



ANNUAL REPORT

2023
年度報告

[STOCK CODE : 00525]



Important Notice

- 1. The board of directors (“Director(s)”) of the Company (the “Board”), the Supervisory Committee, Directors, Supervisors and senior management of the Company warrant that the contents of this annual report are true, accurate and complete, and there are no misrepresentations, misleading statements or material omissions in this annual report, and jointly and severally accept the related legal responsibility.**
- 2. All Directors of the Company attended the meeting of the Board to consider this annual report.**
- 3. PricewaterhouseCoopers issued an audit report for the Company with standardized and unqualified audit opinions.**
- 4. Wei Hao, Chairman of the Board of the Company, Hu Lingling, General Manager, Luo Xinpeng, Chief Accountant, and Liu Qiyi, Chief of Finance Department hereby warrant that the financial statements contained in this annual report are true, accurate and complete.**
- 5. Plan for profits distribution for the reporting period or plan for Common Reserve Capitalization approved by the Board through resolution**

At the sixth meeting of the tenth session of the Board of the Company, a proposal for profit distribution for the reporting period was considered and approved on 28 March 2024. The Board proposed to distribute a final cash dividend for the year 2023 in the amount of RMB0.07 per share (inclusive of tax) to all shareholders on the basis of the total share capital of 7,083,537,000 shares as at 31 December 2023, amounting to RMB495,847,590 in total. The proposal is subject to the consideration and approval of the 2023 Annual General Meeting of the Company.

- 6. Declaration of risks with respect to forward-looking statements**

Forward-looking statements, including future plans and development strategies contained in this annual report, do not constitute any actual commitments to the investors of the Company. Investors and personnel concerned shall stay adequately mindful of risks, and understand the difference between plans, projections and commitments.
- 7. Is there any non-regular appropriation of the Company’s fund by its controlling shareholder and other related parties?**

No
- 8. Is there any violation of the decision-making procedures with respect to the provision of external guarantee by the Company?**

No
- 9. Whether more than half of the directors cannot guarantee the authenticity, accuracy and completeness of the annual report disclosed by the Company**

No
- 10. Notice of Material Risks**

This annual report contains details of future potential risks. Please read “Potential risks” in the chapter “Report of the Directors (Including Management Discussion and Analysis)” for details.

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List of Documents Available for Inspection

- I. Accounting statements signed and sealed by the chairman, general manager, chief accountant and financial director of the Company;
 - II. The original audit report with the seal of the accounting firm and the signature and seal of the certified public accountant;
 - III. The originals of all corporate documents and announcements publicly disclosed during the reporting period;
 - IV. Annual reports published in the stock markets in Shanghai.
- Place to maintain such documents: Board secretariat of the Company

Chapter 1

Definitions

Definition of commonly used words

Company	Guangshen Railway Company Limited
Reporting period, this period, this year	12 months from 1 January to 31 December 2023
Same period last year	12 months from 1 January to 31 December 2022
A Share(s)	Renminbi-denominated ordinary share(s) of the Company with a par value of RMB1.00 issued in the PRC and listed on the SSE for subscription in Renminbi
H Share(s)	Overseas listed foreign share(s) of the Company with a par value of RMB1.00 issued in Hong Kong and listed on the SEHK for subscription in Hong Kong dollars
PRC	The People's Republic of China
CSRC	The China Securities Regulatory Commission
SSRB	The Shenzhen Securities Regulatory Bureau of the China Securities Regulatory Commission
SSE	The Shanghai Stock Exchange
SEHK	The Stock Exchange of Hong Kong Limited
SFO	The Securities and Futures Ordinance (Cap. 571 of the Laws of Hong Kong)
Listing Rules	The Rules Governing the Listing of Securities on SEHK and/or the listing rules of SSE (as the case may be)
Articles	The Articles of Association of the Company
Company Law	The Company Law of the PRC
Securities Law	The Securities Law of the PRC
CSRG	China State Railway Group Co., Ltd.
GRGC	China Railway Guangzhou Group Co., Ltd.
GZIR	Guangdong Guangzhou Intercity Rail Transportation Company Limited
WGPR	Wuhan-Guangzhou Passenger Railway Line Co., Ltd.
GSHER	Guangzhou-Shenzhen-Hong Kong Express Rail Link Company Limited
GZR	Guangzhou-Zhuhai Railway Company Limited
XSR	Xiamen-Shenzhen Railway Company Limited
GDR	Guangdong Railway Company Limited
GGR	Guiyang-Guangzhou Railway Company Limited
NGR	Nanning-Guangzhou Railway Company Limited
PRDIR	Guangdong Pearl River Delta Inter-city Railway Traffic Company Limited
MZR	MaoZhan Railway Company Limited
SMR	Guangdong Shenmao Railway Company Limited
MSR	Guangdong Meizhou-Shantou Passenger Railway Line Company Limited
GSTR	Guangzhou Northeast Freight Car Outer Winding Railway Co., Ltd.
GSR	Ganzhou-Shenzhen Railway (Guangdong) Company Limited
NSGR	Guangzhou Nanshagang Railway Company Limited
MBGR	Maoming Bohe Gang Railway Co., Ltd.
GGSR	Guangdong Guangzhou-Shantou Railway Co., Ltd.

Chapter 2

Company Profile and Major Financial Indicators

I. INFORMATION OF THE COMPANY

(1) General information of the Company

Chinese name	廣深鐵路股份有限公司
Chinese name abbreviation	廣深鐵路
English name	Guangshen Railway Company Limited
Legal representative of the Company	Wei Hao

(2) Contact Person and Contact Information

	<i>Company Secretary</i>	<i>Representative of Securities Affairs</i>
Name	Tang Xiangdong	Deng Yanxia
Address	No. 1052 Heping Road, Luohu District, Shenzhen, Guangdong Province	No. 1052 Heping Road, Luohu District, Shenzhen, Guangdong Province
Tel.	(86) 755-25588150	(86) 755-25588150
Fax.	(86) 755-25591480	(86) 755-25591480
E-mail	ir@gstlgs.com	ir@gstlgs.com

(3) Basic Information

Registered Address	No. 1052 Heping Road, Luohu District, Shenzhen, Guangdong Province
Change of Registered Address in the Past	None
Place of Business	No. 1052 Heping Road, Luohu District, Shenzhen, Guangdong Province
Postal Code of the Place of Business	518010
Company Website	http://www.gsrc.com
E-mail	ir@gstlgs.com

(4) Places for Information Disclosure and Reserve Address

Names and websites of the newspapers for the disclosure of annual reports by the Company	China Securities Journal: https://www.cs.com.cn Securities Times: http://www.stcn.com Shanghai Securities News: https://www.cnstock.com Securities Daily: http://www.zqrb.cn
Websites of stock exchanges for the disclosure of annual reports by the Company	SSE: http://www.sse.com.cn SEHK: http://www.hkexnews.hk
Reserve address of annual report	No. 1052 Heping Road, Luohu District, Shenzhen, Guangdong Province



(5) Share Information of the Company

Type of Shares	Stock Exchange	Stock Short Name	Stock Code
A Shares	SSE	廣深鐵路	601333
H Shares	SEHK	GUANGSHEN RAIL	00525

(6) Other Information

Auditor engaged by the Company (Domestic)	Name	PricewaterhouseCoopers Zhong Tian LLP
	Office Address	11/F PricewaterhouseCoopers Center, 2 Corporate Avenue, 202 Hu Bin Road, Huangpu District, Shanghai, China
	Name of signing auditors	Qiu Xiaoying, Guo Wen
Auditor engaged by the Company (Overseas)	Name	PricewaterhouseCoopers
	Office Address	22nd Floor, Prince's Building, Central, Hong Kong
Legal advisor as to PRC law	Name	Jia Yuan Law Offices
	Office Address	Unit A/B, 45/F, Radio and Television Financial Center, Pengcheng 1st Road, Futian District, Shenzhen
Legal advisor as to Hong Kong law	Name	Jingtian & Gongcheng LLP
	Office Address	Rooms 3203 to 3207, 32/F, Edinburgh Tower, The Landmark, 15 Queen's Road Central, Central, Hong Kong
Registrar for A Shares	Name	China Securities Depository and Clearing Corporation Limited Shanghai Branch
	Office Address	36th Floor, China Insurance Building, No. 166, Lujiazui East Road, Pudong New District, Shanghai
Registrar for H Shares	Name	Computershare Hong Kong Investor Services Limited
	Office Address	Rooms 1712-1716, 17th Floor, Hopewell Centre, 183 Queen's Road East, Wan Chai, Hong Kong
Principal banker	Name	Construction Bank of China Shenzhen Branch Jiabin Road Sub-branch
	Office Address	1st to 4th Floors, Jinwei Building, Jiabin Road, Shenzhen, China

Chapter 2

Company Profile and Major Financial Indicators

II. COMPANY PROFILE

On 6 March 1996, the Company was registered and established in Shenzhen, the PRC in accordance with the Company Law.

In May 1996, the H shares and ADSs issued by the Company were listed on the SEHK and the US New York Stock Exchange, respectively; in December 2006, the A Shares issued by the Company were listed on the Shanghai Stock Exchange; in January 2007, the Company used the proceeds from the issue of A Shares to acquire the railway of Guangzhou-Pingshi section (southern section of Beijing-Guangzhou line), taking the coverage of the Company's operations into the national trunk line networks; in November 2020, the Company's ADSs were delisted from the US New York Stock Exchange and transferred to the US OTC market; in October 2021, the trading of the Company's ADSs was suspended in the US OTC market; in October 2022, the Company applied to the US Securities and Exchange Commission to withdraw the registration of ADSs and terminate the reporting obligation; and in January 2023, the deregistration of the Company's ADSs was completed. So far, the Company is the only PRC railway transportation enterprise which has issued securities in Shanghai and Hong Kong.

The Company is mainly engaged in the railway passenger and freight transportation businesses, the Hong Kong Through Train passenger services in cooperation with MTR Corporation Limited, and management services for commissioned transportation for other railway companies in the PRC. The Company is also engaged in the provision of integrated services in relation to railway facilities and technology, commercial trading and other industrial businesses that are consistent with the Company's objectives.

The Shenzhen-Guangzhou-Pingshi Railway, which is operated solely and independently by the Company, runs 481.2 kilometers long and connects the entire Guangdong Province vertically. The Guangzhou-Pingshi Railway is the southern part of Beijing-Guangzhou Railway, forming an aorta connecting northern and southern China; whereas the Guangzhou-Shenzhen Railway is one of the main railway passways from mainland China to Hong Kong, linking with the Beijing-Guangzhou, Beijing-Kowloon, Sanshui-Maoming, Pinghu-Nantou and Pinghu-Yantian lines, as well as with the Xiamen-Shenzhen Railway, Guangzhou-Dongguan-Shenzhen Intercity Railway, Ganzhou-Shenzhen Railway, Guangdong Guangzhou-Shantou Railway and the East Rail Line in Hong Kong, which form a key integral part of the railway transportation network in the PRC.

Passenger transportation, which is the most important transportation business segment of the Company, includes the transportation businesses of Guangzhou-Shenzhen inter-city trains (including Guangzhou East to Chaozhou-Shantou cross-network electric multiple unit ("EMU") trains), long-distance trains and Hong Kong Through Trains. The Company adopts an "as-frequent-as-buses" operation for Guangzhou-Shenzhen inter-city trains, meaning that one pair of China Railway High-speed Trains are dispatched every 10 minutes on average during peak hours between Guangzhou and Shenzhen. The through trains passing through Hong Kong, jointly operated by the Company and MTR Corporation Limited, are an important means of transportation for travelling between Guangzhou and Hong Kong. The Company operates a number of long-distance trains running from and to Guangzhou and Shenzhen, linking with most of the provinces, autonomous regions and municipalities across the nation.



Freight transportation is an important transportation business segment of the Company. The Company is not only well-equipped with comprehensive freight facilities which enable the efficient transportation of full load cargos, single load cargos, containers, bulky and heavy cargos, dangerous goods, perishable goods and oversized cargos, but also operates rail lines which are closely connected to major ports in Guangzhou and Shenzhen and are at the same time connected to several large industrial zones, logistics zones, and plants and mining enterprises in the Pearl River Delta region via railroad sidings. The major market of the Company's freight transportation business is domestic mid-to-long-distance transportation, which is also an aspect that the Company enjoys competitive advantages in.

Railway operation services are one of the extended passenger and freight transportation services that the Company has expanded since the commencement of operation of WGPR in December 2009. So far, the Company has provided this service to WGPR, GZIR, GSHER, GZR, XSR, GDR, NGR, GGR, PRDIR, MZR, SMR, MSR, GSTR, GSR, NSGR, MBGR and GGSR, where such railway operation service has also become a new area of business growth for the Company. With the successive completion and commencement of operation of a series of high-speed railways and inter-city railways in the "Guangdong-Hong Kong-Macau Greater Bay Area", the geographical coverage of the Company's railway operation services will be further expanded.

III. MAJOR ACCOUNTING DATA AND FINANCIAL INDICATORS FOR THE PAST FIVE YEARS

(Unit: RMB thousand)

Income items	2023	2022	Year-on-year increase/decrease (%)	2021	2020	2019
Operating revenue	26,194,898	19,943,430	31.35	20,206,157	16,349,366	21,178,351
Operating cost	24,897,193	22,569,754	10.31	21,574,642	18,186,790	20,076,414
Profit/(loss) from operations	1,538,460	(2,552,035)	N/A	(1,193,154)	(652,262)	1,072,841
Profit/(loss) before tax	1,456,576	(2,579,793)	N/A	(1,249,586)	(690,745)	1,009,092
Profit/(loss) after tax	1,056,894	(1,993,647)	N/A	(973,963)	(558,100)	747,964
Consolidated Profit/(loss) attributable to shareholders	1,058,289	(1,994,665)	N/A	(973,119)	(557,876)	748,439
Basic profit/(loss) per share (RMB per share)	0.15	(0.28)	N/A	(0.14)	(0.08)	0.11

Chapter 2

Company Profile and Major Financial Indicators

Assets and liabilities	At the end of 2023	At the end of 2022	Increase/decrease as at the end of the year compared to the end of last year (%)	At the end of 2021	At the end of 2020	At the end of 2019
Total assets	37,234,948	37,041,376	0.52	37,403,422	36,780,453	36,893,133
Total liabilities	10,882,952	11,788,175	(7.68)	10,198,986	8,624,284	7,753,852
Shareholders' equity interests (excluding interests of minor shareholders)	26,389,886	25,289,696	4.35	27,241,949	28,192,838	29,175,726
Net assets per share (RMB per share)	3.73	3.57	4.48	3.85	3.98	4.12

IV. DIFFERENCES IN ACCOUNTING DATA UNDER CHINESE AND INTERNATIONAL ACCOUNTING STANDARDS

Applicable Not applicable

V. ITEMS MEASURED AT FAIR VALUE

(Unit: RMB thousand)

Item	Opening balance	Closing balance	Change in the current period	Impact on the profit for the current period
Financial assets at fair value through other comprehensive income	463,696	462,696	(1,000)	16,285
Total	463,696	462,696	(1,000)	16,285

Chapter 3

Report of the Directors

(Including Management Discussion and Analysis)

I. CHAIRMAN'S STATEMENT

Dear shareholders,

On behalf of the Board, I am pleased to present the audited operating results of the Company for 2023, and hereby extend my sincere gratitude to all the shareholders for your concern and support for the Company!

(1) Business review

The year 2023 was the first year to fully implement the spirit of the 20th National Congress of the CCP, as well as the year of economic recovery and development after three years of COVID-19 prevention and control. Under the strong leadership of the Party Central Committee with Comrade Xi Jinping as the core, the Board and the management of the Company united to lead the cadres and employees to adhere to Xi Jinping's thought of Socialism with Chinese characteristics in the new era as the guidance, and took the spirit of General Secretary Xi Jinping's important instructions on railway work as the fundamental guide. We also resolutely implemented the decisions and arrangements of the Party Central Committee and the State Council. Guided by strengthening the Party's overall leadership and driven by the solid development of thematic education, we adhered to the general principle of seeking progress while maintaining stability and focused on serving and supporting the construction of Chinese modernization. The Company has successfully accomplished the annual objectives and tasks and achieved remarkable results in promoting the high-quality development of the Company, with the safety of the Company's transportation continuing to be stable. The passenger business realized a substantial rebound; the freight business basically remained stable; the operating efficiency has significantly improved.

Chapter 3

Report of the Directors (Including Management Discussion and Analysis)

In 2023, the Company recorded an annual passenger delivery volume of 59,315,000 people, representing a year-on-year increase of 123.69%, while its freight delivery volume amounted to 16,032,500 tonnes, representing a year-on-year decrease of 3.27%. Additionally, the Company recorded an operating revenue of RMB26.195 billion, representing a year-on-year increase of 31.35%; consolidated profit attributable to shareholders amounted to RMB1.058 billion, turning losses into profits year-on-year (consolidated loss attributable to shareholders in the same period last year was RMB1.995 billion). Its basic profit per share amounted to RMB0.15.

Throughout 2023, the Board duly performed its duties under the Articles. With their meticulous and conscientious efforts, all Directors strived to enhance the Company's corporate governance and improve its operations efficiency. During the year, the Company convened 1 general meeting, 6 Board meetings, 6 Audit Committee meetings, 2 Remuneration Committee meetings, and 2 Nomination Committee meetings. The Company made sound decisions in relation to important matters of the Company, such as the Company's profit distribution, financial budget, production and operation, corporate governance, establishment of systems and appointment of accountants. The Company also completed the election of the tenth session of the Board and the Supervisory Committee, and reformulate the "Work System for Independent Directors of the Company", which effectively ensured the sustainable and stable development of the Company.

The Company has always strived to enhance its enterprise value, and persists in ensuring a sustainable and stable profit distribution policy, and attaching importance to the reasonable returns to investors while focusing on the sustainable development of the Company. The Company distributed annual cash dividends for 24 consecutive years from 1996 to 2019, with an aggregate cash dividend amount of approximately RMB12.3 billion. However, since 2020, due to the continuous impact of the external environment, the Company has faced great operating pressure, and with comprehensive consideration of the Company's profitability and the capital needs to maintain the Company's normal operation, the Company did not distribute any cash dividend from 2020 to 2022.

(2) Prospects

Shareholders are reminded that the Company has made certain forward-looking statements in this annual report in relation to the national and overseas economic landscapes and the railway transportation market, as well as the Company's work plans for the year of 2024 and the future. These forward-looking statements are subject to the influences of various uncertainties, where the actual outcome may be greatly different from these forward-looking statements of the Company. These statements do not constitute any commitments to the future operating results of the Company. Please be advised to consider the investment risks.



The year 2024 is the 75th anniversary of the founding of New China. It is a critical year for the realization of the objectives and tasks of the 14th Five-Year Plan. It is also an important year for the railroad to comprehensively deepen the reform and innovation and accelerate the construction of the “Six Modernized Systems”. At the beginning of the year, the Central Economic Work Conference pointed out that the favorable conditions for China’s development were stronger than the unfavorable factors, and the basic trend of economic recovery and long-term improvement has remained promising. China will adhere to the principle of seeking progress amidst stability and promoting stability through progress, and will adopt more policies that are conducive to stabilizing the expectations, growth and employment. China will also actively make progress in transforming the development mode, adjusting the structure, improving the quality, and increasing the efficiency, so as to continuously consolidate the foundation for steady improvement. Therefore, we should have confidence that China’s economic structure will continue to improve; the growth momentum will continue to strengthen; the development trend will continue to improve.

In 2024, the Company will adhere to the guidance of the Socialism with Chinese Characteristics in the New Era of Xi Jinping, and fully implement the spirit of the 20th National Congress of the CCP, the 2nd Plenary Session of the 20th Central Committee of the CCP and the Central Economic Work Conference. The Company will also take the spirit of the important instructions on railway-related work of General Secretary Xi Jinping as a fundamental guideline, adhere to the overall principle of “seeking advancement while maintaining stability”, and implement the new development concept in an integral, accurate and comprehensive manner. To comprehensively deepen reform and innovation as the driving force and accelerate the construction of the “Six Modernization System” as a carrier, the Company will implement major strategies for China, coordinate services to expand domestic demand and deepen the structural reform of the transportation supply side, coordinate high-quality development and high level of security, and unwaveringly promote comprehensive and rigorous governance of the Party. The Company strives to promote the high-quality and sustainable development, and to serve and support the “locomotive” of Chinese modernization.

We ride on the momentum to open up new horizons and strive to progress to a new chapter. The members of the Board and I believe that with the strong support of all shareholders and all sectors of the community, and with the joint efforts of the Board, Supervisory Committee, management and all employees, the Company will be able to make new progress in various businesses, create new value for shareholders and make new contributions to social development in the new year.

Wei Hao
Chairman of the Board

28 March 2024

Chapter 3

Report of the Directors

(Including Management Discussion and Analysis)

II. FACT SHEET OF OUR INDUSTRY DURING THE REPORTING PERIOD

Being the aorta of the nation's economy, a key infrastructure, a significant project for people's livelihood, the backbone of an integrated transportation system and one of the main means of transportation, the railway is of crucial importance for the nation's economic and social development. Since the State Council of the PRC approved the implementation of the Medium to Long Term Plan for Railway Network Development (《中長期鐵路網規劃》) in 2004, railways in China have experienced exponential development. On the whole, the tight capacity of the Chinese railways has now been alleviated, the bottle neck restriction has been eliminated, and economic and social development needs have been met. However, when benchmarking with the requirements for a new normal of economic developments, other transportation forms and the advanced levels of developed countries, China's railway still faces deficiencies such as incomplete layout, low operational efficiency and rather severe structural conflicts. By the end of 2023, the nationwide railways in operation reached 159,000 kilometers; among which, the high-speed railways in operation ran over 45,000 kilometers, indicating the increasing prominent key role of railways in the modernized comprehensive transportation system.

According to industry statistics released by the National Railway Administration, in 2023, for railways nationwide, the passenger traffic volume was 3.855 billion people, representing a year-on-year increase of 130.4%, and the outbound freight tonnage reached 5.035 billion tonnes, representing a year-on-year increase of 1.0%.

III. ACTIVITIES OF THE COMPANY DURING THE REPORTING PERIOD

During the reporting period, as a railway transportation enterprise, the Company has primarily been operating passenger and freight transportation businesses. It has also operated the Hong Kong Through Train passenger services in cooperation with MTR Corporation Limited, and provided railway operation services for commissioned transportation for other railway companies such as WGPR, GZIR, GSHER, GZR, XSR, GDR, NGR, GGR, PRDIR, MZR, SMR, MSR, GSTR, GSR, NSGR, MBGR and GGSR.

IV. ANALYSIS OF CHANGE(S) IN THE COMPANY'S CORE COMPETITIVENESS DURING THE REPORTING PERIOD

Applicable Not applicable



V. DISCUSSION AND ANALYSIS OF THE PRINCIPAL OPERATION OF THE COMPANY DURING THE REPORTING PERIOD

In 2023, the operating revenue of the Company was RMB26,195 million, representing an increase of 31.35% as compared to RMB19,943 million for the same period of last year; operating cost amounted to RMB24,897 million, representing an increase of 10.31% as compared to RMB22,570 million for the same period of last year; profit from operation amounted to RMB1,538 million, turning from loss to profit on a year-on-year basis (loss from operation for the same period last year: RMB2,552 million); consolidated profit attributable to shareholders was RMB1,058 million, turning from loss to profit on a year-on-year basis (consolidated loss attributable to shareholders for the same period last year: RMB1,995 million).

(1) Analysis of operating results

1. An analysis of changes in items of the income statement and the cash flow statement

(Unit: RMB thousand)

Item	Current period	Same period last year	Change (%)
Operating revenue	26,194,898	19,943,430	31.35
Operating cost	24,897,193	22,569,754	10.31
Derecognition of land use right	93,440	18,664	400.64
Impairment losses on financial assets — net	5,506	4,093	34.52
Other gains — net	152,821	59,718	155.90
Finance costs — net	105,338	79,925	31.80
Share of results of associates — net of tax	23,454	52,167	(55.04)
Income tax expense	399,682	(586,146)	N/A
Net cash flows from operating activities	1,116,365	(193,449)	N/A
Net cash flows from investing activities	(822,840)	(1,425,870)	N/A
Net cash flows from financing activities	(110,697)	1,419,492	(107.80)

Chapter 3

Report of the Directors

(Including Management Discussion and Analysis)

2. Analysis of revenue and costs

(1) Revenue from passenger transportation

Passenger transportation, which is the most important transportation business segment of the Company, includes the transportation businesses of Guangzhou-Shenzhen inter-city trains (including Guangzhou East to Chaozhou-Shantou cross-network EMU trains), long-distance trains and Hong Kong Through Trains. The table below sets forth the revenue from passenger transportation and passenger delivery volume for this period in comparison with those from the same period last year:

	2023	2022	Year-on-year increase/ decrease (%)
Revenue from passenger transportation (RMB ten thousand)	1,072,777	668,295	60.52
— Guangzhou-Shenzhen inter-city trains	316,904	150,960	109.93
— Through trains	156,239	—	100.00
— Long-distance trains	539,795	482,556	18.62
— Other revenue from passenger transportation	59,839	34,779	72.05
Passenger delivery volume (Persons)	59,315,044	26,517,127	123.69
— Guangzhou-Shenzhen inter-city trains	23,395,556	9,393,475	149.06
— Through trains	802,766	—	100.00
— Long-distance trains	35,116,722	17,123,652	105.08

- **The increase in revenue from passenger transportation and passenger traffic volume was mainly due to the following:** During the reporting period, with the continuous improvement of the external business environment, the gradual resumption of normal customs clearance at the Shenzhen-Hong Kong ports, and the resumption of the through trains to Hong Kong, the passenger traffic volume at the stations under the Company's management rebounded significantly on a year-on-year basis, thereby resulting in an increase in the revenue from passenger transportation.



(2) Revenue from freight transportation

Freight transportation forms an important part of the Company's transportation business. The table below sets forth the revenue from freight transportation and outbound freight volume for this period as compared with the same period last year:

	2023	2022	Year-on-year increase/ decrease (%)
Revenue from freight transportation (RMB ten thousand)	182,830	161,711	13.06
— Revenue from freight charges	163,307	141,236	15.63
— Other revenue from freight transportation	19,523	20,475	(4.65)
Outbound freight volume (tonnes)	16,032,467	16,573,631	(3.27)

- **The decline in outbound freight volume and the increase in revenue from freight transportation was mainly due to the following:** During the reporting period, affected by the decline in national export growth and the slowdown in fixed asset investment growth, the Company's outbound freight volume declined, but the Company actively implemented the structural reform on the supply side of transportation, and increased the transportation of high-value-added cargoes by upgrading the structure of products, enhancing the quality of services and improving the efficiency of transportation, which led to an increase in revenue from freight transportation.

Chapter 3

Report of the Directors (Including Management Discussion and Analysis)

(3) Revenue from railway network usage and other transportation business

Railway network usage and other transportation services provided by the Company mainly include passenger and freight transportation railway network usage, the provision of railway operation services, locomotive and passenger car leasing, passenger services and luggage transportation. The table below sets forth the revenue from railway network usage and other transportation services for this period in comparison with those of the same period last year:

	2023	2022	Year-on-year increase/ decrease (%)
Revenue from railway network usage and other transportation related services (RMB ten thousand)	1,209,307	1,042,280	16.03
(a) Railway network usage services	427,309	336,801	26.87
(b) Other transportation services	781,998	705,479	10.85
— Railway operation services	418,982	362,031	15.73
— Other services	363,016	343,448	5.70

- The increase in revenue from railway network usage services was mainly due to the following:**
 During the reporting period, as the demand in the railway passenger transportation market continued to pick up, the number of passenger train pairs organized by other railway companies to the stations under the Company's management increased on a year-on-year basis, thereby resulting in an increase in the Company's revenue from railway network usage services.
- The increase in revenue from other transportation services was mainly due to the following:**
 During the reporting period, as demand in the railway passenger transportation market continued to pick up, the workload of railway operation service and passenger service provided by the Company for other railway companies increased on a year-on-year basis, thereby resulting in an increase in the Company's service revenue.

(4) Revenue from other businesses

The Company's other businesses mainly include train repairs, on-board catering services, leasing, sales of materials and supplies, sales of goods and other businesses that are related to railway transportation. In 2023, revenue from other businesses was RMB1.546 billion, representing an increase of 26.64% as compared to RMB1.221 billion for the same period last year. The increase was mainly due to the following: (a) during the reporting period, new revenue was recorded from services such as sewage suction for stations and passenger trains and commissioned project construction; (b) during the reporting period, the number of operating trains and the passenger transportation traffic increased, thereby resulting in a year-on-year increase in the revenue from train maintenance, train catering and commodity sales.



(5) Analysis of costs

(Unit: RMB thousand)

By Industry	Item	2023	2022	Year-on-year increase/ decrease (%)
Railway business	Business tax and surcharges	36,708	2,007	1,729.00
	Employee benefits	8,970,300	8,269,989	8.47
	Equipment leases and services	8,265,305	7,386,515	11.90
	Materials and supplies	1,467,297	1,211,606	21.10
	Repairs and facilities maintenance costs (materials and supplies excluded)	1,298,877	1,119,050	16.07
	Depreciation of right-of-use assets	57,070	57,068	—
	Depreciation of fixed assets	1,836,776	1,809,415	1.51
	Impairment of fixed assets	120,819	—	100.00
	Cargo logistics and outsourcing service fees	387,681	485,413	(20.13)
	Utility and office expenses	37,476	84,419	(55.61)
	Others	1,094,805	948,130	15.47
	Subtotal	23,573,114	21,373,612	10.29
	Other businesses	Business tax and surcharges	11,605	8,548
Employee benefits		510,410	615,029	(17.01)
Materials and supplies		386,660	345,315	11.97
Depreciation of right-of-use assets		11,332	11,332	—
Depreciation of fixed assets		27,314	27,004	1.15
Utility and office expenses		73,918	97,273	(24.01)
Others		302,840	91,641	230.46
Subtotal	1,324,079	1,196,142	10.70	
Total	24,897,193	22,569,754	10.31	

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- **The changes in costs of the railway business were mainly due to the following:** (a) During the reporting period, the number of operating trains organized by the Company increased and the workload of railway operation service provided for other railway companies increased, thereby resulting in a year-on-year increase in equipment rental and service fees, material and supplies, maintenance costs, passenger service fees and other transportation expenses; (b) during the reporting period, the adjustment of employees' basic salaries, the increase in the payment base and payment ratio of various social insurance and housing provident funds and other surcharges resulted in a year-on-year increase in the corresponding employee welfare expenses; (c) during the reporting period, the impairment losses on fixed assets increased; (d) during the reporting period, freight volume decreased, and the corresponding cargo handling charges decreased year-on-year; and (e) during the reporting period, the party organisation working expenses provided decreased.
- The increases in costs of other businesses were mainly due to the following: During the reporting period, new services were launched, such as sewage suction for stations and passenger trains and commissioned project construction, and the business volume of train maintenance, train catering and commodity sales increased, thereby resulting in a year-on-year increase in the corresponding business expenses.

(6) Major sales customers and suppliers

A. The Company's major customers

The sales from the top five customers amounted to RMB7.96663 billion, accounting for 30.41% of the total annual sales; of which the sales from related parties amounted to RMB7.96663 billion, accounting for 30.41% of the total annual sales.



B. The Company's major suppliers

The purchases from the top five suppliers amounted to RMB9.69879 billion, accounting for 73.00% of total annual procurement; of which purchases from related parties amounted to RMB9.69879 billion, accounting for 73.00% of the total annual procurement.

3. Expenses

(Unit: RMB thousand)

Item	2023	2022	Year-on-year increase/ decrease (%)	Major reason for the change
Derecognition of land use right	93,440	18,664	400.64	Net gain from the disposal of intangible assets increased.
Impairment losses on financial assets — net	5,506	4,093	34.52	Bad debt losses on accounts receivable increased.
Other gains — net	152,821	59,718	155.90	The government subsidies received and gain from retirement of fixed assets increased.
Finance costs — net	105,338	79,925	31.80	Interest expenses on bank loans increased.
Share of results of associates — net of tax	23,454	52,167	(55.04)	The investment gains recognized for long-term equity investment decreased.
Income tax expense	399,682	(586,146)	N/A	Total profit turned from loss to profit during the reporting period, resulting in an increase in the income tax expenses calculated at applicable tax rate.

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4. Cash flow

(Unit: RMB thousand)

	2023	2022	Year-on-year increase/ decrease (%)	Major reason for the change
Net cash flows from operating activities	1,116,365	(193,449)	N/A	During the reporting period, the Company's operating income increased, and the cash received increased accordingly.
Net cash flows from investment activities	(822,840)	(1,425,870)	N/A	During the reporting period, cash paid for the purchase and construction of fixed assets and other long-term assets decreased.
Net cash flows from financing activities	(110,697)	1,419,492	(107.80)	During the reporting period, cash paid for repayment of bank borrowings increased.

**(2) Analysis of assets and liabilities**

(Unit: RMB thousand)

Item	Amount at the end of current period	Amount at the end of previous period	Changes in amount from the end of previous period to the end of current period (%)	Explanation
Fixed assets — net	22,786,696	23,430,371	(2.75)	Fixed assets depreciated.
Construction in progress	561,178	1,112,582	(49.56)	Construction in progress was completed and transferred to fixed assets.
Deferred tax assets	883,835	1,284,105	(31.17)	Deductible losses decreased.
Trade receivables	6,239,552	4,656,294	34.00	Receivables for railway passenger and freight transportation and payments for provision of railway operation services increased.
Prepayments and other receivables	784,787	578,557	35.65	Construction payment receivables increased.
Current portion of long-term deposits	1,950	172,192	(98.87)	The 3-year term deposit was withdrawn upon maturity.
Cash and cash equivalents	1,482,463	1,299,635	14.07	Bank deposits increased.
Trade and bill payables	3,181,832	3,525,291	(9.74)	Payables for material purchases decreased, and bank acceptance bills were paid upon maturity.
Contract liabilities	228,526	172,866	32.20	Unused bonus points increased.
Payables for fixed assets and construction-in-progress	1,931,405	2,053,638	(5.95)	Payables for construction and equipment decreased.
Accruals and other payables	1,868,854	2,323,722	(19.57)	Social insurance and housing provident fund deferred in the previous year were paid, and investment in other equity instruments payables and land resumption compensation received in advance decreased.

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(3) Analysis of investment positions

During the reporting period, the Company did not invest in securities such as stocks, warrants or convertible bonds, and did not hold or deal in equity interests in other listed companies and non-listed financial enterprises. Details of investments in the external equity interests of the Company at the end of the reporting period are set out in Notes 10, 11 and 15 to the financial statements.

1. Significant investments in equity interests

Applicable ✓ Not applicable

2. Significant non-equity investments

Applicable ✓ Not applicable

3. Financial assets at fair value

Financial assets at fair value which were held by the Company during the reporting period are set out in Note 15 to the financial statements.

4. Specific progress of major asset restructuring and consolidation during the reporting period

Applicable ✓ Not applicable

(4) Disposal of major assets and equity interests

Applicable ✓ Not applicable

(5) Analysis on major subsidiaries and investee companies

During the reporting period, the Company did not have net profit from a single subsidiary or investment income from a single investee company with an amount exceeding 10% of the Company's net profit.



VI. DISCUSSION AND ANALYSIS ON THE FUTURE DEVELOPMENT OF THE COMPANY

(1) Industry development trend and competition landscape

Development trend: Being the aorta of the nation's economy, a key infrastructure, a significant project for people's livelihood, the backbone of integrated transportation system and one of the main means of transportation, the railway is of crucial importance for the nation's economic and social development. Since the State Council of the PRC approved the implementation of Medium to Long Term Plan for Railway Network Development (《中長期鐵路網規劃》) in 2004, railways in China have experienced exponential development. On the whole, the tight capacity of the Chinese railways has now been alleviated, the bottleneck restriction has been eliminated, and economic and social development needs have been met. However, when benchmarking with the requirements for a new normal of economic developments, other transportation forms and the advanced levels of developed countries, China's railway still faces deficiencies such as incomplete layout, low operational efficiency and rather severe structural conflicts. To expedite the construction of a contemporary railway network with reasonable layout and wide coverage along with high efficiency, convenience, safety and economic efficiencies, the Medium to Long Term Plan for Railway Network Development (《中長期鐵路網規劃》) (2016-2025) had been jointly modified by the National Development and Reform Commission, Ministry of Transport and CSG (formerly known as CRC) in July 2016, highlighting a more ambitious "Eight East-West Lines and Eight South-North Lines (八縱八橫)" high-speed railway network for the new era. As such, it is expected that the railway transportation industry will continue to develop rapidly in the long-run, and both railway passenger and freight transportation capacity and the competitive edge of the railway will continue to grow at a steady pace.

Competition landscape: The national railway is highly concentrated with a unified transportation management system. Competition within the industry mainly arises as a result of external factors, such as by other transportation industries (including highways, aviation and water transportation), and this is expected to continue to exist in the long run. However, with the gradual deepening of market-oriented railway reforms (including reforms in the investment and financing system, transportation management system, and pricing mechanism), entry barriers to the railway industry will gradually be relaxed, and investment entities in the railway industry will become more diversified. Following the completion of construction and the commencement of operation of the State's high-speed railway network with "Eight East-West Lines and Eight South-North Lines (八縱八橫)" and numerous inter-city railways, the competition structure of the railway transportation industry is expected to experience substantial changes; not only will competition with other industries (such as highways, aviation and water transportation) intensify, competition within the railway industry will also gradually increase.

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(Including Management Discussion and Analysis)

(2) Development strategies of the Company

Under the sound leadership and scientific decision-making of the Board, the Company will capitalize on the historic opportunities presented by large-scale railway constructions, while proactively adapt to the policy direction of the railway system reform, in order to establish a steadfast foothold in the GuangdongHong Kong-Macao Greater Bay Area, and to optimize and enhance its business portfolio centered on railway passenger and freight transportation which are complemented by the railway-related businesses. Striving to become a first-class railway transportation services enterprise in the PRC and achieve its development objective of “scaling up and consolidating its strengths (做大做強)”, the Company will also focus on improving its quality of service and continuously advancing its innovations in management, services and technologies.

(3) Operating plans

At the sixth meeting of the tenth session of the Board of the Company held on 28 March 2024, the Board considered and approved the financial budget for the year of 2024. The Company plans to achieve a passenger delivery volume of 64.50 million people (excluding commissioned transportation) and outbound freight volume of 15.95 million tonnes. To achieve these objectives, the Company will focus its work on the following aspects:

1. In terms of corporate governance: the Company will adhere to good corporate governance principles, further promote the deep integration of the Party’s leadership and corporate governance, continuously improve the corporate governance rules and various management systems, and enhance the corporate governance capabilities and levels.
2. In terms of production safety: we will insist on giving priority to prevention and treatment. Firstly, we must consolidate and strengthen the safety foundation. Driven by the three-year action plan to tackle the root cause of production safety and the three-year action plan to deepen railway safety infrastructure, we comprehensively improve the intrinsic safety level. Secondly, we must improve our prevention and control capabilities. We adhere to the proactive prevention, advanced protection, and source control, control key situations, improve emergency response capabilities, and ensure security, stability, and controllability.



3. In terms of passenger and freight transportation: We insist on deepening the structural reform of the transportation supply side. First, we will further promote the three-year action plan for improving passenger transportation quality, accurately implement passenger transportation quality improvement plan, enhance passenger transportation marketing mechanisms, insist on innovating supply, driving demand, enriching product supply, and improving the satisfaction of passenger services. Secondly, we will accelerate the construction of a modern logistics system, promote the transformation and upgrading of railway freight to modern logistics, and realize the transformation of railway freight from "transportation" to "logistics" and from "management" to "service". Thirdly, we will build an intensive, efficient and powerful transportation organization system, with focuses on coordinating passenger and freight transportation, high-speed rail and ordinary rail transportation capabilities, so as to continuously improve the efficiency and effectiveness.
4. In terms of operation and management: we will establish a modern operation philosophy. Firstly, we must strengthen comprehensive budget management, optimize the budget indicator system, and strengthen the entire process control of budget execution. Secondly, we must strengthen refined management, and focus on improving the quality and efficiency, saving expenditures and reducing consumption. We will also deepen the reform of employment system, personnel system, distribution system, production organization, labor organization and process repair to improve total factor productivity. Thirdly, we must adhere to standardized operations, focus on preventing and defusing business risks, and standardize the management of funds, contracts, material procurement, etc.

(4) Potential risks

Type of risk	Description of risk	Addressing measures
Macro-economic risk	The railway transportation industry is highly related to the macro-economic development conditions and is greatly affected by the macro-economic atmosphere. If the macro-economic outlook declines in the future, the Company's operating results and financial condition may be adversely affected.	The Company will pay close attention to the changes in international and domestic macro-economic conditions, strengthen its analysis and research on the contributing factors relating to the railway and transportation industry, adjust its development strategies in a timely manner in response to changes in the market environment, and strive to maintain the stability of the Company's production and operation.
Policy and regulatory risk	The railway transportation industry is greatly affected by policies and regulations. With changes in the domestic and international economic environment, and the reform and development of the railway transportation industry, corresponding adjustments in the related laws, regulations and industrial policies may be required. These changes may give rise to uncertainties to the Company's business development and operating results.	The Company will proactively engage in various seminars on the formulation and improvement of industrial policies and regulations development, study the latest changes in policies and regulations, capture the development opportunities brought by the amendments of policies and regulations, and adopt a prudent approach in addressing uncertainties caused by changes in policies and regulations.

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Type of risk	Description of risk	Addressing measures
Transportation safety risk	Transportation safety is the prerequisite and foundation for the railway transportation industry in maintaining normal operations and a good reputation. Inclement weather, mechanical failures, human errors and other force majeure events may adversely affect the transportation safety of the Company.	The Company will consciously accept the safety supervision of industry authorities, actively participate in regular transportation safety meetings held by competent authorities of the industry to understand the transportation safety condition of the Company, provide for and utilize the expenses for safety production, and intensify the training of safety knowledge and capabilities of its transportation personnel.
Market competition risk	Other transportation methods (such as aviation, road and water) compete with railway transportation in certain markets. In addition, a range of high-speed railways and inter-city railways have been completed and commenced operation along with the development of the railway transportation industry. Internal competition within the railway transportation industry has also intensified. The Company may be subject to greater competitive pressure in the future, which in turn could impact the operating results of the Company.	The Company will take proactive measures to address market competition. For passenger transportation, the Company will leverage the advantages of "safe, comfortable, convenient, on time (安全、舒適、方便、準點)" railway transportation, improve service facilities and enhance service quality. In respect of freight transportation, the Company is committed to increasing the loading and unloading efficiency and the turnover rate of its freight trains to improve the freight train frequency. In addition, the Company will strengthen its analysis and research on the railway transportation market, and proactively apply to competent authorities of the industry to add new long-distance trains in areas not yet covered by high-speed railways.
Financial risk	The operating activities of the Company are subject to various financial risks, such as foreign exchange risks, interest rate risks, credit risks and liquidity risks.	The Company has established a set of managerial procedures for financial risks with a focus on the uncertainties of the financial market. It is also dedicated to minimizing to the potential adverse impacts on the financial performance of the Company. For more detailed analysis, please refer to Note 3 to the financial statements.



(5) Relevant measures to improve the Company's investment value

In accordance with the requirements of the "Opinions on Strengthening the Supervision of Listed Companies (Trial)" of the CSRC, the Company will further enhance its emphasis on its own investment value and actively take relevant measures that are conducive to improving the Company's investment value.

Firstly, the Company will uphold the stability, longevity and predictability of the Company's dividend distribution. The Company has insisted on annual dividend distribution, continuous dividend distribution and dividend distribution at a relatively high rate since its listing in 1996, except for the period from 2020 to 2022 when the Company were affected by the pandemic. The Company has cumulatively distributed dividends amounting to approximately RMB12.3 billion.

Secondly, the Company will insist on focusing on the main business of railroad passenger and freight transportation to further improve the quality of the Company's operation. The Company will make full use of the development opportunities of the railroad network and railroad hubs in the Greater Bay Area, continue to enhance the Company's market competitiveness and profitability, prioritize the interests of the investors, and share the achievement of the railway reform and development with the investors.

Thirdly, the Company will maintain close contact with the investors to enhance the recognition of the Company's investment value. By improving the quality of information disclosure, holding results presentations, setting up dedicated investor hotlines and SSE's e-interaction, we will promote the investors' understanding of the development prospects of the railway industry and the current development status of listed railway companies.

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VII. EXPLANATION OF CONDITIONS AND REASONS NOT DISCLOSED BY THE COMPANY IN ACCORDANCE WITH STANDARDS DUE TO NON-APPLICABLE STANDARDS AND REGULATIONS OR SPECIAL REASONS SUCH AS NATIONAL SECRETS, COMMERCIAL SECRETS

Applicable Not applicable

VIII. BUSINESS REVIEW

According to paragraph 28 (2) of Appendix D2 to the Listing Rules of SEHK, the Company is required to conduct a business review in accordance with Schedule 5 of the Companies Ordinance (Cap. 622 of Hong Kong laws) in the Report of the Directors. The details are as follows:

(1) A fair review on the Company's business

Please refer to the "Business review" section under the "CHAIRMAN'S STATEMENT" and the "DISCUSSION AND ANALYSIS OF THE PRINCIPAL OPERATION OF THE COMPANY DURING THE REPORTING PERIOD" section in this chapter.

(2) Major risks and uncertainties to which the Company is exposed

Please refer to the "Potential risks" section under the "DISCUSSION AND ANALYSIS ON THE FUTURE DEVELOPMENT OF THE COMPANY" in this chapter.



(3) Important event affecting the Company after the reporting period

None.

(4) Future business development of the Company

Please refer to the “DISCUSSION AND ANALYSIS ON THE FUTURE DEVELOPMENT OF THE COMPANY” section.

(5) Analysis on the key financial indicators during the reporting period

Please refer to the “DISCUSSION AND ANALYSIS OF THE PRINCIPAL OPERATION OF THE COMPANY DURING THE REPORTING PERIOD” section.

(6) Environmental policies and performance of the Company

Please refer to the “Environmental and Social Responsibilities” chapter in this annual report, as well as the 2023 Social Responsibility Report published by the Company on the website of the Shanghai Stock Exchange (<http://www.sse.com.cn>), the HKExnews website of the Stock Exchange (<http://www.hkexnews.hk>) and the Company’s website (<http://www.gsrc.com>).

(7) Compliance with laws and regulations that have a significant impact on the Company

During the reporting period, the Company complied with all relevant laws and regulations that have a significant impact on the Company.

(8) Description of the Company’s significant relationships with its employees, customers, suppliers and others

During the reporting period, except as disclosed in this annual report, the Company had no other relationship with its employees, customers and suppliers apart from the relationship of employees, customers and suppliers, and no other person had a significant impact on the business of the Company.

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IX. OTHER DISCLOSURES

(1) Liquidity and source of funding

During the reporting period, the principal sources of funding of the Company were revenue generated from its operating activities and bank borrowings. The Company's capital was mainly used for operating and capital expenses, and the payment of taxes. The Company has stable cash flow and believes that it has sufficient working capital, bank loans and other sources of funding to meet its operation and development needs.

As at the end of the reporting period, the Company had short-term borrowings of approximately RMB700 million, with a weighted average annual interest rate of 2.52%; and had long-term borrowings of approximately RMB791 million, with a weighted average annual interest rate of 2.56%. The Company's capital commitments and operating commitments as of the end of the reporting period are set out in Note 39 to the financial statements.

As at the end of the reporting period, the Company had no charges on any of its assets and had not provided any guarantees, and had no entrusted deposits. The gearing ratio (calculated by the balance of liabilities divided by the balance of total assets as of the end of the period) of the Company was 29.23%.

(2) Risk of foreign exchange rate fluctuations and related hedges

The Company's exposure to foreign exchange risks was mainly related to USD and HKD. Apart from payments for imported purchases and dividend paid to foreign investors, which are settled in foreign currencies, other major operational businesses of the Company are all settled in RMB. RMB is not freely convertible into other foreign currencies, and its conversion is subject to the exchange rates and regulations of foreign exchange control promulgated by the PRC government. Any foreign currency denominated monetary assets and liabilities are subject to the risks of foreign exchange rate fluctuations.

The Company has not used any financial instruments to hedge its foreign exchange risks. Currently, its foreign currency risks are minimized mainly through monitoring the size of transactions in foreign currencies and foreign currency denominated assets and liabilities.

(3) Taxation

Details of income tax applicable to the Company during the reporting period are set out in Note 34 to the financial statements.

(4) Interest capitalized

During the reporting period, no interest was capitalized in the fixed assets and construction-in-progress of the Company.



(5) Properties and fixed assets

During the reporting period, all properties held by the Company were for the purpose of developments, and their percentage ratios (as defined in Rule 14.04(9) of the Listing Rules of SEHK) did not exceed 5%. Movements in the properties and fixed assets held by the Company during the reporting period are set out in Note 6 to the financial statements.

(6) Undistributed profit

Details of movements in the undistributed profit of the Company during the reporting period are set out in the Statement of Changes in Equity.

(7) Surplus reserve

Details of movements in the surplus reserve of the Company during the reporting period are set out in the Statement of Changes in Equity and Note 23 to the financial statements.

(8) Subsidiaries

Details of the principal subsidiaries of the Company as at the end of the reporting period are set out in Note 10 to the financial statements.

(9) Material investments held, material acquisitions and disposals of subsidiaries and associates, and future plans of material investments or acquisition of capital assets

Except as disclosed in this annual report, during the reporting period, the Company had no material investments, had not carried out any material acquisition and disposal of subsidiaries and associates, and had no definite plan for material investment or acquisition of capital assets.

(10) Contingent liabilities

At the end of the reporting period, the Company had no contingent liability.

(11) Fixed interest rate

As at the end of the reporting period, the Company had short-term borrowings of approximately RMB700 million, with a weighted average annual interest rate of 2.52%; and had long-term borrowings of approximately RMB791 million, with a weighted average annual interest rate of 2.56%, details of which are set out in Note 25 to the financial statements.

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(12) Board of Directors of the Company

As of the date of publication of this annual report, the Directors of the Company are as follows:

Executive Directors: Wei Hao, Hu Lingling, Zhou Shangde

Non-executive Directors: Luo Jinglun, Hu Dan, Zhang Zhe

Independent Non-executive Directors: Tang Xiaofan, Qiu Zilong, Wang Qin

(13) Directors of subsidiaries

At the end of the reporting period, except for Dongguan Changsheng Enterprise Company Limited and Zengcheng Lihua Stock Company Limited, none of the subsidiaries of the Company had set up their board of directors. The members of the boards of directors of the above subsidiaries are as follows:

Name of Company	Name of Board Member
Dongguan Changsheng Enterprise Company Limited	Luo Jiancheng, Chen Longwei, Liu Qiyi, Wan Deqiang, Ren Jiyao, Yin Jinwen, Yuan Jiansheng
Zengcheng Lihua Stock Company Limited	Luo Jiancheng, Chen Longwei, Liu Qiyi, Wen Yixin, Zhang Qingshan

(14) Valuation of property interests or tangible assets

During the reporting period, the Company did not conduct any valuation on its properties or other tangible assets in accordance with Chapter 5 of the Listing Rules of SEHK.

(15) Management contracts

During the reporting period, the Company did not enter into any contract containing the following terms: the counterparty of the contract undertakes to be responsible for the management and administration of the whole or any substantial part of any business of the company pursuant to the contract; and the contract is not a service contract entered into with any director or full-time employee of the company.

(16) Loans to entities

During the reporting period, the Company did not provide any loan to any entity.



(17) Permitted compensation provisions

At the end of the reporting period, the Company did not have any compensation provision for the benefit of the Directors (including former Directors) of the Company, or any of the affiliated companies.

Other parts, chapters or notes to this annual report referred to in this section form part of the report of the directors.

By Order of the Board

Wei Hao

Chairman of the Board

Shenzhen, China
28 March 2024

Chapter 4

Corporate Governance

I. INFORMATION REGARDING CORPORATE GOVERNANCE

Since the listing of the Company in 1996, the Company has been continuously improving its corporate governance structure, perfecting its internal control and management systems, enhancing information disclosures and regulating its operation in accordance with the relevant domestic and overseas Listing Rules and regulatory requirements after taking into account of the actual state of affairs of the Company. Participants in general meetings, the Board and the Supervisory Committee of the Company have clearly defined powers and duties, each assuming and performing its specific responsibilities and making its own decisions in an independent, efficient and transparent manner. Currently, there are no material differences between the Company's corporate governance structure and the regulatory requirements as set by regulatory authorities in the place of listing of the Company's stocks.

During the reporting period, pursuant to the regulatory requirements for the internal control of listed companies set out by domestic and overseas securities regulatory bodies, the Company completed the self-assessment and audit on internal control for the year of 2022, conducted the general elections of the 10th Board of Directors and Supervisory Committee, and re-formulated the "Work System of Independent Directors", further improving the Company's corporate governance and internal controls to promote the sound and sustainable developments of the Company.

During the reporting period, in view of the highly centralized systematic transportation management on the national railway network, it was necessary for GRGC to obtain the Company's financial information and the Company's monthly financial data summaries during the reporting period, in order to exercise its administrative functions as an industry leader granted by laws and administrative regulations. In view of this, the Company duly complied with regulations set out in the Management Rules on Inside Information and Insiders (《内幕信息及知情人管理制度》), enhanced the management of non-public information, reminded its shareholders to promptly fulfill their obligations with respect to confidentiality and the prevention of insider trading.

Improvement of corporate governance is a long-term systematic project, which requires continuous improvement and enhancement. As it always has, the Company will continue to promptly update and improve its internal systems in accordance with the relevant regulations, promptly identify and solve problems, strengthen its management foundation and enhance its awareness of standardized operation and level of governance to promote the regulated, healthy and sustainable development of the Company.



II. SPECIFIC MEASURES TAKEN BY THE CONTROLLING SHAREHOLDER AND ACTUAL CONTROLLER OF THE COMPANY TO ENSURE THE INDEPENDENCE OF THE COMPANY IN TERMS OF ASSETS, PERSONNEL, FINANCE, ORGANIZATION AND BUSINESS, AS WELL AS THE SOLUTIONS, WORK PROGRESS AND FOLLOW-UP WORK PLANS FOR ENSURING THE COMPANY'S INDEPENDENCE

Applicable ✓ Not applicable

Circumstances where the controlling shareholder, actual controller and other units under their control are engaged in the same or similar business as the Company, as well as the impact of horizontal competition or major changes in horizontal competition on the Company, the resolution measures that have been taken, the progress of resolution and the follow-up plan for resolution

Applicable ✓ Not applicable

Chapter 4

Coporate Governance

III. SUMMARY OF GENERAL MEETINGS

(1) General meetings held during the reporting period

Session of meeting	Date	Media in which resolutions were disclosed	Date of disclosure	Resolutions
2022 Annual General Meeting	15 June 2023	Website of SSE (www.sse.com.cn) HKExnews website of SEHK (www.hkexnews.hk)	16 June 2023 15 June 2023	A total of 10 resolutions were considered and passed at the meeting with no objection.

(2) Important event for the attention of shareholders in the coming year

The Company plans to convene the 2023 Annual General Meeting, during which it will conduct votes and make resolutions on issues including the profit distribution plan. With respect to the specific arrangements for the 2023 Annual General Meeting, investors are advised to pay attention to and carefully read the "Notice of 2023 Annual General Meeting" which will be published on the website of the SSE (<http://www.sse.com.cn>), the HKExnews website of the SEHK (<http://www.hkexnews.hk>) and the Company's website (<http://www.gsrc.com>) in due course.



IV. DIRECTORS, SUPERVISORS AND SENIOR MANAGEMENT

(1) Changes in shareholdings and remunerations of Directors, Supervisors and senior management (current and resigned during the reporting period)

Unit: RMB

Name	Position	Gender	Age	Beginning of engagement period	End of engagement period	Total remuneration received from the Company (before tax) during the reporting period (RMB ten thousand)	Whether receiving remuneration from related parties of the Company
Wei Hao	Executive Director, Chairman of the Board	Male	52	6 February 2024	15 June 2026	—	Yes
Hu Lingling	Executive Director General Manager	Male	60	26 May 2016 9 December 2015	15 June 2026 To present	68.2	No
Luo Jinglun	Non-executive Director	Male	52	6 February 2024	15 June 2026	—	Yes
Hu Dan	Non-executive Director	Male	51	17 June 2021	15 June 2026	—	Yes
Zhang Zhe	Non-executive Director	Male	52	23 December 2019	15 June 2026	—	Yes
Zhou Shangde	Executive Director Deputy Secretary of the Party Committee	Male	53	17 June 2021 19 March 2021	15 June 2026 To present	50.7	No
	Employee Representative Supervisor (Resigned)			28 May 2015	17 June 2021		
Tang Xiaofan	Independent Non-executive Director	Male	55	16 June 2020	15 June 2026	11.2	No
Qiu Zilong	Independent Non-executive Director	Male	57	16 June 2020	15 June 2026	11.2	No
Wang Qin	Independent Non-executive Director	Female	53	15 June 2023	15 June 2026	8.3	No
Huang Chaoxin	Shareholder Representative Supervisor, Chairman of the Supervisory Committee	Male	54	15 June 2023	15 June 2026	—	Yes
Chen Shaohong	Shareholder Representative Supervisor	Male	57	26 June 2008	15 June 2026	—	Yes
Li Songqing	Shareholder Representative Supervisor	Male	51	6 February 2024	15 June 2026	—	Yes
Meng Yong	Shareholder Representative Supervisor	Male	56	23 December 2019	15 June 2026	—	Yes
Lin Wensheng	Employee Representative Supervisor	Male	59	16 June 2020	15 June 2026	45.4	No

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Name	Position	Gender	Age	Beginning of engagement period	End of engagement period	Total remuneration received from the Company (before tax) during the reporting period (RMB ten thousand)	Whether receiving remuneration from related parties of the Company
Song Min	Employee Representative Supervisor	Female	53	15 June 2023	15 June 2026	26.2	No
Gong Yuwen	Deputy Secretary of the Party Committee, Secretary of the Discipline Inspection Commission	Male	57	2 April 2018	To present	51.8	No
Tang Xiangdong	Chairman of Labor Union Deputy General Manager, Secretary of the Board Company Secretary	Male	55	23 February 2024 29 October 2019 3 December 2019	To present To present To present	51.8	No
Luo Jiancheng	Deputy General Manager	Male	51	30 December 2016	To present	51.5	No
Luo Xinpeng	Chief Accountant	Male	58	29 October 2019	To present	51.8	No
Huang Wu	Deputy General Manager	Male	53	6 February 2024	To present	—	Yes
Wu Yong (Resigned)	Chairman of the Board Executive Director	Male	60	18 December 2014 16 December 2014	6 February 2024 6 February 2024	—	Yes
Guo Jiming (Resigned)	Non-executive Director	Male	56	23 December 2019	31 October 2023	—	Yes
Frederick Ma Si-Hang (Resigned)	Independent Non-executive Director	Male	72	16 June 2020	15 June 2023	6.9	No
Lei Chunliang (Resigned)	Chairman of the Supervisory Committee	Male	60	17 June 2021	15 June 2023	—	Yes
Xiang Lihua (Resigned)	Shareholder Representative Supervisor	Male	50	13 June 2019	22 December 2023	—	Yes
Huang Songli (Resigned)	Employee Representative Supervisor Deputy General Manager Chairman of Labor Union	Male	48	17 June 2021 27 April 2021 13 April 2021	15 June 2023 15 June 2023 13 October 2023	17.6	No
Total	/	/	/	/	/	452.6	/

Note: During the reporting period, none of the directors, supervisors and senior management held or traded the shares of the Company, nor did they hold any share options of the Company or were granted restricted shares.



Name	Biography
Wei Hao	Mr. Wei, male, born in October 1971, is an Executive Director, Chairman of the Board, and member of the Remuneration Committee and Nomination Committee of the Company. Mr. Wu holds a bachelor's degree and is a senior engineer. Mr. Wei had previously served as the head of the Vehicle Division of the Shanghai Railway Branch, the Deputy Director and the head of the Vehicle Department of the Shanghai Railway Bureau, the head of the Vehicle Department of the Transport Bureau of the Ministry of Railways, the Deputy Secretary of the Transport Bureau of the China Railway Corporation and the Director of the Vehicle Department, the Deputy Secretary of the Party Committee, the Vice Chairman of the Board of Directors and the General Manager of the GRGC, the Director, General Manger and the Deputy Secretary of the Party Committee of the GRGC, and the Director of the Vehicle Department of the CSRG, and he is currently the Secretary of the Party Committee and the Chairman of the Board of Directors of the GRGC.
Hu Lingling	Mr. Hu, male, born in November 1963, is an Executive Director, General Manager, and member of the Remuneration Committee and Nomination Committee of the Company. Mr. Hu holds a bachelor's degree and is an engineer. He had served successively as the deputy chief engineer and the deputy station master of Shaoguan Station (the current Shaoguan East Station) of the Yangcheng company headquarters of GRGC, the deputy chief engineer and the deputy general manager of the Yangcheng company headquarters of GRGC, and the director of the transportation department and the deputy general manager of GRGC. He had also worked in the global business department in the headquarters of the International Union of Railways in Paris, France and served as the deputy general manager of GSHER. He is currently the General Manager of the Company.
Luo Jinglun	Mr. Luo, male, born in August 1971, is a Non-executive Director of the Company. Mr. Luo holds a master's degree and is a senior accountant. Mr. Luo had previously served as the Chief Accountant of Diversified Operation Management Center (Diversified Operation Group Company) of Chengdu Railway Bureau, the Deputy Director of the Finance Department of Chengdu Railway Bureau and Deputy Secretary-General of the Financial Accounting Society of Chengdu Railway Bureau, the Secretary-General of the Financial Accounting Society of Chengdu Railway Bureau, the Deputy Director and the Director of the Finance Department (Revenue Department) of China Railway Chengdu Bureau Group Company Limited and is currently the Chief Accountant of the GRGC.
Hu Dan	Mr. Hu, male, born in June 1972, is currently a Non-executive Director of the Company. Mr. Hu holds a bachelor's degree and is an engineer. Mr. Hu had previously served as the chief of the Integrated Analysis Division of the Safety Supervision Office, the deputy chief of the Safety Supervision Office, the secretary of the Party Committee of the Loudi Railway Depot, the head of the Loudi Railway Depot and the head of the Zhuzhou Railway Station of GRGC. He is currently as the chief of the Transportation Department of GRGC.

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Name	Biography
Zhang Zhe	Mr. Zhang, male, born in October 1971, is a Non-executive Director of the Company. Mr. Zhang holds a bachelor's degree and is a senior engineer. He had previously served as the station master of Tangxi Station and the director of the Subdivision of Freight Transportation Marketing of the Yangcheng company headquarters of GRGC, the deputy director of Safety Supervision Sub-office of Guangzhou Railway Office, the deputy station master of Jiangcun Station of the Company, the head of Zhaoqing Train Section of SR, and the station master of Guangzhou South Station of the Company. He is currently the director of Passenger Transport Department of GRGC.
Zhou Shangde	Mr. Zhou, male, born in December 1970, is currently an Executive Director and deputy secretary of party committee of the Company. Mr. Zhou holds a master's degree and is a political officer. Mr. Zhou had previously served as the deputy head of the Organization and Human Resources Department, the chief of the Party Committee Office and the chairman of the union of the General Service Center of the Company; the deputy head of the Human Resources Department, the deputy office chief and chief of the Reception Office and the secretary of the Party General Branch of the Company Affairs Office of GRGC; and the secretary of the Party Committee and head of the Shenzhen Railway Station, the head and deputy secretary of the Party Committee of the Shenzhen North Railway Station of the Company, and an employee representative supervisor of the Company. He is currently the deputy secretary of the Party Committee of the Company.
Tang Xiaofan	Mr. Tang, male, born in October 1968, is an Independent Non-Executive Director, and the chairman of the Audit Committee and the Remuneration Committee and the member of the Nomination Committee of the Company. Mr. Tang holds a master's degree in economics management from the School of Economics and Trade at Jiangxi Agricultural University and is a senior auditor, a PRC certified public accountant, an accountant certified by the Association of International Accountants and a certified internal auditor. Mr. Tang also obtained the qualification of secretary of the board of companies listed on the SSE and the securities and fund practitioner qualification in the PRC, and is a securities investment advisor. Mr. Tang had previously served as the deputy section chief of Yichun Audit Bureau of Jiangxi, the audit manager of Shenzhen Dahua Tiancheng Accounting Firm, the audit manager of BDO China Shu Lun Pan Certified Public Accountants LLP and Yangcheng (HK) CPA Limited, the vice president and CFO of Guangzhou Greenery Cafe Company Limited, the secretary of the board and CFO of Guangzhou Jiacheng International Logistics Co., Ltd. (a company listed on the SSE), the deputy general manager of Guangdong Xiyu Investment Management Co., Ltd., a director and senior vice president of Jiangxi Geto New Materials Corporation Limited (a company listed on Shenzhen Stock Exchange), and a director and the general manager of Guangzhou Dening Investment Management Co., Ltd. He is currently the deputy general manager of Guangzhou Huizhi Venture Capital Co., Ltd., and the independent non-executive director of Guangdong Qili Aomei High-tech Materials Co., Ltd. (廣東齊力澳美高新材料股份有限公司) and Guangzhou Haote Energy Saving and Environmental Protection Technology Co., Ltd. (廣州豪特節能環保科技股份有限公司).



Name	Biography
Qiu Zilong	Mr. Qiu, male, born in March 1967, is an Independent Non-executive Director, chairman of the Nomination Committee and member of the Audit Committee and Remuneration Committee of the Company. Mr. Qiu holds a bachelor's degree of physics in radio from Hunan Normal University and a master's degree in business administration from Peking University Shenzhen Graduate School and is currently the executive vice president of Shenzhen Changsha Chamber of Commerce. Mr. Qiu had previously served as the assistant engineer, assistant factory director and deputy factory director of Guangdong Panyu Safety Equipment Factory, the deputy general manager of Shenzhen Xingelan Electronic Co., Ltd., the managing director of Shenzhen Guanzhong Xie'an Electronic Technology Co., Ltd. and the managing director of Shenzhen Xingguanzhong Electronic Technology Co., Ltd. He is currently the general manager of Shenzhen Changshang Investment Management Co., Ltd. and a director of Shenzhen Beida Soft Bank Investment Corporation Limited.
Wang Qin	Ms. Wang, female, born in April 1970, a permanent resident of Hong Kong, is an Independent Non-executive Director, and member of the Audit Committee, Remuneration Committee and Nomination Committee of the Company. Ms. Wang graduated from the University of Windsor, Canada with a Bachelor's degree in Business Administration. She has worked for China Travel Service and Hongkong Post. She has previously served as the Vice President of the China (Overseas) Enterprises Reputation Association and is currently the General Manager of Centennial Chishui (Hong Kong) Wine Company Limited, Honorary Director of Hong Kong Famous Brand Technology Limited and Vice President of the Hong Kong Jiangsu Association.
Huang Chaoxin	Mr. Huang, male, born in December 1969, is a Shareholder Representative Supervisor and the Chairman of the Supervisory Committee of the Company. Mr. Huang holds a bachelor's degree and is a political engineer. Mr. Huang has previously served as the secretary of the delegation committee of Guangzhou Vehicle Section of Guangzhou Branch of Guangzhou Railway Bureau, the head of the Road Wind Supervision Office of the Discipline Inspection Committee and Supervision Department of Guangzhou Railway Group, the deputy secretary of the Party Working Committee and the secretary of the Discipline Inspection Committee of Guangdong Sanmao Railway Company Limited, the secretary of the Party Working Committee of Guangzhou Vehicle Section of the Company, the deputy secretary of the Discipline Inspection Committee and the head of the Supervision Department of GRGC, and currently serves as the deputy secretary of the Discipline Inspection Committee and the head of the Inspection Office of the Party Committee of GRGC.

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Name	Biography
Chen Shaohong	Mr. Chen, male, born in January 1967, is a Shareholder Representative Supervisor of the Company. Mr. Chen holds a bachelor's degree and is a certified senior economist. He had served successively in GRGC as the vice-director of the corporate management office and the vice-director and director of the corporate management and legal affairs department of GRGC, the vice-chief economist and the director of the corporate and legal affairs department of GRGC, the chief legal advisor and the chief of the corporate management and legal affairs department of GRGC, and the chief legal advisor and the director of the corporate management and legal affairs department of GRGC. He is currently the chief legal advisor of GRGC.
Li Songqing	Mr. Li, male, born in October 1972, is a Shareholder Representative Supervisor of the Company. Mr. Li holds a bachelor's degree and is a senior political engineer. Mr. Li had previously served as the head of the political work section, the head and deputy director of the research and supervision section of the office of GRGC (Party Committee Office), the head (director) of the publicity department of the Party Committee (Corporate Culture Department) of GRGC, and is currently the manager (head) of the Personnel Department (Organization Department of the Party Committee) of the GRGC.
Meng Yong	Mr. Meng, male, born in September 1967, is a Shareholder Representative Supervisor of the Company. Mr. Meng holds a bachelor's degree and is an accountant. He had previously served as the head of the Finance Planning Division of the Finance Section and the deputy director of the Finance Section, the deputy director of the Finance Department (Revenue Division) of GRGC and the director of the Audit Department of GRGC. He is currently the director of the Finance Department (Income Department) of GRGC.
Lin Wensheng	Mr. Lin, male, born in December 1964, is an Employee Representative Supervisor of the Company. Mr. Lin holds a bachelor's degree and is a senior accountant. Mr. Lin had previously served as the chief accountant of the Industrial and Electrical Business Department of the Company, the deputy chief economist of the Guangzhou Electricity Section, the head of the Planning and Finance Department and the head of the Audit Department of the Company. He is currently the director of the Audit Department of the Company.
Song Min	Ms. Song, female, born in November 1970, is an Employee Representative Supervisor of the Company. Ms. Song holds a bachelor degree and is an accountant. Ms. Song had served as the deputy manager of the operating finance office, department of finance of Qing-hai Tibet Railway Company, deputy office director and finance director of Qinghai Tibet Railway Public Security Bureau, vice officer supervisor of Qinghai-Tibet Railway Company Annuity Council, vice consultant of department of financial management of the State Taxation Bureau of Qinghai Province, senior manager of Petrol China Guangdong Sales Company Shenzhen Branch and the chief of Department of Audit of the Company and other posts. She is currently the director of the secretariat of the Board of the Company.



Name	Biography
Gong Yuwen	Mr. Gong, male, born in September 1966, is the Deputy Secretary of the Party Committee, and the Secretary of the Discipline Inspection Commission of the Company. Mr. Gong holds a bachelor's degree and is an economist. He had served successively as the deputy director and the director of the human resources department (party committee organisation) leading the personnel department of GRGC, the deputy director of the human resources department of GRGC and the deputy director of the organizational department of the party committee. He also served in the Company as the Party Deputy Secretary and the deputy station master of Guangzhou East Station, the Secretary of the Party Committee and the deputy station master. He is currently the Deputy Secretary of the Party Committee, and the Secretary of the Discipline Inspection Commission of the Company.
Tang Xiangdong	Mr. Tang, male, born in September 1968, is the Chairman of Labor Union, Deputy General Manager and the Secretary of the Board of the Company. Mr. Tang graduated with a bachelor's degree and holds an MBA degree, and is a senior accountant. He had served as the Office Supervisor of the Revenue Settlement Center, the Director of the Finance Department, the Chief Accountant, the Deputy General Manager and the Secretary of the Board of the Company. He is currently the Chairman of Labor Union, Deputy General Manager and the Secretary of the Board of the Company.
Luo Jiancheng	Mr. Luo, male, born in January 1973, is the Deputy General Manager of the Company. Mr. Luo graduated with a bachelor's degree and a master's degree in engineering from Tsinghua University and is a senior engineer. He served successively as the chief of the Investigation & Inspection Division of the General Office of GRGC, the station master of Shiweitang Station of SR, the deputy chief of the Transportation Department of GRGC, the assistant of the General Manager of the Company, the general manager of Guangzhou Tiecheng Enterprise Company Limited and the deputy general manager of Guangzhou-Meizhou-Shantou Railway Company Limited. He is currently the Deputy General Manager of the Company.

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Name	Biography
Luo Xinpeng	Mr. Luo, male, born in October 1965, is the Chief Accountant of the Company. Mr. Luo completed a part-time master's degree and is a senior accountant. He had previously served as the vice director of the finance department of the Guangzhou Railway Works of the Ministry of Railways, the director of the finance department, the chief accountant and the director of the finance department of the Guangzhou Railway Rolling Stock Works of China National Railway Locomotive & Rolling Stock Industry Corporation, the chief accountant of GRGC's Guangzhou railway rolling stock works, the chief accountant of Yuehai Railway Company Limited, and the chief accountant of Hainan Railway Company Limited. He is currently the Chief Accountant of the Company.
Huang Wu	Mr. Huang, male, born in October 1970, is the Deputy General Manager of the Company. Mr. Huang holds a bachelor's degree and a master's degree in engineering and is an economist. Mr. Huang has served as an accountant in the finance office of the Guangzhou Railway Section of the Yangcheng company headquarters of the GRGC, an assistant accountant and deputy director of the Talent Exchange and Training Center of the Cadre Department of the GRGC (Party Committee Cadre Department), the director of the Political and Legal Comprehensive Management (Road Protection and Joint Defense) Office, and the director of the Human Defense and Preparedness Department, director of the Security Department and director of the Political and Legal Affairs Office of the GRGC. He is currently the Deputy General Manager of the Company.



(2) Engagements of directors, supervisors and senior management (current and resigned during the reporting period)

1. Engagements in shareholders

Name of personnel	Name of shareholder	Position at shareholder	Beginning of engagement	End of engagement
Wei Hao	GRGC	Secretary of the Party Committee, Chairman of the Board	October 2023	
Luo Jinglun	GRGC	Chief Accountant	August 2023	
Hu Dan	GRGC	Director of the Transportation Department	July 2020	
Zhang Zhe	GRGC	Chief of the Passenger Transport Department	April 2019	
Huang Chaoxin	GRGC	Deputy secretary of the Discipline Inspection Committee and the head of the Inspection Office of the Party Committee	December 2019	
Chen Shaohong	GRGC	Chief Legal Adviser	December 2017	
Li Songqing	GRGC	Director (Chief) of Human Resources Department (Party committee organization)	December 2023	
Meng Yong	GRGC	Chief of the Finance Department (Income Department)	May 2020	
Huang Wu	GRGC	Director (Chief) of Protection Department (People’s Armed Forces Department)	November 2018	January 2024
Wu Yong (Resigned)	GRGC	Chairman of the Board	August 2014	October 2023
Guo Jiming (Resigned)	GRGC	Secretary of the Party Committee Chief Accountant	November 2017 June 2019	October 2023 July 2023
Lei Chunliang (Resigned)	GRGC	Outside Director	February 2023	
	GRGC	Secretary of the Committee for Discipline Inspection	September 2020	February 2023
Xiang Lihua (Resigned)	GRGC	Director (Chief) of Human Resources Department (Party committee organization)	September 2018	August 2023

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2. Engagements in other companies

Name of personnel	Name of company	Position at company
Luo Jinglun	Shichang Railway Company Limited WGPR	Chairman of the Board Vice Chairman of the Board
	Hukun Passenger Railway Line (Hunan) Company Limited Hainan Railway Company Limited, GZIR, PRDIR	Director Chairman of the Supervisory Committee
Hu Dan	Shenzhen Pingnan Railway Company Limited	Vice Chairman of the Board
	Shichang Railway Company Limited PRDIR	Director Supervisor
Zhang Zhe	Beijing Zhongtie Commemorate Ticket Co., Ltd.	Supervisor
Tang Xiaofan	Guangzhou Huizhi Venture Capital Co., Ltd.	Deputy General Manager
	Guangdong Qili Aomei High-tech Materials Co., Ltd., Guangzhou Haote Energy Saving and Environmental Protection Technology Co., Ltd.	Independent Non-executive Director
Qiu Zilong	Shenzhen Changshang Investment Management Co., Ltd. Shenzhen Beida Soft Bank Investment Corporation Limited	General Manager Director
Wang Qin	Centennial Chishui (Hong Kong) Wine Company Limited	General Manager
	Hong Kong Famous Brand Technology Limited The Hong Kong Jiangsu Association	Honorary Director Vice President
Chen Shaohong	GDR, Hainan Railway Company Limited, XSR, MSR	Director
	Shichang Railway Company Limited, Hukun Passenger Railway Line (Hunan) Company Limited	Chairman of the Supervisory Committee
Meng Yong	Hong Kong Qiwen Trade Company Limited WGPR, GDR	Director Chairman of the Supervisory Committee
	Hukun Passenger Railway Line (Hunan) Company Limited, Huai Shao Heng Railway Co., Ltd.	Supervisor
Tang Xiangdong	Shenzhen Guangshen Railway Economic and Trade Enterprise Company Limited	Supervisor
Luo Jiancheng	Dongguan Changsheng Enterprise Company Limited, Zengcheng Lihua Stock Company Limited	Chairman of the Board
	Shenzhen Guangshen Railway Economic and Trade Enterprise Company Limited, Shenzhen Pinghu Qun Yi Railway Store Loading and Unloading Company Limited	Executive Director
	Guangzhou Tiecheng Enterprise Company Limited	Director



Name of personnel	Name of company	Position at company
Luo Xinpeng	Guangzhou Tiecheng Enterprise Company Limited Dongguan Changsheng Enterprise Company Limited, Zengcheng Lihua Stock Company Limited Shenzhen Pinghu Qun Yi Railway Store Loading and Unloading Company Limited	Director Chairman of the Supervisory Committee Supervisor
Lin Wensheng	Zengcheng Lihua Stock Company Limited	Supervisor
Guo Jiming (Resigned)	Yangtze River Coast Railway Group Co., Ltd.	Chief Accountant
Frederick Ma Si-Hang (Resigned)	FWD Group COSCO SHIPPING Holdings Co., Ltd., HH&L Acquisition Co. and Unicorn II Holdings Limited	Chairman Director
Xiang Lihua (Resigned)	China Railway Nanning Group Co., Ltd.	Secretary of the Discipline Inspection Commission
Huang Songli (Resigned)	GZIR	Deputy General Manager

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(3) Remuneration of directors, supervisors and senior management

Decision-making procedure of the remuneration of Directors, Supervisors and senior management	The Remuneration Committee of the Board shall propose the criteria for the recommendation, which shall be submitted to the Company's general meeting for review and approval after being reviewed and approved by the Board.
Whether the directors recuse themselves from discussions on their own remuneration at the Board meeting	No
Details of recommendations issued by the Remuneration and Appraisal Committee or the Specialized Meeting of Independent Directors on matters relating to the remuneration of the Directors, Supervisors and Senior Management	After taking into account the relevant national regulations, the remuneration packages of similar companies, the time commitment of the directors and their duties, etc., we have agreed on the standard remuneration (before tax) plan for the independent directors of the Board and submitted it to the Board for review.
Basis for determination of the remuneration of the Directors, Supervisors and senior management	Determined with reference to the level of remuneration in Shenzhen where the Company is located, the job nature of individual staff, as well as the annual objectives of the Company, the completion status of work targets and the operating results of the Company.
Actual payment of remuneration of Directors, Supervisors and senior management	During the reporting period, none of the following Directors, namely Wu Yong, Guo Jiming, Hu Dan, Zhang Zhe, and the following Supervisors, namely Lei Chunliang, Huang Chaoxin, Chen Shaohong, Xiang Lihua and Meng Yong, received any remuneration from the Company. As far as the Company is aware, as at the date of publication of this report, the Company had no arrangements under which the Directors, Supervisors and senior management had waived or agreed to waive any remuneration. For details of the actual payment of remuneration to the Directors, Supervisors and senior management during the reporting period, please see the section headed "Changes in shareholdings and remunerations of Directors, Supervisors and senior management (current and resigned during the reporting period)" in this chapter.
Total actual amount of remuneration received by all of the Directors, Supervisors and senior management at the end of the reporting period	During the reporting period, the Directors, Supervisors and senior management received a total remuneration of RMB4.526 million.



(4) Changes in directors, supervisors and senior management

Name	Position(s)	Change(s)	Reason(s) for the changes
Wei Hao	Executive director, Chairman of the Board	Elected	Board re-election
Wu Yong	Executive director, Chairman of the Board	Resigned	Reaching the retirement age
Luo Jinglun	Non-executive director	Elected	Board re-election
Guo Jiming	Non-executive director	Resigned	Resignation due to change of employment
Tang Xiaofan	Chairmen of the Audit Committee and Remuneration Committee	Elected	Change of the Board
Wang Qin	Independent non-executive director, and members of the Audit Committee, Remuneration Committee and Nomination Committee	Elected	Change of the Board
Frederick Ma Si-Hang	Independent non-executive director, Chairmen of the Audit Committee and Remuneration Committee, and a member of the Nomination Committee	Resigned	Resignation due to contract expiration
Huang Chaoxin	Shareholder Representative Supervisor, Chairman of the Supervisory Committee	Elected	Change of the Supervisory Committee
Lei Chunliang	Shareholder Representative Supervisor, Chairman of the Supervisory Committee	Resigned	Resignation due to contract expiration
Li Songqing	Shareholder Representative Supervisor	Elected	Re-election of the Supervisory Committee
Xiang Lihua	Shareholder Representative Supervisor	Resigned	Resignation due to change of employment
Song Min	Employee Representative Supervisor	Elected	Change of the Supervisory Committee
Huang Songli	Employee Representative Supervisor	Resigned	Resignation due to contract expiration
	Deputy General Manager	Dismissed	Change of employment
	Chairman of labor union	Resigned	Change of employment
Tang Xiangdong	Chairman of labor union	Elected	Adjustment of division of labor
Huang Wu	Deputy General Manager	Appointed	Change of employment

Save for the above disclosure, there is no other information required to be disclosed under Rule 13.51B(1) of the Listing Rules.

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(5) Explanation of punishment by securities regulatory bodies for the past three years

Applicable ✓ Not applicable

(6) Other information on directors, supervisors and senior management

1. Equity interests of Directors, Supervisors or Chief Executives

As of the end of the reporting period, there was no record of interests or short positions (including the interests and short positions which were taken or deemed to have under the provisions of the SFO) of the Directors, Supervisors or chief executives of the Company in the shares, underlying shares and debentures of the Company or any associated corporation (within the meaning of the SFO) in the register required to be kept under section 352 of the SFO. The Company did not receive any notification of such interests or short positions from any Directors, Supervisors or chief executives of the Company as required to be made to the Company and the SEHK pursuant to the Listing Rules of SEHK.

During the reporting period, none of the Company or its subsidiaries had entered into any arrangement such that the Company's Directors, Supervisors or chief executives or their respective spouses or children under the age of 18 could obtain any right to subscribe for any shares or debentures of the Company or any other legal entities.

Other companies in which the Directors and Supervisors of the Company were directors or employees did not have interests in the shares and underlying shares of the Company that were required to be disclosed to the Company under Sections 2 and 3 of Part XV of the SFO.

2. Service contracts of Directors and Supervisors

Each of the Directors and Supervisors of the Company has entered into a service contract with the Company. The Company and its subsidiaries did not enter into any director's or supervisor's service contract prior to 31 January 2004 and were exempt from complying with the shareholders' approval requirement under the Listing Rules of SEHK. None of the Directors or Supervisors has entered into any service contract with the Company which cannot be terminated by the Company within one year without payment of compensation (other than statutory compensation).

3. Interests of Directors and Supervisors in contracts

None of the Directors or Supervisors of the Company had any direct or indirect interests in any transaction, contract or arrangement of significance subsisting during the year to which the Company or any of its subsidiaries was a party.



V. BOARD MEETINGS HELD DURING THE REPORTING PERIOD

Session of meeting	Date	Resolutions
The sixteenth meeting of the ninth session of the Board	29 March 2023	A total of 13 resolutions were considered and passed at the meeting with no objection.
The seventeenth meeting of the ninth session of the Board	27 April 2023	A total of 1 resolution was considered and passed at the meeting with no objection.
The first meeting of the tenth session of the Board	15 June 2023	A total of 5 resolutions were considered and passed at the meeting with no objection.
The second meeting of the tenth session of the Board	29 August 2023	A total of 1 resolution was considered and passed at the meeting with no objection.
The third meeting of the tenth session of the Board	30 October 2023	A total of 1 resolution was considered and passed at the meeting with no objection.
The fourth meeting of the tenth session of the Board	22 December 2023	A total of 4 resolutions were considered and passed at the meeting with no objection.

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VI. PERFORMANCE OF DUTIES BY DIRECTORS

(1) Attendance at Board meetings and general meetings by Directors

Name of Director	Whether the Director is an Independent Director	Number of Board meetings to be attended this year	Number of meetings attended in person	Attendance at general meetings			Whether two consecutive Board meetings were not attended in person	Attendance at Board meetings
				Number of meetings attended by way of telecommunication	Number of meetings attended by proxy	Number of absences		Number of general meetings attended
Wu Yong	No	6	6	6	0	0	No	0
Hu Lingling	No	6	6	6	0	0	No	1
Guo Jiming	No	5	5	5	0	0	No	1
Hu Dan	No	6	6	6	0	0	No	1
Zhang Zhe	No	6	6	6	0	0	No	1
Zhou Shangde	No	6	6	6	0	0	No	1
Frederick Ma Si-Hang	Yes	2	2	2	0	0	No	0
Tang Xiaofan	Yes	6	6	6	0	0	No	1
Qiu Zilong	Yes	6	6	6	0	0	No	1
Wang Qin	Yes	4	4	4	0	0	No	0

Explanation on the failure to attend two consecutive Board meetings in person

Applicable Not applicable

Number of Board meetings held during the year	6
Including: Number of on-site meetings	0
Number of meetings held by way of telecommunication	6
Number of meetings held on-site combined with telecommunication	0



(2) Directors' objections to The Company-related matters

Applicable ✓ Not applicable

(3) Performance of duties by Independent Directors

1. Attendance at meetings

During the reporting period, the Company held 1 general meeting, 6 Board meetings, 6 Audit Committee meetings, 2 Remuneration Committee meetings and 2 Nomination Committee meetings. All Independent Directors attended all the meetings either in person or by proxy. Please see the relevant part of "Attendance at Board meetings and general meetings by Directors", "Audit Committee", "Remuneration Committee" and "Nomination Committee" of this chapter for details.

2. Recommendations for the Company and approval

During the reporting period, all Independent Directors of the Company faithfully performed their responsibilities and obligations stipulated by laws, regulations, the Articles and the Work Rules of Independent Directors (《獨立董事工作條例》) with an attitude of responsibility towards all of the shareholders of the Company. They showed solicitude for the Company's operation and compliance with laws, actively participated in Board meetings and related meetings, and carefully reviewed each of the resolutions proposed at the meetings. They also raised independent opinions according to relevant rules and facts according to their knowledge of the material affairs of the Company, such as the appointment of auditors, external guarantees, profit distribution and director nomination. During the process of preparation and disclosure of the annual report, the Independent Directors fulfilled the duties required by the securities regulatory authorities and the Annual Report Working Rules of the Audit Committee and Independent Directors (《審核委員會及獨立董事年報工作制度》). They performed their duties in a proactive manner, and communicated with the Company and finance and auditing firms adequately and carefully raised practical suggestions. The Independent Directors exerted their independent functions adequately and ensured the legitimate rights and interests of the shareholders, especially minority shareholders, of the Company.

Firstly, the Independent Directors recommended the Company to cooperate with the external auditor in relation to the auditing of the 2022 Annual Report in accordance with the agreed audit arrangements. The Company promptly provided the accounting information and other relevant information required for the audit to ensure the audit quality of the 2022 Annual Report.

Secondly, they recommended the re-appointment of PricewaterhouseCoopers Zhong Tian LLP as the domestic auditor and PricewaterhouseCoopers as the international auditor of the Company for 2023. The above resolutions for the re-appointment of domestic and international auditors were passed upon consideration at the Board meeting and the general meeting of the Company.

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Thirdly, they recommended to nominate Wu Yong, Hu Lingling, Guo Jiming, Hu Dan, Zhang Zhe, Zhou Shangde, Tang Xiaofan, Qiu Zilong and Wang Qin as the director candidates of the 10th session of the Board and submit them to the Board and the general meeting for review. The Board and the general meeting successively reviewed and passed the resolution for the election of the next session of the Board.

Fourthly, they recommended to nominate Wei Hao and Luo Jinglun as the director candidates of the 10th session of the Board and submit them to the Board and the general meeting for review. The Board and the general meeting successively reviewed and passed the resolution for the by-election of the Board.

3. On-site working and inspection

During the reporting period, the Independent Directors of the Company mainly participated in on-site meetings to gain knowledge of the Company's daily operations. They also communicated with other Directors, senior management and related staff of the Company through telephone and emails as detailed below:

Time	Matter	Venue	Participant
4 April 2023	Attendance at the Company's 2022 Annual Results Presentation	Headquarters of the Company	Qiu Zilong
15 June 2023	Attendance at the Company's 2022 Annual General Meeting	Headquarters of the Company	Tang Xiaofan, Qiu Zilong
31 August 2023	Attendance at the Company's 2023 Semi-annual Results Presentation	Headquarters of the Company	Qiu Zilong



4. Expression of independent opinions

During the reporting period, the Independent Directors of the Company expressed independent opinions as follows:

Time	Meeting	Matter	Type of opinion
28 March 2023	Third meeting of Audit Committee meeting in 2023	Independent opinion on the Company's appointment of auditor for 2023	Recommending the Company to re-appoint PricewaterhouseCoopers Zhong Tian LLP as the domestic auditor and PricewaterhouseCoopers as the international auditor of the Company for 2023, and agreeing to submit the relevant proposal to the Board and the general meeting for consideration.
29 March 2023	Sixteenth meeting of the ninth session of the Board	Special explanation and independent opinion on the Company's external guarantees in 2022 Independent opinion on the Company's profit distribution proposal for 2022	The Company had no external guarantee during the reporting period. This proposal is in compliance with the relevant regulatory rules and the Articles of Association, and in line with the Company's actual situation at present, is conducive to the Company's sustainable and stable development, and does not harm the interests of minority shareholders. Thus, it agreed to submit the proposal to the general meeting for consideration.

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Time	Meeting	Matter	Type of opinion
15 June 2023	2022 Annual General Meeting	Independent opinion on the director candidates	After reviewing the personal information of the nine director candidates, we are of the view that the nine director candidates possess relevant professional knowledge and ability, and their qualifications for appointment meet the relevant regulatory requirements for listed companies. We have not found any situation in which they are prohibited from acting as a director of a listed company as stipulated in the Company Law and other laws and regulations, normative documents as well as the Articles, and there is no such situation in which they have been determined by the CSRC to be banned from entering the securities market and such ban has not yet been lifted. We agree that we shall recommend the director candidates to the general meeting.



VII. SPECIAL COMMITTEES UNDER THE BOARD

(1) Members of the special committees under the Board

Type of special committee	Name of member
Audit Committee	Tang Xiaofan (Chairman), Qiu Zilong, Wang Qin
Nomination Committee	Tang Xiaofan (Chairman), Wei Hao, Hu Lingling, Qiu Zilong, Wang Qin
Remuneration Committee	Qiu Zilong (Chairman), Wei Hao, Hu Lingling, Tang Xiaofan, Wang Qin

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(2) The Audit Committee held 6 meetings during the reporting period

Date	Matters	Key opinions and suggestions	Other performance of duties
7 March 2023	Getting to know the Company's audit work arrangements for 2022, initially reviewing the Company's annual financial statements for 2022, and communicating with the Company's auditors before the audit.	Suggesting the Company to provide information to the auditors in a timely manner according to the audit plan, cooperating for the completion of the audit work, and requiring the auditors to submit the audit report within the agreed time limit.	None.
14 March 2023	Evaluating the auditors' audit work in 2022, and recommending to the Board on the appointment of auditors for 2023. Reviewing the Company's annual financial statements for 2022 for the second time, communicating with the Company's auditors, and issuing the Audit Supervision Letter to the auditors.	Suggesting the Company to re-engage PricewaterhouseCoopers Zhong Tian LLP and PricewaterhouseCoopers as the Company's domestic and foreign auditors in 2023, and requesting auditors to complete the audit work in accordance with the audit plan to ensure that the Company's annual report is disclosed on time.	None.
28 March 2023	Reviewing the Company's annual report for 2022, reviewing the independent directors' work report for 2022 and the audit committee's performance report, and getting to know the Company's internal audit and internal control work report for 2022 and the internal audit plan for 2023.	None.	None.



Date	Matters	Key opinions and suggestions	Other performance of duties
26 April 2023	Reviewing the financial report for the first quarter of 2023, and listening to the presentation of the Company's management on the business operation in the first quarter of 2023.	None.	None.
28 August 2023	Reviewing the 2023 interim report, and listening to the presentation of the Company's management on the business operation in the first half of 2023.	None.	None.
27 October 2023	Reviewing the financial report for the third quarter of 2023.	None.	None.

(3) The Remuneration Committee held 2 meetings during the reporting period

Date	Matters	Key opinions and suggestions	Other performance of duties
13 March 2023	Reviewing the remuneration standard (before tax) plan for independent directors of the Board.	Agreeing to the remuneration standard plan for independent directors, and recommending it to the Board for review.	None.
28 August 2023	Reviewing the assessment results for the Company's operating performance in 2022.	None.	None.

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(4) The Nomination Committee held 2 meetings during the reporting period

Date	Matters	Key opinions and suggestions	Other performance of duties
13 March 2023	Reviewing the “Report on the Demand for the Members of the Tenth Session of the Board” and making recommendations to the Board on the candidates for directorship.	Recommending to nominate Wu Yong, Hu Lingling, Guo Jiming, Hu Dan, Zhang Zhe, Zhou Shangde, Tang Xiaofan, Qiu Zilong and Wang Qin as director candidates for the Company’s tenth session of the Board, and submitting them to the Board for review.	None.
15 December 2023	Making recommendations to the Board on the candidates for directorship.	Recommending to nominate Wei Hao and Luo Jinglun as director candidates for the Company’s tenth session of the Board, and submitting them to the Board for review.	None.

(5) Explanation on the matters with objection

Applicable Not applicable

VIII. RISKS IDENTIFIED BY THE SUPERVISORY COMMITTEE IN THE COMPANY

The Supervisory Committee had no objection to the supervisory matters during the reporting period.



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

(1) Information of employees

Total number of current employees	37,906
Number of disengaged and retired employees for whom the parent company and major subsidiaries shall be liable to expenses	22
Professional constitution	
Passenger, freight transportation and transit operation personnel	17,320
Engineering personnel	4,872
Driving personnel	3,111
Public works personnel	3,221
Electricity personnel	1,815
Electricity and water supplies personnel	2,216
Building construction personnel	1,274
Various operations and other employees of subsidiaries	82
Technical and administrative personnel	3,995
Total	37,906
Education level	
Postgraduate or above	161
University graduate	5,237
College for professional training	16,895
Other (secondary vocational school, high school and vocational technical school, etc.)	15,613
Total	37,906

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(2) Remuneration policy

Salary for the Company's staff mainly comprises basic salary, performance-based salary and benefit plans. The basic salary includes salary in respect of the position, salary in respect of skills and various allowances and subsidies accounted for under salary payable in accordance with regulations. Performance-based salary refers to salary calculated on the basis of economic benefits and social benefits, or piece-rate pay calculated on the basis of workload, or performance-based salary calculated on the basis of job performance. Benefit plans include various social insurance and housing funds paid as required by relevant policies. Please refer to Note 30 to the financial statements for the total wages and benefits paid by the Company to its employees during the reporting period.

The Company implements a salary distribution policy in which labor remuneration is closely linked to economic benefits, labor efficiency and personal performance, and the total amount of employees' remunerations is closely linked to the Company's operating efficiency. The salary distribution of employees is based on the post labor evaluation and the employee performance appraisal. That is, in the salary distribution, the basic labor factors such as labor skills, labor responsibilities, labor intensity and labor conditions of different positions are evaluated as the basis to determine the basic salary standards of employees, and to determine the actual remunerations of employees based on the technical and professional level of employees and the actual labor quantity and quality evaluation, thereby giving full play to the important role of the distribution system in the Company's incentive mechanism, and mobilizing the enthusiasm of the employees.

(3) Retirement plan

The employees of the Company have participated in the basic pension insurance organized and implemented by the local labor and social security authorities, determines the base based on the average monthly income of the employees in the previous year within the upper and lower limits of the basic pension insurance payment bases stipulated by the local authorities, and pays monthly pension insurance premiums to the local basic pension insurance agencies according to the specified proportions. Except for the above-mentioned contributions, the Company will no longer undertake any further payment obligations, and the corresponding expenses shall be included in the current profit or loss when incurred. There are no forfeited contributions for basic pension insurance, as all contributions are fully vested in the employees upon payment.

The employees of the Company also participate in the supplementary pension insurance organized and implemented by GRGC. The Company pays the supplementary pension insurance premiums to the GRGC on a monthly basis based on the payment bases and standards of the supplementary pension insurance stipulated by GRGC. The contributions from entities and the investment income therefrom in the individual account of the employee supplementary pension insurance shall be attributed to the individual employee according to the relevant rules. The part of the contributions of the supplementary pension insurance that is not attributed to the individual employee due to the employee's resignation will not be used to offset the existing contributions, but will be transferred to the public account of the supplementary pension insurance fund, and then assigned to the members of the supplementary pension insurance fund after performing the approval procedures as required.



(4) Training plan

During the reporting period, the Company had a total of 102 occupational education management personnel and a total of 785,442 people participating in various vocational trainings, which mainly include training on job standardization, adaptability, qualification and continuing education. The annual training plan of the Company for the year was 100% completed and the training expenses amounted to approximately RMB54.24 million.

(5) Labor outsourcing

Applicable Not applicable

X. PLANS FOR PROFIT DISTRIBUTION OR COMMON RESERVE CAPITALIZATION

(1) Formulation, implementation and adjustment of cash dividend distribution policy

Pursuant to the related requirements of the "Notice on Further Implementing Issues concerning Cash Dividends Distribution of Listed Companies" (《關於進一步落實上市公司現金分紅有關事項的通知》) by CSRC and SSRB, the Company amended provisions related to profit distribution in the Articles in 2012. The amended Articles clearly stipulate the standards, percentages and related decision-making procedures for cash dividend distribution by the Company, and the detailed conditions, decision-making procedures and mechanisms for adjustments to the profit distribution policy by the Company, which will provide systematic guarantee for the due diligence of the Independent Directors, the full expression of the minority shareholders' requests, and full protection of the legal interests of minority shareholders.

The principal requirements of cash dividends under the profit distribution policy of the Company are: where the conditions for cash dividend distribution are met, the Company, principally, shall distribute dividends in cash once a year, with the annual dividend distribution ratio being not less than 30%. Within three consecutive years, the accumulated profits distributed in cash of the Company shall not be less than 30% of the three-year annual average distributable profits. Unless otherwise stipulated by laws or administrative regulations, the amount of interim dividends distributed shall not exceed 50% of the distributable profits as stated in the interim profits statement of the Company. The Company may distribute interim dividends in the form of cash.

The Company has consistently adhered to a sustained and stable profit distribution policy, emphasized reasonable returns to investors and strived for the sustainable development of the Company. The Company had distributed annual cash dividends for 24 consecutive years from 1996 to 2019, with an aggregate cash dividend amount of approximately RMB12.3 billion. However, during 2020 to 2022, due to the continuous impact of the external environment, the Company has faced great operating pressure, and with comprehensive consideration of the Company's profitability and the capital needs to maintain the Company's normal operation, the Company did not distribute any cash dividend.

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(2) Specific explanation on cash dividend policy

Whether it complies with the provisions of the Articles of Association or the requirements of the resolutions at general meetings	✓Yes	□No
Whether the dividend standards and ratios are definite and clear	✓Yes	□No
Whether the relevant decision-making procedures and mechanisms are sound	✓Yes	□No
Whether the independent directors performed their duties and played their roles	✓Yes	□No
Whether minority shareholders have the opportunity to fully express their opinions and demands, and whether their legitimate rights and interests have been fully protected	✓Yes	□No

(3) If profit was made during the reporting period and the parent company's profit available to shareholders for distribution was positive, but no cash profit distribution plan or proposal has been made, the Company shall disclose the reasons in detail and the purpose and use plan of the undistributed profits

Applicable Not applicable

(4) Profit distribution and transfer of capital reserve to share capital for the reporting period

(Unit: RMB thousand)

Number of bonus shares for every 10 shares (share)	0
Amount of dividend for every 10 shares (tax included)	0.70
Number of shares converted for every 10 shares (share)	0
Amount of cash dividend (tax included)	495,848
Net profit attributable to ordinary shareholders of the Company in the consolidated financial statement during the year of dividend distribution	1,058,289
Ratio of dividend amount to net profit attributable to ordinary shareholders of the Company in the consolidated financial statement (%)	46.85
The amount of cash used for the Share repurchase which was included in cash dividend	0
Total amount of cash dividend (tax included)	495,848
Ratio of total dividend amount to net profit attributable to ordinary shareholders of the Company in the consolidated financial statement (%)	46.85



XI. THE COMPANY'S SHARE INCENTIVE SCHEME, EMPLOYEE STOCK OWNERSHIP PLAN, OR OTHER EMPLOYEES' INCENTIVE MEASURES AND THEIR IMPACT

(1) Relevant incentives have been disclosed in temporary announcements and there has been no progress or change in subsequent implementation

Applicable ✓ Not applicable

(2) Incentives not disclosed in temporary announcements or with follow-up progress

Applicable ✓ Not applicable

(3) Share incentives granted to directors and senior executives during the reporting period

Applicable ✓ Not applicable

(4) Establishment and implementation of the Company's appraisal mechanism and incentive mechanism for senior management during the reporting period

In order to strengthen the incentives to and restrictions on senior management, motivate the senior management to enhance their management capabilities and level, and review and evaluate the work and performance of the individual members of senior management, the Company implements an objective responsibility assessment mechanism for senior management, under which the Board and the senior management of the Company and its subsidiaries signed target assessment responsibility letters at the beginning of every year, and the indicators for such assessment include passenger and freight transportation volume, revenue from transportation, safety, costs, profit and management. After the assessment period, the Company provides incentive awards on an individual basis based on the completion of targets and tasks by individual members of senior management and the assessment results.

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

The Company has been striving to establish an internal control system in compliance with international standards and regulatory requirements. Since 2006, the Company has started to establish and assess the efficacy of internal control related to financial reporting in accordance with relevant requirements. Since 2011, the Company has started to consistently apply the Basic Regulations on Enterprise Internal Control (《企業內部控制基本規範》) and Implementation Guidelines for Enterprise Internal Control (《企業內部控制配套指引》) jointly promulgated by five ministries and commissions of the PRC, and has formed an internal control system that centers on the different departments and units under the group companies, encompassing finance management, information disclosure, budget management, fund management, contract management, project management, procurement and payment, sales and payment collection, costs and expenses, personnel management and preparation of financial reports. The Company has basically built up an internal control system that strings up decision-making, implementation and supervision, an equalizing system that separates different positions, and a management regulation and workflow that adapts to the operation characteristics of the Company to form a relatively comprehensive assessment system for internal control.

During the reporting period, in accordance with national laws and regulations and the requirements of various regulatory agencies, and in light of the Company's own management needs, the Company continued to implement the work division and collaboration among the three lines of defense of "self-inspection of the effectiveness of internal control by business and functional departments, independent evaluation by the internal audit department, and engagement of accounting firms to conduct internal control audits.", while organizing training and testing on risk management and internal control systems for all staff to consolidate their risk management awareness, strengthening the ability of business departments to directly undertake risk management and control, thereby realizing the daily operation mechanism of risk management internal control of "risk management awareness of all staff, everyone participating in the internal control and the responsibility of everyone to enforce compliance", and promoting the overall sound operation of the internal control mechanism.

During the reporting period, the Board of the Company continued to comply with the relevant domestic and overseas requirements, and carried out a self-assessment of the effectiveness of its internal control. For details of the assessment report, please refer to the Report on Internal Control 2023 disclosed on the website of SSE (<http://www.sse.com.cn>), the HKExnews website of SEHK (<http://www.hkexnews.hk>) and the website of the Company (<http://www.gsrc.com>).

Explanation on significant deficiencies in internal control during the reporting period

Applicable Not applicable



XIII. MANAGEMENT AND CONTROL OVER THE SUBSIDIARIES DURING THE REPORTING PERIOD

Applicable Not applicable

XIV. INFORMATION ON THE AUDIT REPORT ON INTERNAL CONTROL

PricewaterhouseCoopers Zhong Tian LLP has assessed the efficacy of the internal control system related to the financial reporting by the Board, and has issued an unqualified audit report. For details of the audit report, please refer to the 2023 Audit Report of Internal Control disclosed on the website of SSE (<http://www.sse.com.cn>), the HKExnews website of SEHK (<http://www.hkexnews.hk>) and the website of the Company (<http://www.gsfc.com>).

Will the Company disclose the audit report on internal control? Yes

Type of opinion on the Audit Report of Internal Control: Standard unqualified opinion

XV. RECTIFICATION OF PROBLEMS IDENTIFIED DURING THE SELFEXAMINATION UNDER THE SPECIAL ACTION ON THE CORPORATE GOVERNANCE OF LISTED COMPANIES

In 2021, in accordance with the requirements of the Notice of the CSRC on Carrying out Special Actions on the Corporate Governance of Listed Companies (Zheng Jian Ban Fa [2020] No. 69) (《中國證監會關於開展上市公司治理專項行動的通知》(證監辦發[2020]69號)), the Company carried out comprehensive self-examination on its corporate governance performance in 2018, 2019 and 2020, and no problems in corporate governance were found in the Company. The relevant self-examination checklist had been filled out on 29 March 2021 through the government service platform of the CSRC (<http://neris.csrc.gov.cn/portal>).

XVI. CORPORATE GOVERNANCE REPORT

As far as the Company and its Directors are aware, during the reporting period, the Company has complied with the relevant code provisions set out in the Corporate Governance Code in Appendix C1 to the Listing Rules of SEHK with no material deviation or breach of the code provisions occurred. Meanwhile, the Company has applied the principles set out in the Corporate Governance Code to corporate governance structure and practices.

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(1) Corporate goal, strategy and governance

1. Corporate strategy, business model and culture

The Company has set up a multi-tier corporate governance structure with the Board as the core. The Board of the Company exercises management and decision-making powers according to the authorisations granted at the general meeting in respect of development strategies, management structure, investment and financing, planning, financial control, human resources and corporate governance, and so forth. The Board is responsible for leading the Company's development, ensuring the availability of necessary resources for the Company to achieve preset development goals and supervising and inspecting the Company's development and operation.

The governance rules of the Company is based on the "Articles of Association", which covered overall policies, principles and standards on corporate governance, compliance and code of conduct, aiming to clearly define the duties, scope of authority and code of conduct of various parties, including the fiduciary and diligence duties of the Directors of the Company.

The Company has discussed and analyzed the performance of the Company in its annual report every year, including the impact of internal and external environment on the operation of the Company and its movement trend, the actual operating results and its influencing factors for the year, the completion of business plan and the plan for next year etc., in order to ensure the achievement of the development goals of the Company.

2. Corporate governance function

The Board is responsible for performing corporate governance responsibilities, including but not limited to:

- (i) establishing and reviewing the Company's policies and practices on corporate governance;
- (ii) reviewing and monitoring the training and continuous professional development of Directors and senior management;
- (iii) reviewing and monitoring the Company's policies and practices on compliance with legal and regulatory requirements;
- (iv) establishing, reviewing and monitoring the code of conduct and compliance manual applicable to employees and Directors;
- (v) reviewing the Company's compliance with the Corporate Governance Code and disclosure in the Corporate Governance Report.



The Board has also established 3 specialised committees, namely Audit Committee, Remuneration Committee and Nomination Committee. The “Articles of Association” of the Company and “Rules of Procedures for the Board of Directors” have clearly defined the powers of the Board in respect of development strategies, management structure, investment and financing, planning, financial control, human resources and corporate governance, and so forth as well as the supervision and inspection of the Company’s development and operation. Each specialised committee has its terms of reference, which explicitly explains and defines its duties and powers, and has been approved by the Board or the general meeting. The committees shall be authorised by the Board to exercise their powers under the terms of reference. The committees shall be accountable to the Board but shall not enjoy exclusive powers. They shall not replace the Board in exercising their decision and management powers unless duly authorised.

(2) Composition and Nomination of the Board

1. Composition, succession and appraisal of the Board

According to the requirements of the “Articles of Association”, the Board of the Company comprises 9 Directors. The Board regularly evaluates its structure, number of members and composition (including their skills, knowledge, experience, etc.) through the Nomination Committee.

As at the date of disclosure of this report end of the reporting period, the Board of the company comprised Wei Hao, Hu Lingling and Zhou Shangde as executive Directors, Luo Jinglun, Hu Dan and Zhang Zhe as non-executive Directors, and Tang Xiaofan, Qiu Zilong and Wang Qin as independent non-executive Directors. The members of the Board have various industry backgrounds and maintain diversity in terms of various aspects including experience, skills and judgment, allowing the Board to analyse and discuss issues from different perspectives and make decisions in a more cautious and careful manner.

The Company has published the latest list of Board members in a timely manner, which stated their roles and functions, including their respective roles in each specialized committee, and indicated whether they are independent Directors. The capacity of each Director (Executive Directors, non-executive Directors or independent Non-executive Directors) is identified in all corporate communications that disclose the names of the Directors.

The Board reviews and concludes the performance of the Board annually in terms of its major tasks, operation and financial information, as well as the actual implementation of corporate governance during the year, and ultimately formulates the Work Report of the Directors to report to shareholders at the general meetings. The independent non-executive Directors report their duties at the general meetings annually. The Work Report of the Directors is reviewed at the annual general meeting of the Company annually so as to evaluate the Board’s performance of duties.

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During the reporting period, the Board of the Company comprises 3 independent non-executive Directors, representing no less than one-third of the number of members of the Board, which complies with the relevant requirements. In accordance with the requirements under Rule 3.13 of the Listing Rules of SEHK, the Company believes that all Independent non-executive Directors have complied with the relevant guidelines as stipulated in such rule and are regarded as independent parties during the reporting period.

2. Appointment, re-election and removal

In accordance with the Articles of Association, Directors are elected or replaced by general meetings. Directors serve for a term of 3 years, and upon expiry of the term, their appointments are subject to re-submission for consideration at a general meeting and they may offer themselves for re-election. Independent Directors are eligible for re-election, subject to a maximum term of 6 years. A cumulative voting system is adopted for the election of the Directors of the Company, and the Independent Directors and Non-independent Directors vote separately. The requirements of the Company on the qualifications and basic qualities of the Directors, the ways of nomination and the proposing procedures are set out in the Articles of Association of the Company. The Nomination Committee is responsible for qualification inspections and quality assessments on the candidates for directorship, as well as making proposals to the Board and providing explanations at the general meetings.

3. Nomination Committee

The Board has established the Nomination Committee, whose members are appointed by the Board and the majority of which are independent Directors. It currently consists of three independent non-executive Directors and two executive Directors. The chairman of the committee is an independent Director. Mr. Tang Xiangdong, secretary to the Board of the Company, serves as the secretary to the Nomination Committee.

The Work Rules of Nomination Committee approved by the general meeting has been published on the websites of the SEHK and the Company. According to the Work Rules of Nomination Committee, the main duties of the Nomination Committee are to discuss and make recommendations on the candidates, selection criteria and procedures for Directors, general managers and other senior management of the company. The Nomination Committee has obtained sufficient resources from the Company to perform its duties. During the reporting period, there was no circumstance where the Nomination Committee asked to seek professional independent advice for the purpose of performing duties.

During the report period, the Nomination Committee held a total of 2 meetings, where all members attended all meetings in person to make recommendations to the Board on the candidates for directorship.

For the composition of the Nomination Committee during the date of disclosure of this report and the annual performance of duties of the Nomination Committee during the reporting period, please refer to the "Special Committees under the Board" in this chapter.



4. Diversity

(1) Board diversity policy

The Company has established the Board diversity policy. According to the policy, when the Board selects, evaluates and nominates Director candidates, it must consider, under the principle of meritocracy, a series of diversified factors, including but not limited to gender, cultural and educational background, region, industry and professional experience, knowledge reserve and service seniority, and take full consideration of the actual situation and development needs of the Company and follow the diversity principle when forming the Board.

The Board authorizes the Nomination Committee to monitor the implementation of the policy and to review the policy, expand and review the measurable objectives when appropriate. As at the date of disclosure of this report, the diversity analysis of the nine members of the Board based on measurable objectives is set out as follows:

Gender	Male: 8 Female: 1
Age	51-55: 7 56-60: 2
Position	Executive Directors: 3 Non-executive Directors: 3 Independent non-executive Directors: 3
Region	Mainland China: 8 Hong Kong: 1
Cultural and educational background	Masters: 4 Undergraduates: 5
Industry and professional experience	Accounting and finance: 2 Corporate management: 2 With experience related to the Company's business: 5

After review, during the reporting period, the Company's Board has demonstrated the principle of diversity relatively well in terms of professional experience and background, service term, age, cultural background and independence of the members, and met the Company's goal for Board diversity.

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(2) Gender diversity of staff

The Company has been committed to the gender diversity of all staff (including senior management), and strives to achieve gender diversity and gender equality among the staff. As at the end of the reporting period, the total number of staff (including senior management) in the Company was 37,906, of which 75.21% (28,509) were male and 24.79% (9,397) were female. With consideration of the Company's industry characteristics, after review, the Company had achieved gender diversity of the staff during the reporting period.

(3) Responsibilities of Directors, delegation of powers and procedures of the Board

1. Responsibilities of Directors

The Rules of Procedure of the Board Meetings, the work rules of each specialised committee and the Work Rules of Independent Directors prepared by the Company have clearly stated the responsibilities of the Directors to ensure their complete understanding on their roles and responsibilities.

Please refer to "Performance of Duties by Directors" in this chapter for the details of the attendance of Directors and the annual overview of the performance of duties of the independent Directors during the reporting period.

During the reporting period, the Company's Directors attended Board meetings and specialised committee meetings in a prudent, responsible, proactive and serious manner. After gaining an understanding of the Company's operation and operating development, they capitalised on their respective professional experience and expertise and provided independent judgments, knowledge and experience towards the matters discussed, thereby enabling the Board to carry out effective discussions and make prompt yet prudent decisions. They produced proactive and encouraging effect in ensuring the Board to work in the best interest of the Company as its objective.

Upon the acceptance of the appointment and after the appointment, each Director and Supervisor of the Company has to provide the information about their services in other companies in time. The relevant information has been disclosed in the announcements and the shareholder documents relating to the nomination and election of the Directors/Supervisors, and is available in the "Directors, Supervisors, Senior Management" in this chapter.

In accordance with Appendix C3 to the Listing Rules of SEHK titled "Model Code for Securities Transactions by Directors of Listed Issuers" and the relevant requirements of domestic securities regulatory authorities, the Board formulated the "Securities Transaction Code" of the Company as a written guideline for securities transactions of the Company by the Directors, the Supervisors and relevant staff members. After making specific inquiry to all of the Directors, Supervisors and senior management, the Company confirms that all of them have complied with the standards on securities transactions as stipulated in the aforementioned code during the reporting period.



The Company places high importance on the continuing training of the Directors. Upon joining the Board, each Director receives materials on training of directors which contains guidance on conduct and other important matters related to governance. Apart from this, the Company provides the latest Directors' responsibilities handbook to all Directors to inform them of the latest requirements and amendments of the Listing Rules, and encourages all Directors to participate in related training courses and documents the training record of the Directors. During the reporting period, Wang Qin, the newly appointed independent director of the Company, attended the "2nd Pre-appointment Training of the Main Board Independent Directors in 2023" organized by the SSE. Tang Xiaofan, Qiu Zilong and Wang Qin, the independent directors of the Company, attended the "6th Follow-up Training of the Listed Company Independent Directors in 2023" organized by the SSE. Tang Xiangdong, the Board secretary of the Company, attended the "4th Follow-up Training of the Listed Company Board Secretaries in 2023" organized by the SSE.

2. Chairman and Chief Executive Officer

The Company does not establish the position of chief executive officer, and the duties of chief executive officer are in charge by the general manager of the Company. The Company clearly defines the duties between the Chairman and the general manager, so that the functions of the Board and management are separated to ensure the balance of power and authority. During the date of disclosure of this report, the Chairman of the Company is Mr. Wei Hao, and the general manager of the Company is Mr. Hu Lingling. There is no affiliation or interest relationship between the Chairman and the President, including financial, business, family or any other related relationships. The Chairman is responsible for taking charge and coordinating the operation of the Board, providing leadership in the Board to set the Company's overall development strategies and directions and to achieve the Company's goals, ensuring effective operation of the Board and assuring good corporate governance practices and procedures for the Company. The general manager, with the support and assistance of the Board and other senior management of the Company, is responsible for coordinating and managing the Company's business and operation, implementing the strategies laid down by the Board and making day-to-day operating decisions.

The Board has established information reporting and delivery mechanism to ensure that the Directors can obtain various information and messages required for their performance of duties on a timely basis. Please refer to "Procedures of Board meetings and provision of and access to data" in this chapter for details.

The Board encourages the Directors to maintain a prudent and doubtful attitude as expected, to create an open-minded discussion atmosphere to encourage any dissenting Directors to fully express their point of views, and to motivate the Directors, especially Non-executive Directors to have effective contributions to the Board.

The Company has set up a well-established governance structure and formulated multi-tier governance rules. Please refer to "Corporate Governance" in this chapter for details.

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3. Management function

The functions of the Board and senior management of the Company are separated (details are set out in the Articles of Association, the Rules of Procedure of the Board Meetings and the Work Rules of General Manager) to protect the relative independence of the decision-making of the Board and operating and management activities of the Company.

The Board is responsible for leading the Company's development, determining the strategic goals of the Company and ensuring the availability of necessary financial and other resources for the Company to achieve pre-set strategic goals. The Articles of Association of and the Rules of Procedure of the Board Meetings have clearly defined the powers of the Board in respect of development strategies, management structure, investment and financing, planning, financial control, human resources and corporate governance, and so forth as well as the supervision and inspection of the Company's development and operation.

Without material prejudice to or impairment of the overall capability to perform duties and authorities of the Board, the Board has granted Executive Directors and the management certain authorities, so as to enhance the overall quality and efficiency of decision-making of the Company. Specific information and management procedures relating to the authorisation have been clearly set out in the Articles of Association and the Rules of Procedure of the Board Meetings.

4. Committees under the Board

Three specialised committees have been set up under the Board, namely the Audit Committee, Remuneration Committee and Nomination Committee, and each committee has its terms of reference, which explicitly explain and define their duties and powers, and they have been approved by the Board or general meeting. These committees are responsible for reviewing and monitoring specific matters of the Company, such as the financial reports, accounting policies, and the nomination, assessment and remuneration of the management, and making corresponding recommendations to the Board. Each specialised committee has appointed a designated member of the management to be the secretary of the committee and clearly defined the meeting and reporting procedures with reference to the rules of procedures for the Board. The meeting minutes of the committees contain the details of the matters discussed in the meetings and are maintained properly according to the file management system of the Company upon the confirmation of all members.

Please refer to the "Special Committees under the Board" in this chapter for the composition of the special committees of the Company's Board as at the date of disclosure of this report and the annual performance of duties of each specialised committee during the reporting period.



5. Procedures of Board meetings and provision of and access to data

The Board holds one regular meeting each quarter and convenes extraordinary meetings when necessary. Every regular Board meeting is convened with the active participation of a majority of Directors who are entitled to attend the meeting either in person or through electronic means of communication. Before a regular meeting is held, the Company sends out the date of the meeting and a list of matters to be submitted for consideration to all Directors to ensure that they have the opportunity to propose matters for discussion and include them in the meeting agenda. Formal notice of all regular meetings is sent to all Directors 14 days before the meeting and notice of extraordinary meetings is given within a reasonable time in advance. If substantial shareholders or Directors have material conflicts of interest in the matters discussed, the Company will hold a Board meeting for deliberation, and resolutions cannot be reached in the form of written resolutions. When deliberating related matters, Directors who are connected or have interests shall abstain from voting.

The meeting minutes of the Board and Board committees contain the details of the matters discussed in the meeting, which include the factors taken into consideration, the questions proposed or the objection and the decision made by each Director. The draft of the meeting minutes should be delivered to all Directors for review within reasonable time after each meeting. The final version should be maintained properly according to the file management system of the Company and the copy of which should be delivered to all Directors for filing. The meeting minutes are also available for Directors' access at any time through the secretary of the Board.

According to the consideration and decision making needs, the Company may engage the professional institutions including the accountants firms, lawyers and assessment institutions based on the actual situation to issue written report for Directors' review. In addition, in accordance with the Rules of Procedure of the Board Meeting and the relevant requirements, the Directors and the specialised committees may engage professional institutions or professionals through established procedures to obtain professional advice, and the fees so incurred shall be borne by the Company. To ensure the independence of the professional institutions, the specific selection and employment work is conducted by the independent Directors or Audit Committee for the engagement of independent financial advisor for the connected transactions. The selection and employment shall be determined by a majority of votes of the members and the members with connected relationship or conflict of interest shall avoid from voting and shall not constitute a quorum.

The management of the Company has provided the Board, the specialised committees of the Board and the Supervisory Committee with the materials and information necessary for the consideration of each resolution within a reasonable period. After the Directors or Supervisors have raised reasonable inquiries, the management shall make appropriate response or provide further information as soon as possible. Under normal circumstances, the relevant documents containing the matters to be proposed for consideration and discussion on the Board shall be delivered to all Directors and Supervisors at least 3 days before the meetings. In addition, each Director and Supervisor is provided with channels to independently contact and communicate with the Company's senior management and secretaries of the specialised committees when necessary.

Chapter 4

Coporate Governance

6. Company Secretary

The Secretary to the Board of the Company, who is appointed by the Board and reports to the Chairman of the Board for daily routines, is a senior management member of the Company. The Secretary to the Board is responsible for the communication and coordination among the Company, Directors and the shareholders, giving advice to the Board and the management on corporate governance, information disclosure and investor relationship management and the arrangement of specific matters. During the reporting period, the Secretary to the Board of the Company is Mr. Tang Xiangdong. During the reporting period, Mr. Tang Xiangdong had completed a total of not less than 15 hours of related training sessions so as to keep his professional knowledge and skills up-to-date and better support the operation of the Board.

During their respective terms of office, all Directors of the Company are able to obtain from the Secretary to the Board the relevant information and updates on the statutory, regulatory and other continuing obligations of directors of listed companies on a timely manner, and directly contact the Secretary to the Board individually and independently when necessary to obtain more detailed information and opinions.

(4) Audit, internal control and risk management

1. Financial reporting

In the regular financial reporting over the years, the Board made efforts to comply with the requirements of the relevant laws and the Listing Rules and prepared documents and disclosed information under the principle of more and stricter as possible so as to fit the regulatory requirements of both Shanghai and Hong Kong markets. Apart from an in-depth analysis on the operational and financial positions and the major factors affecting the business performance, the Company also provided the information in relation to the risks that faced in operating activities, responsive measures, development strategies and plans, etc. in annual reports to enhance investors' understanding on the Company's business, management and development trends. The Company has also prepared and published reports on quarterly results within 1 month upon the conclusion of the first quarter and the third quarter each year in compliance with the requirements of the CSRC and the SSE. The Board shall be able to assess the Company's performance and make decisions on the basis of fully understanding the required information.

The Directors of the Company acknowledge their responsibility for preparing the accounts and supervising the preparation of the accounts for each financial period, so that the accounts can accurately and fairly reflect the business position, results and cash flow of the Company during the period. In the course of preparing the accounts for the year ended at the end of the reporting period, the Directors adopted and consistently applied appropriate accounting policies, made scrupulous judgments and estimates, and prepared the accounts on a going concern basis.

The responsibility statements of the Directors and the auditors in respect of the preparation of the financial statements of the Company are set out in the "Audit Report" in Chapter 10 "Financial Statements" in this annual report.



2. Risk management and internal controls

A sound and operable internal control system is the foundation of good corporate governance. The Board is responsible for the establishment and maintenance of the Company's internal control system to review the effectiveness of all important control measures for finance, operation, compliance and risk management, and safeguard the rights and interests of shareholders and the Company's assets. In accordance with the requirements of laws and regulations such as the Company Law, Securities Law, the Basic Regulations on Enterprise Internal Control (《企業內部控制基本規範》) and its related guidelines, and the Guidelines for Internal Control of Listed Companies (《上市公司內部控制指引》), the Board established and enhanced risk control measures of each part of the operation and management of the Company based on a risk-oriented approach, i.e. the internal control management system of risk management. Such system aims at managing instead of eliminating the risk of failure to achieve business objectives, and the Board shall only give reasonable but not absolute assurance against material misstatements or loss.

The Board is responsible for continuous supervision of the Company's risk management and internal control system, and reviews the efficiency of the internal control systems of the Company and its subsidiaries at least once a year. During the reporting period, the Board reviewed the soundness and effectiveness of the Company's internal control system and issued a self-evaluation report on internal control. The content of the review included but was not limited to the relevant code provisions set out in the Corporate Governance Code, Appendix C1 to the Listing Rules of the SEHK. In addition, the Company also engaged auditors to audit the effectiveness of internal control related to the Company's financial reports, and provide independent and objective evaluations and suggestions in the form of audit reports. For the construction of the Company's internal control and risk management system, the responsibility statement of the Board, self-evaluation, major defects (if any) and audit status, please refer to the relevant content of internal control in this chapter and the 2023 Evaluation Report on Internal Control and the Audit Report on Internal Control disclosed by the Company.

The Audit Department was established by the Company to operate an independent internal audit system. Under the leadership of the Board and the supervision of the Audit Committee, the Audit Department of the Company is responsible for supervision, examination, evaluation and implementation of internal controls for risk management by the Company and its controlling subsidiaries, coordination of internal control and audit, and conducting independent audits on the adequacy and effectiveness of the Company's operating and managing activities and internal control system. Audit plans for each year shall be discussed and determined by the Audit Committee, and key auditing results shall be discussed with the Audit Committee each time. The Audit Department must principally report to the General Manager and may report to the Chairman of the Audit Committee directly. All internal audit reports shall be submitted to the Chairman of the Board, General Manager, Chief Financial Officer, audited departments and related management of such departments. The Board and the Audit Committee of the Company will actively monitor the quantity and significance of inspection results submitted by internal audit department, and remedial actions adopted by relative departments.

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The Company established an internal control system of material information, process and internal control measures for addressing and disseminating price identification-sensitive information. The Company has established systems relating to information disclosure, registration and management of insiders and prevention of misuse and dissemination of sensitive information. The Company has established comprehensive procedures and internal control measures ranging from reporting, identification, auditing and disclosures to the final announcement of inside information, for the purpose of inside information processing and dissemination. The Secretary of the Board assists the Board in managing information in relation to inside information. Meanwhile, the Company carries out information disclosure in a true, accurate, complete, and timely manner pursuant to the laws and regulations and requirements under the Listing Rules, the Articles of Association, and Administrative Measures for the Disclosure of Information (《信息披露管理辦法》) of the Company, so as to ensure equal opportunities of all investors to promptly access relevant Company information.

The Company has established the Anti-fraudulent Work Regulation (《反欺詐舞弊工作條例》) and specified the key areas of anti-fraudulent work and the matters including the division of roles, fraud prevention and control, procedures for accusing, investigating, handling and reporting on fraud cases. The Company has set up independent hotlines and email boxes for reporting any suspected cases which are posted on the internal and external websites of the Company as channels for staff at all levels and stakeholders of the Company to reflect and report the violation of the ethical issues or suspected fraud cases in connection to the Company or its staff.

During the reporting period, the Board confirmed that the Company has developed sufficient and adequate identification, management and reporting systems and procedures for the material risks it is subject to in achieving its strategic objectives. The Board continued to monitor risks and receive support from various professional committee and senior management.

3. Audit Committee

The Board has established the Audit Committee, whose members are appointed by the Board, currently consisting of three independent non-executive Directors. All members of the Audit Committee have appropriate academic and professional qualifications or relevant financial management skills. Mr. Tang Xiangdong, secretary to the Company's Board, is the secretary to the Audit Committee.



The Working Rules of the Audit Committee (《審核委員會工作條例》) approved by the Board of Directors has been published on the websites of the SEHK and the Company. According to the requirements of the Working Rules of the Audit Committee of the Company, the principal duties of the Audit Committee include but are not limited to reviewing the financial performance of the Company and its subsidiaries and confirming the nature and scope of audit, as well as supervising the establishment of the internal control and compliance of the Company with the relevant laws and regulations. The Audit Committee shall also discuss matters raised by the internal auditors and external auditors of the Company and regulatory authorities to ensure that all appropriate recommendations are implemented. The Audit Committee has been provided with adequate resources to perform its duties. The Board has no disagreement in relation to the Audit Committee's advice on the selection, appointment, resignation or removal of auditors of the Company. During the reporting period, there was no circumstance where the Audit Committee asked to seek professional independent advice for the purpose of performing duties.

During the reporting period, the Audit Committee held 6 meetings, where all members attended in person, to examine, review and supervise the Company's internal control performance related to financial reporting, review the Company's financial statements and auditing results of the auditors, and recommend the appointment of external auditors to the Board.

For the composition of the Audit Committee during the date of disclosure of this report and the annual performance of duties of the Audit Committee during the reporting period, please refer to the "Special Committees under the Board" in this chapter.

4. Auditor's remuneration and auditor-related matters

During the reporting period, the Company appointed PricewaterhouseCoopers Zhong Tian LLP as its domestic auditor and PricewaterhouseCoopers as its international auditor. As of the end of the reporting period, the Company's domestic auditor has served a term of 16 consecutive years and its international auditor has served a term of 22 consecutive years. The rotation of people in charge of auditing affairs and endorsing certified public accountant is in compliance with the Requirements on the Regular Rotation of the Endorsing Accountants for Securities and Futures Auditing Services (《關於證券期貨審計業務簽字註冊會計師定期輪換的規定》) of the CSRC and the Ministry of Finance of the PRC.

During the reporting period, the Company paid a remuneration of RMB3.25 million (including an internal control audit fee of RMB0.30 million) to PricewaterhouseCoopers Zhong Tian LLP and RMB2.00 million to PricewaterhouseCoopers for their annual auditing services. There were no non-audit business expenses.

Chapter 4

Coporate Governance

(5) The Remuneration Committee and Remuneration

The Board has established the Remuneration Committee, whose members are appointed by the Board and the majority of which are independent Directors, currently consisting of three independent non-executive Directors and two executive Directors, with an independent Director serving as the chairman. Mr. Tang Xiangdong, secretary to the Company's Board, is the secretary to the Remuneration Committee.

The Working Rules of the Remuneration Committee (《薪酬委員會工作條例》) approved by the Board of Directors has been published on the websites of the SEHK and the Company. According to the requirements of the Working Rules of the Remuneration Committee of the Company, the principal duties of the Remuneration Committee include reviewing and making recommendations to the Board in respect of the remuneration packages for the Directors and the Supervisors of the Company, as well as approving the terms and conditions of the Executive Directors' service contracts. The remuneration policy of the Company seeks to provide, in accordance with the Company's business development strategies, reasonable remuneration to attract and retain high caliber executives. The Remuneration Committee shall obtain benchmark information from internal and external sources in relation to the market standard for remuneration and packages offered in the industry, and consider the overall performance of the Company when determining the Directors' and the Supervisors' emoluments and recommending the Directors' and the Supervisors' emoluments to the Board. The Remuneration Committee is provided with adequate resources from the Company to perform its duties. During the reporting period, there was no circumstance where the Remuneration Committee asked to seek professional independent advice for the purpose of performing duties.

During the reporting period, the Remuneration Committee held 2 meetings, where all members attended in person, to review the remuneration standard (before tax) plan for the independent directors of the Board and examine the assessment results of the Company's operating performance for 2022.

For the composition of the Remuneration Committee during the date of disclosure of this report and the annual performance of duties of the Remuneration Committee during the reporting period, please refer to the "Special Committees under the Board" in this chapter.

The Company discloses the remunerations of Directors, supervisors and senior management by name. For details, please refer to the "Directors, Supervisors and Senior Management" in this chapter.

(6) Shareholder engagement

1. Effective communication

The Secretary to the Board of the Company is in charge of the Company's information disclosure and investor relations. The Company has formulated Working Rules of Secretary to the Board (《董事會秘書工作條例》), Administrative Measures for the Disclosure of Information (《信息披露管理辦法》) and the Management System for Investor Relations (《投資者關係管理制度》). The Company has strictly fulfilled its disclosure obligations and commenced management of investor relations in accordance with the relevant requirements.



The Company advocates a corporate culture that respects investors and holds itself accountable to investors. The Company has established a smooth communication channel with investors and has enhanced mutual trust and interaction by disclosing sufficient information to investors, initiating various investor relations activities, and maintaining respect for investors' right to knowledge and freedom of choice, and rewarding its shareholders.

(1) Information disclosure

Credible information disclosure can effectively build a bridge of communication and understanding between investors, regulatory authorities, the public and the Company. This can facilitate a broader and more thorough understanding of the Company's values. For years, according to the basic principles of openness, impartiality and fairness, the Company has been striving to comply with the requirements of the relevant laws and the Listing Rules, and fulfilling its information disclosure obligations in a timely and accurate manner. The Company takes the initiative to understand investors' concerns and voluntarily discloses information in response to these concerns so as to increase its transparency.

During the reporting period, the Company promptly completed the preparation and disclosure of its annual, interim and quarterly reports and released various announcements and other shareholders' documents and information, disclosing in detail of the following information of the Company: operations of the Board, the Supervisory Committee and general meetings, operating conditions, investments, dividends and distribution, corporate governance, and so forth. Moreover, the Company consistently provided in-depth and comprehensive analyses on its operating and financial positions as well as the major factors affecting its business performance in its annual reports and interim reports with a view to strengthening investors' understanding on the operation, management, and development trends of the Company.

(2) Shareholder communication policy

On the basis of competent disclosure of information, the Company maintains effective two-way communication with investors through various channels and conveys information that investors are concerned with, so as to boost their confidence in the Company's future development. Meanwhile, the Company extensively collects feedback from the market to elevate the standards of the Company's governance and operations management.

- A. Making the investor hotline, investor relations e-mail box, and the Investors' Message section on the Company's website publicly known, and promptly responding to investors' enquiries.
- B. Holding performance briefings on a regular basis to actively conduct positive interactions with investors, and earnestly responding to investors' general concerns and the questions raised on site.
- C. Allowing investors and the public to check information such as the Company's basic information, rules for corporate governance, information disclosure documents, and profiles of Directors, Supervisors and the senior management at any time on the Company's website.

Chapter 4

Coporate Governance

- D. Promptly handling and replying to investors' messages through the "e-interaction" platform developed by SSE for listed companies and investors.

The Board of the Company has reviewed the implementation of the Company's shareholder communication policy during the reporting period. Considering the aforesaid communication channels with investors, the steps taken and the activities held by the Company, the Company believes that the shareholder communication policy of the Company has been effectively implemented during the reporting period.

(3) Shareholders' returns

Since its listing, the Company has always insisted on rendering returns to shareholders. Save for 2020 to 2022 when no cash dividend was declared due to the continuous impact of the external environment, the Company has distributed annual cash dividends for 24 consecutive years from 1996 to 2019, with an aggregate cash dividend amount of approximately RMB12.3 billion. For details of the Company's cash dividend policy, please refer to the "Profit Distribution or Common Reserve Capitalization" in this chapter.

(4) Changes in the Articles of Association

During the reporting period, there was no change in the Articles of Association of the Company.

2. General meetings

The Company encourages all shareholders to attend the general meetings. During the reporting period, a total of 1 general meeting was held by the Company. For details, please refer to the "Summary of General Meetings" in this chapter.

The Company serves a notice of at least 45 days prior to the date of the general meeting, and provides the shareholders with any information necessary for them to attend and make decision at the meeting. Each separate matter in substance submitted to the general meeting for consideration is put forth respectively as a separate resolution. In accordance with the requirements of the Articles, two or more shareholders holding, in aggregate, 10% or more of the shares of the Company carrying the right to vote at the meeting sought shall have the right, by delivery of one or more written requests signed in counterparts through mail or electronic mail to the Board or the company secretary, to require an extraordinary general meeting or a class meeting to be called by the Board for the business specified in such request. The Board shall proceed as soon as possible to convene an extraordinary general meeting or a class meeting after receiving such request. Shareholders individually or collectively holding 3% or more of the shares of the Company carrying the right to vote at the meeting sought shall have the right, by delivery of one or more written requests signed in counterparts through mail or electronic mail to the Board or the company secretary, to require the proposal set forth in the written request to be considered at the meeting sought.



Shareholders shall attend general meetings to raise questions or opinions in relation to the results, operation, strategies and/or management of the Company. The Chairman of the Board or authorized representatives, appropriate management and administrative personnel and the external auditors of the Company shall attend general meetings to answer questions from the shareholders. Each general meeting shall make reasonable arrangements for a questioning session for the shareholders. At any other time other than at the general meeting, the shareholders may make their inquiries and express their opinions to the Board by calling the investor hotline of the Company or in writing (including facsimile, letter, e-mail, online message, etc.). The Company has published detailed methods of contact through its website, notices of the general meeting, circulars to the shareholders and annual reports for the shareholders to express their opinions or make any inquiries.

The Company provides detailed explanations on the documents for convening a general meeting on such matters as the way of filling in voting forms, rights of the shareholders, voting procedures and method of vote counting to ensure that the shareholders are familiar with the voting procedures by way of poll. A shareholder who is unable to attend the general meeting in person may appoint his or her proxy (the proxy needs not to be a shareholder of the Company) to attend and vote at the general meeting.

Chapter 5

Environmental and Social Responsibilities

I. EXPLANATION OF ENVIRONMENTAL PROTECTION EFFORTS

Whether relevant mechanism has been established for environmental protection	Yes
Fund invested in environmental protection during the reporting period (unit: RMB ten thousand)	2,313.10

(1) Explanation of environmental protection efforts taken by companies and their substantial subsidiaries which are the key discharging units announced by the environmental protection department

The Company's locomotive maintenance depot in Guangzhou is a key waste discharging unit for water environment and the key unit under supervision for environment risks of Guangzhou for the year of 2023 as announced by the Bureau of Environmental Protection of Guangzhou Municipality. The locomotive maintenance depot in Guangzhou will strictly follow the requirements of relevant laws and regulations, fully implement the ecological environment protection measures and requirements, earnestly fulfill the main responsibility of ecological environment protection, and publicly disclose environmental information in accordance with the law and consciously accept social supervision.

1. Information on discharge

For details of the information on discharge, construction and operation of pollution prevention and control facilities, environmental protection administrative license, contingency plan for environmental emergencies and environmental self-monitoring program of the locomotive maintenance depot in Guangzhou in 2023, please refer to the "2023 Environmental Information Disclosure Report" publicly disclosed by the locomotive maintenance depot in Guangzhou through the "Special Column for the Corporate Disclosure of Environmental Information" of the Guangdong Provincial Department of Ecology and Environment at the following website: <https://www-app.gdeei.cn/gdeepub/front/dal/report/list>.

2. Administrative penalties due to environmental issues during the reporting period

In 2023, the locomotive maintenance depot in Guangzhou was administratively fined RMB72,000 by the Bureau of Environmental Protection of Guangzhou Municipality because its automatic wastewater monitoring could not work stably.

(2) Explanation on the environmental protection efforts by the companies other than the key discharging units

Applicable Not applicable

(3) Relevant information conducive to protecting ecology, preventing pollution, and fulfilling environmental responsibilities

Applicable Not applicable



(4) Measures taken to reduce carbon emissions during the reporting period and their effects

Whether carbon reduction measures are taken	Yes
Emission reduction in carbon dioxide equivalent (unit: ten thousand tonne)	4.20
Types of carbon reduction measures (such as using clean energy to generate electricity, using carbon reduction technologies in the production process, developing and producing new products that help reduce carbon emissions, etc.)	Prioritize the use of electric locomotives during transportation, and minimize the use of diesel locomotives; replace more environmentally friendly facilities and equipment on trains and production sites, exert great efforts on the treatment of dirt, sewage, waste gas and noise; continue the greening and planting of trees along railway lines to increase carbon absorption through natural ecosystems; promote paperless office and paperless communication, advocate the use of double-sided printing paper to reduce paper consumption; continue saving electricity, strengthen the use of natural light in production and living places, install energy-saving lighting equipment, and advocate turning off lights at will to avoid unnecessary use of lights and effectively reduce electricity consumption; and advocate green travel, etc.

II. INFORMATION ON THE WORK TO FULFILL SOCIAL RESPONSIBILITIES

(1) Whether to separately disclose social responsibility report, sustainable development report or ESG report

During the reporting period, the Company had no major environmental protection or other major social security issues. For the performance of the Company’s social responsibilities in transportation safety, environmental protection, social welfare and other aspects during the reporting period, please refer to the Social Responsibility Report 2023 disclosed by the Company on the website of SSE (<http://www.sse.com.cn>) and the HKExnews website of SEHK (<http://www.hkexnews.hk>) and the website of the Company (<http://www.gsrc.com>).

(2) Social responsibility work

Applicable Not applicable

Chapter 5

Environmental and Social Responsibilities

III. PARTICULAR EFFORTS IN CONSOLIDATING AND EXPANDING THE ACHIEVEMENTS OF POVERTY ALLEVIATION AND RURAL REVITALIZATION

Applicable ✓ Not applicable

Chapter 6

Matters of Importance

I. FULFILLMENT OF COMMITMENTS

(1) Commitments made by related parties, including de facto controllers of the Company, shareholders, related parties, purchasers and the Company during or continued into the reporting period

Background	Type	Party	Contents of the commitment	Date of commitment	Execution time limit	Term of commitment	Strict compliance in time
Commitment related to initial public offering	Resolve industry competition	GRGC	GRGC and any of its subsidiaries will not engage, directly or indirectly, by any means, in any business activities that may compete with the railway transportation and related businesses of the Company within the service territory of the Company. After the acquisition of the transportation operational assets and businesses of Guangzhou-Pingshi section, GRGC and any of its subsidiaries will not compete with the Company either.	—	No	—	Yes
	Resolve connected transactions	GRGC	GRGC will reduce the number of connected transactions as much as practicable in its operation relations with the Company. For necessary connected transactions, GRGC will perform these connected transactions on the basis of openness, justice and fairness without abusing its position as the largest shareholder of the Company and behaving in a manner that is detrimental to the interests of the Company.	—	No	—	Yes
Other commitments	Other	GRGC	GRGC leased the occupied land in the Guangzhou-Pingshi section to the Company after acquiring such land by means of authorized operation. The leasing agreement entered into by the Company and GRGC became officially effective on 1 January 2007, pursuant to which the land use right for the Guangzhou-Pingshi Railway line was leased to the Company by GRGC for a term of 20 years. It has been agreed by the two parties that the annual land rent should not exceed RMB74 million.	December 2006	Yes	20 years	Yes
	Other	GRGC	GRGC has issued a letter of commitment to the Company in October 2007, in relation to the enhancement of the management of undisclosed information.	October 2007	No	—	Yes

Chapter 6

Matters of Importance

(2) The Company's explanation of whether the original profit forecast has been met with respect to the assets or projects and the related reasons for such in the event that any profit forecast exists for the Company's assets or projects and the reporting period is still within the profit forecast period

Achieved Not achieved Not applicable

(3) Fulfillment of performance commitment and its impact on goodwill impairment test

Applicable Not applicable

II. NON-REGULAR APPROPRIATION OF FUND BY CONTROLLING SHAREHOLDER AND OTHER RELATED PARTIES DURING THE REPORTING PERIOD

Applicable Not applicable

III. ILLEGAL GUARANTEE

Applicable Not applicable

IV. EXPLANATION OF ACCOUNTANT'S "NON-STANDARD AUDIT REPORT" BY THE BOARD OF THE COMPANY

Applicable Not applicable

V. THE COMPANY'S ANALYSIS AND EXPLANATION OF THE REASONS FOR AND IMPACT OF CHANGES IN ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES OR RECTIFICATION OF SIGNIFICANT ACCOUNTING ERRORS

Applicable Not applicable



VI. ENGAGEMENT AND DISMISSAL OF ACCOUNTING FIRM

(Unit: RMB ten thousand)

		Currently engaged
Name of domestic auditor	PricewaterhouseCoopers Zhong Tian LLP	
Remuneration of domestic auditor		295
Term of engagement of domestic auditor (years)		16
Names of certified public accountants in domestic auditor	Qiu Xiaoying, Guo Wen	
Number of culminative years for providing audit services by the certified public accountants in domestic auditor		1
Name of international auditor	PricewaterhouseCoopers	
Remuneration of international auditor		200
Term of engagement of international auditor (years)		22

	Name	Remuneration
Auditor for internal control	PricewaterhouseCoopers Zhong Tian LLP	30
Financial advisor	Deloitte Touche Tohmatsu	96

VII. RISK OF DELISTING

Applicable Not applicable

VIII. BANKRUPTCY AND RESTRUCTURING

Applicable Not applicable

Chapter 6

Matters of Importance

IX. MATERIAL LITIGATION AND ARBITRATION

- The Company had material litigation and arbitration during this year
- The Company did not have any material litigation and arbitration during this year

X. PENALTIES IMPOSED ON THE LISTED COMPANY AND ITS DIRECTORS, SUPERVISORS, SENIOR MANAGEMENT, CONTROLLING SHAREHOLDER, AND DE FACTO CONTROLLER, AND THE RECTIFICATION THEREOF

- Applicable Not applicable

XI. EXPLANATION OF THE INTEGRITY OF THE COMPANY AND ITS CONTROLLING SHAREHOLDER AND DE FACTO CONTROLLER DURING THE REPORTING PERIOD

- Applicable Not applicable

XII. MATERIAL RELATED PARTY TRANSACTIONS

(1) Related party transactions related to daily operations

To facilitate the operations of the Company, the Company has entered into a comprehensive service framework agreement with CSRG (including GRGC and its subsidiaries) on 28 September 2022 for a term of three years from 2023 to 2025, which had been approved by independent shareholders at the extraordinary general meeting of the Company on 6 December 2022. As the largest shareholder holding 37.12% shares of the Company, GRGC is the Company's controlling shareholder according to the Listing Rules, and CSRG is the de facto controller of the Company, and is, therefore, a connected party of the Company.

The related party transactions related to daily operations entered into by the Company during the reporting period are set out in Note 40(e) to the financial statements. The Company confirms that these transactions constitute connected transactions (including continuing connected transactions) described under Chapter 14A of the Listing Rules of SEHK, have complied with the rules and requirements of Chapter 14A of the Listing Rules of SEHK, and have been implemented in accordance with the comprehensive service framework agreement entered into between the Company and CSRG and strictly complied with the pricing principles of the relevant transactions.



1. Transactions conducted with associates, GRGC and its subsidiaries

(Unit: RMB thousand)

Parties	Relationship	Type of transaction	Description of transaction	Basis of pricing for the transaction	Amount of transaction
GRGC and its subsidiaries	Controlling shareholder and its subsidiaries	Provision of services	Train services	By consultation according to full cost pricing, or settled according to the prices determined by CSRG	3,775,837
Associate	Associate of the Company	Provision of services	Train services	By consultation according to full cost pricing, or settled according to the prices determined by CSRG	2,870
GRGC and its subsidiaries	Controlling shareholder and its subsidiaries	Provision of services	Railway network settlement services through CSRG	Settled according to the prices determined by CSRG	1,345,046
Subsidiaries of GRGC	Subsidiaries of the controlling shareholder	Provision of services	Railway operation services	Based on agreement according to cost plus pricing	809,474
GRGC and its subsidiaries	Controlling shareholder and its subsidiaries	Sales of goods	Sales of materials and supplies	By consultation according to full cost pricing	119,883
Associate	Associate of the Company	Sales of goods	Sales of materials and supplies	By consultation according to full cost pricing	5,436
GRGC and its subsidiaries	Controlling shareholder and its subsidiaries	Others	Other services	—	29,502
GRGC and its subsidiaries	Controlling shareholder and its subsidiaries	Receipt of services	Train services	By consultation according to full cost pricing, or settled according to the prices determined by CSRG	721,819
Associate	Associate of the Company	Receipt of services	Train services	By consultation according to full cost pricing, or settled according to the prices determined by CSRG	3,688
GRGC and its subsidiaries	Controlling shareholder and its subsidiaries	Receipt of services	Railway network settlement services through CSRG	Settled according to the prices determined by CSRG	3,910,428
GRGC and its subsidiaries	Controlling shareholder and its subsidiaries	Receipt of services	Repair and maintenance services	By consultation according to full cost pricing	509,436

Chapter 6

Matters of Importance

Parties	Relationship	Type of transaction	Description of transaction	Basis of pricing for the transaction	Amount of transaction
Associate	Associate of the Company	Receipt of services	Repair and maintenance services	By consultation according to full cost pricing	4,231
GRGC and its subsidiaries	Controlling shareholder and its subsidiaries	Purchase of goods	Purchase of materials and supplies	By consultation according to full cost pricing	895,263
GRGC and its subsidiaries	Controlling shareholder and its subsidiaries	Receipt of services	Construction work services	Based on fixed budget amount approved for national railway works	143,995
Associate	Associate of the Company	Receipt of services	Construction work services	Based on fixed budget amount approved for national railway works	117,409



2. Transactions conducted with CSRG and other railway enterprises

(Unit: RMB thousand)

Parties	Relationship	Type of transaction	Description of transaction	Basis of pricing for the transaction	Amount of transaction
CSRG and other railway enterprises	De facto controller and its subsidiaries	Provision of services	Train services	By consultation according to full cost pricing, or settled according to the prices determined by CSRG	51,838
CSRG and other railway enterprises	De facto controller and its subsidiaries	Provision of services	Railway network settlement services through CSRG	Settled according to the prices determined by CSRG	2,594,242
CSRG and other railway enterprises	De facto controller and its subsidiaries	Provision of services	Railway operation services	Based on agreement according to cost plus pricing	2,556,324
CSRG and other railway enterprises	De facto controller and its subsidiaries	Provision of services	Truck maintenance and other services	Settled according to the prices determined by CSRG	823,325
CSRG and other railway enterprises	De facto controller and its subsidiaries	Provision of services	Other services	—	1,317
CSRG and other railway enterprises	De facto controller and its subsidiaries	Receipt of services	Train services	By consultation according to full cost pricing, or settled according to the prices determined by CSRG	22,285
CSRG and other railway enterprises	De facto controller and its subsidiaries	Receipt of services	Railway network settlement services through CSRG	Settled according to the prices determined by CSRG	1,802,763
CSRG and other railway enterprises	De facto controller and its subsidiaries	Receipt of services	Repair and maintenance services	By consultation according to full cost pricing	20,601
CSRG and other railway enterprises	De facto controller and its subsidiaries	Purchase of goods	Purchase of materials and supplies	By consultation according to full cost pricing	36,151
CSRG and other railway enterprises	De facto controller and its subsidiaries	Receipt of services	Construction work services	Based on fixed budget amount approved for national railway	17,640

Chapter 6

Matters of Importance

3. Confirmation of continuing connected transactions by Independent Non-executive Directors

The Company instituted its internal control procedures to ensure that continuing connected transactions were conducted in compliance with the relevant connected transaction requirements pursuant to the Listing Rules of SEHK. The internal auditors of the Company also reviewed these transactions and ensured the adequacy and effectiveness of the internal control procedures, and provided its findings to the Independent Non-executive Directors. After making appropriate enquiries with the management, the Independent Non-executive Directors of the Company confirmed that the continuing connected transactions entered into by the Company during the reporting period were entered into in the ordinary and usual course of its business and conducted on normal commercial terms, in accordance with the relevant agreements governing them on terms that are fair and reasonable and in the interests of the Company and its shareholders as a whole, and did not exceed the caps disclosed in the previous announcements.

4. Confirmation of continuing connected transactions by the auditors

The auditors of the Company have carried out procedures on the connected transactions for the year ended at the end of the reporting period in accordance with the Hong Kong Standard on Assurance Engagements 3000 "Assurance Engagement Other Than Audits or Reviews of Historical Financial Information" and with reference to Practice Note 740 "Auditor's Letter on Continuing Connected Transactions under the Hong Kong Listing Rules" issued by the Hong Kong Institute of Certified Public Accountants, and reported that, with respect to the above connected transactions:

- (i) nothing has come to the attention of the Company's auditors that would cause them to believe that the disclosed continuing connected transactions have not been approved by the Board of the Company;
- (ii) for transactions involving the provision of goods or services by the Company, nothing has come to the attention of the Company's auditors that would cause them to believe that such transactions were not, in all material respects, in accordance with the pricing policies of the Company;
- (iii) nothing has come to the attention of the Company's auditors that would cause them to believe that such transactions were not entered into, in all material respects, in accordance with the terms of the agreements governing such transactions;
- (iv) with respect to the aggregate amount of each of the continuing connected transactions, nothing has come to the attention of the Company's auditors that would cause them to believe that the aggregate amounts of such continuing connected transactions have exceeded the maximum aggregate annual caps as disclosed in the previous announcements issued by the Company.

**(2) Related party transactions related to acquisitions or disposals of assets or equity**

Applicable ✓ Not applicable

(3) Material related party transactions in relation to joint external investments

Applicable ✓ Not applicable

(4) Related claims and debts

Unit: RMB ten thousand

Related parties	Relationship	Fund provided to related parties		
		Opening balance	Amount incurred	Closing balance
Zengcheng Lihua Stock Company Limited	Controlling subsidiary	1,231	—	1,231
Total		1,231	—	1,231
Impact of related claims and debts on the Company		No material impact on the operating results and financial condition of the Company.		

Note: Due to the deterioration of the operating conditions of Zengcheng Lihua Stock Company Limited, the Company expects that all the balances maintained with Zengcheng have become uncollectible, so full provision for bad debts has been made against it in previous years.

(5) Financial business between the Company and any related financial company, any financial company controlled by the Company and any related party

Applicable ✓ Not applicable

Chapter 6

Matters of Importance

(6) Other material related party transactions

Applicable ✓ Not applicable

(7) Contracts entered into with the controlling shareholder and its subsidiaries

During the reporting period, except as disclosed in this annual report, there was no other material contract between the Company or any of its subsidiaries and the controlling shareholder or its subsidiaries.

XIII. MATERIAL CONTRACTS AND THE IMPLEMENTATION THEREOF

(1) Trust, contracted businesses and leasing affairs

Applicable ✓ Not applicable

(2) Guarantees

Applicable ✓ Not applicable

(3) Entrusted cash asset management carried out by other person(s)

Applicable ✓ Not applicable

(4) Pledges

During the reporting period, the controlling shareholder and the de facto controller of the Company had not pledged the interests in all or part of the shares of the Company held as support for the Company's indebtedness, guarantees or other liabilities.



(5) Loan agreements and their performance

During the reporting period, the Company and its subsidiaries did not enter into any loan agreements or violate any terms of any loan agreements which had a significant impact on its operation.

(6) Other material contracts

Applicable ✓ Not applicable

XIV. PROGRESS OF THE USE OF PROCEEDS

Applicable ✓ Not applicable

XV. EXPLANATION OF OTHER MAJOR EVENTS OF SIGNIFICANT IMPORTANCE TO INVESTORS' VALUE JUDGMENTS AND INVESTMENT DECISIONS

Applicable ✓ Not applicable

Chapter 7

Changes in Shares and Particulars of Shareholders

I. PARTICULARS OF CHANGES TO ORDINARY SHARE CAPITAL

(1) Changes in ordinary shares

During the reporting period, there was no change in the Company's total number of ordinary shares or to the structure of its share capital.

(2) Changes in shares with selling restrictions

Applicable Not applicable

II. PARTICULARS OF SECURITIES ISSUED AND LISTINGS

Applicable Not applicable

III. PARTICULARS OF SHAREHOLDERS AND DE FACTO CONTROLLER

(1) Total number of shareholders

Total number of ordinary shareholders as of the end of the reporting period	170,804
Total number of ordinary shareholders as of the end of the previous month before the date of disclosure of the annual report	169,649



(2) Shareholdings of the top ten shareholders and top ten holders of tradable shares (or holders of shares without selling restrictions) as of the end of the reporting period

Unit: shares

Name of shareholder (in full)	Increase/ decrease during the reporting period	Number of shares held at the end of the period	Particulars of the shareholding of the top ten shareholders (excluding shares loaned through refinancing)				Nature of shareholder
			Percentage (%)	Number of shares held with selling restrictions	Shares in pledge or frozen		
					Status	Number	
China Railway Guangzhou Group Co., Ltd.	0	2,629,451,300	37.12	0	Nil	0	State-owned legal person
HKSCC NOMINEES LIMITED (Note)	93,327,340	1,598,848,096	22.57	0	Nil	0	Foreign legal person
Lin Naigang	0	124,000,000	1.75	0	Nil	0	Domestic natural person
Agricultural Bank of China Limited — Dacheng Rui Xian Mixed Securities Investment Fund	73,049,601	80,164,501	1.13	0	Nil	0	Other
Taiping Assets — ICBC — Taiping Star No. 19 Investment Products	—	48,985,000	0.69	0	Nil	0	Other
China Everbright Bank Corporation — Dacheng Strategic Return Mixed Securities Investment Fund	32,584,044	42,768,147	0.60	0	Nil	0	Other
Industrial and Commercial Bank of China Limited — Dacheng Competitive Advantage Mixed Securities Investment Fund	39,590,100	40,794,600	0.58	0	Nil	0	Other
Industrial Securities Asset Management — China Resources Trust Xingzheng Pengxi No. 1 Family Trust — Industrial Securities Asset Management Pengxi No. 1 Single Asset Management Scheme	—	29,263,000	0.41	0	Nil	0	Other
National Social Insurance Fund 117 Mix	—	22,999,920	0.32	0	Nil	0	Other
Zhao Kai	3,009,200	21,060,000	0.30	0	Nil	0	Domestic natural person

Chapter 7

Changes in Shares and Particulars of Shareholders

Name of shareholder	Top ten holders of shares without selling restrictions		
	Number of shares held without selling restrictions	Class and number of shares	Number
China Railway Guangzhou Group Co., Ltd.	2,629,451,300	RMB ordinary shares	2,629,451,300
HKSCC NOMINEES LIMITED (Note)	1,598,848,096	RMB ordinary shares Overseas listed foreign shares	181,404,797 1,417,443,299
Lin Naigang	124,000,000	RMB ordinary shares	124,000,000
Agricultural Bank of China Limited — Dacheng Rui Xian Mixed Securities Investment Fund	80,164,501	RMB ordinary shares	80,164,501
Taiping Assets — ICBC — Taiping Star No. 19 Investment Products	48,985,000	RMB ordinary shares	48,985,000
China Everbright Bank Corporation — Dacheng Strategic Return Mixed Securities Investment Fund	42,768,147	RMB ordinary shares	42,768,147
Industrial and Commercial Bank of China Limited — Dacheng Competitive Advantage Mixed Securities Investment Fund	40,794,600	RMB ordinary shares	40,794,600
Industrial Securities Asset Management — China Resources Trust Xingzheng Pengxi No. 1 Family Trust — Industrial Securities Asset Management Pengxi No. 1 Single Asset Management Scheme	29,263,000	RMB ordinary shares	29,263,000
National Social Insurance Fund 117 Mix	22,999,920	RMB ordinary shares	22,999,920
Zhao Kai	21,060,000	RMB ordinary shares	21,060,000
Explanation of designated repurchase account among the top ten shareholders	Nil.		
Explanation on the above-mentioned shareholders' voting rights by and on behalf of others, and abstention from voting rights	Nil.		
Statement regarding the connected relationship or acting in concert arrangements of the above shareholders	Among the top 10 shareholders mentioned above, except for "Agricultural Bank of China Limited — Dacheng Rui Xian Mixed Securities Investment Fund, China Everbright Bank Corporation — Dacheng Strategic Return Mixed Securities Investment Fund, and Industrial and Commercial Bank of China Limited — Dacheng Competitive Advantage Mixed Securities Investment Fund", all of which belong to the funds under the management of Dacheng Fund Management Company Limited, the Company is not aware of any of the other shareholders being connected or acting in concert as defined in the "Administrative Measures on Acquisitions of Listed Companies (《上市公司收購管理辦法》)".		

Note:

- (1) HKSCC NOMINEES LIMITED represents 香港中央結算(代理人)有限公司, holding 181,404,797 A Shares and 1,417,443,299 H Shares of the Company. These shares were held on behalf of various clients respectively.
- (2) At the end of prior year, the ordinary accounts and credit account holdings of "Taiping Assets — ICBC — Taiping Star No. 19 Investment Products", "Industrial Securities Asset Management — China Resources Trust Xingzheng Pengxi No. 1 Family Trust — Industrial Securities Asset Management Pengxi No. 1 Single Asset Management Scheme" and "National Social Insurance Fund 117 Mix" were not among the top 200 of the Company.



Particulars on the top ten shareholders participating in the refinancing and securities lending business

Applicable Not applicable

Changes of the top ten shareholders from the end of the previous period

Unit: shares

Name of shareholder (in full)	Add/Exit during the reporting period	The outstanding shares of refinancing and securities lending business and not yet repaid at the end of reporting period		The shares held by the shareholders through ordinary account and credit account as well as the outstanding shares of refinancing and securities lending business at the end of reporting period	
		Aggerated number of shares	Percentage (%)	Aggerated number of shares	Percentage (%)
Agricultural Bank of China Limited — Dacheng Rui Xian Mixed Securities Investment Fund	Add	—	—	80,164,501	1.13
Taiping Assets — ICBC — Taiping Star No. 19 Investment Products	Add	—	—	48,985,000	0.69
China Everbright Bank Corporation — Dacheng Strategic Return Mixed Securities Investment Fund	Add	—	—	42,768,147	0.60
Industrial and Commercial Bank of China Limited — Dacheng Competitive Advantage Mixed Securities Investment Fund	Add	—	—	40,794,600	0.58
Industrial Securities Asset Management — China Resources Trust Xingzheng Pengxi No. 1 Family Trust — Industrial Securities Asset Management Pengxi No. 1 Single Asset Management Scheme	Add	—	—	29,263,000	0.41
National Social Insurance Fund 117 Mix	Add	—	—	22,999,920	0.32
Zhao Kai	Add	—	—	21,060,000	0.30
Li Wei	Exit	—	—	18,230,400	0.26
Agricultural Bank of China Co., Ltd. — China Securities 500 Trading Open-end Index Securities Investment Fund	Exit	—	—	—	—

Chapter 7

Changes in Shares and Particulars of Shareholders

Name of shareholder (in full)	Changes of the top ten shareholders from the end of the previous period				
	Add/Exit during the reporting period	The outstanding shares of refinancing and securities lending business and not yet repaid at the end of reporting period		The shares held by the shareholders through ordinary account and credit account as well as the outstanding shares of refinancing and securities lending business at the end of reporting period	
		Aggerated number of shares	Percentage (%)	Aggerated number of shares	Percentage (%)
Li Shengxi	Exit	—	—	—	—
Southern Fund — Agricultural Bank of China — Southern CSI Financial Asset Management Plan	Exit	—	—	6,697,600	0.09
Zhang Yanxia	Exit	—	—	—	—
Dacheng Fund — Agricultural Bank of China — Dacheng CSI Financial Assets Management Scheme	Exit	—	—	—	—
CITIC Securities Co., Ltd.	Exit	—	—	8,859,599	0.13

Note: During the current year, the ordinary accounts and credit account holding of Agricultural Bank of China Co., Ltd. — China Securities 500 Trading Open-end Index Securities Investment Fund, Li Shengxi, Zhang Yanxia and Dacheng Fund — Agricultural Bank of China — Dacheng CSI Financial Assets Management Scheme were not among the top 200 of the Company.

The shareholdings and selling restrictions of top ten shareholders with selling restrictions

Applicable Not applicable



(3) So far as the Directors, Supervisors and senior management of the Company are aware, as of the end of the reporting period, the following persons, other than Directors, Supervisors and senior management of the Company, held interests or short positions in the shares and underlying shares of the Company as recorded in the register required to be kept under Section 336 of Part XV of the SFO, as follows:

Unit: shares

Name of shareholder	Class of shares	Number of shares held	Capacity	Percentage of share capital of the same class (%)	Percentage of total share capital (%)
China Railway Guangzhou Group Co., Ltd.	A Shares	2,629,451,300 (L)	Beneficial owner	46.52(L)	37.12(L)
Kopernik Global Investors LLC	H Shares	122,259,054 (L)	Investment manager	8.54(L)	1.73(L)

Note: The letter 'L' denotes a long position.

(4) Strategic investors or ordinary legal person becoming top 10 shareholders by way of placing of new shares

Applicable Not applicable

Chapter 7

Changes in Shares and Particulars of Shareholders

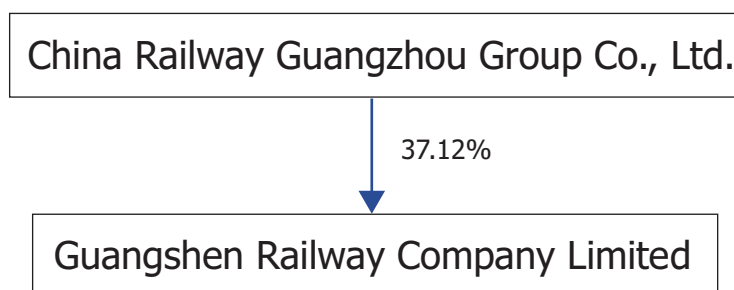
IV. INFORMATION OF THE CONTROLLING SHAREHOLDER AND DE FACTO CONTROLLER

(1) Information on the controlling shareholder

1. Legal person

Name	China Railway Guangzhou Group Co., Ltd.
Person in charge or legal representative	Wei Hao
Date of incorporation	5 December 1992
Principal operations	Organization and management of railway passenger and freight transportation, technologies and other industrial development etc.
Equity interests in other domestic and overseas listed controlling and invested companies during the reporting period	Nil

2. Chart on the property rights and controlling relationship between the Company and the controlling shareholder



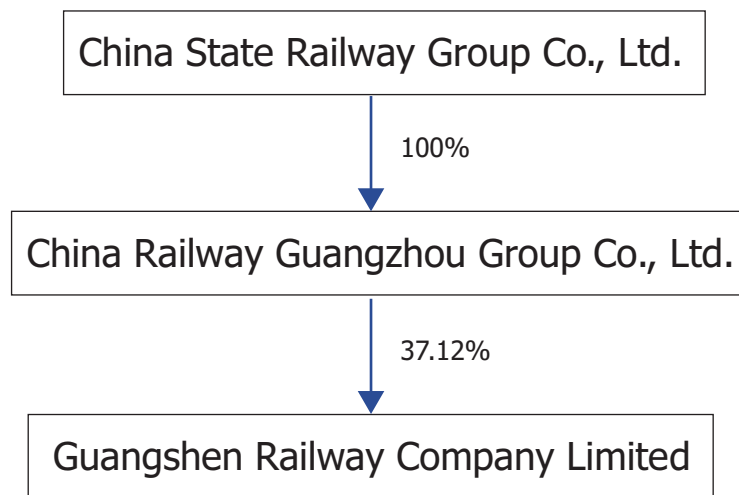


(2) Information on the de facto controller

1. Legal person

Name	China State Railway Group Co., Ltd.
Person in charge or legal representative	Liu Zhenfang
Date of incorporation	14 March 2013
Principal operations	Diversified operations with railway transportation services of passengers and freights as its main business.
Equity interests in other domestic and overseas listed controlling and invested companies during the reporting period	China Railway Tielong Container Logistics Co. Ltd. (600125), Daqin Railway Co. Ltd. (601006), Beijing-Shanghai High Speed Railway Co., Ltd. (601816), Beijing Tiede Shougang Railway-Tech Co., Ltd. (688569), Gemac Engineering Machinery Co., Ltd. (301048), China Railway Special Cargo Logistics Co., Ltd. (001213) and Harbin National Railway Technology Group Co., Ltd. (688459).

2. Chart on the property rights and controlling relationship between the Company and the de facto controller



3. Companies controlled by the de facto controller through trust or other asset management methods

Applicable Not applicable

(3) Other information on controlling shareholder and de facto controller

Applicable Not applicable

Chapter 7

Changes in Shares and Particulars of Shareholders

V. CIRCUMSTANCES WHERE THE ACCUMULATIVE NUMBER OF PLEDGED SHARES OF THE COMPANY'S CONTROLLING SHAREHOLDER OR LARGEST SHAREHOLDER AND THE PERSONS ACTING IN CONCERT WITH IT ACCOUNTS FOR MORE THAN 80% OF THE SHARES HELD BY THEM IN THE COMPANY

Applicable Not applicable

VI. OTHER CORPORATE SHAREHOLDERS WITH A SHAREHOLDING OF 10% OR ABOVE

Applicable Not applicable

VII. EXPLANATION OF REDUCED SHAREHOLDING

Applicable Not applicable

VIII. PARTICULARS OF SHARE REPURCHASE DURING THE REPORTING PERIOD

Applicable Not applicable

IX. PUBLIC FLOAT

As of the end of the reporting period, the public float of the Company was 4,454,085,700 shares, representing 62.88% of the total share capital of the Company. Calculated at HK\$1.52 per Share, which is equal to the closing price of the Company's H Shares as at the end of the reporting period, the market capitalization of the public float was approximately HK\$6.770 billion. The public float of the Company was in compliance with the requirements of the relevant rules on the sufficiency of public float.

X. DUPLICATION

During the reporting period, the Directors, chief executives and such other persons of the Company did not have duplicated interests.



XI. REPURCHASE, SALE OR REDEMPTION OF THE LISTED SHARES OF THE COMPANY

As of the end of the reporting period, there was no repurchase, sale or redemption by the Company, or any of its subsidiaries, of the listed shares of the Company.

XII. PRE-EMPTIVE RIGHTS

Under the Articles and the PRC laws, there is no pre-emptive right which requires the Company to offer new shares to its existing shareholders on a pro rata basis.

XIII. TRANSACTIONS INVOLVING ITS OWN SECURITIES

As of the end of the reporting period, neither the Company nor its subsidiaries had issued or granted any convertible securities, options, warrants or other similar rights, or had any redeemable securities or share option schemes.

XIV. TAX DEDUCTION FOR HOLDERS OF LISTED SECURITIES

As of the end of the reporting period, holders of listed securities of the Company were not entitled to obtain any tax relief due to their holding of such securities pursuant to the laws of the PRC.

Chapter 8

Information Regarding Preference Shares

Applicable Not applicable

Chapter 9

Information Regarding Bonds

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

Applicable ✓ Not applicable

II. CONVERTIBLE CORPORATE BONDS

Applicable ✓ Not applicable

Chapter 10

Financial Statements

Independent Auditor's Report

To the Shareholders of Guangshen Railway Company Limited
(incorporated in the People's Republic of China with limited liability)

OPINION

What we have audited

The consolidated financial statements of Guangshen Railway Company Limited (the "Company") and its subsidiaries (the "Group") which are set out on pages 117 to 224 comprise:

- the consolidated balance sheet as at 31 December 2023;
- the consolidated comprehensive income statement for the year then ended;
- the consolidated statement of changes in equity for the year then ended;
- the consolidated cash flow statement for the year then ended; and
- the notes to the consolidated financial statements, comprising material accounting policy information and other explanatory information.

Our opinion

In our opinion, the consolidated financial statements give a true and fair view of the consolidated financial position of the Group as at 31 December 2023, and of its consolidated financial performance and its consolidated cash flows for the year then ended in accordance with IFRS Accounting Standards and have been properly prepared in compliance with the disclosure requirements of the Hong Kong Companies Ordinance.



BASIS FOR OPINION

We conducted our audit in accordance with International Standards on Auditing (“ISAs”). Our responsibilities under those standards are further described in the Auditor’s Responsibilities for the Audit of the Consolidated Financial Statements section of our report.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Independence

We are independent of the Group in accordance with the International Code of Ethics for Professional Accountants (including International Independence Standards) issued by the International Ethics Standards Board for Accountants (“IESBA Code”), and we have fulfilled our other ethical responsibilities in accordance with the IESBA Code.

KEY AUDIT MATTER

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the consolidated financial statements of the current period. These matters were addressed in the context of our audit of the consolidated financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

Key audit matters identified in our audit are summarised as follows:

- Provision for impairment of trade receivables
- Goodwill impairment assessment

Chapter 10

Financial Statements

Key Audit Matter	How our audit addressed the Key Audit Matter
<p>Provision for impairment of trade receivables</p> <p>Refer to notes 3.1(b)(ii), 4(a) and 19 to the consolidated financial statements.</p> <p>As at 31 December 2023, the Group had gross balance of trade receivables of RMB6,273,376,000 against which expected credit loss ("ECL") provision of RMB33,823,000 were held.</p> <p>Management categorised the trade receivables portfolio based on credit risk characteristics, and recognised provision for credit losses on the basis of exposure at default and ECL rates, including possibility of default and loss given default of each portfolio and forward-looking information.</p> <p>We identified this as a key audit matter due to the significance of the trade receivables balance and the determination of the ECL provision involves significant accounting estimations and judgements.</p>	<p>The procedures we performed included:</p> <ul style="list-style-type: none"> (i) Obtained an understanding of the internal control and assessment process of provision for impairment of trade receivables and assessed the inherent risk of material misstatement by considering the degree of estimation uncertainty and level of other inherent risk factors such as complexity and subjectivity. (ii) Evaluated and validated key controls over trade receivables portfolio grouping and ECL determination. (iii) Evaluated whether the models and methodologies used by management to determine ECL were in accordance with accounting standards. (iv) Evaluated the reasonableness of the judgement management made in grouping trade receivable portfolios by assessing credit risk characteristics. (v) Evaluated the reasonableness and accuracy of the key data input to calculate ECL rates, including possibility of default and loss given default of each portfolio. (vi) Understood and evaluated the reasonableness of the factors used in making forward-looking estimation, including the risk of economy downturn, external market environment, technical environment and changes in customer's condition. (vii) Obtained ECL determination documents of each portfolio of trade receivables and examined their mathematical accuracy. <p>Based on the work performed, management's estimates and judgments assessing ECL provision and result of the assessment are supported by the available evidences.</p>



Key Audit Matter	How our audit addressed the Key Audit Matter
<p>Goodwill impairment assessment</p> <p>Refer to notes 2.1.3, 4(b) and 9 to the consolidated financial statements.</p> <p>As at 31 December 2023, the Group had a balance of goodwill of RMB 281,255,000 which has been allocated to the Group’s cash generating units (“CGU”) relating to the Railway Transportation Business.</p> <p>Goodwill impairment reviews are undertaken by management at least annually or more frequently if events or changes in circumstances indicate a potential impairment. As a result of the impairment test at the year end, management determined that the recoverable amount of CGU, to which the goodwill was allocated, exceeded its carrying value and therefore no impairment was recorded. The recoverable amount of CGU was determined based on value-in-use using cash flow projections.</p> <p>Management’s impairment assessment involves key assumptions, including revenue growth rate, long-term revenue growth rate, gross margin and pre-tax discount rate.</p> <p>We identified this as a key audit matter due to the degree of the significant accounting estimations and judgements involved in the impairment assessment and the size of the goodwill.</p>	<p>The procedures we performed included:</p> <ul style="list-style-type: none"> (i) Obtained an understanding of the internal control and assessment process of goodwill impairment and assessed the inherent risk of material misstatement by considering the degree of estimation uncertainty and level of other inherent risk factors such as complexity and subjectivity. (ii) Evaluated and tested the key controls over the impairment assessment of goodwill, including controls over the development of model and significant assumptions used in the impairment test. (iii) Evaluated the reliability of the plan and forecast by comparing the forecast used in the prior year model to the actual performance of the business in the current year. (iv) Tested the reasonableness and relevancy of the underlying data used and the mathematical accuracy of the calculations in the cash flow projections. (v) Evaluated the reasonableness of revenue growth rate, long-term revenue growth rate, gross margin based on historical business performance taking into account future business plan, the market developments and whether these assumptions were consistent with evidence obtained in other areas of the audit. (vi) Utilised specialists with specialised skill and knowledge to assist in the evaluation of the appropriateness of the impairment assessment methodology and pre-tax discount rate adopted by the management. <p>Based on the work performed, management’s estimates and judgments in goodwill impairment assessment are supported by the available evidences.</p>

Chapter 10

Financial Statements

OTHER INFORMATION

The directors of the Company are responsible for the other information. The other information comprises all of the information included in the annual report other than the consolidated financial statements and our auditor's report thereon.

Our opinion on the consolidated financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the consolidated financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the consolidated financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated.

If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

RESPONSIBILITIES OF DIRECTORS AND AUDIT COMMITTEE FOR THE CONSOLIDATED FINANCIAL STATEMENTS

The directors of the Company are responsible for the preparation of the consolidated financial statements that give a true and fair view in accordance with IFRS Accounting Standards and the disclosure requirements of the Hong Kong Companies Ordinance, and for such internal control as the directors determine is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the consolidated financial statements, the directors are responsible for assessing the Group's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the directors either intend to liquidate the Group or to cease operations, or have no realistic alternative but to do so.

Audit Committee is responsible for overseeing the Group's financial reporting process.



AUDITOR'S RESPONSIBILITIES FOR THE AUDIT OF THE CONSOLIDATED FINANCIAL STATEMENTS

Our objectives are to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. We report our opinion solely to you, as a body, and for no other purpose. We do not assume responsibility towards or accept liability to any other person for the contents of this report. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these consolidated financial statements.

As part of an audit in accordance with ISAs, we exercise professional judgment and maintain professional scepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the directors.
- Conclude on the appropriateness of the directors' use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the consolidated financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Group to cease to continue as a going concern.

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- Evaluate the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

We communicate with Audit Committee regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide Audit Committee with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, actions taken to eliminate threats or safeguards applied.

From the matters communicated with Audit Committee, we determine those matters that were of most significance in the audit of the consolidated financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

The engagement partner on the audit resulting in this independent auditor's report is Yeung Yee Mau.

PricewaterhouseCoopers
Certified Public Accountants

Hong Kong, 28 March 2024



CONSOLIDATED BALANCE SHEET

AS AT 31 DECEMBER 2023

(All amounts in Renminbi thousands)

	Notes	As at 31 December 2023	2022
ASSETS			
Non-current assets			
Fixed assets — net	6	22,786,696	23,430,371
Right-of-use assets	8	2,993,887	3,046,599
Construction-in-progress	7	561,178	1,112,582
Prepayments for fixed assets and construction-in-progress		58,926	64,816
Goodwill	9	281,255	281,255
Investments in associates	11	298,743	274,601
Deferred tax assets	12	883,835	1,284,105
Long-term prepaid expenses	13	32,709	41,796
Financial assets at fair value through other comprehensive income	15	462,696	463,696
Long-term deposits	16	60,000	60,000
Long-term receivable	17	16,744	12,232
		28,436,669	30,072,053
Current assets			
Materials and supplies	18	289,527	262,645
Trade receivables	19	6,239,552	4,656,294
Prepayments and other receivables	20	784,787	578,557
Current portion of long-term deposits	16	1,950	172,192
Cash and cash equivalents	21	1,482,463	1,299,635
		8,798,279	6,969,323
Total assets		37,234,948	37,041,376
EQUITY AND LIABILITIES			
Share capital	22	7,083,537	7,083,537
Share premium		11,562,657	11,562,657
Other reserves	23	3,472,256	3,331,067
Retained earnings		4,271,436	3,312,435

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	<i>Notes</i>	As at 31 December 2023	2022
Capital and reserves attributable to the Company's equity holders			
Non-controlling interests		26,389,886	25,289,696
		(37,890)	(36,495)
Total equity		26,351,996	25,253,201
Liabilities			
Non-current liabilities			
Borrowings	25	780,000	775,000
Lease liabilities	8	1,326,892	1,324,231
Deferred tax liabilities	12	51,434	53,927
Deferred income related to government grants	24	702,384	747,585
		2,860,710	2,900,743
Current liabilities			
Trade and bill payables	26	3,181,832	3,525,291
Contract liabilities	27	228,526	172,866
Borrowings	25	710,952	721,268
Payables for fixed assets and construction-in-progress		1,931,405	2,053,638
Dividends payable		13,744	13,746
Income tax payable		1,840	2,660
Current portion of lease liabilities	8	65,539	64,498
Accruals and other payables	28	1,868,854	2,323,722
Other current liabilities		19,550	9,743
		8,022,242	8,887,432
Total liabilities		10,882,952	11,788,175
Total equity and liabilities		37,234,948	37,041,376

The above consolidated balance sheet should be read in conjunction with the accompanying notes.

The financial statements on pages 117 to 224 were approved by the Board of Directors on March 28, 2024 and were signed on its behalf.

Wei Hao
Director

Hu Lingling
Director

**CONSOLIDATED COMPREHENSIVE INCOME STATEMENT**

FOR THE YEAR ENDED 31 DECEMBER 2023

(All amounts in Renminbi thousands, except for earnings per share data)

	Notes	Year ended 31 December	
		2023	2022
Revenue from Railroad Businesses			
Passenger		10,727,769	6,682,952
Freight		1,828,302	1,617,110
Railway network usage and other transportation related services		12,093,070	10,422,800
		24,649,141	18,722,862
Revenue from Other Businesses			
		1,545,757	1,220,568
Total revenue		26,194,898	19,943,430
Operating Expenses:			
Railroad Businesses			
Business tax and surcharge		(36,708)	(2,007)
Employee benefits	30	(8,970,300)	(8,269,989)
Equipment leases and services		(8,265,305)	(7,386,515)
Materials and supplies		(1,467,297)	(1,211,606)
Repairs and facilities maintenance costs, excluding materials and supplies		(1,298,877)	(1,119,050)
Depreciation of right-of-use assets	8	(57,070)	(57,068)
Depreciation of fixed assets	6	(1,836,776)	(1,809,415)
Impairment of fixed assets	6	(120,819)	—
Cargo logistics and outsourcing service charges		(387,681)	(485,413)
Utility and office expenses		(37,476)	(84,419)
Others	31	(1,094,805)	(948,130)
		(23,573,114)	(21,373,612)
Other Businesses			
Business tax and surcharge		(11,605)	(8,548)
Employee benefits	30	(510,410)	(615,029)
Materials and supplies		(386,660)	(345,315)
Depreciation of right-of-use assets	8	(11,332)	(11,332)
Depreciation of fixed assets	6	(27,314)	(27,004)
Utility and office expenses		(73,918)	(97,273)
Others	31	(302,840)	(91,641)
		(1,324,079)	(1,196,142)
Total operating expenses		(24,897,193)	(22,569,754)

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	Notes	Year ended 31 December	
		2023	2022
Derecognition of land use right		93,440	18,664
Impairment losses on financial assets, net		(5,506)	(4,093)
Other gains — net	32	152,821	59,718
Operating profit/(loss)		1,538,460	(2,552,035)
Finance costs — net	33	(105,338)	(79,925)
Share of results of associates, net of tax	11	23,454	52,167
Profit/(loss) before income tax		1,456,576	(2,579,793)
Income tax (expense)/credit	34	(399,682)	586,146
Profit/(loss) for the year		1,056,894	(1,993,647)
Profit/(loss) for the year		1,056,894	(1,993,647)
Other comprehensive income			
<i>Items that will not be reclassified to profit or loss</i>			
Changes in the fair value of financial assets at fair value through other comprehensive income	23	10,590	—
Total comprehensive income/(loss) for the year, net of tax		1,067,484	(1,993,647)
Profit/(loss) attributable to:			
Equity holders of the Company		1,058,289	(1,994,665)
Non-controlling interests		(1,395)	1,018
		1,056,894	(1,993,647)
Total comprehensive income/(loss) attributable to:			
Equity holders of the Company		1,068,879	(1,994,665)
Non-controlling interests		(1,395)	1,018
		1,067,484	(1,993,647)
Earnings/(loss) per share for profit/(loss) attributable to the equity holders of the Company during the year			
Basic earnings/(losses) per share	35	RMB0.15	RMB(0.28)
Diluted earnings/(losses) per share	35	RMB0.15	RMB(0.28)

The above consolidated comprehensive income statement should be read in conjunction with the accompanying notes.

Wei Hao
Director

Hu Lingling
Director



CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
 FOR THE YEAR ENDED 31 DECEMBER 2023
 (All amounts in Renminbi thousands)

	Attributable to equity holders of the Company						Total	Non-controlling interests	Total equity
	Share capital (Note 22)	Share premium	Statutory surplus reserve (Note 23)	Discretionary surplus reserve (Note 23)	Other reserves (Note 23)	Retained earnings			
Balance at 1 January 2022	7,083,537	11,562,657	2,780,425	304,059	204,171	5,307,100	27,241,949	(37,513)	27,204,436
Total comprehensive income	—	—	—	—	—	(1,994,665)	(1,994,665)	1,018	(1,993,647)
Loss for the year	—	—	—	—	—	(1,994,665)	(1,994,665)	1,018	(1,993,647)
Other comprehensive income (Note 23)	—	—	—	—	—	—	—	—	—
Special reserve — Safety Production Fund (Note 23)	—	—	—	—	38,722	—	38,722	—	38,722
Appropriation	—	—	—	—	162,335	—	162,335	—	162,335
Utilisation	—	—	—	—	(123,613)	—	(123,613)	—	(123,613)
Appropriations from retained earnings (Note 23)	—	—	—	—	—	—	—	—	—
Others (Note 11)	—	—	—	—	3,690	—	3,690	—	3,690
Balance at 31 December 2022	7,083,537	11,562,657	2,780,425	304,059	246,583	3,312,435	25,289,696	(36,495)	25,253,201

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	Attributable to equity holders of the Company						Total	Non-controlling interests	Total equity
	Share capital (Note 22)	Share premium	Statutory surplus reserve (Note 23)	Discretionary surplus reserve (Note 23)	Other reserves (Note 23)	Retained earnings			
Balance at 1 January 2023	7,083,537	11,562,657	2,780,425	304,059	246,583	3,312,435	25,289,696	(36,495)	25,253,201
Total comprehensive income	–	–	–	–	10,590	1,058,289	1,068,879	(1,395)	1,067,484
Profit for the year	–	–	–	–	–	1,058,289	1,058,289	(1,395)	1,056,894
Other comprehensive income (Note 23)	–	–	–	–	10,590	–	10,590	–	10,590
Special reserve – Safety Production Fund (Note 23)	–	–	–	–	30,623	–	30,623	–	30,623
Appropriation	–	–	–	–	159,485	–	159,485	–	159,485
Utilisation	–	–	–	–	(128,862)	–	(128,862)	–	(128,862)
Appropriations from retained earnings (Note 23)	–	–	108,819	–	–	(108,819)	–	–	–
Transfer out from FVOCI reserve to retained earnings (Note 23)	–	–	1,059	–	(10,590)	9,531	–	–	–
Others (Note 11)	–	–	–	–	688	–	688	–	688
Balance at 31 December 2023	7,083,537	11,562,657	2,890,303	304,059	277,894	4,271,436	26,389,886	(37,890)	26,351,996

The above consolidated statement of changes in equity should be read in conjunction with the accompanying notes.

Wei Hao
Director

Hu Lingling
Director

**CONSOLIDATED CASH FLOW STATEMENT**

FOR THE YEAR ENDED 31 DECEMBER 2023

(All amounts in Renminbi thousands)

	<i>Notes</i>	Year ended 31 December	
		2023	2022
Cash flows from/(used in) operating activities			
Cash generated from operations	37(a)	1,119,089	(191,456)
Income tax paid		(2,724)	(1,993)
Net cash generated from/(used in) operating activities		1,116,365	(193,449)
Cash flows from investing activities			
Proceeds from disposal of fixed assets	37(b)	65,430	114,983
Advances from disposal of other long-term assets		—	91,119
Proceeds from disposal of other long-term assets		5,831	20,047
Interest received on term deposits with maturities more than three months		12,192	683
Dividends received		16,285	19,715
Redemption of term deposits with maturities more than three months		160,000	60,000
Proceeds from sale of financial assets at fair value through other comprehensive income		5,795	—
Payments for term deposits with maturities more than three months		—	(60,000)
Payments for financial assets at fair value through other comprehensive income		(66,065)	(20,000)
Payments for acquisition of fixed assets and construction-in-progress; and prepayments for fixed assets and construction-in-progress, net of related payables		(1,022,308)	(1,652,417)
Net cash used in investing activities		(822,840)	(1,425,870)

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	<i>Notes</i>	Year ended 31 December	
		2023	2022
Cash flows from financing activities			
Proceeds from borrowings	37(c)	1,200,000	1,500,000
Repayment of borrowings	37(c)	(1,205,000)	(5,000)
Interest paid	37(c)	(41,285)	(12,250)
Payment of lease liabilities	37(c)	(64,412)	(63,258)
Net cash (used in)/generated from financing activities		(110,697)	1,419,492
Net increase/(decrease) in cash and cash equivalents		182,828	(199,827)
Cash and cash equivalents at beginning of year		1,299,635	1,499,462
Cash and cash equivalents at end of year	21	1,482,463	1,299,635

The above consolidated cash flows statement should be read in conjunction with the accompanying notes.

Wei Hao
Director

Hu Lingling
Director

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 December 2023

(All amounts expressed in Renminbi unless otherwise stated)

1 GENERAL INFORMATION

Guangshen Railway Company Limited (the "Company") was established as a joint stock limited company in the People's Republic of China (the "PRC" or "China") on 6 March 1996. On the same date, the Company assumed the business operations of certain railroad and other related businesses (collectively the "Businesses") that had been undertaken previously by its predecessor, Guangshen Railway Company (the "Predecessor"), certain subsidiaries of the Predecessor; and by Guangzhou Railway (Group) Company (the "Guangzhou Railway Group") and certain of its subsidiaries prior to the formation of the Company.

The Predecessor was controlled by and was under the administration of the Guangzhou Railway Group. Pursuant to a restructuring agreement entered into between the Guangzhou Railway Group, the Predecessor and the Company in 1996, the Company issued to the Guangzhou Railway Group 100% of its equity interest in the form of 2,904,250,000 ordinary shares (the "State-owned Domestic Shares") for the exchange of assets and liabilities associated with the operations of the Businesses (the "Restructuring"). After the Restructuring, the Predecessor changed its name to Guangzhou Railway (Group) Guangshen Railway Enterprise Development Company. In 2017, its name was changed to Shenzhen Guangzhou Railway Group Guangshen Railway Industry Development General Company (the "GIDC").

In April 1996, the Company issued 1,431,300,000 shares, representing 217,812,000 H Shares ("H Shares") and 24,269,760 American Depositary Shares ("ADSs", one ADS represents 50 H Shares) in a global public offering for cash of approximately RMB4,214,000,000 in order to finance the capital expenditure and working capital requirements of the Company and its subsidiaries (collectively defined as the "Group").

In December 2006, the Company issued 2,747,987,000 A Shares on the Shanghai Stock Exchange through an initial public offering of shares in order to finance the acquisition of the business and related assets and liabilities associated with the railway transportation business ("Yangcheng Railway Business") of Guangzhou Railway Group Yangcheng Railway Enterprise Development Company ("Yangcheng Railway"), a wholly owned subsidiary of Guangzhou Railway Group which operates a railway line between the cities of Guangzhou and Pingshi in the Southern region of the PRC.

On 25 November 2020, the Company's ADSs were delisted from the New York Stock Exchange. On 25 October 2022, the Company filed a Form 15F with the United States Securities and Exchange Commission to deregister all classes of its registered securities, including its equity securities and all classes of debt securities, and terminate its reporting obligations. Deregistration and termination of the Company's reporting obligations became effective 90 days after the filing of Form 15F.

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 December 2023

(All amounts expressed in Renminbi unless otherwise stated)

1 GENERAL INFORMATION *(continued)*

The principal activities of the Group are the provision of passenger and freight transportation on railroads. The Group also operates certain other businesses, which principally include services offered in railway stations, and sales of food, beverages and merchandises on board the trains and in the railway stations.

The registered address of the Company is No. 1052 Heping Road, Luohu District, Shenzhen, Guangdong Province, the People's Republic of China.

As at 31 December 2023, Guangzhou Railway Group holds 37.12% of the shares of the Company and is the largest shareholder of the Company.

The financial statements were authorised for issue by the board of directors of the Company on 28 March 2024.

The English names of all companies listed in the financial statements are direct translations of their registered names in Chinese if no registered names in English are available.

2 SUMMARY OF ACCOUNTING POLICIES

This note provides a list of accounting policies adopted in the preparation of these consolidated financial statements. These policies have been consistently applied to all the years presented, unless otherwise stated. The financial statements are for the Group consisting of the Company and its subsidiaries.

2.1 Summary of material accounting policies

2.1.1 Basis of preparation

(a) *Compliance with IFRS and HKCO*

The consolidated financial statements of the Group have been prepared in accordance with IFRS Accounting Standards ("IFRS"), interpretations issued by the IFRS Interpretations Committee ("IFRS IC") applicable to companies reporting under IFRS and requirements of the Hong Kong Companies Ordinance ("HKCO") Cap.622. The financial statements comply with IFRS as issued by the International Accounting Standards Board ("IASB").

(b) *Historical cost convention*

The consolidated financial statements have been prepared on a historical cost basis except for financial assets at fair value through other comprehensive income ("FVOCI") are measured at fair value.



2 SUMMARY OF ACCOUNTING POLICIES *(continued)*

2.1 Summary of material accounting policies *(continued)*

2.1.1 Basis of preparation *(continued)*

(c) New and amended standards adopted by the Group

The Group has applied the following standards and amendments for the first time for their annual reporting period commencing 1 January 2023:

- IFRS 17 Insurance Contracts — IFRS 17
- Definition of Accounting Estimates — amendments to IAS 8
- International Tax Reform — Pillar Two Model Rules — amendments to IAS 12
- Disclosure of Accounting Policies — Amendments to IAS 1 and IFRS Practice Statement 2

The amendments listed above did not have any significant impact on the amounts recognised in prior periods and are not expected to significantly affect the current or future periods.

(d) New standards and interpretations not yet adopted

Certain amendments to accounting standards and interpretation have been published that are not mandatory for 31 December 2023 reporting periods and have not been early adopted by the group. The assessment of the impact of these amendments on the entity in the current or future reporting periods and on foreseeable future transactions is in progress.

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 December 2023

(All amounts expressed in Renminbi unless otherwise stated)

2 SUMMARY OF ACCOUNTING POLICIES (continued)

2.1 Summary of material accounting policies (continued)

2.1.1 Basis of preparation (continued)

(d) New standards and interpretations not yet adopted (continued)

		Effective for annual periods beginning on or after
Amendments to IAS 1	Classification of Liabilities as Current or Non-current (amendments)	1 January 2024
Amendments to IAS 1	Non-current Liabilities with Covenants (amendments)	1 January 2024
Amendments to IFRS 16	Lease Liability in a Sale and Leaseback (amendments)	1 January 2024
Amendments to IAS 7 and IFRS 7	Supplier finance arrangements (amendments)	1 January 2024
Amendments to IAS 21	Lack of Exchangeability (amendments)	1 January 2025
Amendments to IFRS 10 and IAS 28	Sale or Contribution of Assets between an Investor and its Associate or Joint Venture (amendments)	To be determined



2 SUMMARY OF ACCOUNTING POLICIES *(continued)*

2.1 Summary of material accounting policies *(continued)*

2.1.2 Fixed assets

Fixed assets are stated at historical cost less depreciation and impairment losses. Historical cost includes expenditure that is directly attributable to the acquisition of the items (for the case of fixed assets acquired by the Company from Predecessor during the Restructuring, the revaluated amount in the Restructuring was deemed costs).

Subsequent costs are included in the asset's carrying amount or recognised as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the Group and the cost of the item can be measured reliably. The carrying amount of any component accounted for as a separate asset is derecognised when replaced. All other repairs and maintenance are charged to profit or loss during the reporting period in which they are incurred.

Depreciation is calculated using the straight-line method to allocate the cost amount, after taking into account the estimated residual value of not more than 4% of cost, of each asset over its estimated useful life. The estimated useful lives are as follows:

Buildings (a)	20 to 40 years
Tracks, bridges, and service roads (a)	16 to 100 years
Locomotives and rolling stock	20 years
Communications and signalling systems	8 to 20 years
Other machinery and equipment	4 to 25 years

- (a) The estimated useful lives of some buildings, tracks, bridges and service roads exceed the initial lease periods of the land use rights from operation lease; and the initial period of certain land use right acquired (note 2.1.6), on which these assets are located.

The Group will renew the term of land use right upon its expiry in strict compliance with requirements of relevant laws and regulations. There is no substantive impediment for the renewal except for public interests. In addition, based on the provision of the land use right operating lease agreement entered into with Guangzhou Railway Group (note 8), the Company can renew the lease at its own discretion upon expiry of the operating lease term. Based on the above consideration, the management of the Company consider the current estimated useful lives of those assets to be reasonable.

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 December 2023

(All amounts expressed in Renminbi unless otherwise stated)

2 SUMMARY OF ACCOUNTING POLICIES *(continued)*

2.1 Summary of material accounting policies *(continued)*

2.1.2 Fixed assets *(continued)*

(a) *(continued)*

The assets residual values and estimated useful lives are reviewed, and adjusted if appropriate, at the end of each reporting period.

An asset's carrying amount is written down immediately to its recoverable amount if the asset's carrying amount is greater than its estimated recoverable amount (note 2.2.6).

Gains and losses on disposals are determined by comparing the proceeds with the carrying amount and are recognised within "other losses — net", included in the consolidated comprehensive income statement.

2.1.3 Goodwill

Goodwill represents the excess of the consideration transferred, the amount of any non-controlling interest in the acquiree and the acquisition-date fair value of any previous equity interest in the acquiree over the fair value of the Group's share of identifiable net assets acquired. Goodwill arising from acquisitions of subsidiaries' business is disclosed separately on the consolidated balance sheet.

For the purpose of impairment testing, goodwill acquired in a business combination is allocated to each of the cash-generating units ("CGUs"), or groups of CGUs, that is expected to benefit from the synergies of the combination. Each unit or group of units to which the goodwill is allocated represents the lowest level within the entity at which the goodwill is monitored for internal management purposes. Goodwill is monitored at the operating segment level.

Goodwill impairment reviews are undertaken at least annually or more frequently if events or changes in circumstances indicate a potential impairment. The carrying value of goodwill is compared to the recoverable amount, which is the higher of value in use and the fair value less costs to sell. Any impairment is recognised immediately as an expense and is not subsequently reversed.



2 SUMMARY OF ACCOUNTING POLICIES *(continued)*

2.1 Summary of material accounting policies *(continued)*

2.1.4 Current and deferred income tax

The tax expense for the period comprises current and deferred tax. Tax is recognised in profit or loss, except to the extent that it relates to items recognised in other comprehensive income or directly in equity. In this case, the tax is also recognised in other comprehensive income or directly in equity, respectively.

(a) Current income tax

The current income tax charge is calculated on the basis of the tax laws enacted or substantively enacted at the balance sheet date in the PRC where the Company's subsidiaries and associates operate and generate taxable income. Management periodically evaluates positions taken in tax returns with respect to situations in which applicable tax regulation is subject to interpretation and establishes provision where appropriate on the basis of amounts expected to be paid to the tax authorities.

(b) Deferred income tax

Inside basis differences

Deferred income tax is provided in full, using the liability method, on temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the consolidated financial statements. However, the deferred income tax is not accounted for if it arises from initial recognition of an asset or liability in a transaction other than a business combination that at the time of the transaction affects neither accounting nor taxable profit nor loss and does not give rise to equal taxable and deductible temporary differences. Deferred income tax is determined using tax rates (and laws) that have been enacted by the end of the reporting period and are expected to apply when the related deferred income tax asset is realised or the deferred income tax liability is settled.

Deferred income tax assets are recognised only to the extent that it is probable that future taxable profit will be available against which the temporary differences can be utilised.

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 December 2023

(All amounts expressed in Renminbi unless otherwise stated)

2 SUMMARY OF ACCOUNTING POLICIES *(continued)*

2.1 Summary of material accounting policies *(continued)*

2.1.4 Current and deferred income tax *(continued)*

(b) *Deferred income tax (continued)*

Outside basis differences

Deferred income tax liabilities are provided on taxable temporary differences arising from investments in subsidiaries, and associates and joint arrangements, except for deferred income tax liability where the timing of the reversal of the temporary difference is controlled by the Group and it is probable that the temporary difference will not reverse in the foreseeable future. Generally the Group is unable to control the reversal of the temporary difference for associates. Only when there is an agreement in place that gives the Group the ability to control the reversal of the temporary difference in the foreseeable future, deferred tax liability in relation to taxable temporary differences arising from the associate's undistributed profits is not recognised.

Deferred income tax assets are recognised on deductible temporary differences arising from investments in subsidiaries, and associates and joint arrangements only to the extent that it is probable the temporary difference will reverse in the future and there is sufficient taxable profit available against which the temporary difference can be utilised.

(c) *Offsetting*

Deferred tax assets and liabilities are offset where there is a legally enforceable right to offset current tax assets and liabilities and where the deferred tax balances relate to the same taxation authority.



2 SUMMARY OF ACCOUNTING POLICIES *(continued)*

2.1 Summary of material accounting policies *(continued)*

2.1.5 Revenue recognition

Revenue of the Group comprise of revenue from railroad and related business and revenue from other business.

(a) Revenue from railroad and related business

The operations of the railway business of the Group form part of the nationwide railway system in the PRC and they are supervised and governed by CSRG. The Group renders the passenger transportation and freight transportation services, and the related service fees and charges are collected from customer or other railway companies by the Group.

The respective fares and charges of the services, and processing of the respective revenue and cost allocation among different railway companies are done centrally by a central clearance system operated by CSRG.

Revenue from passenger transportation

Passenger transportation generally include transportation business of Guangzhou-Shenzhen inter-city express trains, long-distance trains and Guangzhou-Hong Kong city through trains. These services are provided by the Group as the carrier in mainland China and Hong Kong, and the corresponding revenue information is captured and processed by CSRG through the central clearance system.

Revenues are recognised overtime when the train transportation services are rendered. The revenue is presented net of value-added tax.

Revenue from freight transportation

The Group also provides freight transportation services. Service information and computation of the attributable revenues entitled by the Group are processed by the central clearance system of CSRG.

The revenues are recognised at gross amounts overtime in the accounting period in which the services are rendered.

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 December 2023

(All amounts expressed in Renminbi unless otherwise stated)

2 SUMMARY OF ACCOUNTING POLICIES *(continued)*

2.1 Summary of material accounting policies *(continued)*

2.1.5 Revenue recognition *(continued)*

(a) Revenue from railroad and related business *(continued)*

Revenue from railway network usage and other transportation related services

Revenue from railway network usage and other transportation related services, mainly consist of network usage services (locomotive traction, track usage and electric catenaries service, etc.) and railway operation services and other services, are rendered by the Group together with other railway companies in the PRC. The information relating to network usage service is captured and processed by the central clearance system of CSRG. The revenue from network usage services are recognised overtime in the accounting period in which the services are rendered, and revenue can be reliably measured. Railway operation services and other services are rendered solely by the Group and all proceeds are collected by the Group directly.

When the services rendered by the Group exceed the payment, a contract asset is recognised. If the payments exceed the services rendered, a contract liability is recognised.

(b) Revenue from other businesses

Revenue from other business mainly consist of on-board catering services, leasing, sales of materials, sale of goods and other businesses related to railway transportation. Revenues from on-board catering services are recognised overtime when the related services are rendered. Revenues from sales of materials and supplies and sale of goods are recognised when the respective materials and goods are delivered to customers at point in time. Revenue from operating lease arrangements on certain properties and locomotives is recognised overtime on a straight-line basis over the period of the respective leases.

(c) Financing components

The Group does not expect to have any contracts where the period between the transfer of the promised goods or services to the customer and payment by the customer exceeds one year. As a consequence, the Group does not adjust any of the transaction prices for the time value of money.



2 SUMMARY OF ACCOUNTING POLICIES *(continued)*

2.1 Summary of material accounting policies *(continued)*

2.1.6 Leases

Leases are recognised as a right-of-use asset and a corresponding liability at the date at which the leased asset is available for use by the Group.

The Group's right-of-use asset mainly consisted of lease of land and leasehold land payments for self-occupied purpose.

For the lease of land, in connection with the acquisition of Yangcheng Railway Business, the Company signed an agreement on 15 November 2004 with Guangzhou Railway Group for leasing the land use rights associated with a parcel of land, on which the acquired assets of Yangcheng Railway Business are located. The agreement became effective upon the completion of the acquisition on 1 January 2007 and the lease term is 20 years, renewable at the discretion of the Group.

The estimated useful lives of some buildings, tracks, bridges and service roads exceed the initial lease periods of the land use rights from operation lease; and the initial period of certain land use right acquired, on which these assets are located. Based on the provision of the land use right operating lease agreement entered into with Guangzhou Railway Group, the Company can renew the lease at its own discretion upon expiry of the operating lease term, and the Company expect to exercise the option to extend the lease within the remaining useful lives of those assets. Therefore the Group is reasonably certain to determine the lease term based on the remaining useful lives of those assets.

For the land use rights, the Group acquired the right to use certain pieces of land for certain of its rail lines, railway stations and other businesses. The consideration paid for such land represents pre-paid lease payments, which are amortised over the lease terms of 36.5 to 50 years using the straight-line method.

Land use rights are derecognised when the Group has transferred substantially all the risks and rewards of ownership. Any gain or loss arising on derecognition is recognised directly in profit or loss and presented in derecognition of land use right.

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 December 2023

(All amounts expressed in Renminbi unless otherwise stated)

2 SUMMARY OF ACCOUNTING POLICIES *(continued)*

2.1 Summary of material accounting policies *(continued)*

2.1.6 Leases *(continued)*

Assets and liabilities arising from a lease are initially measured on a present value basis. Lease liabilities include the net present value of the following lease payments:

- fixed payments (including in-substance fixed payments), less any lease incentives receivable
- variable lease payment that are based on an index or a rate, initially measured using the index or rate as at the commencement date
- amounts expected to be payable by the Group under residual value guarantees
- the exercise price of a purchase option if the lessee is reasonably certain to exercise that option, and
- payments of penalties for terminating the lease, if the lease term reflects the Group exercising that option.

Lease payments to be made under reasonably certain extension options are also included in the measurement of the liability.

The lease payments are discounted using the interest rate implicit in the lease. If that rate cannot be readily determined, which is generally the case for leases in the Group, the lessee's incremental borrowing rate is used, being the rate that the individual lessee would have to pay to borrow the funds necessary to obtain an asset of similar value to the right-of-use asset in a similar economic environment with similar terms, security and conditions.

To determine the incremental borrowing rate, the Group:

- where possible, uses recent third-party financing received by the individual lessee as a starting point, adjusted to reflect changes in financing conditions since third party financing was received
- uses a build-up approach that starts with a risk-free interest rate adjusted for credit risk for leases held by the Group, which does not have recent third party financing, and
- makes adjustments specific to the lease, e.g. term, country, currency and security.



2 SUMMARY OF ACCOUNTING POLICIES *(continued)*

2.1 Summary of material accounting policies *(continued)*

2.1.6 Leases *(continued)*

If a readily observable amortising loan rate is available to the individual lessee (through recent financing or market data) which has a similar payment profile to the lease, then the Group entities use that rate as a starting point to determine the incremental borrowing rate.

The Group is exposed to potential future increases in variable lease payments based on an index or rate, which are not included in the lease liability until they take effect. When adjustments to lease payments based on an index or rate take effect, the lease liability is reassessed and adjusted against the right-of-use asset.

Lease payments are allocated between principal and finance cost. The finance cost is charged to profit or loss over the lease period so as to produce a constant periodic rate of interest on the remaining balance of the liability for each period.

Right-of-use assets are measured at cost comprising the following:

- the amount of the initial measurement of lease liability
- any lease payments made at or before the commencement date less any lease incentives received
- any initial direct costs, and
- restoration costs.

Right-of-use assets are generally depreciated over the shorter of the asset's useful life and the lease term on a straight-line basis. If the Group is reasonably certain to exercise a purchase option, the right-of-use asset is depreciated over the underlying asset's useful life.

Payments associated with short-term leases and leases of low-value assets are recognised on a straight-line basis as an expense in profit or loss. Short-term leases are leases with a lease term of 12 months or less without a purchase option.

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 December 2023

(All amounts expressed in Renminbi unless otherwise stated)

2 SUMMARY OF ACCOUNTING POLICIES *(continued)*

2.1 Summary of material accounting policies *(continued)*

2.1.6 Leases *(continued)*

The Group as a lessee accounts for a lease modification when both of the following conditions are met:

- The modification increases the scope of the lease by adding the right to use one or more underlying assets.
- The consideration for the lease increases commensurate with the standalone price for the increase in scope and any adjustments to that stand-alone price reflect the circumstances of the particular contract.

For a lease modification that is not accounted for as a separate lease, at the effective date of the lease modification the Group allocate the consideration in the modified contract and determine the lease term of the modified lease, and remeasure the lease liability by discounting the revised lease payments using a revised discount rate.

For a modification that fully or partially decreases the scope of the lease, the Group decrease the carrying amount of the right-of-use asset to reflect partial or full termination of the lease. Any difference between those adjustments is recognised in profit or loss at the effective date of the modification.

For all other lease modifications which are not accounted for as a separate lease, the Group recognise the amount of the remeasurement of the lease liability as an adjustment to the corresponding right-of-use asset without affecting profit or loss.

Lease income from operating leases where the Group is a lessor is recognised in income on a straight-line basis over the lease term. Initial direct costs incurred in obtaining an operating lease are added to the carrying amount of the underlying asset and recognised as expense over the lease term on the same basis as lease income. The respective leased assets are included in the balance sheet based on their nature. The Group did not need to make any adjustments to the accounting for assets held as lessor as a result of adopting the new leasing standard.



2 SUMMARY OF ACCOUNTING POLICIES *(continued)*

2.1 Summary of material accounting policies *(continued)*

2.1.7 Impairment of trade receivables

The Group assesses on a forward-looking basis the expected credit losses associated with trade receivables.

Management recognised provision for credit losses on the basis of exposure at default and ECL rates which include consideration of historical credit loss experience, current status and forward-looking information.

The Group applies the simplified approach permitted by IFRS 9, which requires expected lifetime losses to be recognised from initial recognition of the receivables (note 3.1(b)(iii)).

2.2 Summary of other accounting policies

2.2.1 Subsidiaries

2.2.1.1 Consolidation

Subsidiaries are all entities (including structured entities) over which the Group has control. The Group controls an entity where the Group is exposed to, or has rights to, variable returns from its involvement with the entity and has the ability to affect those returns through its power to direct the activities of the entity. Subsidiaries are fully consolidated from the date on which control is transferred to the Group. They are deconsolidated from the date that control ceases.

Inter-company transactions, balances and unrealised gains on transactions between Group companies are eliminated. Unrealised losses are also eliminated unless the transaction provides evidence of an impairment of the transferred asset. Accounting policies of subsidiaries have been changed where necessary to ensure consistency with the policies adopted by the Group.

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 December 2023

(All amounts expressed in Renminbi unless otherwise stated)

2 SUMMARY OF ACCOUNTING POLICIES *(continued)*

2.2 Summary of other accounting policies *(continued)*

2.2.1 Subsidiaries *(continued)*

2.2.1.1 Consolidation *(continued)*

(a) Business combinations

The acquisition method of accounting is used to account for all business combinations, regardless of whether equity instruments or other assets are acquired. The consideration transferred for the acquisition of a subsidiary comprises the:

- fair values of the assets transferred,
- liabilities incurred to the former owners of the acquired business
- equity interests issued by the Group
- fair value of any asset or liability resulting from a contingent consideration arrangement, and
- fair value of any pre-existing equity interest in the subsidiary.

Identifiable assets acquired and liabilities and contingent liabilities assumed in a business combination are measured initially at their fair values at the acquisition date.

The Group recognises any non-controlling interest in the acquired entity on an acquisition-by-acquisition basis either at fair value or at the non-controlling interest's proportionate share of the acquired entity's net identifiable assets.

Acquisition-related costs are expensed as incurred.

If the business combination is achieved in stages, the acquisition date carrying value of the acquirer's previously held equity interest in the acquiree is remeasured to fair value at the acquisition date. Any gains or losses arising from such remeasurement are recognised in profit or loss.

Any contingent consideration to be transferred by the Group is recognised at fair value at the acquisition date. Subsequent changes to the fair value of the contingent consideration that is deemed to be an asset or liability is recognised in accordance with IAS 39 in profit or loss. Contingent consideration that is classified as equity is not remeasured, and its subsequent settlement is accounted for within equity.



2 SUMMARY OF ACCOUNTING POLICIES *(continued)*

2.2 Summary of other accounting policies *(continued)*

2.2.1 Subsidiaries *(continued)*

2.2.1.1 Consolidation *(continued)*

(a) Business combinations *(continued)*

The excess of the consideration transferred, amount of any non-controlling interest in the acquired entity, and the acquisition-date fair value of any previous equity interest in the acquired entity over the fair value of the net identifiable assets acquired is recorded as goodwill. If those amounts are less than the fair value of the net identifiable assets of the business acquired, the difference is recognised directly in profit or loss as a bargain purchase.

Intra-group transactions, balances and unrealised gains on transactions between group companies are eliminated. Unrealised losses are also eliminated unless the transaction provides evidence of an impairment of the transferred asset. Accounting policies of subsidiaries have been changed where necessary to ensure consistency with the policies adopted by the Group.

(b) Changes in ownership interests in subsidiaries without change of control

The Group treats transactions with non-controlling interests that do not result in a loss of control as transactions with equity owners of the Group. A change in ownership interest results in an adjustment between the carrying amounts of the controlling and non-controlling interests to reflect their relative interests in the subsidiary. Any difference between the amount of the adjustment to non-controlling interests and any consideration paid or received is recognised in a separate reserve within equity.

(c) Disposal of subsidiaries

When the Group ceases to have control, any retained interest in the entity is remeasured to its fair value at the date when control is lost, with the change in carrying amount recognised in profit or loss. The fair value is the initial carrying amount for the purposes of subsequently accounting for the retained interest as an associate, joint venture or financial asset. In addition, any amounts previously recognised in other comprehensive income in respect of that entity are accounted for as if the Group had directly disposed of the related assets or liabilities, which means that amounts previously recognised in other comprehensive income are reclassified to profit or loss.

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 December 2023

(All amounts expressed in Renminbi unless otherwise stated)

2 SUMMARY OF ACCOUNTING POLICIES *(continued)*

2.2 Summary of other accounting policies *(continued)*

2.2.1 *Subsidiaries* *(continued)*

2.2.1.2 *Separate financial statements*

Investments in subsidiaries are accounted for at cost less impairment. Cost also includes direct attributable costs investment. The results of subsidiaries are accounted for by the Company on the basis of dividend received and receivable.

Impairment testing of the investments in subsidiaries is required upon receiving a dividend from these investments if the dividend exceeds the total comprehensive income of the subsidiary in the period the dividend is declared or if the carrying amount of the investment in the separate financial statements exceeds the carrying amount in the consolidated financial statements of the investee's net assets including goodwill.

2.2.2 *Associates*

Associates are all entities over which the Group has significant influence but not control or joint control. This is generally the case where the Group holds between 20% and 50% of the voting rights.

Investments in associates are accounted for using the equity method of accounting after initially being recognised at cost, and the carrying amount is increased or decreased to recognise the investor's share of the profit or loss of the investee after the date of acquisition. The Group's investments in associates include goodwill identified on acquisition. Upon the acquisition of the ownership interest in an associate, any difference between the cost of the associate and the Group's share of the net fair value of the associate's identifiable assets and liabilities is accounted for as goodwill.

If the ownership interest in an associate is reduced but significant influence is retained, only a proportionate share of the amounts previously recognised in other comprehensive income is reclassified to profit or loss where appropriate.

The Group's share of post-acquisition profit or loss is recognised in profit or loss, and its share of post-acquisition movements in other comprehensive income is recognised in other comprehensive income with a corresponding adjustment to the carrying amount of the investment. When the Group's share of losses in an associate equals or exceeds its interest in the associate, including any other unsecured receivables, the Group does not recognise further losses, unless it has incurred legal or constructive obligations or made payments on behalf of the associate.



2 SUMMARY OF ACCOUNTING POLICIES *(continued)*

2.2 Summary of other accounting policies *(continued)*

2.2.2 *Associates (continued)*

The Group determines at each reporting date whether there is any objective evidence that the investment in the associate is impaired. If this is the case, the Group calculates the amount of impairment as the difference between the recoverable amount of the associate and its carrying value and recognises the amount within 'share of result of associates', included in the consolidated comprehensive income statement.

Profits or losses and other comprehensive income resulting from upstream and downstream transactions between the Group and its associates are recognised in the Group's financial statements only to the extent of unrelated investor's interests in the associates. Unrealised losses are eliminated unless the transaction provides evidence of an impairment of the asset transferred. Accounting policies of associates have been changed where necessary to ensure consistency with the policies adopted by the Group.

In the Company's balance sheet, investments in associates are accounted for at cost less provision for impairment losses. Cost also includes direct attributable costs of investment. The results of associates are accounted for by the Company on the basis of dividend received and receivable.

2.2.3 *Segment reporting*

Operating segments are reported in a manner consistent with the internal reporting provided to the chief operating decision-maker. The chief operating decision-maker, who is responsible for allocating resources and assessing performance of the operating segments, has been identified as the senior executives of the Company that make strategic decisions.

2.2.4 *Foreign currency transaction*

(a) *Functional and presentation currency*

Items included in the financial statements of each of the Group's entities are measured using the currency of the primary economic environment in which the entity operates ("the functional currency"). The consolidated financial statements are presented in Renminbi ("RMB"), which is the Company's functional and the Group's presentation currency.

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 December 2023

(All amounts expressed in Renminbi unless otherwise stated)

2 SUMMARY OF ACCOUNTING POLICIES *(continued)*

2.2 Summary of other accounting policies *(continued)*

2.2.4 Foreign currency transaction *(continued)*

(b) Transactions and balances

Foreign currency transactions are translated into the functional currency using the exchange rates at the dates of the transactions or valuation where items are re-measured. Foreign exchange gains and losses resulting from the settlement of such transactions and from the translation of monetary assets and liabilities denominated in foreign currencies at year end exchange rates are generally recognised in profit or loss.

Foreign exchange gains and losses are presented in the consolidated comprehensive income statement within "Finance costs — net".

2.2.5 Construction-in-progress

Construction-in-progress represents buildings, tracks, bridges, and service roads under construction, and mainly includes the construction related costs for the associated facilities of the existing railway lines of the Group. Construction-in-progress is stated at cost, which includes all expenditures and other direct costs, site restoration costs, prepayments attributable to the construction and interest charges arising from borrowings used to finance the construction during the construction period, less impairment loss. Construction-in-progress is not depreciated until such assets are completed and ready for their intended use.

From time to time, certain railway assets of the Group require major modifications and improvements. The carrying amounts are transferred from fixed assets to construction-in-progress. The carrying amounts, including costs of modifications, are transferred back to fixed assets upon completion of the improvement projects.



2 SUMMARY OF ACCOUNTING POLICIES *(continued)*

2.2 Summary of other accounting policies *(continued)*

2.2.6 Impairment of non-financial assets other than goodwill

Assets that subjected to amortisation are tested for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. An impairment loss is recognised for the amount by which the asset's carrying amount exceeds its recoverable amount. The recoverable amount is the higher of an asset's fair value less costs of disposal and value in use. For the purposes of assessing impairment, assets are grouped at the lowest levels for which there are separately identifiable cash inflows which are largely independent of the cash inflows from other assets or groups of assets (CGUs). Non-financial assets other than goodwill that suffered impairment are reviewed for possible reversal of the impairment at each reporting period.

2.2.7 Investments and other financial assets

(a) Classification

The Group classifies its financial assets in the following measurement categories:

- those to be measured at amortised cost; or
- those to be measured subsequently at FVOCI.

The classification depends on the entity's business model for managing the financial assets and the contractual terms of the cash flows.

For assets measured at fair value, gains and losses will be recorded in profit or loss or other comprehensive income ("OCI"). For investments in equity instruments that are not held for trading, the Group has made an irrevocable election at the time of initial recognition to account for the equity investment at fair value through other comprehensive income.

(b) Recognition and derecognition

Regular way purchases and sales of financial assets are recognised on the trade-date, the date on which the Group commits to purchase or sell the asset. Financial assets are derecognised when the rights to receive cash flows from the financial assets have expired or have been transferred and the Group has transferred substantially all risks and rewards of ownership.

NOTES TO THE FINANCIAL STATEMENTS

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(All amounts expressed in Renminbi unless otherwise stated)

2 SUMMARY OF ACCOUNTING POLICIES *(continued)*

2.2 Summary of other accounting policies *(continued)*

2.2.7 Investments and other financial assets *(continued)*

(c) Measurement

At initial recognition, the Group measures a financial asset at its fair value plus transaction costs that are directly attributable to the acquisition of the financial asset.

Equity instruments

The Group subsequently measures all equity investments at fair value. For investments in equity instruments that are not held for trading, over which the Group has no control, joint control or significant influence are measured at FVOCI. Where the Group's management has elected to present fair value gains and losses on equity investments in OCI, there is no subsequent reclassification of fair value gains and losses to profit or loss following the derecognition of the investment, any related balance within the FVOCI reserve is reclassified to retained earnings.

Dividends from such investments continue to be recognised in profit or loss as other income when the Group's right to receive payments is established.

Impairment losses (and reversal of impairment losses) on equity investments measured at FVOCI are not reported separately from other changes in fair value.

Debt instruments

Subsequent measurement of debt instruments depends on the Group's business model for managing the asset and the cash flow characteristics of the asset. The Group measures all of its debt instruments at amortised cost.

Assets that are held for collection of contractual cash flows where those cash flows represent solely payments of principal and interest are measured at amortised cost. Interest income from these financial assets is included in finance income using the effective interest rate method. Any gain or loss arising on derecognition is recognised directly in profit or loss and presented in other gains/(losses) together with foreign exchange gains and losses. Impairment losses are presented as separate line item in the consolidated comprehensive income statement.



2 SUMMARY OF ACCOUNTING POLICIES *(continued)*

2.2 Summary of other accounting policies *(continued)*

2.2.7 Investments and other financial assets *(continued)*

(d) Impairment

The Group assesses on a forward-looking basis the expected credit losses associated with its debt instruments carried at amortised cost (including other receivables and long-term receivable) and contract assets.

Management recognised provision for credit losses on the basis of exposure at default and ECL rates, including possibility of default, loss given default and forward-looking information. For financial assets subject to ECL measurement except trade receivables and contract assets, on each balance sheet day, the Group assesses the significant increase in credit risk since initial recognition or whether an asset is considered to be credit impaired, 'Three-stage' expected credit loss models are established and staging definition are set for each of these financial assets class.

For the financial Instruments in Stage 1 and Stage 2, the Group calculates the interest income based on its gross carrying amount (i.e., amortised cost) before adjusting for impairment provision using the effective interest method. For the financial instruments in Stage 3, the interest income is calculated based on the carrying amount of the asset, net of the impairment provision, using the effective interest method. Financial assets that are originated or purchased credit impaired are financial assets that are impaired at the time of initial recognition, and the impairment provision for these assets is the expected credit loss for the entire lifetime.

2.2.8 Offsetting financial instruments

Financial assets and liabilities are offset and the net amount reported in the balance sheet when there is a legally enforceable right to offset the recognised amounts and there is an intention to settle on a net basis, or realise the asset and settle the liability simultaneously. The legally enforceable right must not be contingent on future events and must be enforceable in the normal course of business and in the event of default, insolvency or bankruptcy of the Company or the counterparty.

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 December 2023

(All amounts expressed in Renminbi unless otherwise stated)

2 SUMMARY OF ACCOUNTING POLICIES *(continued)*

2.2 Summary of other accounting policies *(continued)*

2.2.9 Long-term prepaid expenses

Long-term prepaid expenses include the various expenditures that have been incurred but should be recognised as expenses over more than one year in the current and subsequent periods. Long-term prepaid expenses are amortised on the straight-line basis over the expected beneficial period and are presented at actual expenditure incurred, net of accumulated amortisation.

2.2.10 Materials and supplies

Materials and supplies are stated at the lower of cost and net realisable value. Cost is determined using the first in first out method. Materials and supplies are charged as fuel costs and repair and maintenance expenses when consumed. The cost of materials and supplies may not be recoverable if they are damaged, become wholly or partially obsolete, or if their selling prices have declined due to various reasons. When such circumstances happen, cost of materials and supplies is written to net realisable value, which is the estimated selling price less applicable variable expenses.

2.2.11 Other receivables

If collection of other receivables is expected in one year or less (or in the normal operating cycle of the business if longer), they are classified as current assets. If not, they are presented as non-current assets.

Other receivables are recognised initially at fair value and subsequently measured at amortised cost using the effective interest method, less provision for impairment.

2.2.12 Cash and cash equivalents

Cash and cash equivalents include cash on hand; deposits held at call with banks; and other short-term highly liquid investments with original maturities of three months or less that are readily convertible to known amounts of cash and which are subject to an insignificant risk of changes in value.

2.2.13 Share capital

Ordinary shares are classified as equity. Incremental costs directly attributable to the issue of new shares or options are shown in equity as a deduction, net of tax, from the proceeds.



2 SUMMARY OF ACCOUNTING POLICIES *(continued)*

2.2 Summary of other accounting policies *(continued)*

2.2.14 Financial liabilities

The Group's financial liabilities include trade payables, other payables (excluding other tax payables, employee salary and benefits payables and advances), payables for fixed assets and construction-in-progress, dividends payable and lease liabilities.

Trade and other payables are presented as current liabilities unless payment is not due within 12 months after the reporting period. They are recognised initially at their fair value and subsequently measured at amortised cost using the effective interest method.

Trade payable are classified as current liabilities if payment is due within one year or less (or in the normal operating cycle of the business if longer). If not, they are presented as non-current liabilities.

Financial liabilities are recognised initially at fair value and subsequently measured at amortised cost using the effective interest method.

The Group derecognises financial liability when, and only when, the Group's obligations are discharged, cancelled or expired. The difference between the carrying amount of the financial liability derecognised and the consideration paid and payable is recognised in profit or loss.

2.2.15 Employee benefits

(a) *Defined contribution plan*

The Group pays contributions to defined contribution schemes operated by the local government for employee benefits in respect of pension and unemployment. The Group also pays contribution to defined contribution schemes operated by Guangzhou Railway Group for employee supplementary pension benefit. The Group has no further payment obligations once the contributions have been paid. The contributions to the defined contribution schemes are recognised as staff costs when they are due.

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 December 2023

(All amounts expressed in Renminbi unless otherwise stated)

2 SUMMARY OF ACCOUNTING POLICIES *(continued)*

2.2 Summary of other accounting policies *(continued)*

2.2.15 Employee benefits *(continued)*

(b) Termination benefits

Termination benefits are payable when employment is terminated by the Group before the normal retirement date, or when an employee accepts voluntary redundancy in exchange for these benefits. The Group recognises termination benefits at the earlier of the following dates: (a) when the Group can no longer withdraw the offer of those benefits; and (b) when the entity recognises costs for a restructuring that is within the scope of IAS 37 and involves the payment of termination benefits. In the case of an offer made to encourage voluntary redundancy, the termination benefits are measured based on the number of employees expected to accept the offer. Benefits falling due more than 12 months after the end of the reporting period are discounted to present value.

2.2.16 Provisions

Provisions are recognised when: the Group has a present legal or constructive obligation as a result of past events; it is probable that an outflow of resources will be required to settle the obligation; and the amount can be reliably estimated. Provisions are not recognised for future operating losses.

Where there are a number of similar obligations, the likelihood that an outflow will be required in settlement is determined by considering the class of obligations as a whole. A provision is recognised even if the likelihood of an outflow with respect to any one item included in the same class of obligations may be small.

Provisions are measured at the present value of the management's best estimate of the expenditure required to settle the present obligation at the end of the reporting period. The discount rate used to determine the present value is a pre-tax rate that reflects current market assessments of the time value of money and the risks specific to the liability. The increase in the provision due to the passage of time is recognised as interest expense.



2 SUMMARY OF ACCOUNTING POLICIES *(continued)*

2.2 Summary of other accounting policies *(continued)*

2.2.17 Interest income

Interest income is recognised using the effective interest method. When a loan and receivable is impaired, the Group reduces the carrying amount to its recoverable amount, being the estimated future cash flow discounted at original effective interest rate of the instrument, and continues unwinding the discount as interest income. Interest income on impaired receivables is recognised using the original effective interest rate.

2.2.18 Dividend income

Dividends are recognised as other income in profit or loss when the right to receive payment is established.

2.2.19 Government grants

Grants from the government are recognised at their fair value where there is a reasonable assurance that the grant will be received and the Group will comply with all attached conditions.

Government grants relating to costs are deferred and recognised in profit or loss over the period necessary to match them with the costs that they are intended to compensate.

Government grants relating to fixed assets are included in non-current liabilities as deferred income and are credited to profit or loss on a straight-line basis over the expected lives of the related assets.

2.2.20 Dividend distribution

Dividend distribution to the shareholders is recognised as a liability in the Group's and the Company's financial statements in the period in which the dividends are approved by the shareholders of the Company.

NOTES TO THE FINANCIAL STATEMENTS

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3 FINANCIAL RISK MANAGEMENT

3.1 Financial risk factors

The Group's activities expose it to a variety of financial risks: market risk (including foreign currency risk, cash flow and fair value interest rate risk and other price risk), credit risk and liquidity risk. The Group's overall risk management strategy seeks to minimise the potential adverse effects on the financial performance of the Group.

(a) Market risk

(i) Foreign currency risk

The Group mainly operates in the PRC with most of the transactions settled in RMB. RMB is also the functional and presentation currency of the Group. RMB is not freely convertible into other foreign currencies. The conversion of RMB denominated balances into foreign currencies is subject to the rates and regulations of foreign exchange control promulgated by the PRC government. Any foreign currency denominated monetary assets and liabilities other than in RMB would subject the Group to foreign exchange exposure.

The Group's objective of managing the foreign currency risk is to minimise potential adverse effects arising from foreign transaction movements. Depending on volatility of specific foreign currency being exposed, measures are taken by management to manage the foreign currency positions.

The following table shows the Group's foreign currency denominated monetary assets and liabilities (in RMB thousands equivalent):

Monetary assets	Currency denomination	As at 31 December	
		2023 RMB'000	2022 RMB'000
Cash and cash equivalents	HKD	13,067	22,639



3 FINANCIAL RISK MANAGEMENT *(continued)*

3.1 Financial risk factors *(continued)*

(a) Market risk (continued)

(i) Foreign currency risk (continued)

The Group may experience a loss as a result of any foreign currency exchange rate fluctuations in connection with monetary assets and liabilities are shown above. The Group has not used any means to hedge the exposure.

As at 31 December 2023, if RMB had strengthened/weakened by 5% against the HKD with all other variables held constant, profit after tax for the year would have been RMB490,000 lower/higher (2022: loss after tax for the year would have been RMB849,000 higher/lower).

(ii) Cash flow and fair value interest rate risk

Other than deposits held in banks and long-term receivable, the Group does not have significant interest-bearing assets. The average interest rate of cash and cash equivalents and long-term deposits in the PRC are 1.75% and 3.25% respectively (2022: 1.55% and 3.84% respectively) per annum. Any change in the interest rate promulgated by the People's Bank of China from time to time is not considered to have a significant impact to the Group. The average effective interest rate of long-term receivable is 6.54%.

The Group's main interest rate risk arises from borrowings with variable rates, which expose the Group to cash flow interest rate risk, while borrowing with fix rates exposes the Group to fair value interest rate risk. As at 31 December 2023, the Group's borrowings were long-term RMB denominated borrowings with variable rates of RMB790,000,000 and short-term RMB denominated borrowings with variable rates of RMB700,000,000.

As at 31 December 2023, if the borrowing rates calculated by variable rate of one-year LPR increases/decreases by 50 basis points while all other variables held constant, the profit after tax for the year would have been RMB5,587,500 lower/higher (2022: the loss after tax for the year would have been RMB5,606,000 higher/lower).

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For the year ended 31 December 2023

(All amounts expressed in Renminbi unless otherwise stated)

3 FINANCIAL RISK MANAGEMENT *(continued)*

3.1 Financial risk factors *(continued)*

(a) Market risk *(continued)*

(iii) Other price risk

The Group's exposure to price risk arises from equity investments held by the Group and classified as FVOCI.

As at 31 December 2023, if the expected price of the equity investments held by the Group increased/decreased by 5% with all other variables held constant, other comprehensive income for the year would have been RMB17,351,000 higher/lower (2022: the other comprehensive loss after tax for the year would have been RMB17,389,000 lower/higher).

(b) Credit risk

Credit risk arises from cash and cash equivalents, term deposits, trade and other receivables (excluding prepayments) and long-term receivable. The carrying amounts of each class of the above financial assets represent the Group's maximum exposure to credit risk in relation to financial assets.

(i) Risk management

Cash and term deposits are placed with reputable banks. There was no recent history of default of cash and cash equivalents and term deposits from such financial institutions. The Group considers that there is no significant credit risk and is not subject to any material losses due to the default of the banks.

For trade and other receivables as well as long-term receivable, the Group manages the credit risk exposure by setting related policies. The Group set credit period for its customers/debtors considering the customers/debtors' financial conditions, the possibilities of obtaining collaterals from third parties, credit records and other factors comprehensively. The credit period are monitored on an ongoing basis by the management. For those customers/debtors with poor credit records, the Group mitigates credit risk by setting a shorter credit period or cancelling the credit period.



3 FINANCIAL RISK MANAGEMENT *(continued)*

3.1 Financial risk factors *(continued)*

(b) Credit risk *(continued)*

(i) Risk management (continued)

The Group's trade and other receivables as well as long-term receivable are mainly receivables and deposits incurred from provision of railway operation service or sales of goods. Management performs ongoing credit evaluations of its customers/debtors' financial condition and generally does not require collateral from the customers/debtors. After assessing the expected reliability and timing for collection of the outstanding balances, the Group maintains a provision for impairment of receivables. Taking into account the past experience with customers/debtors and the collection status, the Group considers that there is no significant credit risk.

As at 31 December 2023, the Group had no significant collateral held as a result of mortgages by debtors and other credit enhancements (31 December 2022: nil).

(ii) Impairment of financial assets

The Group has three types of financial assets that are subject to the expected credit loss model: trade receivables, other receivables and long-term receivable.

While cash and cash equivalents and term deposits are also subject to the impairment requirements of IFRS 9, the identified impairment loss was immaterial.

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 December 2023

(All amounts expressed in Renminbi unless otherwise stated)

3 FINANCIAL RISK MANAGEMENT *(continued)*

3.1 Financial risk factors *(continued)*

(b) Credit risk *(continued)*

(ii) Impairment of financial assets (continued)

Trade receivables

The Group applies the IFRS 9 simplified approach to measuring expected credit losses which uses a lifetime expected loss provision for all trade receivables.

The Group categorises the trade receivables into the following portfolios based on credit risk characteristics:

- Portfolio 1: receivable incurred from revenues collected and settled through the CSRG;
- Portfolio 2: receivable incurred from revenue from railway operation;
- Portfolio 3: receivable incurred from revenue other than railway operation and revenues collected and settled without the CSRG; and
- Portfolio 4: bank acceptance that represents lower credit risk.

Provision for credit losses are recognised on the basis of exposure at default and ECL rates, including possibility of default and loss given default of each portfolio and forward-looking information. In considering the forward-looking information, the Group considers the risk of economy downturn, external market environment, technical environment and changes in customer's conditions.



3 FINANCIAL RISK MANAGEMENT *(continued)*

3.1 Financial risk factors *(continued)*

(b) Credit risk (continued)

(ii) Impairment of financial assets (continued)

Trade receivables *(continued)*

On that basis, the loss provision as at 31 December 2023 and 31 December 2022 was determined for trade receivables (in RMB thousands):

	As at 31 December 2023			As at 31 December 2022		
	Carrying amount	ECL rates	Loss provision	Carrying amount	ECL rates	Loss provision
Portfolio 1	269,407	—	—	230,613	—	—
Portfolio 2	5,784,729	0.55%	(31,688)	4,273,061	0.58%	(24,815)
Portfolio 3	219,239	0.97%	(2,135)	181,056	2.00%	(3,621)
	6,273,375		(33,823)	4,684,730		(28,436)

The loss provision for trade receivables as at 31 December reconciles to the opening loss provision as follows:

	Trade receivables	
	2023 RMB'000	2022 RMB'000
Opening loss provision as at 1 January	28,436	23,751
Impairment loss provision	5,387	4,685
Closing loss provision at 31 December	33,823	28,436

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For the year ended 31 December 2023

(All amounts expressed in Renminbi unless otherwise stated)

3 FINANCIAL RISK MANAGEMENT *(continued)*

3.1 Financial risk factors *(continued)*

(b) Credit risk *(continued)*

(ii) Impairment of financial assets (continued)

Other financial assets at amortised cost

Other financial assets at amortised cost include other receivables and long-term receivables.

Impairment on other receivables and long-term receivables is measured as either 12-month expected credit losses or lifetime expected credit loss, depending on whether there has been a significant increase in credit risk since the initial recognition. If a significant increase in credit risk of a deposit or receivable has occurred since the initial recognition, then the impairment is measured as lifetime expected credit losses.

A financial instrument which are not considered to have significantly increased in credit risk since initial recognition is classified in 'Stage 1'. The impairment provision is measured at an amount equal to the 12-month expected credit losses for these financial assets.

If a significant increase in credit risk since initial recognition is identified but the financial instrument is not yet deemed to be credit-impaired, the financial instrument is moved to 'Stage 2'. The impairment provision is measured based on expected credit losses on a lifetime basis.

If the financial instrument is credit-impaired, the financial instrument is then moved to 'Stage 3'. The impairment provision is measured based on expected credit losses on lifetime basis.



3 FINANCIAL RISK MANAGEMENT *(continued)*

3.1 Financial risk factors *(continued)*

(b) Credit risk *(continued)*

*(ii) Impairment of financial assets *(continued)**

Other financial assets at amortised cost *(continued)*

The loss provision as at 31 December 2023 and 31 December 2022 for other receivables was as follows (in RMB thousands):

	As at 31 December 2023			As at 31 December 2022		
	Carrying amount	ECL rates	Loss provision	Carrying amount	ECL rates	Loss provision
Stage 1 (Portfolio)	505,078	0.24%	(1,220)	334,626	0.38%	(1,281)
Stage 1 (Individual)	128,903	—	—	128,903	—	—
	633,981		(1,220)	463,529		(1,281)

Impairment losses on trade and other receivables and long-term receivables are presented as net impairment losses within operating profit. Subsequent recoveries of amounts previously written off are credited against the same line item.

(c) Liquidity risk

Prudent liquidity risk management implies maintaining sufficient cash and marketable securities and the availability of funding through an adequate amount of committed credit facilities to meet obligations when due and to close out market positions. Management monitors rolling forecasts of the Group's liquidity reserves (comprising cash and cash equivalents) on the basis of expected cash flows.

The table below analyses the Group's financial liabilities into relevant maturity groupings based on the remaining period at the balance sheet to the contractual maturity date. The amounts disclosed in the table are the contractual undiscounted cash flows. Balances due within 12 months equal their carrying balances, as the impact of discounting is not significant.

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 December 2023

(All amounts expressed in Renminbi unless otherwise stated)

3 FINANCIAL RISK MANAGEMENT (continued)

3.1 Financial risk factors (continued)

(c) Liquidity risk (continued)

	Less than 1 year RMB'000	Between 1 and 5 years RMB'000	Over 5 years RMB'000	Carrying amount RMB'000
At 31 December 2023				
Trade and bill payable and other payables excluding non-financial liabilities	4,541,730	—	—	4,541,730
Payables for fixed assets and construction-in-progress	1,931,405	—	—	1,931,405
Lease liabilities	65,539	272,470	5,460,000	5,798,009
Short-term borrowings	711,362	—	—	711,362
Long-term borrowings	30,689	800,360	—	831,049
Dividends payable	13,744	—	—	13,744
	7,294,469	1,072,830	5,460,000	13,827,299
At 31 December 2022				
Trade and bill payable and other payables excluding non-financial liabilities	5,023,979	—	—	5,023,979
Payables for fixed assets and construction-in-progress	2,053,638	—	—	2,053,638
Lease liabilities	64,498	268,220	5,529,790	5,862,508
Short-term borrowings	715,760	—	—	715,760
Long-term borrowings	44,601	811,070	—	855,671
Dividends payable	13,746	—	—	13,746
	7,916,222	1,079,290	5,529,790	14,525,302



3 FINANCIAL RISK MANAGEMENT *(continued)*

3.2 Capital risk management

The Group's objectives of managing capital are to safeguard the Group's ability to continue as a going concern in order to provide returns for shareholders and benefits for other stakeholders and to maintain an optimal capital structure to reduce the cost of capital.

The Group is not subject to external mandatory capital requirements and uses gearing ratios to monitor capital. As at 31 December 2023 and 2022, the Group's gearing ratios are presented below:

	As at 31 December 2023	As at 31 December 2022
Gearing ratios	29.23%	31.82%

Management believes that the current capital structure is appropriate.

3.3 Fair value estimation

According to amendment to IFRS 7 for financial instruments that are measured in the balance sheet at fair value, it requires disclosure of fair value measurements by levels of following fair value measurement hierarchy:

- Quoted prices (unadjusted) in active markets for identical assets or liabilities (level 1).
- Inputs other than quoted prices included within level 1 that are observable for the asset or liability, either directly (that is, as prices) or indirectly (that is, derived from prices) (level 2).
- Inputs for the asset or liability that are not based on observable market data (that is, unobservable inputs) (level 3).

As at 31 December 2023 and 2022, the Group did not have any financial instruments that were measured at fair value except for FVOCI (note 15).

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 December 2023

(All amounts expressed in Renminbi unless otherwise stated)

3 FINANCIAL RISK MANAGEMENT (continued)

3.3 Fair value estimation (continued)

The following table presents the Group's assets that are measured at fair value at 31 December 2023:

	Level 1 RMB'000	Level 2 RMB'000	Level 3 RMB'000	Total RMB'000
Assets				
Financial assets at FVOCI	—	—	462,696	462,696

The following table presents the Group's assets that are measured at fair value at 31 December 2022:

	Level 1 RMB'000	Level 2 RMB'000	Level 3 RMB'000	Total RMB'000
Assets				
Financial assets at FVOCI	—	—	463,696	463,696

There were no transfers between levels 1, 2 and 3 or changes in valuation techniques during the year (2022: nil).

The following table presents the changes in level 3 items for the periods ended 31 December 2023:

	Financial assets at FVOCI
Opening balance as at 1 January 2022	463,696
Acquisitions	—
Closing balance as at 31 December 2022	463,696
Changes in fair value (Note 15(b))	10,590
Disposals	(11,590)
Dividends received	16,285
Closing balance as at 31 December 2023	462,696

Financial assets and liabilities of the Group measured at amortised cost include trade and other receivables, long-term receivable, term deposits, cash and cash equivalents, trade and other payables and borrowings, of which the fair values approximate their carrying amounts.



4 CRITICAL ACCOUNTING ESTIMATES AND JUDGEMENTS

Estimates and judgements are continually evaluated and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances.

The Group makes estimates and assumptions concerning the future. The resulting accounting estimates will, by definition, seldom equal the related actual results. The estimates and assumptions that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year are addressed below.

(a) Provision for impairment of trade receivables

The provision for impairment of trade receivables are recognised on the basis of portfolio grouping based on credit risk characteristics, exposure at default and ECL rates, including possibility of default and loss given default of each portfolio and forward-looking information, taking into account the customers/debtors' credit records and financial conditions comprehensively. The Group reviews the key assumptions related to ECL calculation on a regular basis. The Group took into factors used in the forward-looking estimation, such as the risk of economy downturn, external market environment, technical environment and changes in customer's conditions.

Where the actual loss is different from the amounts that were initially recorded based on above estimate, such differences will impact the carrying value of trade receivables of the Group in future periods.

(b) Goodwill Impairment

Goodwill impairment reviews are undertaken at least annually or more frequently if events or changes in circumstances indicate a potential impairment. The recoverable amount of a cash-generating unit ("CGU") or groups of CGUs when goodwill is included in the carrying amount of that unit or units is the higher of value in use and the fair value less costs to sell.

Recoverable amount of CGU when goodwill is included in the carrying amount of that unit based on value-in-use calculations which require the use of assumptions. The key assumptions used by the management is disclosed in note 9.

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 December 2023

(All amounts expressed in Renminbi unless otherwise stated)

4 CRITICAL ACCOUNTING ESTIMATES AND JUDGEMENTS *(continued)*

(c) Recognition of deferred tax assets

Deferred income tax assets are recognised only to the extent that it is probable that future taxable profit will be available against which the temporary differences can be utilised. Future taxable profit includes taxable profit that the Group will realize through normal operation activities and future reversal of taxable temporary differences generated in prior periods. Estimates and judgements are involved in determining the amounts of future taxable profit and the periods in which the temporary differences can be utilised. Where the actual situation differs from estimates, such differences will impact the carrying value of deferred tax assets of the Group in future periods.

(d) Depreciable lives of fixed assets

The estimate of depreciable lives of fixed assets, especially tracks, bridges and service roads, was made by the directors with reference to the following: (1) the historical usage of the assets; (2) their expected physical wear and tear; (3) results of recent durability assessment performed; (4) technical or commercial obsolescence arising from changes or improvements in production of similar fixed assets; (5) the right of the Group to renew the land use right grants and the land use right lease on which these assets are located (note 8); (6) the changes in market demand for, or legal or comparable limits imposed on, the use of such fixed assets. The useful lives and residual values for the year have been reviewed by the directors and no change was made in current year.

The current estimated useful lives are stated in Note 2.1.2. If the estimated depreciable lives of tracks, bridges and service roads had been extended/shortened by 10%, the depreciation expenses of fixed assets for the year ended 31 December 2023 would have been decreased/increased by approximately RMB19,320,000 and RMB23,613,000 respectively (2022: RMB19,032,000 and RMB23,262,000).

5 SEGMENT INFORMATION

The chief operating decision-makers have been identified as the senior executives of the Company. Senior executives of the Company review the Group's internal reporting in order to assess performance and allocate resources. The operating segments were determined based on these management reports.

Senior executives evaluate the business from a perspective of revenues and operating results generated from railroad and related business conducted by the Company ("the Railway Transportation Business"). Other segments mainly include on-board catering services, leasing, sales of materials, sale of goods and other businesses related to railway transportation provided by the subsidiaries of the Company. Senior executives of the Company assess the performance of the operating segments based on a measure of the profit before income tax. Other information provided, except as noted below, to senior executives of the Company is measured in a manner consistent with that in the consolidated financial statements.



5 SEGMENT INFORMATION *(continued)*

The segment results during 2023 and 2022 are as follows:

	The Railway Transportation Business		All other segments		Eliminations		Total	
	2023 RMB'000	2022 RMB'000	2023 RMB'000	2022 RMB'000	2023 RMB'000	2022 RMB'000	2023 RMB'000	2022 RMB'000
Segment revenue								
– Railroad Businesses	24,649,141	18,722,862	–	–	–	–	24,649,141	18,722,862
– Revenue from external customers	24,649,141	18,722,862	–	–	–	–	24,649,141	18,722,862
– Inter segment revenue	–	–	–	–	–	–	–	–
– Other Businesses	1,493,231	1,145,413	134,051	169,076	(81,525)	(93,921)	1,545,757	1,220,568
– Revenue from external customers	1,493,231	1,145,413	52,526	75,155	–	–	1,545,757	1,220,568
– Inter segment revenue	–	–	81,525	93,921	(81,525)	(93,921)	–	–
Total revenue	26,142,372	19,868,275	134,051	169,076	(81,525)	(93,921)	26,194,898	19,943,430
Timing of revenue recognition								
– Overtime	25,967,175	19,770,846	36,391	52,313	(17,456)	(93,921)	25,986,110	19,729,238
– At a point in time	139,040	83,705	75,864	99,314	(54,535)	–	160,369	183,019
– Lease	36,157	13,724	21,796	17,449	(9,534)	–	48,419	31,173
	26,142,372	19,868,275	134,051	169,076	(81,525)	(93,921)	26,194,898	19,943,430
Segment result	1,488,457	(2,459,701)	(18,936)	(111,694)	(12,945)	(8,398)	1,456,576	(2,579,793)
Finance costs – net	105,173	79,793	165	132	–	–	105,338	79,925
Share of results of associates, net of tax	23,454	52,167	–	–	–	–	23,454	52,167
Depreciation of fixed assets	1,860,060	1,912,497	4,030	4,029	–	–	1,864,090	1,916,526
Depreciation of right-of-use assets	57,070	57,068	11,332	11,332	–	–	68,402	68,400
Amortisation of long-term prepaid expenses	22,605	23,135	349	460	–	–	22,954	22,954
Impairment of fixed assets	120,819	–	–	–	–	–	120,819	120,819
Provision for impairment of materials and supplies	–	37	–	–	–	–	–	–
Provision for impairment losses on financial assets	5,506	4,093	–	–	–	–	5,506	5,506

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(All amounts expressed in Renminbi unless otherwise stated)

5 SEGMENT INFORMATION (continued)

A reconciliation of the segment results to profit for the year of 2023 and 2022 is as follows:

	The Railway Transportation Business		All other segments		Eliminations		Total	
	2023	2022	2023	2022	2023	2022	2023	2022
	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
Segment result	1,488,457	(2,459,701)	(18,936)	(111,694)	(12,945)	(8,398)	1,456,576	(2,579,793)
Income tax expense/(credit)	(400,265)	588,700	583	(2,554)	—	—	(399,682)	586,146
Profit/(loss) for the year	1,088,192	(1,871,001)	(18,353)	(114,248)	(12,945)	(8,398)	1,056,894	(1,993,647)

The Group is domiciled in the PRC. All the Group's revenues were generated in the PRC, and the assets of the Group are also located in the PRC.

	The Railway Transportation Business		All other segments		Eliminations		Total	
	2023	2022	2023	2022	2023	2022	2023	2022
	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
Total segment assets	37,380,306	37,125,305	378,548	393,012	(523,908)	(476,941)	37,234,947	37,041,376
Total segment assets include:								
Investment in associates	298,743	274,601	—	—	—	—	298,743	274,601
Additions to non-current assets (other than financial instruments and deferred tax assets)	960,035	1,049,828	668	1,074	—	—	960,703	1,050,902
Total segment liabilities	10,470,676	11,345,768	863,863	859,971	(451,587)	(417,564)	10,882,952	11,788,175

Revenues of approximately RMB6,077,868,000 (2022: RMB5,506,484,000) were derived from Guangzhou Railway Group and its subsidiaries, which was 23.2% of the Group's total revenue (2022: 27.6%). These revenues are attributable to the Railway Transportation Business. Except that, no revenues derived from a single external customer have exceeded 10% of the total revenues.



6 FIXED ASSETS — NET

	Buildings RMB'000	Tracks, bridges and service roads RMB'000	Locomotives and rolling stock RMB'000	Communications and signalling systems RMB'000	Other machinery and equipment RMB'000	Total RMB'000
At 1 January 2022						
Cost	9,428,440	15,346,319	6,981,827	2,242,637	7,062,632	41,061,855
Accumulated depreciation	(3,834,561)	(4,048,162)	(2,640,943)	(1,411,662)	(5,058,903)	(16,994,231)
Impairment	(23,257)	(16,796)	(11,835)	—	(5,575)	(57,463)
Net book amount	5,570,622	11,281,361	4,329,049	830,975	1,998,154	24,010,161
Year ended 31 December 2022						
Opening net book amount	5,570,622	11,281,361	4,329,049	830,975	1,998,154	24,010,161
Other additions	2,058	13,232	8,105	—	67,662	91,057
Transfer in from construction-in-progress (Note 7)	113,763	48,768	3,187	404,206	229,079	799,003
Transfer out to construction-in-progress for improvement/modifications (Note 7)	(128)	(187,332)	(1,040,935)	(936)	(15,567)	(1,244,898)
Transfer in from construction-in-progress after repair (Note 7)	—	275,052	1,529,767	16,099	34,488	1,855,406
Reclassifications	(228)	—	(72)	—	300	—
Disposals	(11,787)	(44,863)	(94,786)	(6,083)	(6,313)	(163,832)
Depreciation charges	(380,952)	(266,615)	(672,490)	(215,436)	(381,033)	(1,916,526)
Impairment charge	—	—	—	—	—	—
Closing net book amount	5,293,348	11,119,603	4,061,825	1,028,825	1,926,770	23,430,371
At 31 December 2022						
Cost	9,473,196	15,354,240	6,534,798	2,595,337	7,196,602	41,154,173
Accumulated depreciation	(4,179,358)	(4,234,637)	(2,472,677)	(1,566,512)	(5,268,368)	(17,721,552)
Impairment	(490)	—	(296)	—	(1,464)	(2,250)
Net book amount	5,293,348	11,119,603	4,061,825	1,028,825	1,926,770	23,430,371

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6 FIXED ASSETS — NET (continued)

	Buildings RMB'000	Tracks, bridges and service roads RMB'000	Locomotives and rolling stock RMB'000	Communications and signalling systems RMB'000	Other machinery and equipment RMB'000	Total RMB'000
Year ended 31 December 2023						
Opening net book amount	5,293,348	11,119,603	4,061,825	1,028,825	1,926,770	23,430,371
Other additions	7,240	414	10,413	1,707	64,576	84,350
Transfer in from construction-in-progress (Note 7)	54,061	179,024	240,546	10,683	696,193	1,180,507
Transfer out to construction-in-progress for improvement/ modifications (Note 7)	(41,791)	(523,470)	(218,728)	(16,878)	(21,731)	(822,598)
Transfer in from construction-in-progress after repair (Note 7)	18,143	725,096	67,147	58,084	97,599	966,069
Reclassifications	196	—	328	(524)	—	—
Disposals	(32,964)	(20,479)	(4,656)	(6,245)	(2,750)	(67,094)
Depreciation charges	(370,298)	(233,342)	(673,853)	(190,582)	(396,015)	(1,864,090)
Impairment charge	—	(120,819)	—	—	—	(120,819)
Closing net book amount	4,927,935	11,126,027	3,482,694	885,922	2,364,118	22,786,696
At 31 December 2023						
Cost	9,396,699	15,586,508	6,172,312	2,434,889	7,844,160	41,434,568
Accumulated depreciation	(4,468,274)	(4,339,662)	(2,689,322)	(1,548,967)	(5,478,578)	(18,524,803)
Impairment	(490)	(120,819)	(296)	—	(1,464)	(123,069)
Net book amount	4,927,935	11,126,027	3,482,694	885,922	2,364,118	22,786,696

- (a) As at 31 December 2023, the ownership certificates of certain buildings of the Group with an aggregate carrying value of approximately RMB1,628,856,000 (2022: RMB1,729,675,000) had not been obtained by the Group.



6 FIXED ASSETS — NET *(continued)*

(a) *(continued)*

These kind of buildings are classified as below:

	Carrying value as at 31 December 2023 RMB'000	Carrying value as at 31 December 2022 RMB'000	Reason for delay in obtaining the ownership certificates
Certificates for buildings under application procedures	1,193,720	1,259,538	The Group commenced such application procedures with the respective authorities in China, there has been progress made and the Group's management does not expect any major difficulties in obtaining the remaining ownership certificates.
Certain buildings located on the land of which the land use right certificates have not been obtained	42,823	45,840	According to relevant laws and regulations in China, the land use right certificates of the land on which these buildings are located must be obtained before the Group can start the application for the respective housing ownership certificates. As a result, the Group will start to apply for the ownership certificates of these buildings after they have completed the procedures to obtain the land use right certificates.
Certain buildings attached to pieces of land which is held by lease	392,313	424,297	Such land is held by lease under certain operating lease arrangements. Due to the fact that the Group does not have the underlying land use right certificates for such land, therefore, the Group cannot apply for the respective ownership certificates of the buildings constructed on top of it. According to the lease agreements and communication with the lessors, and as confirmed by the Company's legal counsel, the Group possesses the right to use and/or own such buildings without the certificates.

After consultation made with the Company's legal counsel, the directors of the Company consider that there is no legal restriction for the Group to apply for and obtain the ownership certificates of these buildings and it should not lead to any significant adverse impact on the operations of the Group.

(b) As at 31 December 2023, fixed assets of the Group with an aggregate net book value of approximately RMB143,269,000 (2022: RMB144,172,000) had been fully depreciated but they were still in use.

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(All amounts expressed in Renminbi unless otherwise stated)

7 CONSTRUCTION-IN-PROGRESS

	2023 RMB'000	2022 RMB'000
At 1 January	1,112,582	1,588,935
Transfer in from fixed assets for improvement (Note 6)	822,598	1,244,898
Other additions	772,574	933,158
Transfer to fixed assets (Note 6)	(1,180,507)	(799,003)
Transfer out to fixed assets after improvement/modifications (Note 6)	(966,069)	(1,855,406)
At 31 December	561,178	1,112,582

Construction-in-progress as at 31 December 2023 mainly comprise of improvement projects for tracks, bridges, service roads and equipment in the PRC.

As at 31 December 2023, the balance of the provision for writing down the construction-in-progress was approximately RMB15,456,000 (2022: RMB15,456,000).



8 RIGHT-OF-USE ASSETS AND LEASE LIABILITIES

(1) RIGHT-OF-USE ASSETS

	Land use right (a) RMB'000	2022 Lease of Land use right (b) RMB'000	Total RMB'000
Cost			
As at 31 December 2021	2,399,215	1,380,243	3,779,458
Additions (b)	—	—	—
Disposals	(2,531)	—	(2,531)
As at 31 December 2022	2,396,684	1,380,243	3,776,927
Accumulated depreciation			
As at 31 December 2021	(620,072)	(43,004)	(663,076)
Depreciation charges	(52,154)	(16,246)	(68,400)
Disposal	1,148	—	1,148
As at 31 December 2022	(671,078)	(59,250)	(730,328)
Net book value			
As at 31 December 2022	1,725,606	1,320,993	3,046,599
As at 31 December 2021	1,779,143	1,337,239	3,116,382

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8 RIGHT-OF-USE ASSETS AND LEASE LIABILITIES (continued)

(1) RIGHT-OF-USE ASSETS (continued)

	Land use right (a) RMB'000	2023 Lease of Land use right RMB'000	Total RMB'000
Cost			
As at 31 December 2022	2,396,684	1,380,243	3,776,927
Additions	19,201	—	19,201
Disposals	(7,541)	—	(7,541)
As at 31 December 2023	2,408,344	1,380,243	3,788,587
Accumulated depreciation			
As at 31 December 2022	(671,078)	(59,250)	(730,328)
Depreciation charges	(52,156)	(16,246)	(68,402)
Disposal	4,030	—	4,030
As at 31 December 2023	(719,204)	(75,496)	(794,700)
Net book value			
As at 31 December 2023	1,689,140	1,304,747	2,993,887
As at 31 December 2022	1,725,606	1,320,993	3,046,599

(2) LEASE LIABILITIES

	As at 31 December 2023	As at 31 December 2022
Lease liabilities	1,392,431	1,388,729
Less: current portion of lease liabilities	(65,539)	(64,498)
	1,326,892	1,324,231



8 RIGHT-OF-USE ASSETS AND LEASE LIABILITIES *(continued)*

(2) LEASE LIABILITIES *(continued)*

The amounts recognised in the Consolidated Comprehensive Income Statement for the year relating to the lease contracts are as follows:

	2023 RMB'000	2022 RMB'000
Depreciation charge of right-of-use assets	68,402	68,400
Interest expense on lease liabilities <i>(Note 33)</i>	68,114	67,903
Expense relating to short-term leases	2,121,759	2,139,333
	2,258,275	2,275,636

The total cash outflow for leases in 2023 was RMB2,186,171,000 (2022: RMB2,202,590,000).

The remaining lease period of right-of-use assets as at 31 December 2023 was lease of between 1 to 83 years.

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(All amounts expressed in Renminbi unless otherwise stated)

8 RIGHT-OF-USE ASSETS AND LEASE LIABILITIES (continued)

(2) LEASE LIABILITIES (continued)

- (a) As at 31 December 2023, the ownership certificates of land with an aggregate carrying value of approximately RMB30,385,000 (2022: RMB50,785,000 that was acquired through assets/business acquisition and group restructuring have not yet been changed from the names of the respective original owners to the name of the Company; and the ownership certificates of the land use rights of the Group with an aggregate carrying value of approximately RMB1,090,493,000 (2022: RMB1,126,189,000) had not been obtained by the Group due to the following fact:

	Carrying value as at 31 December 2023 RMB'000	Reason for delay in obtaining the ownership certificates
Certain pieces of land associated with the operations of Guangshen Line IV, one of the railway lines operated by the Company	1,090,493	Due to the fact that Guangshen Line IV spans across several cities, counties and villages in China, it is practically cumbersome and time consuming for the Group to coordinate and execute the procedures for acquiring the respective land use rights certificates with the respective local bureaus and authorities governing the title registration and transfer, and therefore, the progress of acquiring the formal title certificates has been progressing slowly.

After consultation made with the Company's legal counsel, the directors of the Company consider that there is no legal restriction for the Group or the Company to apply for and obtain the land use right certificates and it should not lead to any significant adverse impact on the operations of the Group or the Company.



9 GOODWILL

	<i>RMB'000</i>
Year ended 31 December 2022 and 2023	
Opening net book amount	281,255
Additions	—
Impairment	—
Closing net book amount	281,255

As at 31 December 2023 and 2022, the outstanding balance of goodwill arose from the excess of a purchase consideration paid by the Company over the aggregate fair values of the identifiable assets, liabilities and contingent liabilities of the Yangcheng Railway Business acquired by the Company in 2007.

On 1 January 2009, the Group integrated the Yangcheng Railway Business with the Group's railway business in order to improve the operation efficiency. As a result, the management considers that the Yangcheng Railway Business and the Group's other railway business ("the Railway Transportation Business") represents the lowest level of CGUs within the Group at which goodwill is monitored for internal management purposes. As a result, the goodwill balance has been allocated to the CGU comprising the Railway Transportation Business.

Goodwill is allocated to CGU for the purpose of impairment testing by comparing the carrying amount with the recoverable amount of Combined Railway Transportation Business. Such impairment testing is executed by the annually or when there are signs of impairment. If the recoverable amount is lower than the carrying amount, the difference is recognised directly in profit or loss. The allocation is not changed in 2023.

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For the year ended 31 December 2023

(All amounts expressed in Renminbi unless otherwise stated)

9 GOODWILL (continued)

The recoverable amount of the CGU is determined based on higher of value-in-use and fair value less costs to sell. These calculations use pre-tax cash flow projections based on financial forecasts prepared by management covering a five-year period. Cash flows beyond the five-years period are extrapolated using the estimated growth rates stated below.

The Group estimated the growth rate and gross margin based on past experience and its expectations for the market development. Cash flows beyond the five-year period are extrapolated using the estimated growth rates, which does not exceed the long-term average growth rate of the industry. The discount rate used is pre-tax and reflect specific risks relating to the railway transportation business segment.

The key assumptions used for value-in-use calculations are as follows:

Railroad business	2023	2022
Revenue growth rate (within the five-year period)	6% – 7%	8% – 22%
Long-term revenue growth rate (beyond the five-year period)	3%	3%
Gross margin	8% – 9%	0% – 8%
Pre-tax discount rate	11%	11%

As at 31 December 2023, the recoverable amount calculated based on value-in-use exceeded carrying value of the CGU by RMB4,867 million (2022: RMB3,387 million). Based on the assessment result, there is no need to recognise impairment charges against goodwill.



10 SUBSIDIARIES

The following is a list of the principal subsidiaries at 31 December 2023:

Name of the entity	Place of incorporation and nature of legal entity	Principal activities and place of operation	Proportion of equity interests held by the Company (%)	Proportion of equity interests held by the Group (%)	Proportion of equity interests held by non-controlling interests (%)	Registered capital RMB'000
Dongguan Changsheng Enterprise Company Limited	China, limited liability company	Warehousing in the PRC	51%	51%	49%	38,000
Shenzhen Pinghu Qun Yi Railway Store Loading and Unloading Company Limited	China, limited liability company	Cargo loading and unloading, warehousing, freight transportation in the PRC	100%	100%	—	10,000
Shenzhen Guangshen Railway Economic and Trade Enterprise Company Limited	China, limited liability company	Catering management in the PRC	100%	100%	—	2,000
Guangzhou Railway Huangpu Service Company Limited	China, limited liability company	Cargo loading and unloading, warehousing, freight transportation in the PRC	100%	100%	—	379
Zengcheng Lihua Stock Company Limited ("Zengcheng Lihua") (i)	China, limited liability company	Real estate construction, provision of warehousing, cargo uploading and unloading services in the PRC	44.72%	44.72%	55.28%	107,050

- (i) According to the Articles of Association of Zengcheng Lihua, the remaining shareholders are all natural persons and none of these individuals holds more than 0.5% equity interest in Zengcheng Lihua. All directors of Zengcheng Lihua were appointed by the Company. After considering all shareholders of Zengcheng Lihua other than the Company are individuals with individual interest holding of less than 0.5% and such individuals do not act in concert, and also all directors of Zengcheng Lihua were appointed by the Company, the directors of the Company consider that the Company has the de facto control over the board and the substantial financial and operating decisions of Zengcheng Lihua.

As at 31 December 2023, the non-wholly owned subsidiaries individually and in aggregate is not significant to the Group. Therefore, financial information of the non-wholly owned subsidiaries are not disclosed.

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11 INVESTMENTS IN ASSOCIATES

	2023 RMB'000	2022 RMB'000
Share of net assets	298,743	274,601
Less: provision for impairment	—	—
	298,743	274,601

The movement of investments in associates of the Group during the year is as follows:

	2023 RMB'000	2022 RMB'000
Beginning of the year	274,601	225,338
Share of results after tax	23,454	52,167
Share of other reserve	688	3,690
Dividends received	—	(6,594)
End of the year	298,743	274,601

As at 31 December 2023, the Group had direct interests in the following companies which are incorporated/ established and are operating in the PRC:

Name of the entity	Percentage of equity interest attributable to the Company	Paid-in capital	Principal activities
Guangzhou Tiecheng Enterprise Company Limited ("Tiecheng")	49%	RMB342,988,791	Properties leasing and trading of merchandise
Shenzhen Guangzhou Railway Civil Engineering Company ("Shentu")	24.42%	RMB206,670,000	Construction of railroad properties

The above associates are limited liability companies and are unlisted companies. There are no significant contingent liabilities relating to the Group's interest in the associates and there are no significant restrictions on the transfer of assets or earnings from the associates to the Group.



11 INVESTMENTS IN ASSOCIATES *(continued)*

Set out below are the summarised financial information for Tiecheng and Shentu which are accounted for using the equity method in the consolidated financial statements.

Summarised balance sheets

	Tiecheng		Shentu	
	2023	2022	2023	2022
	RMB'000	RMB'000	RMB'000	RMB'000
Current assets	141,047	120,677	4,152,798	3,517,146
Non-current assets	403,524	409,192	32,644	33,612
Total assets	544,571	529,869	4,185,442	3,550,758
Current liabilities	218,206	223,291	3,535,283	2,952,180
Non-current liabilities	21,412	21,412	38,708	46,287
Total liabilities	239,618	244,703	3,573,991	2,998,467
Equity	304,953	285,166	611,451	552,291
Share of net assets	149,427	139,732	149,316	134,869
Carrying amount of interest in associates	149,427	139,732	149,316	134,869

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11 INVESTMENTS IN ASSOCIATES (continued)

Reconciliation of the summarised financial information presented to the carrying amount of its interests in associates as follows:

	Tiecheng		Shentu		Total	
	2023 RMB'000	2022 RMB'000	2023 RMB'000	2022 RMB'000	2023 RMB'000	2022 RMB'000
Opening net assets	285,166	259,617	552,291	401,823	837,457	661,440
Profit for the year	19,787	25,610	56,344	162,236	76,131	187,846
Changes in other reserves for the year	—	(61)	2,816	15,232	2,816	15,171
Dividends declared for the year	—	—	—	(27,000)	—	(27,000)
Closing net assets	304,953	285,166	611,451	552,291	916,404	837,457
Percentage of ownership interest	49.00%	49.00%	24.42%	24.42%	—	—
Carrying value	149,427	139,732	149,316	134,869	298,743	274,601



12 DEFERRED TAX ASSETS/(LIABILITIES)

	2023 RMB'000	2022 RMB'000
Deferred tax assets	1,279,716	1,683,454
Less: offsetting of deferred tax liabilities	(395,881)	(399,349)
Deferred tax assets (net)	883,835	1,284,105
Deferred tax liabilities	(447,315)	(453,276)
Less: offsetting of deferred tax assets	395,881	399,349
Deferred tax liabilities (net)	(51,434)	(53,927)
	832,401	1,230,178

The analysis of deferred tax assets and deferred tax liabilities is as follows:

	2023 RMB'000	2022 RMB'000
Deferred tax assets:		
— Deferred tax assets to be recovered after more than 12 months	840,288	1,671,489
— Deferred tax assets to be recovered within 12 months	439,428	11,965
	1,279,716	1,683,454
Deferred tax liabilities:		
— Deferred tax liabilities to be recovered after more than 12 months	(433,547)	(441,297)
— Deferred tax liabilities to be recovered within 12 months	(13,768)	(11,979)
	(447,315)	(453,276)

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12 DEFERRED TAX ASSETS/(LIABILITIES) (continued)

The movement in deferred tax assets and liabilities of the Group during the year, without taking into consideration the offsetting of balances within the same tax jurisdiction, is as follows:

	At 1 January 2022 RMB'000	(Charged)/ credited to the comprehensive income statement RMB'000	At 31 December 2022 RMB'000	(Charged)/ credited to the comprehensive income statement RMB'000	At 31 December 2023 RMB'000
Deferred tax assets:					
Deductible tax losses	392,753	604,896	997,649	(428,231)	569,418
Impairment provision for receivables	7,563	(134)	7,429	1,332	8,761
Impairment provision for fixed assets and construction-in-progress	18,230	(13,804)	4,426	30,205	34,631
Impairment provision for materials and supplies	915	(915)	—	—	—
Differences in accounting base and tax base of government grants	194,451	(8,541)	185,910	(11,197)	174,713
Differences in accounting base and tax base of employee benefits obligations	96,298	(15,003)	81,295	7,478	88,773
Loss on disposal of fixed assets	24,672	1,258	25,930	(195)	25,735
Difference in accounting base and tax base of party organisation activity fee	23,629	10,004	33,633	(4,056)	29,577
Differences in accounting base and tax base of lease liabilities	339,736	7,446	347,182	926	348,108
Others	5,974	(5,974)	—	—	—
	1,104,221	579,233	1,683,454	(403,738)	1,279,716



12 DEFERRED TAX ASSETS/(LIABILITIES) (continued)

	At 1 January 2022 RMB'000	Credited to the comprehensive income statement RMB'000	At 31 December 2022 RMB'000	(Charged)/ credited to the comprehensive income statement RMB'000	At 31 December 2023 RMB'000
Deferred tax liabilities:					
Differences in accounting base and tax base in recognition of fixed assets	3,230	(369)	2,861	(488)	2,373
Differences in accounting base and tax base in recognition of leasehold land payments	56,420	(2,493)	53,927	(2,493)	51,434
Changes in the fair value of financial assets at FVOCI	60,647	—	60,647	—	60,647
Differences in accounting base and tax base of right-of-use assets	334,310	(4,062)	330,248	(4,061)	326,187
Others	7,638	(2,045)	5,593	1,081	6,674
	462,245	(8,969)	453,276	(5,961)	447,315

Deferred income tax assets are recognised for tax loss carry-forwards and other temporary difference to the extent that the realisation of the related tax benefit through future taxable profits is probable.

The Group did not recognise deferred income tax assets in respect of tax losses and other temporary difference amounting to RMB385,186,000 (2022: RMB391,733,000) arising from operations of subsidiaries which do not foresee to have enough tax-deductible assessable profits in the near future.

	2023 RMB'000	2022 RMB'000
Tax losses that can be carried forward (a)	367,432	373,761
Deductible temporary differences	17,754	17,972
	385,186	391,733

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12 DEFERRED TAX ASSETS/(LIABILITIES) (continued)

- (a) The tax loss carry-forwards in which no deferred income tax assets were recognised will expire in the following years:

	2023 RMB'000	2022 RMB'000
2023	—	23,435
2024	37,602	37,602
2025	104,651	105,003
2026	94,546	94,547
2027	113,174	113,174
2028	17,459	—
	367,432	373,761



13 LONG-TERM PREPAID EXPENSES

The long-term prepaid expenses represented staff uniforms. The movements of long-term prepaid expenses are set forth as follows:

	2023 RMB'000	2022 RMB'000
At 1 January		
Cost	200,880	199,629
Accumulated amortisation	(159,084)	(135,489)
Net book amount	41,796	64,140
Year ended 31 December		
Opening net book amount	41,796	64,140
Additions	13,867	1,251
Amortisation	(22,954)	(23,595)
Closing net book amount	32,709	41,796
At 31 December		
Cost	214,748	200,880
Accumulated amortisation	(182,039)	(159,084)
Net book amount	32,709	41,796

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14 FINANCIAL INSTRUMENTS BY CATEGORY

	2023 RMB'000	2022 RMB'000
Financial assets		
Financial assets at amortised cost		
Trade receivables and other receivables excluding prepayments (Notes 19 and 20)	6,872,313	5,118,542
Term deposits (Note 16)	61,950	232,192
Cash and cash equivalents (Note 21)	1,482,463	1,299,635
Long-term receivable (Note 17)	16,744	12,232
FVOCI (Note 15)	462,696	463,696
Total	8,896,166	7,126,297

	2023 RMB'000	2022 RMB'000
Financial liabilities		
Liabilities at amortised cost		
Trade and bills payable and other payables excluding non-financial liabilities (Notes 26 and 28)	4,541,730	4,508,892
Payables for fixed assets and construction-in-progress	1,931,405	2,053,638
Dividends payable	13,744	13,746
Borrowings (Note 25)	1,490,952	1,496,268
Lease liabilities (Note 8(2))	1,392,431	1,388,729
Total	9,370,262	9,461,273



15 FINANCIAL ASSETS AT FAIR VALUE THROUGH OTHER COMPREHENSIVE INCOME

(a) Classification of financial assets at FVOCI

Financial assets at FVOCI related to equity securities that are strategic investments not held for trading, and the Group has irrevocably elected at initial recognition to recognise in this category.

(b) Equity investments at fair value through other comprehensive income

	2023 RMB'000	2022 RMB'000
Non-current assets		
Investments in unlisted companies	462,696	463,696

The FVOCI mainly represent equity interests held by the Group in certain unlisted companies with percentage ownership less than 2% individually.

On disposal of these equity investments, any related balance within the FVOCI reserve is reclassified to retained earnings.

In 2023, the Group disposed of its investments in China Railway Information Computer Engineering Co.,Ltd (the "CRICEC"). The investment cost in CRICEC amounted to RMB1,000,000, and fair value change amounting to RMB10,590,000 was recognised in FVOCI in 2023. On the disposal of the investment at consideration of RMB11,590,000, the FVOCI reserve balance amounting to RMB10,590,000 was reclassified to retained earnings and statutory surplus reserve.

(c) Amounts recognised in profit or loss and other comprehensive income

During the year, the following gains were recognised in profit or loss and other comprehensive income.

	2023 RMB'000	2022 RMB'000
Dividends from equity investments at FVOCI recognised in profit or loss within other gains — net (Note 32)		
— Related to investments held at the end of the reporting period	16,285	13,121

(d) Fair value

All of the financial assets at FVOCI are denominated in RMB. For an analysis of the sensitivity of the assets to price risk refer to note 3.1(a)(iii).

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16 TERM DEPOSITS

	2023 RMB'000	2022 RMB'000
Current assets		
Current portion of long-term deposits	1,950	172,192
	1,950	172,192
Non-current assets		
Long term deposits	60,000	60,000

The original effective interest rate of term deposits was 3.25% per annum (2022: 3.84% per annum).

17 LONG-TERM RECEIVABLE

The long-term receivable balance represents freight service fees receivable from a third-party customer which was acquired from Yangcheng Railway Business in 2007. On the acquisition date of Yangcheng Railway Business, it was measured at fair value and subsequently carried at amortised cost using an average effective interest rate of 6.54%.

The balance approximated its fair value as at 31 December 2023 and 31 December 2022.

18 MATERIALS AND SUPPLIES

	2023 RMB'000	2022 RMB'000
Raw materials	221,739	204,831
Accessories	32,477	26,403
Reusable rail-line track materials	34,993	31,034
Retailing consumables	318	377
	289,527	262,645



18 MATERIALS AND SUPPLIES *(continued)*

The costs of materials and supplies consumed by the Group of RMB1,853,957,000 (2022: RMB1,556,921,000) during the year were recognised as “operating expenses”.

As at 31 December 2023, no provision was provided for writing down the materials and supplies to their net realisable values (2022: Same).

During the year, no provision was made, reversed and written off (2022: RMB37,000, nil and RMB3,698,000).

19 TRADE RECEIVABLES

	2023 RMB'000	2022 RMB'000
Trade receivables	6,273,375	4,684,730
Including: receivables from related parties	5,350,421	4,008,569
Less: provision for impairment of receivables	(33,823)	(28,436)
	6,239,552	4,656,294

As at 31 December 2023 and 2022, the Group’s trade receivables were all denominated in RMB. The majority of the trade receivable were from state-owned railroad companies or companies in transportation industry.

The passenger railroad services are usually transacted on a cash basis. The Group does not have formal contractual credit terms agreed with its customers for freight services but the trade receivables are usually settled within a period less than one year. As a result, the Group regards any receivable balance within one year determined base on transaction date being not overdue. The aging analysis of the outstanding trade receivables determined base on transaction date is as follows:

	2023 RMB'000	2022 RMB'000
Within 1 year	4,823,400	3,122,287
Over 1 year but within 2 years	1,295,753	1,497,790
Over 2 years but within 3 years	125,069	64,653
Over 3 years	29,153	—
	6,273,375	4,684,730

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19 TRADE RECEIVABLES (continued)

The Group applies the IFRS 9 simplified approach to measuring expected credit losses which uses a lifetime expected loss provision for all trade receivables.

The maximum exposure to credit risk at the reporting date is the carrying value mentioned above. The Group does not hold any collateral as security.

20 PREPAYMENTS AND OTHER RECEIVABLES

	2023 RMB'000	2022 RMB'000
Due from third parties	388,724	328,999
Due from related parties	396,063	249,558
	784,787	578,557

	2023 RMB'000	2022 RMB'000
Other receivables	633,981	463,529
Less: provision for impairment	(1,220)	(1,281)
Other receivables, net (a)	632,761	462,248
Prepayments (b)	152,026	116,309
	784,787	578,557



20 PREPAYMENTS AND OTHER RECEIVABLES *(continued)*

- (a) Other receivables mainly represent miscellaneous deposits and receivables arising from the course of provision of non-railway transportation services by the Group.

Movements on the provision for impairment of other receivables are as follows:

	2023 RMB'000	2022 RMB'000
At 1 January	1,281	6,503
Provision for impairment loss	530	—
Reversal of impairment loss provision	(411)	(591)
Written off of impairment loss provision	(180)	(4,631)
At 31 December	1,220	1,281

- (b) Prepayments mainly represent the input VAT with related invoices not been received or verified and amounts paid in advance to the suppliers for utilities and other operating expenses of the Group. As at 31 December 2023, the input VAT with related invoices not been received or verified amounted to RMB129,038,000 (2022: RMB105,538,000).

The carrying amounts of the Group's prepayments and other receivables are denominated in the following currencies:

	2023 RMB'000	2022 RMB'000
RMB	784,787	578,557

The maximum exposure to credit risk at the reporting date is the carrying value of each class of receivable mentioned above. The Group does not hold any collateral as security.

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 December 2023

(All amounts expressed in Renminbi unless otherwise stated)

21 CASH AND CASH EQUIVALENTS

	2023 RMB'000	2022 RMB'000
Cash at bank and on hand	1,482,463	1,299,635

(a) The carrying amounts of the cash and cash equivalents are denominated in the following currencies:

	2023 RMB'000	2022 RMB'000
RMB	1,469,396	1,276,996
HKD	13,067	22,639
	1,482,463	1,299,635

22 SHARE CAPITAL

As at 31 December 2023 and 2022, the total authorised number of ordinary shares is 7,083,537,000 shares with a par value of RMB1.00 per share. These shares are divided into A shares and H shares. They rank pari passu against each other and they were fully paid up.

	As at 31 December 2022 RMB'000	Movement RMB'000	As at 31 December 2023 RMB'000
Authorised, issued and fully paid:			
Listed shares			
— H shares	1,431,300	—	1,431,300
— A shares	5,652,237	—	5,652,237
Total	7,083,537	—	7,083,537



23 RESERVES

(a) Statutory surplus reserve and discretionary surplus reserve

According to the provisions of the Articles of Association of the Company, the Company shall first set aside 10% of its profit after tax attributable to shareholders as indicated in the Company's statutory financial statements for the statutory surplus reserve (except where the reserve has reached 50% of the Company's registered share capital) in each year. The Company may also make appropriations from its profit attributable to shareholders to a discretionary surplus reserve, provided that it is approved by a resolution passed in a shareholders' general meeting. These reserves cannot be used for purposes other than those for which they are created and are not distributable as cash dividends without the prior approval obtained from the shareholders in a shareholders' general meeting under specific circumstances.

When the statutory surplus reserve is not sufficient to make good for any losses of the Company in previous years, the current year profit attributable to shareholders shall be used to make good the losses before any allocations are set aside for the statutory surplus reserve.

The statutory surplus reserve, the discretionary surplus reserve and the share premium account could be converted into share capital of the Company provided it is approved by a resolution passed in a shareholders' general meeting with the provision that the ending balance of the statutory surplus reserve does not fall below 25% of the registered share capital amount. The Company may either allot newly created shares to the shareholders at the same proportion of the existing number of shares held by these shareholders, or it may increase the par value of each share.

	2023		2022	
	Percentage	RMB'000	Percentage	RMB'000
Statutory surplus reserve	10%	109,878	—	—

For the year ended 31 December 2023, appropriations of RMB108,819,000 to reserves of the Company were proposed by the directors (2022: nil).

In 2023, as the Group disposed its investment in China Railway Information Computer Engineering Co., Ltd., the Group classified RMB10,590,000 from FVOCI reserve to retained earnings, and 10% of which amounting to RMB1,059,000 was appropriated to reserve of the Company (note 15).

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 December 2023

(All amounts expressed in Renminbi unless otherwise stated)

23 RESERVES (continued)

(b) Retained earnings and other reserves

(i) Retained earnings

In accordance with the provisions of the Articles of Association of the Company, the profit after appropriation to reserves and available for distribution to shareholders shall be the lower of the retained earnings determined under (a) Peoples Republic of China Generally Accepted Accounting Principles ("PRC GAAP") or (b) IFRS. Due to the fact that the statutory financial statements of the Company have been prepared in accordance with PRC GAAP, the retained earnings so reported may be different from those reported in the statement of changes in shareholders' equity prepared under IFRS contained in these financial statements. The main difference between the retained earnings of the Company determined under PRC GAAP and those determined under IFRS was relating to accounting policies in respect of investment in associates adopted under PRC GAAP and IFRS.

(ii) Special reserve — Safety Production Fund

The Group is engaged in passenger and freight transportation business. In accordance with the regulations issued by Ministry of Finance and State Administration of Work Safety of the PRC, the Group is required to establish a special reserve ("Safety Production Fund") calculated based on the passenger and freight transportation revenue of the previous year using the following percentages:

- i) 1% for regular freight business;
- ii) 1.5% for passenger transportation, dangerous goods delivery business and other special business.

The Safety Production Fund is mainly used for improving, renovating and maintaining safety protection equipment and facilities, production safety inspection, evaluation, consultation and standardization construction expenses, etc. For the purpose of the consolidated financial statements under IFRS, such reserve is established through an appropriation from retained earnings based on the aforementioned method. When the Safety Production Fund is actually utilised, the actual expenses incurred are charged to profit or loss.



23 RESERVES *(continued)*

(b) Retained earnings and other reserves *(continued)*

(ii) *Special reserve — Safety Production Fund* *(continued)*

For the year 2023 and 2022, the movement of “Special reserve — Safety Production Fund” of the Group are as below:

	2023 RMB'000	2022 RMB'000
At 1 January	50,606	11,884
Appropriation for retained earnings	159,485	162,335
Utilisation	(128,862)	(123,613)
At 31 December	81,229	50,606

(iii) *FVOCI reserve*

The Group has elected to recognise changes in the fair value of certain investments in equity securities in OCI, as explained in note 2.10. These changes are accumulated within the FVOCI reserve within equity.

For the year 2023 and 2022, the movement of “FVOCI reserve” of the Group are as below:

	2023 RMB'000	2022 RMB'000
At 1 January	181,941	181,941
Changes in fair value	10,590	—
Transfer to retained earnings <i>(Note 15(b))</i>	(10,590)	—
At 31 December	181,941	181,941

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For the year ended 31 December 2023

(All amounts expressed in Renminbi unless otherwise stated)

23 RESERVES (continued)

(b) Retained earnings and other reserves (continued)

(iv) Others

This reserve is used to record the differences which may arise as a result of equity transaction of investment in associates but significant influence is retained and share of other reserve of associates. As at 31 December 2023, the Group had a balance of such reserves of RMB10,346,000 and RMB4,378,000 respectively (2022: RMB10,346,000 and RMB3,690,000), as explained in note 11.

24 DEFERRED INCOME

	2023 RMB'000	2022 RMB'000
Government grants	702,384	747,585

Government grants relating to costs are deferred and recognised in the profit or loss over the period necessary to match them with the costs that they are intended to compensate.

Government grants relating to the purchase of property, plant and equipment are included in non-current liabilities as deferred income and are credited to profit or loss on a straight-line basis over the expected lives of the related assets.



25 BORROWINGS

	Current RMB'000	2023 Non- current RMB'000	Total RMB'000	Current RMB'000	2022 Non- current RMB'000	Total RMB'000
Bank loans	710,952	780,000	1,490,952	721,268	775,000	1,496,268

Bank borrowings mature until 2026 and weighted average annual interest rate of short-term borrowings and long-term borrowings are 2.52% and 2.56% respectively (2022: Bank borrowings mature until 2025 and weighted average annual interest rate of short-term borrowings and long-term borrowings are 2.44% and 3.16% respectively).

At 31 December, the Group's borrowings were repayable as follows:

	2023 RMB'000	2022 RMB'000
Within 1 year	710,952	721,268
Between 1 and 2 years	280,000	20,000
Between 2 and 5 years	500,000	755,000
	1,490,952	1,496,268

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(All amounts expressed in Renminbi unless otherwise stated)

26 TRADE AND BILL PAYABLES

	2023 RMB'000	2022 RMB'000
Trade payables (a)	2,981,832	3,025,291
Bill payables (b)	200,000	500,000
	3,181,832	3,525,291

(a) Trade payables

	2023 RMB'000	2022 RMB'000
Payables to third parties	1,182,077	1,203,697
Payables to related parties	1,799,755	1,821,594
	2,981,832	3,025,291

(b) Bill payables

	2023 RMB'000	2022 RMB'000
Bank acceptance bills	200,000	500,000

The aging analysis of trade and bill payables was as follows:

	2023 RMB'000	2022 RMB'000
Within 1 year	2,583,521	2,052,344
Over 1 year but within 2 years	535,412	1,168,873
Over 2 years but within 3 years	47,296	282,537
Over 3 years	15,603	21,537
	3,181,832	3,525,291



27 CONTRACT LIABILITIES

	2023 RMB'000	2022 RMB'000
Advances received from customers	86,234	77,446
Frequent traveller program	142,292	95,420
	228,526	172,866

In 2023, contract liabilities of RMB160,616,000 (2022: RMB99,675,000) were brought forward from prior year and recognised as revenue, of which RMB65,196,000 (2022: RMB39,780,000) were advances received from customers, and RMB95,420,000 (2022: RMB59,896,000) were frequent traveller program.

28 ACCRUALS AND OTHER PAYABLES

	2023 RMB'000	2022 RMB'000
Due to third parties	1,242,912	1,751,944
Due to related parties	625,942	571,778
	1,868,854	2,323,722

	2023 RMB'000	2022 RMB'000
Payables to GIDC assumed by business combination	351,558	354,560
Other deposits received	238,970	282,604
Salary and welfare payables	406,679	688,626
Party organization funds	118,747	134,969
Deposits received for construction projects	67,798	107,749
Other taxes payable	88,782	40,612
Amounts received on behalf of Labour Union	73,423	76,954
Advance received from disposal of Land use right	1,665	91,119
Deposits received from ticketing agencies	73,713	17,314
Employee benefits obligations	2,005	2,891
Payables assumed by capital increase in FVOCI	—	66,065
Other payables	445,514	460,259
	1,868,854	2,323,722

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 December 2023

(All amounts expressed in Renminbi unless otherwise stated)

29 AUDITORS' REMUNERATION

Auditors' remuneration in respect of audit and non-audit services provided by the auditors for the year ended 31 December 2023 were RMB5,250,000 and nil respectively (2022: RMB5,250,000 and RMB60,000 respectively).

30 EMPLOYEE BENEFITS

	2023 RMB'000	2022 RMB'000
Wages and salaries	6,387,951	6,180,827
Provision for medical, housing scheme and other employee benefits (a)	1,820,372	1,479,628
Contributions to the defined contribution scheme (b)	1,272,387	1,224,563
	9,480,710	8,885,018

(a) Housing scheme

In accordance with the PRC housing reform regulations, the Group is required to make contributions to a state-sponsored housing fund at 10% or 12% of the salaries of the employees. At the same time, the employees are also required to make a contribution at 10% or 12% of the salaries out of their payroll. The employees are entitled to claim the entire sum of the fund under certain specified withdrawal circumstances. The Group has no further legal nor constructive obligation towards housing benefits of these employees offered beyond the above contributions made.

(b) Defined contribution pension scheme

All the full-time employees of the Group are entitled to join a statutory pension scheme. The employees would receive pension payments equal to their basic salaries payable upon their retirement up to their death. Pursuant to the PRC laws and regulations, contributions to the basic endowment insurance for the Group's local staff are to be made monthly to a government agency based on the standard salary set by the provincial government. The government agency is responsible for the pension liabilities due to the employees upon their retirement. The Group accounts for these contributions on an accrual basis and charges the related contributions to expense in the year to which the contributions relate.



30 EMPLOYEE BENEFITS *(continued)*

(c) Five highest paid individuals

The five individuals whose emoluments were the highest in the Group for the year include one chief executive (2022: one), four senior executives (2022: four) and no supervisor (2022: nil), whose emoluments are reflected in the analysis shown in Note 42. No remuneration has been paid by the Group to the five highest paid individuals as an inducement to join or upon joining the Group or as a compensation for loss of office.

The emolument range of each individual is within the band of nil to HKD1,000,000 (2022: nil to HKD1,000,000).

31 OTHER OPERATING EXPENSES

	2023 RMB'000	2022 RMB'000
Construction costs	262,514	108,599
Passenger transportation facility maintenance	163,184	171,777
Passenger security inspection expenses	134,017	124,242
Carriage cleaning expenses	120,149	88,023
Staff accommodation expenses	88,768	83,679
Train station housekeeping expenses	78,840	86,304
Bunk cleaning expenses	4,554	5,388
Professional expenses	8,834	11,191
Administrative expenses and others	536,785	360,568
	1,397,645	1,039,771

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 December 2023

(All amounts expressed in Renminbi unless otherwise stated)

32 OTHER GAINS/(LOSSES) — NET

	2023 RMB'000	2022 RMB'000
Loss on disposal of fixed assets — net	(12,912)	(15,075)
Government grants	88,208	46,116
Interest income from banks	33,660	26,377
Dividend income from FVOCI	16,285	13,121
Income from compensation	523	199
Impairment of materials and supplies	—	(37)
Unwinding of interest accrued on long-term receivable	21,187	7,226
Write-back of outstanding of payables	6,814	1,361
Others	(944)	(19,570)
	152,821	59,718

33 FINANCE COSTS — NET

	2023 RMB'000	2022 RMB'000
Interest expense of lease liabilities	(68,114)	(67,903)
Net foreign exchange gain	363	1,959
Interest expenses	(40,969)	(13,518)
Others	3,382	(493)
	(105,338)	(79,925)



34 INCOME TAX EXPENSE/(CREDIT)

In 2023 and 2022, the applicable income tax rate of the Company was 25%.

An analysis of the current year income tax credit is as follows:

	2023 RMB'000	2022 RMB'000
Current income tax	1,905	2,056
Deferred income tax (Note 12)	397,777	(588,202)
	399,682	(586,146)

The tax on the Group's profits/(loss) before tax differs from the theoretical amount that would arise using the tax rate of the home country of the Company as follows:

	2023 RMB'000	2022 RMB'000
Profit/(loss) before tax	1,456,576	(2,579,793)
Tax calculated at the statutory rate of 25% (2022: 25%)	364,144	(644,948)
Effect of tax rates differentials	(262)	—
Effect of expenses not deductible for tax purposes	37,798	48,033
Effect of income not subject to tax	(9,935)	(16,322)
Tax losses and temporary differences in accounting base and tax base for which no deferred tax asset was recognised	4,311	28,584
Adjustments for current tax of prior periods	3,626	(792)
Utilisation of previously unrecognised tax losses and temporary differences	—	(701)
Income tax expense/(credit)	399,682	(586,146)

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 December 2023

(All amounts expressed in Renminbi unless otherwise stated)

35 EARNINGS/(LOSSES) PER SHARE

The calculation of basic earnings per share is based on the net profit for the year attributable to equity holders of approximately RMB1,058,288,000 (2022: net loss, RMB1,994,665,000), divided by the weighted average number of ordinary shares outstanding during the year of: 7,083,537,000 shares (2022: 7,083,537,000 shares). There were no dilutive potential ordinary shares during both years.

	2023	2022
Earnings/(losses) attributable to owners of the Company (RMB'000)	1,058,289	(1,994,665)
Weighted average number of ordinary shares in issue	7,083,537,000	7,083,537,000
Basic and diluted earnings/(losses) per share (RMB)	0.15	(0.28)

36 DIVIDEND

At the meeting of the directors held on 28 March 2024, the directors proposed a final dividend of RMB0.07 per ordinary share for the year ended 31 December 2023 (2022: nil), which is subject to the approval by the shareholders in general meeting. This proposed dividend was not reflected as a dividend payable in the Group's and the Company's financial statements as at 31 December 2023.



37 CASH FLOW INFORMATION

(a) Reconciliation from profit/loss before income tax to net cash generated from operations:

	2023 RMB'000	2022 RMB'000
Profit/(loss) before income tax:	1,456,576	(2,579,793)
Adjustments for:		
Depreciation of fixed assets	1,864,090	1,836,419
Depreciation of right-of-use assets <i>(Note 8)</i>	68,402	68,400
Impairment of fixed assets <i>(Note 6)</i>	120,819	—
Derecognition of land-use right	(93,440)	(18,664)
Provision for impairment of materials and supplies <i>(Note 32)</i>	—	37
Loss on disposal of fixed assets and costs on repairs	1,664	48,849
Amortisation of long-term prepaid expenses <i>(Note 13)</i>	22,954	23,595
Share of results of associates, net of tax <i>(Note 11)</i>	(23,454)	(52,167)
Dividend income on FVOCI <i>(Note 32)</i>	(16,285)	(13,121)
Impairment of receivables	5,506	4,093
Write-back of outstanding of payables <i>(Note 32)</i>	(6,814)	(1,361)
Amortisation of deferred income	(47,412)	(37,000)
Interest expense on lease liabilities <i>(Note 33)</i>	68,114	67,903
Interest paid	40,968	13,518
Interest income	(23,136)	(11,514)
Operating profit/(loss) before working capital changes	3,438,552	(650,806)
Increase in trade receivables	(1,582,850)	(264,805)
(Increase)/decrease in materials and supplies	(26,882)	8,901
Increase in prepayments and other receivables	(182,823)	(60,271)
Decrease in long-term receivable	16,675	15,220
(Decrease)/increase in trade payables	(343,458)	412,581
(Decrease)/increase in accruals and other payables	(200,125)	347,724
Net cash generated from/(used in) operations	1,119,089	(191,456)

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 December 2023

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37 CASH FLOW INFORMATION (continued)

(b) In the cash flow statement, proceeds from disposal of fixed assets comprise:

	2023 RMB'000	2022 RMB'000
Net book amount (Note 6)	67,094	163,832
Loss on disposal of fixed assets and costs on repairs	(1,664)	(48,849)
Proceeds from disposal of fixed assets	65,430	114,983

(c) Net debt reconciliation

This section sets out an analysis of net debt and the movements in net debt for each of the periods presented.

	2023 RMB'000	2022 RMB'000
Borrowings (Note 25)	1,490,952	1,496,268
Lease liabilities (Note 8)	1,392,431	1,388,729
Net debt	2,883,383	2,884,997

	Liabilities from financing activities		
	Borrowings RMB'000	Leases RMB'000	Total RMB'000
Net debt as at 1 January 2022	—	1,384,084	1,384,084
Financing cash flows	1,482,750	(63,258)	1,419,492
Interest accrued	13,518	67,903	81,421
Net debt as at 31 December 2022	1,496,268	1,388,729	2,884,997
Financing cash flows	(46,285)	(64,412)	(110,697)
Interest accrued	40,969	68,114	109,083
Net debt as at 31 December 2023	1,490,952	1,392,431	2,883,383



38 CONTINGENCY

There were no significant contingent liabilities as at 31 December 2023 and 31 December 2022 and up to the date of approval of these financial statements.

39 COMMITMENTS

Capital commitments

As at 31 December 2023 and 31 December 2022, the Group had the following capital commitments:

	2023 RMB'000	2022 RMB'000
Contracted but not provided for	61,359	47,025
Authorised but not contracted for	368,641	272,975
	430,000	320,000

A substantial amount of these commitments is related to the reform of stations or facilities relating to the existing railway lines of the Company, which would be financed by self-generated operating cash flow.

40 RELATED PARTY TRANSACTIONS

Parties are considered to be related if one party has the ability, directly or indirectly, to control the other party or exercise significant influence over the other party in making financial and operating decisions.

(a) Principal subsidiaries

See note 10 for the principal subsidiaries.

(b) The single largest shareholder that holds 37.12% equity interest of the Company

Guangzhou Railway Group is the single largest shareholder that holds 37.12% equity interest of the Company.

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For the year ended 31 December 2023

(All amounts expressed in Renminbi unless otherwise stated)

40 RELATED PARTY TRANSACTIONS (continued)

(c) Associates

See note 11 for the associates.

(d) Other related parties

(i) Guangzhou Railway Group and its subsidiaries

Name of related parties	Relationship with the Company
Single largest shareholder and its subsidiaries	
Guangzhou Railway Group	Single largest shareholder that holds 37.12% equity interest of the Company
Guangzhou Railway Real Estate Co., Ltd.	Subsidiary of the single largest shareholder
Guangdong Railway Company Limited.	Subsidiary of the single largest shareholder
GIDC	Subsidiary of the single largest shareholder
Guangzhou Railway Material Supply Company	Subsidiary of the single largest shareholder
Guangzhou Railway Station Service Centre	Subsidiary of the single largest shareholder
Guangzhou Yuetie Operational Development Company	Subsidiary of the single largest shareholder
Guangzhou Railway Rolling Stock Works Company Limited	Subsidiary of the single largest shareholder
Guangdong Tieqing International Travel Agency Company Limited	Subsidiary of the single largest shareholder
Xiashen Railway Guangdong Company Limited	Subsidiary of the single largest shareholder
Guangzhou Railway Real Estate Construction Engineering Co., Ltd.	Subsidiary of the single largest shareholder
Guangdong Yuetong Railway Logistics Company Limited	Subsidiary of the single largest shareholder
Sanmao Railway Company Xiaotangxi Freight Field Service Company	Subsidiary of the single largest shareholder
Guangzhou Railway Technology Development Co., Ltd.	Subsidiary of the single largest shareholder
Guangzhou Anmao Railway Consulting Construction Company Limited	Subsidiary of the single largest shareholder
Guangzhou Beiyang Information Technology Company Limited	Subsidiary of the single largest shareholder
Hunan Railway Lianchuang Technology Development Co., Ltd.	Subsidiary of the single largest shareholder
Guangzhou Northeast Freight Car Outer Winding Railway Co., Ltd.	Subsidiary of the single largest shareholder
Hunan Changtie Loading & Unloading Co., Ltd.	Subsidiary of the single largest shareholder
Hainan Railway Company Limited	Subsidiary of the single largest shareholder
Jiangxi Shenzhen Railway (Guangdong) Company Limited	Subsidiary of the single largest shareholder
Guangzhou Railway Technology Development Surveying Co., Ltd.	Subsidiary of the single largest shareholder



40 RELATED PARTY TRANSACTIONS *(continued)*

(d) Other related parties *(continued)*

(ii) Relationship with CSRG and other railway companies

On 14 March 2013, pursuant to the approval, the previous controlling entity of Guangzhou Railway Group, Ministry of Railways ("MOR"), had been dismantled. The administrative function of MOR were transferred to the Ministry of Transport and the newly established National Railway Bureau, and its business functions were transferred to the CSRG. Accordingly, the equity interests of Guangzhou Railway Group which was wholly controlled by MOR previously were transferred to the CSRG ("Reform"). The Reform was completed since 1 January 2017 and the Company disclosed details of transactions undertaken with CSRG Group for both years of 2023 and 2022 for reference. Unless otherwise specified, the transactions with CSRG Group disclosed below have excluded transactions undertaken with Guangzhou Railway Group and its subsidiaries.

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40 RELATED PARTY TRANSACTIONS (continued)

(e) In addition to those disclosed elsewhere in the financial statements, during the year, the Group had the following material transactions undertaken with related parties:

(I) *Material transactions undertaken with associates, Guangzhou Railway Group and its subsidiaries:*

	2023 RMB'000	2022 RMB'000
Provision of services and sales of goods		
<i>Transportation related services</i>		
Provision of train transportation services to Guangzhou Railway Group and its subsidiaries (i)	3,775,837	3,557,523
Provision of train transportation services to associated companies (i)	2,870	1,685
Revenue collected by CSRG for railway network usage and related services provided to Guangzhou Railway Group and its subsidiaries (ii)	1,345,046	1,158,823
Revenue from railway operation service provided to Guangzhou Railway Group's subsidiaries (iii)	809,474	768,443
	5,933,227	5,486,474
<i>Other services</i>		
Sales of materials and supplies to Guangzhou Railway Group and its subsidiaries (iv)	119,883	85,892
Sales of materials and supplies to associated companies (iv)	5,436	4,796
Others	29,502	—
	154,821	90,688
Services received and purchases made		
<i>Transportation related services</i>		
Provision of train transportation services by Guangzhou Railway Group and its subsidiaries (i)(vi)	721,819	590,669
Provision of train transportation services by associated companies (i)(vi)	3,688	2,460
Costs settled by CSRG for railway network usage and related services provided by Guangzhou Railway Group and its subsidiaries (ii)	3,910,428	3,093,132
	4,635,935	3,686,261



40 RELATED PARTY TRANSACTIONS (continued)

(e) In addition to those disclosed elsewhere in the financial statements, during the year, the Group had the following material transactions undertaken with related parties: (continued)

(I) Material transactions undertaken with associates, Guangzhou Railway Group and its subsidiaries: (continued)

	2023 RMB'000	2022 RMB'000
<i>Other services</i>		
Provision of repair and maintenance services by Guangzhou Railway Group and its subsidiaries (iv)	509,436	434,708
Provision of repair and maintenance services by associated companies (iv)	4,231	11,759
Purchase of materials and supplies from Guangzhou Railway Group and its subsidiaries (iv)	895,263	516,740
Provision of construction services by Guangzhou Railway Group and its subsidiaries (v)	143,995	131,370
Provision of construction services by associated companies (v)	117,409	41,789
	1,670,334	1,136,366

- (i) The service charges are determined based on a pricing scheme set by the CSRG or based on negotiation between the contracting parties with reference to actual costs incurred.
- (ii) Such revenues/charges are determined by the CSRG based on its standard charges applied on a nationwide basis.
- (iii) The service charges are levied based on contract prices determined based on a "cost plus a profit margin" and agreed between both contracting parties.
- (iv) The prices are determined based on mutual negotiation between the contracting parties with reference to actual costs incurred.
- (v) The amount recognised in 2023 does not include the payment of short-term leases related to the lease of passenger trains paid to Guangzhou Railway Group amounting to RMB344,150,000 (2022: RMB266,981,000).

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40 RELATED PARTY TRANSACTIONS (continued)

(e) In addition to those disclosed elsewhere in the financial statements, during the year, the Group had the following material transactions undertaken with related parties: (continued)

(II) Material transactions with CSRG and other railway companies

When the passenger trains and freight trains operated by the Group pass through rail lines owned by other railway companies controlled by the CSRG, the Group need to pay those companies for the services rendered (track usage, locomotive traction and electric catenaries service, etc.), and vice versa. The charge rate of such services are instructed by the CSRG and are collected and settled by the CSRG according to its central recording and settlement systems (see details in note 2.22).

In addition to those disclosed elsewhere in the financial statements, during the year, the Group had the following material transactions undertaken with the CSRG Group:

	2023 RMB'000	2022 RMB'000
Provision of services and sales of goods		
<i>Transportation related services</i>		
Provision of train transportation services to CSRG Group (i)	51,838	37,528
Revenues collected by CSRG for services provided to CSRG Group (ii)	2,594,242	2,007,393
Revenues from railway operation service provided to CSRG Group (iii)	2,556,324	2,165,015
	5,202,404	4,209,936
<i>Other services</i>		
Provision of repairing services for cargo trucks and other services to CSRG Group (ii)	823,325	514,325
Provision of apartment leasing services to CSRG Group (iv)	—	2,762
Others	1,317	1,385
	824,642	518,472



40 RELATED PARTY TRANSACTIONS *(continued)*

(e) In addition to those disclosed elsewhere in the financial statements, during the year, the Group had the following material transactions undertaken with related parties: *(continued)*

(II) Material transactions with CSRG and other railway companies *(continued)*

	2023 RMB'000	2022 RMB'000
Services received and purchases made		
<i>Transportation related services</i>		
Provision of train transportation services by CSRG Group (i)(v)	22,285	33,879
Cost settled by CSRG for services provided by CSRG Group (ii) (v)	1,802,763	1,481,845
	1,825,048	1,515,724
<i>Other services</i>		
Provision of repair and maintenance services by CSRG Group (iv)	20,601	41,394
Purchase of materials and supplies from CSRG Group (iv)	36,151	25,260
Provision of construction services by CSRG Group (vi)	17,640	—
	74,392	66,654

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 December 2023

(All amounts expressed in Renminbi unless otherwise stated)

40 RELATED PARTY TRANSACTIONS *(continued)*

(e) In addition to those disclosed elsewhere in the financial statements, during the year, the Group had the following material transactions undertaken with related parties: *(continued)*

(II) Material transactions with CSRG and other railway companies (continued)

- (i) The service charges are determined based on a pricing scheme set by the CSRG or based on negotiation between the contracting parties with reference to actual costs incurred.
- (ii) Such revenue/charges are determined by the CSRG based on its standard charges applied on a nationwide basis.
- (iii) The service charges are levied based on contract prices determined based on a "cost plus a profit margin" and explicitly agreed between both contracting parties.
- (iv) The prices are determined based on mutual negotiation between the contracting parties with reference to actual costs incurred.
- (v) The amount recognised in 2023 does not include the payment of short-term leases related to the lease of passenger trains and freight trains to CSRG amounting to RMB1,777,609,000 (2022: RMB1,872,352,000).
- (vi) In 2023, Shenzhen Longgang Urban Renewal and Land Preparation Bureau and Shenzhen Longgang Administration of Planning and Natural Resources Bureau purchased land from the Group on behalf of Guangzhou Railway Group, and the Group recognized a gain on disposal of such assets of RMB93,440,100.



40 RELATED PARTY TRANSACTIONS *(continued)*

(e) In addition to those disclosed elsewhere in the financial statements, during the year, the Group had the following material transactions undertaken with related parties: *(continued)*

(III) Revenues collected and settled through the CSRG:

	2023 RMB'000	2022 RMB'000
Passenger transportation	10,612,449	6,584,255
Freight transportation	1,633,074	1,412,364
Other transportation related services	2,399	5,063
	12,247,922	8,001,682

(IV) Lease — as lessee:

In 2023, the depreciation expense of the right-of-use assets was RMB16,246,000 (2022: RMB16,246,000), the interest expense of lease liabilities was RMB68,091,000 (2022: RMB64,151,000), and the actual payment to Guangzhou Railway Group was RMB64,151,000 (2022: RMB63,019,000).

The payment of short-term leases to related parties are shown in notes 40(e)(I)(v) and 40(e)(II)(vi).

(f) Key management compensation

The compensation paid or payable to key management for employee services is shown in note 42.

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 December 2023

(All amounts expressed in Renminbi unless otherwise stated)

40 RELATED PARTY TRANSACTIONS (continued)

(g) As at 31 December 2023 and 31 December 2022, the Group had the following material balances maintained with related parties:

(I) Material balances with associates, Guangzhou Railway Group and its subsidiaries:

	2023 RMB'000	2022 RMB'000
Trade receivables	4,312,911	3,211,496
— Guangzhou Railway Group (i)	1,804,644	545,889
— Subsidiaries of Guangzhou Railway Group (i)	2,506,833	2,665,218
— Associates	1,434	389
Less: Provision for impairment	(25,360)	(19,493)
	4,287,551	3,192,003
Prepayments and other receivables	144,621	87,411
— Guangzhou Railway Group	9,991	7,505
— Subsidiaries of Guangzhou Railway Group	132,828	79,843
— Associates	1,802	63
Less: Provision for impairment	(757)	(116)
	143,864	87,295
Prepayments for fixed assets and construction-in-progress	26,951	29,459
— Subsidiaries of Guangzhou Railway Group (ii)	26,951	29,459
Trade and bills payables	1,754,399	2,020,174
— Guangzhou Railway Group (i)	25,198	5,138
— Subsidiaries of Guangzhou Railway Group (ii)	1,700,257	1,961,015
— Associates	28,944	54,021



40 RELATED PARTY TRANSACTIONS *(continued)*

(g) As at 31 December 2023 and 31 December 2022, the Group had the following material balances maintained with related parties: *(continued)*

(I) Material balances with associates, Guangzhou Railway Group and its subsidiaries: *(continued)*

	2023 RMB'000	2022 RMB'000
Payables for fixed assets and construction-in-progress	645,418	626,062
— Guangzhou Railway Group	31,643	18,411
— Subsidiaries of Guangzhou Railway Group	341,751	234,734
— Associates	272,024	372,917
Contract liabilities	1,356	5,632
— Subsidiaries of Guangzhou Railway Group	1,180	4,977
— Associates	176	655
Accruals and other payables	620,918	500,133
— Guangzhou Railway Group	160,136	409
— Subsidiaries of Guangzhou Railway Group <i>(iii)</i>	447,001	474,289
— Associates <i>(iv)</i>	13,781	25,435

- (i) The trade balances due from/to Guangzhou Railway Group, subsidiaries of Guangzhou Railway Group mainly represent service fees and charges payable and receivable balances arising from the provision of passenger transportation and cargo forwarding businesses jointly with these related parties within the PRC.
- (ii) The trade payables due to subsidiaries of Guangzhou Railway Group mainly represent payables arising from unsettled fees for purchase of materials and provision of other services according to various service agreements entered into between the Group and the related parties.
- (iii) The other payables due to subsidiaries of Guangzhou Railway Group mainly represent the performance deposits received for construction projects and deposits received from ticketing agencies.
- (iv) The other payables due to associates mainly represent the performance deposits received for construction projects operated by associates.

As at 31 December 2023, all the balances maintained with related parties were unsecured, non-interest bearing and were repayable on demand.

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 December 2023

(All amounts expressed in Renminbi unless otherwise stated)

40 RELATED PARTY TRANSACTIONS (continued)

(g) As at 31 December 2023 and 31 December 2022, the Group had the following material balances maintained with related parties: (continued)

(II) Material balances with CSRG Group:

	As at 31 December 2023 RMB'000	2022 RMB'000
Due from CSRG Group		
— Trade receivables	1,037,510	797,073
Less: Impairment of receivables	(4,676)	(3,439)
	1,032,834	793,634
— Other receivables	251,441	162,147
Less: Impairment of receivables	(1,469)	(3)
	249,972	162,144
Due to CSRG Group		
— Trade payables and payables for fixed assets and construction-in-progress	160,897	221,833
— Other payables	5,024	71,645

As at 31 December 2023, all the balances maintained with CSRG Group were unsecured, non-interest bearing and were repayable on demand.



41 BALANCE SHEET AND RESERVE MOVEMENT OF THE COMPANY

Balance sheet of the Company

	As at 31 December 2023	2022
ASSETS		
Non-current assets		
Fixed assets — net	22,734,154	23,368,599
Right-of-use assets	2,759,301	2,800,681
Construction-in-progress	561,178	1,112,582
Prepayments for fixed assets and construction-in-progress	29,450	35,341
Goodwill	281,255	281,255
Investments in subsidiaries	62,031	62,031
Investments in associates	132,201	132,201
Deferred tax assets	895,428	1,295,693
Long-term prepaid expenses	32,450	41,187
Financial assets at fair value through other comprehensive income	460,978	461,978
Long-term deposits	60,000	60,000
Long-term receivable	16,744	12,232
	28,025,170	29,663,780
Current assets		
Materials and supplies	289,515	258,164
Trade receivables	6,237,999	4,652,530
Prepayments and other receivables	1,176,667	936,605
Current portion of long-term deposits	1,950	172,192
Cash and cash equivalents	1,482,463	1,299,634
	9,188,594	7,319,125
Total assets	37,213,764	36,982,905

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 December 2023

(All amounts expressed in Renminbi unless otherwise stated)

41 BALANCE SHEET AND RESERVE MOVEMENT OF THE COMPANY (continued)

Balance sheet of the Company (continued)

	Note	As at 31 December 2023	2022
EQUITY AND LIABILITIES			
Capital and reserves attributable to the Company's equity holders			
Share capital		7,083,537	7,083,537
Share premium	(a)	11,564,462	11,564,462
Other reserves	(a)	3,472,256	3,331,067
Retained earnings	(a)	4,622,833	3,658,071
Total equity		26,743,088	25,637,137
Liabilities			
Non-current liabilities			
Borrowings		780,000	775,000
Lease liabilities		1,326,892	1,324,231
Deferred income related to government grants		702,384	747,585
		2,809,276	2,846,816
Current liabilities			
Trade and bill payables		3,172,390	3,495,832
Contract liabilities		228,526	172,812
Borrowings		710,952	721,268
Payables for fixed assets and construction-in-progress		1,931,405	2,053,638
Dividends payable		869	870
Current portion of lease liabilities		65,539	64,498
Accruals and other payables		1,530,778	1,980,291
Other current liabilities		20,941	9,743
		7,661,400	8,498,952
Total liabilities		10,470,676	11,345,768
Total equity and liabilities		37,213,764	36,982,905

The balance sheet of the Company was approved by the Board of Directors on March 28, 2024 and was signed on its behalf.

Wei Hao
Director

Hu Lingling
Director



41 BALANCE SHEET AND RESERVE MOVEMENT OF THE COMPANY *(continued)*

(a) Reserve movement of the Company:

	Share premium	Other reserves	Retained earnings
At 1 January 2022	11,564,462	3,288,655	5,578,335
Total comprehensive income	—	—	(1,920,264)
Loss for the year	—	—	(1,920,264)
Other comprehensive income	—	—	—
Special reserve — Safety Production Fund	—	38,722	—
Appropriation	—	162,335	—
Utilisation	—	(123,613)	—
Appropriations from retained earnings	—	—	—
Share of reserves of associates	—	3,690	—
At 31 December 2022	11,564,462	3,331,067	3,658,071
At 1 January 2023	11,564,462	3,331,067	3,658,071
Total comprehensive income	—	10,590	1,064,050
Profit for the year	—	—	1,064,050
Other comprehensive income	—	10,590	—
Special reserve — Safety Production Fund	—	30,623	—
Appropriation	—	159,485	—
Utilisation	—	(128,862)	—
Appropriations from retained earnings	—	108,819	(108,819)
Transfer from FVOCI reserve to retained earnings	—	(9,531)	9,531
Share of reserves of associates	—	688	—
At 31 December 2023	11,564,462	3,472,256	4,622,833

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 December 2023

(All amounts expressed in Renminbi unless otherwise stated)

42 BENEFITS AND INTERESTS OF DIRECTORS

(a) Directors', supervisors' and senior executives' emoluments

For the year ended 31 December 2023

Emoluments paid or receivable in respect of a person's services as a director, whether of the Company or its subsidiary undertaking

Name	Fee RMB'000	Salary RMB'000	Discretionary bonuses RMB'000	Housing allowance RMB'000	Allowances and benefits in kind RMB'000	Employer's contribution to a retirement benefit scheme RMB'000	Remunerations paid or receivable in respect of accepting office as director RMB'000	Total RMB'000
Directors								
Wu, Yong	—	—	—	—	—	—	—	—
Zhou, Shangde	—	384	20	44	—	60	—	507
Guo, Jiming (i)	—	—	—	—	—	—	—	—
Hu, Dan	—	—	—	—	—	—	—	—
Zhang, Zhe	—	—	—	—	—	—	—	—
Ma, Shiheng (ii)	69	—	—	—	—	—	—	69
Tang, Xiaofan	112	—	—	—	—	—	—	112
Wang, Qin (iii)	83	—	—	—	—	—	—	83
Qiu, Zilong	112	—	—	—	—	—	—	112
Supervisors								
Lei, Chunliang (ii)	—	—	—	—	—	—	—	—
Huang, Chaixin (iii)	—	—	—	—	—	—	—	—
Chen, Shaohong	—	—	—	—	—	—	—	—
Xiang, Lihua (iv)	—	—	—	—	—	—	—	—
Meng, Yong	—	—	—	—	—	—	—	—
Huang, Songli (v)	—	101	50	11	—	14	—	176
Song, Min (iii)	—	175	30	22	—	35	—	262
Lin, Wensheng	—	326	21	41	—	66	—	454
Chief Executive								
Hu, Lingling	—	554	9	53	—	66	—	682
Senior Executives								
Luo, Jiancheng	—	384	23	48	—	60	—	515
Tang, Xiangdong	—	384	23	48	—	63	—	518
Luo, Xinpeng	—	384	19	48	—	66	—	518
Gong, Yuwen	—	384	19	48	—	66	—	518

- (i) Resigned from the position in October 2023.
(ii) Resigned from the position in June 2023.
(iii) Appointed the position of supervisor in June 2023.
(iv) Resigned from the position in December 2023.
(v) Resigned from the position in October 2023.



42 BENEFITS AND INTERESTS OF DIRECTORS *(continued)*

(a) Directors', supervisors' and senior executives' emoluments *(continued)*

For the year ended 31 December 2022

Emoluments paid or receivable in respect of a person's services as a director, whether of the Company or its subsidiary undertaking

Name	Fee RMB'000	Salary RMB'000	Discretionary bonuses RMB'000	Housing allowance RMB'000	Allowances and benefits in kind RMB'000	Employer's contribution to a retirement benefit scheme RMB'000	Remunerations paid or receivable in respect of accepting office as director RMB'000	Total RMB'000
Directors								
Wu, Yong	—	—	—	—	—	—	—	—
Zhou, Shangde (i)	—	342	20	41	—	57	—	460
Guo, Jiming	—	—	—	—	—	—	—	—
Hu, Dan	—	—	—	—	—	—	—	—
Zhang, Zhe	—	—	—	—	—	—	—	—
Ma, Shiheng	145	—	—	—	—	—	—	145
Tang, Xiaofan	112	—	—	—	—	—	—	112
Qiu, Zilong	112	—	—	—	—	—	—	112
Supervisors								
Lei, Chunliang	—	—	—	—	—	—	—	—
Chen, Shaohong	—	—	—	—	—	—	—	—
Xiang, Lihua	—	—	—	—	—	—	—	—
Meng, Yong	—	—	—	—	—	—	—	—
Huang, Songli (ii)	—	342	30	45	—	54	—	471
Lin, Wensheng	—	293	27	39	—	63	—	422
Chief Executive								
Hu, Lingling	—	485	21	50	—	63	—	619
Senior Executives								
Luo, Jiancheng	—	341	28	47	—	57	—	473
Tang, Xiangdong	—	342	29	47	—	60	—	478
Luo, Xinpeng	—	341	26	47	—	63	—	477
Gong, Yuwen	—	342	26	47	—	60	—	475

(i) Appointed the position of director in June 2022.

(ii) Appointed the position of supervisor in June 2022.

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 December 2023

(All amounts expressed in Renminbi unless otherwise stated)

42 BENEFITS AND INTERESTS OF DIRECTORS *(continued)*

(a) Directors', supervisors' and senior executives' emoluments *(continued)*

During the year ended 31 December 2023, no director received any emolument from the Group as an inducement to join or leave the Group or compensation for loss of office; no directors and senior management waived or has agreed to waive any emoluments (2022: nil).

(b) Director's retirement benefits

The retirement benefits paid to directors during the year end of 2023 by a defined contribution pension plan (basic endowment insurance and enterprise annuity) in respect of their services as directors of the Company and its subsidiaries are RMB60,000 (2022: RMB57,000) respectively. No other retirement benefits were paid to them in respect of their other services in connection with the management of the affairs of the Company or its subsidiary undertaking (2022: nil).

(c) Directors' termination benefits

During the year ended 31 December 2023, no payments to the directors of the Company as compensation for the early termination of the appointment (2022: nil).

(d) Consideration provided to third parties for making available directors' services

During the year ended 31 December 2023, the Company did not provide to third any party for making available director's services (2022: nil).

(e) Information about loans, quasi-loans and other dealings in favour of directors, controlled bodies corporate by and connected entities with such directors

During the year ended 31 December 2023, no loans, quasi-loans or other dealings in favour of directors of the Company, controlled bodies corporate by and connected entities with such directors (2022: nil).

(f) Directors' material interests in transactions, arrangements or contracts

Except the transactions with Guangzhou Railway Group as disclosed in note 40, no significant transactions, arrangements and contracts in relation to the Group's business to which the Company was a party and in which a director of the Company had a material interest, whether directly or indirectly, subsisted at the end of the year or at any time during the year (2022: nil).



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