFORMATION

2.1 Key financial data

Unit: Yuan Currency: RMB

	As at the end of the Reporting Period	As at the end of the previous year	Change of the Reporting Period compared with the end of the previous year(%)
Total assets	93,224,231,859.99	79,678,537,628.47	17.00
Net assets attributable to shareholders of listed company	40,855,628,046.94	28,908,396,681.99	41.33
	From beginning of the year to the end of the Reporting Period (January to September)	From beginning of the previous year to the end of the reporting period in the previous year (January to September)	Change compared with corresponding period of the previous year(%)
Net cash flows generated from operating activities	339,359,379.28	-1,938,440,935.18	Not applicable
Net cash flows generated from investing activities	-940,462,843.42	-863,887,964.31	Not applicable
Net cash flows generated from financing activities	8,071,703,710.54	3,894,032,134.73	107.28
	From beginning of the year to the end of the Reporting Period (January to September)	From beginning of the previous year to the end of the reporting period in the previous year (January to September)	Change compared with corresponding period of the previous year(%)
Operating income	28,120,912,037.64	25,548,555,188.58	10.07
Net profit attributable to shareholders of listed Company	2,812,283,039.65	2,440,712,643.40	15.22
Net profit attributable to the shareholders of listed Company deducting non-recurring profit and loss	2,577,570,793.68	2,374,717,145.34	8.54
Weighted average return on net assets (%)	9.54	9.90	Decreased by 0.36 percentage point
Basic earnings per share (in RMB per share)	0.29	0.27	7.41
Diluted earnings per share (in RMB per share)	0.29	0.27	7.41

Non-recurring profit or loss items and amounts

√ Applicable □ Not applicable

Unit: Yuan Currency: RMB

Items	Amount for the Reporting Period (July to September)	Amount from the beginning of the year to the end of the Reporting Period (January to September)	Explanation
Gains or losses from disposal of non-current assets	15,749.40	-1,340,795.28	
Government grants recognized through profit or loss for the period (other than government grants which are closely related to the Company's normal business operations, which comply with national policies and can be enjoyed continuously based on a fixed amount or a fixed quantity according to a certain standard)	13,735,015.72	29,547,445.15	
Profit or loss from debt restructuring	1,340,206.84	1,340,206.84	
Reversal of the provisions for impairment of receivables and contract assets subject to individually impairment test	128,971.20	3,820,814.24	
Other non-operating income and expenses other than the above items	26,987,211.23	28,239,688.43	
Other profit/loss items falling within the definition of non-recurring profit and loss	0	225,090,645.39	Investment gain arised from the disposal of the equity interest of a subsidiary, CRSC Real Estate Co., Ltd. (通號置業有限公司)
Effect on minority interests (after tax)			
Effect on income tax	-14,891,794.68	-51,985,758.80	
Total	27,315,359.71	234,712,245.97	

2.2 Particulars of total number of shareholders, shareholding of top ten shareholders and top ten holders of tradable shares (or shareholders not subject to trading moratorium) as at the end of the Reporting Period

Unit: share

Total number of shareholders ^{Note 1}				223,518		
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	Shares pledged or frozen		Nature of shareholder
				Status of shares	Number of shares	
China Railway Signal and Communication (group) Corporation Limited	6,604,426,424	62.37	6,604,426,424	Nil	0	State-owned corporation
HKSCC NOMINEES LIMITED ^{Note 2}	1,967,732,000	18.58	0	Unknown	–	Overseas corporation
Guoxin Investment Co., Ltd.	85,470,000	0.81	85,470,000	Nil	0	State-owned corporation
China National Machinery Industry Corporation	63,507,192	0.60	63,507,192	Nil	0	State-owned corporation
China Reform Holdings Corporation Ltd.	63,507,192	0.60	63,507,192	Nil	0	State-owned corporation
China Chengtong Holdings Group Ltd.	63,507,192	0.60	63,507,192	Nil	0	State-owned corporation
CICC–Guangfa Bank–CICC Feng Zhong No. 2 collective assets management plan for employee participation in STAR MARKET strategic allotment	44,713,112	0.42	44,713,112	Nil	0	Others
CICC–Guangfa Bank–CICC Feng Zhong No. 3 collective assets management plan for employee participation in STAR MARKET strategic allotment	34,227,038	0.32	34,227,038	Nil	0	Others
China Railway Investment Co., Ltd.	34,188,000	0.32	34,188,000	Nil	0	State-owned corporation
China Investment Securities Co., Ltd.	33,800,003	0.32	33,800,003	Nil	0	State-owned corporation

Particulars of shareholdings of the top ten shareholders not subject to trading moratorium			
Name of shareholder	Number of circulating shares held not subject to trading moratorium	Type and number of shares	
		Type	Number
HKSCC NOMINEES LIMITED ^{Note 2}	1,967,732,000	Overseas listed foreign shares	1,967,732,000
Guotai Junan Securities Co., Ltd.	16,773,613	RMB ordinary shares	16,773,613
Huatai Securities Co., Ltd.	12,900,000	RMB ordinary shares	12,900,000
Qushuihui Xinmaotong High-tech Partnership (Limited Partnership)	3,658,310	RMB ordinary shares	3,658,310
China Merchants Securities Co., Ltd.	3,502,035	RMB ordinary shares	3,502,035
Shenwan Hongyuan Securities Co., Ltd.	2,650,000	RMB ordinary shares	2,650,000
Wu Jianshui	2,300,128	RMB ordinary shares	2,300,128
Huang Shiwen	2,200,000	RMB ordinary shares	2,200,000
Zou Changling	2,120,000	RMB ordinary shares	2,120,000
Cao Xi	2,090,023	RMB ordinary shares	2,090,023
Explanation on the related party relationship or acting-in-concert arrangement among the above shareholders	Guoxin Investment Co., Ltd. is a wholly-owned subsidiary of China Reform Holdings Corporation Ltd. The Company is not aware whether the other shareholders have related party relationship or acting-in-concert arrangement.		
Explanation on the preference shareholders with voting right restored and their shareholdings	Not applicable		

Note 1 : At the end of the Reporting Period, the number of A share shareholders of the Company was 223,267, and the number of H share registered shareholders was 251.

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

2.3 Total number of shareholders of preference shares, particulars of shareholdings of top ten shareholders of preference shares and top ten shareholders of preference shares not subject to trading moratorium as at the end of the Reporting Period

Applicable Not applicable

III. SIGNIFICANT EVENTS

3.1 Descriptions and reasons for significant changes in major accounting statement items, financial indicators of the Company

Applicable Not applicable

1. Cash and bank balances increased by 79.82%, which is mainly attributable to the proceed received from the listing of the Company on the STAR market.
2. Receivables for financing decreased by 50.66%, which is mainly because the bills were overdue and received as at the beginning of the period.
3. Prepayments increased by 48.38%, which is mainly due to the growth in the business volume and the increase in prepayment for materials procurement and labor costs during the period.
4. Inventories decreased by 42.98%, which is mainly due to the decrease in real estate development cost arising from the disposal of real estate business.
5. Short-term borrowings decreased by 88.46%, which is mainly due to the repayment of short-term borrowings during the period.
6. Tax payable decreased by 48.43%, which is mainly due to the payment of taxes as of the beginning of the year during the period.
7. Non-current liabilities due within one year decreased by 53.24%, which is mainly due to the decrease in long-term borrowings due within one year.
8. Other current liabilities increased by 78.78%, which is mainly due to the increase in value-added tax accruals of projects, arised from the increase in business volume.
9. Long-term borrowings increased by 106.31%, which is mainly due to the increase in the borrowings used as construction and operation funds of the PPP projects.
10. Capital reserve increased by 115.81%, which is mainly due to the capital premium arised from the listing on STAR market.
11. Non-controlling interests decreased by 34.83%, which is mainly due to the dividend distribution to minority shareholders during the period.
12. Selling and distribution expenses increased by 48.02%, which is mainly due to the Company's further expansion in market investment.
13. Credit impairment losses increased, which is mainly due to the change in presentation basis of the financial statements and the impairment allowances of financial assets was presentated under this item.
14. Investment gain increased by 1,007.73%, which is mainly due to the gain in disposal of the real estate business during the period.
15. Gain from disposal of assets decreased, which is mainly due to the loss arised from the disposal of fixed assets.

16. The net cash flows generated from operating activities amounted to RMB339 million, while that of the corresponding period of the previous year amounted to RMB-1,938 million, mainly due to the increase in the cash received from providing labor services for the sales of goods as compared with the corresponding period of the previous year.
17. The net cash flows generated from investing activities amounted to RMB-940 million, while that of the corresponding period of the previous year amounted to RMB-864 million, mainly due to the increase in the cash used in investment during the period as compared with the corresponding period of the previous year.
18. The net cash flows generated from financing activities amounted to RMB8,072 million, while that of the corresponding period of the previous year amounted to RMB3,894 million, mainly due to the proceeds received from the listing on STAR market during the period.

The revenue breakdown of each business line during the first three quarter is set out as below:

Unit and Currency: RMB0' 000

Business lines	Revenue			
	From January to September 2019	Corresponding period of the previous year	Increase/decrease in amount	Percentage increased
Railway	1,473,062.98	1,130,388.90	342,674.08	30.31%
Urban transit	536,027.78	586,933.46	-50,905.68	-8.67%
Overseas businesses	24,680.15	47,383.22	-22,703.07	-47.91%
Construction contracting	774,210.66	786,722.98	-12,512.32	-1.59%
Other businesses	4,109.63	3,426.96	682.67	19.92%
Total	2,812,091.20	2,554,855.52	257,235.68	10.07%

From January to September, the aggregate amount of newly-signed contracts amounted to RMB47.51 billion, representing an increase of 6.3% as compared with the corresponding period of the previous year. Among which, the value of newly-signed contracts in railway sector amounted to RMB21.19 billion, representing an increase of 23.9% as compared with the corresponding period of the previous year; the value of newly-signed contracts in urban transit sector amounted to RMB8.02 billion, representing an increase of 1.5% as compared with the corresponding period of the previous year; the value of newly-signed contracts in overseas sector amounted to RMB920 million, representing an increase of 146.2% as compared with the corresponding period of the previous year; the value of newly-signed contracts for construction contracting and other sectors amounted to RMB17.38 billion, representing a decrease of 10.1% as compared with the corresponding period of the previous year.

In the field of rail transportation control system, the value of newly-signed contracts of the Company maintained a rapid growth, and the Company successively won bids for projects such as Anqing-Jiujiang Railway, South Shandong Railway, Xulian Railway, Yumo Railway, Jiangxi section of the Ganshen Railway and Pumei Railway, and continued to take a leading position in the market. At the same time, the Company has won the bid for the general contracting in Hangzhou-Wenzhou High-speed Railway Project and has achieved significant breakthroughs in participating in the EPC High-speed Railway Project; under the fierce market competition in the field of urban transit control system, the Company's CBTC system has successively won the bidding of key projects, such as Xi'an Subway Line 9, Tianjin Subway Line 4, Kunming Subway Line 5, Nantong Subway Line 1, Hangzhou Subway Line 8 and Zhengzhou Subway Line 14. In the field of overseas businesses, the Company has won the bidding for the project on the railway in 10th of Ramadan City, Egypt, marking another new breakthrough in the CRSC signal system's entering into the countries alongside the routes of "One Belt, One Road". In construction contracting and other sectors, the amount of newly-signed contracts of the Company decreased as compared with the corresponding period of the previous year, mainly because the Company focused on the high-quality development requirements and enhanced the requirement on the contracting of general contracting projects.

3.2 Analysis and illustration of progress of important events and their impacts and solutions

Applicable Not applicable

3.3 Commitments that have been overdue and not been fulfilled in the Reporting Period

Applicable Not applicable

3.4 Warning and reason for the forecast that the accumulated net profit from the beginning of the year to the end of the next reporting period may be a loss or a significant change from the same period of the previous year

Applicable Not applicable

Company name	China Railway Signal & Communication Corporation Limited*
Legal representative	ZHOU Zhiliang
Date	29 October 2019

IV. APPENDIX

4.1 Financial statement

Consolidated Balance Sheet 30 September 2019

Prepared by: China Railway Signal & Communication Corporation Limited*

Unit: Yuan Currency: RMB Audit type: Unaudited

ITEM	30 September 2019	31 December 2018
Current assets:		
Cash and bank balances	21,061,551,806.45	11,712,483,332.67
Accounts receivable	16,270,306,910.61	13,598,595,282.88
Receivables for financing	910,379,645.95	1,845,116,686.79
Prepayments	1,345,792,067.06	907,020,051.18
Other receivables	1,547,629,575.80	1,340,863,519.49
Inventories	2,330,026,558.09	4,086,551,784.60
Contract assets	33,161,851,295.71	30,941,474,817.79
Non-current assets due within one year	91,286,487.98	102,922,228.08
Other current assets	902,729,011.32	780,404,375.83
Total current assets	77,621,553,358.97	65,315,432,079.31
Non-current assets:		
Debt investment	273,172,183.50	–
Long-term receivables	5,349,244,791.75	4,616,553,337.79
Long-term equity investments	1,082,297,032.21	1,005,921,400.68
Other equity instrument investment	753,414,229.20	653,814,229.20
Investment properties	196,029,083.75	230,407,814.40
Fixed assets	3,914,257,380.43	3,936,432,967.69
Construction in progress	647,725,225.71	637,726,255.10
Right-of-use-assets	124,434,570.31	–
Intangible assets	2,469,277,556.20	2,506,699,954.55
Development expenditure	35,888,618.25	30,019,437.59
Goodwill	305,324,128.58	305,324,128.58
Long-term prepaid expenses	48,083,912.30	41,748,151.25
Deferred tax assets	330,903,005.35	335,864,583.78
Other non-current assets	72,626,783.48	62,593,288.55
Total non-current assets	15,602,678,501.02	14,363,105,549.16
Total assets	93,224,231,859.99	79,678,537,628.47

ITEM	30 September 2019	31 December 2018
Current liabilities:		
Short-term borrowings	129,000,000.00	1,117,556,312.99
Bills payable	920,290,571.98	849,268,364.25
Accounts payable	37,070,214,877.16	35,119,238,956.99
Contract liabilities	7,698,438,558.06	7,033,233,380.49
Employee benefits payable	575,377,766.37	513,369,547.72
Tax payable	613,461,912.94	1,189,672,548.28
Other payables	1,295,001,889.73	1,299,694,068.26
Non-current liabilities due within one year	173,209,234.37	370,399,261.69
Other current liabilities	192,181,359.78	107,498,117.03
Total current liabilities	48,667,176,170.39	47,599,930,557.70
Non-current liabilities:		
Long-term borrowings	1,766,382,774.84	856,163,032.09
Lease liabilities	119,649,324.39	–
Long-term payables	25,500,820.94	26,088,533.74
Long-term employee benefits payable	657,084,000.00	657,084,000.00
Provisions	67,349,656.41	67,220,249.39
Deferred income	123,855,767.34	151,370,878.40
Deferred tax liabilities	52,887,597.76	48,598,827.97
Total non-current liabilities	2,812,709,941.68	1,806,525,521.59
Total liabilities	51,479,886,112.07	49,406,456,079.29
Shareholders' equity		
Share capital	10,589,819,000.00	8,789,819,000.00
Other equity instruments	2,800,000,000.00	2,800,000,000.00
Including: Preference shares	–	–
Perpetual bonds	2,800,000,000.00	2,800,000,000.00
Capital reserve	15,990,455,463.12	7,409,464,897.08
Less: treasury stocks	–	–

ITEM	30 September 2019	31 December 2018
Other comprehensive income	-247,518,954.94	-248,471,666.82
Special reserve	446,737,037.85	372,846,705.67
Surplus reserve	1,104,399,533.39	1,104,399,533.39
Retained earnings	10,171,735,967.52	8,680,338,212.67
Total equity attributable to Shareholders of the parent company	40,855,628,046.94	28,908,396,681.99
Non-controlling interests	888,717,700.98	1,363,684,867.19
Total shareholders' equity	41,744,345,747.92	30,272,081,549.18
Total liabilities and shareholders' equity	93,224,231,859.99	79,678,537,628.47

Legal Representative: ZHOU Zhiliang; Person in Charge of Accounting Affairs: HU Shaofeng;
Person in Charge of the Accounting Office: ZHANG Shihu

Parent Company's Balance Sheet
30 September 2019

Prepared by: China Railway Signal & Communication Corporation Limited*

Unit: Yuan Currency: RMB Audit type: Unaudited

ITEM	30 September 2019	31 December 2018
Current assets:		
Cash and bank balances	17,091,748,594.40	7,867,718,577.23
Accounts receivable	2,048,884,435.11	2,409,246,518.13
Receivables for financing	7,150,172.00	1,500,000.00
Prepayments	455,828,285.61	112,367,914.62
Other receivables	7,982,910,743.95	8,709,730,090.36
Including: Interest receivable	–	–
Dividends receivable	1,570,086,530.31	822,550,930.31
Contract assets	1,734,730,662.99	2,941,779,728.47
Assets held for sale	–	–
Non-current assets due within one year	81,156,734.36	99,451,446.39
Other current assets	156,571,592.35	119,018,399.31
Total current assets	29,558,981,220.77	22,260,812,674.51
Non-current assets:		
Debt investment	273,172,183.50	–
Long-term receivables	358,475,348.84	242,154,529.98
Long-term equity investments	15,508,469,085.91	14,938,871,805.43
Other equity instrument investment	476,408,221.20	376,408,221.20
Investment properties	1,582,145,748.01	1,611,821,546.97
Fixed assets	620,464,020.87	640,480,041.23
Construction in progress	13,374,618.32	11,783,511.39
Intangible assets	522,978,400.12	537,353,435.36
Deferred tax assets	16,979,226.00	15,898,119.90

ITEM	30 September 2019	31 December 2018
Other non-current assets	–	985,356.46
Total non-current assets	19,372,466,852.77	18,375,756,567.92
Total assets	48,931,448,073.54	40,636,569,242.43
Current liabilities:		
Short-term borrowings	–	1,000,000,000.00
Accounts payable	4,861,676,228.30	5,745,791,677.93
Contract liabilities	1,710,610,762.56	1,088,476,460.82
Employee benefits payable	20,802,941.13	25,441,456.96
Tax payable	63,778,139.67	65,020,085.47
Other payables	9,041,729,330.51	10,153,841,565.13
Other current liabilities	27,520,588.91	–
Total current liabilities	15,726,117,991.08	18,078,571,246.31
Non-current liabilities:		
Long-term employee benefits payable	81,338,000.00	81,338,000.00
Provisions	2,523,460.61	2,521,924.70
Deferred income	32,215,113.71	32,924,206.92
Total non-current liabilities	116,076,574.32	116,784,131.62
Total liabilities	15,842,194,565.40	18,195,355,377.93

ITEM	30 September 2019	31 December 2018
Shareholders' equity		
Share capital	10,589,819,000.00	8,789,819,000.00
Other equity instruments	2,800,000,000.00	2,800,000,000.00
Including: Preference shares	–	–
Perpetual bonds	2,800,000,000.00	2,800,000,000.00
Capital reserve	16,356,470,432.63	7,802,128,059.41
Less: treasury stocks	–	–
Other comprehensive income	-51,008,137.23	-50,941,000.00
Special reserve	36,281,657.38	40,585,186.44
Surplus reserve	1,104,399,533.39	1,104,399,533.39
Retained earnings	2,253,291,021.97	1,955,223,085.26
Total shareholders' equity	33,089,253,508.14	22,441,213,864.50
Total liabilities and shareholders' equity	48,931,448,073.54	40,636,569,242.43

Legal Representative: ZHOU Zhiliang; Person in Charge of Accounting Affairs: HU Shaofeng;
Person in Charge of The Accounting Office: ZHANG Shihu

Consolidated Statement of Profit or Loss and Other Comprehensive Income
January to September 2019

Prepared by: China Railway Signal & Communication Corporation Limited*

Unit: Yuan Currency: RMB Audit type: Unaudited

ITEM	Third quarter of 2019 (July to September)	Third quarter of 2018 (July to September)	First three quarters of 2019 (January to September)	First three quarters of 2018 (January to September)
1. Total revenue	7,609,334,194.78	6,641,492,895.07	28,120,912,037.64	25,548,555,188.58
Including: Revenue	7,609,334,194.78	6,641,492,895.07	28,120,912,037.64	25,548,555,188.58
2. Total cost of sales	6,918,837,866.87	5,993,658,650.72	24,824,903,381.92	22,493,567,976.99
Including: Cost of sales	5,836,045,092.76	4,944,498,924.09	21,567,655,921.88	19,693,969,989.52
Taxes and surcharges	34,711,516.69	36,005,502.55	172,015,402.51	136,823,655.24
Selling and distribution expenses	192,999,179.47	164,489,885.58	562,695,519.66	380,157,960.07
General and administrative expenses	592,674,039.79	543,399,034.99	1,680,611,273.83	1,486,139,088.40
Research and development expenses	327,017,020.18	304,308,668.87	908,168,461.26	851,181,783.53
Finance costs	-64,608,982.02	956,634.64	-66,243,197.22	-54,704,499.77
Including: Interest expenses	6,990,392.45	35,055,775.45	100,326,177.11	85,511,116.18
Interest income	50,112,550.01	20,066,726.71	158,220,369.28	118,016,136.89
Add: Other income	61,359,958.03	51,843,177.33	147,522,999.19	116,134,895.10
Investment income	10,285,749.33	8,579,690.43	341,301,059.89	30,810,773.83
Including: Share of profits of associates and joint ventures	10,285,749.33	10,402,593.61	36,702,753.63	33,088,046.34
Credit impairment losses	45,620,403.84	3,506,680.50	-104,512,971.83	18,865,999.99
Losses from disposal of assets	15,749.40	619,572.88	-1,340,795.28	310,638.63
3. Operating profit	807,778,188.51	712,383,365.49	3,678,978,947.69	3,221,109,519.14
Add: Non-operating income	34,849,354.94	17,931,634.96	47,120,541.29	47,764,290.13
Less: Non-operating expenses	963,924.12	9,655,205.26	11,078,328.42	10,854,153.67
4. Total profit	841,663,619.33	720,659,795.19	3,715,021,160.56	3,258,019,655.60
Less: Income tax expenses	237,685,761.66	190,990,725.05	673,629,361.88	612,566,370.15

ITEM	Third quarter of 2019 (July to September)	Third quarter of 2018 (July to September)	First three quarters of 2019 (January to September)	First three quarters of 2018 (January to September)
5. Net profit	603,977,857.67	529,669,070.14	3,041,391,798.68	2,645,453,285.45
(1) Classified by continuity of operation				
1. Profit or loss from continuing operation	603,977,857.67	529,669,070.14	3,041,391,798.68	2,645,453,285.45
(2) Classified by the ownership				
1. Profit or loss attributable to owners of the parent company	544,389,952.79	456,684,098.95	2,812,283,039.65	2,440,712,643.40
2. Profit or loss attributable to non-controlling interests	59,587,904.88	72,984,971.19	229,108,759.03	204,740,642.05
6. Other comprehensive income, net of tax	722,630.46	-738,496.70	921,011.93	-47,963,065.67
Other comprehensive income attributable to owners of the parent company, net of tax	722,630.46	-738,496.70	921,011.93	-47,963,065.67
(1) Other comprehensive income not to be reclassified into profit or loss	-	-	-4,000.00	-39,373,000.00
1. Changes of the re-measurement of defined benefit plans	-	-	-4,000.00	-39,373,000.00
(2) Other comprehensive income to be reclassified into profit or loss	722,630.46	-738,496.70	925,011.93	-8,590,065.67
1. Valid part of hedging loss and profit of cash flow	715,503.73	-923,772.81	900,180.38	-8,722,520.45
2. Exchange differences on translation of foreign operations	7,126.73	185,276.11	24,831.55	132,454.78
Other comprehensive income attributable to non-controlling interests, net of tax	-	-	-	-
7. Total comprehensive income	604,700,488.13	528,930,573.44	3,042,312,810.61	2,597,490,219.78
Total comprehensive income attributable to owners of the parent company	545,112,583.25	455,945,602.25	2,813,204,051.58	2,392,749,577.73
Total comprehensive income attributable to non-controlling interests	59,587,904.88	72,984,971.19	229,108,759.03	204,740,642.05
8. Earnings per share:				
(1) Basic earnings per share (RMB/share)	-	-	0.29	0.27
(2) Diluted earnings per share (RMB/share)	-	-	0.29	0.27

For the business combination under common control during the current period, net profit of the acquiree realised before business combination was RMB0. Net profit of the acquiree realized during the last period was RMB0.

Legal Representative: ZHOU Zhiliang; Person in Charge of Accounting Affairs: HU Shaofeng; Person in Charge of the Accounting Office: ZHANG Shihu

**Parent Company's Statement of Profit or Loss and Other
Comprehensive Income**
January to September 2019

Prepared by: China Railway Signal & Communication Corporation Limited*

Unit: Yuan Currency: RMB Audit type: Unaudited

ITEM	Third quarter of 2019 (July to September)	Third quarter of 2018 (July to September)	First three quarters of 2019 (January to September)	First three quarters of 2018 (January to September)
1. Revenue	1,428,283,836.80	489,436,079.46	3,724,141,772.26	2,271,625,474.43
Less: cost of sale	1,308,025,923.21	466,516,878.51	3,389,968,556.46	2,032,235,898.44
Taxes and surcharges	2,609,874.56	3,593,310.98	22,993,164.83	20,626,885.22
Selling and distribution expenses	5,156,949.11	-53,648,013.61	12,660,484.00	-50,340,706.73
General and administrative expenses	50,179,081.01	42,152,313.64	145,939,535.87	136,672,643.18
Research and development expenses	66,515.89	-	66,515.89	-
Finance costs	-47,323,186.52	9,683,033.24	-28,607,001.76	-641,858.93
Including: Interest expenses	31,079,198.45	67,576,956.36	117,086,527.98	121,958,976.55
Interest income	52,303,863.11	29,106,166.34	121,873,584.74	84,513,720.37
Add: Other income	1,833,000.00	-	1,833,000.00	-
Investment income	56,446,936.85	246,110,810.16	2,110,962,641.29	1,993,509,843.01
Including: Share of profits of associates and joint ventures	5,792,693.96	-4,820,077.18	6,953,703.64	9,727,014.65
Credit impairment losses	2,332,722.06	-5,447,223.86	-3,263,348.52	-33,845,287.10
Losses from disposal of assets	-16,173.12	-39,275.16	-16,173.12	-39,275.16
2. Operating profit	170,165,165.33	261,762,867.84	2,290,636,636.62	2,092,697,894.00
Add: Non-operating income	193,103.73	197,043.33	698,607.86	844,351.65
Less: Non-operating expenses	200.00	66,440.61	11,091.40	498,238.34
3. Total profit	170,358,069.06	261,893,470.56	2,291,324,153.08	2,093,044,007.31
Less: Income tax expenses	40,051,435.50	27,915,701.30	92,507,971.93	74,666,163.04

ITEM	Third quarter of 2019 (July to September)	Third quarter of 2018 (July to September)	First three quarters of 2019 (January to September)	First three quarters of 2018 (January to September)
4. Net profit	130,306,633.56	233,977,769.26	2,198,816,181.15	2,018,377,844.27
(1) Profit or loss from continuing operation	130,306,633.56	233,977,769.26	2,198,816,181.15	2,018,377,844.27
(2) Profit or loss from discontinued operations	-	-	-	-
5. Other comprehensive income, net of tax	-67,137.23	-	-67,137.23	-
(1) Other comprehensive income not to be reclassified into profit or loss	-	-	-	-
(2) Other comprehensive income to be reclassified into profit or loss	-67,137.23	-	-67,137.23	-
1. Exchange differences on translation of foreign operations	-67,137.23	-	-67,137.23	-
6. Total comprehensive income	130,239,496.33	233,977,769.26	2,198,749,043.92	2,018,377,844.27

Legal Representative: ZHOU Zhiliang; Person in Charge of Accounting Affairs: HU Shaofeng;
Person in Charge of the Accounting Office: ZHANG Shihu

Consolidated Statement of Cash Flows

January to September 2019

Prepared by : China Railway Signal & Communication Corporation Limited*

Unit: Yuan Currency: RMB Audit type: Unaudited

ITEM	First three quarters of 2019 (January to September)	First three quarters of 2018 (January to September)
1. Cash flows generated from operating activities:		
Cash received from the sale of goods or rendering of services	21,234,127,328.47	16,340,193,589.06
Refunds of taxes	76,655,610.06	137,102,592.51
Cash received relating to other operating activities	591,260,246.36	719,263,553.51
Sub-total of cash inflows from operating activities	21,902,043,184.89	17,196,559,735.08
Cash paid on purchase of goods or services received	14,334,156,152.76	12,883,886,304.40
Cash paid to and on behalf of employees	3,081,568,198.19	2,658,770,221.72
Cash paid for all types of taxes	2,196,739,733.08	1,736,756,998.25
Cash paid relating to other operating activities	1,950,219,721.58	1,855,587,145.89
Sub-total of cash outflows from operating activities	21,562,683,805.61	19,135,000,670.26
Net cash flows generated from operating activities	339,359,379.28	-1,938,440,935.18
2. Cash flows generated from investing activities:		
Cash received from disposal and returns of investments	147,968,600.00	103,756,205.13
Cash received from return on investments	28,606,400.00	65,068,971.20
Net cash received from the disposal of fixed assets, intangible assets and other long-term assets	437,232.74	2,490,895.05
Cash received relating to other investing activities	1,647,170,000.00	1,481,780,273.06
Sub-total of cash inflows from investing activities	1,824,182,232.74	1,653,096,344.44
Cash paid on purchase of fixed assets, intangible assets and other long-term assets	403,055,192.07	400,981,617.94
Cash paid for investments	518,238,683.50	287,311,828.00
Net cash paid on acquisition of subsidiaries and other operating entities	1,100,630.36	71,656,035.48

ITEM	First three quarters of 2019 (January to September)	First three quarters of 2018 (January to September)
Cash paid relating to other investing activities	1,842,250,570.23	1,757,034,827.33
Sub-total of cash outflows from investing activities	2,764,645,076.16	2,516,984,308.75
Net cash flows generated from investing activities	-940,462,843.42	-863,887,964.31
3. Net cash flows generated from financing activities:		
Cash received as capital contributions:	10,406,905,566.04	2,811,470,000.00
Including: Cash received by subsidiaries from minority shareholders' investment	30,915,000.00	11,470,000.00
Cash received from borrowings	3,553,552,887.61	4,083,000,000.00
Cash received relating to other financing activities	994,002.81	3,615,046.36
Sub-total of cash inflows from financing activities	13,961,452,456.46	6,898,085,046.36
Cash paid on repayment of borrowings	3,737,333,149.86	1,317,145,455.00
Cash paid on distribution of dividends or profits, or interest expenses	2,125,287,387.15	1,647,761,422.85
Including: bonus and profit paid to minority shareholders by subsidiaries	704,075,925.24	510,497,371.59
Cash paid relating to other financing activities	27,128,208.91	39,146,033.78
Sub-total of cash outflows from financing activities	5,889,748,745.92	3,004,052,911.63
Net cash flows generated from financing activities	8,071,703,710.54	3,894,032,134.73
4. Effect of foreign exchange rate changes on cash and cash equivalents	36,217,657.15	62,196,725.49
5. Net increase in cash and cash equivalents	7,506,817,903.55	1,153,899,960.73
Add: Cash and cash equivalents at beginning of the period	10,808,205,777.53	11,364,982,037.93
6. Cash and cash equivalents at end of the period	18,315,023,681.08	12,518,881,998.66

Legal Representative: ZHOU Zhiliang; Person in Charge of Accounting Affairs: HU Shaofeng;
Person in Charge of the Accounting Office: ZHANG Shihu

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

Prepared by: China Railway Signal & Communication Corporation Limited*

Unit: Yuan Currency : RMB Audit type: Unaudited

ITEM	First three quarters of 2019 (January to September)	First three quarters of 2018 (January to September)
1. Cash flows generated from operating activities:		
Cash received from the sale of goods or rendering of services	6,248,441,414.55	2,377,660,421.77
Refunds of taxes	–	50,451,861.97
Cash received relating to other operating activities	264,633,747.83	433,839,832.98
Sub-total of cash inflows from operating activities	6,513,075,162.38	2,861,952,116.72
Cash paid on purchase of goods and services received	5,040,270,304.17	2,787,096,541.74
Cash paid to and on behalf of employees	49,896,565.95	48,721,884.22
Cash paid for all types of taxes	177,306,369.62	120,229,775.92
Cash paid relating to other operating activities	216,502,533.42	554,096,213.76
Sub-total of cash outflows from operating activities	5,483,975,773.16	3,510,144,415.64
Net cash flows generated from operating activities	1,029,099,389.22	-648,192,298.92
2. Cash flows generated from investing activities:		
Cash received from disposal and returns of investments	124,240,000.00	100,000,000.00
Cash received from return on investments	1,043,240,280.00	1,595,696,280.88
Net cash received from the disposal of fixed assets, intangible assets and other long-term assets	21,880.00	74,460.00
Cash received relating to other investing activities	644,838,974.39	232,947,381.61
Sub-total of cash inflows from investing activities	1,812,341,134.39	1,928,718,122.49
Cash paid on purchase of fixed assets, intangible assets and other long-term assets	44,693,090.56	85,265,641.87
Cash paid for investments	942,657,583.50	987,433,562.00
Cash paid relating to other investing activities	2,098,830,008.57	5,014,928,143.73
Sub-total of cash outflows from investing activities	3,086,180,682.63	6,087,627,347.60
Net cash flows generated from investing activities	-1,273,839,548.24	-4,158,909,225.11

ITEM	First three quarters of 2019 (January to September)	First three quarters of 2018 (January to September)
3. Cash flows generated from financing activities:		
Cash received as capital contributions	10,380,990,566.04	2,800,000,000.00
Cash received from borrowings	2,500,000,000.00	8,500,000,000.00
Cash received from other financing activities	–	–
Sub-total of cash inflows from financing activities	12,880,990,566.04	11,300,000,000.00
Cash paid on repayment of borrowings	3,500,000,000.00	6,200,000,000.00
Cash paid on distribution of dividends or profits, or interests expenses	1,980,302,644.70	1,423,297,207.88
Cash paid on other financing activities	26,648,192.82	28,000,000.00
Sub-total of cash outflows from financing activities	5,506,950,837.52	7,651,297,207.88
Net cash flows from financing activities	7,374,039,728.52	3,648,702,792.12
4. Effect of fluctuations in exchange rates on cash and cash equivalents	36,305,650.20	62,755,661.62
5. Net increase in cash and cash equivalents	7,165,605,219.70	-1,095,643,070.29
Add: Cash and cash equivalents at beginning of the period	7,716,529,085.80	8,590,611,600.30
6. Cash and cash equivalents at end of the period	14,882,134,305.50	7,494,968,530.01

Legal Representative: ZHOU Zhiliang; Person in Charge of Accounting Affairs: HU Shaofeng;
Person in Charge of The Accounting Office: ZHANG Shihu

4.2 Particulars in relation to adjustments made to relevant items of the financial statements as at the beginning of the year of the initial adoption of new financial instrument standard, new revenue standard and new lease standard

√ Applicable □ Not applicable

Consolidated Balance Sheet

Unit: Yuan Currency: RMB

ITEM	31 December 2018	1 January 2019	Adjustments
Current assets:			
Cash and bank balances	11,712,483,332.67	11,712,483,332.67	–
Accounts receivable	13,598,595,282.88	13,598,595,282.88	–
Receivables for financing	1,845,116,686.79	1,845,116,686.79	–
Prepayments	907,020,051.18	900,603,315.00	-6,416,736.18
Other receivables	1,340,863,519.49	1,340,435,728.99	-427,790.50
Inventories	4,086,551,784.60	4,086,551,784.60	–
Contract assets	30,941,474,817.79	30,941,474,817.79	–
Assets held for sale	–	–	–
Non-current assets due within one year	102,922,228.08	102,922,228.08	–
Other current assets	780,404,375.83	780,404,375.83	–
Total current assets	65,315,432,079.31	65,308,587,552.63	-6,844,526.68
Non-current assets:			
Long-term receivables	4,616,553,337.79	4,616,553,337.79	–
Long-term equity investments	1,005,921,400.68	1,005,921,400.68	–
Other equity instrument investment	653,814,229.20	653,814,229.20	–
Investment properties	230,407,814.40	230,407,814.40	–
Fixed assets	3,936,432,967.69	3,936,432,967.69	–
Construction in progress	637,726,255.10	637,726,255.10	–
Right-of-use assets	–	121,521,710.80	121,521,710.80
Intangible assets	2,506,699,954.55	2,506,699,954.55	–
Development expenditure	30,019,437.59	30,019,437.59	–
Goodwill	305,324,128.58	305,324,128.58	–
Long-term prepaid expenses	41,748,151.25	41,748,151.25	–
Deferred tax assets	335,864,583.78	335,864,583.78	–
Other non-current assets	62,593,288.55	62,593,288.55	–
Total non-current assets	14,363,105,549.16	14,484,627,259.96	121,521,710.80
Total asset	79,678,537,628.47	79,793,214,812.59	114,677,184.12

ITEM	31 December 2018	1 January 2019	Adjustments
Current liabilities:			
Short-term borrowings	1,117,556,312.99	1,117,556,312.99	–
Bills payable	849,268,364.25	849,268,364.25	–
Accounts payable	35,119,238,956.99	35,119,238,956.99	–
Contract liabilities	7,033,233,380.49	7,033,233,380.49	–
Employee benefits payable	513,369,547.72	513,369,547.72	–
Tax payable	1,189,672,548.28	1,189,672,548.28	–
Other payables	1,299,694,068.26	1,299,694,068.26	–
Non-current liabilities due within one year	370,399,261.69	413,054,636.98	42,655,375.29
Other current liabilities	107,498,117.03	107,498,117.03	–
Total current liabilities	47,599,930,557.70	47,642,585,932.99	42,655,375.29
Non-current liabilities:			
Long-term borrowings	856,163,032.09	856,163,032.09	–
Lease liabilities	–	72,021,808.83	72,021,808.83
Long-term payables	26,088,533.74	26,088,533.74	–
Long-term employee benefits payable	657,084,000.00	657,084,000.00	–
Provisions	67,220,249.39	67,220,249.39	–
Deferred income	151,370,878.40	151,370,878.40	–
Deferred tax liabilities	48,598,827.97	48,598,827.97	–
Total non-current liabilities	1,806,525,521.59	1,878,547,330.42	72,021,808.83
Total liabilities	49,406,456,079.29	49,521,133,263.41	114,677,184.12
Shareholder's equity:			
Share capital	8,789,819,000.00	8,789,819,000.00	–
Other equity instruments	2,800,000,000.00	2,800,000,000.00	–
Including: Preference shares	–	–	–
Perpetual bonds	2,800,000,000.00	2,800,000,000.00	–
Capital reserve	7,409,464,897.08	7,409,464,897.08	–

ITEM	31 December 2018	1 January 2019	Adjustments
Less: treasury stocks	–	–	–
Other comprehensive income	-248,471,666.82	-248,471,666.82	–
Special reserve	372,846,705.67	372,846,705.67	–
Surplus reserve	1,104,399,533.39	1,104,399,533.39	–
Provisions for general risk	–	–	–
Retained earnings	8,680,338,212.67	8,680,338,212.67	–
Total equity attributable to shareholders of the parent company	28,908,396,681.99	28,908,396,681.99	–
Non-controlling interests	1,363,684,867.19	1,363,684,867.19	–
Total shareholders' equity	30,272,081,549.18	30,272,081,549.18	–
Total liabilities and shareholders' equity	79,678,537,628.47	79,793,214,812.59	114,677,184.12

Description of adjustment of each item:

√ Applicable □ Not applicable

The Group has adopted simplified treatment for the operating leases whose leased assets are low-value assets or completed within 12 months before the date of first implementation, and did not recognise the right-of-use asset and lease liability. In addition, the Group has adopted the following simplified treatment for the operating leases prior to the date of first implementation:

- (1) When presenting the lease liabilities, the same discount rate may be adopted for leases with similar characteristics; the presentation of right-of-use assets may not include initial direct costs;
- (2) Where a renewal option or a termination option is available to the lease, the Group determines the lease term based on the actual exercise of the option and other recent situations before the date of first implementation;
- (3) As an alternative to the impairment test of the right-of-use assets, the Group assesses whether the contract including the lease is an onerous contract before the date of first implementation, and adjusts the right-of-use assets based on the provision for losses presented in the balance sheet before the date of first implementation;
- (4) The Group conducts accounting treatment based on the final arrangement of the lease modification for modification of leases before the date of first implementation.

For the significant operating leases disclosed in the 2018 financial statement whose minimum lease payments have not been paid, the Group adjusts the difference between the present value discounted at the incremental borrowing rate of the Group as the lessee on 1 January 2019 and the lease liabilities included in the balance sheet as at 1 January 2019, as follows:

Unit: Yuan

Minimum lease payments for significant operating leases as at 31 December 2018	154,055,649.46
Less: Minimum lease payments with simplified processing	-12,440,534.65
Including: short-term leases	-12,440,534.65
Minimum lease payments under New Lease Standard as at 1 January 2019	141,615,114.81
Weighted average of incremental borrowing rate as at 1 January 2019	4.75%
Lease liabilities as at 1 January 2019	114,677,184.12

The implementation of New Lease Standard has the following impact on items in the balance sheet as at 1 January 2019:

Consolidated Balance Sheet

Unit: Yuan

Assets	Balance sheet value	Presumed value under original standard	Impact on value
Right-of-use assets	121,521,710.80	–	121,521,710.80
Other receivables	1,340,435,728.99	1,340,863,519.49	-427,790.50
Prepayments	900,603,315.00	907,020,051.18	-6,416,736.18
Total assets	2,362,560,754.79	2,247,883,570.67	114,677,184.12

Liabilities	Balance sheet value	Presumed value under original standard	Impact on value
Lease liabilities	72,021,808.83	–	72,021,808.83
Non-current liabilities due within one year	413,054,636.98	370,399,261.69	42,655,375.29
Total liabilities	485,076,445.81	370,399,261.69	114,677,184.12

The implementation of New Lease Standard has no impact on items in the parent company's balance sheet as at 1 January 2019.

Description of adjustment of each item:

Applicable Not applicable

4.3 Retrospective adjustment of the previous comparative data by initial adoption of new financial instrument standard and new lease standard

Applicable Not applicable

4.4 Audit report

Applicable Not applicable