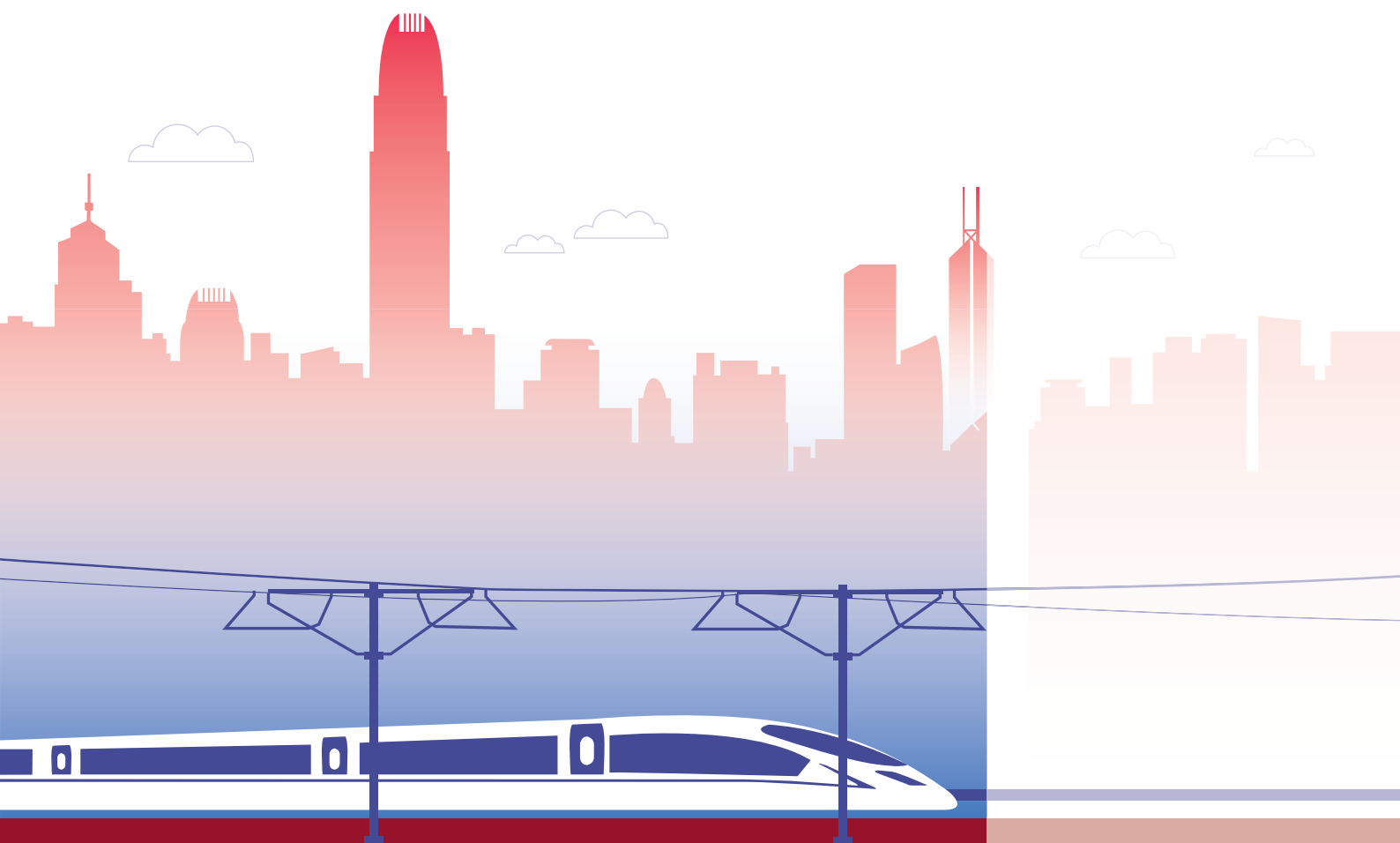


ANNUAL REPORT

2024
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. **Deloitte Touche Tohmatsu Certified Public Accountants LLP issued an audit report for the Company with standardized and unqualified audit opinions.**
4. **Jiang Hui, Chairman of the Board of the Company, Chen Shaohong, General Manager, Luo Xinpeng, Chief Accountant, and Liu Qiyi, Head of the 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 (cash dividend plan) or plan for Common Reserve Capitalization approved by the Board through resolution**

At the thirteenth meeting of the tenth session of the Board of the Company, a proposal for profit distribution (a cash dividend plan) for the reporting period was considered and approved on 27 March 2025. The Board proposed to distribute a final cash dividend for the year 2024 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 2024, amounting to RMB495,847,590 in total. The proposal is subject to the consideration and approval of the 2024 Annual General Meeting of the Company.

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

☒ Applicable ☐ Not applicable

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 appropriation of funds by the controlling shareholder and other related parties for non-operating purposes?**
No
8. **Is there any provision of external guarantee that has violated the applicable decision-making procedures?**
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	<ul style="list-style-type: none">I. Financial statements bearing the signatures and official chops of the Chairman of the Board of the Company, General Manager, Chief Accountant and Head of the Finance Department;II. Original audit report bearing the official chop of the accounting firm and the signatures/chops of certified public accountants;III. Original copies of all corporate documents and announcements publicly disclosed by the Company during the reporting period;IV. Annual reports published in other securities market. Place to maintain such documents: Board Secretariat of the Company
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Chapter 1

Definitions

Definition of commonly used words

Company	Guangshen Railway Company Limited
Group	The Company and its subsidiaries
Reporting period, this period, this year	12 months from 1 January to 31 December 2024
Same period last year	12 months from 1 January to 31 December 2023
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
Wuhan-Guangzhou Passenger Dedicated Line	Wuhan-Guangzhou Passenger Railway Line Co., Ltd.
Guangzhou-Shenzhen-Hong Kong Passenger Dedicated Line	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
Meizhou-Shantou Passenger Dedicated Line	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.
MLR	Meizhou-Longchuan Railway Company Limited

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	Jiang Hui

(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	
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) Information Disclosure and Document Availability

Media platforms and websites for 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 disclosure of annual reports by the Company	SSE: http://www.sse.com.cn SEHK: http://www.hkexnews.hk
Location for inspection of annual reports	No. 1052 Heping Road, Luohu District, Shenzhen, Guangdong Province

(5) Share Information of the Company

Class 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	Name	Deloitte Touche Tohmatsu Certified Public Accountants LLP
	Office Address	30/F, 222 Yan An East Road, Huangpu District, Shanghai, China
Legal advisor as to PRC law	Name of signing auditors	Huang Tianyi, Chen Wanlin
	Name	Haiwen & Partners Shenzhen Office (北京市海問(深圳)律師事務所)
Legal advisor as to Hong Kong law	Office Address	Room 3801, Tower Three, Kerry Plaza 1 Zhong Xin Si Road, Futian District, Shenzhen, China
	Name	Haiwen & Partners LLP
Registrar for A Shares	Office Address	Suites 1101-1104, 11/F, One Exchange Square, 8 Connaught Place, Central, Hong Kong, China
	Name	China Securities Depository and Clearing Corporation Limited Shanghai Branch
Registrar for H Shares	Office Address	36th Floor, China Insurance Building, No. 166, Lujiazui East Road, Pudong New District, Shanghai
	Name	Computershare Hong Kong Investor Services Limited
Principal bank	Office Address	Rooms 1712-1716, 17th Floor, Hopewell Centre, 183 Queen's Road East, Wan Chai, Hong Kong
	Name	Construction Bank of China Shenzhen Branch Jiabin Road Sub-branch
	Office Address	1st to 4th Floors, Jinwei Building, Jiabin Road, Shenzhen, China



II. COMPANY PROFILE

On 6 March 1996, the Company was incorporated 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), expanding its operations from regional railways 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 is entrusted to provide railway transportation services 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 municipals 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 dedicated railway lines. The major market of the Company's freight transportation business is domestic mid-to-long-distance transportation, where the Company maintains significant competitive strengths.

The railway entrusted transportation 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 other railway companies such as Wuhan-Guangzhou Passenger Dedicated Line, GZIR, Guangzhou-Shenzhen-Hong Kong Passenger Dedicated Line, GZR, XSR, GDR, NGR, GGR, PRDIR, MZR, SMR, Meizhou-Shantou Passenger Dedicated Line, GSTR, GSR, NSGR, MBGR, GGSR and MLR, where such railway entrusted transportation 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 entrusted transportation services will be further expanded.

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

(1) Major Accounting Data

(Unit: RMB)

Major accounting data	2024	2023	Year-on-year increase/decrease (%)	2022	2021	2020
Operating revenue	27,090,074,926	26,194,897,332	3.42	19,943,429,883	20,206,156,783	16,349,365,706
Net profit attributable to shareholders of the Company	1,060,161,237	1,058,289,071	0.18	(1,994,665,063)	(973,119,082)	(557,875,873)
Net profit attributable to shareholders of the Company after deducting extraordinary gain or loss	1,022,942,988	934,311,708	9.49	(2,030,067,217)	(1,057,673,671)	(1,421,613,857)
Net cash flows from operating activities	2,710,300,274	1,116,364,342	142.78	(193,449,258)	1,002,468,547	1,336,173,449

	At the end of 2024	At the end of 2023	Increase/decrease as at the end of the year compared to the end of last year (%)	At the end of 2022	At the end of 2021	At the end of 2020
Net asset attributable to shareholders of the Company	27,109,235,057	26,389,885,558	2.73	25,289,695,971	27,241,949,775	28,192,839,252
Total assets	36,567,255,729	37,234,946,966	(1.79)	37,041,375,827	37,403,422,526	36,780,451,862



(2) Major Financial Indicators

Major Financial Indicators	2024	2023	Year-on-year increase/ decrease (%)	2022	2021	2020
Basic earnings per share (RMB/Share)	0.1497	0.1494	0.20	(0.28)	(0.14)	(0.08)
Diluted earnings per share (RMB/Share)	0.1497	0.1494	0.20	(0.28)	(0.14)	(0.08)
Basic earnings per share after deducting extraordinary gain or loss (RMB/Share)	0.1444	0.1319	9.48	(0.29)	(0.15)	(0.20)
Weighted average return on net assets (%)	3.96	4.09	Decreased by 0.13 percentage point	(7.60)	(3.51)	(1.94)
Weighted average return on net assets after deducting extraordinary gain or loss (%)	3.82	3.61	Increased by 0.21 percentage point	(7.74)	(3.82)	(4.96)

Note: "Year-on-year increase/decrease (%)" of return on net assets represents the difference between the amount of the two periods.

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

☐ Applicable ☒ Not applicable

V. MAJOR FINANCIAL DATA BY QUARTER IN 2024

(Unit: RMB)

	The 1st Quarter (January to March)	The 2nd Quarter (April to June)	The 3rd Quarter (July to September)	The 4th Quarter (October to December)
Operating income	6,600,382,306	6,324,338,024	7,105,300,763	7,060,053,833
Net profit attributable to shareholders of the Company	546,940,436	365,340,808	296,938,476	(149,058,483)
Net profit attributable to shareholders of the Company after deducting extraordinary gain or loss	540,658,598	360,397,083	292,734,945	(170,847,638)
Net cash flows from operating activities	900,003,348	210,356,794	1,053,409,365	546,530,767

VI. EXTRAORDINARY GAIN OR LOSS ITEMS AND AMOUNTS

✓ Applicable ☐ Not applicable

(Unit: RMB)

Extraordinary gain or loss items	The amount for 2024	The amount for 2023	The amount for 2022
Gain or loss on disposal of non-current assets (including offset part of the provision for impairment of assets)	19,775,569	80,528,475	13,420,216
Government grants included in profit or loss for the period, other than government grants closely related to the normal operation of the Company, in compliance with requirements of national policies, granted according to determined standards, and continuously affecting the Company's gain or loss	8,593,698	80,705,869	46,115,247
Capital occupation fee charged to non-financial enterprises included in current profit and loss	29,600,233	—	—
Reversal of provision for impairment of receivables subject to impairment test separately	—	350,000	—
Income from compensation	—	523,366	—
Other non-operating income and expenses other than aforesaid items	(3,470,525)	3,724,354	(6,104,909)
Less: Effect of income tax	17,112,706	43,887,972	17,522,008
Effect of minority interests (after tax)	168,020	(2,033,271)	506,392
Total	37,218,249	123,977,363	35,402,154

Note: Extraordinary losses are expressed in negative figures.

VII. ITEMS MEASURED AT FAIR VALUE

✓ Applicable ☐ Not applicable

(Unit: RMB)

Item	Opening balance	Closing balance	Change in the current period	Impact on the profit for the current period
Investments in other equity instruments	462,695,717	478,375,517	15,679,800	—
Total	462,695,717	478,375,517	15,679,800	—

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 2024, and hereby extend my sincere gratitude to all the shareholders for your concern and support for the Company!

(1) Business review

In 2024, under the strong leadership of the CPC 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 on Socialism with Chinese Characteristics for a New Era as the guidance, and took the spirit of General Secretary Xi Jinping's important directives and instructions on railway work as the fundamental guide. We also resolutely implemented the decisions and arrangements of the CPC Central Committee and the State Council, and focused on serving and supporting the construction of Chinese modernization. Closely centered on the Company's annual production and operational goals, we took practical actions, forged ahead with resolve, comprehensively strengthened the Party building, continued to maintain transportation safety, and recorded a steady increase in passenger transportation business. We accelerated the transportation of our freight transportation business towards modern logistics, with broadened scope of railway entrusted transportation services. Our services provided substantive and effective support for national strategies, with comprehensive improvement in operating quality and efficiency. We successfully completed all annual objectives and tasks of the year, achieving new progress in high-quality development and modernization efforts of the Company.

In 2024, the Company recorded passenger delivery volume of 69,106,700 people, representing a year-on-year increase of 16.51%, while its freight delivery volume amounted to 14,099,800 tonnes, representing a year-on-year decrease of 12.05%. Additionally, the Company recorded an operating revenue of RMB27.090 billion, representing a year-on-year increase of 3.42%; consolidated net profit attributable to shareholders of the Company amounted to RMB1.060 billion, representing a year-on-year increase of 0.18%. Its basic earnings per share amounted to RMB0.15.

Throughout 2024, the Company's 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 3 shareholders' general meetings, 8 Board meetings, 8 Audit Committee meetings, 4 Nomination Committee meetings, and 2 Remuneration Committee meetings. The Company made sound decisions in relation to important matters of the Company, such as the Company's profit distribution, financial budget and accounting, production and operation, corporate governance, establishment of systems, appointment of accountants, changes in directors and supervisors, appointment of senior management, and purchase of director liability insurance. The Company adjusted some management members, and reappointed the Company's general manager and two deputy general managers. The Company also revised the Articles, the Management Rules on Inside Information and Insiders, and the Business Performance Evaluation Measures, which effectively ensured the sustainable and stable development of the Company.

In 2024, the Company's Board actively carried out information disclosure and investor relations management work, and strictly complied with the provisions of domestic and overseas Listing Rules and the Company's Management Measures of Information Disclosure to ensure proper control over the information disclosure process and guarantee the quality of information disclosure. Moreover, the Board promptly responded to inquiries from the capital market and investors under the premise of legal and regulatory compliance, strengthened interaction and communication between the Company and investors, and enhanced the level of investor relations management. During the reporting period, all announcements of the Company were prepared and disclosed in accordance with regulatory requirements, and the information was disclosed in a timely and standardized manner, with no instances of information disclosure violations.

The Company has always strived to enhance its enterprise value, and persisted 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. In 2024, the Company implemented the cash dividend for 2023, distributing a cash dividend of RMB0.07 per share, totaling approximately RMB496 million. Since its listing in 1996, the Company has cumulatively distributed cash dividends of about RMB12.8 billion, with a dividend distribution ratio of 64.31%.



(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 2025 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 2025 marks the conclusion of the national "14th Five-Year Plan" and the layout of the "15th Five-Year Plan", as well as a crucial year for railway enterprises to further deepen reforms comprehensively. The Company will adhere to the guidance of Xi Jinping's Thought on Socialism with Chinese Characteristics for a New Era, and fully implement the spirit of the 20th CPC National Congress, the 2nd and the 3rd Plenary Sessions of the 20th CPC Central Committee and the Central Economic Work Conference. The Company will deeply study and implement the spirit of the important directives and instructions on railway-related work of General Secretary Xi Jinping, adhere to the overall principle of "seeking advancement while maintaining stability", and implement the new development concept in an integral, accurate and comprehensive manner. Focusing on serving the construction of a world-class railway enterprise, the Company will take further comprehensive deepening of reform as the driving force, the in-depth construction of "Six Modernization System" as a carrier, and the building of "Six Market-oriented Operation Centers" as a driver, to better coordinate development and safety, unswervingly advance the strict governance of the Party in all aspects, and make every effort to maintain stability, promote reforms, and facilitate development. The Company strives to promote the high-quality and sustainable development, and works hard to create a new situation for the Company's reform and development.

Looking ahead to the new year, 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.

Jiang Hui
Chairman of the Board

27 March 2025

II. INDUSTRY IN WHICH THE COMPANY OPERATED 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 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 railways in China has now been alleviated, the bottle neck restriction has been eliminated, and economic and social development needs have been met. However, it should also be noted when benchmarking with the requirements for a new normal of economic developments, other transportation forms and the advanced levels of developed countries, China's railways still face deficiencies such as incomplete layout, low operational efficiency and rather severe structural conflicts. By the end of 2024, the nationwide railway operating mileage reached 162,000 kilometers, among which, the high-speed railway operating mileage exceeded 48,000 kilometers, signifying the increasingly prominent role of railways as the backbone in the modern comprehensive transportation system.

According to industry statistics released by the National Railway Administration, in 2024, for railways nationwide, the passenger traffic volume was 4.312 billion people, representing a year-on-year increase of 11.85%, and the outbound freight volume reached 5.175 billion tonnes, representing a year-on-year increase of 2.78%.

III. BUSINESSES ENGAGED IN BY THE COMPANY DURING THE REPORTING PERIOD

During the reporting period, as a railway transportation enterprise, the Company primarily operates railway passenger and freight transportation businesses. It also operates the Hong Kong Through Train passenger transportation services in cooperation with MTR Corporation Limited, and provides railway transportation services for entrusted transportation for other railway companies such as Wuhan-Guangzhou Passenger Dedicated Line, GZIR, Guangzhou-Shenzhen-Hong Kong Passenger Dedicated Line, GZR, XSR, GDR, NGR, GGR, PRDIR, MZR, SMR, Meizhou-Shantou Passenger Dedicated Line, GSTR, GSR, NSGR, MBGR, GGSR and MLR.

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 2024, the operating revenue of the Company was RMB27,090 million, representing an increase of 3.42% as compared to RMB26,195 million for the same period of last year; operating cost amounted to RMB25,383 million, representing an increase of 3.38% as compared to RMB24,553 million for the same period of last year; operating profit amounted to RMB1,473 million, representing an increase of 0.33% as compared to RMB1,468 million for the same period of last year; consolidated net profit attributable to shareholders of the Company amounted to RMB1,060 million, representing an increase of 0.18% as compared to RMB1,058 million for the same period of last year. Its basic earnings per share amounted to RMB0.15.

(1) Analysis of Principal Businesses

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

(Unit: RMB)

Item	Current period	Same period last year	Change (%)
Operating revenue	27,090,074,926	26,194,897,332	3.42
Operating cost	25,382,787,574	24,552,915,441	3.38
Tax and surcharges	91,811,343	48,312,602	90.04
Selling expenses	74,970	—	100.00
Administration expenses	167,698,640	175,146,280	(4.25)
Finance costs	49,218,498	50,491,943	(2.52)
Other income	41,369,148	90,353,774	(54.21)
Investment income	31,156,729	39,739,933	(21.60)
Credit impairment loss	13,010,985	5,506,202	136.30
Asset impairment loss	2,330,205	120,818,857	(98.07)
Gains on disposal of assets	17,610,387	96,646,068	(81.78)
Income tax expenses	413,447,676	399,681,566	3.44
Net cash flows from operating activities	2,710,300,274	1,116,364,342	142.78
Net cash flows from investing activities	(1,275,776,063)	(822,839,668)	55.05
Net cash flows from financing activities	(982,244,453)	(110,696,642)	787.33

2. Analysis of revenue and costs

✓ Applicable □ Not applicable

(1) Revenue from passenger transportation operations

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:

	2024	2023	Year-on-year increase/ decrease (%)
Revenue from passenger transportation (RMB ten thousand)	1,099,550	1,072,777	2.50
– Guangzhou-Shenzhen inter-city trains	319,765	316,904	0.90
– Through trains	226,342	156,239	44.87
– Long-distance trains	492,700	539,795	(8.72)
– Other revenue from passenger transportation	60,743	59,839	1.51
Passenger delivery volume (Persons)	69,106,716	59,315,044	16.51
– Guangzhou-Shenzhen inter-city trains	25,962,793	23,395,556	10.97
– Through trains	1,005,348	802,766	25.24
– Long-distance trains	42,138,575	35,116,722	20.00

- **The increase in revenue from passenger transportation and passenger traffic volume was mainly due to the following:** During the reporting period, with the steady development of the domestic economy and society, the demand for railway passenger transportation continued to grow. The Company actively adapted to market demands, continuously increased the frequency of Guangzhou-Shenzhen inter-city trains and Hong Kong Through Trains to meet travelers' needs, which contributed to the growth in passenger transportation traffic and overall revenue from passenger transportation. Due to a year-on-year reduction in the number of cross-network long-distance EMU trains organized by the Company, there was a decline in the revenue from long-distance trains.



(2) Revenue from freight transportation operations

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:

	2024	2023	Year-on-year increase/ decrease (%)
Revenue from freight transportation (RMB ten thousand)	162,300	182,830	(11.23)
– Revenue from freight charges	139,827	163,307	(14.38)
– Other revenue from freight transportation	22,473	19,523	15.11
Outbound freight volume (tonnes)	14,099,841	16,032,467	(12.05)

- **The decline in revenue from freight transportation and outbound freight volume was mainly due to the following:** During the reporting period, affected by the optimization and adjustment of the domestic economic structure and the transformation and upgrading of traditional industries in the Pearl River Delta region, the volume of goods dispatched from various stations within the Company’s network, especially bulk commodities such as coal, metal ores, steel, and industrial machinery, decreased year-on-year, leading to a decline in revenue from freight transportation.

(3) Revenue from provision of transportation business operations

Transportation services provided by the Company mainly include passenger and freight transportation railway network usage and entrusted transportation service. The table below sets forth the revenue from provision of transportation services for this period in comparison with those of the same period last year:

	2024	2023	Year-on-year increase/ decrease (%)
Revenue from provision of transportation business operations (RMB ten thousand)	1,268,586	1,209,307	4.90
– Railway network usage services	466,270	427,309	9.12
– Entrusted transportation service	802,316	781,998	2.60

- **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, workload for railway network usage services provided by the Company increased, thereby resulting in an increase in the Company's revenue from railway network usage services.
- **The increase in revenue from entrusted 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 transportation and passenger and other entrusted transportation service provided by the Company for other railway companies increased, thereby resulting in an increase in the relevant 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 2024, revenue from other businesses was RMB1.786 billion, representing an increase of 15.52% as compared to RMB1.546 billion for the same period last year. The increase was mainly due to the increase in special purchase of construction projects provided to other railway companies and the corresponding increase in revenue.



(5) Analysis of costs

(Unit: RMB)

By industry	Cost item	Amount for the current period	Amount for the same period last year	Change in percentage of the amount for the current period compared with the same period last year (%)
Principal businesses	Equipment rental and service fees	8,681,782,852	8,265,304,666	5.04
	Wages and welfare	9,087,467,858	8,896,834,493	2.14
	Depreciation of fixed assets	1,740,058,293	1,835,315,273	(5.19)
	Material and utilities consumption	1,559,174,557	1,461,137,042	6.71
	Maintenance costs	1,357,976,727	1,298,231,131	4.60
	Passenger service fees	881,819,334	693,980,980	27.07
	Cargo handling charges	223,736,754	425,933,912	(47.47)
	Depreciation of right-of-use assets	16,246,410	16,246,409	-
	Others	376,218,247	278,532,286	35.07
	Subtotal	23,924,481,032	23,171,516,192	3.25
Other businesses	Wages and welfare	514,980,788	506,720,680	1.63
	Material and utilities consumption	315,683,880	386,652,063	(18.35)
	Depreciation of fixed assets	27,219,294	27,274,144	(0.20)
	Others	600,422,580	460,752,362	30.31
	Subtotal	1,458,306,542	1,381,399,249	5.57
Total		25,382,787,574	24,552,915,441	3.38

- **The changes in costs of the principal businesses were mainly due to the following:** (a) the corresponding increase in equipment rental and service fees, material and utilities consumption, maintenance costs, passenger service fees and other expenses due to the increase in the workload of passenger trains organized by the Company and the provision of railway entrusted transportation services; (b) the increase in wages and welfare expenses due to the policy adjustment of wages and the increase in the social insurance contribution base and contribution ratio; (c) the decrease in the volume of cargo delivery and the year-on-year decrease in the workload of cargo handling business for other railway companies during the reporting period, resulting in a decrease in cargo handling charges; (d) the year-on-year decrease in the amount of construction-in-progress completed and capitalised as fixed assets during the reporting period, resulting in a decrease in the depreciation of fixed assets provided for.
- **The changes in costs of other businesses were mainly due to the following:** (a) the increase in special purchase of construction projects provided to other railway companies and the corresponding increase in expenses; (b) the increase in wages and welfare expenses as a result of the policy adjustment of wages; (c) the year-on-year decrease in the workload of train maintenance and catering during the reporting period, resulting in a decrease in the material and utilities consumption.

(6) By industry and by region

(Unit: RMB)

By industry	Operating revenue	Operating cost	Gross margin (%)	Year-on-year change in operating revenue (%)	Year-on-year change in operating cost (%)	Year-on-year change in gross margin (%)
Principal businesses	25,304,356,566	23,924,481,032	5.45	2.66	3.25	Decreased by 0.54 percentage point
Other businesses	1,785,718,360	1,458,306,542	18.34	15.52	5.57	Increased by 7.70 percentage points

By region	Operating revenue	Operating cost	Gross margin (%)	Year-on-year change in operating revenue (%)	Year-on-year change in operating cost (%)	Year-on-year change in gross margin (%)
China	27,090,074,926	25,382,787,574	6.30	3.42	3.38	Increased by 0.03 percentage point

(7) Major sales customers and suppliers

A. The Company's major customers

✓ Applicable ☐ Not applicable

The sales from the top five customers amounted to RMB8.50519 billion, accounting for 31.40% of the total annual sales; of which the sales to related (connected) parties amounted to RMB8.50519 billion, accounting for 31.40% of the total annual sales.

Among the top five customers, the largest customer is GRGC (the controlling shareholder of the Company), with sales of RMB4.33106 billion, accounting for 15.99% of the total annual sales. GRGC is a minority shareholder of the second-largest customer and the controlling shareholder of the third-, fourth-, and fifth-largest customers.

During the reporting period, the Company did not record sales to any single customer that exceeded 50% of the total sales, nor did it experience any significant reliance on a few major customers.

B. The Company's major suppliers

✓ Applicable ☐ Not applicable

The purchases from the top five suppliers amounted to RMB9.18127 billion, accounting for 63.08% of total annual purchases; of which purchases from related (connected) parties amounted to RMB9.18127 billion, accounting for 63.08% of the total annual purchases.

Among the top five suppliers, the largest supplier is GRGC (the controlling shareholder of the Company), the purchases amounted to RMB4.97816 billion, accounting for 34.20% of the total annual purchases. The second largest supplier is CSRG, the de facto controller of the Company. GRGC is the controlling shareholder of the third-, fourth-, and fifth-largest suppliers.

During the reporting period, the Company did not record any purchases from a single supplier that exceeded 50% of total purchases, nor did it experience any material dependence on a few major suppliers.



C. Other information

Save as disclosed above, none of the Directors of the Company, their close associates, nor any shareholders (who, to the knowledge of the Board, own more than 5% of the issued shares of the Company) have any other interests in the top five customers and top five suppliers of the Company.

3. Expenses

✓ Applicable ☐ Not applicable

(Unit: RMB)

Item	2024	2023	Year-on-year increase/ decrease (%)	Major reason(s) for the change
Tax and surcharges	91,811,343	48,312,602	90.04	The increase in value-added tax, and the corresponding city maintenance and construction tax, education surcharge.
Selling expenses	74,970	–	100.00	The increase in marketing expenses for the freight transportation.
Administration expenses	167,698,640	175,146,280	(4.25)	Management salaries and welfare expenses decreased.
Finance costs	49,218,498	50,491,943	(2.52)	Interest expenses on bank borrowings decreased.
Other income	41,369,148	90,353,774	(54.21)	The government grants received decreased.
Investment gains	31,156,729	39,739,933	(21.60)	The dividends distribution from other equity instrument investment decreased.
Credit impairment loss	13,010,985	5,506,202	136.30	The losses on bad debts of accounts receivable increased.
Asset impairment loss	2,330,205	120,818,857	(98.07)	The impairment losses on fixed assets decreased.
Gains on disposal of assets	17,610,387	96,646,068	(81.78)	Net gain from the disposal of intangible assets decreased.
Income tax expenses	413,447,676	399,681,566	3.44	The total pre-tax profit increased.

4. Cash flow

✓ Applicable ☐ Not applicable

(Unit: RMB)

	2024	2023	Year-on-year increase/ decrease (%)	Major reason(s) for the change
Net cash flows from operating activities	2,710,300,274	1,116,364,342	142.78	Cash from sales of goods and provision of services increased.
Net cash flows from investment activities	(1,275,776,063)	(822,839,668)	55.05	Cash paid for the purchase and construction of fixed assets, intangible assets and other long-term assets increased.
Net cash flows from financing activities	(982,244,453)	(110,696,642)	787.33	Cash received from bank borrowings decreased.

(2) Analysis of assets and liabilities

✓ Applicable ☐ Not applicable

(Unit: RMB)

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
Cash and bank balances	1,934,900,900	1,482,463,336	30.52	Bank deposit balance increased.
Bill receivable	192,750,000	—	100.00	Bank acceptance received increased.
Other receivables	957,959,832	632,761,629	51.39	Construction payment receivables increased.
Deferred income tax assets	465,724,288	883,835,180	(47.31)	Deductible losses decreased.
Short-term borrowings	300,176,917	700,385,000	(57.14)	Repayment of short-term bank credit borrowings.
Bill payables	—	200,000,000	(100.00)	Bank acceptance bills were paid upon maturity.



(Unit: RMB)

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
Trade payables	2,650,474,072	4,913,237,216	(46.05)	During the reporting period, the Company will present the payables for construction in other payables.
Other payables	3,014,436,331	1,373,640,812	119.45	During the reporting period, the Company will present the payables for construction in other payables.
Long-term borrowings	500,000,000	780,000,000	(35.90)	Repayment of long-term bank credit borrowings.

(3) Analysis of investment positions

☒ Applicable ☐ Not applicable

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 Note V(9), Note V(10) and Note VII 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

☒ Applicable ☐ Not applicable

Financial assets at fair value which were held by the Company during the reporting period are set out in Note V(10) 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

☒ Applicable ☐ Not applicable

(Unit: RMB ten thousand)

Name of Company	Nature of business	Major product or service	Total assets	Net asset	Net profit
Dongguan Changsheng Enterprise Company Limited	Transportation	Loading and unloading, warehousing	11,787	10,502	465
Shenzhen Pinghu Qun Yi Railway Store Loading and Unloading Company Limited	Transportation	Cargo transportation, loading and unloading, warehousing	1,592	1,169	114
Shenzhen Guangshen Railway Economic and Trade Enterprise Company Limited	Services	Train catering management and sales of food, beverage, fruit, general merchandise and small household appliances	125	(44,160)	118
Guangzhou Railway Huangpu Service Company Limited	Services	Loading and unloading, handling, warehousing	469	444	108
Zengcheng Lihua Stock Company Limited	Services	Acting as a railway freight transport, storage, loading and unloading agent; Wholesale and retail trade (except state exclusive control projects); Cargo packing	25,670	(16,548)	(708)
Guangzhou Tiecheng Enterprise Company Limited	Real estate	Real estate development and operation, property management, etc	56,168	32,321	1,825
Shenzhen Guangzhou Railway Civil Engineering Company Limited	Construction	Municipal public works construction general contracting	367,916	68,932	5,231



(6) Structured entities controlled by the Company

☐ Applicable ☒ Not applicable

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

(1) Industry development trend and competition landscape

☒ Applicable ☐ Not applicable

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 (《中长期铁路网规划》) 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 (《中长期铁路网规划》) (2016-2025) had been jointly modified by the National Development and Reform Commission, Ministry of Transport and CSRG (formerly known as CRC) in July 2016, highlighting a more ambitious "Eight East-West Lines and Eight South-North Lines (八纵八横)" 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. Meanwhile, 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 (八纵八横)" 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.

(2) Development strategies of the Company

✓ Applicable ☐ Not applicable

Under the sound leadership and scientific decision-making of the Board, the Company will vigorously leverage the historic opportunities arising from 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 Guangdong-Hong 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 firstclass railway transportation services enterprise in the PRC and achieve its development objective of “scaling up and consolidating its strengths (做大做强)”, the Company will also focus on improving its quality of service and continuously advancing its innovations in management, services and technologies.

(3) Operating plans

✓ Applicable ☐ Not applicable

At the thirteenth meeting of the tenth session of the Board of the Company held on 27 March 2025, the Board considered and approved the financial budget for the year of 2025. The Company plans to achieve a passenger delivery volume of 71.30 million people (excluding entrusted transportation) and outbound freight volume of 14.80 million tonnes. To achieve these objectives, the Company will focus its work on the following aspects:

1. In terms of corporate governance: we uphold the integration of the Party’s leadership with the improvement of corporate governance, continuously refine corporate governance systems, enhance the level of corporate governance and the quality of information disclosure, and ensure that the Company’s operations comply with laws, regulations, and regulatory requirements.
2. In terms of production safety: we will insist on giving priority to prevention and treatment. Firstly, we thoroughly cultivate the safety development concept, strengthen safety awareness, focus on proactive prevention, enforce strict process management, and enhance oversight and inspections. Secondly, we comprehensively strengthen the control of key safety areas, and closely monitor natural disasters, construction, labor activities, equipment quality, fire safety, and emergency response, focusing on preventing and mitigating risks. Thirdly, we continuously advance the construction of 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 consistently focus on grassroots initiatives, establish a solid foundation, and enhance intrinsic safety levels.



- 3. In terms of passenger and freight transportation: we will adhere to a market demand-oriented approach, and continuously improve the supply level of passenger and freight transportation. Firstly, we will expand the effective supply of passenger transportation, conduct lean analysis to coordinate transportation capacity, adapt to market needs for quality products, improve services to build a positive image, and continuously increase market share. Secondly, we will deepen the transformation and development of logistics, strengthen marketing organization, enhance market development, optimize service quality, improve freight capacity, and continuously promote the market-oriented reform of freight services to expand freight volume. Thirdly, we will optimize the structure of transportation capacity, eliminate bottlenecks, fine-tune scheduling and command, and continuously enhance transportation efficiency.
- 4. In terms of operation and management: we will establish a modern market-oriented operation philosophy, and continuously promote improvements in operational management quality and efficiency. Firstly, we will strengthen the overall allocation of resources, improve budget management quality, capital utilization efficiency, and asset disposal benefits, intensify efforts to save expenditures and reduce consumption, and promote the preservation and appreciation of assets. Secondly, we will reinforce standardized management of the enterprise, closely monitor key areas, prevent and mitigate operational risks, and strengthen legal awareness, compliance risk prevention and control, and proactive rights protection. Thirdly, we will focus on enhancing operational quality and effectiveness through reform, and continuously promote market-oriented operational reforms, production and labor organization reforms, and process repair reforms.

(4) Potential risks

✓ Applicable ☐ Not applicable

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.

Type of risk	Description of risk	Addressing measures
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.
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.



Type of risk	Description of risk	Addressing measures
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 IX to the financial statements.

VII. EXPLANATION OF CIRCUMSTANCES AND REASONS FOR NON-DISCLOSURE DUE TO INAPPLICABILITY OF REGULATORY REQUIREMENTS, STATE SECRETS, TRADE SECRETS, OR OTHER SPECIAL CIRCUMSTANCES

☐ 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 2024 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.

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 RMB300 million, with an interest rate range of 1.93%-2.28%; and had long-term borrowings of approximately RMB500 million, with an interest rate range of 1.8%-2.6%. The Company's capital commitments as of the end of the reporting period are set out in Note XII 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 25.97%.

(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 dividends 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 taxation applicable to the Company during the reporting period are set out in Note IV 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 V(11) 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 Shareholders' Equity and Note V(34) to the financial statements.

(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 Shareholders' Equity and Note V(33) 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 VII 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 RMB300 million, with an interest rate range of 1.93%-2.28%; and had long-term borrowings of approximately RMB500 million, with an interest rate range of 1.8%-2.6%, details of which are set out in Note V(18) and Note V(26) to the financial statements.

(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: Jiang Hui, Chen Shaohong, 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 Yuxin, 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
Jiang Hui
Chairman of the Board

Shenzhen, China
27 March 2025

Chapter 4

Corporate Governance

I. INFORMATION REGARDING CORPORATE GOVERNANCE

✓ Applicable ☐ Not applicable

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 the shareholders' 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 places 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 2023; elected and replaced some members of the Board of Directors and the Supervisory Committee, and accordingly adjusted the composition of the special committees of the Board of Directors; adjusted some management members, and reappointed the general manager and two deputy general managers of the Company; revised the Articles, the Management Rules on Inside Information and Insiders, and the Business Performance Evaluation Measures, further improved the Company's corporate governance and internal controls to promote the healthy 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 the 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

III. SUMMARY OF SHAREHOLDERS' GENERAL MEETINGS

(1) Shareholders' general meetings held during the reporting period

Session of meeting	Date	Media in which resolutions were disclosed	Date of disclosure	Resolutions
First Extraordinary General Meeting of 2024	6 February 2024	Website of SSE (www.sse.com.cn) HKExnews website of SEHK (www.hkexnews.hk)	7 February 2024 6 February 2024	A total of 3 resolutions were considered and passed at the meeting with no objection.
2023 Annual General Meeting	18 June 2024	Website of SSE (www.sse.com.cn) HKExnews website of SEHK (www.hkexnews.hk)	19 June 2024 18 June 2024	A total of 10 resolutions were considered and passed at the meeting with no objection.
Second Extraordinary General Meeting of 2024	6 December 2024	Website of SSE (www.sse.com.cn) HKExnews website of SEHK (www.hkexnews.hk)	7 December 2024 6 December 2024	A total of 1 resolution was 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 2024 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 2024 Annual General Meeting, investors are advised to pay attention to and carefully read the "Notice of 2024 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)

✓ Applicable □ Not applicable

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)	Whether receiving remuneration from related parties of the Company
Jiang Hui	Executive Director, Chairman of the Board	Male	53	6 December 2024	15 June 2026	–	Yes
Chen Shaohong	Executive Director General Manager Shareholder Representative Supervisor (Resigned)	Male	58	18 June 2024 29 April 2024 26 June 2008	15 June 2026 To present 12 April 2024	524,050	Yes
Luo Jinglun	Non-executive Director	Male	53	6 February 2024	15 June 2026	–	Yes
Hu Dan	Non-executive Director	Male	52	17 June 2021	15 June 2026	–	Yes
Zhang Zhe	Non-executive Director	Male	53	23 December 2019	15 June 2026	–	Yes
Zhou Shangde	Executive Director Deputy Secretary of the Party Committee Employee Representative Supervisor (Resigned)	Male	54	17 June 2021 19 March 2021 28 May 2015	15 June 2026 To present 17 June 2021	498,426	No
Tang Xiaofan	Independent Non-executive Director	Male	56	16 June 2020	15 June 2026	112,000	No
Qiu Zilong	Independent Non-executive Director	Male	58	16 June 2020	15 June 2026	112,000	No
Wang Qin	Independent Non-executive Director	Female	54	15 June 2023	15 June 2026	153,408	No

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)	Whether receiving remuneration from related parties of the Company
Niu Jianfeng	Shareholder Representative Supervisor, Chairman of the Supervisory Committee	Male	52	18 June 2024	15 June 2026	–	Yes
Li Songqing	Shareholder Representative Supervisor	Male	52	6 February 2024	15 June 2026	–	Yes
Meng Yong	Shareholder Representative Supervisor	Male	57	23 December 2019	15 June 2026	–	Yes
Lin Wensheng	Employee Representative Supervisor	Male	60	16 June 2020	15 June 2026	413,504	No
Song Min	Employee Representative Supervisor	Female	54	15 June 2023	15 June 2026	413,504	No
Gong Yuwen	Deputy Secretary of the Party Committee, Secretary of the Discipline Inspection Commission	Male	58	2 April 2018	To present	498,376	No
Tang Xiangdong	Chairman of Labor Union Deputy General Manager, Secretary of the Board	Male	56	23 February 2024 29 October 2019	To present To present	498,521	No
Luo Xinpeng	Company Secretary Chief Accountant	Male	59	3 December 2019 29 October 2019	To present To present	498,569	No



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)	Whether receiving remuneration from related parties of the Company
Huang Wu	Deputy General Manager	Male	54	6 February 2024	To present	447,330	Yes
Yang Yijian	Deputy General Manager	Male	58	28 August 2024	To present	298,293	Yes
Wei Hao	Executive Director,	Male	53	6 February 2024	11 November 2024	–	Yes
(Resigned)	Chairman of the Board						
Wu Yong	Chairman of the Board	Male	61	18 December 2014	6 February 2024	–	No
(Resigned)	Executive Director			16 December 2014			
Hu Lingling	Executive Director	Male	61	26 May 2016	12 April 2024	305,453	No
(Resigned)	General Manager			9 December 2015			
Huang Chaoxin	Shareholder	Male	55	15 June 2023	29 April 2024	–	Yes
(Resigned)	Representative Supervisor, Chairman of the Supervisory Committee						
Luo Jiancheng	Deputy General Manager	Male	52	30 December 2016	25 September 2024	365,736	Yes
(Resigned)							
Total	/	/	/	/	/	5,139,170	/

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
Jiang Hui	Mr. Jiang, male, born in January 1972, is an Executive Director and the Chairman of the Board of the Company. Mr. Jiang holds a bachelor's degree and is a senior engineer. Mr. Jiang had successively served as the secretary of the Communist Youth League of Shanghai Railway Bureau, the secretary of the Party Committee of Hangzhou Power Supply Section, the director of the office of Shanghai Railway Bureau (Party Committee Office), the deputy secretary of the Party Committee and the secretary of the Discipline Inspection Committee of Shanghai Railway Bureau, the vice general manager of China Railway Shanghai Bureau Group Company Limited, the vice chairman, general manager and deputy secretary of the Party Committee of China Railway Nanchang Bureau Group Company Limited, the director, general manager and deputy secretary of the Party Committee of China Railway Xi'an Bureau Group Company Limited, and the secretary of the Party Committee and chairman of China Academy Of Railway Sciences Corporation Limited. He is currently the secretary of the Party Committee and the chairman of the board of directors of the GRGC.
Chen Shaohong	Mr. Chen, male, born in January 1967, is an Executive Director, the secretary of the Party Committee and the General Manager of the Company. Mr. Chen holds a bachelor's degree and is a senior economist. Mr. Chen had previously served as the deputy director of the Corporate Management Office of GRGC, the deputy director and director of the Corporate Management and Legal Affairs Section of GRGC, the deputy chief economist of GRGC and the director of the Corporate Management and Legal Affairs Section of GRGC, the chief legal advisor and the director of the Corporate Management and Legal Affairs Section of GRGC, the chief legal advisor and the director of the Corporate Management and Legal Affairs Department of GRGC, and the general counsel of GRGC. And he had also served as a Shareholder Representative Supervisor of the Company. He is currently the secretary of the Party Committee and the General Manager of the Company.
Luo Jinglun	Mr. Luo, male, born in July 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.



Name	Biography
Hu Dan	Mr. Hu, male, born in June 1972, is a Non-executive Director of the Company. Mr. Hu holds a bachelor’s degree and is a senior 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 the chief of the Transportation Department of GRGC.
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.

Name	Biography
Tang Xiaofan	<p>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 and is a senior auditor, a PRC certified public accountant, an accountant certified by the Association of International Accountants and a Certified Internal Auditor (CIA). 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), a managing director of Guangzhou Dening Investment Management Co., Ltd., and the deputy general manager of Guangzhou Huizhi Venture Capital Co., Ltd. He is currently the partner of Guangzhou Zhonghui Jianyuan Investment Partnership (LP) (廣州中匯建元投資合夥企業(有限合夥)), 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).</p>
Qiu Zilong	<p>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 to 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.</p>



Name	Biography
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 (Hong Kong) 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 Federation of HK Jiangsu Community Organisations.
Niu Jianfeng	Mr. Niu, male, born in June 1972, is a Shareholder Representative Supervisor and the Chairman of the Supervisory Committee of the Company. Mr. Niu holds a bachelor's degree and is a senior political officer. He had previously served as the secretary of the Youth League Committee of Zhengzhou Railway Bureau, the secretary of the Party Committee of Shangqiu Station, the head of the Propaganda Department of the Party Committee (the director of the Corporate Culture Department), the secretary of the Party Committee and the director of the Personnel Department (the head of the Organization Department of the Party Committee) of Zhengzhou Station, the deputy secretary of the Party Committee and the secretary of the Discipline Inspection Committee of China Railway Shanghai Group Company Limited. He is currently the secretary of the Discipline Inspection Committee of the 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 officer. 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 director (head) of the Human Resources 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) and the director of the Audit Department of GRGC. He is currently the director of the Finance Department (Income Department) of GRGC.

Name	Biography
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 an Employee Representative Supervisor 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's degree and is an accountant. Ms. Song had served as the deputy manager of the operating finance office, department of finance and planning of Qinghai 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. She is currently the director of the Board Secretariat (Investor Relations Department) of the Company.
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 Leading Cadres Section of the Personnel Department (Organization Department of the Party Committee) of GRGC, deputy director of the Personnel Department and deputy director of the Organization Department of the Party Committee of GRGC, deputy secretary of the Party Committee of Guangzhou East Station of the Company, and secretary and the deputy station master of the Party Committee and the deputy station master of Guangzhou East Station. 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 holds a bachelor's degree and 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.



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 (Party Committee Cadre Department) of the GRGC, 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 (People’s Armed Forces Department), director (head) of the Protection Department (People’s Armed Forces Department) and director of the Political and Legal Affairs Office of the GRGC. He is currently the Deputy General Manager of the Company.
Yang Yijian	Mr. Yang, male, born in December 1966, is the Deputy General Manager of the Company. Mr. Yang holds a doctorate degree and is a senior political officer. Mr. Yang has served as secretary of the Party Committee Office of GRGC, director of the Party Committee Office of the Company, secretary of the Party Committee and secretary of the Discipline Inspection Commission of Shenzhen Civil Engineering Company, director of the Material and Real Estate Department of the Company, director of the Board Secretariat and director of the Investor Relations Department of the Company, secretary of the Party Branch of the Construction Command of Guangzhou Xinke Station (Foshan West Station) of GRGC, secretary of the Party Committee and deputy commander of the Jiangmen Construction Command of GRGC, and secretary of the Party Committee and deputy commander of the Shenzhen Construction Command of 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

✓ Applicable ☐ Not applicable

Name of personnel	Name of shareholder	Position at shareholder	Beginning of engagement	End of engagement
Jiang Hui	GRGC	Secretary of the Party Committee, Chairman of the Board	October 2024	To present
Luo Jinglun	GRGC	Chief Accountant	August 2023	To present
Hu Dan	GRGC	Director of the Transportation Department	July 2020	To present
Zhang Zhe	GRGC	Director of the Passenger Transport Department	April 2019	To present
Niu Jianfeng	GRGC	Secretary of the Committee for Discipline Inspection	July 2023	To present
Li Songqing	GRGC	Director (head) of Human Resources Department (Organization Department of the Party committee)	December 2023	To present
Meng Yong	GRGC	Director of the Finance Department (Income Department)	May 2020	To present
Huang Wu	GRGC	Director (head) of Protection Department (People's Armed Forces Department) and Director of the Political and Legal Affairs Office	November 2018	January 2024
Yang Yijian	GRGC	Secretary of the Party Committee and deputy commander of Shenzhen Engineering Construction Headquarters	October 2023	June 2024
Wei Hao (Resigned)	GRGC	Secretary of the Party Committee, Chairman of the Board	October 2023	October 2024
Wu Yong (Resigned)	GRGC	Chairman of the Board	August 2014	October 2023
Huang Chaoxin (Resigned)	GRGC	Secretary of the Party Committee	November 2017	October 2023
		Deputy secretary of the Discipline Inspection Committee and the head of the Inspection Office of the Party Committee	December 2019	To present



2. Engagements in other companies

✓ Applicable ☐ Not applicable

Name of personnel	Name of company	Position at company
Jiang Hui	Xiashen Railway Guangdong Company Limited, Qian Zhang Chang Railway Company Limited, Huai Shao Heng Railway Co., Ltd., Guangzhou-Shenzhen-Hong Kong Express Rail Link Company Limited	Chairman of the Board
Chen Shaohong	Xiashen Railway Guangdong Company Limited, Guangdong Meizhou-Shantou Passenger Railway Line Company Limited, Hukun Passenger Railway Line (Hunan) Company Limited	Director Chairman of the Supervisory Committee
Luo Jinglun	Hunan Railway Company Limited, Wuhan-Guangzhou Passenger Railway Line Co., Ltd. Hukun Passenger Railway Line (Hunan) Company Limited Hainan Railway Company Limited, Guangdong Guangzhou Intercity Rail Transportation Company Limited	Vice Chairman of the Board Director Chairman of the Supervisory Committee
Hu Dan	Shenzhen Pingnan Railway Company Limited	Vice Chairman of the Board
Zhang Zhe	Hukun Passenger Railway Line (Hunan) Company Limited	Director
Tang Xiaofan	Beijing Zhongtie Commemorate Ticket Co., Ltd. Guangzhou Zhonghui Jianyuan Investment Partnership (LP) (廣州中匯建元投資合夥企業(有限合夥)) Guangdong Qili Aomei High-tech Materials Co., Ltd., Guangzhou Haote Energy Saving and Environmental Protection Technology Co., Ltd.	Supervisor Partner 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 Hong Kong Famous Brand Technology Limited The Hong Kong Jiangsu Association	General Manager Honorary Director Vice President

Name of personnel	Name of company	Position at company
Meng Yong	Hunan Railway Company Limited, Guangzhou-Shenzhen-Hong Kong Express Rail Link Company Limited, Qiwen Trade Company Limited	Director
	Wuhan-Guangzhou Passenger Railway Line Co., Ltd., Guangdong Railway Company Limited	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 Xinpeng	Guangzhou Tiecheng Enterprise Company Limited	Director
	Dongguan Changsheng Enterprise Company Limited, Zengcheng Lihua Stock Company Limited	Chairman of the Supervisory Committee
	Shenzhen Pinghu Qun Yi Railway Store Loading and Unloading Company Limited	Supervisor
Huang Wu	Shenzhen Pinghu Qun Yi Railway Store Loading and Unloading Company Limited	Executive Director
Yang Yijian	Guangzhou Tiecheng Enterprise Company Limited	Director
Lin Wensheng	Zengcheng Lihua Stock Company Limited, Shenzhen Guangzhou Railway Civil Engineering Company	Supervisor
Wei Hao (Resigned)	CPC Dongguan Committee	Secretary of the Dongguan Municipal Party Committee, First Secretary of the Party Committee of Dongguan Military Division
Luo Jiancheng (Resigned)	China Railway (HK) Holdings Ltd.	Director, General Manager
	Qiwen Trade Company Limited	Director
	Dongguan Changsheng Enterprise Company Limited, Zengcheng Lihua Stock Company Limited	Chairman of the Board
	Shenzhen Guangshen Railway Economic and Trade Enterprise Company Limited	Executive Director



(3) Remuneration of Directors, Supervisors and senior management

✓ Applicable ☐ Not applicable

Decision-making procedure of the remuneration of Directors, Supervisors and senior management	None of the Directors and Supervisors other than the Independent Directors shall be paid Directors' (Supervisors') remuneration; the remuneration of Independent Directors shall be proposed by the Remuneration Committee of the Board, which shall be submitted to the shareholders' general meeting for review and approval after being reviewed and approved by the Board; the remuneration of senior management shall be decided by the Board after being proposed by the Remuneration Committee of 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	Taking into account the relevant national regulations, the remuneration packages of similar companies, the time commitment and the performance of duties, etc., to make proposal to the Board in respect of the remuneration packages of Independent Directors and senior management.
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 Jiang Hui, Wei Hao, Wu Yong, Luo Jinglun, Hu Dan, Zhang Zhe, and the following Supervisors, namely Niu Jianfeng, Huang Chaoxin, Li Songqing 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 RMB5,139,170.

(4) Changes in directors, supervisors and senior management✓ Applicable ☐ Not applicable

Name	Position(s)	Change(s)	Reason(s) for the changes
Jiang Hui	Executive Director, Chairman of the Board	Elected	Adjustment of Board members
Chen Shaohong	Executive Director	Elected	Adjustment of Board members
	General Manager	Appointed	Adjustment of management personnel
	Shareholder Representative Supervisor	Departure from office	Resignation
Luo Jinglun	Non-executive Director	Elected	Adjustment of Board members
Niu Jianfeng	Shareholder Representative Supervisor, Chairman of the Supervisory Committee	Elected	Adjustment of Supervisory Committee members
Li Songqing	Shareholder Representative Supervisor	Elected	Adjustment of Supervisory Committee members
Tang Xiangdong	Chairman of labor union	Elected	Adjustment of division of labor
Huang Wu	Deputy General Manager	Appointed	Adjustment of management personnel
Yang Yijian	Deputy General Manager	Appointed	Adjustment of management personnel
Wei Hao (Resigned)	Executive Director, Chairman of the Board	Departure from office	Resignation
	Executive Director, Chairman of the Board	Elected	Adjustment of Board members
Wu Yong (Resigned)	Executive Director, Chairman of the Board	Departure from office	Reaching retirement age
Hu Lingling (Resigned)	Executive Director, General Manager	Departure from office	Reaching retirement age
Huang Chaoxin (Resigned)	Shareholder Representative Supervisor, Chairman of the Supervisory Committee	Departure from office	Resignation
Luo Jiancheng (Resigned)	Deputy General Manager	Dismissed	Resignation

Mr. Jiang Hui was appointed as Executive Director of the Company on 6 December 2024. He obtained the legal opinion referred to in Rule 3.09D of the Listing Rules on 3 December 2024, and confirmed his understanding of his responsibilities as a director.

Mr. Chen Shaohong was appointed as Executive Director of the Company on 18 June 2024. He obtained the legal opinion referred to in Rule 3.09D of the Listing Rules on 17 June 2024, and confirmed his understanding of his responsibilities as a director.

Mr. Wei Hao and Mr. Luo Jinglun were appointed as Executive Director and Non-executive Director of the Company, respectively, on 6 February 2024. They obtained the legal opinion referred to in Rule 3.09D of the Listing Rules on 5 February 2024, and both confirmed their understanding of their responsibilities as directors. Mr. Wei Hao resigned as Executive Director of the Company on 11 November 2024, due to a job change.



(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 contracts prior to 31 January 2004, which 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 fifth meeting of the tenth session of the Board	6 February 2024	A total of 5 resolutions were considered and passed at the meeting with no objection.
The sixth meeting of the tenth session of the Board	28 March 2024	A total of 12 resolutions were considered and passed at the meeting with no objection.
The seventh meeting of the tenth session of the Board	29 April 2024	A total of 4 resolutions were considered and passed at the meeting with no objection.
The eighth meeting of the tenth session of the Board	18 June 2024	A total of 2 resolutions were considered and passed at the meeting with no objection.
The ninth meeting of the tenth session of the Board	28 August 2024	A total of 5 resolutions were considered and passed at the meeting with no objection.
The tenth meeting of the tenth session of the Board	30 October 2024	A total of 2 resolutions were considered and passed at the meeting with no objection.
The eleventh meeting of the tenth session of the Board	19 November 2024	A total of 2 resolutions were considered and passed at the meeting with no objection.
The twelfth meeting of the tenth session of the Board	6 December 2024	A total of 3 resolutions were considered and passed at the meeting with no objection.



VI. PERFORMANCE OF DUTIES BY DIRECTORS

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

Name of Director	Whether the Director is an Independent Director	Attendance at Board meetings					Attendance at shareholders' general meetings	
		Number of Board meetings to be attended this year	Number of meetings attended in person	Number of meetings attended by way of telecommunication	Number of meetings attended by proxy	Number of absences	Whether two consecutive Board meetings were not attended in person	Number of shareholders' general meetings attended
Jiang Hui	No	2	2	2	0	0	No	1
Chen Shaohong	No	6	6	0	0	0	No	2
Luo Jinglun	No	8	8	7	0	0	No	3
Hu Dan	No	8	8	7	0	0	No	3
Zhang Zhe	No	8	8	7	0	0	No	3
Zhou Shangde	No	8	8	1	0	0	No	3
Tang Xiaofan	Yes	8	8	1	0	0	No	3
Qiu Zilong	Yes	8	8	1	0	0	No	3
Wang Qin	Yes	8	8	1	0	0	No	3
Wei Hao (Resigned)	No	6	6	5	0	0	No	2
Wu Yong (Resigned)	No	0	0	0	0	0	No	0
Hu Lingling (Resigned)	No	2	2	1	0	0	No	1

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

☐ Applicable ☒ Not applicable

Number of Board meetings held during the year	8
Including: Number of on-site meetings	1
Number of meetings held by way of telecommunication	1
Number of meetings held on-site combined with telecommunication	6

(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 3 shareholders' general meetings, 8 Board meetings, 8 Audit Committee meetings, 4 Nomination Committee meetings and 2 Remuneration Committee meetings. All Independent Directors attended all the meetings in person. Please see the relevant part of "Attendance at Board meetings and shareholders' 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 (《獨立董事工作制度》) 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 and director and senior management 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 and 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 2023 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 2023 Annual Report.

Secondly, they recommended the appointment of Deloitte Touche Tohmatsu Certified Public Accountants LLP as the auditor of the Company for 2024. The above resolution was passed upon consideration at the Board meeting and the shareholders' general meeting of the Company.



Thirdly, they recommended to nominate Mr. Chen Shaohong and Mr. Jiang Hui as the Directors of the 10th session of the Board of the Company. The Board and the shareholders’ general meeting successively reviewed and passed the above resolution.

Fourthly, they recommended to nominate Mr. Huang Wu, Mr. Chen Shaohong and Mr. Yang Yijian as the senior management of the Company. The Board reviewed and passed the above resolution.

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
28 March, 29 April, 18 June, 28 August, 30 October, 19 November, and 6 December 2024	Attendance at the sixth, seventh, eighth, ninth, tenth, eleventh, and twelfth meetings of the tenth session of the Board of the Company	Headquarters of the Company	Tang Xiaofan, Qiu Zilong, and Wang Qin
6 February, 18 June, and 6 December 2024	Attendance at the Company’s 2024 First Extraordinary General Meeting, 2023 Annual General Meeting, and 2024 Second Extraordinary General Meeting	Headquarters of the Company	Tang Xiaofan, Qiu Zilong, and Wang Qin
3 April 2024	Attendance at the Company’s 2023 Annual Results Presentation	Headquarters of the Company	Tang Xiaofan, Qiu Zilong
29 August 2024	Attendance at the Company’s 2024 Semi-annual Results Presentation	Headquarters of the Company	Tang Xiaofan, Wang Qin
31 October 2024	Attendance at the Company’s 2024 Third Quarter Results Presentation	Headquarters of the Company	Tang Xiaofan, 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
5 February 2024	First meeting of the Nomination Committee in 2024	Independent opinion on the nomination of Mr. Huang Wu as the Company's deputy general manager	Agreeing to nominate Mr. Huang Wu as the Company's deputy general manager and submitting it to the Board for review.
11 March 2024	Third meeting of the Audit Committee in 2024	Independent opinion on the Company's appointment of auditor for 2024	Agreeing to appoint Deloitte Touche Tohmatsu Certified Public Accountants LLP as the Company's auditors for 2024 and submitting it to the Board for review.
26 April 2024	Second meeting of the Nomination Committee in 2024	Independent opinion on the nomination of Mr. Chen Shaohong as the Company's director and general manager	Agreeing to nominate Mr. Chen Shaohong as the Company's director and general manager and submitting it to the Board for review.
27 August 2024	Third meeting of the Nomination Committee in 2024	Independent opinion on the nomination of Mr. Yang Yijian as the Company's deputy general manager	Agreeing to nominate Mr. Yang Yijian as the Company's deputy general manager and submitting it to the Board for review.
14 November 2024	Fourth meeting of the Nomination Committee in 2024	Independent opinion on the nomination of Mr. Jiang Hui as the Company's director	Agreeing to nominate Mr. Jiang Hui as the Company's director and submitting it to the Board for review.



VII. SPECIAL COMMITTEES UNDER THE BOARD

✓ Applicable ☐ Not applicable

(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	Qiu Zilong (Chairman), Jiang Hui, Chen Shaohong, Tang Xiaofan, Wang Qin
Remuneration Committee	Tang Xiaofan (Chairman), Jiang Hui, Chen Shaohong, Qiu Zilong, Wang Qin

(2) The Audit Committee held 8 meetings during the reporting period

Date	Matters	Key opinions and suggestions	Other performance of duties
19 January 2024	Getting to know the Company's audit work arrangements in the Company's 2023 annual report, getting to know the Company's internal audit work for 2023, communicating with the Company's auditors before the audit, and studying the selection of an accounting firm for the Company in 2024.	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 proposing that the Company immediately initiate the selection process and clarifying matters such as procurement content, procurement methods, scope of invitation, procurement price, and evaluation criteria.	None
7 February 2024	Reviewing the bidding documents for the selection of an accounting firm of the Company for 2024 and studying the promotion of the selection of an accounting firm.	Agreeing to the Tender Document for the Company's Financial Report for 2024 and Internal Control Audit Project and putting forward requirements for the advancement of the selection work.	None
11 March 2024	Reviewing the Company's financial statements (preliminary draft) for 2023 and providing suggestions on the selection of the accounting firm for 2024 and the audit fees.	Agreeing to appoint Deloitte Touche Tohmatsu Certified Public Accountants LLP as the Company's auditors for 2024, with an audit fee of RMB3 million (including tax), and submitting it to the Board for review.	None



Date	Matters	Key opinions and suggestions	Other performance of duties
19 March 2024	Reviewing the Company's annual financial statements for 2023 for the second time, communicating with the Company's annual audit accountants regarding the audit situation of the financial statements for 2023, and issuing the Audit Supervision Letter to the auditors.	Requiring the auditors to complete the audit work according to the audit plan to ensure that the Company's annual report is disclosed on time.	None
27 March 2024	Reviewing the Company's annual report and financial report for 2023, the internal control evaluation report for 2023, the independent directors' work report for 2023, the Audit Committee's performance report for 2023, the Company's evaluation report on the performance of the accounting firm in 2023, and the Audit Committee's report on the accounting firm's performance of supervisory responsibilities for 2023.	Agreeing to the above report and submitting it to the Board for review or external disclosure.	None
26 April 2024	Reviewing the Company's financial report for the first quarter of 2024, and listening to the presentation of the Company's management on the business operation in the first quarter of 2024.	Agreeing to the Company's financial report for the first quarter of 2024 and submitting it to the Board for review.	None

Date	Matters	Key opinions and suggestions	Other performance of duties
27 August 2024	Reviewing the Company's semi-annual financial report for 2024, and listening to the presentation of the Company's management on the business operation in the first half of 2024.	Agreeing to the Company's semi-annual financial report for 2024 and submitting it to the Board for review.	None
29 October 2024	Reviewing the Company's financial report for the third quarter of 2024, and listening to the presentation of the Company's management on the business operation in the third quarter of 2024.	Agreeing to the Company's financial report for the third quarter of 2024 and submitting it to the Board for review.	None

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

Date	Matters	Key opinions and suggestions	Other performance of duties
5 February 2024	Reviewing the nomination of Mr. Huang Wu as the candidate for the deputy general manager of the Company.	Agreeing to nominate Mr. Huang Wu as the deputy general manager of the Company and submitting it to the Board for review.	None
26 April 2024	Reviewing the nomination of Mr. Chen Shaohong as the candidate for the director and general manager of the Company.	Agreeing to nominate Mr. Chen Shaohong as the director and general manager of the Company and submitting it to the Board for review.	None
27 August 2024	Reviewing the nomination of Mr. Yang Yijian as the candidate for deputy general manager of the Company.	Agreeing to nominate Mr. Yang Yijian as the deputy general manager of the Company and submitting it to the Board for review.	None
14 November 2024	Reviewing the nomination of Mr. Jiang Hui as the candidate for the director of the Company.	Agreeing to nominate Mr. Jiang Hui as the director of the Company and submitting it to the Board for review.	None



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

Date	Matters	Key opinions and suggestions	Other performance of duties
19 June 2024	Reviewing the assessment results for the Company's operating performance in 2023.	Agreeing to the assessment results.	None
27 August 2024	Reviewing the revision plan for the Company's Business Performance Assessment Measures.	Agreeing to the revision plan and submitting it 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

☐Applicable ☒ Not applicable

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

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

(1) Information of employees

Total number of current employees	36,565
Number of disengaged and retired employees for whom the parent company and major subsidiaries shall be liable to expenses	17
Professional constitution	
Passenger, freight transportation and transit operation personnel	16,462
Engineering personnel	4,727
Driving personnel	3,023
Public works personnel	3,006
Electricity personnel	1,915
Electricity and water supplies personnel	2,292
Building construction personnel	1,262
Various operations and other employees of subsidiaries	87
Technical and administrative personnel	3,791
Total	36,565
Education level	
Postgraduate or above	168
University graduate	5,320
College for professional training	17,248
Other (secondary vocational school, high school and vocational technical school, etc.)	13,829
Total	36,565



(2) Remuneration policy

✓ Applicable ☐ Not applicable

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 V(22) 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, and the Company 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 have also participated 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

☒ Applicable ☐ Not applicable

During the reporting period, the Company had a total of 97 occupational education management personnel and a total of 811,485 people participated in various vocational trainings, which mainly include training on safety regulations, 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 RMB74.4415 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

☒ Applicable ☐ Not applicable

Pursuant to the related requirements of the "Supervisory Guidelines for Listed Companies No. 3 – Cash Dividends for Listed Companies (Revised in 2023)" (《上市公司監管指引第 3 號 – 上市公司現金分紅(2023 年修訂)》) and "Guidelines on the Articles of Association of Listed Companies (Revised in 2023)" (《上市公司章程指引(2023 年修訂)》) by CSRC, the Company amended provisions related to profit distribution in the Articles. 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' demands, 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. The profit distributed in cash by the Company shall not be less than 30% of the distributable profits realized in the relevant year, and the accumulated profits distributed in cash of the Company within any three consecutive years shall not be less than 30% of the three-year annual average distributable profits. The Company may distribute interim cash dividends. When the Company convenes the annual general meeting to consider the annual profit distribution plan, it may also consider and approve the conditions, upper limit ratio, and amount for the interim cash dividends of the next year. The upper limit for interim dividends of the next year considered at the annual general meeting should not exceed the net profits attributable to the shareholders of the listed company for the corresponding period. The Board of Directors shall formulate a specific interim dividend distribution plan based on the resolution of the shareholders' general meeting, provided that it complies with the conditions for profit distribution.



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. In 2024, the Company implemented the cash dividend for 2023, distributing a cash dividend of RMB0.07 per share, totaling approximately RMB496 million. Since its listing in 1996, the Company has cumulatively distributed cash dividends of about RMB12.8 billion, with a dividend distribution ratio of 64.31%.

(2) Specific explanation on cash dividend policy

☒ Applicable ☐ Not applicable

Whether it complies with the provisions of the Articles of Association or the requirements of the resolutions at shareholders' general meetings	<input checked="" type="checkbox"/> Yes <input type="checkbox"/> No
Whether the dividend standards and ratios are definite and clear	<input checked="" type="checkbox"/> Yes <input type="checkbox"/> No
Whether the relevant decision-making procedures and mechanisms are sound	<input checked="" type="checkbox"/> Yes <input type="checkbox"/> No
Whether the independent directors performed their duties and played their roles	<input checked="" type="checkbox"/> Yes <input type="checkbox"/> 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	<input checked="" type="checkbox"/> Yes <input type="checkbox"/> 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

☒ Applicable ☐ Not applicable

	(Unit: RMB)
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)	495,847,590
Net profit attributable to ordinary shareholders of the Company in the consolidated financial statement	1,060,161,237
Ratio of cash dividend amount to net profit attributable to ordinary shareholders of the Company in the consolidated financial statement (%)	46.77
The amount of cash used for the Share repurchase which was included in cash dividend	0
Total amount of cash dividend (tax included)	495,847,590
Ratio of total dividend amount to net profit attributable to ordinary shareholders of the Company in the consolidated financial statement (%)	46.77

(5) Cash dividends for the last three fiscal years✓ Applicable ☐ Not applicable

	(Unit: RMB)
Cumulative amount of cash dividends distributed in recent three fiscal years (including tax) (1)	991,695,180
Cumulative amount of repurchases and cancellations in recent three fiscal years (2)	0
Cumulative amount of cash dividends distributed and repurchases and cancellations in recent three fiscal years (3) = (1) + (2)	991,695,180
Annual average net profit in recent three fiscal years (4)	41,261,748
Cash dividend ratio in recent three fiscal years (%) (5) = (3)/(4)	2,403.43
Net profit attributable to the ordinary shareholders of the listed company in the consolidated financial statements for recent one fiscal year	1,060,161,237
Retained earnings at the end of the year in the Company's financial statements in recent one fiscal year	5,246,308,071

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

✓ Applicable ☐ Not applicable

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.

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

✓ Applicable ☐ Not applicable

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 2024 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

☒ Applicable ☐ Not applicable

Deloitte Touche Tohmatsu Certified Public Accountants 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 2024 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.gsrc.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 SELF-EXAMINATION UNDER THE SPECIAL ACTION ON THE CORPORATE GOVERNANCE OF LISTED COMPANIES

In 2021, in accordance with the requirements of the Announcement of the CSRC on Carrying out Special Actions on the Corporate Governance of Listed Companies (CSRC Announcement [2020] No. 69) (《關於開展上市公司治理專項行動的公告》(證監會公告[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.

(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 shareholders' 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 are based on the Articles, which covers 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 in 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 and the Rules of Procedures for 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. 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 shareholders' 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, 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 of the date of this report, the Board of the Company comprised Jiang Hui, Chen Shaohong 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 shareholders' general meetings. The Independent Non-executive Directors report their duties at the shareholders' 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.

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, Directors are elected or replaced by shareholders' 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 shareholders' 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. 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 shareholders' 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 shareholders' 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 reporting period, the Nomination Committee held a total of 4 meetings, where all members attended all meetings in person to make recommendations to the Board on the nomination of candidates for directors and senior management.

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 of the date 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: 6 56-60: 3
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.



(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 36,565, of which 76.18% (27,857) were male and 23.82% (8,708) 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, Mr. Jiang Hui, Mr. Luo Jinglun and Mr. Chen Shaohong, the newly appointed director of the Company, and Mr. Wei Hao (Resigned), had attended the relevant training conducted by Hong Kong Law Firms and obtained the legal opinions required under Rule 3.09D of the Listing Rules of SEHK prior to their appointment taking effect. Tang Xiangdong, the Board secretary of the Company, attended the "7th Follow-up Training of the Listed Company Board Secretaries in 2024" 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. As of the date of this report, the Chairman of the Company is Mr. Jiang Hui, and the general manager of the Company is Mr. Chen Shaohong. 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.



3. Management function

The functions of the Board and senior management of the Company are separated (details are set out in the Articles, 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 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 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 shareholders' 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 a 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.



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 has 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 in 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 2024 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.



The Company established an internal control system of material information, procedures 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 Management Measures of Information Disclosure (《信息披露管理辦法》) of the Company, so as to ensure equal opportunities of all investors to promptly access relevant information of the Company.

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 from the Company 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 8 meetings, where all members attended in person, to examine, review and supervise the Company's internal control work 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 as of 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 Deloitte Touche Tohmatsu Certified Public Accountants LLP as its auditor. As of the end of the reporting period, the Company's auditor has served a term of one year. The rotation of people in charge of auditing affairs and endorsing certified public accountant is in compliance with the China's CPA Independence Standard No. 1 – Requirements for Independence of Financial Statement Audit and Review Business (Cai Kuai [2024] No. 29) of the Ministry of Finance of the PRC.

During the reporting period, the Company paid the auditor a remuneration of RMB3 million (including an internal control audit fee of RMB0.30 million) for the audit business, and a remuneration of RMB0.48 million for the non-audit business. The main service provided for the non-audit business was to issue a special audit report on the Company's disposal of certain assets.



(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 examine the assessment results of the Company's operating performance for 2023 and review the revision plan for the Company's Business Performance Assessment Measures.

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》), Management Measures of Information Disclosure (《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 shareholders' 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.



- 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. During the reporting period, the Company implemented the cash dividend for 2023, has distributed cash dividends of RMB0.07 per share, totaling cash dividends of approximately RMB496 million, with an aggregate cash dividend amount of approximately RMB12.8 billion since its listing in 1996, and a dividend distribution rate of 64.31%. For details of the Company's cash dividend policy, please refer to the "Plans for Profit Distribution or Common Reserve Capitalization" in this chapter.

(4) Changes in the Articles of Association

On 18 June 2024, the Company convened the 2023 Annual General Meeting to consider and approve the amendments to the Articles of Association. For details of amendments of articles, please refer to the announcement in relation to the Amendments to the Articles of Association published by the Company on the website of SSE (<http://www.sse.com.cn>) on 29 March 2024 and the shareholders' circular in relation to Proposed Appointment of Executive Director, Proposed Appointment of Shareholder Representative Supervisor, Proposed Amendments to the Articles of Association and Notice of 2023 Annual General Meeting published by the Company on the HKExnews website of the SEHK (<http://www.hkexnews.hk>) on 29 April 2024.

2. Shareholders' General meetings

The Company encourages all shareholders to attend the shareholders' general meetings. During the reporting period, a total of 3 shareholders' general meetings were held by the Company. For details, please refer to the "Summary of Shareholders' General Meetings" in this chapter.

The Company serves a notice of at least 21 days prior to the date of the annual general meeting and at least 15 days prior to the date of the extraordinary 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 shareholders' 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 shareholders' general meetings to answer questions from the shareholders. Each shareholders' general meeting shall make reasonable arrangements for a questioning session for the shareholders. At any other time other than at the shareholders' 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 shareholders' 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 shareholders' 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)	107.60

(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

☒ Applicable ☐ Not applicable

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 2024 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

☒ Applicable ☐ Not applicable

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 2024, please refer to the “2024 Corporate Environmental Information Disclosure Annual Report” publicly disclosed by the locomotive maintenance depot in Guangzhou through the “System 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

☐ Applicable ☒ Not applicable

During the reporting period, the Company and its major subsidiaries did not receive any administrative penalties due to environmental issues.

(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

Please refer to the relevant content of “Environmental Protection and Technological Innovation” section in the Social Responsibility Report 2024 disclosed by the Company 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>).

(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)	3.42
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, preferential procurement and use of new-energy vehicles, 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

☒ Applicable ☐ Not applicable

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 2024 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

Please refer to the Social Responsibility Report 2024 disclosed by the Company 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>).

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

☒ Applicable ☐ Not applicable

Please refer to the relevant content of "Employee Rights and Social Welfare" section in the Social Responsibility Report 2024 disclosed by the Company 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>).

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

✓ Applicable ☐ Not applicable

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 related party transactions	GRGC	GRGC will reduce the number of related party transactions as much as practicable in its operation relations with the Company. For necessary related party transactions, GRGC will perform these related party 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



(2) The Company's explanation of whether the original profit forecast has been met with respect to the assets or projects and the reasons therefor, where such assets or projects are subject to profit forecast and remain within the forecast period during the reporting period

☐ Achieved ☐ Not achieved ☒ Not applicable

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

☐ Applicable ☒ Not applicable

II. APPROPRIATION OF FUNDS BY CONTROLLING SHAREHOLDER AND OTHER RELATED PARTIES FOR NON-OPERATING PURPOSES 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

Changes in the Company's accounting policies during the reporting period are set out in Note III(31) to the financial statements.

VI. ENGAGEMENT AND DISMISSAL OF ACCOUNTING FIRM

(Unit: RMB ten thousand)

	Originally engaged	Currently engaged
Name of domestic accounting firm	PricewaterhouseCoopers Zhong Tian LLP	Deloitte Touche Tohmatsu Certified Public Accountants LLP
Remuneration of domestic accounting firm	295	270
Term of engagement of domestic accounting firm (years)	16	1
Names of certified public accountants in domestic accounting firm	/	Huang Tianyi, Chen Wanlin
Cumulative number of years of audit services provided by certified public accountants of domestic accounting firm	/	1
Name of international accounting firm	PricewaterhouseCoopers	/
Remuneration of international accounting firm	200	/
Term of engagement of international accounting firm (years)	22	/

	Name	Remuneration
Accounting firm for internal control	Deloitte Touche Tohmatsu Certified Public Accountants LLP	30

Explanation of the appointment and dismissal of the accounting firms

✓Applicable ☐ Not applicable

Upon completion of the annual audit work for the Company for 2023, PricewaterhouseCoopers Zhong Tian LLP has provided audit services to the Company for 16 consecutive years, and PricewaterhouseCoopers has provided audit services to the Company for 22 consecutive years. According to the relevant provisions of the Administrative Measures for State-owned Enterprises and Listed Companies to Select and Engage Accounting Firms (Cai Kuai [2023] No. 4) jointly issued by the Ministry of Finance of the People's Republic of China, the State-owned Assets Supervision and Administration Commission of the State Council and the China Securities Regulatory Commission, state-owned enterprises shall not, in principle, retain the same accounting firm for more than 8 consecutive years. In order to ensure the independence and objectivity of the audit work, the Company was required to change the accounting firm and conducted an open selection through a bidding process.



Explanation of the decrease in audit fees by more than 20% (inclusive) compared to the previous year

☒ Applicable ☐ Not applicable

As the Company's securities were deregistered in the United States and exempted from disclosure obligations in January 2023, and the Listing Rules of SEHK recognize China Accounting Standards for Business Enterprises, the Company adopted China Accounting Standards for Business Enterprises uniformly for preparing a single set of financial statements for each fiscal year beginning on or after 1 January 2024. The Company engaged a domestic accounting firm that is recognized by the Ministry of Finance of the People's Republic of China and the CSRC and is authorized to provide audit services under Chinese Mainland auditing standards to Chinese Mainland-incorporated issuers listed in Hong Kong.

VII. RISK OF DELISTING

☐ Applicable ☒ Not applicable

VIII. BANKRUPTCY AND RESTRUCTURING

☐ Applicable ☒ Not applicable

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. ALLEGED VIOLATIONS, PENALTIES, AND RECTIFICATION MEASURES INVOLVING THE LISTED COMPANY AND ITS DIRECTORS, SUPERVISORS, SENIOR MANAGEMENT, CONTROLLING SHAREHOLDER, AND DE FACTO CONTROLLER

☐ 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 (CONNECTED) TRANSACTIONS

(1) Related party (connected) transactions related to daily operations

☒ Applicable ☐ Not applicable

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 related (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 XI(5) 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 in relation to purchase of goods and receipt of services

(Unit: RMB)

Parties	Related party (connected) relationship	Type of transaction	Description of transaction	Basis of pricing	Amount of transaction
GRGC and its subsidiaries	Controlling shareholder and its subsidiaries	Receipt of services	Receipt of railway network settlement services provided by GRGC and its subsidiaries	Settled according to the prices determined by CSRG	4,013,579,350
GRGC and its subsidiaries	Controlling shareholder and its subsidiaries	Receipt of services	Train services provided by GRGC and its subsidiaries	By consultation according to full cost pricing, or settled according to the prices determined by CSRG	862,019,334
GRGC and its subsidiaries	Controlling shareholder and its subsidiaries	Purchase of goods	Purchase of materials and supplies from GRGC and its subsidiaries	Pricing based on agreement	815,047,087
GRGC and its subsidiaries	Controlling shareholder and its subsidiaries	Receipt of services	Repair and maintenance services provided by GRGC and its subsidiaries	By consultation according to full cost pricing	265,938,569
GRGC and its subsidiaries	Controlling shareholder and its subsidiaries	Receipt of services	Receipt of construction work services provided by GRGC and its subsidiaries	Based on fixed budget amount approved for national railway works	203,010,365
Associates	Associates	Receipt of services	Receipt of construction work services provided by associates	Based on fixed budget amount approved for national railway works	79,344,366
Associates	Associates	Receipt of services	Repair and maintenance services provided by associates	By consultation according to full cost pricing	615,502
Associates	Associates	Receipt of services	Train services provided by associates	By consultation according to full cost pricing, or settled according to the prices determined by CSRG	4,428,674
CSRG and its subsidiaries	De facto controller and its subsidiaries	Receipt of services	Receipt of railway network settlement services provided by CSRG and its subsidiaries	Settled according to the prices determined by CSRG	1,344,328,073
CSRG and its subsidiaries	De facto controller and its subsidiaries	Purchase of goods	Purchase of materials and supplies from CSRG and its subsidiaries	Pricing based on agreement	81,848,645
CSRG and its subsidiaries	De facto controller and its subsidiaries	Receipt of services	Train services provided by CSRG and its subsidiaries	By consultation according to full cost pricing, or settled according to the prices determined by CSRG	18,625,783
CSRG and its subsidiaries	De facto controller and its subsidiaries	Receipt of services	Repair and maintenance services provided by CSRG and its subsidiaries	By consultation according to full cost pricing	1,591,313
CSRG and its subsidiaries	De facto controller and its subsidiaries	Receipt of services	Receipt of construction work services provided by CSRG and its subsidiaries	Based on fixed budget amount approved for national railway works	26,593,783

2. Transactions in relation to sales of goods and provision of services

(Unit: RMB)

Parties	Related party (connected) relationship	Type of transaction	Description of transaction	Basis of pricing	Amount of transaction
GRGC and its subsidiaries	Controlling shareholder and its subsidiaries	Provision of services	Provision of train services and railway operation services to GRGC and its subsidiaries	Train services: By consultation according to full cost pricing, or settled according to the prices determined by CSRG; Railway operation service: Based on agreement according to cost plus pricing	5,370,152,595
GRGC and its subsidiaries	Controlling shareholder and its subsidiaries	Provision of services	Provision of railway network settlement services to GRGC and its subsidiaries	Settled according to the prices determined by CSRG	1,619,456,744
GRGC and its subsidiaries	Controlling shareholder and its subsidiaries	Sales of goods	Sales of materials and supplies to GRGC and its subsidiaries and other services	Pricing based on agreement	54,257,887
GRGC and its subsidiaries	Controlling shareholder and its subsidiaries	Provision of services	Provision of construction work services to GRGC and its subsidiaries	Based on fixed budget amount approved for national railway works	78,187,994
Associates	Associates	Sales of goods	Sales of materials and supplies to associates	Pricing based on agreement	5,425,718
Associates	Associates	Provision of services	Provision of train services to associates	By consultation according to full cost pricing, or settled according to the prices determined by CSRG	2,121,600
CSRG and its subsidiaries	De facto controller and its subsidiaries	Provision of services	Provision of railway network settlement services to CSRG and its subsidiaries	Settled according to the prices determined by CSRG	2,619,679,456
CSRG and its subsidiaries	De facto controller and its subsidiaries	Provision of services	Provision of railway operation services to CSRG and its subsidiaries	Based on agreement according to cost plus pricing	1,787,756,700
CSRG and its subsidiaries	De facto controller and its subsidiaries	Provision of services	Provision of truck maintenance services to CSRG and its subsidiaries	Settled according to the prices determined by CSRG	602,257,095
CSRG and its subsidiaries	De facto controller and its subsidiaries	Provision of services	Provision of train services to CSRG and its subsidiaries	By consultation according to full cost pricing, or settled according to the prices determined by CSRG	297,100,364
CSRG and its subsidiaries	De facto controller and its subsidiaries	Provision of services	Provision of construction work services to CSRG and its subsidiaries	Based on fixed budget amount approved for national railway works	349,755,421
CSRG and its subsidiaries	De facto controller and its subsidiaries	Provision of services	Revenue from passenger transportation	Settled according to the prices determined by CSRG	10,978,764,616
CSRG and its subsidiaries	De facto controller and its subsidiaries	Provision of services	Revenue from freight transportation	Settled according to the prices determined by CSRG	1,622,820,308



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

The Company has established its internal control procedures to ensure that continuing connected transactions are 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

☒ Applicable ☐ Not applicable

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

(6) 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.

(7) Other material related party transactions

☐ Applicable ☒ Not applicable

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 IN SHARE CAPITAL

(1) Changes in shares

During the reporting period, there was no change in the Company’s total number of 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	156,402
Total number of ordinary shareholders as of the end of the previous month before the date of disclosure of the annual report	158,010

(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

Particulars of the shareholding of the top ten shareholders (excluding shares lent through refinancing)							
Name of shareholder (in full)	Increase/ decrease during the reporting period	Number of shares held at the end of the period	Percentage (%)	Number of shares held with selling restrictions	Shares pledged, marked or frozen		Nature of shareholder
					Status	Number	
China Railway Guangzhou Group Co., Ltd.	–	2,629,451,300	37.12	–	Nil	–	State-owned legal person
HKSCC NOMINEES LIMITED (Note)	1,313,700	1,418,756,999	20.03	–	Nil	–	Foreign legal person
Lin Naigang	–	124,000,000	1.75	–	Nil	–	Domestic natural person
Industrial and Commercial Bank of China Limited — Baoying Quality Selected Mixed Securities Investment Fund	68,000,000	80,000,000	1.13	–	Nil	–	Other
Agricultural Bank of China Limited — Dacheng Rui Xiang Mixed Securities Investment Fund	(2,165,600)	77,998,901	1.10	–	Nil	–	Other
Hong Kong Securities Clearing Company Limited	(130,249,762)	51,155,035	0.72	–	Nil	–	Foreign legal person
China Everbright Bank Corporation — Dacheng Strategic Return Mixed Securities Investment Fund	3,165,200	45,933,347	0.65	–	Nil	–	Other
China Merchants Bank Co., Ltd. — Baoying New Value Flexible Allocation Mixed Securities Investment Fund	19,000,000	40,000,000	0.56	–	Nil	–	Other
Industrial and Commercial Bank of China Limited — Dacheng Competitive Advantage Mixed Securities Investment Fund	(864,100)	39,930,500	0.56	–	Nil	–	Other
China Construction Bank Corporation — Baoying Enhanced Income Bond Securities Investment Fund	26,000,001	36,000,001	0.51	–	Nil	–	Other



Name of shareholder	Particulars of the shareholding of the top ten holders of shares without selling restrictions (excluding shares lent through refinancing)		
	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)	1,418,756,999	Overseas listed foreign shares	1,418,756,999
Lin Naigang	124,000,000	RMB ordinary shares	124,000,000
Industrial and Commercial Bank of China Limited — Baoying Quality Selected Mixed Securities Investment Fund	80,000,000	RMB ordinary shares	80,000,000
Agricultural Bank of China Limited — Dacheng Rui Xiang Mixed Securities Investment Fund	77,998,901	RMB ordinary shares	77,998,901
Hong Kong Securities Clearing Company Limited	51,155,035	RMB ordinary shares	51,155,035
China Everbright Bank Corporation — Dacheng Strategic Return Mixed Securities Investment Fund	45,933,347	RMB ordinary shares	45,933,347
China Merchants Bank Co., Ltd. — Baoying New Value Flexible Allocation Mixed Securities Investment Fund	40,000,000	RMB ordinary shares	40,000,000
Industrial and Commercial Bank of China Limited — Dacheng Competitive Advantage Mixed Securities Investment Fund	39,930,500	RMB ordinary shares	39,930,500
China Construction Bank Corporation — Baoying Enhanced Income Bond Securities Investment Fund	36,000,001	RMB ordinary shares	36,000,001
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 shareholders mentioned above, (1) "HKSCC NOMINEES LIMITED and Hong Kong Securities Clearing Company Limited" are subsidiaries of Hong Kong Exchanges and Clearing Limited; (2) "Industrial and Commercial Bank of China Limited — Baoying Quality Selected Mixed Securities Investment Fund, China Merchants Bank Co., Ltd. — Baoying New Value Flexible Allocation Mixed Securities Investment Fund, and China Construction Bank Corporation — Baoying Enhanced Income Bond Securities Investment Fund" are under the management of Baoying Fund Management Co., Ltd.; (3) "Agricultural Bank of China Limited — Dacheng Rui Xiang 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" are under the management of Dacheng Fund Management Company Limited. Except for the above, the Company is not aware of any of other shareholders being related parties or parties 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: HKSCC NOMINEES LIMITED represents 香港中央結算(代理人)有限公司 and the H Shares of the Company held by it were held on behalf of various clients. The A shares of the Company held by Hong Kong Securities Clearing Company Limited were held on behalf of various clients.

Particulars of participation in lending of shares by way of securities lending and refinancing by the shareholders holding more than 5% of the shares, top ten shareholders and top ten holders of shares without selling restrictions

☐ Applicable ☒ Not applicable

Changes in shareholdings of the top ten shareholders and the top ten holders of shares without selling restrictions as compared with the previous period due to lending of shares by way of securities lending and refinancing/share return

☐ Applicable ☒ Not applicable

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	114,897,054(L)	Investment manager	8.03(L)	1.62(L)

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

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

☐ Applicable ☒ Not applicable



IV. INFORMATION OF THE CONTROLLING SHAREHOLDER AND DE FACTO CONTROLLER

(1) Information on the controlling shareholder

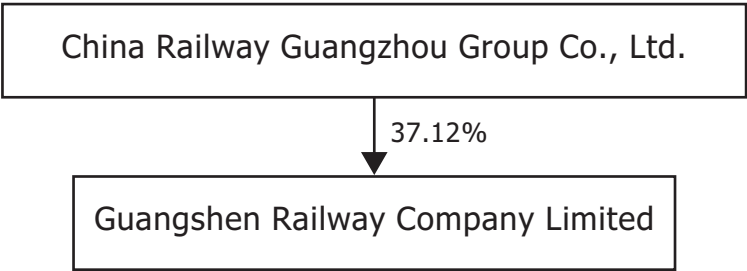
1. Legal person

✓ Applicable ☐ Not applicable

Name	China Railway Guangzhou Group Co., Ltd.
Person in charge or Legal Representative	Jiang Hui
Date of incorporation	5 December 1992
Principal businesses	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

✓ Applicable ☐ Not applicable



(2) Information on the de facto controller

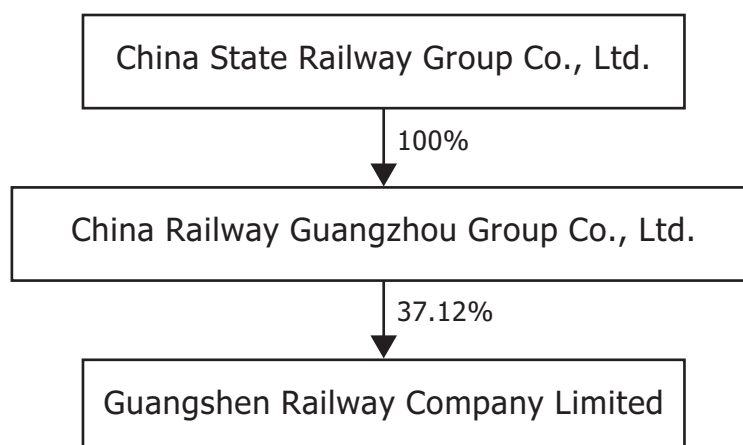
1. Legal person

✓ Applicable ☐ Not applicable

Name	China State Railway Group Co., Ltd.
Person in charge or Legal Representative	Guo Zhuxue
Date of incorporation	14 March 2013
Principal businesses	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 Tieke Shougang Railway-Tech Co., Ltd. (688569), Gemac Engineering Machinery Co., Ltd. (301048), China Railway Special Cargo Logistics Co., Ltd. (001213) and China Railway Harbin Group of Technology Corporation (688459).

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

✓ Applicable ☐ Not applicable





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

V. CIRCUMSTANCES WHERE THE CUMULATIVE PLEDGED SHARES OF THE COMPANY'S CONTROLLING SHAREHOLDER OR LARGEST SHAREHOLDER AND THEIR PERSONS ACTING IN CONCERT ACCOUNT FOR MORE THAN 80% OF THEIR TOTAL SHAREHOLDINGS IN THE COMPANY

☐ Applicable ☒ Not applicable

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

☐ Applicable ☒ Not applicable

VII. EXPLANATION OF SHARE SALE RESTRICTIONS

☐ 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 RMB3.43 per Share, which is equal to the closing price of the Company's A Shares as at the end of the reporting period, the market capitalization of the public float was approximately RMB15.278 billion. The public float of the Company was in compliance with the requirements of the relevant rules on the sufficiency of public float.

X. OVERLAP OF INTERESTS

During the reporting period, there was no overlap of interests among the Directors, chief executive and such other persons of the Company.

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. During the reporting period and as at the end of the reporting period, the Company did not hold any treasury shares (including any treasury shares held or deposited with the Central Clearing and Settlement System).

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

During the reporting period, neither the Company nor its subsidiaries had issued or granted any convertible securities, options, warrants or other similar warrants, 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. CORPORATE BONDS (INCLUDING ENTERPRISE BONDS) AND DEBT FINANCING INSTRUMENTS OF NON-FINANCIAL ENTERPRISES

☐ Applicable ☒ Not applicable

II. CONVERTIBLE CORPORATE BONDS

☐ Applicable ☒ Not applicable

Chapter 10

Financial Statements

AUDITOR'S REPORT

De Shi Bao (Shen) Zi (25) No.P03681

To the Shareholders of Directors of Guangshen Railway Company Limited

1. OPINION

We have audited the financial statements of Guangshen Railway Company Limited ("Guangshen Railway"), which comprise the consolidated and Company's balance sheets as at 31 December 2024, and the consolidated and Company's income statements, the consolidated and Company's statements of cash flow and the consolidated and Company's statements of changes in owners' equity for the year then ended, and the notes to the financial statements.

In our opinion, the accompanying financial statements of Guangshen Railway is prepared and present fairly, in all material respects, the consolidated and Company's financial position as of 31 December 2024, and the consolidated and the Company's results of operations and cash flows for the year then ended in accordance with Accounting Standards for Business Enterprises.

2. BASIS FOR OPINION

We conducted our audit in accordance with China Standards on Auditing. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are independent of Guangshen Railway in accordance with the code of ethics for Chinese Certified Public Accountants, and we have fulfilled our other ethical responsibilities in accordance with the Code. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Chapter 10

Financial Statements

3. KEY AUDIT MATTERS

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the financial statements for the current year. These matters were addressed in the context of our audit of the financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters. The followings are key audit matters that we have determined to communicate in the auditor's report.

Recognition for income from entrusted transportation service

As disclosed in Note (V) 35 and Note (XV) 4 to the financial statements, in 2024, income from entrusted transportation service presented by Guangshen Railway in the consolidated and the Company's financial statements both amounted to RMB8,023,161,992, accounting for 29.62% and 29.65% of the total consolidated and the Company's operating income, respectively. Given the significance of income from entrusted transportation service to the financial statements, there is an inherent risk that the management manipulates the revenue recognition for specific objectives or expectations. Accordingly, we identify the recognition for income from entrusted transportation service as a key audit matter during the audit of the consolidated and the Company's financial statements.

Audit procedures we performed for the audit matters mainly include:

- (1) Test the operating effectiveness of critical internal controls related to recognition for income from entrusted transportation service.
- (2) Perform analytical procedure on income from entrusted transportation service and analyse reasonableness of movements in income from entrusted transportation service.
- (3) Check the entrusted transportation service contracts using sampling method, understand the main terms and conditions of the contracts, and assess whether the recognition method of the income from entrusted transportation service meets the requirements of the Accounting Standards for Business Enterprises.

Chapter 10

Financial Statements

3. KEY AUDIT MATTERS *(continued)*

Recognition for income from entrusted transportation service *(continued)*

- (4) Check supporting documents (including contracts, settlement bills and collection records, etc.) related to income from entrusted transportation service using sampling method.
- (5) Analyse whether the unit cost of labour for the workload of the customer's entrusted routes is reasonable by comparing the unit cost of labour for the workload of Guangshen Railway's own routes using sampling method.
- (6) Perform confirmation procedures for the balance of accounts receivable and the transaction amount for the current year with major customers.

4. OTHER INFORMATION

The management of Guangshen Railway is responsible for other information. The other information comprises the information included in the annual report for 2024, but does not include the financial statements and our auditor's report thereon.

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

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

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

Chapter 10

Financial Statements

5. RESPONSIBILITIES OF THE MANAGEMENT AND THOSE CHARGED WITH GOVERNANCE FOR THE FINANCIAL STATEMENTS

The management of Guangshen Railway is responsible for the preparation and fair presentation of the financial statements in accordance with Accounting Standards for Business Enterprises, and designing, implementing and maintaining internal control that is necessary to enable the financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the management is responsible for assessing Guangshen Railway'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 management either intends to liquidate Guangshen Railway or to cease operations, or have no realistic alternative but to do so.

Those charged with governance are responsible for overseeing Guangshen Railway's financial reporting process.

6. AUDITOR'S RESPONSIBILITIES FOR THE AUDIT OF THE FINANCIAL STATEMENTS

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion solely to you. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with China Standards on Auditing 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 financial statements.

Chapter 10

Financial Statements

6. AUDITOR'S RESPONSIBILITIES FOR THE AUDIT OF THE FINANCIAL STATEMENTS *(continued)*

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

- (1) Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than that resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- (2) Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances.
- (3) Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the management.
- (4) Conclude on the appropriateness of the management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on Guangshen Railway's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause Guangshen Railway to cease to continue as a going concern.
- (5) Evaluate the overall presentation, structure and content of the financial statements (including the disclosures), and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- (6) Obtain sufficient and appropriate audit evidence regarding the financial information of the entities or business activities within Guangshen Railway to express an opinion on the financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

Chapter 10

Financial Statements

6. AUDITOR'S RESPONSIBILITIES FOR THE AUDIT OF THE FINANCIAL STATEMENTS *(continued)*

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

We also provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the financial statements of the current year and are therefore the key audit matters. We describe these matters in our independent 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.

Deloitte Touche Tohmatsu CPA LLP

Chinese Certified Public Accountant
(Engagement Partner)

Shanghai, China

Chinese Certified Public Accountant

27 March 2025

This auditor's report of the financial statements and the accompanying financial statements are English translations of the independent auditor's report and the financial statements prepared under accounting principles and practices generally accepted in the People's Republic of China. These financial statements are not intended to present the financial position and results of operations and cash flows in accordance with accounting principles and practices generally accepted in other countries and jurisdictions. In case the English version does not conform to the Chinese version, the Chinese version prevails.



CONSOLIDATED BALANCE SHEET

AT 31 DECEMBER 2024

RMB

Item	Notes	31 December 2024	31 December 2023
Current Assets:			
Cash and bank balances	V.1	1,934,900,900	1,482,463,336
Notes receivable	V.2	192,750,000	—
Accounts receivable	V.3	5,940,313,417	6,239,551,856
Prepayments	V.4	37,261,405	22,693,639
Other receivables	V.5	957,959,832	632,761,629
Including: Interest receivable		—	—
Dividends receivable		—	—
Inventories	V.6	328,302,221	289,526,749
Non-current assets due within one year	V.8	63,900,000	1,950,000
Other current assets	V.7	199,010,404	129,331,991
Total Current Assets		9,654,398,179	8,798,279,200
Non-current Assets:			
Debt investments	V.8	—	60,000,000
Long-term receivables		—	16,743,981
Long-term equity investments	V.9	326,702,449	298,743,058
Investments in other equity instruments	V.10	478,375,517	462,695,717
Fixed assets	V.11	21,978,835,338	22,785,584,687
Construction in progress	V.12	415,115,695	561,177,814
Right-of-use assets	V.13	1,288,501,143	1,304,747,553
Intangible assets	V.14	1,635,464,141	1,690,250,686
Goodwill	V.15	281,254,606	281,254,606
Long-term prepaid expenses		1,148,304	32,708,669
Deferred tax assets	V.16	465,724,288	883,835,180
Other non-current assets	V.17	41,736,069	58,925,815
Total Non-current Assets		26,912,857,550	28,436,667,766
TOTAL ASSETS		36,567,255,729	37,234,946,966

<i>RMB</i>			
Item	Notes	31 December 2024	31 December 2023
Current Liabilities:			
Short-term borrowings	V.18	300,176,917	700,385,000
Notes payable	V.19	—	200,000,000
Accounts payable	V.20	2,650,474,072	4,913,237,216
Receipts in advance		5,133,304	11,490,275
Contract liabilities	V.21	322,663,026	228,525,571
Employee benefits payable	V.22	404,444,410	408,683,620
Taxes payable	V.23	105,456,864	90,622,733
Other payables	V.24	3,014,436,331	1,373,640,812
Including: Interest payable		—	—
Dividends payable		12,881,200	13,744,301
Non-current liabilities due within one year	V.25	66,779,309	76,105,907
Other current liabilities		8,917,024	19,549,633
Total Current Liabilities		6,878,481,257	8,022,240,767
Non-current Liabilities:			
Long-term borrowings	V.26	500,000,000	780,000,000
Lease liabilities	V.27	1,328,652,169	1,326,891,951
Deferred income	V.28	741,960,624	702,384,062
Deferred tax liabilities	V.16	48,941,663	51,434,387
Total Non-current Liabilities		2,619,554,456	2,860,710,400
TOTAL LIABILITIES		9,498,035,713	10,882,951,167



RMB

Item	Notes	31 December 2024	31 December 2023
SHAREHOLDERS' EQUITY:			
Share capital	V.29	7,083,537,000	7,083,537,000
Capital reserve	V.30	11,641,244,237	11,577,380,553
Other comprehensive income	V.31	193,700,790	181,940,940
Special reserve	V.32	160,640,794	81,228,476
Surplus reserve	V.33	3,300,227,369	3,194,362,899
Retained profits	V.34	4,729,884,867	4,271,435,690
Total equity attributable to shareholders of the Company		27,109,235,057	26,389,885,558
Minority interests		(40,015,041)	(37,889,759)
TOTAL SHAREHOLDERS' EQUITY		27,069,220,016	26,351,995,799
TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY		36,567,255,729	37,234,946,966

The accompanying notes form part of the financial statements.

Jiang Hui
Board Chairman

Chen Shaohong
General Manager

Luo Xinpeng
Chief Accountant

Liu Qiyi
Head of the
Finance Department

BALANCE SHEET OF THE COMPANY

AT 31 DECEMBER 2024

RMB

Item	Notes	31 December 2024	31 December 2023
Current Assets:			
Cash and bank balances		1,934,900,900	1,482,463,336
Notes receivable		192,750,000	—
Accounts receivable	XV.1	5,939,974,390	6,237,999,729
Prepayments		37,248,255	22,686,047
Other receivables	XV.2	1,372,372,877	1,026,481,958
Including: Interest receivable		—	—
Dividends receivable		—	—
Inventories		328,297,541	289,515,249
Non-current assets due within one year		63,900,000	1,950,000
Other current assets		197,727,549	127,498,981
Total Current Assets		10,067,171,512	9,188,595,300
Non-current Assets:			
Debt investments		—	60,000,000
Long-term receivables		—	16,743,981
Long-term equity investments	XV.3	388,733,908	360,774,517
Investments in other equity instruments		476,657,638	460,977,838
Fixed assets		21,929,850,128	22,733,042,848
Construction in progress		415,115,695	561,177,814
Right-of-use assets		1,288,501,143	1,304,747,553
Intangible assets		1,412,208,945	1,455,663,982
Goodwill		281,254,606	281,254,606
Long-term prepaid expenses		1,148,304	32,449,713
Deferred tax assets		477,306,222	895,428,410
Other non-current assets		12,260,086	29,449,830
Total Non-current Assets		26,683,036,675	28,191,711,092
TOTAL ASSETS		36,750,208,187	37,380,306,392



RMB

Item	Notes	31 December 2024	31 December 2023
Current Liabilities:			
Short-term borrowings		300,176,917	700,385,000
Notes payable		—	200,000,000
Accounts payable		2,649,393,563	4,903,794,993
Receipts in advance		5,133,304	11,482,436
Contract liabilities		322,663,026	228,525,571
Employee benefits payable		403,171,158	403,875,321
Taxes payable		102,905,568	87,420,989
Other payables		2,692,993,103	1,028,869,323
Including: Interest payable		—	—
Dividends payable		5,699	868,801
Non-current liabilities due within one year		66,779,309	76,105,907
Other current liabilities		8,917,024	20,941,382
Total Current Liabilities		6,552,132,972	7,661,400,922
Non-current Liabilities:			
Long-term borrowings		500,000,000	780,000,000
Lease liabilities		1,328,652,169	1,326,891,951
Deferred income		741,960,624	702,384,062
Total Non-current Liabilities		2,570,612,793	2,809,276,013
TOTAL LIABILITIES		9,122,745,765	10,470,676,935

RMB			
Item	Notes	31 December 2024	31 December 2023
SHAREHOLDERS' EQUITY:			
Share capital		7,083,537,000	7,083,537,000
Capital reserve		11,643,048,398	11,579,184,714
Other comprehensive income		193,700,790	181,940,940
Special reserve		160,640,794	81,228,476
Surplus reserve		3,300,227,369	3,194,362,899
Retained profits		5,246,308,071	4,789,375,428
TOTAL SHAREHOLDERS' EQUITY		27,627,462,422	26,909,629,457
TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY		36,750,208,187	37,380,306,392

The accompanying notes form part of the financial statements.

Jiang Hui	Chen Shaohong	Luo Xinpeng	Liu Qiyi
Board Chairman	General Manager	Chief Accountant	Head of the Finance Department



CONSOLIDATED INCOME STATEMENT

FOR THE YEAR ENDED 31 DECEMBER 2024

RMB

Item	Notes	2024	2023
I. Operating income	V.35	27,090,074,926	26,194,897,332
Less: Operating costs	V.35	25,382,787,574	24,552,915,441
Taxes and levies	V.36	91,811,343	48,312,602
Selling expenses		74,970	—
Administrative expenses	V.37	167,698,640	175,146,280
Financial expenses	V.38	49,218,498	50,491,943
Including: Interest expenses		104,227,316	109,082,298
Interest income		55,929,161	54,846,265
Add: Other income	V.39	41,369,148	90,353,774
Investment income	V.40	31,156,729	39,739,933
Including: Investment income in associates and joint ventures		21,718,707	23,454,446
Gains (losses) on credit impairment	V.41	(13,010,985)	(5,506,202)
Gains (losses) on assets impairment	V.42	(2,330,205)	(120,818,857)
Gains on disposal of assets	V.43	17,610,387	96,646,068
II. Operating profit		1,473,278,975	1,468,445,782
Add: Non-operating income	V.44	23,245,761	34,986,144
Less: Non-operating expenses	V.45	24,551,104	46,856,017
III. Total profit		1,471,973,632	1,456,575,909
Less: Income tax expenses	V.46	413,447,676	399,681,566
IV. Net profit		1,058,525,956	1,056,894,343
(I) Categorised by operation continuity			
1. Net profit from continuing operations		1,058,525,956	1,056,894,343
2. Net profit from discontinued operations		—	—
(II) Categorised by ownership			
1. Net profit attributable to shareholders of the Company		1,060,161,237	1,058,289,071
2. Profit or loss attributable to minority interests		(1,635,281)	(1,394,728)
V. Other comprehensive income, net of tax	V.31	11,759,850	10,589,799
(I) Other comprehensive income attributable to shareholders of the Company, net of tax		11,759,850	10,589,799
1. Other comprehensive income that cannot be reclassified subsequently to profit or loss		11,759,850	10,589,799
(1) Changes arising from remeasurement of defined benefit plans		—	—
(2) Other comprehensive income that cannot be reclassified to profit or loss under the equity method		—	—

RMB			
Item	Notes	2024	2023
V. Other comprehensive income, net of tax <i>(continued)</i>			
(3) Changes in fair value of investments in other equity instruments		11,759,850	10,589,799
(4) Changes in fair value of the Company's own credit risk		—	—
2. Other comprehensive income that will be reclassified to profit or loss		—	—
(1) Other comprehensive income that can be reclassified to profit or loss under the equity method		—	—
(2) Changes in fair value of other debt investments		—	—
(3) Amounts included in other comprehensive income from reclassification of financial assets		—	—
(4) Allowance for credit impairment of other debt investments		—	—
(5) Reserve for cash flow hedges		—	—
(6) Translation differences of financial statements denominated in foreign currencies		—	—
(7) Others		—	—
(II) Other comprehensive income attributable to minority interests, net of tax		—	—
VI. Total comprehensive income		1,070,285,806	1,067,484,142
(I) Total comprehensive income attributable to shareholders of the Company		1,071,921,087	1,068,878,870
(II) Total comprehensive income attributable to minority interests		(1,635,281)	(1,394,728)
VII. Earnings per share:			
(I) Basic earnings per share (RMB/share)		0.15	0.15
(II) Diluted earnings per share (RMB/share)		0.15	0.15

The accompanying notes form part of the financial statements.

Jiang Hui
Board Chairman

Chen Shaohong
General Manager

Luo Xinpeng
Chief Accountant

Liu Qiyi
Head of the
Finance Department



INCOME STATEMENT OF THE COMPANY

FOR THE YEAR ENDED 31 DECEMBER 2024

RMB

Item	Notes	2024	2023
I. Operating income	XV.4	27,055,670,487	26,142,371,894
Less: Operating costs	XV.4	25,365,459,557	24,503,344,073
Taxes and levies		89,716,605	45,709,209
Selling expenses		74,970	—
Administrative expenses		154,379,373	146,740,156
Financial expenses		49,810,386	50,960,408
Including: Interest expenses		104,227,317	109,082,298
Interest income		55,328,553	54,213,240
Add: Other income		41,333,585	90,143,532
Investment income	XV.5	34,472,638	39,739,933
Including: Investment income in associates and joint ventures		21,718,707	23,454,446
Gains (losses) on credit impairment		(13,010,985)	(5,506,202)
Gains (losses) on assets impairment		(2,330,205)	(120,818,857)
Gains on disposal of assets		17,610,387	96,646,068
II. Operating profit		1,474,305,016	1,495,822,522
Add: Non-operating income		22,834,331	33,368,178
Less: Non-operating expenses		24,292,406	40,733,886
III. Total profit		1,472,846,941	1,488,456,814
Less: Income tax expenses		414,202,238	400,264,879
IV. Net profit		1,058,644,703	1,088,191,935
(I) Net profit from continuing operations		1,058,644,703	1,088,191,935
(II) Net profit from discontinued operations		—	—
V. Other comprehensive income, net of tax		11,759,850	10,589,799
(I) Other comprehensive income that cannot be reclassified to profit or loss		11,759,850	10,589,799
1. Changes arising from remeasurement of defined benefit plans		—	—
2. Other comprehensive income that cannot be reclassified to profit or loss under the equity method		—	—
3. Changes in fair value of investments in other equity instruments		11,759,850	10,589,799
4. Changes in fair value of Company's own credit risk		—	—

				RMB
Item	Notes	2024	2023	
V. Other comprehensive income, net of tax <i>(continued)</i>				
(II) Other comprehensive income that will be reclassified to profit or loss		—	—	
1. Other comprehensive income that can be reclassified to profit or loss under the equity method		—	—	
2. Changes in fair value of other debt investments		—	—	
3. Financial assets reclassified into other comprehensive income		—	—	
4. Allowance for credit impairment of other debt investments		—	—	
5. Reserve for cash flow hedges		—	—	
6. Translation differences of financial statements denominated in foreign currencies		—	—	
7. Others		—	—	
VI. Total comprehensive income		1,070,404,553	1,098,781,734	

The accompanying notes form part of the financial statements.

Jiang Hui
Board Chairman

Chen Shaohong
General Manager

Luo Xinpeng
Chief Accountant

Liu Qiyi
Head of the
Finance Department



CONSOLIDATED CASH FLOW STATEMENT

FOR THE YEAR ENDED 31 DECEMBER 2024

RMB

Item	Notes	2024	2023
I. Cash Flows from Operating Activities:			
Cash receipts from the sale of goods and the rendering of services		18,447,745,526	16,309,460,904
Receipts of tax refunds		—	34,893,962
Other cash receipts relating to operating activities	V.47(1)	238,946,912	459,029,609
Sub-total of cash inflows from operating activities		18,686,692,438	16,803,384,475
Cash payments for goods purchased and services received		5,476,800,663	5,147,220,991
Cash payments to and on behalf of employees		9,674,438,317	9,763,830,648
Payments of various types of taxes		802,362,061	679,112,639
Other cash payments relating to operating activities	V.47(1)	22,791,123	96,855,855
Sub-total of cash outflows from operating activities		15,976,392,164	15,687,020,133
Net Cash Flow from Operating Activities	V.48(1)	2,710,300,274	1,116,364,342
II. Cash Flows from Investing Activities:			
Cash receipts from investment income		9,438,022	71,261,492
Net cash receipts from disposals of fixed assets, intangible assets and other long-term assets		9,616,428	16,285,487
Other cash receipts relating to investing activities	V.47(2)	—	177,986,567
Sub-total of cash inflows from investing activities		19,054,450	265,533,546
Cash payments to acquire or construct fixed assets, intangible assets and other long-term assets		1,294,830,513	1,022,308,696
Other cash payments relating to investing activities	V.47(2)	—	66,064,518
Sub-total of cash outflows from investing activities		1,294,830,513	1,088,373,214
Net Cash Flow from Investing Activities		(1,275,776,063)	(822,839,668)
III. Cash Flows from Financing Activities:			
Cash receipts from borrowings		400,000,000	1,200,000,000
Other cash receipts relating to financing activities	V.47(3)	57,623,000	—
Sub-total of cash inflows from financing activities		457,623,000	1,200,000,000
Cash repayments of borrowings		1,090,000,000	1,205,000,000
Cash payments for distribution of dividends or settlement of interest expenses		349,597,400	41,284,708
Including: Payments for distribution of dividends or profits to minority shareholders by subsidiaries		490,001	—
Other cash payments relating to financing activities	V.47(3)	270,053	64,411,934
Sub-total of cash outflows from financing activities		1,439,867,453	1,310,696,642
Net Cash Flow from Financing Activities		(982,244,453)	(110,696,642)

RMB			
Item	Notes	2024	2023
IV. Effect of Foreign Exchange Rate Changes on Cash and Cash Equivalents		157,806	—
V. Net Increase in Cash and Cash Equivalents		452,437,564	182,828,032
Add: Opening balance of cash and cash equivalents	V.48(2)	1,482,463,336	1,299,635,304
VI. Closing Balance of Cash and Cash Equivalents	V.48(2)	1,934,900,900	1,482,463,336

The accompanying notes form part of the financial statements.

Jiang Hui	Chen Shaohong	Luo Xinpeng	Liu Qiyi
Board Chairman	General Manager	Chief Accountant	Head of the Finance Department



CASH FLOW STATEMENT OF THE COMPANY

FOR THE YEAR ENDED 31 DECEMBER 2024

RMB

Item	Notes	2024	2023
I. Cash Flows from Operating Activities:			
Cash receipts from the sale of goods and the rendering of services		18,447,745,526	16,256,952,281
Receipts of tax refunds		—	34,893,962
Other cash receipts relating to operating activities		238,490,398	450,118,124
Sub-total of cash inflows from operating activities		18,686,235,924	16,741,964,367
Cash payments for goods purchased and services received		5,818,312,977	5,138,459,786
Cash payments to and on behalf of employees		9,322,369,688	9,712,322,169
Payments of various types of taxes		802,362,061	670,713,385
Other cash payments relating to operating activities		33,160,977	105,029,269
Sub-total of cash outflows from operating activities		15,976,205,703	15,626,524,609
Net Cash Flow from Operating Activities		2,710,030,221	1,115,439,758
II. Cash Flows from Investing Activities:			
Cash receipts from investment income		9,438,022	16,852,569
Net cash receipts from disposals of fixed assets, intangible assets and other long-term assets		9,616,428	70,989,637
Other cash receipts relating to investing activities		—	177,986,567
Sub-total of cash inflows from investing activities		19,054,450	265,828,773
Cash payments to acquire or construct fixed assets, intangible assets and other long-term assets		1,294,830,513	1,021,677,728
Other cash payments relating to investing activities		—	66,064,518
Sub-total of cash outflows from investing activities		1,294,830,513	1,087,742,246
Net Cash Flow from Investing Activities		(1,275,776,063)	(821,913,473)
III. Cash Flows from Financing Activities:			
Cash receipts from borrowings		400,000,000	1,200,000,000
Other cash receipts relating to financing activities		57,623,000	—
Sub-total of cash inflows from financing activities		457,623,000	1,200,000,000
Cash repayments of borrowings		1,090,000,000	1,205,000,000
Cash payments for distribution of dividends or profits or settlement of interest expenses		349,597,400	41,284,708
Other cash payments relating to financing activities		—	64,411,934
Sub-total of cash outflows from financing activities		1,439,597,400	1,310,696,642
Net Cash Flow from Financing Activities		(981,974,400)	(110,696,642)

RMB			
Item	Notes	2024	2023
IV. Effect of Foreign Exchange Rate Changes on Cash and Cash Equivalents		157,806	—
V. Net Increase in Cash and Cash Equivalents		452,437,564	182,829,643
Add: Opening balance of cash and cash equivalents		1,482,463,336	1,299,633,693
VI. Closing Balance of Cash and Cash Equivalents		1,934,900,900	1,482,463,336

The accompanying notes form part of the financial statements.

Jiang Hui	Chen Shaohong	Luo Xinpeng	Liu Qiyi
Board Chairman	General Manager	Chief Accountant	Head of the Finance Department



CONSOLIDATED STATEMENT OF CHANGES IN SHAREHOLDERS' EQUITY FOR THE YEAR ENDED 31 DECEMBER 2024

RMB

Item	For the year ended 31 December 2024							
	Equity attributable to shareholders of the Company						Minority interests	Total shareholders' equity
	Share capital	Capital reserve	Other comprehensive income	Special reserve	Surplus reserve	Retained profits		
I. Closing balance of the prior year	7,083,537,000	11,577,380,553	181,940,940	81,228,476	3,194,362,899	4,271,435,690	(37,889,759)	26,351,995,799
Add: Changes in accounting policies	—	—	—	—	—	—	—	—
Corrections of prior period errors	—	—	—	—	—	—	—	—
Others	—	—	—	—	—	—	—	—
II. Opening balance of the current year	7,083,537,000	11,577,380,553	181,940,940	81,228,476	3,194,362,899	4,271,435,690	(37,889,759)	26,351,995,799
III. Changes for the year	—	63,863,684	11,759,850	79,412,318	105,864,470	458,449,177	(2,125,282)	717,224,217
(I) Total comprehensive income	—	—	11,759,850	—	—	1,060,161,237	(1,635,281)	1,070,285,806
(II) Shareholders' contributions and reduction in capital	—	—	—	—	—	—	—	—
1. Ordinary shares contributed by shareholders	—	—	—	—	—	—	—	—
2. Capital contribution from holders of other equity instruments	—	—	—	—	—	—	—	—
3. Share-based payment recognised in shareholders' equity	—	—	—	—	—	—	—	—
4. Others	—	—	—	—	—	—	—	—
(III) Profit distribution	—	—	—	—	105,864,470	(601,712,060)	(490,001)	(496,337,591)
1. Transfer to surplus reserve	—	—	—	—	105,864,470	(105,864,470)	—	—
2. Transfer to general risk reserve	—	—	—	—	—	—	—	—
3. Distribution to shareholders	—	—	—	—	—	(495,847,590)	(490,001)	(496,337,591)
4. Others	—	—	—	—	—	—	—	—
(IV) Transfers within shareholders' equity	—	—	—	—	—	—	—	—
1. Transfer of capital reserve to capital (or share capital)	—	—	—	—	—	—	—	—
2. Transfer of surplus reserve to capital (or share capital)	—	—	—	—	—	—	—	—
3. Loss offset by surplus reserve	—	—	—	—	—	—	—	—
4. Retained earnings carried forward from changes in defined benefit plans	—	—	—	—	—	—	—	—
5. Retained earnings carried forward from other comprehensive income	—	—	—	—	—	—	—	—
6. Others	—	—	—	—	—	—	—	—
(V) Special reserve	—	—	—	79,412,318	—	—	—	79,412,318
1. Transfer to special reserve in the year	—	—	—	235,890,550	—	—	—	235,890,550
2. Amount utilised in the year	—	—	—	(156,478,232)	—	—	—	(156,478,232)
(VI) Others (Note. V.30)	—	63,863,684	—	—	—	—	—	63,863,684
IV. Closing balance of the current year	7,083,537,000	11,641,244,237	193,700,790	160,640,794	3,300,227,369	4,729,884,867	(40,015,041)	27,069,220,016

RMB

For the year ended 31 December 2023								
Equity attributable to shareholders of the Company								
Item	Share capital	Capital reserve	Other comprehensive income	Special reserve	Surplus reserve	Retained profits	Minority interests	Total shareholders' equity
I. Closing balance of the year	7,083,537,000	11,576,692,841	181,940,940	50,605,471	3,084,484,726	3,312,434,993	(36,495,031)	25,253,200,940
Add: Changes in accounting policies	—	—	—	—	—	—	—	—
Corrections of prior period errors	—	—	—	—	—	—	—	—
Others	—	—	—	—	—	—	—	—
II. Opening balance of the current year	7,083,537,000	11,576,692,841	181,940,940	50,605,471	3,084,484,726	3,312,434,993	(36,495,031)	25,253,200,940
III. Changes for the year	—	687,712	—	30,623,005	109,878,173	959,000,697	(1,394,728)	1,098,794,859
(I) Total comprehensive income	—	—	10,589,799	—	—	1,058,289,071	(1,394,728)	1,067,484,142
(II) Shareholders' contributions and reduction in capital	—	—	—	—	—	—	—	—
1. Ordinary shares contributed by shareholders	—	—	—	—	—	—	—	—
2. Capital contribution from holders of other equity instruments	—	—	—	—	—	—	—	—
3. Share-based payment recognised in shareholders' equity	—	—	—	—	—	—	—	—
4. Others	—	—	—	—	—	—	—	—
(III) Profit distribution	—	—	—	—	108,819,194	(108,819,194)	—	—
1. Transfer to surplus reserve	—	—	—	—	108,819,194	(108,819,194)	—	—
2. Transfer to general risk reserve	—	—	—	—	—	—	—	—
3. Distribution to shareholders	—	—	—	—	—	—	—	—
4. Others	—	—	—	—	—	—	—	—
(IV) Transfers within shareholders' equity	—	—	(10,589,799)	—	1,058,979	9,530,820	—	—
1. Transfer of capital reserve to capital (or share capital)	—	—	—	—	—	—	—	—
2. Transfer of surplus reserve to capital (or share capital)	—	—	—	—	—	—	—	—
3. Loss offset by surplus reserve	—	—	—	—	—	—	—	—
4. Retained earnings carried forward from changes in defined benefit plans	—	—	—	—	—	—	—	—
5. Retained earnings carried forward from other comprehensive income	—	—	(10,589,799)	—	1,058,979	9,530,820	—	—
6. Others	—	—	—	—	—	—	—	—
(V) Special reserve	—	—	—	30,623,005	—	—	—	30,623,005
1. Transfer to special reserve in the year	—	—	—	159,485,486	—	—	—	159,485,486
2. Amount utilised in the year	—	—	—	(128,862,481)	—	—	—	(128,862,481)
(VI) Others	—	687,712	—	—	—	—	—	687,712
IV. Closing balance of the current year	7,083,537,000	11,577,380,553	181,940,940	81,228,476	3,194,362,899	4,271,435,690	(37,889,759)	26,351,995,799

The accompanying notes form part of the financial statements.

Jiang Hui	Chen Shaohong	Luo Xinpeng	Liu Qiyi
Board Chairman	General Manager	Chief Accountant	Head of the Finance Department



STATEMENT OF CHANGES IN SHAREHOLDERS' EQUITY OF THE COMPANY

FOR THE YEAR ENDED 31 DECEMBER 2024

RMB

Item	For the year ended 31 December 2024						
	Share capital	Capital reserve	Other comprehensive income	Special reserve	Surplus reserve	Retained profits	Total shareholders' equity
I. Closing balance of the year	7,083,537,000	11,579,184,714	181,940,940	81,228,476	3,194,362,899	4,789,375,428	26,909,629,457
Add: Changes in accounting policies	—	—	—	—	—	—	—
Corrections of prior period errors	—	—	—	—	—	—	—
Others	—	—	—	—	—	—	—
II. Opening balance of the current year	7,083,537,000	11,579,184,714	181,940,940	81,228,476	3,194,362,899	4,789,375,428	26,909,629,457
III. Changes for the year	—	63,863,684	11,759,850	79,412,318	105,864,470	456,932,643	717,832,965
(I) Total comprehensive income	—	—	11,759,850	—	—	1,058,644,703	1,070,404,553
(II) Shareholders' contributions and reduction in capital	—	—	—	—	—	—	—
1. Ordinary shares contributed by shareholders	—	—	—	—	—	—	—
2. Capital contribution from holders of other equity instruments	—	—	—	—	—	—	—
3. Share-based payment recognised in shareholders' equity	—	—	—	—	—	—	—
4. Others	—	—	—	—	—	—	—
(III) Profit distribution	—	—	—	—	105,864,470	(601,712,060)	(495,847,590)
1. Transfer to surplus reserve	—	—	—	—	105,864,470	(105,864,470)	—
2. Distribution to shareholders	—	—	—	—	—	(495,847,590)	(495,847,590)
3. Others	—	—	—	—	—	—	—
(IV) Transfers within shareholders' equity	—	—	—	—	—	—	—
1. Transfer of capital reserve to capital (or share capital)	—	—	—	—	—	—	—
2. Transfer of surplus reserve to capital (or share capital)	—	—	—	—	—	—	—
3. Loss offset by surplus reserve	—	—	—	—	—	—	—
4. Retained earnings carried forward from changes in defined benefit plans	—	—	—	—	—	—	—
5. Retained earnings carried forward from other comprehensive income	—	—	—	—	—	—	—
6. Others	—	—	—	—	—	—	—
(V) Special reserve	—	—	—	79,412,318	—	—	79,412,318
1. Transfer to special reserve in the year	—	—	—	235,890,550	—	—	235,890,550
2. Amount utilised in the year	—	—	—	(156,478,232)	—	—	(156,478,232)
(VI) Others (Note: V.30)	—	63,863,684	—	—	—	—	63,863,684
IV. Closing balance of the current year	7,083,537,000	11,643,048,398	193,700,790	160,640,794	3,300,227,369	5,246,308,071	27,627,462,422

RMB

Item	For the year from 1 January to 31 December 2023						
	Share capital	Capital reserve	Other comprehensive income	Special reserve	Surplus reserve	Retained profits	Total shareholders' equity
I. Closing balance of the year	7,083,537,000	11,578,497,002	181,940,940	50,605,471	3,084,484,726	3,800,471,867	25,779,537,006
Add: Changes in accounting policies	—	—	—	—	—	—	—
Corrections of prior period errors	—	—	—	—	—	—	—
Others	—	—	—	—	—	—	—
II. Opening balance of the current year	7,083,537,000	11,578,497,002	181,940,940	50,605,471	3,084,484,726	3,800,471,867	25,779,537,006
III. Changes for the year	—	687,712	—	30,623,005	109,878,173	988,903,561	1,130,092,451
(I) Total comprehensive income	—	—	10,589,799	—	—	1,088,191,935	1,098,781,734
(II) Shareholders' contributions and reduction in capital	—	—	—	—	—	—	—
1. Ordinary shares contributed by shareholders	—	—	—	—	—	—	—
2. Capital contribution from holders of other equity instruments	—	—	—	—	—	—	—
3. Share-based payment recognised in shareholders' equity	—	—	—	—	—	—	—
4. Others	—	—	—	—	—	—	—
(III) Profit distribution	—	—	—	—	108,819,194	(108,819,194)	—
1. Transfer to surplus reserve	—	—	—	—	108,819,194	(108,819,194)	—
2. Distribution to shareholders	—	—	—	—	—	—	—
3. Others	—	—	—	—	—	—	—
(IV) Transfers within shareholders' equity	—	—	(10,589,799)	—	1,058,979	9,530,820	—
1. Transfer of capital reserve to capital (or share capital)	—	—	—	—	—	—	—
2. Transfer of surplus reserve to capital (or share capital)	—	—	—	—	—	—	—
3. Loss offset by surplus reserve	—	—	—	—	—	—	—
4. Retained earnings carried forward from changes in defined benefit plans	—	—	—	—	—	—	—
5. Retained earnings carried forward from other comprehensive income	—	—	(10,589,799)	—	1,058,979	9,530,820	—
6. Others	—	—	—	—	—	—	—
(V) Special reserve	—	—	—	30,623,005	—	—	30,623,005
1. Transfer to special reserve in the year	—	—	—	159,485,486	—	—	159,485,486
2. Amount utilised in the year	—	—	—	(128,862,481)	—	—	(128,862,481)
(VI) Others	—	687,712	—	—	—	—	687,712
IV. Closing balance of the current year	7,083,537,000	11,579,184,714	181,940,940	81,228,476	3,194,362,899	4,789,375,428	26,909,629,457

The accompanying notes form part of the financial statements.

Jiang Hui	Chen Shaohong	Luo Xinpeng	Liu Qiyi
Board Chairman	General Manager	Chief Accountant	Head of the Finance Department

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 December 2024

(All amounts expressed in Renminbi unless otherwise stated)

I. BASIC INFORMATION OF THE COMPANY

1. Company profile

Guangshen Railway Company Limited (the "Company") was established as a joint stock limited company in the People's Republic of China (the "PRC") on 6 March 1996 in Shenzhen Municipality, Guangdong Province, with its headquarters located in Shenzhen Municipality, Guangdong Province. In accordance with the Tie Zheng Ce Han No. 522 [1995] of Ministry of Railways of the PRC ("Ministry of Railways"), Guangzhou Railway (Group) Corporation ("Guangzhou Railway Group") established and invested in the Company with assets discounted, netting of relevant liabilities, of the passenger and freight transportation business and several business units related to transportation and facilities operated by its wholly owned subsidiary, Guangzhou Railway (Group) Guangshen Railway General Corporation.

On 9 April 1996, with the approval of the Document (Zheng Quan Fa No. 7 [1996]) issued by the State Council Securities Commission, the Company issued 1,431,300,000 foreign shares listed overseas to the public, including 217,812,000 H Shares and 24,269,760 American Depositary Shares ("ADRs"), with each ADR representing 50 H Shares. On 14 May 1996, the Company's shares were listed on the Stock Exchange of Hong Kong and the New York Stock Exchange.

On 19 December 2006, as approved by China Securities Regulatory Commission ("CSRC") with the Notice on Approval of the Initial Public Offering of Shares of Guangshen Railway Company Limited (Zheng Jian Fa Xing Zi No. 146 [2006]), the Company issued 2,747,987,000 RMB Ordinary Shares ("A Shares") to the public and listed on the Shanghai Stock Exchange. The funds raised from the issuance of A Shares were mainly used to acquire the Guangzhou-Pingshi railway business operated in Southern China by Guangdong Yangcheng Railway Industrial Co., Ltd. ("Yangcheng Railway") and associated operating assets and liabilities ("Yangcheng Railway Business"). On 1 January 2007, the Company acquired the control of Yangcheng Railway Business at a consideration of RMB10,169,924,967.

On 25 November 2020, the Company's ADRs were delisted from the New York Stock Exchange. On 25 October 2022, the Company submitted the Form 15F to the United States Securities and Exchange Commission to deregister the Company's ADRs and terminate the related reporting obligations under the Securities Exchange Act. The action had come into effect after 90 days upon the submission.

The Company and its subsidiaries (the "Group") mainly engaged in railway passenger and freight transportation services.

As at 31 December 2024, Guangzhou Railway Group became the Company's holding shareholder with 37.12% of the Company's shares. China State Railway Group Co., Ltd. ("CSRG") is the actual controller of the Company.

I. BASIC INFORMATION OF THE COMPANY *(continued)*

2. Approval for issuance of financial statements

The consolidated and the Company's financial statements were approved by the Board of Directors of the Company on 27 March 2025.

II. BASIS OF PREPARATION OF FINANCIAL STATEMENTS

1. Basis of preparation

The Group has adopted the Accounting Standards for Business Enterprises issued by the Ministry of Finance and related regulations. In addition, the Group has disclosed relevant financial information in accordance with Information Disclosure and Presentation Rules for Companies Offering Securities to the Public No. 15 – General Provisions on Financial Reporting (2023 Revision), Hong Kong Companies Ordinance and Listing Rules of the Stock Exchange of Hong Kong.

2. Going concern

The Group assessed its ability to continue as a going concern for the 12 months from 31 December 2024 and did not notice any events or circumstances that may cast significant doubt upon its ability to continue as a going concern. Therefore, the financial statements have been prepared on a going concern basis.

3. Basis of accounting and principle of measurement

The Group has adopted the accrual basis of accounting. Except for certain financial instruments which are measured at fair value, the Group adopts the historical cost as the principle of measurement in the financial statements. Where assets are impaired, allowances for impairment are made in accordance with relevant requirements.

Where the historical cost is adopted as the measurement basis, assets are recorded at the amount of cash or cash equivalents paid or the fair value of the consideration given to acquire them at the time of their acquisition. Liabilities are measured at the amount of proceeds or assets received or the contractual amounts for assuming the present obligation, or, at the amounts of cash or cash equivalents expected to be paid to settle the liabilities in the normal course of business.

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. Regardless of whether that price is directly observable or estimated using another valuation technique, fair values measured and disclosed in these financial statements are determined on such a basis.



II. BASIS OF PREPARATION OF FINANCIAL STATEMENTS *(continued)*

3. Basis of accounting and principle of measurement *(continued)*

When measuring non-financial assets at fair value, consideration is given to the ability of a market participant to generate economic benefits by using the asset in its highest and best use or by selling it to another market participant that would use the asset in its highest and best use.

For financial assets of which the transaction price is used as the fair value at initial recognition and for which a valuation technique involving unobservable inputs is used in the subsequent measurement of fair value, the valuation technique is corrected during the valuation process so that the initial recognition result determined by the valuation technique is equal to the transaction price.

Fair value measurements are categorised into Level 1, 2 or 3 based on the degree to which the inputs to the fair value measurements are observable and the significance of the inputs to the fair value measurement in its entirety, which are described as follows:

- Level 1 inputs are quoted prices (unadjusted) in active markets for identical assets or liabilities that the entity can access at the measurement date;
- Level 2 inputs are inputs, other than inputs included within Level 1, that are observable for the asset or liability, either directly or indirectly.
- Level 3 inputs are unobservable inputs for the asset or liability.

III. SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES

1. STATEMENT OF COMPLIANCE WITH THE ACCOUNTING STANDARDS FOR BUSINESS ENTERPRISES ("ASBE")

The financial statements of the Company have been prepared in accordance with the ASBE, and present truly and completely, the consolidated and the Company's financial position as at 31 December 2024, and the consolidated and the Company's results of operations, changes in shareholders' equity and cash flows for the year then ended.

2. Accounting year

The Group has adopted the calendar year as its accounting year, i.e., from 1 January to 31 December.

III. SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES

(continued)

3. Operating cycle

An operating cycle refers to the year since when an enterprise purchases assets for processing purpose till the realisation of those assets in cash or cash equivalents. The Company's operating cycle is 12 months.

4. Functional currency

Renminbi ("RMB") is the currency of the primary economic environment in which the Company and its domestic subsidiaries operate. The Company adopts RMB to prepare its financial statements.

5. Method for determination of materiality criteria and basis for selection

Item	Materiality criteria
Significant Prepayments aged over 1 year	Amount not less than RMB30,000,000
Significant construction in progress	Amount not less than RMB30,000,000
Significant accounts payable aged over 1 year	Amount not less than RMB30,000,000
Significant other payables aged over 1 year	Amount not less than RMB30,000,000
Contract liabilities with significant changes	Amount not less than RMB30,000,000
Cash receipts relating to significant investing activities	Amount more than 10% of the sub-total of cash inflows from investing activities and not less than RMB100,000,000
Cash payments relating to significant investing activities	Amount more than 10% of the sub-total of cash outflows from investing activities and not less than RMB100,000,000



III. SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES

(continued)

6. The accounting treatment of business combinations involving enterprises under common control and business combinations not involving enterprises under common control

Business combinations are classified into business combinations involving enterprises under common control and business combinations not involving enterprises under common control.

6.1 Business combinations involving enterprises under common control

A business combination involving enterprises under common control is a business combination in which all of the combining enterprises are ultimately controlled by the same party or parties both before and after the combination, and that control is not transitory.

Assets and liabilities obtained shall be measured at their respective carrying amounts as recorded by the combined entities at the date of the combination. The difference between the carrying amount of the net assets obtained and the carrying amount of the consideration paid for the combination (or the aggregate face value of shares issued) is adjusted to the share premium in capital reserve. If the share premium is not sufficient to absorb the difference, any excess shall be adjusted against retained earnings.

Costs that are directly attributable to the combination are charged to profit or loss for the period in which they are incurred.

6.2 Business combinations not involving enterprises under common control and goodwill

A business combination not involving enterprises under common control is a business combination in which all of the combining enterprises are not ultimately controlled by the same party or parties before and after the combination.

The cost of combination is the aggregate of the fair values, at the acquisition date, of the assets given, liabilities incurred or assumed, and equity securities issued by the acquirer in exchange for control of the acquiree. Where a business combination not involving enterprises under common control is achieved in stages that involve multiple transactions, the cost of combination is the sum of the consideration paid at the acquisition date and the fair value at the acquisition date of the acquirer's previously held interest in the acquiree. The intermediary expenses incurred by the acquirer in respect of auditing, legal services, valuation and consultancy services, etc. and other associated administrative expenses attributable to the business combination are recognised in profit or loss when they are incurred.

III. SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES

(continued)

6. The accounting treatment of business combinations involving enterprises under common control and business combinations not involving enterprises under common control *(continued)*

6.2 *Business combinations not involving enterprises under common control and goodwill (continued)*

The acquiree's identifiable assets, liabilities and contingent liabilities, acquired by the acquirer in a business combination, that meet the recognition criteria shall be measured at fair value at the acquisition date.

Where the cost of combination exceeds the acquirer's interest in the fair value of the acquiree's identifiable net assets, the difference is treated as an asset and recognised as goodwill, which is measured at cost on initial recognition. Where the cost of combination is less than the acquirer's interest in the fair value of the acquiree's identifiable net assets, the acquirer firstly reassesses the measurement of the fair values of the acquiree's identifiable assets, liabilities and contingent liabilities and measurement of the cost of combination. If after that reassessment, the cost of combination is still less than the acquirer's interest in the fair value of the acquiree's identifiable net assets, the acquirer recognises the remaining difference immediately in profit or loss for the period.

Goodwill arising on a business combination is measured at cost less accumulated impairment losses, and is presented separately in the consolidated financial statements.

7. Determination criteria of control and preparation of consolidated financial statements

7.1 *Determination criteria of control*

Control is the power over the investee, exposures or rights to variable returns from its involvement with the investee, and the ability to use its power over the investee to affect the amount of the investor's returns. The Group reassesses whether or not it controls an investee if facts and circumstances indicate that there are changes to the elements of control.



III. SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES

(continued)

7. Determination criteria of control and preparation of consolidated financial statements *(continued)*

7.2 Preparation of consolidated financial statements

The scope of consolidation in the consolidated financial statements is determined on the basis of control.

The combination of subsidiaries begins with the Group's control over a subsidiary, and ceases with the Group's losing control of the subsidiary.

For a subsidiary disposed of by the Group, the operating results and cash flows before the date of disposal (the date when control is lost) are included in the consolidated income statement and consolidated cash flow statement, as appropriate.

For a subsidiary acquired through a business combination not involving enterprises under common control, the operating results and cash flows from the acquisition date (the date when control is obtained) are included in the consolidated income statement and consolidated cash flow statement, as appropriate.

No matter when the business combination occurs in the reporting period, subsidiaries acquired through a business combination involving enterprises under common control or the party being absorbed under merger by absorption are included in the Group's scope of consolidation as if they had been included in the scope of consolidation from the date when they first came under the common control of the ultimate controlling party. Their operating results and cash flows from the beginning of the earliest reporting period or from the date when they first came under the common control of the ultimate controlling party are included in the consolidated statement of profit or loss and other comprehensive income and consolidated cash flow statement, as appropriate.

The significant accounting policies and accounting periods adopted by the subsidiaries are determined based on the uniform accounting policies and accounting years set out by the Company.

Influence over the consolidated financial statements arising from significant intra-group transactions are eliminated on consolidation.

III. SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES

(continued)

7. Determination criteria of control and preparation of consolidated financial statements *(continued)*

7.2 Preparation of consolidated financial statements *(continued)*

The portion of subsidiaries' equity that is not attributable to the Company is treated as minority interests and presented as "minority interests" in the consolidated balance sheet within shareholders' equity. The portion of net profit or loss of subsidiaries for the period attributable to minority interests is presented as "Profit or loss attributable to minority interests" in the consolidated income statement below the "net profit" line item.

When the amount of loss for the period attributable to the minority shareholders of a subsidiary exceeds the minority shareholders' portion of the opening balance of owners' equity of the subsidiary, the excess amount is still allocated against minority interests.

Acquisition of minority interests or disposal of interest in a subsidiary that does not result in the loss of control over the subsidiary is accounted for as equity transactions. The carrying amounts of the shareholders' equity of parent company and minority interests are adjusted to reflect the changes in their relative interests in the subsidiary. The difference between the amount by which the minority interests are adjusted and the fair value of the consideration paid or received is adjusted to capital reserve under owners' equity. If the capital reserve is not sufficient to absorb the difference, the excess is adjusted against retained earnings.

For the stepwise acquisition of equity interest till acquiring control after a few transactions and leading to business combination not involving enterprises under common control, it should be dealt with based on whether this belongs to 'package deal': if it belongs to 'package deal', transactions will be dealt as transactions to acquire control. If it does not belong to 'package deal', transactions to acquire control on acquisition date will be under accounting treatment, the fair value of acquirees' shares held before acquisition date will be re-measured, and the difference between the fair value and the carrying amount will be recognised in profit or loss of the current period; if acquirees' shares held before acquisition date involve in changes of other comprehensive income and other equity of owners under equity method, this will be transferred to income of acquisition date.



III. SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES

(continued)

7. Determination criteria of control and preparation of consolidated financial statements *(continued)*

7.2 Preparation of consolidated financial statements *(continued)*

When the Group loses control over a subsidiary due to disposal of certain equity interest or other reasons, any retained equity interest is re-measured at its fair value at the date when control is lost. The difference between (i) the aggregate of the consideration received on disposal and the fair value of any retained equity interest and (ii) the share of the former subsidiary's net assets cumulatively calculated from the acquisition date according to the original proportion of ownership interest is recognised as investment income in the period in which control is lost and offset against goodwill. Other comprehensive income associated with investment in the former subsidiary is reclassified to investment income in the period in which control is lost.

When the Group loses control of a subsidiary in two or more arrangements (transactions), terms and conditions of the arrangements (transactions) and their economic effects are considered. One or more of the followings indicate that the Group shall account for the multiple arrangements as a 'package deal': (i) they are entered into at the same time or in contemplation of each other; (ii) they form a complete transaction designed to achieve an overall commercial effect; (iii) the occurrence of one transaction is dependent on the occurrence of at least one other transaction; (iv) one transaction alone is not economically justified, but it is economically justified when considered together with other transactions. Where the transactions of disposal of equity investments in a subsidiary until the loss of control are assessed as a package deal, these transactions are accounted for as one transaction of disposal of a subsidiary with loss of control. Before losing control, the difference of consideration received on disposal and the share of net assets of the subsidiary continuously calculated from acquisition date is recognised as other comprehensive income. When losing control, the cumulated other comprehensive income is transferred to profit or loss of the period of losing control. If the transactions of disposal of equity investments in a subsidiary are not assessed as a package deal, these transactions are accounted for as unrelated transactions.

III. SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES

(continued)

8. Classification of joint arrangements and accounting treatments of joint operations

A joint arrangement is classified into joint operation and joint venture, depending on the rights and obligations of the parties to the arrangement, which is assessed by considering the structure and the legal form of the arrangement, the terms agreed by the parties in the contractual arrangement and, when relevant, other facts and circumstances. A joint operation is a joint arrangement whereby the parties that have joint control of the arrangement have rights to the assets, and obligations for the liabilities, relating to the arrangement. A joint venture is a joint arrangement whereby the parties that have joint control of the arrangement have rights to the net assets of the joint arrangement.

The Group's joint arrangements are all joint ventures. The Group accounts for investments in joint ventures using equity method. Refer to Note III 16.3.2 "Long-term equity investments accounted for using the equity method" for details.

9. Recognition criteria of cash and cash equivalents

Cash comprises cash on hand and deposits that can be readily withdrawn on demand. Cash equivalents are the Group's short-term (generally due within three months from the acquisition date), highly liquid investments that are readily convertible to known amounts of cash and which are subject to an insignificant risk of changes in value.



III. SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES

(continued)

10. Transactions denominated in foreign currencies

10.1 Transactions denominated in foreign currencies

A foreign currency transaction is recorded, on initial recognition, by applying the spot exchange rate on the date of the transaction.

At the balance sheet date, foreign currency monetary items are translated into functional currency using the spot exchange rates at the balance sheet date. Exchange differences arising from the differences between the spot exchange rates prevailing at the balance sheet date and those on initial recognition or at the previous balance sheet date are recognised in profit or loss for the period, except that (1) exchange differences related to a specific-purpose borrowing denominated in foreign currency that qualify for capitalisation are capitalised as part of the cost of the qualifying asset during the capitalisation period; (2) exchange differences related to hedging instruments for the purpose of hedging against foreign currency risks are accounted for using hedge accounting; (3) exchange differences arising from changes in the gross carrying amounts (other than the amortised cost) of monetary items classified as at FVTOCI are recognised as other comprehensive income.

Foreign currency non-monetary items measured at historical cost are translated to the amounts in functional currency at the spot exchange rates on the dates of the transactions. Foreign currency non-monetary items measured at fair value are re-translated at the spot exchange rate on the date the fair value is determined. Difference between the re-translated functional currency amount and the original functional currency amount is treated as changes in fair value (including changes of exchange rate) and is recognised in profit or loss or as other comprehensive income.

III. SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES

(continued)

11. Financial instruments

Financial assets and financial liabilities are recognised when the Group becomes a party to the contractual provisions of the instrument.

For financial assets purchased or sold in a regular way, the Group recognises assets acquired and liabilities assumed on a trade date basis, or derecognises the assets sold on a trade date basis.

Financial assets and financial liabilities are initially measured at fair value (the method for determining fair values of financial assets and financial liabilities is set out in related disclosures under "basis of accounting and principle of measurement" in Note II). For financial assets and financial liabilities at fair value through profit or loss, transaction costs are immediately recognised in profit or loss for the period. For other financial assets and financial liabilities, transaction costs are included in their initial recognised amounts. Upon initial recognition of accounts receivable that does not contain significant financing component or without considering the financing component included in the contract with a term not exceeding one year under the *Accounting Standards for Business Enterprises No. 14 – Revenue* (hereinafter referred to as the "Revenue Standards"), the Group adopts the transaction price as defined in the Revenue Standards for initial measurement.

When the fair value of a financial asset or financial liability initially recognised differs from the transaction price, no gain or loss is recognised on initial recognition of the financial asset or financial liability if the fair value is not determined based on the quoted prices in active markets for identical assets or liabilities, or on the valuation techniques that use observable market data only.

The effective interest method is a method of calculating the amortised cost of a financial asset or a financial liability and of allocating the interest income or interest expenses over the relevant accounting periods.

The effective interest rate is the rate that exactly discounts estimated future cash flows through the expected life of the financial asset or financial liability to the gross carrying amount of the financial asset or to the amortised cost of the financial liability. When determining the effective interest rate, the Group estimates future cash flows by considering all contractual terms of the financial asset or financial liability (such as repayment in advance, extension, call option, or other similar options, etc.), without considering the expected credit losses.



III. SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES

(continued)

11. Financial instruments *(continued)*

The amortised cost of a financial asset or a financial liability is the amount of the financial asset or the financial liability initially recognised net of principal repaid, plus or less the cumulative amortised amount arising from amortisation of the difference between the amount initially recognised and the amount at the maturity date using the effective interest method, net of cumulative loss allowance (only applicable to financial assets).

11.1 Classification, recognition and measurement of financial assets

After initial recognition, the Group's financial assets of various types are subsequently measured at amortised cost, at fair value through other comprehensive income ("FVTOCI") or at fair value through profit or loss ("FVTPL"), respectively.

If the contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding, and the financial asset is held within a business model whose objective is achieved by collecting contractual cash flows, the Group classifies such financial asset as financial assets measured at amortised cost, which include cash and bank balances, notes receivable, accounts receivable, other receivables, debt investments and long-term receivables, etc.

Financial assets that meet the following conditions are classified as at FVTOCI: the financial asset is held within a business model whose objective is achieved by both collecting contractual cash flows and selling the financial assets; and the contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding. Financial assets of such type are presented as other debt investments if they are due after one year since the acquisition, or presented under non-current assets due within one year if they are due within one year (inclusive) since the balance sheet date; accounts receivable and notes receivable classified as at FVTOCI upon acquisition are presented under receivables financing, while the remaining items due within one year (inclusive) upon acquisition are presented under other current assets.

Upon initial recognition, the Group may irrevocably designate the non-held-for-trading equity instrument investments other than contingent considerations recognised in business combination not involving enterprises under common control as financial assets at FVTOCI on an individual basis. Such type of financial assets is presented as investments in other equity instruments.

III. SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES

(continued)

11. Financial instruments *(continued)*

11.1 Classification, recognition and measurement of financial assets *(continued)*

A financial asset is classified as held-for-trading if any of the following criteria is satisfied:

- It has been acquired principally for the purpose of selling it in the near term.
- On initial recognition, it is part of a portfolio of identifiable financial instruments that the Group manages together and there is objective evidence that the Group has a recent actual pattern of short-term profit-taking.
- It is a derivative that is neither a financial guarantee contract nor designated as an effective hedging instrument.

Financial assets at FVTPL include financial assets classified as at FVTPL and financial assets designated as at FVTPL:

- Financial assets not satisfying the criteria of classification as financial assets at amortised cost and financial assets at FVTOCI are classified as financial assets at FVTPL.
- Upon initial recognition, the Group may irrevocably designate the financial assets as at FVTPL if doing so eliminates or significantly reduces accounting mismatch.

Financial assets at FVTPL other than derivative financial assets are presented as held-for-trading financial assets. Financial assets with a maturity over one year since the balance sheet date (or without a fixed maturity) and expected to be held for over one year are presented under other non-current financial assets.

11.1.1 Financial assets at amortised cost

Financial assets at amortised cost are subsequently measured at amortised cost using effective interest method. Any gains or losses arising from impairment or derecognition are included in profit or loss.



III. SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES

(continued)

11. Financial instruments *(continued)*

11.1 Classification, recognition and measurement of financial assets *(continued)*

11.1.1 Financial assets at amortised cost *(continued)*

For financial assets at amortised cost, the Group recognises interest income using the effective interest method. Interest income is determined by applying an effective interest rate to the gross carrying amount of the financial asset, except for the following circumstances:

- For a purchased or originated credit-impaired financial asset, the Group calculates and recognises its interest income based on the amortised cost of the financial asset and the credit-adjusted effective interest rate since initial recognition.
- For a financial asset that is not a purchased or originated credit-impaired financial asset but subsequently has become credit-impaired, the Group subsequently recognises their interest income based on amortised costs and effective interest rate of such financial assets. If the financial instrument is no longer credit-impaired due to improvement of credit risk, and the improvement is linked with an event occurred after application of above provisions, the Group will calculate the interest income by applying effective interest rate to the gross carrying amount of the financial assets.

11.1.2 Financial assets at FVTOCI

For financial assets classified as at FVTOCI, except for the impairment losses or gains and the interest income and exchange losses or gains calculated using the effective interest method which are included in profit or loss for the period, the fair value changes are included in other comprehensive income. The amounts included in profit or loss for each period are equivalent to that as if it has been always measured at amortised cost. Upon derecognition, the accumulated gains or losses previously included in other comprehensive income are included in profit or loss for the period.

III. SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES

(continued)

11. Financial instruments *(continued)*

11.1 Classification, recognition and measurement of financial assets *(continued)*

11.1.2 Financial assets at FVTOCI (continued)

Changes in fair value of non-held-for-trading equity instrument investments designated as financial assets at FVTOCI are recognised in other comprehensive income. When the financial asset is derecognised, the cumulative gains or losses previously recognised in other comprehensive income are transferred and included in retained earnings. During the period in which the Group holds the non-held-for-trading equity instrument, revenue from dividends is recognised in profit or loss for the period when the Group has established the right of collecting dividends, it is probable that the associated economic benefits will flow to the Group, and the amount of dividends can be measured reliably.

11.1.3 Financial assets at FVTPL

Financial assets at FVTPL are subsequently measured at fair value, with gains or losses on fair value changes and related dividends and interest income included in profit or loss for the period.

11.2 Impairment of financial instruments

For financial asset at amortised cost, financial assets classified as at FVTOCI, lease receivables, contract assets, and financial liabilities that are not at FVTPL and financial guarantee contracts that are not qualified for derecognition due to the transfer of financial assets or financial liabilities arising from continuing involvement of the transferred financial assets, the Group accounts for the impairment and recognises the loss allowance on the basis of expected credit loss ("ECL").

For all contract assets, notes receivable and accounts receivable arising from transactions regulated by Revenue Standards, and lease receivables arising from transactions regulated by the *Accounting Standards for Business Enterprises No. 21 – Leases*, the Group recognises the loss allowance at an amount equivalent to the lifetime ECL.



III. SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES

(continued)

11. Financial instruments *(continued)*

11.2 Impairment of financial instruments *(continued)*

For other financial instruments (other than purchased or originated credit-impaired financial assets), the Group assesses the changes in credit risk since initial recognition of relevant financial instruments at each balance sheet date. If the credit risk has increased significantly since initial recognition of the financial instruments, the Group recognises the loss allowance at an amount equivalent to lifetime ECL; if the credit risk has not increased significantly since initial recognition of the financial instruments, the Group recognises the loss allowance at an amount equivalent to 12-month ECL. The increase or reversal of credit loss allowance for financial assets other than those classified as at FVTOCI is recognised as an impairment loss or gain and included in profit or loss for the period. For financial assets classified as at FVTOCI, the credit loss allowance is recognised in other comprehensive income and the impairment loss or gain is included in profit or loss for the period without reducing the carrying amount of the financial assets in the balance sheet.

Where the Group has measured the loss allowance at an amount equivalent to lifetime ECL of a financial instrument in prior accounting period, but the financial instrument no longer satisfies the criteria of significant increase in credit risk since initial recognition at the current balance sheet date, the Group recognises the loss allowance of the financial instrument at an amount equivalent to 12-month ECL at the current balance sheet date, with any resulting reversal of loss allowance recognised as impairment gains in profit or loss for the period.

11.2.1 Significant increase in credit risk

In assessing whether the credit risk has increased significantly since initial recognition, the Group compares the risk of a default occurring on the financial instrument as at the reporting date with the risk of a default occurring on the financial instrument as at the date of initial recognition. For financial guarantee contracts, the date that the Group becomes a party to the irrevocable commitment is considered to be the date of initial recognition in the application of criteria related to the financial instrument for impairment.

III. SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES

(continued)

11. Financial instruments *(continued)*

11.2 Impairment of financial instruments *(continued)*

11.2.1 Significant increase in credit risk *(continued)*

In particular, the following information is taken into account when assessing whether credit risk has increased significantly:

- (1) Significant changes in internal price indicators as a result of a change in credit risk.
- (2) Significant changes in the rates or other terms of an existing financial instrument if the instrument was newly originated or issued at the balance sheet date (such as more stringent covenants, increased amounts of collateral or guarantees, or higher rate of return, etc.);
- (3) Significant changes in the external market indicators of credit risk of the same financial instrument or similar financial instruments with the same expected duration. These indicators include credit spreads, credit default swap prices against borrower, length of time and extent to which the fair value of financial assets is less than their amortised cost, and other market information related to the borrower (such as the borrower's debt instruments or changes in the price of equity instruments);
- (4) An actual or expected significant change in the financial instrument's external credit rating;
- (5) An actual or expected decrease in the internal credit rating for the debtor;
- (6) Adverse changes in business, financial or economic conditions that are expected to cause a significant decrease in the debtor's ability to meet its debt obligations;
- (7) An actual or expected significant change in the operating results of the debtor;
- (8) Significant increase in the credit risk of other financial instruments issued by the same debtor;



III. SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES

(continued)

11. Financial instruments *(continued)*

11.2 Impairment of financial instruments *(continued)*

11.2.1 Significant increase in credit risk *(continued)*

- (9) Significant adverse changes in regulatory, economic, or technological environment of the debtor;
- (10) Significant changes in the value of collaterals or the quality of guarantees or credit enhancements provided by third parties, which are expected to reduce the debtor's economic motives to repay within the time limit specified in contract or affect the probability of default;
- (11) Significant change in the debtor's economic motives to repay within the time limit specified in contract;
- (12) Expected changes to loan contract, including the exemption or revision of contractual obligations, the granting of interest-free periods, the jump in interest rates, the requirement for additional collateral or guarantees, or other changes in the contractual framework for financial instruments that may result from the breach of contract;
- (13) Significant changes in expected performance and repayment of the debtor;
- (14) Changes in the Group's credit management approach in relation to the financial instrument;

Irrespective of the outcome of the above assessment, the Group presumes that the credit risk has increased significantly when contractual payments are more than 30 days (inclusive) past due.

At the balance sheet date, if the Group determines that the financial instrument has only lower credit risk, the Group assumes that the credit risk of such financial instrument has not increased significantly since initial recognition. The financial instrument is deemed as having lower credit risk if it has a low risk of default, the borrower has a strong capacity to meet its contractual cash flow obligations in the near term, and adverse changes in economic and business conditions in the longer term may, but will not necessarily, reduce the ability of the borrower to fulfil its contractual cash obligations.

III. SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES

(continued)

11. Financial instruments *(continued)*

11.2 Impairment of financial instruments *(continued)*

11.2.2 Credit-impaired financial assets

When one or more events that are expected to have adverse impact on the future cash flows of the financial assets have occurred, the financial assets become credit impaired. The evidence of credit impairment of financial assets includes the following observable information:

- (1) Significant financial difficulty of the issuer or debtor;
- (2) Breach of contract by the debtor, such as a default or delinquency in interest or principal payments;
- (3) The creditor, for economic or contractual reasons relating to the debtor's financial difficulty, has granted to the debtor a concession that the creditor would not otherwise consider;
- (4) It is probable that the debtor will enter bankruptcy or other financial reorganisations;
- (5) The disappearance of an active market for that financial asset because of financial difficulties of the issuer or debtor;
- (6) Purchase or origination of a financial asset at a significant discount that reflects the fact of credit loss.

Based on the Group's internal credit risk management, the Group considers an event of default occurs when information developed internally or obtained from external sources indicates that the debtor is unlikely to pay its creditors, including the Group, in full (without taking into account any collaterals held by the Group).

Irrespective of the outcome of the above assessment, the Group presumes that an event of default on the financial instrument has occurred if the contractual payment of the financial instrument has been more than 90 days (inclusive) past due.



III. SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES

(continued)

11. Financial instruments *(continued)*

11.2 Impairment of financial instruments *(continued)*

11.2.3 Determination of ECL

The Group determines the ECL of relevant financial instruments using the following method:

- For a financial asset and lease receivables, the credit loss represents the present value of the difference between the contractual cash flow receivable by the Group and the cash flow expected to be received by the Group.
- For financial guarantee contracts (see Note III, 11.4.1.2.1 for specific accounting policies), credit losses are the present value of the difference between the expected payment to be made by the Group to the contract holder for the credit losses incurred, and the amount the Group expects to receive from the contract holder, the debtor or any other parties.

The factors reflected by the Group's measurement of ECL of financial instruments include unbiased probability weighted average amount recognised by assessing a series of possible results; time value of money; reasonable and supportable information related to historical events, current condition and forecast of future economic position that is available without undue cost or effort at the balance sheet date.

11.2.4 Write-down of financial assets

The Group shall directly reduce the gross carrying amount of a financial asset when the Group has no reasonable expectations of recovering a financial asset in its entirety or a portion thereof, which constitutes derecognition of relevant financial assets.

III. SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES

(continued)

11. Financial instruments *(continued)*

11.3 Transfer of financial assets

The Group derecognises a financial asset if one of the following conditions is satisfied: (1) the contractual rights to the cash flows from the financial asset expire; or (2) the financial asset has been transferred and substantially all the risks and rewards of ownership of the financial asset is transferred to the transferee; or (3) although the financial asset has been transferred, the Group neither transfers nor retains substantially all the risks and rewards of ownership of the financial asset but has not retained control of the financial asset.

If the Group neither transfers nor retains substantially all the risks and rewards of ownership of a financial asset, and it retains control of the financial asset, it recognises the financial asset to the extent of its continuing involvement in the transferred financial asset and recognises an associated liability. Relevant liabilities are measured using the following methods:

- For transferred financial assets carried at amortised cost, the carrying amount of relevant liabilities is the carrying amount of financial assets transferred with continuing involvement less amortised cost of the Group's retained rights (if the Group retains relevant rights upon transfer of financial assets) with addition of amortised cost of obligations assumed by the Group (if the Group assumes relevant obligations upon transfer of financial assets). Relevant liabilities are not designated as financial liabilities at FVTPL.
- For transferred financial assets carried at fair value, the carrying amount of relevant financial liabilities is the carrying amount of financial assets transferred with continuing involvement less fair value of the Group's retained rights (if the Group retains relevant rights upon transfer of financial assets) with addition of fair value of obligations assumed by the Group (if the Group assumes relevant obligations upon transfer of financial assets). Accordingly, the fair value of relevant rights and obligations shall be measured on an individual basis.

For a transfer of a financial asset in its entirety that satisfies the derecognition criteria, the difference between the carrying amount of the financial asset transferred and the sum of the consideration received from the transfer and any cumulative gain or loss that has been recognised in other comprehensive income, is recognised in profit or loss. Where the transferred assets are non-held-for-trading equity instrument investments designated as at FVTOCI, cumulative gains or losses previously recognised in other comprehensive income are transferred out and included in retained earnings.



III. SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES

(continued)

11. Financial instruments *(continued)*

11.3 *Transfer of financial assets (continued)*

If a part of the transferred financial asset qualifies for derecognition, the overall carrying amount of the financial asset prior to transfer is allocated between the part that continues to be recognised and the part that is derecognised, based on the respective fair value of those parts at the date of transfer. The difference between the carrying amount allocated to the part derecognised on the date of derecognition and the sum of the consideration received for the part derecognised and any cumulative gain or loss allocated to the part derecognised which has been previously recognised in other comprehensive income, is recognised in profit or loss for the period. Where the transferred assets are non-held-for-trading equity instrument investments designated as at FVTOCI, cumulative gains or losses previously recognised in other comprehensive income are transferred out and included in retained earnings.

For a transfer of a financial asset in its entirety that does not satisfy the derecognition criteria, the Group continues to recognise the transferred financial asset in its entirety. The consideration received from transfer of assets is recognised as a liability upon receipt.

11.4 *Classification of financial liabilities and equity instruments*

Financial instruments issued by the Group or their components are classified into financial liabilities or equity instruments on the basis of not only the legal form but also the contractual arrangements and their economic substance, together with the definition of financial liability and equity instrument.

11.4.1 *Classification, recognition and measurement of financial liabilities*

On initial recognition, financial liabilities are classified into financial liabilities at FVTPL and other financial liabilities.

11.4.1.1 Financial liabilities at FVTPL

Financial liabilities at FVTPL include held-for-trading financial liabilities (including derivative financial liabilities) and financial liabilities designated as at FVTPL. Except for derivative financial liabilities which are presented separately, financial liabilities at FVTPL are presented as held-for-trading financial liabilities.

III. SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES

(continued)

11. Financial instruments *(continued)*

11.4 Classification of financial liabilities and equity instruments *(continued)*

11.4.1 Classification, recognition and measurement of financial liabilities *(continued)*

11.4.1.1 Financial liabilities at FVTPL *(continued)*

A financial liability is classified as held-for-trading if any of the following criteria is satisfied:

- It has been incurred principally for the purpose of repurchasing it in the near term.
- On initial recognition, it is part of a portfolio of identified financial instruments that the Company manages together and has a recent actual pattern of short-term profit-taking.
- It is a derivative that is neither a financial guarantee contract nor designated as an effective hedging instrument.

A financial liability may be designated as at FVTPL upon initial recognition if: (1) such designation eliminates or significantly reduces accounting mismatch; (2) the Group makes management and performance evaluation on a fair value basis for a portfolio of financial liabilities or a portfolio of financial assets and financial liabilities, in accordance with the Group's formally documented risk management or investment strategy, and reports to key management personnel on that basis; (3) the qualified hybrid contract that contains embedded derivatives.

Held-for-trading financial liabilities are subsequently measured at fair value. Any gains or losses arising from changes in the fair value and any dividend or interest expenses paid on the financial liabilities are recognised in profit or loss for the period.



III. SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES

(continued)

11. Financial instruments *(continued)*

11.4 Classification of financial liabilities and equity instruments *(continued)*

11.4.1 Classification, recognition and measurement of financial liabilities *(continued)*

11.4.1.1 Financial liabilities at FVTPL *(continued)*

For a financial liability designated as at FVTPL, the amount of changes in the fair value of the financial liability that are attributable to changes in the credit risk of that liability shall be presented in other comprehensive income, while other changes in fair value are included in profit or loss for the period. Upon the derecognition of such financial liability, the accumulated amount of changes in fair value that is attributable to changes in the credit risk of that liability, which is recognised in other comprehensive income, is transferred to retained earnings. Any dividend or interest cost on the financial liabilities is recognised in profit or loss for the period. If the accounting treatment for the impact of the change in credit risk of such financial liability in the above ways would create or enlarge an accounting mismatch in profit or loss, the Group shall present all gains or losses on that liability (including the effects of changes in the credit risk of that liability) in profit or loss for the period.

For financial liabilities arising from contingent consideration recognised by the Group as the buyer in the business combination not involving enterprises under common control, the Group measures such financial liabilities at FVTPL.

11.4.1.2 Other financial liabilities

Except for financial liabilities and financial guarantee contracts arising from transfer of financial assets that do not meet the derecognition criteria or those arising from continuing involvement in the transferred financial assets, other financial liabilities are subsequently measured at amortised cost, with gain or loss arising from derecognition or amortisation recognised in profit or loss for the period.

III. SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES

(continued)

11. Financial instruments *(continued)*

11.4 Classification of financial liabilities and equity instruments *(continued)*

11.4.1 Classification, recognition and measurement of financial liabilities *(continued)*

11.4.1.2 Other financial liabilities *(continued)*

If the modification or renegotiation for the contract by the Group and its counterparties does not result in derecognition of a financial liability subsequently measured at amortised cost but the changes in contractual cash flows, the Group will recalculate the carrying amount of the financial liability, with relevant gain or loss recognised in profit or loss. The Group will determine the carrying amount of the financial liability based on the present value of renegotiated or modified contractual cash flows discounted at the original effective interest rate of the financial liability. For all costs or expenses arising from modification or renegotiation of the contract, the Group will adjust the modified carrying amount of the financial liability and make amortisation during the remaining term of the modified financial liability.

11.4.1.2.1 Financial guarantee contracts

A financial guarantee contract is a contract that requires the issuer to make specified payments to reimburse the holder of the contract for a loss it incurs when a specified debtor fails to make payment when due in accordance with the original or modified terms of a debt instrument. Subsequent to initial recognition, financial liabilities that are not designated as at FVTPL or financial guarantee contracts of the financial liabilities arising from the transfer of financial assets that does not meet the derecognition criteria or those arising from continuing involvement in the transferred financial assets are measured at the higher of: (1) amount of loss allowance; and (2) the amount initially recognised less cumulative amortisation amount determined according to relevant regulations in revenue standards.



III. SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES

(continued)

11. Financial instruments *(continued)*

11.4 Classification of financial liabilities and equity instruments *(continued)*

11.4.2 Derecognition of financial liabilities

The Group derecognises a financial liability (or part of it) only when the underlying present obligation (or part of it) is discharged. An agreement between the Group (an existing borrower) and an existing lender to replace the original financial liability with a new financial liability with substantially different terms is accounted for as an extinguishment of the original financial liability and the recognition of a new financial liability.

When the Group derecognises a financial liability or a part of it, it recognises the difference between the carrying amount of the financial liability (or part of the financial liability) derecognised and the consideration paid (including any non-cash assets transferred or new financial liabilities assumed) in profit or loss for the period.

11.4.3 Equity instruments

An equity instrument is any contract that evidences a residual interest in the assets of the Group after deducting all of its liabilities. Equity instruments issued (including refinanced), repurchased, sold and cancelled by the Group are recognised as changes of equity. Change of fair value of equity instruments is not recognised by the Group. Transaction costs related to equity transactions are deducted from equity.

The Group recognises the distribution to holders of the equity instruments as distribution of profits, and dividends paid do not affect total amount of shareholders' equity.

11.5 Offsetting financial assets and financial liabilities

Where the Group has a legal right that is currently enforceable to set off the recognised financial assets and financial liabilities, and intends either to settle on a net basis, or to realise the financial asset and settle the financial liability simultaneously, a financial asset and a financial liability shall be offset and the net amount is presented in the balance sheet. Except for the above circumstances, financial assets and financial liabilities shall be presented separately in the balance sheet and shall not be offset.

III. SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES

(continued)

12. Notes receivable

12.1 Categories of portfolios for which bad debt provision is assessed on a portfolio basis according to credit risk characteristics and the basis of determination

In addition to the notes receivable for which the credit loss is recognised on an individual basis, the Group classifies other notes receivable into different portfolios based on their credit risk characteristics:

Categories of portfolios	Basis for determination
Portfolio I	Notes receivable endorsed by a bank with a higher credit rating
Portfolio II	Notes receivable endorsed by a bank with a lower credit rating
Portfolio III	Notes receivable endorsed by domestic enterprises

12.2 Determination criteria of accounts receivable for which bad debt provision is made on an individual basis

The Group determines the credit losses on notes receivable for which the acceptor is clearly insolvent on an individual basis as such notes receivable are not expected to be recoverable.

13. Accounts receivable

13.1 Categories of portfolios for which bad debt provision is assessed on a portfolio basis according to credit risk characteristics and the basis for determination

Accounts receivable is grouped as below based on common credit risk characteristics. The common credit risk characteristics adopted by the Group include historical credit losses, nature of customers, etc.

Categories of portfolio	Basis for determination
Portfolio I	Accounts receivable arising from the business of liquidation by CSRG
Portfolio II	Accounts receivable arising from revenue from entrusted transportation services and comprehensive services
Portfolio III	Accounts receivable arising from circumstances other than Portfolio I and II



III. SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES

(continued)

13. Accounts receivable *(continued)*

13.1 Categories of portfolios for which bad debt provision is assessed on a portfolio basis according to credit risk characteristics and the basis for determination *(continued)*

The Group calculates and determines the expected credit losses for each portfolio of accounts receivable by taking into account the exposure at default, probability of default, loss given default and projections of forward-looking information.

13.2 Determination criteria for bad debt provision on an individual basis

The Group individually assessed credit losses on accounts receivable for which the debtor has factual default, an increase in operating risk or a deterioration in financial situation due to a significant change in credit risk.

14. Other receivables

14.1 Categories of portfolios for which bad debt provision is assessed on a portfolio basis according to credit risk characteristics and the basis for determination

In addition to the other receivables for which the credit loss is recognised on an individual basis, the remaining other receivables are all grouped as non-trading receivables portfolio based on common credit risk characteristics. The common credit risk characteristics adopted by the Group include historical credit losses, nature of receivables, category of debtors, etc.

The expected credit losses on other receivables are assessed by the Group by using the exposure at default and the expected credit loss ratio within the next 12 months or over the lifetime, taking into account the current situation and forecasts of future economic conditions.

14.2 Determination criteria for bad debt provision on an individual basis

The Group individually assessed credit losses on other receivables for which the debtor has factual default, an increase in operating risk or a deterioration in financial situation due to a significant change in credit risk.

III. SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES

(continued)

15. Inventories

15.1 Categories of inventories, valuation method of inventories upon delivery, inventory count system, and amortisation method for low-cost and short-lived consumables and packaging materials

15.1.1 Categories of inventories

The Group's inventories mainly include raw materials (low-cost and short-lived consumables), goods on hand, other interchangeable parts and used rail materials, etc. Inventories are initially measured at cost. Cost of inventories comprises all costs of purchase, costs of conversion and other expenditures incurred in bringing the inventories to their present location and condition.

15.1.2 Valuation method of inventories upon delivery

The actual cost of inventories upon delivery is calculated using the first-in-first-out method.

15.1.3 Inventory count system

The perpetual inventory system is maintained for stock system.

15.1.4 Amortisation method for low-cost and short-lived consumables and packaging materials

Packing materials, low-cost and short-lived consumables are amortised using the immediate charge-off method.



III. SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES

(continued)

15. Inventories *(continued)*

15.2 Recognition criteria and method of provision for decline in value of inventories

At the balance sheet date, inventories are measured at the lower of cost and net realisable value. If the net realisable value is below the cost of inventories, a provision for decline in value of inventories is made.

Net realisable value is the estimated selling price in the ordinary course of business less the estimated costs of completion, the estimated expenses necessary to make the sale and the relevant taxes. Net realisable value is determined on the basis of clear evidence obtained, and takes into consideration the purposes of holding inventories and effect of post balance sheet events.

After the provision for decline in value of inventories is made, if the circumstances that previously caused inventories to be written down below cost no longer exist so that the net realisable value of inventories is higher than their carrying amount, the original provision for decline in value is reversed and the reversal is included in profit or loss for the period.

16. Long-term equity investments

16.1 Determination criteria of joint control and significant influence

Control is the power over the investee, exposures or rights to variable returns from its involvement with the investee, and the ability to use its power over the investee to affect the amount of the investor's returns. Joint control is the contractually agreed sharing of control over an economic activity, and exists only when the strategic financial and operating policy decisions relating to the activity require the unanimous consent of the parties sharing control. Significant influence is the power to participate in the financial and operating policy decisions of the investee but is not control or joint control over those policies. When determining whether an investing enterprise is able to exercise control or significant influence over an investee, the effect of potential voting rights of the investee (for example, warrants and convertible debts) held by the investing enterprises or other parties that are currently exercisable or convertible shall be considered.

III. SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES

(continued)

16. Long-term equity investments *(continued)*

16.2 Determination of initial investment cost

For a long-term equity investment acquired through business combination involving enterprises under common control, shares of carrying amount of owners' equity of combined party in financial statements of ultimate controlling party is recognised as initial investment cost of long-term equity investment at the date of combination. The difference between initial investment cost of long-term equity investment and cash paid, non-cash assets transferred and carrying amount of liabilities assumed, is adjusted in capital reserve. If the balance of capital reserve is not sufficient to absorb the difference, any excess is adjusted to retained earnings. If the consideration of the combination is satisfied by the issue of equity securities, the initial investment cost of the long-term equity investment is the share of carrying amount of owners' equity of the acquired entity in the ultimate controlling party's consolidated financial statements at the date of combination. The aggregate face value of the shares issued is accounted for as share capital. The difference between the initial investment cost and the aggregate face value of the shares issued is adjusted to capital reserve. If the balance of capital reserve is not sufficient to absorb the difference, any excess is adjusted to retained earnings. Where equity interests in an acquiree are acquired in stages through multiple transactions ultimately constituting a business combination involving entities under common control, the acquirer shall determine if these transactions are considered to be a "package deal". If yes, these transactions are accounted for as a single transaction where control is obtained. If not, the initial investment cost of the long-term equity investment is determined in accordance with shares of carrying amount of owners' equity of the acquiree in the consolidated financial statements of the ultimate controlling party at the date of combination. The difference between the initial investment cost and the sum of carrying amount of equity investments previously held in the acquiree and the new investment cost is adjusted to capital reserve. If the balance of capital reserve is not sufficient to absorb the difference, any excess is adjusted to retained earnings. Other comprehensive income recognised for the previously held equity investments by accounting treatment of equity method or investments in non-trading equity instruments designated as at FVTOCI is not subject to accounting treatment temporarily.



III. SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES

(continued)

16. Long-term equity investments *(continued)*

16.2 Determination of initial investment cost *(continued)*

For a long-term equity investment acquired through business combination not involving enterprises under common control, the investment cost of the long-term equity investment is the cost of acquisition. Where equity interests in an acquiree are acquired in stages through multiple transactions ultimately constituting a business combination not involving entities under common control, the acquirer shall determine if these transactions are considered to be a “package deal”. If yes, these transactions are accounted for as a single transaction where control is obtained. If not, the sum of carrying amount of equity investments previously held in the acquiree and the new investment cost is deemed as the initial investment cost of long-term equity investments that was changed to be accounted for using cost method. If the equity previously held was accounted for using the equity method, the corresponding other comprehensive income is not subject to accounting treatment temporarily. If the equity investment previously held is designated as non-held-for-trading equity instrument investment at fair value through other comprehensive income, the difference between its fair value and carrying amount, and the accumulated changes in fair value previously included in other comprehensive income are transferred to retained earnings.

The intermediary expenses incurred by the combining party or acquirer in respect of auditing, legal services, valuation and consultancy services, etc., and other associated administrative expenses attributable to the business combination are recognised in profit or loss when they are incurred.

Long-term equity investment acquired otherwise than through a business combination is initially measured at its cost. When the entity is able to exercise significant influence or joint control (but not control) over an investee due to additional investment, the cost of long-term equity investments is the sum of the fair value of previously-held equity investments determined in accordance with the *Accounting Standards for Business Enterprises No. 22 – Recognition and Measurement of Financial Instruments* (ASBE No. 22) and the additional investment cost.

III. SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES

(continued)

16. Long-term equity investments *(continued)*

16.3 Subsequent measurement and recognition of profit or loss

16.3.1 Long-term equity investment accounted for using the cost method

The parent company's financial statements adopted the cost method to account for the long-term equity investments in subsidiaries. A subsidiary is an investee that is controlled by the Group.

Under the cost method, a long-term equity investment is measured at initial investment cost. When additional investment is made or the investment is recouped, the cost of the long-term equity investment is adjusted accordingly. Investment income is recognised in the period in accordance with the attributable share of cash dividends or profit distributions declared by the investee.

16.3.2 Long-term equity investment accounted for using the equity method

Except for investments in associates and joint ventures classified as held-for-sale partly or wholly, the Group accounts for investment in associates and joint ventures using the equity method. An associate is an entity over which the Group has significant influence and a joint venture is an entity over which the Group exercises joint control along with other investors.

Under the equity method, where the initial investment cost of a long-term equity investment exceeds the Group's share of the fair value of the investee's identifiable net assets at the time of acquisition, no adjustment is made to the initial investment cost. Where the initial investment cost is less than the Group's share of the fair value of the investee's identifiable net assets at the time of acquisition, the difference is recognised in profit or loss for the period, and the cost of the long-term equity investment is adjusted accordingly.



III. SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES

(continued)

16. Long-term equity investments *(continued)*

16.3 Subsequent measurement and recognition of profit or loss *(continued)*

16.3.2 Long-term equity investment accounted for using the equity method *(continued)*

Under the equity method, the Group recognises its share of the net profit or loss and other comprehensive income of the investee for the period as investment income and other comprehensive income for the period. Meanwhile, carrying amount of long-term equity investment is adjusted: the carrying amount of long-term equity investment is decreased in accordance with its share of the investee's declared profit or cash dividends; Other changes in owners' equity of the investee other than net profit or loss and other comprehensive income are correspondingly adjusted to the carrying amount of the long-term equity investment, and recognised in the capital reserve. The Group recognises its share of the investee's net profit or loss based on the fair value of the investee's individual identifiable assets, etc. at the acquisition date after making appropriate adjustments. When the investors' accounting policies and accounting period are inconsistent with those of the Company, the Company recognises investment income and other comprehensive income after making appropriate adjustments to conform to the Company's accounting policies and accounting period. However, unrealised gains or losses resulting from the Group's transactions with its associates and joint ventures, which do not constitute a business, are eliminated based on the proportion attributable to the Group and then investment gains or losses or is recognised. However, unrealised losses resulting from the Group's transactions with its associates and joint ventures which represent impairment losses on the transferred assets are not eliminated. When assets investment by the Group constitutes a business, resulting in the investor's obtainment of long-term equity investments but no control, the fair value of such investment is the initial investment cost of the long-term equity investments; The difference between the initial investment cost and invested assets is recognised, at the full amount, in profit or loss for the period. When sales of assets by the Group constitute a business, the difference between the consideration received and the carrying amount of such business is recognised, at full amount, in profit or loss for the period. When assets purchased from the Group's associates and joint ventures constitute a business, gains or loss related to such transaction should be recognised in full in accordance with the *Accounting Standards for Business Enterprises No. 20 – Business Combination*.

III. SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES

(continued)

16. Long-term equity investments *(continued)*

16.3 Subsequent measurement and recognition of profit or loss *(continued)*

16.3.2 Long-term equity investment accounted for using the equity method *(continued)*

The Group discontinues recognising its share of net losses of the investee after the carrying amount of the long-term equity investment together with any long-term interests that in substance form part of its net investment in the investee is reduced to zero. In addition, if the Group has incurred obligations to assume additional losses of the investee, a provision is recognised according to the expected obligation, and recorded as investment loss for the period. Where net profit is subsequently made by the investee, the Group resumes recognising its share of the profit only after its share of the profit exceeds the share of loss previously not recognised.

16.4 Disposal of long-term equity investments

On disposal of a long-term equity investment, the difference between the proceeds actually received and receivable and the carrying amount is recognised in profit or loss for the period. For a long-term equity investment accounted for using the equity method, if remaining shares after the disposal are still accounted for using the equity method, other comprehensive income is accounted for on the same basis of directly disposed related assets and liabilities of investee, and profit or loss is carried forward proportionately; Other owners' equity recognised from changes of owners' equity except for net profit or loss, other comprehensive income and profit distribution is recognised in profit or loss for the period and carried forward proportionately. For a long-term equity investment accounted for using the cost method, if remaining shares after the disposal are still accounted for using the cost method, other comprehensive income recognised before controlling the investee according to equity method or recognition and measurement of financial instruments, accounted for on the basis of directly disposed related assets and liabilities of the investee, and recognised in profit or loss for the period and carried forward proportionately; changes of owners' equity except for net profit or loss, other comprehensive income and profit distribution are carried forward and recognised in profit or loss for the period.



III. SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES

(continued)

16. Long-term equity investments *(continued)*

16.4 Disposal of long-term equity investments *(continued)*

The Group loses control on investee due to disposal of part of shares, during preparing separate financial statement, remaining shares after disposal can make joint control or significant influence on investee, are accounted under equity method, and adjusted as they are accounted under equity method since the acquisition date; If remaining shares after disposal cannot make joint control or significant influence on investee, they are accounted according to recognition and measurement of financial instruments, and the difference between fair value on date of losing control and carrying amount is recognised in profit or loss for the period. Before the Group obtained controls over the investee, other comprehensive income recognised due to equity method or recognition and measurement of financial instruments, is accounted on the basis of related assets and liabilities, and recognised in profit or loss; changes of owners' equity except for net profit or loss, other comprehensive income and profit distribution are recognised in profit or loss for the period. Remaining shares after disposal are accounted under equity method, other comprehensive income and other owners' equity are carried forward as proportion; remaining shares after disposal are accounted due to recognition and measurement of financial instruments other comprehensive income and other owners' equity are all carried forward.

For the Group loses joint control or significant influence on investee after part disposal of shares, remaining shares after disposal are accounted according to recognition and measurement of financial instruments, the difference between fair value at the date of losing joint control or significant influence and carrying amount is recognised in profit or loss for the period. Other comprehensive income recognised under equity method, is accounted on the basis of related assets or liabilities when stop using equity method, change of owners' equity except for net profit or loss, other comprehensive income and profit distribution is recognised in investment income for the period.

The Group loses control on subsidiaries through step-by-step transactions of disposal, if transactions are "package deal", all transactions are seemed as one transaction of disposal investment on subsidiaries, difference between amount of disposal and carrying amount of long-term equity investment, is recognised as other comprehensive income, and recognised in profit or loss of for the period when losing control.

III. SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES

(continued)

17. Fixed assets

17.1 Recognition criteria

Fixed assets are tangible assets that are held for use in the production or supply of goods or services, for rental to others, or for administrative purposes, and have useful lives of more than one accounting year. A fixed asset is recognised only when it is probable that economic benefits associated with the asset will flow to the Group and the cost of the asset can be measured reliably. Fixed assets are initially measured at cost.

Subsequent expenditures incurred for the fixed asset are included in the cost of the fixed asset and if it is probable that economic benefits associated with the asset will flow to the Group and the cost can be measured reliably. Meanwhile, the carrying amount of the replaced part is derecognised. Other subsequent expenditures are recognised in profit or loss in the period in which they are incurred.

17.2 Depreciation method

A fixed asset is depreciated over its useful life using the straight-line method since the month subsequent to the one in which it is ready for intended use. The depreciation method, depreciation year, estimated residual value rate and annual depreciation rate of each category of fixed assets are as follows:

Category	Depreciation method	Depreciation year (years)	Estimated residual value rate (%)	Annual depreciation rate (%)
Buildings	Straight-line method	20-40 years	4	2.40 – 4.80
Tracks, bridges and other line assets	Straight-line method	16-100 years	0 – 4	1.00 – 6.00
Locomotives and rolling stock	Straight-line method	20 years	4	4.80
Communications and signalling systems	Straight-line method	8-20 years	4	4.80 – 12.00
Other machinery and equipment	Straight-line method	4-25 years	0 – 4	3.84 – 25.00

Estimated net residual value of a fixed asset is the estimated amount that the Group would currently obtain from disposal of the asset, after deducting the estimated costs of disposal, if the asset were already of the age and in the condition expected at the end of its useful life.



III. SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES
(continued)

17. Fixed assets *(continued)*

17.3 Other explanations

If a fixed asset is upon disposal or no future economic benefits are expected to be generated from its use or disposal, the fixed asset is derecognised. When a fixed asset is sold, transferred, retired or damaged, the amount of any proceeds on disposal of the asset net of the carrying amount and related taxes is recognised in profit or loss for the period.

The Group reviews the useful life and the estimated net residual value of a fixed asset and the depreciation method applied at least once at each financial year-end, and accounts for any change as a change in an accounting estimate.

18. Construction in progress

Construction in progress is measured at its actual costs. The actual costs include various construction expenditures during the construction period, borrowing costs capitalised before it is ready for intended use and other relevant costs. Construction in progress is not depreciated.

Construction in progress is transferred to a fixed asset when it is ready for intended use. The criteria and point in time for carrying forward each category of construction in progress to fixed assets are as follows:

Category	Criteria for carrying forward to fixed assets	Point in time for carrying forward to fixed assets
Construction and overhaul works	When it is ready for intended use	Based on asset acceptance certificates, acceptance reports and other information and when it is ready for intended use

III. SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES

(continued)

19. Borrowing costs

Borrowing costs directly attributable to the acquisition, construction or production of qualifying asset are capitalised when expenditures for such asset and borrowing costs are incurred and activities relating to the acquisition, construction or production of the asset that are necessary to prepare the asset for its intended use or sale have commenced. Capitalisation of borrowing costs ceases when the qualifying asset being acquired, constructed or produced becomes ready for its intended use or sale. Capitalisation of borrowing costs is suspended during periods in which the acquisition, construction or production of a qualifying asset is suspended abnormally and when the suspension is for a continuous period of more than 3 months. Capitalisation is suspended until the acquisition, construction or production of the asset is resumed. Other borrowing costs are recognised as an expense when incurred.

Where funds are borrowed under a specific-purpose borrowing, the amount of interest to be capitalised is the actual interest expenses incurred on that borrowing for the period less any bank interest earned from depositing the borrowed funds before being used on the asset or any investment income on the temporary investment of those funds. Where funds are borrowed under general-purpose borrowings, the Company determines the amount of interest to be capitalised on such borrowings by applying a capitalisation rate to the weighted average of the excess of cumulative expenditures on the asset over the amounts of specific-purpose borrowings. The capitalisation rate is the weighted average of the interest rates applicable to the general-purpose borrowings.

20. Intangible assets

20.1 Useful life and the basis for determination, estimates, amortisation method or review procedures

Intangible assets include land use rights and computer software.



III. SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES

(continued)

20. Intangible assets (continued)

20.1 Useful life and the basis for determination, estimates, amortisation method or review procedures (continued)

An intangible asset is measured initially at cost. When an intangible asset with a finite useful life is available for use, its original cost is amortised over its estimated useful life using the straight-line method. An intangible asset with an indefinite useful life is not amortised. The amortisation method, useful life and residual value rate of each category of intangible assets are as follows:

Category	Amortisation method	Useful life (years)	Basis for determining the useful life	Residual value rate (%)
Land use rights	Straight-line method	36.5-50 years	Term of land use right/Estimated term of use	—
Computer software	Straight-line method	5 years	Estimated term of use	—

For an intangible asset with a finite useful life, the Group reviews the useful life and amortisation method at the end of the year, and makes adjustments when necessary.

21. Impairment of long-term assets

The Group reviews the long-term equity investments, fixed assets, construction in progress, right-of-use assets and the intangible assets with a finite useful life at each balance sheet date to determine whether there is any indication that they have suffered an impairment loss. If an impairment indication exists, the recoverable amount is estimated. Intangible assets with indefinite useful life and intangible assets not yet available for use are tested for impairment annually, irrespective of whether there is any indication that the assets may be impaired.

Recoverable amount is estimated on individual basis. If it is not practical to estimate the recoverable amount of an individual asset, the recoverable amount of the asset group to which the asset belongs will be estimated. The recoverable amount of an asset or asset group is the higher of its fair value less costs of disposal and the present value of the future cash flows expected to be derived from the asset or asset group.

III. SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES

(continued)

21. Impairment of long-term assets *(continued)*

If such recoverable amount is less than its carrying amount, a provision for impairment losses in respect of the deficit is recognised in profit or loss for the period.

Goodwill is tested for impairment at least at the end of each year. For the purpose of impairment testing, goodwill is considered together with the related assets group(s), i.e., goodwill is reasonably allocated to the related assets group(s) or each of assets group(s) expected to benefit from the synergies of the combination. An impairment loss is recognised if the recoverable amount of the assets group or sets of assets groups (including goodwill) is less than its carrying amount. The impairment loss is firstly allocated to reduce the carrying amount of any goodwill allocated to such assets group or sets of assets groups, and then to the other assets of the group on the pro-rata basis of the carrying amount of each asset (other than goodwill) in the group.

Once an impairment loss of such assets is recognised, it will not be reversed in any subsequent period.

22. Long-term prepaid expenses

Long-term prepaid expenses represent expenses incurred that should be borne and amortised over the current and subsequent periods (together of more than one year). Long-term prepaid expenses are amortised using the straight-line method over the expected periods in which benefits are derived.

23. Contract liabilities

Contract liabilities refer to the Group's obligation to transfer goods or services to a customer for consideration received or receivable from the customer. Contract assets and contract liabilities under the same contract will be presented on a net basis.



III. SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES

(continued)

24. Employee benefits

24.1 Accounting treatment of short-term benefits

Actually incurred short-term employee benefits are recognised as liabilities, with a corresponding charge to the profit or loss for the period or in the costs of relevant assets in the accounting period in which employees provide services to the Group. Staff welfare expenses incurred by the Group are recognised in profit or loss for the period or the costs of relevant assets based on the actually incurred amounts when they are actually incurred. Non-monetary staff welfare expenses are measured at fair value.

Payment made by the Group of social security contributions for employees such as premiums or contributions on medical insurance, work injury insurance and maternity insurance, etc. and payments of housing funds, as well as union running costs and employee education fund provided in accordance with relevant requirements, are calculated according to prescribed bases and percentages in determining the amount of employee benefits and recognised as relevant liabilities, with a corresponding charge to the profit or loss for the period or the costs of relevant assets in the accounting period in which employees provide services.

24.2 Accounting treatment of post-employment benefits

Post-employment benefits are all defined contribution plans.

In an accounting period in which an employee has rendered service to the Group, the amount payable calculated in accordance with the defined contribution plan is recognised as a liability by the Group and charged to profit or loss for the period, or included in cost of related assets.

24.3 Accounting treatment of termination benefits

A liability for a termination benefit is recognised in profit or loss at the earlier of when the Group cannot unilaterally withdraw from the termination plan or the redundancy offer and when it recognises any related restructuring costs.

III. SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES

(continued)

25. Revenue

25.1 Disclosure of accounting policies adopted for revenue recognition and measurement by type of business

The Group's revenue is mainly from railway transportation and other businesses.

The Group recognises revenue based on the transaction price allocated to the performance obligation when the Group satisfies a performance obligation in the contract, namely, when the customer obtains control over relevant goods or services. A performance obligation is a commitment that the Group transfers a distinct good or service to a customer in the contract.

The Group assesses a contract at contract inception, identifies each individual performance obligation included in the contract, and determines whether the Group satisfies the performance obligation over time or the Group satisfies the performance obligation at a point in time. It is a performance obligation satisfied over time and the Group recognises revenue over time according to the progress of performance if one of the following conditions is met: (1) the customer obtains and consumes economic benefits at the same time of the Group's performance; (2) the customer is able to control goods or services in progress during the Group's performance; (3) goods or services generated during the Group's performance have irreplaceable utilisation, and the Group is entitled to collect amounts of cumulative performance part which have been done up to now. Otherwise, revenue is recognised at a point in time when the customer obtains control over the relevant goods or services.

The Group adopts output method and input method to determine the progress of performance. The output method is to determine the progress of performance based on the value of goods or services transferred to customers. The input method is to determine the progress of performance based on the Group's inputs to satisfy such performance obligations. Where the progress cannot be determined reasonably and the cost already incurred is expected to be compensated, the revenue is recognised based on the amount of cost already incurred, until the progress can be reasonably determined.

The transaction price is the amount of consideration to which the Group expects to be entitled in exchange for transferring promised goods or services to a customer, excluding amounts collected on behalf of third parties and amounts expected to be refunded to a customer. In determining the transaction price, the Group should consider the effects of variable consideration, significant financing components in the contract, non-cash consideration and consideration payable to customers, etc.



III. SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES

(continued)

25. Revenue *(continued)*

25.1 Disclosure of accounting policies adopted for revenue recognition and measurement by type of business *(continued)*

If there are two or more of performance obligations included in the contract, at the contract inception, the Group allocates the transaction price to each single performance obligation based on the proportion of stand-alone selling price of goods or services promised in each stand-alone performance obligation. However, if there is conclusive evidence indicating that the contract discount or variable consideration is only relative with one or more (not the whole) performance obligations in the contract, the Group will allocate the contract discount or variable consideration to relative one or more performance obligations. Stand-alone selling price refers to the price of a single sale of goods or services. If the stand-alone selling price cannot be observed directly, the Group estimates the stand-alone selling price through comprehensive consideration of all relative information that can be reasonably acquired and maximum use of observable inputs.

In case of the existence of variable consideration in the contract, the Group shall determine the best estimates of the variable consideration based on the expected value or the most probably incurred amount. The transaction price including variable consideration shall not exceed the amount of the cumulatively recognised revenue which is unlikely to be significantly reversed when relevant uncertainty is eliminated. At each balance sheet, the Group re-estimates the amount of variable consideration which should be recognised in transaction price.

For sales with quality assurance terms, if the quality assurance provides a separate service to the customer other than ensuring that the goods or services sold meet the established standards, the quality assurance constitutes a single performance obligation. Otherwise, the Group will account for the quality assurance responsibility in accordance with the *Accounting Standards for Business Enterprises No. 13 – Contingencies*.

The additional purchase options of customers include customer award integral. The Group regards the additional purchase option, which provides significant right to the customer, as a single performance obligation, and recognises revenue when the customer exercises the purchase option to acquire the control over relevant goods or services in the future, or when the option loses effect. Where the stand-alone selling price of the additional purchase option of customers cannot be observed directly, the Group makes an estimate considering all the relevant information including the difference in discount when the customer exercises or does not exercise the option, and the possibility of the customer to exercise the option.

III. SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES

(continued)

25. Revenue *(continued)*

25.1 Disclosure of accounting policies adopted for revenue recognition and measurement by type of business *(continued)*

The Group assesses whether it controls each specified good or service before that good or service is transferred to the customer to determine whether the Group is a principal or an agent. If the Group controls the specified good or service before that good or service is transferred to a customer, the Group is a principal and recognises revenue in the gross amount of consideration received or receivable. Otherwise, the Group is an agent and recognises revenue in the amount of any fee or commission to which it expects to be entitled. The fee or commission is the net amount of consideration that the Group retains after paying the other party the consideration received in exchange for the goods or services to be provided by that party, or is determined in accordance with the established commission amount or percentage, etc.

Where the Group receives receipts in advance from a customer for sales of goods or rendering of services, the amount is first recognised as a liability and then transferred to revenue when the related performance obligation has been satisfied. When the Group's receipts in advance are not required to be refunded and it is probable that the customer will waive all or part of its contractual rights, the Group recognises the said amounts as revenue on a pro-rata basis in accordance with the pattern of exercise of the customer's contractual rights, if the Group expects to be entitled to the amounts relating to the contractual rights waived by the customer; otherwise, the Group reverses the related balance of the said liabilities to revenue only when it is highly unlikely that the customer will require performance of the remaining performance obligations.

The specific revenue recognition criteria of the Group are as follows:

(a) Rendering of railway transportation services

The railway business operated by the Group forms part of CSRG's system and is subject to the unified supervision and management of CSRG. The Group's revenue from rendering of the passenger transportation and freight transportation services, and the related services is collected by the Group from customer or other railway companies. The central clearance system of CSRG centrally calculates the revenue to be recognised and the expenses to be borne by each railway company on the basis of established charging standards and allocation methods.



III. SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES

(continued)

25. Revenue *(continued)*

25.1 Disclosure of accounting policies adopted for revenue recognition and measurement by type of business *(continued)*

(a) Rendering of railway transportation services (continued)

(i) Income from passenger transportation

Income from passenger transportation generally includes those from transportation business of Guangzhou-Shenzhen inter-city express trains and long-distance trains. These services are provided by the Group as a carrier, and the corresponding revenue is recorded and processed by CSRG through the central clearance system.

Income from passenger transportation services provided by the Group is recognised according to the progress of performance based on the monthly clearing notice from CSRG.

(ii) Income from freight transportation

The Group, as a carrier, provides freight transportation services. Relevant information about freight transportation and the collection and calculation of revenue are processed by the central clearance system of CSRG.

Income from freight transportation services rendered by the Group is recognised according to the progress of performance based on the monthly clearing notice from CSRG.

(iii) Income from railway network clearing and other transportation related services

Income from railway network clearing and other transportation related services represents the income from the settlement of the railway network and other transportation related services arising from other railway companies using the locomotive traction service, railway lines, power supply service, etc. provided by the Group. The information of the settlement of the railway network and other transportation related services is recorded and processed by the central clearance system of CSRG. Income from the settlement of the railway network and other transportation related services is recognised according to the progress of performance based on the monthly clearing notice from CSRG.

III. SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES

(continued)

25. Revenue *(continued)*

25.1 Disclosure of accounting policies adopted for revenue recognition and measurement by type of business *(continued)*

(a) Rendering of railway transportation services (continued)

(iv) Income from entrusted transportation service

Income from entrusted transportation service represents income from transportation equipment, facilities maintenance, station and passenger service, as well as security and fire protection service within the scope of entrusted lines as entrusted by other railway companies, and such revenue is collected by the Group from the service recipients and recognised over time based on the progress of performance.

The progress of performance is determined by the proportion of the costs incurred to the estimated total costs or of the time completed to the estimated total time. At the balance sheet date, the Group re-estimates the progress of completed services to reflect changes in performance.

(b) Sales of goods

The Group sells goods such as foods, beverages and products to customers on trains and in stations, and recognises revenue when the control of goods is transferred.

(c) Rendering of other labour services

The Group also provides external services such as maintenance, loading and unloading, and recognises revenue over time based on the progress of performance, which is determined at the balance sheet date based on the proportion of the costs incurred to the estimated total costs.

25.2 Similar operations under different business models which involve different revenue recognition and measurement methods

The Group has no similar operations under different business models which involve different revenue recognition and measurement methods.



III. SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES

(continued)

26. Contract costs

26.1 Costs of obtaining a contract

For the incremental cost of obtaining the contract (cost that will not incur if the contract is not obtained) that is expected to be recoverable, it is recognised as an asset, and shall be amortised on a basis that is consistent with the revenue recognition of the goods or services to which the asset relates and recognised in profit or loss for the period. If the amortisation period of the asset does not exceed one year, it is recognised in profit or loss for the period in which it incurs. Other expenses incurred for obtaining the contract is included in profit or loss for the period when incurred, except for those explicitly assumed by the customer.

26.2 Costs to fulfil a contract

If the costs incurred in fulfilling a contract are not within the scope of any standards other than Revenue Standards, the Group recognises an asset from the costs incurred to fulfil a contract only if those costs meet all of the following criteria: (1) the costs relate directly to a contract or to an anticipated contract that the Group can specifically identify; (2) the costs generate or enhance resources of the Group that will be used in satisfying performance obligations in the future; and (3) the costs are expected to be recovered. The asset mentioned above shall be amortised on a basis that is consistent with the revenue recognition of the goods or services to which the asset relates and recognised in profit or loss for the period.

26.3 Impairment loss of assets related to contract costs

In determining impairment loss on assets related to contract costs, impairment loss should first be determined for the other assets related to the contract, which is recognised in accordance with other relevant ASBES; then, for assets related to contract costs, where the carrying amount is higher than the difference between the two items below, the impairment allowance will be made for the excess part with the impairment loss of assets recognised: (1) the remaining consideration that the Group expects to obtain for transfer of goods or services relating to the assets; and (2) the costs expected to incur for transfer of those goods or services.

The Group shall recognise in profit or loss a reversal of an impairment loss of assets related to contracts costs previously recognised when the impairment conditions have changed owing to which the difference between the above two items is in excess of the asset's carrying amount. The reversed carrying amount of the asset at the reversal date shall not exceed the amount that would have been determined if no impairment loss had been recognised previously.

III. SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES

(continued)

27. Government grants

Government grants are monetary assets and non-monetary assets from the government to the Group at no consideration. A government grant is recognised only when the Group can comply with the conditions attaching to the grant and the Group will receive the grant.

If a government grant is in the form of a transfer of a monetary asset, it is measured at the amount received or receivable. If a government grant is in the form of a non-monetary asset, it is measured at fair value. If the fair value is not reliably determinable, it is measured at a nominal amount. A government grant measured at a nominal amount is recognised immediately in profit or loss for the period.

27.1 Determination basis and accounting treatment for government grants related to assets

The Group's government grants mainly consist of project-related grants, which are government grants related to assets.

A government grant related to an asset is recognised as deferred income and included in profit or loss over the expected useful life of the related asset using the straight-line method at the commencement date after the completion of the related projects.

27.2 Determination basis and accounting treatment for government grants related to income

The Group's government grants mainly consist of tax refunds and government incentive fund, which are government grants related to income.

For a government grant related to income, if the grant is a compensation for related expenses or losses to be incurred in subsequent periods, the grant is recognised as deferred income, and recognised in profit or loss over the period in which the related expenses or losses are recognised. If the grant is a compensation for related expenses or losses already incurred, the grant is recognised immediately in profit or loss for the period.

A government grant related to the Group's daily activities is recognised in other income based on the nature of economic activities. A government grant not related to the Group's daily activities is recognised in non-operating income.

For the repayment of a government grant already recognised, if there is any related deferred income, the repayment is offset against the gross carrying amount of the deferred income, with any excess recognised immediately in profit or loss for the period.



III. SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES

(continued)

28. Deferred tax assets/deferred tax liabilities

The income tax expenses include current income tax and deferred income tax.

28.1 Current income tax

At the balance sheet date, current income tax liabilities (or assets) for the current and prior periods are measured at the amount expected to be paid (or recovered) according to the requirements of tax laws.

28.2 Deferred tax assets and deferred tax liabilities

For temporary differences between the carrying amounts of certain assets or liabilities and their tax base, or between the nil carrying amount of those items that are not recognised as assets or liabilities and their tax base that can be determined according to tax laws, deferred tax assets and liabilities are recognised using the balance sheet liability method.

Deferred tax is generally recognised for all temporary differences. Deferred tax assets for deductible temporary differences are recognised to the extent that it is probable that taxable profits will be available against which the deductible temporary differences can be utilised. However, for temporary differences associated with the initial recognition of goodwill and the initial recognition of an asset or liability arising from a transaction (not a business combination) that affects neither the accounting profit nor taxable income (or deductible losses) and does not give rise to equal taxable and deductible temporary differences at the time of transaction, no deferred tax asset or liability is recognised.

For deductible losses and tax credits that can be carried forward, deferred tax assets are recognised to the extent that it is probable that future taxable profits will be available against which the deductible losses and tax credits can be utilised.

Deferred tax liabilities are recognised for taxable temporary differences associated with investments in subsidiaries and associates, and interests in joint ventures, except where the Group is able to control the timing of the reversal of the temporary difference and it is probable that the temporary difference will not reverse in the foreseeable future. Deferred tax assets arising from deductible temporary differences associated with such investments and interests are only recognised to the extent that it is probable that there will be taxable profits against which to utilise the benefits of the temporary differences and they are expected to reverse in the foreseeable future.

III. SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES

(continued)

28. Deferred tax assets/deferred tax liabilities *(continued)*

28.2 Deferred tax assets and deferred tax liabilities *(continued)*

At the balance sheet date, deferred tax assets and liabilities are measured at the tax rates, according to tax laws, that are expected to apply in the period in which the asset is realised or the liability is settled.

Current income tax and deferred tax expenses or income are recognised in profit or loss for the period, except when they arise from transactions or events that are directly recognised in other comprehensive income or in owners' equity, in which case they are recognised in other comprehensive income or in owners' equity; and when they arise from business combinations, in which case they adjust the carrying amount of goodwill.

At the balance sheet date, the carrying amount of deferred tax assets is reviewed and reduced if it is no longer probable that sufficient taxable profits will be available in the future to allow the benefit of deferred tax assets to be utilised. Such reduction in amount is reversed when it becomes probable that sufficient taxable profits will be available.

28.3 Income tax offsetting

When the Group has a legal right to settle on a net basis and intends either to settle on a net basis or to realise the assets and settle the liabilities simultaneously, current tax assets and current tax liabilities are offset and presented on a net basis.

When the Group has a legal right to settle current tax assets and liabilities on a net basis, and deferred tax assets and deferred tax liabilities relate to income taxes levied by the same taxation authority on either the same taxable entity or different taxable entities which intend either to settle current tax assets and liabilities on a net basis or to realise the assets and liabilities simultaneously, in each future period in which significant amounts of deferred tax assets or liabilities are expected to be reversed, deferred tax assets and deferred tax liabilities are offset and presented on a net basis.



III. SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES

(continued)

29. Leases

A lease is a contract whereby the lessor conveys to the lessee in return for a consideration the right to use an asset for an agreed period of time.

The Group assesses whether a contract is or contains a lease at inception date. Such contract will not be reassessed unless the terms and conditions of the contract are subsequently changed.

29.1 The Group as a lessee

29.1.1 Separating components of a lease

If the contract contains one or more lease and non-lease components, the Group will separate the individual lease and non-lease components and allocate contract consideration according to the relative proportion of the sum of the stand-alone prices of the lease components and the stand-alone prices of the non-lease components.

29.1.2 Right-of-use assets

Except for short-term leases and leases of low-value assets, at the commencement date of the lease, the Group recognises a right-of-use asset. The commencement date of the lease is the date on which a lessor makes an underlying asset available for use by the Group. The Group measures the right-of-use assets at cost. The cost of the right-of-use assets comprises:

- the amount of the initial measurement of the lease liabilities;
- any lease payments made at or before the commencement date, less any lease incentives received;
- any initial direct costs incurred by the Group;
- an estimate of costs to be incurred by the Group in dismantling and removing the underlying asset, restoring the site on which it is located or restoring the underlying asset to the condition required by the terms and conditions of the lease, unless those costs incurred to produce inventories.

III. SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES

(continued)

29. Leases *(continued)*

29.1 The Group as a lessee *(continued)*

29.1.2 Right-of-use assets *(continued)*

The Group depreciates right-of-use assets by reference to the relevant depreciation provisions of the *Accounting Standards for Business Enterprises No. 4 – Fixed Assets*. The right-of-use assets are depreciated over the remaining useful lives of the leased assets where the Group is reasonably certain to obtain ownership of the underlying assets at the end of the lease term. Otherwise, right-of-use assets are depreciated over the shorter of the lease term and the remaining useful lives of the leased assets.

The Group applies the *Accounting Standards for Business Enterprises No. 8 – Impairment of Assets*, to determine whether the right-of-use assets are impaired and to account for any impairment loss identified.

29.1.3 Lease liabilities

Except for short-term leases and leases of low-value assets, at the commencement date of the lease, the Group measures the lease liabilities at the present value of the lease payments that are not paid at that date. In calculating the present value of lease payments, the Group uses the interest rate implicit in the lease as the discount rate. The Group uses the incremental borrowing rate if the interest rate implicit in the lease is not readily determinable.



III. SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES

(continued)

29. Leases *(continued)*

29.1 The Group as a lessee *(continued)*

29.1.3 Lease liabilities *(continued)*

Lease payments refer to payments relating to the right to use leased assets during the lease term which are made by the Group to the lessor, including:

- fixed payments and in-substance fixed payments, less any lease incentives receivable (if any);
- variable lease payments that depend on an index or a rate;
- the exercise price of a purchase option reasonably certain to be exercised by the Group;
- payments of penalties for terminating a lease, if the lease term reflects the Group exercising the option to terminate the lease; and
- amounts expected to be paid under residual value guarantees provided by the Group.

After the commencement date of the lease, the Group calculates interest expenses of lease liabilities for each period of the lease term based on fixed periodic rate, and recognises such expenses in profit or loss or cost of related assets.

III. SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES

(continued)

29. Leases *(continued)*

29.1 The Group as a lessee *(continued)*

29.1.3 Lease liabilities *(continued)*

After the commencement date of the lease, the Group re-measures the lease liabilities and adjusts the right-of-use assets accordingly in the following cases. If the carrying amount of the right-of-use asset has been reduced to zero, but the lease liability needs to be reduced further, the Group will recognise the difference in profit or loss for the period:

- there is a change in the lease term, or in the assessment of an option to purchase the underlying asset, in which case the related lease liability is remeasured by discounting the revised lease payments using a revised discount rate at the date of reassessment;
- there is a change in the amounts expected to be payable under a residual value guarantee, or in future lease payments resulting from a change in an index or a rate used to determine those payments, in which case the related lease liability is remeasured by discounting the revised lease payments using the unchanged discount rate. If the change of lease payment comes from the change of floating interest rate, the revised discount rate shall be used to calculate the present value.

29.1.4 Determination basis and accounting treatment for short-term leases and leases of low value assets under simplified approach as a lessee

The Group chooses not to recognise right-of-use assets and lease liabilities for short-term leases and leases of low-value assets. A short-term lease is a lease that at the commencement date, has a lease term of 12 months or less and does not contain a purchase option. A lease of low-value assets is a lease that the single underlying asset, when is new, is no more than RMB50,000.00. The Group shall recognise the lease payments associated with short-term leases and leases of low-value assets in profit or loss or cost of related assets on a straight-line basis over the lease term.



III. SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES

(continued)

29. Leases *(continued)*

29.1 The Group as a lessee *(continued)*

29.1.5 Lease modifications

The Group accounts for a lease modification as a separate lease if:

- the lease modification expanded the scope of the lease by adding the right-of-use of one or more lease assets; and
- the increased consideration is equivalent to the amount of stand-alone price of the expanded lease scope adjusted according to the contract.

If the lease modification is not accounted for as an individual lease, on the effective date of the lease modification, the Group reallocates the consideration of the contract after the change, re-determines the lease term, and re-measures lease liabilities based on the changed lease payments and the present value calculated by the revised discount rate.

If the lease modification results in a reduction in the lease scope or lease term, the carrying amount of the right-of-use assets will be reduced, and the gains or losses relevant to the lease partially or fully terminated will be included in profit or loss for the period; for other lease modifications resulting in the remeasurement of lease liabilities, the carrying amount of right-of-use assets is adjusted accordingly.

29.2 The Group as lessor

29.2.1 Separating components of a lease

For a contract that contains lease components and non-lease components, the Group allocates the contract consideration in accordance with the Revenue Standards on apportionment of transaction prices, based on the respective stand-alone prices of the lease components and the non-lease components.

III. SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES

(continued)

29. Leases *(continued)*

29.2 The Group as lessor *(continued)*

29.2.2 Classification criteria and accounting treatment of leases as a lessor

Leases are classified as finance leases whenever the terms of the leased assets transfer substantially all the risks and rewards of ownership to the lessee. All other leases are classified as operating leases.

29.2.2.1 The Group as lessor under operating leases

Receipts of lease under operating leases are recognised as rental income on a straight-line basis over the term of the relevant lease. Initial direct costs related to operating leases incurred by the Group are capitalised when incurred, and are recognised in profit or loss for the period on the same basis as recognition of rental income over the lease term.

Variable lease receipts acquired by the Group in connection with operating leases that are not included in the lease receipts are recognised in profit or loss when incurred.

29.2.2.2 The Group as lessor under finance leases

At the commencement date, the Group recognises a finance lease receivable at the amount equal to the net investment in the lease with finance lease assets derecognised. The net investment in the lease is the sum of any unguaranteed residual value and lease receipts from the commencement date, discounted at the interest rate implicit in the lease.



III. SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES

(continued)

29. Leases *(continued)*

29.2 The Group as lessor *(continued)*

29.2.2 Classification criteria and accounting treatment of leases as a lessor *(continued)*

29.2.2.2 The Group as lessor under finance leases *(continued)*

The receipts of the lease refer to the amount that the Group should collect from the lessee for the purpose of transferring the leased assets during the lease term, including:

- fixed payments (including in-substance fixed payments) paid by the lessee, less any lease incentives;
- variable lease payments that depend on an index or a rate;
- the exercise price of a purchase option, provided that it is reasonably determined that the lessee will exercise the option;
- the amount to be paid by the lessee to exercise the option to terminate the lease, provided that the lease term reflects the lessee's exercise of the option to terminate the lease;
- the residual value of the guarantee provided by the lessee, the party concerned with the lessee and the independent third party with the financial ability to perform the guarantee obligation.

The variable lease receipts that are not included in the measurement of net lease investment are recognised in profit or loss when incurred.

The Group calculates and recognises interest income for each period of the lease term based on a fixed periodic interest rate.

III. SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES

(continued)

29. Leases *(continued)*

29.2 The Group as lessor *(continued)*

29.2.3 Subleases

As the lessor of a sublease, the Group accounts for the original lease contract and the sublease contract as two separate contracts. The Group classifies the subleases based on the right-of-use assets generating from the original lease rather than the underlying assets of the original lease.

29.2.4 Lease modifications

The Group accounts for a modification to an operating lease as a new lease from the effective date of the modification, considering any advances from customers or lease receivable relating to the original lease as part of the lease receivable for the new lease.

The Group will account for the lease modification to a finance lease as an individual lease, when it satisfies all the following criteria:

- The modification increases the scope of the lease by adding the right to use one or more underlying assets; and
- the increased consideration is equivalent to the amount of stand-alone price of the expanded lease scope adjusted according to the contract.

For a modification to a finance lease that is not accounted for as a separate lease, the Group shall account for the modification as follows:

- If the lease would have been classified as an operating lease had the modification been effect at the inception date, the Group shall account for the lease modification as a new lease from the effective date of the modification, and measure the carrying amount of the underlying asset as the net investment in the lease before the effective date of the lease modification.



III. SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES

(continued)

29. Leases *(continued)*

29.2 The Group as lessor *(continued)*

29.2.4 Lease modifications *(continued)*

- If the lease would have been classified as a finance lease if the modification had been in effect at the inception date, the Group shall apply the requirements of contract modification and renegotiation under the *ASBE No. 22 Financial Instruments: Recognition and Measurement*.

30. Safety production cost

In accordance with the Administrative Measures for the Appropriation and Utilisation of Enterprise Safety Production Costs (Cai Zi No. 136 [2022]) jointly issued by the Ministry of Finance and the Ministry of Emergency Management on 13 December 2022, the Group appropriates safety production cost to special reserve and includes it into costs of relevant products or profit or loss for the period. Safety production cost is accrued by the Group based on the actual operating income of the prior year at the following rates:

- (1) 1% for general freight transportation;
- (2) 1.5% for passenger transportation, pipeline transportation and special freight transportation such as transportation of hazardous goods.

When the safety production cost appropriated is used as an expense, it shall directly be offset against special reserve. When the utilisation of safety production cost generates fixed assets, the expenditure shall be collected and recognised via "construction in progress" and then recognised as fixed assets when the safety project is completed and ready for intended use; costs related to the fixed assets generated will be offset against the special reserve and recorded as accumulated depreciation equivalent to the same amount. Such fixed assets shall not be depreciated in subsequent periods.

III. SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES

(continued)

31. Significant changes in accounting policies

The *Interpretation No. 17 of the Accounting Standards for Business Enterprises* ("Interpretation No. 17") and The *Interpretation No. 18 of the Accounting Standards for Business Enterprises* ("Interpretation No. 18") was issued by the Ministry of Finance on 25 October 2023 and 6 December 2024, respectively.

Interpretation No. 17

The Interpretation No. 17 standardised accounting treatment concerning the classification of current liabilities and non-current liabilities and sale and leaseback transactions, and came into effect on 1 January 2024.

1. Classification of current liabilities and non-current liabilities

The Interpretation No. 17 amended and improved the principles for classification of current liabilities and non-current liabilities in *Accounting Standards for Business Enterprises No. 30 – Presentation of Financial Statements*, specifying (1) that a liability shall be classified as a current liability if the enterprise has no substantive right at the balance sheet date to defer the settlement of the liability for more than one year after the balance sheet date. The subjective likelihood of the enterprise's exercise of the aforesaid right does not affect the classification of a liability as current and non-current; (2) that where a liability is arising from the enterprise's loan arrangement and the enterprise's right to defer the settlement of the liability for more than one year after the balance sheet date may depend on covenants, the enterprise should distinguish the covenants to be complied with on or before the balance sheet date from those to be complied with after the balance sheet date in determining whether it has the right to defer the settlement of the liability at the balance sheet date; (3) that the associated settlement terms of a liability are irrelevant to the classification of the liability as current and non-current if the counterparty has the option to settle the liability with the enterprise's own equity instrument and the option is classified as an equity instrument and separately recognised; and (4) the disclosure requirements relating to a loan arrangement with covenants that is classified as a non-current liability, enabling the users of the financial statements to understand the risk that the liability may be required to be settled within one year after the balance sheet date. Meanwhile, enterprises are also required to adjust the information for comparative period in accordance with the provisions of the Interpretation upon initial application.



III. SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES

(continued)

31. Significant changes in accounting policies *(continued)*

Interpretation No. 17 (continued)

2. Accounting treatment of sale and leaseback transactions

The Interpretation No. 17 stipulated that where the transfer of assets in a sale and leaseback transaction is considered as a sale, in making subsequent measurement of the lease liabilities arising from the sale and leaseback transaction after the lease commencement date, the lessee shall not determine the lease payment or modified lease payment in such a manner as to result in the lessee's recognition of any gain or loss in connection with the use right obtained from the sale and leaseback transaction. Where a lease change results in a narrower lease scope or a shorter lease term, the lessee shall include the relevant gain or loss of the partially or completely terminated lease in the profit or loss for the period, and shall not be subject to restrictions prescribed above. When an enterprise implements this Interpretation for the first time, it shall make retrospective adjustments to the sale and leaseback transaction carried out after the date of initial implementation of the *Accounting Standards for Business Enterprises No. 21 – Leases*.

The Group has applied the Interpretation since 1 January 2024, upon assessment, the Group considers that the adoption of the above Interpretation has no significant impact on the financial statements of the Group.

Interpretation No. 18

The Interpretation No. 18 stipulated the subsequent measurement of investment properties held as underlying items under the variable fee method and the accounting treatment of assurance-type warranties which are not separate performance obligations. The interpretation became effective from 6 December 2024, and enterprises are allowed to implement it in advance from the year of release.

III. SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES

(continued)

31. Significant changes in accounting policies (continued)

Interpretation No. 18 (continued)

1. *Subsequent measurement of investment properties held as underlying items under the variable fee method*

Interpretation No. 18 stipulates that enterprises implementing *Accounting Standards for Business Enterprises No. 25 – Insurance Contracts* may choose to adopt either the fair value model or the cost model in its entirety for the subsequent measurement of investment properties held as underlying items under the variable fee method when the requirements of *Accounting Standards for Business Enterprises No. 3 – Investment Properties* for subsequent measurement using the fair value model are met, provided that those two measurement models cannot be used simultaneously for that portion of investment properties, and the choice to use the fair value model cannot be converted to the cost model. In the first implementation of the interpretation, enterprises should treat the change from the cost model to the fair value model for investment properties held as underlying items under the variable fee method mentioned above as changes in accounting policies and make retrospective adjustments.

2. *Accounting treatment of assurance-type warranties which are not separate performance obligations*

Interpretation No. 18 stipulates that when accounting for provisions arising from assurance-type warranties which are not separate performance obligations in accordance with the Revenue Standards, the amount determined shall be debited to "principal operating costs" or "other operating costs" and credited to "provisions", and presented accordingly under "operating costs" in the income statement and "other current liabilities", "non-current liabilities due within one year" and "provisions" in the balance sheet in accordance with the *Accounting Standards for Business Enterprises No. 13 – Contingencies*. When the interpretation is initially applied, the enterprise shall retrospectively adjust the changes in accounts and items presented in the financial statements involving the accounting treatment of above assurance-type warranties as changes in accounting policies if such assurance-type warranties were included in "selling expenses".

The Group has applied the Interpretation since 6 December 2024, upon assessment, the Group considers that the adoption of the above Interpretation has no significant impact on the financial statements of the Group.



III. SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES

(continued)

32. Critical judgments in applying accounting policies and key assumptions and uncertainties in accounting estimates

In the application of accounting policies as set out in Note III, the Group is required to make judgments, estimates and assumptions about the carrying amounts of items in the financial statements that cannot be measured accurately, due to the internal uncertainties of the operating activities. These judgments, estimates and assumptions are based on historical experience of the Group's management as well as other factors that are considered to be relevant. Actual results may differ from these estimates. The aforementioned judgments, estimates and assumptions are reviewed regularly on a going concern basis. The effect of a change in accounting estimate is recognised in the period of the change, if the change affects that period only; or recognised in the period of the change and future periods, if the change affects both.

32.1 Key assumptions and uncertainties in accounting estimates

(1) Measurement of ECL on accounts receivable

The Group classifies accounts receivable into several portfolios by credit risk characteristics and recognises bad debt provision based on expected credit losses calculated on a portfolio basis in conjunction with default risk exposures and expected credit loss rates, including projections of probability of default, default loss rates and forward-looking information. The management makes comprehensive judgments and estimates based primarily on the credit status of customers and the current condition of operations. The Group regularly monitors and reviews the assumptions related to the calculation of expected credit losses. In considering forward-looking information, the Group uses indicators such as the risk of an economic downturn, the external market environment, the technological environment, and changes in customer conditions.

Where the actual credit losses incurred differ from the original estimates, such differences will affect the carrying amounts of the Group's related financial assets in future periods.

III. SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES

(continued)

32. Critical judgments in applying accounting policies and key assumptions and uncertainties in accounting estimates *(continued)*

32.1 Key assumptions and uncertainties in accounting estimates *(continued)*

(2) Estimated useful lives of fixed assets

The estimated useful lives of fixed assets, particularly line assets, are determined by the management with reference to: (1) historical use of the assets; (2) expected actual loss of the assets; (3) results of recent durability assessments; (4) technological or commercial obsolescence of fixed assets of the same category due to changes or improvements in production; (5) estimated useful life or operating lease term of the land to which the assets are attached; (6) changes in market demand for the use of fixed assets and legal or similar restrictions. The estimated useful lives are reviewed and adjusted as appropriate at the end of each year and remained unchanged during the year ended 31 December 2024.



IV. TAXATION

1. Major categories and rates of taxes:

Category	Tax base	Tax rate
Value added tax ("VAT") (Note)	Income from engineering construction and installation	9%
	Income from passenger, freight, use of high-speed trains and other transportation	9%
	Income from railway network clearing, catering, labour and other operations	6%
Urban maintenance and construction tax	Turnover tax payable	7%, 5%
Education surcharge	Turnover tax payable	3%
Local education surcharge	Turnover tax payable	2%
Enterprise income tax	Taxable income	20% and 25%

Note: In accordance with the Announcement No. 6 [2014] of the State Taxation Administration on Interim Measures for the Administration of Collection of Value-Added Tax on Railway Transport Enterprises, where the Group provides railway transportation and auxiliary services, prepaid tax payable shall be calculated based on the sales other than the railway construction funds (i.e. income derived from the provision of railway transportation and auxiliary services for passengers, shippers, consignees and other railway transportation enterprises) and the prepaid tax rate and declared to the competent tax authorities on a monthly basis without deduction against input VAT. The Group's output and input VAT relating to railway transportation and auxiliary services are reported to the CSG, which will summarise and calculate the amount of VAT payable; taxes for taxable activities other than railway transportation and auxiliary services will be declared by the Group to local authorities.

IV. TAXATION *(continued)*

2. Tax preference

Tax preference for small and micro enterprises

In accordance with the Announcement of the Ministry of Finance and the State Taxation Administration on Further Implementing the Preferential Income Tax Policies for Micro and Small Enterprises (Announcement No. 13 [2022] of the Ministry of Finance and the State Taxation Administration) and the Announcement of the Ministry of Finance and the State Taxation Administration on the Relevant Tax and Fee Policies for Further Supporting the Development of Micro and Small Enterprises and Individual Industrial and Commercial Households (Announcement No. 12 [2023] of the Ministry of Finance and the State Administration of Taxation), the annual taxable income of small and micro enterprises that is less than RMB3 million is included in taxable income at a reduced rate of 25% and is subject to the enterprise income tax rate of 20% from 1 January 2022 and 31 December 2027.

The Company's subsidiaries, Guangzhou Railway Huangpu Service Company Limited ("Huangpu Service") and Shenzhen Pinghu Qun Yi Railway Store Loading and Unloading Company Limited ("Pinghu Qun Yi") are small and micro-profit enterprises and are entitled to the above preferential policies.

V. NOTES TO ITEMS IN THE CONSOLIDATED FINANCIAL STATEMENTS

1. Cash and bank balances

Item	RMB	
	31 December 2024	31 December 2023
Cash on hand:	631,228	2,100,280
RMB	631,228	2,100,280
Bank deposits:	1,934,263,973	1,480,355,424
RMB	1,930,738,615	1,467,296,026
HKD	3,525,358	13,059,398
Other monetary funds:	5,699	7,632
HKD	5,699	7,632
Total	1,934,900,900	1,482,463,336
Including: Total amount deposited abroad	—	—



V. NOTES TO ITEMS IN THE CONSOLIDATED FINANCIAL STATEMENTS

(continued)

2. Notes receivable

- (1) Categories of notes receivable

			RMB
Categories	31 December 2024	31 December 2023	
Bank acceptances	192,750,000	—	

The Group considers that the accepting banks of the bank acceptances held are with high credit ratings and the Group is not exposed to significant credit risk, therefore, no bad debt provision is made.

- (2) The Group has no pledged notes receivable at the end of the year.
- (3) The Group has no notes receivable endorsed or discounted and not yet due at the balance sheet date
- (4) As at 31 December 2024, the Group has no notes that transferred to accounts receivable at the end of the year due to the default of the drawer.
- (5) The Group has no notes receivable that have been actually written off for the year.

V. NOTES TO ITEMS IN THE CONSOLIDATED FINANCIAL STATEMENTS

(continued)

3. Accounts receivable

(1) Disclosed by aging

			RMB
Aging	31 December 2024 Gross carrying amount	31 December 2023 Gross carrying amount	
Within 1 year	4,320,065,745	4,823,398,941	
1 to 2 years	1,383,946,168	1,295,753,160	
2 to 3 years	158,406,598	125,069,066	
Over 3 years	124,728,569	29,153,367	
Total	5,987,147,080	6,273,374,534	

(2) Disclosed by method of bad debt provision:

										RMB
Category	31 December 2024				31 December 2023					
	Gross carrying amount Amount	Proportion (%)	Bad debt provision Amount	Proportion (%)	Carrying amount	Gross carrying amount Amount	Proportion (%)	Bad debt provision Amount	Proportion (%)	Carrying amount
Bad debt provision assessed on a portfolio basis:										
Including:										
Portfolio I	187,670,219	3.13	—	—	187,670,219	269,407,292	4.29	—	—	269,407,292
Portfolio II	5,690,020,419	95.04	44,698,993	0.79	5,645,321,426	5,784,728,754	92.21	31,688,008	0.55	5,753,040,746
Portfolio III	109,456,442	1.83	2,134,670	1.95	107,321,772	219,238,488	3.50	2,134,670	0.97	217,103,818
Total	5,987,147,080	100.00	46,833,663		5,940,313,417	6,273,374,534	100.00	33,822,678		6,239,551,856



V. NOTES TO ITEMS IN THE CONSOLIDATED FINANCIAL STATEMENTS

(continued)

3. Accounts receivable (continued)

(2) Disclosed by method of bad debt provision: (continued)

Bad debt provision assessed on a portfolio basis:

Items for which the bad debt provision is assessed on a portfolio basis: Portfolio I

Description	31 December 2024		
	Accounts receivable	Bad debt provision	Proportion
Portfolio I	187,670,219	—	—

Items for which the bad debt provision is assessed on a portfolio basis: Portfolio II

Description	31 December 2024		
	Accounts receivable	Bad debt provision	Proportion
Portfolio II	5,690,020,419	44,698,993	0.79%

Items for which the bad debt provision is assessed on a portfolio basis: Portfolio III

Description	31 December 2024		
	Accounts receivable	Bad debt provision	Proportion
Portfolio III	109,456,442	2,134,670	1.95%

Description of bad debt provision assessed on a portfolio basis:

The Group's accounting policy for the bad debt provision is detailed in Note (III) 13. The management calculates the expected credit loss of accounts receivable, which is adjusted according to the specific factors of the borrowers at the balance sheet date and the assessment on expectations of the current situation and future economic conditions.

V. NOTES TO ITEMS IN THE CONSOLIDATED FINANCIAL STATEMENTS

(continued)

3. Accounts receivable (continued)

(3) Measurement of expected credit losses at an amount equivalent to the lifetime ECL:

RMB			
Bad debt provision	Lifetime ECL (not credit- impaired)	Lifetime ECL (credit- impaired)	Total
Balance at 1 January 2024	33,822,678	—	33,822,678
Balance at 1 January 2024			
– Transfer to those credit-impaired	—	—	—
– Reverse to those not credit-impaired	—	—	—
Provision for the year	13,010,985	—	13,010,985
Reversal for the year	—	—	—
Charge-off for the year	—	—	—
Write-off for the year	—	—	—
Other changes	—	—	—
Balance at 31 December 2024	46,833,663	—	46,833,663

(4) Details of bad debt provision

RMB						
Category	1 January 2024	Provision	Changes for the year Recovery or reversal	Charge-off or write-off	Other changes	31 December 2024
Accounts receivable for which bad debt provision is assessed on a portfolio basis according to credit risk characteristics	33,822,678	13,010,985	—	—	—	46,833,663

(5) As at 31 December 2024, no accounts receivable had been written off.



V. NOTES TO ITEMS IN THE CONSOLIDATED FINANCIAL STATEMENTS

(continued)

3. Accounts receivable (continued)

(6) Top five accounts receivable categorised by debtor:

RMB

Name of entity	Closing balance of accounts receivable	Proportion to total closing balance of accounts receivable (%)	Closing balance of bad debt provision for accounts receivable
Total top five accounts receivable as at 31 December 2024	4,826,196,821	80.61	37,752,284

4. Prepayments

(1) Aging analysis of prepayments

RMB

Aging	31/12/2024		31/12/2023	
	Gross carrying amount	Proportion (%)	Gross carrying amount	Proportion (%)
Within 1 year	37,104,825	99.58	22,670,590	99.90
1-2 years	156,580	0.42	23,049	0.10
2-3 years	—	—	—	—
More than 3 years	—	—	—	—
Total	37,261,405	100.00	22,693,639	100.00

V. NOTES TO ITEMS IN THE CONSOLIDATED FINANCIAL STATEMENTS

(continued)

4. Prepayments (continued)

As at 31 December 2024, the Group has no significant prepayments aged more than one year.

(2) The top five balances of prepayments at the end of the year classified by entities

RMB				
Name of entity	Relationship with the Company	31/12/2024	Aging	Proportion of the closing balance to the total prepayments (%)
Entity 1	Related party	32,443,706	Within 1 year	87.07
Entity 2	Non-related party	630,188	Within 1 year	1.69
Entity 3	Non-related party	442,493	Within 1 year	1.19
Entity 4	Non-related party	423,573	Within 1 year	1.14
Entity 5	Non-related party	324,000	Within 1 year	0.87
Total		34,263,960		91.96

5. Other receivables

5.1 Presentation

RMB		
Item	31 December 2024	31 December 2023
Interest receivable	—	—
Dividends receivable	—	—
Other receivables	957,959,832	632,761,629
Total	957,959,832	632,761,629



V. NOTES TO ITEMS IN THE CONSOLIDATED FINANCIAL STATEMENTS

(continued)

5. Other receivables (continued)

5.2 Other receivables

(1) Disclosed by aging

Aging	RMB	
	31 December 2024 Gross carrying amount	31 December 2023 Gross carrying amount
Within 1 year	818,731,118	485,996,940
1 to 2 years	11,375,609	18,297,612
2 to 3 years	10,000	129,490,631
Over 3 years	129,062,764	196,105
Total	959,179,491	633,981,288

(2) Classified by nature

Nature	RMB	
	31 December 2024	31 December 2023
Receipts and payments of construction funds on behalf of others	798,811,680	445,186,668
Payment for land acquisition and reserve receivable	128,902,764	128,902,764
Petty cash	12,141,373	16,138,137
Advances	6,509,280	15,504,196
Security deposits and deposits	2,235,112	1,427,137
Others	10,579,282	26,822,386
Sub-total	959,179,491	633,981,288
Less: Bad debt provision	1,219,659	1,219,659
Total	957,959,832	632,761,629

V. NOTES TO ITEMS IN THE CONSOLIDATED FINANCIAL STATEMENTS (continued)

5. Other receivables (continued)

5.2 Other receivables (continued)

(3) Disclosed by method of bad debt provision

RMB

Category	31 December 2024					31 December 2023				
	Gross carrying amount	Bad debt provision			Carrying amount	Gross carrying amount	Bad debt provision			Carrying amount
	Amount	Proportion (%)	Amount	Proportion (%)		Amount	Proportion (%)	Amount	Proportion (%)	
Bad debt provision assessed on a portfolio basis:										
Non-trading receivables	959,179,491	100.00	1,219,659	0.13	957,959,832	633,981,288	100.00	1,219,659	0.19	632,761,629
Total	959,179,491	100.00	1,219,659		957,959,832	633,981,288	100.00	1,219,659		632,761,629



V. NOTES TO ITEMS IN THE CONSOLIDATED FINANCIAL STATEMENTS

(continued)

5. Other receivables (continued)

5.2 Other receivables (continued)

(4) Bad debt provision

				RMB
Bad debt provision	Stage I 12-month ECL	Stage II Lifetime ECL (not credit- impaired)	Stage III Lifetime ECL (credit- impaired)	Total
Balance at 1 January 2024	1,219,659	—	—	1,219,659
Balance at 1 January 2024				
– Transfer to Stage III	—	—	—	—
– Reverse to Stage II	—	—	—	—
Provision for the year	—	—	—	—
Reversal for the year	—	—	—	—
Charge-off for the year	—	—	—	—
Write-off for the year	—	—	—	—
Other changes	—	—	—	—
Balance at 31 December 2024	1,219,659	—	—	1,219,659

(5) Details of bad debt provision

				RMB
Category	Balance at 1 January 2024	Changes for the year Recovery Provision or reversal	Charge-off or write-off	Balance at 31 December 2024
Other receivables for which bad debt provision is assessed on a portfolio basis according to credit risk characteristics	1,219,659	—	—	1,219,659

(6) As at 31 December 2024, no other receivables had been written off.

V. NOTES TO ITEMS IN THE CONSOLIDATED FINANCIAL STATEMENTS

(continued)

5. Other receivables (continued)

5.2 Other receivables (continued)

(7) Top five other receivables categorised by debtor:

					RMB
Name of entity	Balance at 31 December 2024	Proportion to total closing balance of other receivables (%)	Nature	Aging	Balance of bad debt provision at 31 December 2024
Wuhan-Guangzhou Railway Passenger Dedicated Line Co., Ltd.	439,168,839	45.79	Collection and payment of construction funds on behalf of others	Within one year	645,130
Guangzhou Tianhe Land Development Center	128,902,764	13.44	Land reserve funds receivable	Over three years	—
Guangdong Guangzhu Intercity Rail Transit Co., Ltd.	74,630,442	7.78	Collection and payment of construction funds on behalf of others	Within one year	109,631
Guangzhou-Shenzhen- Hong Kong Passenger Dedicated Line Co., Ltd.	67,852,425	7.07	Collection and payment of construction funds on behalf of others	Within one year	99,674
Guiyang-Guangzhou Railway Co., Ltd.	65,550,281	6.83	Collection and payment of construction funds on behalf of others	Within one year	96,292
Total	776,104,751	80.91			950,727



V. NOTES TO ITEMS IN THE CONSOLIDATED FINANCIAL STATEMENTS

(continued)

6. Inventories

(1) Category of inventories

RMB

Item	31 December 2024			31 December 2023		
	Gross carrying amount	Provision for decline in value of inventories/ Provision for impairment of costs to fulfil a contract	Carrying amount	Gross carrying amount	Provision for decline in value of inventories/ Provision for impairment of costs to fulfil a contract	Carrying amount
Raw materials	140,137,964	—	140,137,964	182,558,304	—	182,558,304
Used rail materials	35,891,751	2,330,205	33,561,546	34,993,235	—	34,993,235
Other interchangeable parts	25,296,624	—	25,296,624	32,476,559	—	32,476,559
Goods on hand	288,590	—	288,590	318,115	—	318,115
Costs to fulfil a contract	129,017,497	—	129,017,497	39,180,536	—	39,180,536
Total	330,632,426	2,330,205	328,302,221	289,526,749	—	289,526,749

V. NOTES TO ITEMS IN THE CONSOLIDATED FINANCIAL STATEMENTS

(continued)

6. Inventories (continued)

(2) Provision for decline in value of inventories

RMB					
Items	1 January 2024	Provision	Reversal	Write-off	31 December 2024
Used rail materials	—	2,330,205	—	—	2,330,205

Provision for decline in value of inventories made on a portfolio basis

RMB						
Description	31 December 2024			31 December 2023		
	Gross carrying amount	Provision for decline in value	Provision proportion (%)	Gross carrying amount	Provision for decline in value	Provision proportion (%)
Used rail materials	35,891,751	2,330,205	6.49	34,993,235	—	—

- (3) The closing balance of inventories does not include the capitalised amount of the borrowing costs.

7. Other current assets

RMB		
Item	31 December 2024	31 December 2023
Input VAT to be deducted	198,986,665	129,038,125
Prepaid income tax	23,739	293,866
Total	199,010,404	129,331,991



V. NOTES TO ITEMS IN THE CONSOLIDATED FINANCIAL STATEMENTS

(continued)

8. Debt investments

(1) Details of debt investments

RMB

Item	31 December 2024			31 December 2023		
	Gross carrying amount	Provision for impairment	Carrying amount	Gross carrying amount	Provision for impairment	Carrying amount
3-year time deposits (Note)	63,900,000	—	63,900,000	61,950,000	—	61,950,000
Less: Non-current assets due within one year	63,900,000	—	63,900,000	1,950,000	—	1,950,000
Total	—	—	—	60,000,000	—	60,000,000

Note: It refers to the Company's 3-year time deposits, at an interest rate of 3.25% per annum.

9. Long-term equity investments

RMB

Investee	1 January 2024	Addition	Reduction	Investment gain or loss recognised under the equity method	Changes for the year				Provision for impairment at 31 December 2024	31 December 2024
					Adjustment to other comprehensive income	Other changes in equity	Cash dividend or profit declared	Provision for impairment		
I. Associates										
Guangzhou Tiecheng Enterprise Company Limited ("Tiecheng")	149,426,689	—	—	8,944,075	—	—	—	—	—	158,370,764
Shenzhen Guangzhou Railway Civil Engineering Company ("Shentu")	149,316,369	—	—	12,774,632	—	6,240,684	—	—	—	168,331,685
Total	298,743,058	—	—	21,718,707	—	6,240,684	—	—	—	326,702,449

V. NOTES TO ITEMS IN THE CONSOLIDATED FINANCIAL STATEMENTS

(continued)

10. Investments in other equity instruments

(1) Details of investments in other equity instruments

RMB

Item	1 January 2024	Addition	Reduction	Changes for the year Gains included in other comprehensive income	Losses included in other comprehensive income	Others	31 December 2024	Dividend income recognised for the year	Gains cumulatively recognised in other comprehensive income	Losses cumulatively recognised in other comprehensive income	Reason for designating as at FVTOCI
– Shenzhen Capital Group Co., Ltd.	361,305,320	—	—	110,147,600	—	—	471,452,920	9,438,022	352,735,520	—	The Group plans to hold it for a long term and will not sell it in the foreseeable future.
– China Railway Express Co., Ltd. ("China Railway Express")	99,672,518	—	—	—	94,467,800	—	5,204,718	—	—	94,467,800	
– Guangzhou Huangpu Yuehua Freight Forwarding Union Co., Ltd.	1,717,879	—	—	—	—	—	1,717,879	—	—	—	
Total	462,695,717	—	—	110,147,600	94,467,800	—	478,375,517	9,438,022	352,735,520	94,467,800	

(2) In 2024, there were no investments in other equity instruments derecognised.

11. Fixed assets

11.1 Summary of fixed assets

RMB

Item	31 December 2024	31 December 2023
Fixed assets	21,951,782,045	22,773,389,966
Disposal of fixed assets	27,053,293	12,194,721
Total	21,978,835,338	22,785,584,687



V. NOTES TO ITEMS IN THE CONSOLIDATED FINANCIAL STATEMENTS

(continued)

11. Fixed assets (continued)

11.2 Fixed assets

(1) Details of fixed assets

RMB

Item	Buildings	Tracks, bridges and other line assets	Locomotives and rolling stock	Communications and signalling systems	Other machinery and equipment	Total
I. Cost:						
1. 1 January 2024	9,392,481,652	15,596,390,723	6,175,516,503	2,430,748,628	7,810,779,422	41,405,916,928
2. Increase for the year	107,652,788	1,186,444,448	680,837,250	162,413,413	383,369,166	2,520,717,065
(1) Addition	22,520,943	39,358	24,898,144	2,401,750	72,935,787	122,795,982
(2) Transfer from construction in progress	14,610,417	45,515,042	—	46,736,990	191,930,561	298,793,010
(3) Transfer from construction in progress upon completion of upgrades	70,521,428	1,140,890,048	655,939,106	113,274,673	118,502,818	2,099,128,073
3. Reclassification	—	—	—	(131,721)	131,721	—
4. Decrease for the year	14,841,380	1,275,902,952	957,847,177	43,088,756	237,385,528	2,529,065,793
(1) Transfer to construction in progress for upgrades	1,830,278	1,272,570,871	799,023,895	24,938,580	59,630,608	2,157,994,232
(2) Disposal or retirement	13,011,102	3,332,081	158,823,282	18,150,176	177,754,920	371,071,561
5. 31 December 2024	9,485,293,060	15,506,932,219	5,898,506,576	2,549,941,564	7,956,894,781	41,397,568,200
II. Accumulated depreciation						
1. 1 January 2024	4,482,810,579	4,349,877,231	2,712,069,231	1,509,896,776	5,454,804,180	18,509,457,997
2. Increase for the year	342,287,416	246,258,386	685,237,731	182,027,436	447,536,344	1,903,347,313
(1) Provision	342,287,416	246,258,386	685,237,731	182,027,436	447,536,344	1,903,347,313
3. Reclassification	—	—	—	85,017	(85,017)	—
4. Decrease for the year	5,451,509	302,604,374	526,248,515	38,113,912	217,669,810	1,090,088,120
(1) Transfer to construction in progress for upgrades	761,078	302,010,067	377,314,883	20,667,905	47,179,471	747,933,404
(2) Disposal or retirement	4,690,431	594,307	148,933,632	17,446,007	170,490,339	342,154,716
5. 31 December 2024	4,819,646,486	4,293,531,243	2,871,058,447	1,653,895,317	5,684,585,697	19,322,717,190
III. Provision for impairment						
1. 1 January 2024	490,492	120,818,857	295,788	—	1,463,828	123,068,965
2. Increase for the year	—	—	—	—	—	—
(1) Provision	—	—	—	—	—	—
3. Decrease for the year	—	—	—	—	—	—
(1) Disposal or retirement	—	—	—	—	—	—
4. 31 December 2024	490,492	120,818,857	295,788	—	1,463,828	123,068,965
IV. Net book value						
1. 31 December 2024	4,665,156,082	11,092,582,119	3,027,152,341	896,046,247	2,270,845,256	21,951,782,045
2. 1 January 2024	4,909,180,581	11,125,694,635	3,463,151,484	920,851,852	2,354,511,414	22,773,389,966

V. NOTES TO ITEMS IN THE CONSOLIDATED FINANCIAL STATEMENTS

(continued)

11. Fixed assets (continued)

11.2 Fixed assets (continued)

(2) Fixed assets without certificates of ownership

RMB

Item	Carrying amount	Reason for not yet obtaining the certificate of ownership
Buildings for which the certificate of ownership is being applied for	1,165,381,847	It is in the process of obtaining the certificate and has made some progress, and the management believes that there are no substantial obstacles for the Group to complete the remaining process for the certificate.
Buildings for which the certificate of ownership can only be applied for after the certificate of land use rights has been obtained	41,066,762	Since the application for the certificate of ownership of buildings requires the certificate of use right of the relevant land, the Group will apply for the certificate of ownership of the buildings within one year after obtaining the certificate of use right of such land.
Buildings attached to land acquired by lease	366,025,113	Since the Group does not have the certificate of use right of such leased land, the Group is not yet able to apply for the certificate of ownership of the buildings on such land. However, based on the relevant agreements and after communicating with the land lessor and consulting with legal advisers, the management believes that the Group has the use right or even the ownership of these buildings in substance and there is no risk of not being able to utilise these buildings in a normal manner.



V. NOTES TO ITEMS IN THE CONSOLIDATED FINANCIAL STATEMENTS

(continued)

11. Fixed assets (continued)

11.3 Disposal of fixed assets

			RMB
Item	31 December 2024	31 December 2023	
Buildings	10,144,310	2,998,774	
Locomotives and rolling stock	14,107,214	7,083,642	
Other machinery and equipment	2,801,769	2,112,305	
Total	27,053,293	12,194,721	

12. Construction in progress

(1) Details of construction in progress

							RMB
Item	31 December 2024			31 December 2023			
	Book value	Provision for impairment	Net book value	Book value	Provision for impairment	Net book value	
Renovation of traction power supply lines I and II and related equipment and facilities on Shipai-Chashan section of Guangzhou-Shenzhen line	78,016,726	—	78,016,726	52,067,855	—	52,067,855	
New construction of container security inspection station in Dalang freight yard	24,946,458	—	24,946,458	24,014,216	—	24,014,216	
Adaptive transformation of traction power supply system for Pingshi-Guangzhou section of Beijing-Guangzhou line	21,402,899	—	21,402,899	18,309,837	—	18,309,837	

V. NOTES TO ITEMS IN THE CONSOLIDATED FINANCIAL STATEMENTS

(continued)

12. Construction in progress (continued)

(1) Details of construction in progress (continued)

Item	31 December 2024			31 December 2023		
	Book value	Provision for impairment	Net book value	Book value	Provision for impairment	Net book value
Replacement of the main contact line among Mawu, Dasha and Yinglian of Beijing-Guangzhou Railway Line	18,463,412	—	18,463,412	—	—	—
Update and capacity expansion of power facilities and equipment in Dalang freight yard	18,282,311	—	18,282,311	16,340,199	—	16,340,199
UM71 automatic block and computer interlocking reconstruction of Guangzhou to Pingshi Section of Beijing-Guangzhou Railway Line	17,360,836	—	17,360,836	—	—	—
Slope protection and yard renovation of Pinghu-Nanjuan Special Line	14,060,966	—	14,060,966	14,060,966	—	14,060,966
Renovation of 10kV automatic blocking system line from Yingde to Wushi of Beijing-Guangzhou Railway Line	11,324,447	—	11,324,447	—	—	—
New Construction of Traffic Culvert on Guangzhou-Shenzhen Line K48	9,943,621	—	9,943,621	9,943,621	—	9,943,621
Road renovation for Jiangcun Station (phase II)	9,618,865	—	9,618,865	9,618,865	—	9,618,865
Drainage renovation for Jiangcun Station (phase II)	9,461,612	—	9,461,612	6,926,894	—	6,926,894
The reconstruction project of Nanshui resistance platform in Guangzhou Locomotive Depot	9,133,066	—	9,133,066	2,319,368	—	2,319,368



V. NOTES TO ITEMS IN THE CONSOLIDATED FINANCIAL STATEMENTS

(continued)

12. Construction in progress (continued)

(1) Details of construction in progress (continued)

RMB

Item	31 December 2024			31 December 2023		
	Book value	Provision for impairment	Net book value	Book value	Provision for impairment	Net book value
Signal transformation and supporting construction for Chashan-Pinghu Station section	6,631,580	—	6,631,580	9,916,884	—	9,916,884
Renovation of traction power supply facilities and equipment for the operation of EMU trains on the Guangzhou-Shenzhen line	4,216,929	—	4,216,929	48,764,214	—	48,764,214
Adaptive transformation of power transmission lines on Guangzhou-Pingshi section	3,790,664	—	3,790,664	73,060,770	—	73,060,770
Renovation of non-interlocked switch of stations on Guangzhou-Pingshi section	1,918,312	—	1,918,312	54,354,698	—	54,354,698
Update and renovation of the hump control system in Xiayuan	—	—	—	10,017,735	—	10,017,735
Overhaul projects	47,142,072	—	47,142,072	151,267,986	—	151,267,986
Others	124,856,795	15,455,876	109,400,919	75,649,582	15,455,876	60,193,706
Total	430,571,571	15,455,876	415,115,695	576,633,690	15,455,876	561,177,814

V. NOTES TO ITEMS IN THE CONSOLIDATED FINANCIAL STATEMENTS

(continued)

12. Construction in progress (continued)

(2) Changes in significant construction in progress for the year

RMB

Item	Budget amount	1 January 2024	Transfer from overhaul projects	Other increase	Transfer to fixed assets	31 December 2024	Proportion of the accumulated project investment to total budget (%)	Project progress (%)	Cumulative amount of interest capitalised	Including: Interest capitalised for the year	Interest capitalisation rate for the year (%)	Source of funds
Adaptive transformation of power transmission lines on Guangzhou-Pingshi section	95,924,900	73,060,770	—	5,617,641	74,887,747	3,790,664	82	82	—	—	—	Self-financed
Renovation of non-interlocked switch of stations on Guangzhou-Pingshi section	72,407,200	54,354,698	—	3,386,140	55,822,526	1,918,312	80	80	—	—	—	Self-financed
Renovation of traction power supply lines I and II and related equipment and facilities on Shipai-Chashan section of Guangzhou-Shenzhen line	130,452,000	52,067,855	—	25,948,871	—	78,016,726	60	60	—	—	—	Self-financed
Renovation of traction power supply facilities and equipment for the operation of EMU trains on the Guangzhou-Shenzhen line	66,973,900	48,764,214	—	4,828,859	49,376,144	4,216,929	80	80	—	—	—	Self-financed
Overhaul projects	/	151,267,986	934,637,679	469,495,572	1,508,259,165	47,142,072	/	/	—	—	—	Self-financed
Total	/	379,515,523	934,637,679	509,277,083	1,688,345,582	135,084,703	/	/	—	—	/	/



V. NOTES TO ITEMS IN THE CONSOLIDATED FINANCIAL STATEMENTS

(continued)

12. Construction in progress (continued)

(3) Provision for impairment of construction in progress for the year

RMB

Item	1 January 2024	Increase for the year	Decrease for the year	31 December 2024	Reason for provision
Renovation of the site and facilities at Honghai station	6,359,047	—	—	6,359,047	Termination of project
Video access project for Shenzhen station, Guangzhou East station, and Guangzhou station of Guangzhou-Shenzhen Line	3,846,942	—	—	3,846,942	Termination of project
Comprehensive service building of Zengcheng railway station	2,434,400	—	—	2,434,400	Termination of project
New construction of railway bearing and accessory maintenance centre in Guangzhou North Rolling Stock Depot	1,815,487	—	—	1,815,487	Termination of project
Tangtouxia warehouse	1,000,000	—	—	1,000,000	Termination of project
Total	15,455,876	—	—	15,455,876	

V. NOTES TO ITEMS IN THE CONSOLIDATED FINANCIAL STATEMENTS

(continued)

13. Right-of-use assets

(1) Details of right-of-use assets

		RMB
Item	Leased land (Note)	
I. Cost:		
1. 1 January 2024	1,380,242,361	
2. 31 December 2024	1,380,242,361	
II. Accumulated depreciation		
1. 1 January 2024	75,494,808	
2. Increase for the year	16,246,410	
(1) Provision	16,246,410	
3. Decrease for the year	—	
(1) Disposal	—	
4. 31 December 2024	91,741,218	
III. Provision for impairment		
1. 1 January 2024	—	
2. 31 December 2024	—	
IV. Net book value		
1. 1 January 2024	1,304,747,553	
2. 31 December 2024	1,288,501,143	

Note: It refers to the land use right leased by the Group. On 15 November 2004, the Group entered into an agreement with Guangzhou Railway Group for the lease of use rights of the land attached to the assets of the acquiree, Yangcheng Railway. The agreement became effective on 1 January 2007 when the acquisition of Yangcheng Railway Business was completed, with a lease term of 20 years, and is renewable as required by the Group. The Group expects to continue to lease the corresponding land by exercising the renewal option based on the estimated remaining useful life of the fixed assets attached to the land, and the lease term is determined on such basis.



V. NOTES TO ITEMS IN THE CONSOLIDATED FINANCIAL STATEMENTS

(continued)

14. Intangible assets

(1) Details of intangible assets

RMB			
Item	Land use rights	Computer software	Total
I. Cost			
1. 1 January 2024	2,408,343,080	16,456,105	2,424,799,185
2. Increase for the year	—	—	—
(1) Addition	—	—	—
3. Decrease for the year	2,551,019	—	2,551,019
(1) Disposal	2,551,019	—	2,551,019
4. 31 December 2024	2,405,792,061	16,456,105	2,422,248,166
II. Accumulated amortisation			
1. 1 January 2024	719,203,814	15,344,685	734,548,499
2. Increase for the year	52,379,149	410,943	52,790,092
(1) Provision	52,379,149	410,943	52,790,092
3. Decrease for the year	554,566	—	554,566
(1) Disposal	554,566	—	554,566
4. 31 December 2024	771,028,397	15,755,628	786,784,025
III. Provision for impairment			
1. 1 January 2024	—	—	—
2. 31 December 2024	—	—	—
IV. Net book value			
1. 1 January 2024	1,689,139,266	1,111,420	1,690,250,686
2. 31 December 2024	1,634,763,664	700,477	1,635,464,141

V. NOTES TO ITEMS IN THE CONSOLIDATED FINANCIAL STATEMENTS

(continued)

14. Intangible assets (continued)

(2) Land use rights without certificates of ownership

RMB

Item	Carrying amount	Reason for not yet obtaining the certificate of ownership
Land use rights acquired in asset acquisitions or business restructuring	29,072,181	The land use rights were acquired by acquisition of assets or business restructuring in years but not yet transferred to the Group.
Land use rights associated with the operation of Guangzhou-Shenzhen 4 lines	1,062,741,558	As the Guangzhou-Shenzhen 4 lines span a long distance and cover a large number of districts, it is quite difficult for the Group to coordinate the relevant procedures, and the processing of certificate is relatively slow.

15. Goodwill

(1) Cost of goodwill

RMB

Name of investees or matters generating goodwill	1 January 2024	Increase for the year	Decrease for the year	31 December 2024
Goodwill arising from the acquisition of Yangcheng Railway	281,254,606	—	—	281,254,606



V. NOTES TO ITEMS IN THE CONSOLIDATED FINANCIAL STATEMENTS

(continued)

15. Goodwill (continued)

(2) Provision for impairment of goodwill

RMB

Name of investees or matters generating goodwill	1 January 2024	Increase for the year	Decrease for the year	31 December 2024
Goodwill arising from the acquisition of Yangcheng Railway	—	—	—	—

(3) Information about the asset group or sets of asset groups to which the goodwill is allocated

Name	Composition of the asset group or sets of asset groups to which it is allocated and its basis (Note)	Operating segment to which it is allocated and its basis	Is it consistent with that of the year?
Goodwill arising from the acquisition of Yangcheng Railway	Group railway asset group	Railway transportation business	Yes

Note: The goodwill was generated from the Group's acquisition of Yangcheng Railway Business on 1 January 2007. On 1 January 2009, in order to improve the operational efficiency of the railway, the management integrated the assets of Yangcheng Railway with the Group's original railway assets, which constitutes the new smallest CGU.

V. NOTES TO ITEMS IN THE CONSOLIDATED FINANCIAL STATEMENTS

(continued)

15. Goodwill (continued)

(4) Specific method for determination of recoverable amount

The recoverable amount is determined at the present value of expected future cash flows

Item	Carrying amount (Note 1)	Recoverable amount	Amount of impairment	Projection period	Key parameters for projection period (Growth rate, profit margin, etc.)	Basis to determine the key parameters for projection period	Key parameters for steady period (Growth rate, profit margin, etc.)	Basis to determine the key parameters for steady period
Railway assets of the group	25,600,319,227	28,796,283,091	—	2025-2029	Revenue growth rate: 3.3% Pre-tax discount rate: 10.5%	Revenue growth rate is determined based on factors such as regional economic development, route planning, route traffic capacity and inflation rate, etc. The discount rate reflects the pre-tax interest rate of current market time value of money and specific risks of the associated asset group.	Revenue growth rate: 0% Pre-tax discount rate: 10.5%	Revenue growth rate is determined based on factors such as regional economic development in the long-term future, route planning, route traffic capacity and inflation rate, etc.

Note 1: It represents the book value of the asset group including goodwill.



V. NOTES TO ITEMS IN THE CONSOLIDATED FINANCIAL STATEMENTS

(continued)

16. Deferred tax assets/deferred tax liabilities

(1) Deferred tax assets before offsetting

RMB

Item	31 December 2024		31 December 2023	
	Deductible temporary differences	Deferred tax assets	Deductible temporary differences	Deferred tax assets
Deductible losses	536,876,468	134,219,117	2,277,672,408	569,418,102
Provision for impairment of assets	188,908,368	47,227,092	173,567,179	43,391,795
Accruals of employee education funds	363,373,782	90,843,446	355,090,352	88,772,588
Government grants	739,343,152	184,835,788	698,852,468	174,713,117
Losses on disposal of fixed assets not reported for approval	103,635,141	25,908,785	102,941,228	25,735,307
Funds for party organisation activities	99,675,336	24,918,834	118,308,460	29,577,115
Lease liabilities	1,395,156,478	348,789,120	1,392,431,052	348,107,763
Total	3,426,968,725	856,742,182	5,118,863,147	1,279,715,787

V. NOTES TO ITEMS IN THE CONSOLIDATED FINANCIAL STATEMENTS

(continued)

16. Deferred tax assets/deferred tax liabilities (continued)

(2) Deferred tax liabilities before offsetting

Item	31 December 2024		31 December 2023	
	Taxable temporary differences	Deferred tax liabilities	Taxable temporary differences	Deferred tax liabilities
Appreciation of fixed assets due to the acquisition of Yangcheng Railway	7,536,292	1,884,073	9,490,236	2,372,559
Appreciation of intangible assets due to the acquisition of Zengcheng Lihua Stock Company Limited ("Zengcheng Lihua")	195,766,653	48,941,663	205,737,548	51,434,387
Changes in fair value of investments in other equity instruments	258,267,720	64,566,930	242,587,920	60,646,980
Right-of-use assets	1,288,501,143	322,125,286	1,304,747,553	326,186,888
Others	9,766,418	2,441,605	26,696,720	6,674,180
Total	1,759,838,226	439,959,557	1,789,259,977	447,314,994

RMB



V. NOTES TO ITEMS IN THE CONSOLIDATED FINANCIAL STATEMENTS

(continued)

16. Deferred tax assets/deferred tax liabilities (continued)

(3) Deferred tax assets or liabilities after offsetting presented on a net basis

RMB

Item	Offset amount of deferred tax assets and liabilities at the end of the year	Deferred tax assets or liabilities after offsetting as at 31 December 2024	Offset amount of deferred tax assets and liabilities at the beginning of the year	Deferred tax assets or liabilities after offsetting as at 31 December 2023
Deferred tax assets	391,017,894	465,724,288	395,880,607	883,835,180
Deferred tax liabilities	391,017,894	48,941,663	395,880,607	51,434,387

(4) Details of unrecognised deferred tax assets

RMB

Item	31 December 2024	31 December 2023
Deductible temporary differences	13,041,790	17,754,329
Deductible losses	329,829,595	367,431,546
Total	342,871,385	385,185,875

V. NOTES TO ITEMS IN THE CONSOLIDATED FINANCIAL STATEMENTS

(continued)

16. Deferred tax assets/deferred tax liabilities (continued)

- (5) Deductible losses for which deferred tax assets are not recognised will expire in the following years:

			RMB
Year	31 December 2024	31 December 2023	
2024	—	37,601,951	
2025	104,650,746	104,650,746	
2026	94,545,972	94,545,972	
2027	113,174,303	113,174,303	
2028	17,458,574	17,458,574	
2029	—	—	
Total	329,829,595	367,431,546	

17. Other non-current assets

							RMB
Item	Gross carrying amount	31/12/2024 Impairment provision	Carrying amount	Gross carrying amount	31/12/2023 Impairment provision	Carrying amount	
Advance for construction	41,736,069	—	41,736,069	58,925,815	—	58,925,815	

18. Short-term borrowings

(1) Category of short-term borrowings

			RMB
Item	31 December 2024	31 December 2023	
Unsecured borrowings	300,176,917	700,385,000	

- (2) As at 31 December 2024, the Group had no overdue short-term borrowings with interest rates ranging from 1.93%-2.28%.



V. NOTES TO ITEMS IN THE CONSOLIDATED FINANCIAL STATEMENTS

(continued)

19. Notes payable

Category	RMB	
	31 December 2024	31 December 2023
Bank acceptances	—	200,000,000

Note: As at 31 December 2024, the Group had no outstanding notes payable.

20. Accounts payable

(1) Presentation of accounts payable

Item	RMB	
	31 December 2024	31 December 2023
Payables for material purchases	945,576,078	1,383,877,291
Labour costs payable	392,606,754	503,184,370
Repair costs payable	357,567,253	356,776,551
Payables for construction and equipment	342,501,032	1,931,404,633
Others	612,222,955	737,994,371
Total	2,650,474,072	4,913,237,216

(2) Significant accounts payable aged over 1 year

Item	RMB	
	31 December 2024	Reason for failure in repayment or carry-forward
Total significant accounts payable	31,521,966	Payment is not yet settled

V. NOTES TO ITEMS IN THE CONSOLIDATED FINANCIAL STATEMENTS

(continued)

21. Contract liabilities

(1) Details of contract liabilities

Item	RMB	
	31 December 2024	31 December 2023
Unused award integral	179,273,269	142,291,947
Payment for transportation services and material purchases and sales received in advance	143,389,757	86,233,624
Total	322,663,026	228,525,571

(2) No significant contract liabilities aged over 1 year at the end of the year.

(3) The amount for significant changes in book value in the current year and reasons

Item	Amount changed	Reasons of changes
Unused award integral	36,981,322	Increase in points arising from sales to frequent passengers in the current year
Payment for transportation services and material purchases and sales received in advance	57,156,133	Increase in payments for transportation services received in advance and purchase and sales amounts of materials



V. NOTES TO ITEMS IN THE CONSOLIDATED FINANCIAL STATEMENTS

(continued)

22. Employee benefits payable

(1) Presentation of employee benefits payable

RMB

Item	1 January 2024	Increase for the year	Decrease for the year	31 December 2024
1. Short-term benefits	406,677,461	8,494,248,477	8,497,955,998	402,969,940
2. Post-employment benefits – defined contribution plans	1,581	1,175,950,630	1,175,950,630	1,581
3. Termination benefits	2,004,578	—	531,689	1,472,889
Total	408,683,620	9,670,199,107	9,674,438,317	404,444,410

(2) Presentation of short-term benefits

RMB

Item	1 January 2024	Increase for the year	Decrease for the year	31 December 2024
1. Wages or salaries, bonuses, allowances and subsidies	—	6,518,004,926	6,518,004,926	—
2. Staff welfare	—	414,113,738	414,113,738	—
3. Social security contributions Including: Medical	81,585	535,076,199	535,156,276	1,508
insurance	72,538	492,851,229	492,922,430	1,337
Work injury insurance	55	39,471,933	39,471,933	55
Maternity insurance	8,992	2,753,037	2,761,913	116
4. Housing funds	—	611,339,969	611,339,969	—
5. Union running costs and employee education costs	404,425,193	196,958,224	200,582,425	400,800,992
6. Other short-term benefits	2,170,683	218,755,421	218,758,664	2,167,440
Total	406,677,461	8,494,248,477	8,497,955,998	402,969,940

V. NOTES TO ITEMS IN THE CONSOLIDATED FINANCIAL STATEMENTS

(continued)

22. Employee benefits payable (continued)

(3) Defined contribution plan

RMB				
Item	1 January 2024	Increase for the year	Decrease for the year	31 December 2024
1. Basic pensions	—	749,609,109	749,609,109	—
2. Supplementary pensions	1,581	385,553,716	385,553,716	1,581
3. Unemployment insurance	—	40,787,805	40,787,805	—
Total	1,581	1,175,950,630	1,175,950,630	1,581

The Group participates, as required, in the pension insurance and unemployment insurance plans established by government institutions. According to such plans, the Group contributes monthly to such plans in accordance with the regulations of the government institutions where the employees are insured. Except for above monthly contributions, the Group does not assume further payment obligations. The related expenditures are either included in cost of related assets or charged to profit or loss for the period when they are incurred.

In the year, the Group should contribute pension insurance and unemployment insurance plans amounting to RMB1,135,162,825 and RMB40,787,805 (2023: RMB1,239,837,069 and RMB32,549,564). As at 31 December 2024, the Group had outstanding contribution to pension insurance plan that was due as of the reporting year amounting to RMB1,581 (31 December 2023: RMB1,581), which had been paid subsequent to the reporting period.



V. NOTES TO ITEMS IN THE CONSOLIDATED FINANCIAL STATEMENTS

(continued)

23. Taxes payable

Item	RMB	
	31 December 2024	31 December 2023
VAT	78,705,650	68,294,982
Individual income tax	16,992,748	13,500,240
Urban maintenance and construction tax	4,134,340	3,504,775
Education surcharge	2,696,769	2,276,711
Enterprise income tax	1,635,336	1,840,400
Others	1,292,021	1,205,625
Total	105,456,864	90,622,733

24. Other payables

(1) Presentation

Item	RMB	
	31 December 2024	31 December 2023
Dividends payable	12,881,200	13,744,301
Other payables	3,001,555,131	1,359,896,511
Total	3,014,436,331	1,373,640,812

V. NOTES TO ITEMS IN THE CONSOLIDATED FINANCIAL STATEMENTS

(continued)

24. Other payables (continued)

(2) Dividends payable

Presentation of dividends payable by nature

Item	RMB	
	31 December 2024	31 December 2023
Dividends payable – shareholders of the Company	5,699	868,801
Dividends payable – minority shareholders of Zengcheng Lihua	12,875,501	12,875,500
Total	12,881,200	13,744,301

(3) Other payables

(1) Presentation of other payables by nature

Item	RMB	
	31 December 2024	31 December 2023
Payables for construction (Note)	1,048,927,539	—
Payables for current accounts with Shenzhen Guangzhou Railway Group Guangshen Railway Industry Development General Company ("GIDC")	351,568,451	351,558,436
Security deposits for construction	193,269,065	67,797,909
Notes deposits and other security deposits	437,023,325	312,683,067
Funds for party organisation activities	99,751,322	118,746,559
Union running costs deposited with the Company's accounts by other entities	81,941,853	73,422,728
Others	789,073,576	435,687,812
Total	3,001,555,131	1,359,896,511

Note: The Group presents payables for construction on 31 December 2024 in other payables.



V. NOTES TO ITEMS IN THE CONSOLIDATED FINANCIAL STATEMENTS

(continued)

24. Other payables (continued)

(3) Other payables (continued)

(2) Significant other payables aged over 1 year or expired

			RMB
Item	31 December 2024	Reason for failure in repayment or carrying-forward	
Total significant other payables aged over 1 year or that are overdue as at 31 December 2024	454,048,436	Payment is not yet settled	

25. Non-current liabilities due within one year

			RMB
Item	31 December 2024	31 December 2023	
Long-term borrowings due within one year (Note V, 26)	275,000	10,566,806	
Lease liabilities due within one year (Note V, 27)	66,504,309	65,539,101	
Total	66,779,309	76,105,907	

V. NOTES TO ITEMS IN THE CONSOLIDATED FINANCIAL STATEMENTS

(continued)

26. Long-term borrowings

(1) Category of long-term borrowings

RMB			
Item	31 December 2024	31 December 2023	Range of interest rate
Unsecured borrowings (Note)	500,275,000	790,566,806	1.8%-2.6%
Less: Non-current liabilities due within one year	275,000	10,566,806	
Long-term borrowings due after one year	500,000,000	780,000,000	

Note: It refers to the Company's 3-year unsecured borrowings.

27. Lease liabilities

RMB		
Item	31 December 2024	31 December 2023
Lease liabilities	1,395,156,478	1,392,431,052
Less: Lease liabilities included in non-current liabilities due within one year	66,504,309	65,539,101
Net book value	1,328,652,169	1,326,891,951

The following is the maturity analysis for lease liabilities of the Group which is based on undiscounted remaining contractual obligations:

RMB					
	Within 1 year	1 to 2 years	2 to 5 years	Over 5 years	Total
31 December 2024	66,490,018	67,530,000	208,450,000	5,390,000,000	5,732,470,018
31 December 2023	65,539,101	66,490,018	205,980,000	5,460,000,000	5,798,009,119



V. NOTES TO ITEMS IN THE CONSOLIDATED FINANCIAL STATEMENTS

(continued)

28. Deferred income

<i>RMB</i>				
Item	1 January 2024	Increase for the year	Decrease for the year	31 December 2024
New Shilong station assets	612,999,210	—	22,787,070	590,212,140
Culverts (project of change from level crossing to interchange)	24,361,836	—	737,245	23,624,591
Shilong government donation project (Shilong elevated station)	16,262,418	—	694,416	15,568,002
Elevated platform of Buji station	11,497,531	—	780,697	10,716,834
Guangzhou government grants for draw-out track and network area relocation at Shipai	9,524,144	—	268,184	9,255,960
Shenzhen station renovation and upgrading project	—	69,252,625	2,504,191	66,748,434
Other government grants related to assets	27,738,923	1,284,000	3,188,260	25,834,663
Total	702,384,062	70,536,625	30,960,063	741,960,624

29. Share capital

							RMB
	1 January 2024	New shares issued	Bonus shares	Changes for the year Transfer from reserve	Others	Sub-total	31 December 2024
Share capital	7,083,537,000	—	—	—	—	—	7,083,537,000

V. NOTES TO ITEMS IN THE CONSOLIDATED FINANCIAL STATEMENTS

(continued)

30. Capital reserve

<i>RMB</i>				
Item	1 January 2024	Increase for the year	Decrease for the year	31 December 2024
Capital premium (Share premium) (Note 1)	11,551,799,522	57,623,000	—	11,609,422,522
Other capital reserve – Others (Note 2)	25,581,031	6,240,684	—	31,821,715
Total	11,577,380,553	63,863,684	—	11,641,244,237

Note 1: The Group received the subsidies amounting to RMB57,623,000 granted by CSG, which was exclusively for the purpose of upgrading and reconstructing railway equipment. The above subsidies were fully utilised during the current period and recognised as railway equipment assets, so there was an increase in capital reserve.

Note 2: The capital reserve increased by RMB6,240,684 based on the shareholding ratio as a result of the changes in special reserve of the associates held by the Group.



V. NOTES TO ITEMS IN THE CONSOLIDATED FINANCIAL STATEMENTS

(continued)

31. Other comprehensive income

RMB

Item	1 January 2024	Pre-tax amount incurred during the year	Amount incurred in the current year		Less: Income tax expenses	Amount attributable to the Company, net of tax	Amount attributable to minority interests, net of tax	31 December 2024
			Less: Amount included in other comprehensive income in the prior period and transferred to profit or loss in the current period	Less: Amount included in other comprehensive income in the prior period and transferred to retained earnings in the current period				
I. Other comprehensive income that cannot be reclassified to profit or loss	181,940,940	15,679,800	—	—	3,919,950	11,759,850	—	193,700,790
Including: Changes in fair value of investments in other equity instruments	181,940,940	15,679,800	—	—	3,919,950	11,759,850	—	193,700,790
Total other comprehensive income	181,940,940	15,679,800	—	—	3,919,950	11,759,850	—	193,700,790

32. Special reserve

RMB

Item	1 January 2024	Increase for the year	Decrease for the year	31 December 2024
Safety production cost	81,228,476	235,890,550	156,478,232	160,640,794

V. NOTES TO ITEMS IN THE CONSOLIDATED FINANCIAL STATEMENTS

(continued)

33. Surplus reserve

<i>RMB</i>				
Item	1 January 2024	Increase for the year	Decrease for the year	31 December 2024
Statutory surplus reserve	2,890,304,377	105,864,470	—	2,996,168,847
Discretionary surplus reserve	304,058,522	—	—	304,058,522
Total	3,194,362,899	105,864,470	—	3,300,227,369

In accordance with the Company Law of the People's Republic of China and the Company's Articles of Association, the Company should appropriate 10% of the net profit for the year to the statutory surplus reserve, where the appropriation can cease when the statutory surplus reserve reaches 50% of the registered capital. The statutory surplus reserve can be used to make up for the loss or increase capital upon approval. The Company has appropriated statutory surplus reserve of RMB105,864,470 (2023: RMB108,819,194).

The amount of the Company's discretionary surplus reserve is proposed by the Board of Directors and approved by the general meeting of shareholders. The discretionary surplus reserve can be used to make up for prior years' loss or increase capital upon approval. The Company has not appropriated any discretionary surplus reserve in the current year.



V. NOTES TO ITEMS IN THE CONSOLIDATED FINANCIAL STATEMENTS

(continued)

34. Retained profits

Item	RMB	
	2024	2023
Retained profits at the end of the prior year before adjustment	4,271,435,690	3,312,434,993
Total adjusted retained profits at the beginning of the year	—	—
Retained profits at the beginning of the year after adjustment	4,271,435,690	3,312,434,993
Add: Net profit attributable to shareholders of the Company in the current year	1,060,161,237	1,058,289,071
Transfer from other comprehensive income	—	9,530,820
Less: Transfer to statutory surplus reserve	105,864,470	108,819,194
Transfer to discretionary surplus reserve	—	—
Transfer to general reserve	—	—
Dividends payable on ordinary shares	495,847,590	—
Dividends on ordinary shares transferred to share capital	—	—
Retained profits at the end of the year	4,729,884,867	4,271,435,690

According to the resolution of the annual shareholders' meeting on 18 June 2024, the Company distributed cash dividends for 2023 to all shareholders at RMB0.07 per share. Based on 7,083,537,000 shares issued, a total of RMB495,847,590 cash dividends (tax included) were distributed, of which a cash dividend of RMB395,656,590 was distributed for 5,652,237,000 A shares issued, and a cash dividend of HKD110,009,718 (equivalent to RMB100,191,000) was distributed for 1,431,300,000 H shares issued. As at 31 December 2024, the above dividends had been fully paid.

V. NOTES TO ITEMS IN THE CONSOLIDATED FINANCIAL STATEMENTS

(continued)

35. Operating income and costs

(1) Details of operating income and costs

Item	2024		2023	
	Income	Costs	Income	Costs
Principal operating activities	25,304,356,566	23,924,481,032	24,649,140,727	23,171,516,192
Other operating activities	1,785,718,360	1,458,306,542	1,545,756,605	1,381,399,249
Total	27,090,074,926	25,382,787,574	26,194,897,332	24,552,915,441

(2) Breakdown of operating income and costs

Item	2024		2023	
Principal operating income:				
Income from passenger transportation		10,995,498,561	10,727,769,021	
Income from entrusted transportation service		8,023,161,992	7,819,977,857	
Income from the settlement of railway network and other transportation related services		4,662,696,606	4,273,092,250	
Income from freight transportation		1,622,999,407	1,828,301,599	
Total		25,304,356,566	24,649,140,727	



V. NOTES TO ITEMS IN THE CONSOLIDATED FINANCIAL STATEMENTS

(continued)

35. Operating income and costs (continued)

(2) Breakdown of operating income and costs (continued)

		RMB
Item	2024	2023
Principal operating costs:		
Equipment rental and service fee	8,681,782,852	8,265,304,666
Salaries and welfare	9,087,467,858	8,896,834,493
Depreciation of fixed assets	1,740,058,293	1,835,315,273
Material and utilities consumption	1,559,174,557	1,461,137,042
Maintenance costs	1,357,976,727	1,298,231,131
Passenger service fee	881,819,334	693,980,980
Cargo handling costs	223,736,754	425,933,912
Depreciation of right-of-use assets	16,246,410	16,246,409
Others	376,218,247	278,532,286
Total	23,924,481,032	23,171,516,192

		RMB
Item	2024	2023
Other operating income:		
Train maintenance income	637,677,630	761,131,381
Income from sales of inventories and supplies	75,664,548	82,705,019
Train catering income	58,659,067	63,229,167
Income from sale of goods	7,204,040	14,434,460
Rental income	56,103,418	48,419,297
Others	950,409,657	575,837,281
Total	1,785,718,360	1,545,756,605

V. NOTES TO ITEMS IN THE CONSOLIDATED FINANCIAL STATEMENTS

(continued)

35. Operating income and costs (continued)

(2) Breakdown of operating income and costs (continued)

		RMB
Item	2024	2023
Other operating costs:		
Salaries and welfare	514,980,788	506,720,680
Material and utilities consumption	315,683,880	386,652,063
Depreciation of fixed assets	27,219,294	27,274,144
Others	600,422,580	460,752,362
Total	1,458,306,542	1,381,399,249

		RMB
Item	2024	2023
Principal operating income:	25,304,356,566	24,649,140,727
Including: Recognised at a point in time	—	—
Recognised over time	25,304,356,566	24,649,140,727
Other operating income:	1,785,718,360	1,545,756,605
Including: Recognised at a point in time	141,527,655	160,368,646
Recognised over time	1,588,087,287	1,336,968,662
Rental income	56,103,418	48,419,297
Total	27,090,074,926	26,194,897,332

(3) Descriptions on performance obligations

The principal operating activities of the Group are railway transportation and others. Refer to Note III, 25 for details.

There is no significant financing component in the revenue contract of the Group.

(4) Descriptions on allocation to remaining performance obligations

At the end of the year, the amount of revenue corresponding to the performance obligation for which the Group has entered into a contract but which had not been fulfilled or completely fulfilled was RMB322,663,026 (31 December 2023: RMB228,525,571). The Group expects that all such amounts will be recognised as revenue within the following year.



V. NOTES TO ITEMS IN THE CONSOLIDATED FINANCIAL STATEMENTS

(continued)

36. Taxes and levies

Item	2024	2023
City construction and maintenance tax	47,689,085	23,950,303
Educational surcharges and local educational surcharges	33,067,737	15,036,132
Property tax	4,840,992	3,732,940
Land use tax	4,211,897	3,496,262
Others	2,001,632	2,096,965
Total	91,811,343	48,312,602

37. Administrative expenses

Item	2024	2023
Salaries and welfare	64,252,969	77,154,635
Amortisation of intangible assets	52,790,092	52,566,929
Intermediary service fee	20,189,264	5,090,312
Office and travel expenses	3,064,561	3,264,760
Audit fees	3,000,000	5,250,000
Depreciation of fixed assets	1,280,032	1,089,869
Others	23,121,722	30,729,775
Total	167,698,640	175,146,280

38. Financial expenses

Item	2024	2023
Interest income from banks	(25,745,720)	(33,659,578)
Income on funds used	(29,600,233)	—
Income from accrued interest on long-term receivables	(583,208)	(21,186,687)
Interest expenses on lease liabilities	68,278,497	68,114,145
Foreign exchange gains	(291,422)	(363,011)
Interest expenses on bank borrowings	35,948,819	40,968,153
Others	1,211,765	(3,381,079)
Total	49,218,498	50,491,943

V. NOTES TO ITEMS IN THE CONSOLIDATED FINANCIAL STATEMENTS

(continued)

39. Other income

		<i>RMB</i>
Classification by nature	2024	2023
Amortisation of government grants related to assets	30,160,063	47,412,328
Refund of individual income tax	2,615,387	2,145,905
Government grants related to income	8,593,698	40,516,325
Additional deduction of VAT	—	279,216
Total	41,369,148	90,353,774

40. Investment income

		<i>RMB</i>
Item	2024	2023
Income from long-term equity investments under the equity method	21,718,707	23,454,446
Dividend income from investments in other equity instruments during the holding period	9,438,022	16,285,487
Total	31,156,729	39,739,933

41. Gains (losses) on credit impairment

		<i>RMB</i>
Item	2024	2023
Bad debt losses on accounts receivable	(13,010,985)	(5,386,930)
Bad debt losses on other receivables	—	(119,272)
Total	(13,010,985)	(5,506,202)



V. NOTES TO ITEMS IN THE CONSOLIDATED FINANCIAL STATEMENTS

(continued)

42. Gains (losses) on assets impairment

Item	RMB	
	2024	2023
Losses from impairment of inventory	(2,330,205)	–
Losses from impairment of fixed assets	–	(120,818,857)
Total	(2,330,205)	(120,818,857)

43. Gains on disposal of assets

Item	RMB	
	2024	2023
Gains (losses) from disposal of intangible assets	(1,996,453)	93,440,100
Gains from disposal of fixed assets	19,606,840	3,205,968
Total	17,610,387	96,646,068

44. Non-operating income

Item	RMB		
	2024	2023	Amount included in non-recurring profit or loss for the current year
Gains from retirement or damage of non-current assets	13,131,798	19,532,521	13,131,798
Income from unpayable amounts	4,093,387	6,814,465	4,093,387
Compensation received	393,553	523,366	393,553
Others	5,627,023	8,115,792	5,627,023
Total	23,245,761	34,986,144	23,245,761

V. NOTES TO ITEMS IN THE CONSOLIDATED FINANCIAL STATEMENTS

(continued)

45. Non-operating expenses

Item	2024	2023	Amount included in non-recurring profit or loss for the current year
Losses from retirement or damage of non-current assets	10,966,616	35,650,114	10,966,616
Others	13,584,488	11,205,903	13,584,488
Total	24,551,104	46,856,017	24,551,104

46. Income tax expenses

(1) Statement of income tax expenses

Item	2024	RMB 2023
Current tax expenses	1,749,458	1,903,793
Deferred tax expenses	411,698,218	397,777,773
Total	413,447,676	399,681,566



V. NOTES TO ITEMS IN THE CONSOLIDATED FINANCIAL STATEMENTS

(continued)

46. Income tax expenses (continued)

(2) Reconciliation of income tax expenses to the accounting profit

Item	RMB	
	2024	2023
Total profit	1,471,973,632	1,456,575,909
Income tax expense calculated at 25%	367,993,408	364,143,977
Effect of different tax rates of subsidiaries operating in other jurisdictions	(476,132)	(261,822)
Effect of reconciliation of income tax for the year	1,915,120	3,625,599
Effect of non-deductible cost, expense and loss	56,393,472	37,798,116
Effect of tax-free income	(7,789,182)	(9,934,983)
Effect of utilising deductible loss for which deferred tax assets are not recognised for the prior periods	(850,560)	—
Effect of deductible temporary difference or deductible loss for which deferred tax assets are not recognised for the year	—	4,310,679
Effect of additional deduction	(3,738,450)	—
Income tax expenses	413,447,676	399,681,566

V. NOTES TO ITEMS IN THE CONSOLIDATED FINANCIAL STATEMENTS

(continued)

47. Items in the statement of cash flows

(1) Cash relating to operating activities

Other cash receipts relating to operating activities

		RMB
Item	2024	2023
Net cash inflows of purchasing and construction amounts received on behalf of others	109,410,480	295,407,317
Receipt of government grants	79,130,323	43,006,538
Receipt of notes deposits and security deposits	5,786,655	19,708,069
Receipt of interest	25,745,720	31,709,578
Receipt of amounts related to Dabaoshan project	17,327,189	—
Others	1,546,545	69,198,107
Total	238,946,912	459,029,609

Other cash payments relating to operating activities

		RMB
Item	2024	2023
Net cash outflow of purchasing and construction amounts received on behalf of others	456,515	—
Office and travel expenses	3,064,561	3,264,760
Payment of notes deposits and security deposits and petty cash	7,072,400	—
Intermediary service fee	5,523,551	7,553,335
Security services	—	11,132,887
Others	6,674,096	74,904,873
Total	22,791,123	96,855,855



V. NOTES TO ITEMS IN THE CONSOLIDATED FINANCIAL STATEMENTS

(continued)

47. Items in the statement of cash flows (continued)

(2) Cash relating to investing activities

Other cash receipts relating to investing activities

		RMB
Item	2024	2023
Withdrawal of time deposits	—	160,000,000
Receipts of investments in other equity instruments – liquidation amounts of SinoRail Information	—	5,794,900
Receipt of interests on time deposits	—	12,191,667
Total	—	177,986,567

Other cash payments relating to investing activities

		RMB
Item	2024	2023
Payments of investments in other equity instruments – Investments to China Railway Express	—	66,064,518

V. NOTES TO ITEMS IN THE CONSOLIDATED FINANCIAL STATEMENTS

(continued)

47. Items in the statement of cash flows (continued)

(3) Cash relating to financing activities

Other receipts relating to financing activities

		RMB	
Item	2024	2023	
Receipts of subsidies granted by CSRG for railway equipment	57,623,000	—	

Other cash payments relating to financing activities

		RMB	
Item	2024	2023	
Cash repayments for lease liabilities	270,053	64,411,934	

Changes in liabilities arising from financing activities

		RMB				
Item	1 January 2024	Increase for the year		Decrease for the year		At 31 December 2024
		Cash changes	Non-cash changes	Cash changes	Non-cash changes	
Long-term borrowings (Note V, 26)	790,566,806	—	16,456,042	306,747,848	—	500,275,000
Short-term borrowings (Note V, 18)	700,385,000	400,000,000	19,492,778	819,700,861	—	300,176,917
Lease liabilities (Note V, 27)	1,392,431,052	—	68,278,497	270,052	65,283,019	1,395,156,478
Dividend payable (Note V.24)	13,744,301	—	496,337,591	313,148,692	184,052,000	12,881,200
Total	2,897,127,159	400,000,000	600,564,908	1,439,867,453	249,335,019	2,208,489,595



V. NOTES TO ITEMS IN THE CONSOLIDATED FINANCIAL STATEMENTS

(continued)

48. Supplementary information to the cash flow statement

(1) Supplementary information to the cash flow statement

		RMB
Supplementary information	2024	2023
1. Reconciliation of net profit to cash flows from operating activities		
Net profit	1,058,525,956	1,056,894,343
Add: Credit loss allowance	13,010,985	5,506,202
Provision for impairment of assets	2,330,205	120,818,857
Depreciation of fixed assets	1,903,347,313	1,863,679,286
Depreciation of right-of-use assets	16,246,410	16,246,409
Amortisation of intangible assets	52,790,092	52,566,929
Amortisation of long-term prepaid expenses	31,820,317	22,954,417
Losses (gains) on disposal of fixed assets, intangible assets and other long-term assets	(17,610,387)	(96,646,068)
Losses (gains) on retirement of fixed assets	(2,165,182)	1,663,961
Financial expenses	103,935,894	85,945,612
Investment losses (income)	(31,156,729)	(39,739,933)
Decrease (increase) in deferred tax assets	414,190,942	400,270,497
Increase (decrease) in deferred tax liabilities	(2,492,724)	(2,492,724)
Decrease (increase) in inventories	(41,105,677)	(26,882,133)
Decrease (increase) in operating receivables	231,736,241	(1,748,997,744)
Increase (decrease) in operating payables	(1,023,103,382)	(595,423,569)
Net Cash Flow from Operating Activities	2,710,300,274	1,116,364,342
2. Net changes in cash and cash equivalents		
Closing balance of cash	1,934,900,900	1,482,463,336
Less: Opening balance of cash	1,482,463,336	1,299,635,304
Add: Closing balance of cash equivalents	—	—
Less: Opening balance of cash equivalents	—	—
Net increase in cash and cash equivalents	452,437,564	182,828,032

V. NOTES TO ITEMS IN THE CONSOLIDATED FINANCIAL STATEMENTS

(continued)

48. Supplementary information to the cash flow statement (continued)

(2) Composition of cash and cash equivalents

		RMB	
Item	31 December 2024	31 December 2023	
I. Cash	1,934,900,900	1,482,463,336	
Including: Cash on hand	631,228	2,100,280	
Bank deposits that are readily available for payment	1,934,263,973	1,480,355,424	
Other monetary funds that are readily available for payment	5,699	7,632	
II. Cash equivalents	—	—	
Including: Investments in bond investment due within three months	—	—	
III. Closing balance of cash and cash equivalents	1,934,900,900	1,482,463,336	
Including: Restricted cash and cash equivalents of the Company and subsidiaries within the Group	—	—	

49. Monetary items denominated in foreign currencies

(1) Monetary items denominated in foreign currencies

		RMB	
Item	Closing balance of foreign currency	Exchange rate	Closing balances equivalent to RMB
Cash and bank balances			
HKD	3,813,072	0.93	3,531,057



V. NOTES TO ITEMS IN THE CONSOLIDATED FINANCIAL STATEMENTS

(continued)

50. Leases

(1) As a lessee

	RMB	
	2024	2023
Interest expenses for lease liabilities (Note V, 38)	68,278,497	68,114,145
Short-term lease expenses included in profit or loss for the period under the simplified approach	2,001,620,930	2,121,759,221
Expenses for lease of low-value assets included in profit or loss for the period under the simplified approach (Other than short-term leases)	—	—
Total cash outflows relating to leases	2,001,890,983	2,186,171,155

(2) As a lessor

Operating leases

	RMB	
Item	2024	2023
Rental income	56,103,418	48,419,297

VI. CHANGES IN SCOPE OF CONSOLIDATION

The Group has no significant changes in scope of consolidation for the year.

VII. INTERESTS IN OTHER ENTITIES

1. Interests in subsidiaries

(1) Composition of enterprise group

Name of subsidiary	Place of principal operation	Registered capital	Place of incorporation	Nature of business	Shareholding ratio (%)		Acquisition method
					Direct	Indirect	
Dongguan Changsheng	Dongguan	38,000,000	Dongguan	Transportation	51	—	Contribution by controlling shareholders
Pinghu Qun Yi	Shenzhen	10,000,000	Shenzhen	Transportation	100	—	Contribution by controlling shareholders
Shenzhen Guangshen Railway Economic and Trade Enterprise Company Limited ("Railway Economic and Trade")	Shenzhen	2,000,000	Shenzhen	Services	100	—	Incorporation
Huangpu Service	Guangzhou	379,000	Guangzhou	Services	100	—	Contribution by controlling shareholders
Zengcheng Lihua (<i>Note</i>)	Guangzhou	107,050,000	Guangzhou	Services	44.72	—	Business combinations not involving enterprises under common control

Note: Except for the Company, the remaining shareholders of Zengcheng Lihua are natural person shareholders, and no single natural person holds more than 0.5% of the shares. In accordance with the amended articles of association of Zengcheng Lihua, special resolutions on the increase or reduction of capital, issuance of bonds, demerger, dissolution or liquidation of the Company shall be passed by shareholders holding more than two-thirds of the voting rights present at the shareholders' meeting; other general resolutions shall only be passed by more than half of the shareholders with voting rights present at the meeting; meanwhile, the directors appointed by the Company hold all the seats in the board of directors of Zengcheng Lihua. Since it is difficult for the natural person shareholders to jointly exercise their voting rights, the management of the Company believes that the Company can control the financial and operating decisions of Zengcheng Lihua and has substantial control over it, and therefore it is included in the scope of the consolidated financial statements.



VII. INTERESTS IN OTHER ENTITIES *(continued)*

1. Interests in subsidiaries *(continued)*

(2) Significant not-wholly-owned subsidiaries

As at 31 December 2024 and 31 December 2023, the Group believed that there were no significant non-wholly owned subsidiaries, taking into account factors such as whether the subsidiaries are listed companies, the proportion of minority interests to the Group's consolidated shareholders' equity, and the proportion of profit or loss attributable to minority interests to the Group's consolidated net profit.

2. Interests in associates

(1) Significant associates

Name	Place of principal operation	Place of incorporation	Nature of business	Shareholding ratio (%)		Accounting treatments for investments in associates
				Direct	Indirect	
Tiecheng	Guangzhou	Guangzhou	Real estate	49.00	—	Equity method
Shentu	Shenzhen	Shenzhen	Construction	24.42	—	Equity method

VII. INTERESTS IN OTHER ENTITIES *(continued)*

2. Interests in associates *(continued)*

(2) Major financial information of associates

	2024		2023	
	Tiecheng	Shentu	Tiecheng	Shentu
Current Assets	162,213,078	3,655,787,861	141,047,186	4,152,798,108
Non-current assets	399,468,911	23,372,174	403,522,454	32,644,081
Total Assets	561,681,989	3,679,160,035	544,569,640	4,185,442,189
Current Liabilities	217,064,795	2,989,742,363	218,205,662	3,535,283,452
Non-current Liabilities	21,411,552	98,735	21,411,552	38,707,595
Total Liabilities	238,476,347	2,989,841,098	239,617,214	3,573,991,047
Net assets	323,205,642	689,318,937	304,952,426	611,451,142
Minority interests	—	—	—	—
Equity attributable to shareholders of the parent company	323,205,642	689,318,937	304,952,426	611,451,142
Share of net assets calculated based on shareholding ratio	158,370,764	168,331,685	149,426,689	149,316,369
Adjusting events				
– Goodwill	—	—	—	—
– Unearned profits from internal transactions	—	—	—	—
– Others	—	—	—	—
Carrying amount of equity investments in associates	158,370,764	168,331,685	149,426,689	149,316,369



VII. INTERESTS IN OTHER ENTITIES *(continued)*

2. Interests in associates *(continued)*

(2) Major financial information of associates *(continued)*

					RMB
	2024		2023		
	Tiecheng	Shentu	Tiecheng	Shentu	
Fair value of equity investments in associates where there is quoted price	N/A	N/A	N/A	N/A	
Operating income	50,767,435	1,957,666,110	50,278,459	3,030,540,073	
Net profit	18,253,215	52,312,168	19,785,989	56,344,434	
Net profit from discontinued operations	—	—	—	—	
Other comprehensive income	—	—	—	—	
Total comprehensive income	18,253,215	52,312,168	19,785,989	56,344,434	
Dividends received from associates in the current year	—	—	—	—	

VIII.GOVERNMENT GRANTS

1. Liabilities involving government grants

RMB

Item	Opening balance of the current year	Increased government grants for the year	Amount recognised in other income for the year	Other changes	Closing balance of the current year	Related to assets/related to income
New Shilong station assets	612,999,210	—	22,787,070	—	590,212,140	Related to assets
Culverts (project of change from level crossing to interchange)	24,361,836	—	737,245	—	23,624,591	Related to assets
Shilong elevated station	16,262,418	—	694,416	—	15,568,002	Related to assets
Elevated platform of Buji station	11,497,531	—	780,697	—	10,716,834	Related to assets
Guangzhou government grants for draw-out track and network area relocation at Shipai	9,524,144	—	268,184	—	9,255,960	Related to assets
Shenzhen station renovation and upgrading project	—	69,252,625	2,504,191	—	66,748,434	Related to assets
Other government grants related to assets	27,738,923	1,284,000	2,388,260	(800,000)	25,834,663	Related to assets
Total	702,384,062	70,536,625	30,160,063	(800,000)	741,960,624	

2. Government grants included in profit or loss

RMB

Item	2024	2023
New Shilong station assets	22,787,070	24,600,885
Amortisation of other government grants related to assets	7,372,993	22,811,443
Subsidy for job stabilisation	8,576,469	39,447,625
Others	17,229	1,068,700
Total	38,753,761	87,928,653



IX. RISKS ASSOCIATED WITH FINANCIAL INSTRUMENTS

The Group's major financial instruments include accounts receivable, other receivables, debt investments, long-term receivables, investments in other equity instruments, borrowings, notes payable, accounts payable other payables, lease liabilities, etc. At the end of the year, the Group has the following financial instruments. Please refer to Note V for details. The risks associated with these financial instruments and the policies on how to mitigate these risks are set out below. The management of the Group manages and monitors these exposures to ensure the risks are controlled at a certain level.

	<i>RMB</i>	
	31 December 2024	31 December 2023
Financial assets		
At FVTOCI		
Investments in other equity instruments	478,375,517	462,695,717
Measured at amortised cost		
Cash and bank balances	1,934,900,900	1,482,463,336
Notes receivable	192,750,000	—
Accounts receivable	5,940,313,417	6,239,551,856
Other receivables	957,959,832	632,761,629
Non-current assets due within one year	63,900,000	1,950,000
Debt investments	—	60,000,000
Long-term receivables	—	16,743,981
Financial liabilities		
Measured at amortised cost		
Short-term borrowings	300,176,917	700,385,000
Notes payable	—	200,000,000
Accounts payable	2,650,474,072	4,913,237,216
Other payables	3,014,436,331	1,373,640,812
Non-current liabilities due within one year	66,779,309	76,105,907
Long-term borrowings	500,000,000	780,000,000
Lease liabilities	1,328,652,169	1,326,891,951

IX. RISKS ASSOCIATED WITH FINANCIAL INSTRUMENTS *(continued)*

The Group adopts sensitivity analysis technique to analyse how the profit or loss for the period or shareholders' equity would have been affected by reasonably possible changes in the relevant risk variables. As it is unlikely that risk variables will change in an isolated manner, and the interdependence among risk variables will have significant effect on the amount ultimately influenced by the changes in a single risk variable, the following are based on the assumption that the change in each risk variable is on a stand-alone basis.

1. Risk management objectives, policies and procedures, and changes during the year

The Group's risk management objectives are to achieve a proper balance between risks and yield, minimise the adverse impacts of risks on the Group's operation performance, and maximise the benefits of the shareholders and other equity investors. Based on these risk management objectives, the Group's basic risk management strategy is to identify and analyse the Group's exposure to various risks, establish an appropriate maximum tolerance to risk, implement risk management, and monitor regularly and effectively these exposures to ensure the risks are monitored at a certain level.

1.1. Market risk

1.1.1. Currency risk

Currency risk is the risk that losses will occur because of changes in foreign exchange rates. The Group's exposure to the currency risk is primarily associated with HKD. A small portion expenses of the Group are paid in HKD while the Group's other principal activities are denominated and settled in RMB. As at 31 December 2024, the balance of the Group's assets and liabilities are both denominated in RMB except that the assets set out below are denominated in HKD. Currency risk arising from the assets and liabilities denominated in foreign currencies may have impact on the Group's operation performance.

	<i>RMB</i>	
	31 December 2024	31 December 2023
Cash and bank balances	3,531,057	13,067,030



IX. RISKS ASSOCIATED WITH FINANCIAL INSTRUMENTS *(continued)*

1. Risk management objectives, policies and procedures, and changes during the year *(continued)*

1.1. Market risk *(continued)*

1.1.1. Currency risk *(continued)*

Sensitivity analysis on currency risk

The assumption for the sensitivity analysis on currency risk is that all hedges of net investments in foreign operations and the cash flow hedges are highly effective.

On the basis of the above assumption, where all other variables are held constant, the reasonably possible changes in foreign exchange rates may have the following after-tax effect on the profit or loss for the period and shareholders' equity:

		2024		2023	
Item	Change in exchange rate	Effect on profits	Effect on shareholders' equity	Effect on profits	Effect on shareholders' equity
HKD	Appreciation of 5% against RMB	132,000	132,000	490,000	490,000
HKD	Depreciation of 5% against RMB	(132,000)	(132,000)	(490,000)	(490,000)

IX. RISKS ASSOCIATED WITH FINANCIAL INSTRUMENTS *(continued)*

1. Risk management objectives, policies and procedures, and changes during the year *(continued)*

1.1. Market risk *(continued)*

1.1.2 Interest rate risk – risk of changes in cash flows

The Group's cash flow interest rate risk of financial instruments relates primarily to variable-rate bank borrowings. The Group continues to pay close attention to the impact of interest rate changes on the Group's interest rate risk. It is the Group's policy to keep its borrowings at floating rate of interests. At present, there is no interest rate swap arrangement.

Sensitivity analysis on interest rate risk

Where all other variables are held constant, the reasonably possible changes in interest rate may have the following after-tax effect on the profit or loss for the period and shareholders' equity:

<i>RMB</i>					
Item	Changes in interest rate	2024		2023	
		Effect on profit	Effect on shareholders' equity	Effect on profit	Effect on shareholders' equity
RMB	50 basis points higher	(3,001,031)	(3,001,031)	(5,587,500)	(5,587,500)
RMB	50 basis points lower	3,001,031	3,001,031	5,587,500	5,587,500



IX. RISKS ASSOCIATED WITH FINANCIAL INSTRUMENTS *(continued)*

1. Risk management objectives, policies and procedures, and changes during the year *(continued)*

1.2. Credit risk

As at 31 December 2024, the Group's maximum exposure to credit risk which will cause a financial loss to the Group is mainly losses on the Group's financial assets due to the counterparty's failure to discharge an obligation and financial guarantees issued by the Group (without consideration of available collateral or other credit enhancements), including cash and bank balances, accounts receivable, other receivables, debt investments, long-term receivables, etc. At the balance sheet date, the carrying amount of the financial assets of the Group has represented its maximum credit risk exposure, except for long-term receivables, for which the maximum credit risk exposure is the undiscounted contractual cash flows.

In order to minimise the credit risk, the Group has business management department and finance department responsible for determination of credit limits, credit approvals and other monitoring procedures to ensure that follow-up action is taken to recover overdue debts. In addition, the Group reviews the recovery of financial assets at each balance sheet date to ensure that adequate credit loss allowance has been recognised for relevant financial assets. Therefore, the management of the Group considers that the Group's credit risk is significantly reduced.

The credit risk on cash and bank balances is limited because they are deposited at banks with high credit ratings.

1.3. Liquidity risk

In the management of the liquidity risk, the Group monitors and maintains a level of cash and cash equivalents deemed adequate by the management to finance the Group's operations and mitigate the effects of fluctuations in cash flows. The management monitors the utilisation of bank borrowings and ensures compliance with loan covenants.

IX. RISKS ASSOCIATED WITH FINANCIAL INSTRUMENTS *(continued)*

1. Risk management objectives, policies and procedures, and changes during the year *(continued)*

1.3. Liquidity risk *(continued)*

The following is the maturity analysis for financial liabilities held by the Group which is based on undiscounted remaining contractual obligations:

	<i>RMB</i>				
	Within 1 year	1 to 2 years	2 to 5 years	Over 5 years	Total
Short-term borrowings	300,530,750	—	—	—	300,530,750
Accounts payable	2,650,474,072	—	—	—	2,650,474,072
Other payables	3,014,436,331	—	—	—	3,014,436,331
Non-current liabilities due within one year	66,779,309	—	—	—	66,779,309
Long-term borrowings	9,400,000	500,750,000	—	—	510,150,000
Lease liabilities	—	67,530,000	208,450,000	5,390,000,000	5,665,980,000
Total	6,041,620,462	568,280,000	208,450,000	5,390,000,000	12,208,350,462



X. DISCLOSURE OF FAIR VALUE

1. Closing balance of fair value of assets and liabilities measured at fair value

At 31 December 2024

	Fair value at the end of the year			RMB
	Level 1	Level 2	Level 3	Total
	Fair value measurement	Fair value measurement	Fair value measurement	
Fair value measurement on an ongoing basis				
Investments in other equity instruments	—	—	478,375,517	478,375,517

For financial instruments at Level 3, market method is used to estimate fair value. The unobservable inputs mainly include the price-to-book ratio and the liquidity discount, etc. The Group believes that the fair value estimated using the valuation method and its changes are reasonable and it is also the most appropriate value as at 31 December 2024.

There are no transfers of fair value measurements between Level 1 and Level 2 and no transfers into or out of Level 3 for the year.

XI. RELATED PARTY RELATIONSHIPS AND TRANSACTIONS

1. Information on the Company's holding shareholder

Name	Place of incorporation	Nature of business	Registered capital	RMB0'000	
				Proportion of shareholding (%)	Proportion of voting rights (%)
Guangzhou Railway Group	Guangzhou	Railway transportation	24,925,403	37.12	37.12

XI. RELATED PARTY RELATIONSHIPS AND TRANSACTIONS *(continued)*

2. Information on the Company's subsidiaries

Information on the Company's subsidiaries is set out in Note VII, 1.

3. Information on the Company's associates

Information on the Company's associates is set out in Note VII, 2.

4. Information on other related parties

Name	Actual controller of the Company
CSRG <i>(Note)</i>	Actual controller of the Company
Guangdong Railway Company Limited ("Guangdong Railway")	Subsidiary of Guangzhou Railway Group
Guangzhou Railway Material Supply Company ("Material Company")	Subsidiary of Guangzhou Railway Group
Guangzhou Railway Vehicles Co., Ltd. ("Vehicles Company")	Subsidiary of Guangzhou Railway Group
Xiashen Railway Guangdong Company Limited ("Xiashen Railway")	Subsidiary of Guangzhou Railway Group
Guangdong Shenmao Railway Co., Ltd. ("Shenmao Railway")	Subsidiary of Guangzhou Railway Group
Hunan Railway Lianchuang Technology Development Co., Ltd. ("Hunan Railway")	Subsidiary of Guangzhou Railway Group
Guangzhou Northeast Freight Car Outer Winding Railway Co., Ltd. ("Northeast Railway")	Subsidiary of Guangzhou Railway Group
Hunan Changtie Loading & Unloading Co., Ltd. ("Hunan Changtie")	Subsidiary of Guangzhou Railway Group
Guangzhou Railway Track Equipment Co., Ltd. ("Track Company")	Subsidiary of Guangzhou Railway Group
Guangdong Tieqing International Cultural Tourism Group Co., Ltd. ("Guangdong Tieqing Cultural Tourism")	Subsidiary of Guangzhou Railway Group
Guangzhou Railway Real Estate Co., Ltd. ("Guangzhou Railway Real Estate")	Subsidiary of Guangzhou Railway Group
GIDC	Subsidiary of Guangzhou Railway Group

Note: CSRG is the controller of Guangzhou Railway Group. The Group disclosed the transactions with CSRG and its affiliated companies separately in the Notes. The disclosure of transactions in this section excludes transactions between the Group and Guangzhou Railway Group and its subsidiaries, unless otherwise stated.



XI. RELATED PARTY RELATIONSHIPS AND TRANSACTIONS *(continued)*

5. Information on related party transactions

(1) *Related party transactions in the purchase and sale of goods, rendering and receipt of labour services*

Purchase of goods/Receipt of labour services

		RMB	
Name of related parties	Content of transaction	2024	2023
Guangzhou Railway Group and its subsidiaries	Receipt of network clearing services provided by Guangzhou Railway Group and its subsidiaries	4,013,579,350	3,910,427,999
Guangzhou Railway Group and its subsidiaries	Train services provided by Guangzhou Railway Group and its subsidiaries	862,019,334	721,819,338
Guangzhou Railway Group and its subsidiaries	Materials and supplies purchased from Guangzhou Railway Group and its subsidiaries	815,047,087	895,263,241
Guangzhou Railway Group and its subsidiaries	Repair and maintenance services provided by Guangzhou Railway Group and its subsidiaries	265,938,569	509,436,447
Guangzhou Railway Group and its subsidiaries	Receipt of construction services provided by Guangzhou Railway Group and its subsidiaries	203,010,365	143,995,084
Associates	Receipt of construction services provided by associates	79,344,366	117,408,773
Associates	Repair and maintenance services provided by associates	615,502	4,231,291
Associates	Train services provided by associates	4,428,674	3,688,498
CSRG and its affiliated companies <i>(Note 1)</i>	Receipt of network clearing services provided by CSRG and its affiliated companies	1,344,328,073	1,802,762,753
CSRG and its affiliated companies	Materials and supplies purchased from CSRG and its affiliated companies	81,848,645	36,150,571
CSRG and its affiliated companies	Train services provided by CSRG and its affiliated companies	18,625,783	22,285,235
CSRG and its affiliated companies	Repair and maintenance services provided by CSRG and its affiliated companies	1,591,313	20,601,151
CSRG and its affiliated companies	Receipts of construction project services rendered by CSRG and its affiliated companies	26,593,783	17,640,230
Total		7,716,970,844	8,205,710,611

XI. RELATED PARTY RELATIONSHIPS AND TRANSACTIONS *(continued)*

5. Information on related party transactions *(continued)*

(1) *Related party transactions in the purchase and sale of goods, rendering and receipt of labour services (continued)*

Sale of goods/Rendering of labour services

		RMB	
Name of related parties	Content of transaction	2024	2023
Guangzhou Railway Group and its subsidiaries	Train services and railway operation services provided to Guangzhou Railway Group and its subsidiaries	5,370,152,595	4,585,311,669
Guangzhou Railway Group and its subsidiaries	Network clearing services provided to Guangzhou Railway Group and its subsidiaries	1,619,456,744	1,345,046,371
Guangzhou Railway Group and its subsidiaries	Materials and supplies sold to and other services provided to Guangzhou Railway Group and its subsidiaries	54,257,887	119,883,200
Guangzhou Railway Group and its subsidiaries	Construction engineering services provided to Guangzhou Railway Group and its subsidiaries	78,187,994	29,501,750
Associates	Materials and supplies sold to associates	5,425,718	5,436,497
Associates	Train services provided to associates	2,121,600	2,869,884
CSRG and its affiliated companies <i>(Note 1)</i>	Network clearing services provided to CSRG and its affiliated companies	2,619,679,456	2,594,242,181
CSRG and its affiliated companies	Railway operation services provided to CSRG and its affiliated companies	1,787,756,700	2,556,323,800
Transactions with CSRG and its affiliated companies	Truck repair services provided to CSRG and its affiliated companies	602,257,095	621,012,657
CSRG and its affiliated companies	Train services provided to CSRG and its affiliated companies	297,100,364	51,837,776
CSRG and its affiliated companies	Construction engineering services provided to CSRG and its affiliated companies	349,755,421	202,312,131
CSRG and its affiliated companies <i>(Note 2)</i>	Income from passenger transportation	10,978,764,616	10,614,847,577
CSRG and its affiliated companies <i>(Note 2)</i>	Income from freight transportation	1,622,820,308	1,633,074,299
Total		25,387,736,498	24,361,699,792



XI. RELATED PARTY RELATIONSHIPS AND TRANSACTIONS *(continued)*

5. Information on related party transactions *(continued)*

(1) Related party transactions in the purchase and sale of goods, rendering and receipt of labour services *(continued)*

Sale of goods/Rendering of labour services (continued)

Note 1: When the trains operated by the Group pass through railway lines owned by other railway companies, the Group need to pay those companies for the services rendered (track usage, locomotive traction and electric catenaries service, etc.), and vice versa. The prices of such services are instructed by the CSRG and are captured and processed by the central clearance system of CSRG (see Note III, 25 for details).

Note 2: The railway business operated by the Group forms part of CSRG's system and is subject to the unified supervision and management of CSRG. The Group's receipts from the provision of railway related services to third parties (the ultimate service recipients), including income from passenger transportation, freight transportation and baggage and parcel handling, are required to be aggregated, processed and settled through the central clearance system of CSRG.

Note 3: Pursuant to the Comprehensive Service Framework Agreement entered into between the Company and CSRG (hereinafter including the Guangzhou Railway Group and its subsidiaries), which was approved at the extraordinary general meeting of the Company on 6 December 2022, in 2024, the fees for railway transportation services, railway related services, special entrusted railway transportation services and other special railway services provided by the Group to CSRG shall not exceed RMB9,902,640,000, RMB659,450,000, RMB5,528,320,000 and RMB478,330,000, respectively. The fees for railway transportation services, railway related services and other services procured by the Group from CSRG shall not exceed RMB13,324,340,000, RMB2,288,310,000 and RMB478,330,000, respectively. In the year, the actual fees for such services are not exceed the fore-mentioned amounts.

XI. RELATED PARTY RELATIONSHIPS AND TRANSACTIONS *(continued)*

5. Information on related party transactions *(continued)*

(2) Information on related party leases

The Group as a lessee

RMB

Lessor	Type of assets leased	Lease payment for short-term leases and leases of low-value assets treated under simplified methods		Rent incurred on lease liabilities		Interest costs incurred on lease liabilities	
		2024	2023	2024	2023	2024	2023
Guangzhou Railway Group	Land use rights	—	—	65,283,019	64,150,943	68,267,920	68,091,636
CSRG	Van compartments	1,634,820,556	1,777,608,976	—	—	—	—
Guangzhou Railway Group	Van compartments	366,800,374	344,150,245	—	—	—	—

(3) Compensation for key management personnel

RMB

Item	2024	2023
Compensation for key management personnel	5,139,170	4,525,824

Key management personnel include directors, supervisors, and senior management. The Company had a total of 24 key management personnel during the year (2023: 22 key management personnel).



XI. RELATED PARTY RELATIONSHIPS AND TRANSACTIONS *(continued)*

5. Information on related party transactions *(continued)*

(3) Compensation for key management personnel *(continued)*

(a) Compensation for directors and supervisors

The compensation of each director and supervisor for the year 2024:

RMB

Name	Remuneration	Payroll and bonus	Total
Jiang Hui	—	—	—
Wei Hao	—	—	—
Wu Yong	—	—	—
Chen Shaohong	—	524,050	524,050
Hu Lingling	—	305,453	305,453
Luo Jinglun	—	—	—
Zhou Shangde	—	498,426	498,426
Hu Dan	—	—	—
Zhang Zhe	—	—	—
Tang Xiaofan	112,000	—	112,000
Qiu Zilong	112,000	—	112,000
Wang Qin	153,408	—	153,408
Niu Jianfeng	—	—	—
Huang Chaoxin	—	—	—
Li Songqing	—	—	—
Meng Yong	—	—	—
Lin Wensheng	—	413,504	413,504
Song Min	—	413,504	413,504

XI. RELATED PARTY RELATIONSHIPS AND TRANSACTIONS *(continued)*

5. Information on related party transactions *(continued)*

(3) Compensation for key management personnel *(continued)*

(a) Compensation for directors and supervisors (continued)

The compensation of each director and supervisor for the year 2023:

			RMB
Name	Remuneration	Payroll	Total
Wu Yong	—	—	—
Hu Lingling	—	682,170	682,170
Zhou Shangde	—	507,463	507,463
Guo Jiming	—	—	—
Hu Dan	—	—	—
Zhang Zhe	—	—	—
Ma Shiheng	68,844	—	68,844
Tang Xiaofan	112,000	—	112,000
Qiu Zilong	112,000	—	112,000
Wang Qin	83,065	—	83,065
Lei Chunliang	—	—	—
Huang Chaoxin	—	—	—
Chen Shaohong	—	—	—
Xiang Lihua	—	—	—
Meng Yong	—	—	—
Huang Songli	—	176,374	176,374
Lin Wensheng	—	454,091	454,091
Song Min	—	262,064	262,064

The compensation of above directors and supervisors have been included in Compensation for key management personnel.



XI. RELATED PARTY RELATIONSHIPS AND TRANSACTIONS *(continued)*

5. Information on related party transactions *(continued)*

(3) Compensation for key management personnel *(continued)*

(b) Top 5 key management personnel with highest compensation

The top five key main management personnel with highest compensation in the Group for the year included 2 directors (2023: 1 director), whose remuneration is reflected in the table above, and the aggregate amount of remuneration for the other 3 directors (2023: 4 directors) is set out below:

RMB		
Item	2024	2023
Basic salary, bonuses, housing allowances, pensions and other allowances	1,495,466	2,067,752

RMB		
Compensation range	Number of persons for 2024	Number of persons for 2023
RMB 0–1,000,000	3	4
RMB 1,000,001–1,500,000	—	—
RMB 1,500,001–2,000,000	—	—
RMB 2,000,001 and above	—	—

XI. RELATED PARTY RELATIONSHIPS AND TRANSACTIONS *(continued)*

6. Information on receivables due from and payables due to related parties and other outstanding items

(1) *Balance of receivables from and payables to associates, Guangzhou Railway Group and its subsidiaries*

RMB

Item	Name of related parties	31 December 2024 Gross carrying amount	31 December 2023 Gross carrying amount
Accounts receivable	Guangzhou Railway Group	1,758,038,027	1,804,643,607
	Subsidiaries of Guangzhou Railway Group		
	Guangdong Railway Company Limited	2,220,177,018	2,364,491,559
	Xiashen Railway	59,816,659	68,883,497
	Northeast Railway	12,597,146	6,394,372
	GIDC	—	34,030,000
	Others	254,374,286	33,033,349
	Associates	—	1,434,257
	Total	4,305,003,136	4,312,910,641
	Less: Bad debt provision	33,673,404	25,359,553
	Carrying amount	4,271,329,732	4,287,551,088
Other receivables	Guangzhou Railway Group	3,909,424	6,432,049
	Subsidiaries of Guangzhou Railway Group		
	Guangdong Railway Company Limited	30,223,912	45,284,076
	Shenmao Railway	26,501,172	27,803,935
	Xiashen Railway	40,625,593	33,156,234
	Others	83,231,597	13,081,189
	Associates	303,722	1,802,238
	Total	184,795,420	127,559,721
	Less: Bad debt provision	235,298	252,472
	Carrying amount	184,560,122	127,307,249
Prepayments	Subsidiaries of Guangzhou Railway Group	32,830,826	13,502,610
Other non-current assets	Subsidiaries of Guangzhou Railway Group	9,749,297	26,951,442



XI. RELATED PARTY RELATIONSHIPS AND TRANSACTIONS *(continued)*

6. Information on receivables due from and payables due to related parties and other outstanding items *(continued)*

(1) *Balance of receivables from and payables to associates, Guangzhou Railway Group and its subsidiaries (continued)*

RMB

Item	Name of related parties	31 December 2024	31 December 2023
Accounts payable	Guangzhou Railway Group	112,498,695	56,841,221
	Subsidiaries of Guangzhou Railway Group		
	Material Company	690,364,461	1,215,565,491
	Hunan Railway	300,626,444	327,432,003
	Vehicles Company	34,198,234	93,230,325
	Hunan Changtie	15,229,932	75,090,935
	Track Company	14,228,822	32,531,892
	Guangdong Tieqing Cultural Tourism	301,351	14,359,252
	Guangzhou Railway Real Estate	17,453,764	36,087,525
	Others	41,482,320	247,710,109
	Associates	77,466,625	300,968,126
	Total	1,303,850,648	2,399,816,879
Contract liabilities	Guangzhou Railway Group	2,862,525	—
	Subsidiaries of Guangzhou Railway Group	15,442,623	1,179,537
	Associates	68,200	176,200
	Total	18,373,348	1,355,737
Other payables	Guangzhou Railway Group	186,338,459	160,136,190
	Subsidiaries of Guangzhou Railway Group		
	GIDC	351,568,451	351,558,436
	Hunan Changtie	85,783,039	32,202,583
	Material Company	24,457,664	16,526,262
	Vehicles Company	60,206,230	13,564,025
	Hunan Railway	53,555,396	—
	Others	87,814,327	33,149,231
	Associates	65,500,699	13,781,301
	Total	915,224,265	620,918,028
Lease liabilities	Guangzhou Railway Group	1,395,067,264	1,392,082,738

XI. RELATED PARTY RELATIONSHIPS AND TRANSACTIONS *(continued)*

6. Information on receivables due from and payables due to related parties and other outstanding items *(continued)*

(2) Balance of receivables from and payables to CSRG and other railway transportation related enterprises

RMB

Item	Name of related parties	31 December 2024	31 December 2023
Accounts receivable	CSRG	189,491,419	269,563,492
	Affiliated companies to CSRG	386,597,444	767,946,619
	Total	576,088,863	1,037,510,111
	Less: Bad debt provision	5,929,004	4,676,151
	Carrying amount	570,159,859	1,032,833,960
Other receivables	Affiliated companies to CSRG	531,817,082	251,440,935
	Less: Bad debt provision	677,157	497,662
	Carrying amount	531,139,925	250,943,273
Accounts payable	Affiliated companies to CSRG	81,043,848	160,896,676
Other payables	Affiliated companies to CSRG	99,079,163	5,024,438

7. Commitments to related parties

The following are the commitments relating to related parties that have been contracted and are not yet required to be presented on the balance sheet at the balance sheet day:

(1) Receipt of labour services

RMB

Category	31 December 2024	31 December 2023
Guangzhou Railway Group and its subsidiaries	12,545,501	17,176,560



XII. COMMITMENTS AND CONTINGENCIES

1. Significant commitments

(1) Capital commitments

	RMB	
	31 December 2024	31 December 2023
Buildings and machinery and equipment		
– Capital commitments that have been entered into but have not been recognised in the financial statements	34,997,000	61,359,000
– Capital commitments that have been authorised but haven't been entered into and recognised in the financial statements	337,123,000	368,641,000
Total	372,120,000	430,000,000

2. Contingencies

As at 31 December 2024, the Group had no significant contingencies that should have been disclosed but were not.

XIII. OTHER SIGNIFICANT MATTERS

1. Segment information

The Group is principally engaged in the railway transportation business, and all businesses are occurred in the PRC (including Hong Kong). Since the management of the Group does not separately account for the costs and expenses incurred by the passenger and freight transportation business in the ordinary course of operation and does not separately evaluate the operating results of the business, a segment report is not required.

XIV. EVENTS AFTER THE BALANCE SHEET DATE

1. Pursuant to the resolution of the Board of Directors dated 27 March 2025, the Board of Directors proposed to declare cash dividends of RMB0.07 per share, totalling RMB495,847,590 per share, to all shareholders in respect of the net profit for the year 2024, based on 7,083,537,000 shares in issue. The aforesaid proposal is subject to the approval of the general meeting of shareholders.

XV. NOTES TO KEY ITEMS IN THE COMPANY’S FINANCIAL STATEMENTS

1. Accounts receivable

(1) Disclosed by aging

RMB		
Aging	31 December 2024 Gross carrying amount	31 December 2023 Gross carrying amount
Within 1 year	4,319,726,718	4,821,846,814
1 to 2 years	1,383,946,168	1,295,753,160
2 to 3 years	158,406,598	125,069,066
Over 3 years	124,728,569	29,153,367
Total	5,986,808,053	6,271,822,407



XV. NOTES TO KEY ITEMS IN THE COMPANY'S FINANCIAL STATEMENTS

(continued)

1. Accounts receivable (continued)

(2) Disclosed by method of bad debt provision:

RMB

Category	31 December 2024				Carrying amount	31 December 2023				Carrying amount
	Gross carrying amount Amount	Proportion (%)	Bad debt provision Amount	Proportion (%)		Gross carrying amount Amount	Proportion (%)	Bad debt provision Amount	Proportion (%)	
Bad debt provision assessed on a portfolio basis:										
Portfolio I	187,670,219	3.13	—	—	187,670,219	269,407,292	4.30	—	—	269,407,292
Portfolio II	5,690,027,664	95.04	44,698,993	0.79	5,645,328,671	5,641,293,534	89.95	31,688,008	0.56	5,609,605,526
Portfolio III	109,110,170	1.83	2,134,670	1.96	106,975,500	361,121,581	5.75	2,134,670	0.59	358,986,911
Total	5,986,808,053	100	46,833,663		5,939,974,390	6,271,822,407	100	33,822,678		6,237,999,729

XV. NOTES TO KEY ITEMS IN THE COMPANY'S FINANCIAL STATEMENTS

(continued)

1. Accounts receivable (continued)

(2) Disclosed by method of bad debt provision: (continued)

Measurement of expected credit losses at an amount equivalent to the lifetime ECL:

RMB			
Bad debt provision	Lifetime ECL (not credit- impaired)	Lifetime ECL (credit- impaired)	Total
1 January 2024	33,822,678	—	33,822,678
– Transfer to those credit-impaired	—	—	—
– Reverse to those not credit-impaired	—	—	—
Provision for the year	13,010,985	—	13,010,985
Reversal for the year	—	—	—
Charge-off for the year	—	—	—
Write-off for the year	—	—	—
Other changes	—	—	—
31 December 2024	46,833,663	—	46,833,663



XV. NOTES TO KEY ITEMS IN THE COMPANY'S FINANCIAL STATEMENTS

(continued)

1. Accounts receivable (continued)

(3) Details of bad debt provision

RMB

Category	31 December 2023	Provision	Changes for the year Recovery or reversal	Charge-off or write-off	Other changes	31 December 2024
Accounts receivable for which bad debt provision is assessed on a portfolio basis according to credit risk characteristics	33,822,678	13,010,985	—	—	—	46,833,663

(4) As at 31 December 2024, no accounts receivable had been written off.

(5) Top five accounts receivable categorised by debtor:

RMB

Name of entity	Accounts receivable Closing balance	Proportion to total closing balance of accounts receivable (%)	Closing balance of bad debt provision
Total top five accounts receivable as at 31 December 2024	4,826,196,821	80.61	37,752,284

XV. NOTES TO KEY ITEMS IN THE COMPANY'S FINANCIAL STATEMENTS

(continued)

2. Other receivables

2.1 Presentation

Item	RMB	
	31 December 2024	31 December 2023
Interest receivable	—	—
Dividends receivable	—	—
Other receivables	1,372,372,877	1,026,481,958
Total	1,372,372,877	1,026,481,958

2.2 Other receivables

(1) Disclosed by aging

Aging	RMB	
	31 December 2024 Gross carrying amount	31 December 2023 Gross carrying amount
Within 1 year	1,233,225,186	879,798,293
1 to 2 years	11,304,585	18,226,588
2 to 3 years	—	129,490,631
Over 3 years	141,375,082	12,498,422
Total	1,385,904,853	1,040,013,934



XV. NOTES TO KEY ITEMS IN THE COMPANY'S FINANCIAL STATEMENTS

(continued)

2. Other receivables (continued)

2.2 Other receivables (continued)

(2) Classified by nature

Nature	RMB	
	31 December 2024	31 December 2023
Receipts and payments of construction funds on behalf of others	798,811,680	445,186,668
Payment for land acquisition and reserve receivable	128,902,764	128,902,764
Petty cash	12,141,373	16,138,137
Advances	6,509,280	15,504,196
Security deposits and deposits	2,154,088	1,346,113
Amounts due from subsidiaries and others	437,385,668	432,936,056
Sub-total	1,385,904,853	1,040,013,934
Less: Bad debt provision	13,531,976	13,531,976
Total	1,372,372,877	1,026,481,958

XV. NOTES TO KEY ITEMS IN THE COMPANY'S FINANCIAL STATEMENTS

(continued)

2. Other receivables (continued)

2.2 Other receivables (continued)

(3) Disclosed by method of bad debt provision

RMB

Category	31 December 2024					31 December 2023				
	Gross carrying amount Amount	Proportion (%)	Bad debt provision Amount	Proportion (%)	Carrying amount	Gross carrying amount Amount	Proportion (%)	Bad debt provision Amount	Proportion (%)	Carrying amount
Bad debt provision assessed on an individual basis	12,312,317	0.89	12,312,317	100.00	—	12,312,317	1.18	12,312,317	100.00	—
Bad debt provision assessed on a portfolio basis	1,373,592,536	99.11	1,219,659	0.09	1,372,372,877	1,027,701,617	98.82	1,219,659	0.12	1,026,481,958
Including: Portfolio I	1,373,592,536	99.11	1,219,659	0.09	1,372,372,877	1,027,701,617	98.82	1,219,659	0.12	1,026,481,958
Total	1,385,904,853	100.00	13,531,976		1,372,372,877	1,040,013,934	100.00	13,531,976		1,026,481,958



XV. NOTES TO KEY ITEMS IN THE COMPANY'S FINANCIAL STATEMENTS

(continued)

2. Other receivables (continued)

2.2 Other receivables (continued)

(4) Bad debt provision

				RMB
Bad debt provision	Stage I 12-month ECL	Stage II Lifetime ECL (not credit- impaired)	Stage III Lifetime ECL (credit- impaired)	Total
1 January 2024	1,219,659	—	12,312,317	13,531,976
– Transfer to Stage II	—	—	—	—
– Transfer to Stage III	—	—	—	—
– Reverse to Stage II	—	—	—	—
– Reverse to Stage I	—	—	—	—
Provision for the year	—	—	—	—
Reversal for the year	—	—	—	—
Charge-off for the year	—	—	—	—
Write-off for the year	—	—	—	—
Other changes	—	—	—	—
31 December 2024	1,219,659	—	12,312,317	13,531,976

XV. NOTES TO KEY ITEMS IN THE COMPANY'S FINANCIAL STATEMENTS (continued)

2. Other receivables (continued)

2.2 Other receivables (continued)

(5) Details of bad debt provision

RMB						
Category	1 January 2024	Provision	Changes for the year Recovery or reversal	Charge-off or write-off	Other changes	31 December 2024
Other receivables for which credit loss allowance is assessed on an individual basis	12,312,317	—	—	—	—	12,312,317
Other receivables for which credit loss allowance is assessed on a portfolio basis according to credit risk characteristics	1,219,659	—	—	—	—	1,219,659
Total	13,531,976	—	—	—	—	13,531,976

(6) As at 31 December 2024, no other receivables have been written off.



XV. NOTES TO KEY ITEMS IN THE COMPANY'S FINANCIAL STATEMENTS

(continued)

2. Other receivables (continued)

2.2 Other receivables (continued)

(7) Top five other receivables categorised by debtor:

RMB					
Name of entity	31 December 2024	Proportion to total closing balance of other receivables (%)	Nature	Aging	Balance of bad debt provision at 31 December 2024
Wuhan-Guangzhou Railway Passenger Dedicated Line Co., Ltd.	439,168,839	31.69	Collection and payment of construction funds on behalf of others	Within one year	645,130
Guangzhou Tianhe Land Development Centre	128,902,764	9.30	Land reserve funds receivable	Over three years	—
Guangdong Guangzhu Intercity Rail Transit Co., Ltd.	74,630,442	5.38	Collection and payment of construction funds on behalf of others	Within one year	109,631
Guangzhou-Shenzhen- Hong Kong Passenger Dedicated Line Co., Ltd.	67,852,425	4.90	Collection and payment of construction funds on behalf of others	Within one year	99,674
Guiyang-Guangzhou Railway Co., Ltd.	65,550,281	4.73	Collection and payment of construction funds on behalf of others	Within one year	96,292
Total	776,104,751	56.00			950,727

XV. NOTES TO KEY ITEMS IN THE COMPANY'S FINANCIAL STATEMENTS

(continued)

3. Long-term equity investments

RMB

Investee	1 January 2024	Addition	Reduction	Investment gain or loss recognised under the equity method	Changes for the year				Provision for impairment at 31 December 2024		
					Adjustment to other comprehensive income	Other changes in equity	Cash dividend or profit declared	Provision for impairment			
		Others							31 December 2024		
I. Subsidiaries											
Dongguan Changsheng	48,204,994	—	—	—	—	—	—	—	—	48,204,994	—
Pinghu Qun Yi	11,447,465	—	—	—	—	—	—	—	—	11,447,465	—
Huangpu Service	379,000	—	—	—	—	—	—	—	—	379,000	—
Railway Economic and Trade	2,000,000	—	—	—	—	—	—	—	—	2,000,000	—
Zengcheng Lihua	—	—	—	—	—	—	—	—	—	—	34,392,193
Sub-total	62,031,459	—	—	—	—	—	—	—	—	62,031,459	34,392,193
II. Associates											
Tiecheng	149,426,689	—	—	8,944,075	—	—	—	—	—	158,370,764	—
Shentu	149,316,369	—	—	12,774,632	—	6,240,684	—	—	—	168,331,685	—
Sub-total	298,743,058	—	—	21,718,707	—	6,240,684	—	—	—	326,702,449	—
Total	360,774,517	—	—	21,718,707	—	6,240,684	—	—	—	388,733,908	34,392,193



XV. NOTES TO KEY ITEMS IN THE COMPANY'S FINANCIAL STATEMENTS

(continued)

4. Operating income and costs

Item	2024		2023	
	Income	Costs	Income	Costs
Principal operating activities (Note)	25,304,356,566	23,924,481,032	24,649,140,727	23,255,903,953
Other operating activities	1,751,313,921	1,440,978,525	1,493,231,167	1,247,440,120
Total	27,055,670,487	25,365,459,557	26,142,371,894	24,503,344,073

Note: Revenue from entrusted transportation realised during the year amounted to RMB8,023,161,992 (2023: RMB7,819,977,857).

5. Investment income

Item	2024		2023	
Income from long-term equity investments under the equity method	21,718,707		23,454,446	
Dividend income from investments in other equity instruments during the holding period	9,438,022		16,285,487	
Income from long-term equity investments under the cost method	3,315,909		—	
Total	34,472,638		39,739,933	

SUPPLEMENTARY INFORMATION

For the year ended 31 December 2024

1. BREAKDOWN OF NON-RECURRING PROFIT OR LOSS FOR THE PERIOD

Item	Amount
Profit or loss on disposal of non-current assets, including those charged off for which provision for impairment of assets has been made	19,775,569
Government grants recognised in profit or loss for the period (other than government grants which are closely related to the Company's business, in line with the national regulations, enjoyed under established standards and have a continuous impact on the Company's profit or loss)	8,593,698
Income earned from lending funds to non-financial institutions and recognised in profit or loss for the period	29,600,233
Other non-operating income or expenses other than the above	(3,470,525)
Less: Tax effects	17,112,706
Effects attributable to minority interests	168,020
Total	37,218,249

Basis for preparation of the breakdown of non-recurring profit or loss

Under the requirements in Explanatory Announcement on Information Disclosure by Companies Offering Securities to the Public No. 1 – Non-Recurring Profits and Losses (2023 Revision) from the CSRC, non-recurring profit or loss arises from the transactions or events that are not directly related to daily operations, or the transactions or events that are associated with normal operations but may affect users of the financial statements when making proper judgments on the performance and profitability of an enterprise due to their special and incidental nature.



2. RETURN ON NET ASSETS AND EARNINGS PER SHARE (“EPS”)

The table of return on net assets and earnings per share has been prepared by the Group in accordance with the Information Disclosure and Presentation Rules for Companies Making Public Offering of Securities No. 9 – Calculation and Disclosure of Return on Net Assets and Earnings per Share (Revised in 2010) issued by the CSRC.

Profit for the reporting period	Weighted average return rate on net assets (%)	Earnings per share Basic earnings per share	Diluted earnings per share
Net profit attributable to ordinary shareholders of the Company	3.96	0.1497	0.1497
Net profit after deducting non-recurring profit or loss attributable to ordinary shareholders of the Company	3.82	0.1444	0.1444

Chairman: Jiang Hui
Submission date for Board’s approval: 27 March 2025





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