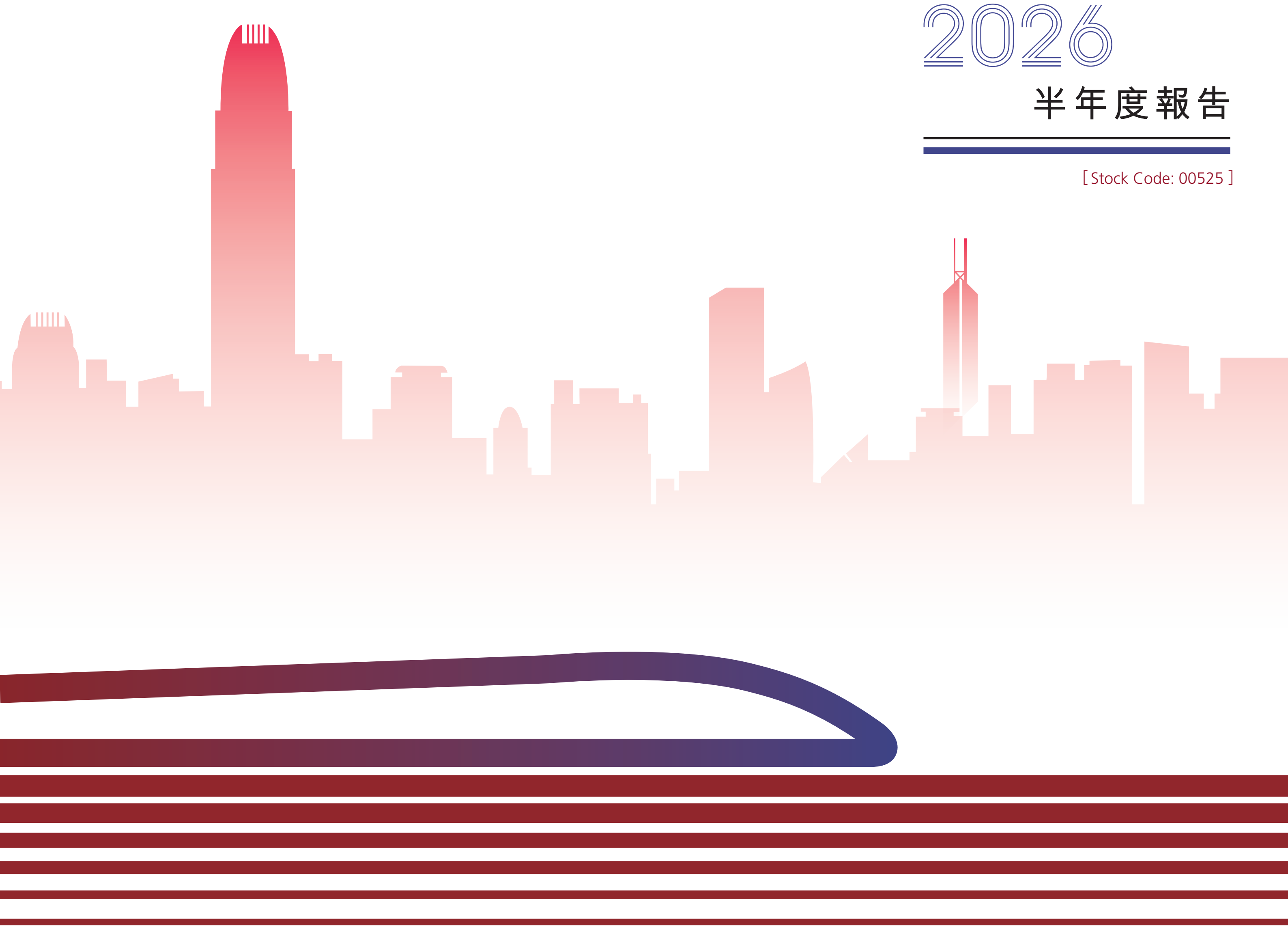
INTERIM REPORT

2026

半年度報告

[Stock Code: 00525]



GSRC
广深铁路

Important Notice

1. **The board of directors (the "Board"), Directors and senior management of the Company warrant that the contents of this interim report are true, accurate and complete, and there are no misrepresentations, misleading statements or material omissions in this interim report, and severally and jointly accept the related legal responsibility.**

2. **All Directors of the Company attended the meeting of the Board to consider this interim report.**

3. **The financial report contained in this interim report has been prepared in accordance with the China Accounting Standards for Business Enterprise and has not been audited.**

4. **Jiang Hui, Chairman of the Board of the Company, Chen Shaohong, General Manager, Dai Zhenjie, Chief Accountant, and Deng Yuhui, Chief of Finance Department hereby warrant that the financial report contained in this interim report is true, accurate and complete.**

5. **The Board of the Company decided not to distribute any cash dividend or profit, or transfer any common reserve to increase share capital during the Reporting Period.**

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 interim report do not constitute any actual commitments to the investors of the Company, and investors and personnel concerned shall stay adequately mindful of risks, and understand the difference between plans, projections and commitments.

7. **Is there any non-regular appropriation of the Company's fund by its controlling shareholder and other related parties**

   No

8. **Is there any violation of the decision-making procedures with respect to the provision of external guarantee**

   No

9. **Whether more than half of the directors cannot guarantee the authenticity, accuracy and completeness of the interim report disclosed by the Company**

   No

10. **Notice of Material Risks**

    This interim report contains details of future potential risks. Please refer to the section headed "Potential risks" in the chapter "Report of the Directors (Including Management Discussion and Analysis)" for details.

Contents

Documents Available for Inspection	(1) Financial statements bearing the signatures and seals of the Chairman of the Board, General Manager, Chief Accountant and Chief of Finance Department of the Company; (2) The originals of all company documents and announcements publicly disclosed during the Reporting Period; (3) The interim report disclosed on other stock markets. Place to maintain such documents: Board secretariat of the Company

Chapter 1
Definitions

Definition of commonly used words

Company	Guangshen Railway Company Limited
Group	The Company and its subsidiaries
Reporting Period, current period	6 months from 1 January to 30 June 2026
same period last year	6 months from 1 January to 30 June 2025
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 RMB
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
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 Rules Governing the Listing of Stocks on SSE (as the case may be)
Articles	The articles of association of Guangshen Railway Company Limited
Company Law	The Company Law of the PRC
CSRG, de facto controller	China State Railway Group Co., Ltd.
GRGC, controlling shareholder	China Railway Guangzhou Group Co., Ltd.
GZIR	Guangdong Guangzhu Intercity Rail Transportation Company Limited
Wuhan-Guangzhou Passenger Dedicated Line	Wuhan-Guangzhou Intercity Rail Transportation Company Limited
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
MZR	MaoZhan Railway Company Limited
SMR	Guangdong Shenmao Railway Company Limited
Meizhou-Shantou Passenger Dedicated Line	Guangdong Meizhou-Shantou Passenger Railway Line Company Limited
NER	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
Guangzhou-Zhanjiang Railway	Guangdong Guangzhan Railway Co., Ltd.

Chapter 2

Company Profile and Major Financial Indicators

I. INFORMATION OF THE COMPANY

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

II. CONTACT PERSON AND CONTACT INFORMATION

	Secretary to the Board	*Representative of Securities Affairs*
Name	Tang Xiangdong	Yin De'en
Contact 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

III. CHANGES IN BASIC INFORMATION

Company's Registered Address	No. 1052 Heping Road, Luohu District, Shenzhen, Guangdong Province
Historical Changes in the Company's Registered Address	Nil
Company's Place of Business	No. 1052 Heping Road, Luohu District, Shenzhen, Guangdong Province
Postal Code of the Company's Place of Business	518010
Company Website	http://www.gsrc.com
E-mail	ir@gstlgs.com

IV. CHANGES IN INFORMATION DISCLOSURE AND LOCATION FOR INSPECTION

Newspapers specified by the Company for information disclosure	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 to publish the interim report	SSE: http://www.sse.com.cn SEHK: http://www.hkexnews.hk
Location for inspection of the Company's interim report	No. 1052 Heping Road, Luohu District, Shenzhen, Guangdong Province

V. SHARES INFORMATION OF THE COMPANY

Class of Shares	Stock Exchange of listed shares	Stock Short Name	Stock Code
A Share	SSE	廣深鐵路	601333
H Share	SEHK	GUANGSHEN RAIL	00525

VI. OTHER RELEVANT INFORMATION

✓ Applicable ☐ Not applicable

Auditor engaged by the Company (domestic)	Name	Deloitte Touche Tohmatsu Certified Public Accountants LLP
	Office Address	30/F, 222 Yan An East Road, Huangpu District, Shanghai, China
	Name of signing auditors	Huang Tianyi, Chen Wanlin
Legal advisor as to PRC law	Name	Haiwen & Partners Shenzhen Office (北京市海問(深圳)律師事務所)
	Office Address	Room 3801, Tower Three, Kerry Plaza 1 Zhong Xin Si Road, Futian District, Shenzhen
Legal advisor as to Hong Kong law	Name	Haiwen & Partners LLP
	Office Address	Room 601-602 and 610-616, 6/F, One International Finance Centre, 1 Harbour View Street, Central, Hong Kong
Registrar for A Shares	Name	China Securities Depository and Clearing Corporation Limited Shanghai Branch
	Office Address	36th Floor, China Insurance Building, No. 166, Lujiazui East Road, Pudong New District, Shanghai
Registrar for H Shares	Name	Computershare Hong Kong Investor Services Limited
	Office Address	Rooms 1712-1716, 17th Floor, Hopewell Centre, 183 Queen’s Road East, Wan Chai, Hong Kong
Principal banker	Name	Construction Bank of China Shenzhen Branch Jiabin Road Sub-branch
	Office Address	1st to 4th Floors, Jinwei Building, Jiabin Road, Shenzhen, China

VII. MAJOR ACCOUNTING DATA AND FINANCIAL INDICATORS OF THE COMPANY

(1) Major Accounting Data

(Unit: RMB Yuan)

Major Accounting Data	Reporting Period (From January to June)	Same period last year	Increase/ decrease for the Reporting Period compared with the same period last year (%)
Operating income	14,788,868,480	13,968,981,131	5.87
Total profit	1,643,339,224	1,388,551,911	18.35
Net profit attributable to shareholders of the Company	1,190,083,105	1,108,915,456	7.32
Net profit attributable to shareholders of the Company after deducting extraordinary gain or loss	1,187,679,451	1,058,194,826	12.24
Net cash flows from operating activities	1,418,187,384	1,822,525,971	(22.19)

	At the end of the Reporting Period	At the end of last year	Increase/ decrease for the end of the Reporting Period compared with the end of last year (%)
Net asset attributable to shareholders of the Company	28,961,128,932	28,292,805,210	2.36
Total assets	37,239,336,586	36,942,374,336	0.80

(2) Major Financial Indicators

Major Financial Indicators	Reporting Period (From January to June)	Same period last year	Increase/ decrease for the Reporting Period compared with the same period last year (%)
Basic earnings per share (RMB/Share)	0.1680	0.1565	7.35
Diluted earnings per share (RMB/Share)	0.1680	0.1565	7.35
Basic earnings per share after deducting extraordinary gain or loss (RMB/Share)	0.1677	0.1494	12.25
Weighted average return on net assets (%)	4.16	4.03	Increase by 0.13 percentage points
Weighted average return on net assets after deducting extraordinary gain or loss (%)	4.15	3.85	Increase by 0.30 percentage points

Note: "Increase/decrease for the Reporting Period compared with the same period last year (%)" of weighted average return on net assets represents the difference between the amount of the two periods.

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

☐ Applicable ✓ Not applicable

IX. EXTRAORDINARY GAIN OR LOSS ITEMS AND AMOUNTS

✓ Applicable ☐ Not applicable

(Unit: RMB Yuan)

Extraordinary gain or loss items	Amounts
Gain or loss on disposal of non-current assets (including offset part of the provision for impairment of assets)	(3,532,337)
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	4,857,000
Other non-operating income and expenses other than aforesaid items	3,539,448
Less: Effect of income tax	2,448,171
Effect of minority interests (after tax)	12,286
Total	2,403,654

Note: Extraordinary losses are expressed in negative figures.

Chapter 3

Report of the Directors (Including Management Discussion and Analysis)

I. FACT SHEET OF THE COMPANY'S INDUSTRY AND PRINCIPAL ACTIVITIES DURING THE REPORTING PERIOD

(1) Industry Fact Sheet

Being the aorta of the nation's economy, a key infrastructure, a significant project for people's livelihood, the backbone of an integrated transportation system and one of the main means of transportation, the railway is of crucial importance for the nation's economic and social development. Since the State Council of the PRC approved the implementation of the Medium to Long Term Plan for Railway Network Development (《中長期鐵路網規劃》) in 2004, railways in China have experienced exponential development. On the whole, the tight capacity of the Chinese railways has now been alleviated, the bottle neck restriction has been eliminated, and economic and social development needs have been met. However, when benchmarking with the requirements for a new normal of economic developments, other transportation forms and the advanced levels of developed countries, China's railway still faces deficiencies such as incomplete layout, low operational efficiency and rather severe structural conflicts. By the end of 2025, the nationwide railways in operation reached 165,000 kilometers; among which, the high-speed railways in operation ran over 50,000 kilometers, indicating the increasing prominent key role of railways in the modernized comprehensive transportation system.

According to the industry statistics released by the National Railway Administration, in the first half of 2026, the railways nationwide achieved a passenger traffic volume of 2.348 billion people, representing a year-on – year increase of 5.0%; meanwhile, the railways nationwide outbound freight tonnage reached 2.622 billion tonnes, representing a year-on-year increase of 2.5%.

(2) Principal Activities and Business Model

During the Reporting Period, as a railway transportation enterprise, the Company has primarily been operating passenger and freight transportation businesses. It has also operated the Hong Kong Through Train passenger services in cooperation with MTR Corporation Limited, and provided railway transportation services for commissioned 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, MZR, SMR, Meizhou-Shantou Passenger Dedicated Line, NER, GSR, NSGR, MBGR, GGSR, MLR and Guangzhou-Zhanjiang Railway.

II. ANALYSIS OF CORE COMPETITIVENESS DURING THE REPORTING PERIOD

☐ Applicable ✓ Not applicable

III. DISCUSSION AND ANALYSIS ON THE OPERATION OF THE COMPANY DURING THE REPORTING PERIOD

In the first half of 2026, the operating income of the Company was RMB14,789 million, representing an increase of 5.87% as compared to RMB13,969 million for the same period of last year; operating cost amounted to RMB13,056 million, representing an increase of 4.33% as compared to RMB12,514 million for the same period of last year; operating profit amounted to RMB1,643 million, representing an increase of 18.25% as compared to RMB1,390 million for the same period of last year; net profit attributable to shareholders of the Company amounted to RMB1,190 million, representing an increase of 7.32% as compared to RMB1,109 million for the same period of last year.

(1) Analysis of Operating Position

1. Statement of changes in items of the financial statement

(Unit: RMB Yuan)

Item	Current period	Same period last year	Change (%)
Operating income	14,788,868,480	13,968,981,131	5.87
Operating cost	13,055,689,273	12,514,349,942	4.33
Tax and surcharges	38,184,520	40,156,159	(4.91)
Selling expenses	1,325,670	918	144,308.50
Administration expenses	65,517,813	101,642,578	(35.54)
Finance costs	27,454,948	30,959,738	(11.32)
Other gains	24,263,840	88,443,212	(72.57)
Investment gains	19,721,027	19,382,915	1.74
Income tax expenses	453,490,080	279,800,565	62.08
Net cash flows from operating activities	1,418,187,384	1,822,525,971	(22.19)
Net cash flows from investing activities	(558,805,851)	(239,707,980)	Not Applicable
Net cash flows from financing activities	(272,050,713)	(587,918,185)	Not Applicable

2. *Analysis of revenue*

(1) Passenger Transportation

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

	Current period	Same period last year	Period-on-period increase/ decrease (%)
Revenue from passenger transportation (RMB)	6,216,695,405	5,616,235,801	10.69
– Guangzhou-Shenzhen inter-city trains	1,537,990,000	1,319,478,020	16.56
– Through Trains	1,350,860,000	1,240,237,430	8.92
– Long-distance trains	3,181,710,000	2,868,558,967	10.92
– Other revenues from passenger transportation	146,135,405	187,961,384	(22.25)
Passenger traffic volume (persons)	34,434,829	33,620,615	2.42
– Guangzhou-Shenzhen inter-city trains	14,110,343	12,369,299	14.08
– Through Trains	527,672	498,100	5.94
– Long-distance trains	19,796,814	20,753,216	(4.61)

- **The increase in revenue from passenger transportation and passenger traffic volume was mainly due to the following:** During the Reporting Period, the Company actively adapted to market demand, increasing the number of operating train pairs including Guangzhou-Shenzhen inter-city trains, long-distance trains and Hong Kong Through Trains to strive to meet the travel needs of passengers, which led to an increase in passenger traffic volume and the overall revenue from passenger transportation.

(2) Freight Transportation

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

	Current period	Same period last year	Period-on-period increase/ decrease (%)
Revenue from freight transportation (RMB)	800,375,216	841,911,876	(4.93)
– Revenue from freight charges	488,030,000	643,956,541	(24.21)
– Other revenue from freight transportation	312,345,216	197,955,335	57.79
Outbound freight volume (tonnes)	7,275,713	7,643,612	(4.81)

- **The decrease in outbound freight volume and revenue from freight transportation was mainly due to the following reasons:** During the Reporting Period, affected by the continuous optimization and adjustment of domestic economic structure, accelerated transformation and upgrading of traditional industries and other factors, the demand in the national railway freight market continued to decline, and the outbound cargoes at the stations under the Company's management, especially metallic minerals, steels and other bulk cargos recorded a decline year-on-year, which led to a decrease in revenue from freight transportation.

(3) Provision of Transportation Services

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

	Current period	Same period last year	Period-on-period increase/decrease (%)
Revenue from provision of transportation services (RMB)	7,058,294,794	6,698,655,000	5.37
– Railway network usage services	2,764,357,591	2,623,336,135	5.38
– Entrusted transportation services	4,293,937,203	4,075,318,865	5.36

- **The increase in revenue from railway network usage services was mainly due to the following reasons:** During the Reporting Period, an increase in the workload of pass-through and arrival freight drove up the transport turnover volume, resulting in an increase in the Company's revenue from freight network usage services year-on-year.

- **The increase in revenue from entrusted transportation services was mainly due to the following reasons:** During the Reporting Period, the workload of entrusted transportation services increased, including railway operation service and passenger service provided by the Company for other railway companies (lines), resulting in an increase in the Company's relevant service revenue year-on-year.

(4) 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. During the first half of 2026, revenue from other businesses was RMB714 million, representing a decrease of 12.15% as compared to RMB812 million for the same period last year. The decrease was mainly due to the reduction in revenue from the special safety production rectification construction provided for other railway companies (lines).

3. Analysis of costs

(Unit: RMB Yuan)

Business Segment	Item	Current period	Same period last year	Period-on-period increase/ decrease (%)
Principal businesses	Equipment rental and service fees	5,151,982,835	4,638,085,688	11.08
	Wages and welfare	4,361,545,495	4,171,951,111	4.54
	Depreciation and amortisation of long-term assets	830,129,835	860,652,688	(3.55)
	Material and utilities consumption	634,226,798	607,178,619	4.45
	Maintenance costs	627,935,493	639,845,832	(1.86)
	Passenger service fees	391,084,844	375,917,491	4.03
	Cargo handling charges	282,504,603	296,738,035	(4.80)
	Others	227,569,001	248,556,097	(8.44)
	Subtotal	12,506,978,904	11,838,925,561	5.64
Other businesses	Wages and welfare	247,152,586	238,776,002	3.51
	Material and utilities consumption	131,567,283	140,895,704	(6.62)
	Depreciation and amortisation of long-term assets	11,707,880	13,050,414	(10.29)
	Others	158,282,620	282,702,261	(44.01)
	Subtotal	548,710,369	675,424,381	(18.76)
Total		13,055,689,273	12,514,349,942	4.33

- **The increase in costs of principal businesses was mainly due to the following reasons:** (1) the increase in the equipment leasing and service fees, resulting from the increase in the total operating workload of passenger trains organized and operated by the Company; (2) the policy-oriented salary adjustment and the increase in payment base or payment ratio of social insurance and housing provident fund resulted in an increase in wages and welfare expense.

- **The decrease in costs of other businesses was mainly due to the following reason:** the lower costs related to the decreased number of special safety improvement projects provided to other railway operators (lines).

4. *Analysis of expenses*

(Unit: RMB Yuan)

Item	Current period	Same period last year	Period-on-period increase/ decrease (%)	Major reason(s) for the changes
Tax and surcharges	38,184,520	40,156,159	(4.91)	The reduction in value-added tax led to a corresponding decrease in taxes and surcharges.
Selling expenses	1,325,670	918	144,308.50	Increase in advertisement and marketing expense.
Administration expenses	65,517,813	101,642,578	(35.54)	Reduction in expenses provided for Party organisation work.
Finance costs	27,454,948	30,959,738	(11.32)	Reduction in interest expenses on borrowings.
Other gains	24,263,840	88,443,212	(72.57)	Reduction in local government subsidies for passenger train operations.
Investment gains	19,721,027	19,382,915	1.74	–
Income tax expenses	453,490,080	279,800,565	62.08	No deductible losses available in the current year, resulting in an increase in current income tax expense.

5. *Analysis of cash flow*

(Unit: RMB Yuan)

Item	Current period	Same period last year	Period-on-period increase/ decrease (%)	Major reason(s) for the changes
Net cash flows from operating activities	1,418,187,384	1,822,525,971	(22.19)	Increase in expenditures for purchases of goods and receipt of services, as well as wages and welfare.
Net cash flows from investing activities	(558,805,851)	(239,707,980)	N/A	Enhanced clearance of prior-year debt investments, together with an increase in cash paid for the acquisition and construction of fixed assets.
Net cash flows from financing activities	(272,050,713)	(587,918,185)	N/A	Decrease in repayments of short-term borrowings, coupled with early dividend distributions, leading to an increase in cash outflows for dividend payments.

(2) Analysis of assets and liabilities

✓ Applicable ☐ Not applicable

1. Assets and liabilities

(Unit: RMB Yuan)

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
Other receivables	464,981,510	982,618,598	(52.68)	Payments for entrusted construction purchases were recovered.
Other current assets	82,105,574	209,827,475	(60.87)	Value-added tax reclassification decreased.
Other non-current assets	203,100,553	46,530,051	336.49	Prepayments for material purchases increased.
Fixed assets	20,630,149,917	20,933,682,077	(1.45)	Disposal or retirement was conducted for certain fixed assets.
Receipts in advance	11,387,300	3,012,246	278.03	Advance receipts from the disposal of retired locomotives increased.
Tax payables	345,235,923	110,763,835	211.69	Enterprise income tax payables increased.

2. Overseas assets

☐ Applicable ✓ Not applicable

3. Major restricted assets as of the end of the Reporting Period

☐ Applicable ✓ Not applicable

(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 Notes V (6), V (7) and VI 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

Details of financial assets at fair value which were held by the Company during the Reporting Period are set out in Note V (7) to the financial statements.

(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 Yuan)

Name of Company	Company type	Principal businesses	Registered capital	Total assets	Net asset	Net profit
Dongguan Changsheng Enterprise Company Limited	Subsidiary	Loading and unloading, warehousing	3,800	12,080	10,963	230
Shenzhen Pinghu Qun Yi Railway Store Loading and Unloading Company Limited	Subsidiary	Cargo transportation, loading and unloading, warehousing	1,000	2,209	1,557	224
Guangzhou Railway Huangpu Service Company Limited	Subsidiary	Loading and unloading, handling, warehousing	37.9	589	554	114
Zengcheng Lihua Stock Company Limited *(Note 1)*	Subsidiary	Acting as a railway freight transport, storage, loading and unloading agent; Wholesale and retail trade (except state exclusive control projects); Cargo packing	10,705	24,526	(17,328)	(246)
Guangzhou-Shenzhen Railway Logistics (Guangdong) Co., Ltd. *(Note 2)*	Subsidiary	Railway transportation, international freight transport agency, warehousing logistics, supply chain management and logistics facility leasing	500	1,292	746	43
Guangzhou Tiecheng Enterprise Company Limited	Investee company	Real estate development and operation, property management, etc	1,000	58,519	34,601	674
Shenzhen Guangzhou Railway Civil Engineering Company Limited	Investee company	Municipal public works construction general contracting	20,667	466,918	73,964	2,319

Note 1: 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 Zengcheng Lihua 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 voting rights held by shareholders 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.

Note 2: Guangshen Railway Logistics (Guangdong) Co., Ltd. was established by the Company in 2023, with a 100% ownership interest. The subscribed capital is RMB5,000,000, which had been paid up as of 30 June 2026.

Major subsidiaries and investees accounting for over 10% of the net profit of the Company

☐ Applicable ✓ Not applicable

Acquisition and disposal of subsidiaries during the Reporting Period

☐ Applicable ✓ Not applicable

(6) Structured entities controlled by the Company

☐ Applicable ✓ Not applicable

IV. OPERATING ENVIRONMENT AND KEY OPERATION TASKS OF THE COMPANY FOR THE SECOND HALF OF 2026

In the first half of 2026, with the united leadership of the Party Central Committee with Xi Jinping as its core, China's economy has withstood pressure and remained within a reasonable range. According to the National Bureau of Statistics, the gross domestic product of China in the first half of the year reached RMB69.57 trillion, representing a year-on-year increase of 4.7%. Looking forward to the second half of 2026, in spite of the difficulties and challenges that still exist in economic operations, we believe that with the coordinated efforts of more proactive and effective macroeconomic policies, along with the implementation of measures such as expanding domestic demand and optimising supply, China's economy will continue to maintain a development trajectory featuring new drivers of growth and improved economic structure in the second half of the year, contributing to the continuously growing demand in the railway transportation market, especially the passenger market.

Facing the above operating environment, the Company will take Xi Jinping's Thought on Socialism with Chinese Characteristics for a New Era as the guide, resolutely implement the decisions and tasks of the Party Central Committee and the State Council, and anchor the Company's annual goals and tasks, adhere to the general work tone of seeking progress while amidst stability. With further improvement on the operating mechanisms for accelerating the transformation of passenger and freight transportation, the Company will strive for excellence across corporate governance, production safety, passenger and freight transportation and business management, with the aim of advancing high-quality and sustainable development.

In the second half of 2026, the Company will focus on the following aspects:

(1) In terms of corporate governance: the Company will adhere to the principle of empowering governance through Party building, promote the organic integration of Party building and corporate governance, continuously improve its corporate governance system, and enhance the corporate governance levels, so as to ensure that the operations of the Company comply with the laws and regulations and regulatory provisions.

(2) In terms of production safety: the Company will uphold safety as the cornerstone and enhance its safety governance capabilities. First, it will continue to deepen the safety foundation-building initiatives, solidly advance the final year of the three-year campaign on addressing the root causes of safety risks to achieve tangible results, control safety risks, and ensure adequate safety investments. Second, it will continue to consolidate safety infrastructure, keep a firm grip on key safety priorities, and strengthen the emergency management system.

(3) In terms of passenger and freight transportation: the Company will persist in optimising supply and improving the quality of its transport services. First, it will promote the high-speed railway transformation and upgrading of its passenger transport business, establish a marketing mechanism that is closely aligned with market demand, drive the upgrade of existing products, and continuously improve the quality of passenger services. Second, it will promote the logistics-oriented transformation and upgrading of its freight transport business, deepen the development of a modern railway logistics system, and expand new opportunities for freight transport development. Third, it will strengthen the renovation and upgrading of passenger and freight transport facilities and equipment, improve transport service quality, and enhance transport organisation efficiency and support capabilities.

(4) In terms of operation and management: the Company will focus on improving quality and efficiency to enhance its overall business management capabilities. First, it will strengthen the coordinated allocation of resources, continue to improve the quality of budget management, the efficiency of fund utilisation and the effectiveness of asset disposal, so as to promote the preservation and appreciation of the Company's assets. Second, it will strengthen standardised corporate management, keep a close eye on key areas, regulate fund management, contract management, material procurement and other critical processes, and effectively prevent and mitigate the Company's operating risks.

V. OTHER DISCLOSURE

(1) Potential risks

✓ Applicable ☐ Not applicable

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

Type of risk	Description of risk	Addressing measures
Transportation safety risk	Transportation safety is the prerequisite and foundation for the railway transportation industry in maintaining normal operations and a good reputation. Inclement weather, mechanical failures, human errors and other force majeure events may adversely affect the transportation safety of the Company.	The Company will consciously accept the safety supervision of industry authorities, actively participate in regular transportation safety meetings held by competent authorities of the industry to understand the transportation safety condition of the Company, provide for and utilize the expenses for safety production, and intensify the training of safety knowledge and capabilities of its transportation personnel.
Market competition risk	Other transportation methods (such as aviation, road and water transportation) 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、准點)" 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 the potential adverse impacts on the financial performance of the Company. For more detailed analysis, please refer to "Note VIII to the financial statements".

(2) Other disclosures

✓ Applicable ☐ Not applicable

1. Liquidity and source of funding

During the Reporting Period, the principal sources of funding of the Company were revenue generated from operating activities. The funds were mainly used for operating and capital expenses and payment of taxes, etc. The Company has stable cash flow and believes that it has sufficient working capital, bank facilities and other sources of funding to meet its operation and development needs.

As at the end of the Reporting Period, the Company had no short-term borrowings and long-term borrowings. The Company's capital commitments as of the end of the Reporting Period are set out in Note XI to the financial statements.

As at the end of the Reporting Period, the Company had no charges nor guarantees on any of its assets, and had no entrusted deposits. The gearing ratio (calculated by the balance of liabilities as at the end of the period divided by the balance of total assets as at the end of the period) of the Company was 22.34%.

2. Material investments held, material acquisitions and disposals of subsidiaries and associates, and future plans of material investments or acquisitions of capital assets

During the Reporting Period, the Company had no material investment, had not carried out any material acquisition or disposal of subsidiaries and associates, and had no definite plan for material investment or acquisition of capital assets.

3. Risk of foreign exchange rate fluctuations and related hedges

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

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

4. Contingent liabilities

During the Reporting Period, the Company had no contingent liability.

5. Explanation of changes in accounting policies and accounting estimates or rectification of significant accounting errors

During the Reporting Period, the Company had changes in significant accounting policies, which are set out in Note III (31) to the financial statements.

6. Post-Balance Sheet Events

With regard to the A share repurchase plan by way of centralized bidding trading approved at the general meeting of the Company on 10 June 2026 (see "Section V, XII Explanation of Other Material Events" in this report for details), the Company commenced the repurchase of A shares for the first time on 17 July 2026. Through the trading system of the Shanghai Stock Exchange, the Company cumulatively repurchased an aggregate of 9,918,200 A shares of the Company by way of centralized bidding trading, representing approximately 0.14% of the Company's total share capital. The total amount of funds paid stood at approximately RMB29.9978 million (excluding transaction fees). The progress of the above repurchase is consistent with the repurchase plan disclosed by the Company.

Chapter 4

Corporate Governance, Environment and Society

I. SUMMARY OF CORPORATE GOVERNANCE

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

During the Reporting Period, according to the relevant requirements of domestic and foreign securities regulatory authorities on the internal control of listed companies, the Company successively completed the self-assessment and audit on internal control for the year of 2025, election of a new session of the Board, the appointment of an accounting firm, and the convening of the 2025 Annual General Meeting to ensure the sound and sustainable developments of the Company.

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

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

II. CHANGES IN DIRECTORS AND SENIOR MANAGEMENT

✓ Applicable ☐ Not applicable

Name	Position(s)	Change(s)	Reason(s) for the changes	Explanation(s) of Reason(s) for the changes
Qiu Zilong	Independent Non-executive Director	Departure from office	Re-election	Re-election of the Board
Tang Xiaofan	Independent Non-executive Director	Departure from office	Re-election	Re-election of the Board
Wang Bin	Independent Non-executive Director	Elected	Re-election	Re-election of the Board
Lin Liyi	Independent Non-executive Director	Elected	Re-election	Re-election of the Board
Luo Xinpeng	Chief Accountant	Departure from office	Retirement	Reaching the statutory retirement age
Dai Zhenjie	Chief Accountant	Appointment	Other	Appointment by the Board

Explanation(s) of changes in directors and senior management of the Company

✓ Applicable ☐ Not applicable

On 10 June 2026, Ms. Wang Bin and Ms. Lin Liyi were appointed as Independent Non-executive Directors of the Company. Ms. Wang Bin and Ms. Lin Liyi obtained the legal opinion referred to in Rule 3.09D of the Listing Rules on 10 June 2026, and confirmed their understanding of their responsibilities as directors.

On 29 April 2026, Mr. Dai Zhenjie was appointed as Chief Accountant of the Company.

III. INTERIM PLANS FOR PROFIT DISTRIBUTION OR COMMON RESERVE CAPITALIZATION

Whether to distribute or capitalize	No
Number of bonus shares for every 10 shares (share)	0
Amount of dividend for every 10 shares (tax included)	0
Number of shares converted for every 10 shares (share)	0

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

☐ Applicable ✓ Not applicable

V. COMPLIANCE WITH THE CORPORATE GOVERNANCE CODE OF SEHK

As far as the Company and its Directors are aware, during the Reporting Period, the Company complied with the relevant code provisions set out in the Corporate Governance Code in Appendix C1 to the Listing Rules of SEHK ("Corporate Governance Code") with no 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.

(I) The board

The Board comprises nine members, including three independent non-executive Directors. The executive Directors have years of experience in the railway industry. The independent non-executive Directors come from various industries with different backgrounds and rich experiences, and they possess appropriate professional qualifications in accounting or related fields.

The Board has established the audit committee, the remuneration committee and the nomination committee to supervise relevant affairs of the Company. Each committee has specific terms of reference, and it reports to and gives advice to the Board on a regular basis.

(II) Audit committee

Members of the audit committee were appointed by the Board. It consists of three independent non-executive Directors, one non-executive Director and one employee representative Director, namely, Ms. Wang Bin (chairperson of the audit committee), Ms. Lin Liyi, Ms. Wang Qin, Mr. Li Danjiang and Mr. Liu Qiyi. Members of the audit committee possess appropriate academic and professional qualifications or related financial management expertise. Mr. Tang Xiangdong, secretary to the Company's Board, is the secretary to the Audit Committee.

According to the requirements of the Audit Committee Terms of Reference (《審核委員會工作條例》), 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, and exercising the powers of the Supervisory Committee as provided for in the Company Law. 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 2026 interim report (including the unaudited interim financial statements for the 6 months ended 30 June 2026) of the Company has been reviewed by the audit committee.

(III) Remuneration committee

Members of the remuneration committee of the Company were appointed by the Board. It consists of two executive Directors and three independent non-executive Directors, namely, Mr. Jiang Hui, Mr. Chen Shaohong, Ms. Wang Bin (chairperson of the remuneration committee), Ms. Lin Liyi and Ms. Wang Qin. Mr. Tang Xiangdong, secretary to the Company's Board, is the secretary to the Remuneration Committee.

The principal duties of the remuneration committee include reviewing and making recommendations to the Board in respect of the remuneration for the Directors, as well as approving the terms 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 market remuneration conditions and industry-wide levels, and consider the overall performance of the Company when determining the Directors' emoluments and recommending the Directors' emoluments to the Board. The Remuneration Committee is provided with adequate resources from the Company to perform its duties.

(IV) Nomination committee

Members of the nomination committee of the Company were appointed by the Board. It consists of two executive Directors and three independent non-executive Directors, namely, Mr. Jiang Hui, Mr. Chen Shaohong, Ms. Lin Liyi (chairperson of the nomination committee), Ms. Wang Bin and Ms. Wang Qin. Mr. Tang Xiangdong, secretary to the Company's Board, is the secretary to the nomination committee.

According to the Work Rules of Nomination Committee (《提名委員會工作條例》), 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 is provided with adequate resources from the Company to perform its duties.

(V) Securities transactions by directors and senior management and interests on competitive business

The Company has adopted the Model Code for Securities Transactions by Directors of Listed Issuers (the "Model Code") as set out in Appendix C3 to the Listing Rules of the SEHK and the Administrative Rules on Shares Held by the Directors and Senior Management of Listed Companies and the Changes Thereof of CSRC as its own code of conduct regarding securities transactions of the Directors. The Company formulated the Administrative Rules on Shares Held by the Directors, Supervisors and Senior Management of Guangshen Railway Company Limited and the Changes Thereof, which was approved at the 22nd meeting of the fourth session of the Board.

After making specific enquiries with all the Directors and senior management, the Company confirms that during the Reporting Period, all the Directors and senior management have complied with the required standard set out in the above-mentioned code, rules and regulations and system requirements.

After making specific enquiries with all the executive Directors and non-executive Directors, the Company confirms that during the Reporting Period, none of the executive Directors and non-executive Directors has held any interests in businesses that compete or may compete with the businesses of the Company directly or indirectly.

(VI) Shareholder engagement

1. Effective Communication

The secretary to the Board of the Company is in charge of information disclosure and investor relations of the Company. The Company has formulated the Working Rules of Secretary to the Board, the Management Method of Information Disclosure and the Management System for Investor Relations. The Company has strictly fulfilled the obligation of information disclosure 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 for investors. The Company establishes a smooth communication channel with investors and enhances mutual trust and interaction based on good information disclosure and initiating various investor relations activities, and respects investors' rights of knowledge and option, while insisting on 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 the 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 timely completed the preparation and disclosure of its 2025 Annual Report, 2025 Report for Self-assessment on Internal Control, 2025 Sustainability Report and 2026 First Quarterly Report, and released various announcements and other shareholders' documents and information, which disclosed in detail the following information of the Company: operations of the Board and general meetings, operating conditions, investment, dividends and distribution, corporate governance and so forth. Moreover, the Company continued to provide in-depth and comprehensive analyses of its operating and financial positions as well as the major factors affecting its business performance in its regular reports with a view to strengthening investors' understanding of the operation, management, and development trends of the Company.

(2) Shareholder Communication Policy

On the basis of a competent disclosure of information, the Company maintains an effective two-way communication with investors through various channels and conveys information which 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. Publicizing the investor hotline, investor relations e-mail address; Establishing an Investors' Message section on the Company's website, 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. Investors and the public may check out information such as the Company's basic information, rules for the Company's corporate governance, information disclosure documents and profiles of Directors and the senior management at any time on the Company's website.

D. The Company timely handled and replied to investors' messages through the "e-interaction" platform developed by the 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) Shareholder Return

Since its listing, the Company has remained committed to rewarding its shareholders. During the Reporting Period, the Company's 2025 Annual General Meeting approved the 2025 cash dividend plan. The Company distributed a cash dividend of RMB0.09 per share (including tax) to all shareholders, totaling approximately RMB638 million. Since its listing in 1996, as of 2025, the Company cumulatively distributed approximately RMB13.94 billion in cash dividends, with a dividend payout ratio of 62.03%.

(4) Changes in the Articles of Association

During the Reporting Period, there was no change in the Articles of Association of the Company.

2. General Meetings

The Company encourages all shareholders to attend the general meetings. During the Reporting Period, a total of 1 general meeting was held by the Company.

The Company serves a notice of at least 20 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 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 1% or more of the shares of the Company carrying the right to vote at the meeting sought shall have the right, by delivery of one or more written requests signed in counterparts through mail or electronic mail to the Board or the company secretary, to require the proposal set forth in the written request to be considered at the meeting sought.

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

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

VI. ENVIRONMENTAL INFORMATION OF LISTED COMPANIES AND THEIR MAJOR SUBSIDIARIES INCLUDED IN THE LIST OF COMPANIES REQUIRED TO DISCLOSE ENVIRONMENTAL INFORMATION IN ACCORDANCE WITH THE LAW

✓ Applicable ☐ Not applicable

Number of companies included in the list of companies required to disclose environmental information in accordance with the law (number)	1

No.	Enterprise Name	Index for querying reports on the disclosure of environmental information in accordance with the law
1	Locomotive Maintenance Depot in Guangzhou Guangshen Railway Co., Ltd.	https://www-app.gdeei.cn/gdeepub/front/dal/report/list

VII. PARTICULARS OF CONSOLIDATING AND EXPANDING THE ACHIEVEMENTS OF POVERTY ALLEVIATION AND RURAL REVITALIZATION, ETC.

☐ Applicable ✓ Not applicable

VIII. INFORMATION OF EMPLOYEES

(I) Number of employees

As at the end of the Reporting Period, the Company has a total of 36,062 employees, representing a decrease of 207 employees compared with 36,269 employees as at last year's end. The major reason for such decrease is the natural decrease due to employees reaching their retirement age.

(II) Remuneration policy

Salary of the Company's staff is mainly comprised of basic salary, performance-based salary and benefit plans. Basic salary includes post salaries, skill salaries and various allowances and subsidies accounted for under salaries payable as required. Performance-based salary refers to salaries calculated on the basis of economic benefits and social benefits, or piece rates calculated on the basis of workload, or performance-based salary calculated on the basis of the performance of the staff at the position. Benefit plans include various social insurance and housing funds paid as required by the relevant policies. During the Reporting Period, the total amount of salaries and benefits paid by the Company to employees has been set out in Note V (17) to the financial statements.

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.

(III) Employee benefit and retirement plan

Pursuant to applicable national regulations and industrial policies, the Company provides the employees with a series of insurance and benefits plan that mainly include: housing fund, retirement pension (basic old-age insurance, supplemental retirement pension), medical insurance (basic medical insurance, supplemental medical insurance, birth medical insurance), work-related injury insurance and unemployment insurance.

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 also participate in the supplementary pension insurance organized and implemented by GRGC. The Company pays 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.

(IV) Training Plan

During the Reporting Period, the Company has 102 occupational education management personnel. A total of 487,063 people participated in various occupational training, mainly including training on safety regulations, post standardization, adaptability and qualification and continuing education. The Company has completed 50% of annual training program with training expense of approximately RMB10.5895 million.

Chapter 5

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

Commitment background	Commitment type	Parties	Contents of commitment	Date of commitment	Execution time limit	Term of commitment	Strict Compliance
Commitment related to initial public offerings	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 Railway, GRGC and any of its subsidiaries will not compete with the Company either.	–	No	–	Yes
	Resolve connected transactions	GRGC	GRGC will reduce the number of connected transactions as much as practicable in its operation relations with the Company. For necessary connected transactions, GRGC will perform these connected transactions on the basis of openness, justice and fairness without abusing its position as the largest shareholder 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 leasing 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 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

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

☐ Applicable ✓ Not applicable

III. ILLEGAL GUARANTEE

☐ Applicable ✓ Not applicable

IV. AUDIT OF INTERIM REPORT

☐ Applicable ✓ Not applicable

V. CHANGES AND HANDLING OF MATTERS INVOLVED IN NON-STANDARD AUDIT OPINION IN THE PREVIOUS YEAR'S ANNUAL REPORT

☐ Applicable ✓ Not applicable

VI. BANKRUPTCY AND RESTRUCTURING

☐ Applicable ✓ Not applicable

VII. MAJOR LITIGATION AND ARBITRATION

☐ The Company had material litigation and arbitration during the Reporting Period ✓ The Company did not have material litigation and arbitration during the Reporting Period

VIII. EXPLANATION OF INTEGRITY OF THE COMPANY, ITS CONTROLLING SHAREHOLDERS AND DE FACTO CONTROLLER DURING THE REPORTING PERIOD

☐ Applicable ✓ Not applicable

IX. MATERIAL RELATED (CONNECTED) TRANSACTIONS

(1) Related (connected) transactions related to daily operation

To facilitate the operations of the Company, on 25 September 2025, the Company and CSRG (including GRGC and its subsidiaries) entered into a comprehensive services framework agreement for a term of three years from 2026 to 2028. The agreement was approved by the independent shareholders at the extraordinary general meeting of the Company on 4 December 2025. As the largest shareholder that holds 37.12% of the Company's shares, GRGC is the controlling shareholder of the Company, and CSRG is the de facto controller of the Company, as a result of which, CSRG is a related (connected) party of the Company according to the Listing Rules.

During the Reporting Period, the related (connected) party transactions in relation to daily operations entered into by the Company are set out in Note X (5) to the financial statements. The Company confirmed that these transactions are 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, 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 Yuan)

Transaction parties	Related (connected) relationship	Type of Transactions	Description of transactions	Transaction pricing principles	Amount of transactions
GRGC and its subsidiaries	Controlling shareholder and its subsidiaries	Receipt of services	Receipt of railway network settlement services provided by GRGC and its subsidiaries	Pricing and settlement in accordance with the rules established by CSRG	2,655,017,637
GRGC and its subsidiaries	Controlling shareholder and its subsidiaries	Receipt of services	Train services provided by GRGC and its subsidiaries	Pricing based on full cost agreement or settlement in accordance with the rules established by CSRG	466,963,134
GRGC and its subsidiaries	Controlling shareholder and its subsidiaries	Purchase of goods	Purchase of materials and supplies from GRGC and its subsidiaries	Agreement-based pricing	265,172,906
GRGC and its subsidiaries	Controlling shareholder and its subsidiaries	Receipt of services	Repair and maintenance services provided by GRGC and its subsidiaries	Pricing based on full cost agreement	66,346,625
GRGC and its subsidiaries	Controlling shareholder and its subsidiaries	Receipt of services	Receipt of construction work services provided by GRGC and its subsidiaries	Settlement of preliminary and final accounts in accordance with national railway engineering quotas	100,033,071
GRGC and its subsidiaries	Controlling shareholder and its subsidiaries	Receipt of services	Leasing services provided by GRGC and its subsidiaries	Agreement-based pricing	188,891,822
Associates	Associates	Receipt of services	Receipt of construction work services provided by associates	Settlement of preliminary and final accounts in accordance with national railway engineering quotas	14,767
Associates	Associates	Receipt of services	Train services provided by associates	Pricing based on full cost agreement or settlement in accordance with the rules established by CSRG	497
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	Pricing and settlement in accordance with the rules established by CSRG	723,434,187
CSRG and its subsidiaries	De facto controller and its subsidiaries	Receipt of services	Train services provided by CSRG and its subsidiaries	Pricing based on full cost agreement or settlement in accordance with the rules established by CSRG	50,605,427
CSRG and its subsidiaries	De facto controller and its subsidiaries	Purchase of goods	Purchase of materials and supplies from CSRG and its subsidiaries	Agreement-based pricing	11,098,377
CSRG and its subsidiaries	De facto controller and its subsidiaries	Receipt of services	Receipt of construction work services provided by CSRG and its subsidiaries	Settlement of preliminary and final accounts in accordance with national railway engineering quotas	1,595,157
CSRG and its subsidiaries	De facto controller and its subsidiaries	Receipt of services	Leasing services provided by CSRG and its subsidiaries	Agreement-based pricing	1,169,699,646

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

(unit: RMB Yuan)

Transaction parties	Related (connected) relationship	Type of Transactions	Description of transactions	Transaction pricing principles	Amount of transactions
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: pricing based on full cost agreement or settlement in accordance with the rules established by CSRG; Railway operation service: agreement-based pricing and settlement based on cost-plus	3,317,734,972
GRGC and its subsidiaries	Controlling shareholder and its subsidiaries	Provision of services	Provision of railway network settlement services to GRGC and its subsidiaries	Pricing and settlement in accordance with the rules established by CSRG	1,112,300,369
GRGC and its subsidiaries	Controlling shareholder and its subsidiaries	Sales of goods	Sales of materials and supplies and other services to GRGC and its subsidiaries	Agreement-based pricing	40,764,406
GRGC and its subsidiaries	Controlling shareholder and its subsidiaries	Provision of services	Provision of construction work services to GRGC and its subsidiaries	Settlement of preliminary and final accounts in accordance with national railway engineering quotas	68,315,463
Associates	Associates	Sales of goods	Sales of materials and supplies to associates	Agreement-based pricing	2,707,345
Associates	Associates	Provision of services	Provision of train services to associates	Pricing based on full cost agreement or settlement in accordance with the rules established by CSRG	1,515,408
CSRG and its subsidiaries	De facto controller and its subsidiaries	Provision of services	Provision of railway network settlement services to CSRG and its subsidiaries	Pricing and settlement in accordance with the rules established by CSRG	1,478,413,382
CSRG and its subsidiaries	De facto controller and its subsidiaries	Provision of services	Provision of railway operation services to CSRG and its subsidiaries	Agreement-based pricing and settlement based on cost-plus	981,645,000
CSRG and its subsidiaries	De facto controller and its subsidiaries	Provision of services	Provision of truck maintenance services to CSRG and its subsidiaries	Pricing and settlement in accordance with the rules established by CSRG	308,020,824
CSRG and its subsidiaries	De facto controller and its subsidiaries	Provision of services	Provision of train services to CSRG and its subsidiaries	Pricing based on full cost agreement or settlement in accordance with the rules established by CSRG	47,079,285
CSRG and its subsidiaries	De facto controller and its subsidiaries	Provision of services	Provision of construction work services to CSRG and its subsidiaries	Settlement of preliminary and final accounts in accordance with national railway engineering quotas	27,013,619
CSRG and its subsidiaries	De facto controller and its subsidiaries	Provision of services	Provision of apartment leasing and other services to CSRG and its subsidiaries	–	2,604,593
CSRG and its subsidiaries	De facto controller and its subsidiaries	Provision of services	Revenue from passenger transportation	Pricing and settlement in accordance with the rules established by CSRG	6,216,695,405
CSRG and its subsidiaries	De facto controller and its subsidiaries	Provision of services	Revenue from freight transportation	Pricing and settlement in accordance with the rules established by CSRG	757,461,665

(2) Related (connected) transactions in relation to acquisition or disposal of assets or equity interests

☐ Applicable ✓ Not applicable

(3) Material related (connected) transactions in relation to joint external investment

☐ Applicable ✓ Not applicable

(4) Related (connected) claims and debts

✓ Applicable ☐ Not applicable

(Unit: RMB Yuan)

Related (connected) Parties	Related (connected) relationship	Fund provided for related (connected) Parties Opening balance	Amount incurred	Closing balance
Zengcheng Lihua Stock Company Limited *(Note)*	Controlling subsidiary	12,312,317	–	12,312,317
Total		12,312,317	–	12,312,317
Impact of the related (connected) claim and debt on the operating results and financial position of the Company		No significant impact.		

Note: Due to the deterioration of the company's operating conditions, the Company expects that the receivables from the company cannot be recovered, so the Company has made a full allowance for bad debts in previous years.

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

☐ Applicable ✓ Not applicable

(6) Other material related (connected) party transactions

☐ Applicable ✓ Not applicable

X. MATERIAL CONTRACTS AND IMPLEMENTATION

(1) Trust, contracted businesses and leasing affairs

☐ Applicable ✓ Not applicable

(2) Material guarantees performed and outstanding during the Reporting Period

☐ Applicable ✓ Not applicable

(3) Other material contracts

☐ Applicable ✓ Not applicable

XI. PROGRESS OF THE USE OF PROCEEDS

☐ Applicable ✓ Not applicable

XII. EXPLANATION OF OTHER MATERIAL EVENTS

✓ Applicable ☐ Not applicable

On 10 June 2026, the Company convened the 2025 annual general meeting, the first A Share class meeting of 2026 and the first H Share class meeting of 2026, at which the resolution regarding the plan for the repurchase of the A share of the Company by way of centralized bidding trading was considered and approved. The Company proposed to use its own funds to repurchase its A Shares through centralized bidding trading, with an estimated total repurchase amount of RMB100 million (excluding transaction fees) and a repurchase price not exceeding RMB4.62 per share. Under this repurchase plan, if any ex-rights or ex-dividend event occurs during the implementation period of the repurchase, the cap on the repurchase price will be adjusted accordingly. Subsequently, the Company implemented the 2025 annual cash dividend distribution, distributing a cash dividend of RMB0.09 per A Share (tax inclusive); accordingly, the cap on the repurchase price was adjusted to no more than RMB4.53 per share. The repurchase period shall not exceed 12 months from the date on which the general meeting approved the repurchase plan. All shares repurchased under this repurchase will be used in their entirety to reduce the Company's registered capital.

Chapter 6

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 and structure of share capital.

(2) Changes in shares with selling restrictions

☐ Applicable ✓ Not applicable

II. PARTICULARS OF SHAREHOLDERS

(1) Number of shareholders

Number of ordinary shareholders as at the end of the Reporting Period (number)	144,359

(2) Shareholdings of the top ten shareholders and top ten holders of shares circulating or without selling restrictions as of the end of the Reporting Period

(Unit: share)

	Particulars of the shareholding of the top ten shareholders (excluding shares loaned through refinancing)						
Name of shareholder (in full)	Changes during the Reporting Period	Number of shares held at the end of the period	Percentage (%)	Number of shares held with selling restriction	Shares pledged, marked or frozen: Status	Shares pledged, marked or frozen: Number	Nature of shareholder
China Railway Guangzhou Group Co., Ltd.	–	2,629,451,300	37.12	–	Nil	–	State-owned legal person
HKSCC NOMINEES LIMITED *(Note)*	395,940	1,419,365,939	20.04	–	Nil	–	Foreign legal person
Lin Naigang	–	124,000,000	1.75	–	Nil	–	Domestic natural person
Bank of China Limited – E Fund Blue-chip Selected Hybrid Securities Investment Fund	80,000,001	80,000,001	1.13	–	Nil	–	Other
Li Wei	3,082,900	78,789,500	1.11	–	Nil	–	Domestic natural person
Agricultural Bank of China Limited — Dacheng Rui Xiang Mixed Securities Investment Fund	-16,480,700	47,718,101	0.67	–	Nil	–	Other
China Everbright Bank Corporation — Dacheng Strategic Return Mixed Securities Investment Fund	-4,083,400	44,343,947	0.63	–	Nil	–	Other
Hong Kong Securities Clearing Company Limited	-51,955,385	40,470,452	0.57	–	Nil	–	Foreign legal person
Industrial and Commercial Bank of China Limited — Dacheng Competitive Advantage Mixed Securities Investment Fund	-7,582,100	39,278,000	0.55	–	Nil	–	Other
Industrial Securities Asset Management — China Resources SZITIC Trust • Xingzheng Pengxi No. 1 Family Trust — Xingzheng Asset Management Pengxi No. 1 Single Asset Management Plan	900,000	30,163,000	0.43	–	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	
		Class	Number
China Railway Guangzhou Group Co., Ltd.	2,629,451,300	RMB ordinary shares	2,629,451,300
HKSCC NOMINEES LIMITED *(Note)*	1,419,365,939	Overseas listed foreign shares	1,419,365,939
Lin Naigang	124,000,000	RMB ordinary shares	124,000,000
Bank of China Limited – E Fund Blue-chip Selected Hybrid Securities Investment Fund	80,000,001	RMB ordinary shares	80,000,001
Li Wei	78,789,500	RMB ordinary shares	78,789,500
Agricultural Bank of China Limited – Dacheng Rui Xiang Mixed Securities Investment Fund	47,718,101	RMB ordinary shares	47,718,101
China Everbright Bank Corporation – Dacheng Strategic Return Mixed Securities Investment Fund	44,343,947	RMB ordinary shares	44,343,947
Hong Kong Securities Clearing Company Limited	40,470,452	RMB ordinary shares	40,470,452
Industrial and Commercial Bank of China Limited – Dacheng Competitive Advantage Mixed Securities Investment Fund	39,278,000	RMB ordinary shares	39,278,000
Industrial Securities Asset Management — China Resources SZITIC Trust • Xingzheng Pengxi No. 1 Family Trust — Xingzheng Asset Management Pengxi No. 1 Single Asset Management Plan	30,163,000	RMB ordinary shares	30,163,000
Explanation of designated repurchase account among the top ten shareholders	Nil.		
Explanation on the above-mentioned shareholders' voting rights by and on behalf of others, and abstention from voting rights	Nil.		
Statement regarding the connected relationship or acting in concert arrangements of the above shareholders	Among the shareholders mentioned above, (1) "HKSCC NOMINEES LIMITED" and "Hong Kong Securities Clearing Company Limited" are subsidiaries of Hong Kong Exchanges and Clearing Limited; (2) "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》)".		
Explanation on preferred shareholders with their voting rights restored and the number of shares they hold	Nil.		

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 10 shareholders and top 10 holders of shares without selling restrictions

☐ Applicable ✓ Not applicable

Changes in shareholdings of the top 10 shareholders and the top 10 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 10 shareholders with selling restrictions

☐ Applicable ✓ Not applicable

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

☐ Applicable ✓ Not applicable

(4) So far as the Directors and senior management of the Company are aware, as of the end of the Reporting Period, the following persons, other than Directors 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: share)

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	129,817,054 (L)	Investment manager	9.07 (L)	1.83 (L)
Citigroup Inc.	H Shares	79,100,801 (L) 34,142,786 (S) 49,172,805 (P)	Interest of controlled corporations	5.52 (L) 2.38 (S) 3.43 (P)	1.12 (L) 0.48 (S) 0.69 (P)
E Fund Management Co., Ltd.	H Shares	72,440,000 (L)	Investment manager	5.06 (L)	1.02 (L)

Note: The letter "L" represents a long position, the letter "S" represents a short position, and the letter "P" represents shares available for lending.

III. INFORMATION ON DIRECTORS AND SENIOR MANAGEMENT

(1) Changes in shareholdings of Directors and senior management (current and resigned during the Reporting Period)

✓ Applicable ☐ Not applicable

(Unit: share)

Name	Position	Number of shares held at the beginning of the period	Number of shares held at the end of the period	Increase/ decrease of shares during the Reporting Period	Reason of increase/ decrease
Luo Xinpeng	Chief Accountant (Departure from office)	0	10,000	10,000	Purchase from secondary market

(2) Granting of share options to Directors and senior management during the Reporting Period

☐ Applicable ✓ Not applicable

(3) Equity interests of Directors or chief executives

As at 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 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 notification of such interests or short positions from any Directors or chief executives of the Company as required to be made to the Company and the SEHK pursuant to the Model Code.

During the Reporting Period, neither the Company nor its subsidiaries had entered into any arrangement such that the Company's Directors 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 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 Divisions 2 and 3 of Part XV of the SFO.

IV. CHANGES IN CONTROLLING SHAREHOLDER OR DE FACTO CONTROLLER

☐ Applicable ✓ Not applicable

V. INFORMATION REGARDING PREFERENCE SHARES

☐ Applicable ✓ Not applicable

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

As of the end of the Reporting Period, apart from GRGC, there was no other corporate shareholder with a shareholding of 10% or above in the Company (except for HKSCC NOMINEES LIMITED).

VII. PUBLIC FLOAT

As of the end of the Reporting Period, the public float of the Company was in compliance with the requirements of the relevant rules on the sufficiency of public float.

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

During 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.

IX. TREASURY SHARES

During the Reporting Period and as of the end of the Reporting Period, the Company did not hold any treasury shares (including any treasury shares held or deposited in the Central Clearing and Settlement System).

X. PRE-EMPTIVE RIGHT

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.

XI. TRANSACTIONS INVOLVING ITS OWN SECURITIES

During the Reporting Period, neither the Company nor any of its subsidiaries has issued or granted any convertible securities, options, warrants or other similar rights, or redeemable securities.

Chapter 7

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 8

Financial Statements

CONSOLIDATED BALANCE SHEET

AT 30 JUNE 2026

RMB

Item	*Notes*	30 June 2026 (Unaudited)	31 December 2025 (Audited)
Current Assets:			
Cash and bank balances	*V.1*	**4,732,402,913**	4,145,063,110
Accounts receivable	*V.2*	**5,736,715,782**	5,043,734,142
Prepayments		**82,506,836**	84,343,064
Other receivables	*V.3*	**464,981,510**	982,618,598
Including: Interest receivable		**–**	–
Dividends receivable	*V.3.2*	**10,027,585**	2,728,699
Inventories	*V.4*	**360,036,383**	328,991,863
Other current assets	*V.5*	**82,105,574**	209,827,475
Total Current Assets		**11,458,748,998**	10,794,578,252
Non-current Assets:			
Long-term equity investments	*V.6*	**350,163,077**	347,596,462
Investments in other equity instruments	*V.7*	**704,611,354**	704,611,354
Fixed assets	*V.8*	**20,630,149,917**	20,933,682,077
Construction in progress	*V.9*	**516,862,935**	713,771,784
Right-of-use assets	*V.10*	**1,264,397,665**	1,272,406,811
Intangible assets	*V.11*	**1,556,279,002**	1,582,674,048
Goodwill	*V.12*	**281,254,606**	281,254,606
Long-term prepaid expenses		**988,777**	1,013,911
Deferred tax assets	*V.13*	**272,779,702**	264,254,980
Other non-current assets	*V.14*	**203,100,553**	46,530,051
Total Non-current Assets		**25,780,587,588**	26,147,796,084
TOTAL ASSETS		**37,239,336,586**	36,942,374,336

RMB

Item	Notes	30 June 2026 (Unaudited)	31 December 2025 (Audited)
Current Liabilities:			
Accounts payable	*V.15*	**1,803,741,649**	2,366,519,456
Receipts in advance		**11,387,300**	3,012,246
Contract liabilities	*V.16*	**480,370,133**	410,880,463
Employee benefits payable	*V.17*	**419,340,981**	367,943,629
Taxes payable	*V.18*	**345,235,923**	110,763,835
Other payables	*V.19*	**2,942,418,391**	3,096,971,983
Including: Interest payable		**–**	–
Dividends payable	*V.19.2*	**378,362,585**	12,881,464
Non-current liabilities due within one year	*V.20*	**68,113,208**	67,547,170
Other current liabilities		**6,001,204**	5,223,582
Total Current Liabilities		**6,076,608,789**	6,428,862,364
Non-current Liabilities:			
Lease liabilities	*V.21*	**1,329,393,290**	1,329,501,212
Deferred income	*V.22*	**695,958,353**	710,620,944
Deferred tax liabilities	*V.13*	**45,202,577**	46,448,939
Other non-current liabilities	*V.23*	**173,114,158**	175,971,219
Total Non-current Liabilities		**2,243,668,378**	2,262,542,314
TOTAL LIABILITIES		**8,320,277,167**	8,691,404,678

RMB

Item	*Notes*	**30 June 2026 (Unaudited)**	31 December 2025 (Audited)
SHAREHOLDERS' EQUITY:			
Share capital	*V.24*	**7,083,537,000**	7,083,537,000
Capital reserve	*V.25*	**11,717,366,745**	11,716,468,128
Other comprehensive income	*V.26*	**363,377,668**	363,377,668
Special reserve	*V.27*	**284,229,080**	169,368,750
Surplus reserve	*V.28*	**3,398,205,059**	3,398,205,059
Retained profits	*V.29*	**6,114,413,380**	5,561,848,605
Total equity attributable to shareholders of the Company		**28,961,128,932**	28,292,805,210
Minority interests		**(42,069,513)**	(41,835,552)
TOTAL SHAREHOLDERS' EQUITY		**28,919,059,419**	28,250,969,658
TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY		**37,239,336,586**	36,942,374,336

The accompanying notes form part of the financial statements.

Jiang Hui	Chen Shaohong	Dai Zhenjie	Deng Yuhui
Board Chairman	General Manager	Chief Accountant	Head of the Finance Department

BALANCE SHEET OF THE COMPANY

AT 30 JUNE 2026

RMB

Item	*Notes*	**30 June 2026 (Unaudited)**	31 December 2025 (Audited)
Current Assets:			
Cash and bank balances		**4,732,402,913**	4,145,063,110
Accounts receivable	*XIII.1*	**5,750,920,692**	5,056,449,255
Prepayments		**85,707,805**	87,541,811
Other receivables	*XIII.2*	**463,408,738**	981,145,826
Including: Interest receivable		**–**	–
Dividends receivable	*XIII.2.2*	**10,027,585**	2,728,699
Inventories		**360,031,703**	328,987,183
Other current assets		**81,849,422**	209,591,991
Total Current Assets		**11,474,321,273**	10,808,779,176
Non-current Assets:			
Long-term equity investments	*XIII.3*	**415,194,536**	407,627,921
Investments in other equity instruments		**702,893,475**	702,893,475
Fixed assets		**20,586,244,949**	20,888,149,751
Construction in progress		**516,862,935**	713,771,784
Right-of-use assets		**1,264,397,665**	1,272,406,811
Intangible assets		**1,350,021,070**	1,370,750,361
Goodwill		**281,254,606**	281,254,606
Long-term prepaid expenses		**988,777**	1,013,911
Deferred tax assets		**284,337,243**	275,822,234
Other non-current assets		**173,624,569**	17,054,068
Total Non-current Assets		**25,575,819,825**	25,930,744,922
TOTAL ASSETS		**37,050,141,098**	36,739,524,098

RMB

Item	30 June 2026 (Unaudited)	31 December 2025 (Audited)
Current Liabilities:		
Accounts payable	**1,857,353,554**	2,412,558,969
Receipts in advance	**11,387,300**	3,012,246
Contract liabilities	**480,370,133**	410,880,463
Employee benefits payable	**417,894,695**	366,618,927
Taxes payable	**342,947,195**	107,048,794
Other payables	**2,638,152,946**	2,785,520,117
Including: Interest payable	**–**	–
Dividends payable	**365,487,085**	5,963
Non-current liabilities due within one year	**68,113,208**	67,547,170
Other current liabilities	**6,001,204**	5,223,582
Total Current Liabilities	**5,822,220,235**	6,158,410,268
Non-current Liabilities:		
Lease liabilities	**1,329,393,290**	1,329,501,212
Deferred income	**695,958,353**	710,620,944
Other non-current liabilities	**173,114,158**	175,971,219
Total Non-current Liabilities	**2,198,465,801**	2,216,093,375
TOTAL LIABILITIES	**8,020,686,036**	8,374,503,643

RMB

Item	30 June 2026 (Unaudited)	31 December 2025 (Audited)
SHAREHOLDERS' EQUITY:		
Share capital	**7,083,537,000**	7,083,537,000
Capital reserve	**11,719,170,906**	11,718,272,289
Other comprehensive income	**363,377,668**	363,377,668
Special reserve	**284,229,080**	169,368,750
Surplus reserve	**3,398,205,059**	3,398,205,059
Retained profits	**6,180,935,349**	5,632,259,689
TOTAL SHAREHOLDERS' EQUITY	**29,029,455,062**	28,365,020,455
TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY	**37,050,141,098**	36,739,524,098

The accompanying notes form part of the financial statements.

Jiang Hui	Chen Shaohong	Dai Zhenjie	Deng Yuhui
Board Chairman	General Manager	Chief Accountant	Head of the Finance Department

CONSOLIDATED INCOME STATEMENT

FOR THE PERIOD FROM 1 JANUARY TO 30 JUNE 2026

RMB

Item	*Notes*	**For the period from 1 January to 30 June 2026 (Unaudited)**	For the period from 1 January to 30 June 2025 (Unaudited)
I. Operating income	*V.30*	**14,788,868,480**	13,968,981,131
Less: Operating costs	*V.30*	**13,055,689,273**	12,514,349,942
Taxes and levies		**38,184,520**	40,156,159
Selling expenses		**1,325,670**	918
Administrative expenses		**65,517,813**	101,642,578
Financial expenses	*V.31*	**27,454,948**	30,959,738
Including: Interest expenses		**34,231,701**	38,957,270
Interest income		**7,218,233**	8,472,430
Add: Other income	*V.32*	**24,263,840**	88,443,212
Investment income	*V.33*	**19,721,027**	19,382,915
Including: Investment income in associates and joint ventures		**8,966,884**	10,981,241
Losses on assets impairment	*V.34*	**(1,349,010)**	–
II. Operating profit		**1,643,332,113**	1,389,697,923
Add: Non-operating income	*V.35*	**8,531,197**	13,722,798
Less: Non-operating expenses	*V.36*	**8,524,086**	14,868,810
III. Total profit		**1,643,339,224**	1,388,551,911
Less: Income tax expenses	*V.37*	**453,490,080**	279,800,565
IV. Net profit		**1,189,849,144**	1,108,751,346
(I) Categorised by operation continuity			
1. Net profit from continuing operations		**1,189,849,144**	1,108,751,346
2. Net profit from discontinued operations		**–**	–
(II) Categorised by ownership			
1. Net profit attributable to shareholders of the Company		**1,190,083,105**	1,108,915,456
2. Profit or loss attributable to minority interests		**(233,961)**	(164,110)
V. Other comprehensive income, net of tax	*V.26*	**–**	–

RMB

Item	*Notes*	**For the period from 1 January to 30 June 2026 (Unaudited)**	For the period from 1 January to 30 June 2025 (Unaudited)
VI. Total comprehensive income		**1,189,849,144**	1,108,751,346
(I) Total comprehensive income attributable to shareholders of the Company		**1,190,083,105**	1,108,915,456
(II) Total comprehensive income attributable to minority interests		**(233,961)**	(164,110)
VII. Earnings per share:			
(I) Basic earnings per share (RMB/share)		**0.1680**	0.1565
(II) Diluted earnings per share (RMB/share)		**0.1680**	0.1565

The accompanying notes form part of the financial statements.

Jiang Hui	Chen Shaohong	Dai Zhenjie	Deng Yuhui
Board Chairman	General Manager	Chief Accountant	Head of the Finance Department

INCOME STATEMENT OF THE COMPANY

FOR THE PERIOD FROM 1 JANUARY TO 30 JUNE 2026

RMB

Item		Notes	For the period from 1 January to 30 June 2026 (Unaudited)	For the period from 1 January to 30 June 2025 (Unaudited)
I.	Operating income	*XIII.4*	**14,763,140,203**	13,943,111,183
	Less: Operating costs	*XIII.4*	**13,041,935,769**	12,500,516,495
	Taxes and levies		**37,092,126**	39,066,703
	Selling expenses		**1,325,670**	918
	Administrative expenses		**58,089,269**	94,532,644
	Financial expenses		**27,774,615**	31,307,625
	Including: Interest expenses		**34,231,701**	38,957,270
	Interest income		**6,892,746**	8,117,949
	Add: Other income		**24,257,996**	88,438,032
	Investment income (losses)	*XIII.5*	**19,721,027**	(425,082,236)
	Including: Investment income in associates and joint ventures		**8,966,884**	10,981,241
	Losses on assets impairment		**(1,349,010)**	–
II.	Operating profit		**1,639,552,767**	941,042,594
	Add: Non-operating income		**8,511,097**	13,308,032
	Less: Non-operating expenses		**8,524,060**	13,632,949
III.	Total profit		**1,639,539,804**	940,717,677
	Less: Income tax expenses		**453,345,814**	279,559,046
IV.	Net profit		**1,186,193,990**	661,158,631
	(I) Net profit from continuing operations		**1,186,193,990**	661,158,631
	(II) Net profit from discontinued operations		**–**	–
V.	Other comprehensive income, net of tax		**–**	–
VI.	Total comprehensive income		**1,186,193,990**	661,158,631

The accompanying notes form part of the financial statements.

Jiang Hui	Chen Shaohong	Dai Zhenjie	Deng Yuhui
Board Chairman	General Manager	Chief Accountant	Head of the Finance Department

CONSOLIDATED CASH FLOW STATEMENT

FOR THE PERIOD FROM 1 JANUARY TO 30 JUNE 2026

RMB

Item		Notes	For the period from 1 January to 30 June 2026 (Unaudited)	For the period from 1 January to 30 June 2025 (Unaudited)
I.	**Cash Flows from Operating Activities:**			
	Cash receipts from the sale of goods and the rendering of services		**9,205,612,631**	8,717,720,782
	Other cash receipts relating to operating activities	*V.38(1)*	**567,374,170**	865,222,922
	Sub-total of cash inflows from operating activities		**9,772,986,801**	9,582,943,704
	Cash payments for goods purchased and services received		**2,800,251,115**	2,605,614,057
	Cash payments to and on behalf of employees		**4,639,389,888**	4,474,253,931
	Payments of various types of taxes		**560,261,521**	399,260,165
	Other cash payments relating to operating activities	*V.38(1)*	**354,896,893**	281,289,580
	Sub-total of cash outflows from operating activities		**8,354,799,417**	7,760,417,733
	Net Cash Flow from Operating Activities	*V.39(1)*	**1,418,187,384**	1,822,525,971
II.	**Cash Flows from Investing Activities:**			
	Cash receipts from investment income		**10,754,143**	8,401,674
	Net cash receipts from disposals of fixed assets, intangible assets and other long-term assets		**2,663,108**	33,046
	Other cash receipts relating to investing activities	*V.38(2)*	**–**	65,856,406
	Sub-total of cash inflows from investing activities		**13,417,251**	74,291,126
	Cash payments to acquire or construct fixed assets, intangible assets and other long-term assets		**572,223,102**	313,999,106
	Sub-total of cash outflows from investing activities		**572,223,102**	313,999,106
	Net Cash Flow from Investing Activities		**(558,805,851)**	(239,707,980)
III.	**Cash Flows from Financing Activities:**			
	Other cash receipts relating to financing activities	*V.38(3)*	**–**	17,236,500
	Sub-total of cash inflows from financing activities		**–**	17,236,500
	Cash repayments of borrowings		**–**	600,000,000
	Cash payments for distribution of dividends or settlement of interest expenses		**272,050,713**	5,064,667
	Including: Payments for distribution of dividends or profits to minority shareholders by subsidiaries		**–**	–
	Other cash payments relating to financing activities	*V.38(3)*	**–**	90,018
	Sub-total of cash outflows from financing activities		**272,050,713**	605,154,685
	Net Cash Flow from Financing Activities		**(272,050,713)**	(587,918,185)

RMB

Item	*Notes*	**For the period from 1 January to 30 June 2026 (Unaudited)**	For the period from 1 January to 30 June 2025 (Unaudited)
IV. Effect of Foreign Exchange Rate Changes on Cash and Cash Equivalents		**8,983**	(36,593)
V. Net Increase in Cash and Cash Equivalents		**587,339,803**	994,863,213
Add: Opening balance of cash and cash equivalents	*V.39(2)*	**4,145,063,110**	1,934,900,900
VI. Closing Balance of Cash and Cash Equivalents	*V.39(2)*	**4,732,402,913**	2,929,764,113

The accompanying notes form part of the financial statements.

Jiang Hui	Chen Shaohong	Dai Zhenjie	Deng Yuhui
Board Chairman	General Manager	Chief Accountant	Head of the Finance Department

CASH FLOW STATEMENT OF THE COMPANY

FOR THE PERIOD FROM 1 JANUARY TO 30 JUNE 2026

RMB

Item	For the period from 1 January to 30 June 2026 (Unaudited)	For the period from 1 January to 30 June 2025 (Unaudited)
I. Cash Flows from Operating Activities:		
Cash receipts from the sale of goods and the rendering of services	**9,183,823,688**	8,697,209,816
Other cash receipts relating to operating activities	**567,569,879**	868,040,083
Sub-total of cash inflows from operating activities	**9,751,393,567**	9,565,249,899
Cash payments for goods purchased and services received	**2,797,248,019**	2,604,298,356
Cash payments to and on behalf of employees	**4,626,773,032**	4,462,142,569
Payments of various types of taxes	**555,311,963**	395,523,864
Other cash payments relating to operating activities	**348,898,119**	280,849,157
Sub-total of cash outflows from operating activities	**8,328,231,133**	7,742,813,946
Net Cash Flow from Operating Activities	**1,423,162,434**	1,822,435,953
II. Cash Flows from Investing Activities:		
Cash receipts from investment income	**10,754,143**	8,401,674
Net cash receipts from disposals of fixed assets, intangible assets and other long-term assets	**2,663,108**	33,046
Other cash receipts relating to investing activities	**–**	65,856,406
Sub-total of cash inflows from investing activities	**13,417,251**	74,291,126
Cash payments to acquire or construct fixed assets, intangible assets and other long-term assets	**572,198,152**	313,999,106
Cash payments for investments	**5,000,000**	–
Other cash payments relating to investing activities	**–**	–
Sub-total of cash outflows from investing activities	**577,198,152**	313,999,106
Net Cash Flow from Investing Activities	**(563,780,901)**	(239,707,980)
III. Cash Flows from Financing Activities:		
Other cash receipts relating to financing activities	**–**	17,236,500
Sub-total of cash inflows from financing activities	**–**	17,236,500
Cash repayments of borrowings	**–**	600,000,000
Cash payments for distribution of dividends or profits or settlement of interest expenses	**272,050,713**	5,064,667
Including: Payments for distribution of dividends or profits to minority shareholders by subsidiaries	**–**	–
Sub-total of cash outflows from financing activities	**272,050,713**	605,064,667
Net Cash Flow from Financing Activities	**(272,050,713)**	(587,828,167)

RMB

Item	For the period from 1 January to 30 June 2026 (Unaudited)	For the period from 1 January to 30 June 2025 (Unaudited)
IV. Effect of Foreign Exchange Rate Changes on Cash and Cash Equivalents	**8,983**	(36,593)
V. Net Increase in Cash and Cash Equivalents	**587,339,803**	994,863,213
Add: Opening balance of cash and cash equivalents	**4,145,063,110**	1,934,900,900
VI. Closing Balance of Cash and Cash Equivalents	**4,732,402,913**	2,929,764,113

The accompanying notes form part of the financial statements.

Jiang Hui	Chen Shaohong	Dai Zhenjie	Deng Yuhui
Board Chairman	General Manager	Chief Accountant	Head of the Finance Department

CONSOLIDATED STATEMENT OF CHANGES IN SHAREHOLDERS' EQUITY

FOR THE PERIOD FROM 1 JANUARY TO 30 JUNE 2026

RMB

	For the period from 1 January to 30 June 2026 (Unaudited)							
	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 prior year	7,083,537,000	11,716,468,128	363,377,668	169,368,750	3,398,205,059	5,561,848,605	(41,835,552)	28,250,969,658
Add: Changes in accounting policies	-	-	-	-	-	-	-	-
Corrections of prior period errors	-	-	-	-	-	-	-	-
Others	-	-	-	-	-	-	-	-
II. Opening balance of the period	7,083,537,000	11,716,468,128	363,377,668	169,368,750	3,398,205,059	5,561,848,605	(41,835,552)	28,250,969,658
III. Changes for the period	-	898,617	-	114,860,330	-	552,564,775	(233,961)	668,089,761
(I) Total comprehensive income	-	-	-	-	-	1,190,083,105	(233,961)	1,189,849,144
(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	-	-	-	-	-	(637,518,330)	-	(637,518,330)
1. Transfer to surplus reserve	-	-	-	-	-	-	-	-
2. Transfer to general risk reserve	-	-	-	-	-	-	-	-
3. Distribution to shareholders	-	-	-	-	-	(637,518,330)	-	(637,518,330)
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	-	-	-	114,860,330	-	-	-	114,860,330
1. Transfer to special reserve in the period	-	-	-	128,804,211	-	-	-	128,804,211
2. Amount utilised in the period	-	-	-	(13,943,881)	-	-	-	(13,943,881)
(VI) Others *(Note V.25)*	-	898,617	-	-	-	-	-	898,617
IV. Closing balance of the period	7,083,537,000	11,717,366,745	363,377,668	284,229,080	3,398,205,059	6,114,413,380	(42,069,513)	28,919,059,419

RMB

Item	For the period from 1 January to 30 June 2025 (Unaudited)							
	Equity attributable to shareholders of the Company							
	Share capital	Capital reserve	Other comprehensive income	Special reserve	Surplus reserve	Retained profits	Minority interests	Total shareholders' equity
I. Closing balance of the prior 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
Add: Changes in accounting policies	–	–	–	–	–	–	–	–
Corrections of prior period errors	–	–	–	–	–	–	–	–
Others	–	–	–	–	–	–	–	–
II. Opening balance of the period	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
III. Changes for the period	–	19,340,784	–	116,478,125	–	613,067,866	(164,110)	748,722,665
(I) Total comprehensive income	–	–	–	–	–	1,108,915,456	(164,110)	1,108,751,346
(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	–	–	–	–	–	(495,847,590)	–	(495,847,590)
1. Transfer to surplus reserve	–	–	–	–	–	–	–	–
2. Transfer to general risk reserve	–	–	–	–	–	–	–	–
3. Distribution to shareholders	–	–	–	–	–	(495,847,590)	–	(495,847,590)
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	–	–	–	116,478,125	–	–	–	116,478,125
1. Transfer to special reserve in the period	–	–	–	121,895,733	–	–	–	121,895,733
2. Amount utilised in the period	–	–	–	(5,417,608)	–	–	–	(5,417,608)
(VI) Others	–	19,340,784	–	–	–	–	–	19,340,784
IV. Closing balance of the period	7,083,537,000	11,660,585,021	193,700,790	277,118,919	3,300,227,369	5,342,952,733	(40,179,151)	27,817,942,681

The accompanying notes form part of the financial statements.

Jiang Hui	Chen Shaohong	Dai Zhenjie	Deng Yuhui
Board Chairman	General Manager	Chief Accountant	Head of the Finance Department

STATEMENT OF CHANGES IN SHAREHOLDERS' EQUITY OF THE COMPANY

FOR THE PERIOD FROM 1 JANUARY TO 30 JUNE 2026

RMB

Item	For the period from 1 January to 30 June 2026 (Unaudited)						
	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	11,718,272,289	363,377,668	169,368,750	3,398,205,059	5,632,259,689	28,365,020,455
Add: Changes in accounting policies	–	–	–	–	–	–	–
Corrections of prior period errors	–	–	–	–	–	–	–
Others	–	–	–	–	–	–	–
II. Opening balance of the period	7,083,537,000	11,718,272,289	363,377,668	169,368,750	3,398,205,059	5,632,259,689	28,365,020,455
III. Changes for the period	–	898,617	–	114,860,330	–	548,675,660	664,434,607
(I) Total comprehensive income	–	–	–	–	–	1,186,193,990	1,186,193,990
(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	–	–	–	–	–	(637,518,330)	(637,518,330)
1. Transfer to surplus reserve	–	–	–	–	–	–	–
2. Distribution to shareholders	–	–	–	–	–	(637,518,330)	(637,518,330)
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	–	–	–	114,860,330	–	–	114,860,330
1. Transfer to special reserve in the period	–	–	–	128,804,211	–	–	128,804,211
2. Amount utilised in the period	–	–	–	(13,943,881)	–	–	(13,943,881)
(VI) Others *(Note. V.25)*	–	898,617	–	–	–	–	898,617
IV. Closing balance of the period	7,083,537,000	11,719,170,906	363,377,668	284,229,080	3,398,205,059	6,180,935,349	29,029,455,062

RMB

Item	For the period from 1 January to 30 June 2025 (Unaudited)						
	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	11,643,048,398	193,700,790	160,640,794	3,300,227,369	5,246,308,071	27,627,462,422
Add: Changes in accounting policies	–	–	–	–	–	–	–
Corrections of prior period errors	–	–	–	–	–	–	–
Others	–	–	–	–	–	–	–
II. Opening balance of the period	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
III. Changes for the period	–	19,340,784	–	116,478,125	–	165,311,041	301,129,950
(I) Total comprehensive income	–	–	–	–	–	661,158,631	661,158,631
(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	–	–	–	–	–	(495,847,590)	(495,847,590)
1. Transfer to surplus reserve	–	–	–	–	–	–	–
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	–	–	–	116,478,125	–	–	116,478,125
1. Transfer to special reserve in the period	–	–	–	121,895,733	–	–	121,895,733
2. Amount utilised in the period	–	–	–	(5,417,608)	–	–	(5,417,608)
(VI) Others	–	19,340,784	–	–	–	–	19,340,784
IV. Closing balance of the period	7,083,537,000	11,662,389,182	193,700,790	277,118,919	3,300,227,369	5,411,619,112	27,928,592,372

The accompanying notes form part of the financial statements.

Jiang Hui	Chen Shaohong	Dai Zhenjie	Deng Yuhui
Board Chairman	General Manager	Chief Accountant	Head of the Finance Department

Notes to the Financial Statements

For the period from 1 January to 30 June 2026

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 30 June 2026, 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 25 August 2026.

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 30 June 2026 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 30 June 2026, and the consolidated and the Company’s results of operations, changes in shareholders’ equity and cash flows for the period from 1 January to 30 June 2026.

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
Significant associates	Period-end balance of long-term equity investments not less than RMB100,000,000

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.

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 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.

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.

III. SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES *(continued)*

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.

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.

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.

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.

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.

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.

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.

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.

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.

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 of 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.

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.

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. Changes in significant accounting policies

The Ministry of Finance issued *Interpretation No. 19 of the Accounting Standards for Business Enterprises* ("Interpretation No. 19") and *Interpretation No. 20 of* the *Accounting Standards for Business Enterprises* ("Interpretation No. 20") on 5 December 2025 and 16 June 2026, respectively.

Interpretation No. 19

Interpretation No. 19 specifies accounting treatment of compensatory assets in business combinations not involving enterprises under common control, accounting treatment of capital reserve arising from disposal of subsidiaries previously acquired through business combinations involving enterprises under common control, derecognition of financial liabilities settled using an electronic payment system, and assessment of the contractual cash flow characteristics of financial assets and relevant disclosures. It came into effect from 1 January 2026.

1. *Accounting treatment of compensatory assets in business combinations not involving enterprises under common control*

   Interpretation No. 19 stipulates that in business combinations not involving enterprises under common control, when the acquirer recognises the compensatory item in its consolidated financial statements, it shall also recognise a compensatory asset, measured on the same basis as the compensatory item, taking into account the management's estimate of its recoverability and deducting any amounts expected to be unrecoverable from the carrying amount. At the level of the acquirer's separate financial statements, the enterprise shall comply with *Accounting Standards for Business Enterprises – Contingencies* to recognise the compensatory asset when the criteria for recognising a contingent asset are met, while simultaneously reducing the initial investment cost of the long-term equity investment. The enterprise shall establish a "Compensatory asset" account for accounting purposes and present it on the balance sheet based on liquidity. Upon initial adoption, retrospective adjustments shall be made for compensatory assets existing as at the effective date of the Interpretation as a change in accounting policy; those disposed of prior to the effective date shall not be subject to retrospective adjustment.

III. SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES *(continued)*

31. Changes in significant accounting policies *(continued)*

Interpretation No. 19 (continued)

2. *Accounting treatment of capital reserve arising from disposal of subsidiaries previously acquired through business combinations involving enterprises under common control*

   Interpretation No. 19 clarifies that when an enterprise disposes of a subsidiary previously acquired through business combinations involving enterprises under common control and thereby loses control, regardless of whether the counterparty is a related party, the capital reserve resulting from the adjustment of the difference between the initial investment cost of the long-term equity investment and the carrying amount of the combination consideration on the original combination date shall not be transferred to profit or loss for the period or retained earnings in either the separate financial statements or the consolidated financial statements. Upon initial adoption, the provisions are applied through retrospective adjustment, and the relevant details shall be disclosed in the notes to the financial statements.

3. *Derecognition of financial liabilities settled using an electronic payment system*

   According to Interpretation No. 19, when an enterprise uses an electronic payment system to settle financial liabilities in cash, it may elect to derecognise the financial liability prior to the settlement date only if a payment instruction has been initiated and all three of the following conditions are met: "the enterprise has no practical ability to revoke the instruction", "the enterprise has no practical ability to withdraw the cash used for settlement", and "the settlement risk is not significant". The adoption of the accounting policy must be applied consistently to all settlements within the same electronic payment system. Upon initial adoption, the provisions are applied through retrospective adjustment, and the cumulative effect shall be recognised in retained earnings as at 1 January 2026, and prior-period comparative figures need not be adjusted.

   The Group adopted the above provisions from 1 January 2026. Upon assessment, the Group believes that the adoption of these provisions will have no significant impact on the financial statements.

III. SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES *(continued)*

31. Changes in significant accounting policies *(continued)*

Interpretation No. 20

Interpretation No. 20 primarily specifies the assessment of the contractual cash flow characteristics of financial assets, as well as the accounting treatment and related disclosures when a currency lacks exchangeability; it came into effect from 1 January 2026.

1. *Assessment of the contractual cash flow characteristics of financial assets*

   Interpretation No. 20 clarifies the classification of financial assets with non-recourse characteristics and contract-linked instruments (such as "waterfall payment structure"). An enterprise shall assess the relationship between the specific underlying asset and the contractual cash flows (i.e., look-through) to determine whether they meet the principal-and-interest contractual cash flow characteristics. Upon initial adoption, the provisions are applied through retrospective adjustment; and the cumulative effect shall be recognised in retained earnings as at 1 January 2026, and prior-period comparative figures need not be adjusted.

2. *Accounting treatment and related disclosures when a currency lack of exchangeability*

   Interpretation No. 20 clarifies the definition and assessment methods for the "exchangeability" of currencies. It stipulates that when a currency is not exchangeable into another currency, an enterprise shall estimate the spot exchange rate to reflect the exchange rate level in an orderly exchange transaction, and specifies the estimation methods and disclosure requirements. Upon initial adoption, affected monetary items are translated using the spot exchange rate estimated as at the date of initial adoption. The effect shall be recognised in retained earnings as at the beginning of the period; prior-period comparative figures do not need to be restated.

   The Group adopted the above provisions from 1 January 2026. Upon assessment, the Group believes that the adoption of these provisions will have no significant impact on the financial statements.

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.

(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 for the period from 1 January to 30 June 2026.

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 CSRG, 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

RMB

Item	30 June 2026 (Unaudited)	31 December 2025 (Audited)
Cash on hand *(Note)*:	**778,223**	471,480
RMB	**778,223**	471,480
Bank deposits:	**4,731,605,223**	4,144,585,667
RMB	**4,731,003,961**	4,144,487,744
HKD	**601,262**	97,923
Other monetary funds:	**19,467**	5,963
HKD	**19,467**	5,963
Total	**4,732,402,913**	4,145,063,110
Including: Total amount deposited abroad	**–**	–

Note: As at 30 June 2026, the Group's cash and bank balances include union running costs and Party membership dues totalling RMB32,960,521 (31 December 2025: RMB66,511,491) deposited with the Company's accounts by other entities. Please refer to Note V, 19 for details.

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

2. Accounts receivable

(1) Disclosed by aging

RMB

Aging *(Note)*	**30 June 2026 Gross carrying amount (Unaudited)**	31 December 2025 Gross carrying amount (Audited)
Within 1 year	**3,650,950,264**	3,631,541,687
1 to 2 years	**1,271,988,387**	1,118,722,163
2 to 3 years	**530,107,176**	203,490,755
Over 3 years	**403,736,142**	210,045,724
Total	**5,856,781,969**	5,163,800,329

* Note: The aging analysis of outstanding accounts receivable is based on the transaction date.

(2) Disclosed by method of bad debt provision:

RMB

	30 June 2026 (Unaudited)					31 December 2025 (Audited)				
	Gross carrying amount		**Bad debt provision**			Gross carrying amount		Bad debt provision		
Category	**Amount**	**Proportion (%)**	**Amount**	**Proportion (%)**	**Carrying amount**	Amount	Proportion (%)	Amount	Proportion (%)	Carrying amount
Bad debt provision assessed on a portfolio basis:										
Portfolio I	**375,431,209**	**6.41**	**–**	**–**	**375,431,209**	621,490,367	12.04	–	–	621,490,367
Portfolio II	**5,296,241,269**	**90.43**	**117,931,517**	**2.23**	**5,178,309,752**	4,396,396,415	85.14	117,931,517	2.68	4,278,464,898
Portfolio III	**185,109,491**	**3.16**	**2,134,670**	**1.15**	**182,974,821**	145,913,547	2.82	2,134,670	1.46	143,778,877
Total	**5,856,781,969**	**100.00**	**120,066,187**		**5,736,715,782**	5,163,800,329	100.00	120,066,187		5,043,734,142

2. 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

RMB

Description	30 June 2026 (Unaudited) Accounts receivable	Bad debt provision	Proportion (%)
Portfolio I	**375,431,209**	**–**	**–**

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

RMB

Description	30 June 2026 (Unaudited) Accounts receivable	Bad debt provision	Proportion (%)
Portfolio II	**5,296,241,269**	**117,931,517**	**2.23**

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

RMB

Description	30 June 2026 (Unaudited) Accounts receivable	Bad debt provision	Proportion (%)
Portfolio III	**185,109,491**	**2,134,670**	**1.15**

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)*

2. 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 2026 (Audited)	**120,066,187**	**–**	**120,066,187**
Balance at 1 January 2026	**120,066,187**	**–**	**120,066,187**
– Transfer to those credit-impaired	–	–	–
– Reverse to those not credit-impaired	–	–	–
Provision for the period	–	–	–
Reversal for the period	–	–	–
Charge-off for the period	–	–	–
Write-off for the period	–	–	–
Other changes	–	–	–
Balance at 30 June 2026 (Unaudited)	**120,066,187**	**–**	**120,066,187**

(4) Details of bad debt provision

RMB

Category	1 January 2026 (Audited)	Changes for the period: Provision	Recovery or reversal	Charge-off or write-off	Other changes	30 June 2026 (Unaudited)
Accounts receivable for which bad debt provision is assessed on a portfolio basis according to credit risk characteristics	**120,066,187**	–	–	–	–	**120,066,187**

(5) As at 30 June 2026, no accounts receivable had been written off.

2. Accounts receivable *(continued)*

(6) Top five accounts receivable categorised by debtor:

RMB

Name of entity	Closing balance of accounts receivable (Unaudited)	Proportion to total closing balance of accounts receivable (%)	Closing balance of bad debt provision for accounts receivable (Unaudited)
Guangzhou Railway Group and its affiliated companies *(Note XI, 6(1))*	**4,415,600,863**	**75.40**	**97,548,245**
CSRG and its affiliated companies *(Note XI, 6(2))*	**1,000,511,158**	**17.08**	**1,917,747**
Guangzhou Nansha Port Railway Co., Ltd.	**224,504,591**	**3.83**	**18,299,629**
Guangdong Guangzhan Railway Co., Ltd.	**93,073,300**	**1.59**	**–**
Guangdong Meilong Railway Co., Ltd.	**35,738,200**	**0.61**	**159,155**
Total	**5,769,428,112**	**98.51**	**117,924,776**

3. Other receivables

3.1 Presentation

RMB

Item	30 June 2026 (Unaudited)	31 December 2025 (Audited)
Interest receivable	**–**	–
Dividends receivable	**10,027,585**	2,728,699
Other receivables	**454,953,925**	979,889,899
Total	**464,981,510**	982,618,598

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

3. Other receivables *(continued)*

3.2 Dividends receivable

RMB

Item	30 June 2026 (Unaudited)	31 December 2025 (Audited)
Dividends receivable – Shenzhen Guangzhou Railway Civil Engineering Company ("Shentu")	**10,027,585**	2,728,699

3.3 Other receivables

(1) Disclosed by aging

RMB

Aging	30 June 2026 Gross carrying amount (Unaudited)	31 December 2025 Gross carrying amount (Audited)
Within 1 year	**324,980,873**	795,250,874
1 to 2 years	**2,188,924**	56,854,897
2 to 3 years	**–**	71,023
Over 3 years	**129,003,787**	128,932,764
Total	**456,173,584**	981,109,558

3. Other receivables *(continued)*

3.3 Other receivables (continued)

(2) Classified by nature

RMB

Nature	30 June 2026 (Unaudited)	31 December 2025 (Audited)
Receipts and payments of construction funds on behalf of others	**301,934,454**	795,692,994
Payment for land acquisition and reserve receivable	**128,902,764**	128,902,764
Petty cash	**8,639,683**	10,805,024
Advances	**6,791,612**	6,416,839
Security deposits and deposits	**2,841,784**	1,974,342
Others	**7,063,287**	37,317,595
Sub-total	**456,173,584**	981,109,558
Less: Bad debt provision	**1,219,659**	1,219,659
Total	**454,953,925**	979,889,899

(3) Disclosed by method of bad debt provision

RMB

	30 June 2026 (Unaudited)					31 December 2025 (Audited)				
	Gross carrying amount		Bad debt provision			Gross carrying amount		Bad debt provision		
Category	Amount	Proportion (%)	Amount	Proportion (%)	Carrying amount	Amount	Proportion (%)	Amount	Proportion (%)	Carrying amount
Bad debt provision assessed on a portfolio basis:										
Non-trading receivables	**456,173,584**	**100.00**	**1,219,659**	**0.27**	**454,953,925**	981,109,558	100.00	1,219,659	0.12	979,889,899
Total	**456,173,584**	**100.00**	**1,219,659**	**/**	**454,953,925**	981,109,558	100.00	1,219,659	/	979,889,899

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

3. Other receivables *(continued)*

3.3 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 2026 (Audited)	**1,219,659**	–	–	**1,219,659**
Balance at 1 January 2026	**1,219,659**	–	–	**1,219,659**
– Transfer to those credit-impaired	–	–	–	–
– Reverse to those not credit – impaired	–	–	–	–
Provision for the period	–	–	–	–
Reversal for the period	–	–	–	–
Charge-off for the period	–	–	–	–
Write-off for the period	–	–	–	–
Other changes	–	–	–	–
Balance at 30 June 2026 (Unaudited)	**1,219,659**	–	–	**1,219,659**

(5) Details of bad debt provision

RMB

Category	Balance at 1 January 2026 (Audited)	Changes for the period Provision	Recovery or reversal	Charge-off or write-off	Balance at 30 June 2026 (Unaudited)
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 30 June 2026, no other receivables had been written off.

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

3. Other receivables *(continued)*

3.3 Other receivables (continued)

(7) Top five other receivables categorised by debtor:

RMB

Name of entity	Balance at 30 June 2026 (Unaudited)	Proportion to total closing balance of other receivables (%)	Nature	Aging	Balance of bad debt provision at 30 June 2026 (Unaudited)
Guangzhou Railway Group and its affiliated companies *(Note XI, 6(1))*	**178,420,932**	**39.11**	Collection and payment of construction funds on behalf of others	Within one year and one to two years	**500,181**
CSRG and its affiliated companies *(Note XI, 6(2))*	**129,923,788**	**28.48**	Collection and payment of construction funds on behalf of others	Within one year	**685,004**
Guangzhou Tianhe Land Development Center	**128,902,764**	**28.26**	Land reserve funds receivable	Over three years	**–**
Shenzhen Metro Group Co., Ltd.	**509,554**	**0.11**	Security deposits and deposits	Within one year	**1,899**
Dongguan Hsu Chi Food Co., Ltd.	**400,000**	**0.09**	Security deposits and deposits	Within one year	**1,491**
Total	**438,157,038**	**96.05**			**1,188,575**

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

4. Inventories

(1) Category of inventories

RMB

Item	30 June 2026 (Unaudited)			31 December 2025 (Audited)		
	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	**223,455,037**	**295,840**	**223,159,197**	157,367,525	295,840	157,071,685
Used rail materials	**33,441,675**	**2,189,833**	**31,251,842**	43,295,255	4,467,540	38,827,715
Other interchangeable parts	**21,086,435**	**148,245**	**20,938,190**	13,875,665	148,245	13,727,420
Goods on hand	**364,345**	**–**	**364,345**	433,815	–	433,815
Costs to fulfil a contract	**84,322,809**	**–**	**84,322,809**	118,931,228	–	118,931,228
Total	**362,670,301**	**2,633,918**	**360,036,383**	333,903,488	4,911,625	328,991,863

4. Inventories *(continued)*

(2) Provision for decline in value of inventories

RMB

Items	1 January 2026 (Audited)	Provision	Reversal	Write-off	30 June 2026 (Unaudited)
Raw materials	**295,840**	**–**	**–**	**–**	**295,840**
Used rail materials	**4,467,540**	**–**	**–**	**2,277,707**	**2,189,833**
Other interchangeable parts	**148,245**	**–**	**–**	**–**	**148,245**
Total	**4,911,625**	**–**	**–**	**2,277,707**	**2,633,918**

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

RMB

Description	30 June 2026 (Unaudited)			31 December 2025 (Audited)		
	Gross carrying amount	Provision for decline in value	Provision proportion (%)	Gross carrying amount	Provision for decline in value	Provision proportion (%)
Raw materials	**223,455,037**	**295,840**	**0.13**	157,367,525	295,840	0.19
Used rail materials	**33,441,675**	**2,189,833**	**6.55**	43,295,255	4,467,540	10.32
Other interchangeable parts	**21,086,435**	**148,245**	**0.70**	13,875,665	148,245	1.07
Total	**277,983,147**	**2,633,918**	**0.95**	214,538,445	4,911,625	2.29

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

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

5. Other current assets

RMB

Item	30 June 2026 (Unaudited)	31 December 2025 (Audited)
Input VAT to be deducted	**82,105,574**	209,821,486
Prepaid income tax	**–**	5,989
Total	**82,105,574**	209,827,475

6. Long-term equity investments

RMB

Investee	1 January 2026 (Audited)	Changes for the period: Addition	Reduction	Investment gain or loss recognised under the equity method *(Note V, 33)*	Adjustment to other comprehensive income	Other changes in equity	Cash dividend or profit declared	Provision for impairment	Others	30 June 2026 (Unaudited)	Provision for impairment at 30 June 2026 (Unaudited)
I. Associates											
Guangzhou Tiecheng Enterprise Company Limited ("Tiecheng")	**166,238,368**	**–**	**–**	**3,305,002**	**–**	**–**	**–**	**–**	**–**	**169,543,370**	**–**
Shentu	**181,358,094**	**–**	**–**	**5,661,882**	**–**	**898,617**	**(7,298,886)**	**–**	**–**	**180,619,707**	**–**
Total	**347,596,462**	**–**	**–**	**8,966,884**	**–**	**898,617**	**(7,298,886)**	**–**	**–**	**350,163,077**	**–**

7. Investments in other equity instruments

(1) Details of investments in other equity instruments

RMB

		Changes for the period									
Item	1 January 2026 (Audited)	Addition	Reduction	Gains included in other comprehensive income	Losses included in other comprehensive income	Others	30 June 2026 (Unaudited)	Dividend income recognised for the period *(Note V, 33)*	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. ("Shenzhen Capital") *(Note 1)*	697,688,757	–	–	–	–	–	697,688,757	10,754,143	578,971,357	–	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")	5,204,718	–	–	–	–	–	5,204,718	–	–	94,467,800	
Guangzhou Huangpu Yuehua Freight Forwarding Union Co., Ltd.	1,717,879	–	–	–	–	–	1,717,879	–	–	–	
Total	**704,611,354**	**–**	**–**	**–**	**–**	**–**	**704,611,354**	**10,754,143**	**578,971,357**	**94,467,800**	

Note 1: The Company holds 1.4% equity interest in Shenzhen Capital, with an initial investment cost of RMB118,717,400. Shenzhen Capital is a state-owned comprehensive investment group focused on venture capital (startup investment).

(2) As at 30 June 2026, there were no investments in other equity instruments derecognised.

8. Fixed assets

8.1 Summary of fixed assets

RMB

Item	**30 June 2026 (Unaudited)**	31 December 2025 (Audited)
Fixed assets	**20,609,846,277**	20,915,023,449
Disposal of fixed assets	**20,303,640**	18,658,628
Total	**20,630,149,917**	20,933,682,077

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

8. Fixed assets *(continued)*

8.2 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 2026 (Audited)	9,462,562,998	15,263,973,009	5,265,954,022	2,547,966,902	7,726,892,808	40,267,349,739
2. Increase for the period	**10,899,608**	**753,679,561**	**193,836,461**	**2,289,768**	**9,136,564**	**969,841,962**
(1) Addition	**140,767**	**–**	**–**	**–**	**4,482,319**	**4,623,086**
(2) Transfer from construction in progress	**6,385,741**	**4,814,998**	**–**	**2,289,768**	**2,453,488**	**15,943,995**
(3) Transfer from construction in progress upon completion of upgrades	**4,373,100**	**748,864,563**	**193,836,461**	**–**	**2,200,757**	**949,274,881**
3. Reclassification	**20,353,486**	**(24,911,322)**	**5,261,947**	**–**	**(704,111)**	**–**
4. Decrease for the period	**405,523**	**324,103,712**	**451,778,298**	**–**	**35,197,565**	**811,485,098**
(1) Transfer to construction in progress for upgrades	**–**	**322,261,939**	**356,943,318**	**–**	**5,039,649**	**684,244,906**
(2) Disposal or retirement	**405,523**	**1,841,773**	**94,834,980**	**–**	**30,157,916**	**127,240,192**
5. 30 June 2026 (Unaudited)	**9,493,410,569**	**15,668,637,536**	**5,013,274,132**	**2,550,256,670**	**7,700,127,696**	**40,425,706,603**
II. Accumulated depreciation						
1. 1 January 2026 (Audited)	**5,055,526,687**	**4,478,757,643**	**2,400,983,777**	**1,801,404,843**	**5,610,886,829**	**19,347,559,779**
2. Increase for the period	**138,081,335**	**110,215,230**	**318,080,615**	**87,613,299**	**159,899,057**	**813,889,536**
(1) Provision	**138,081,335**	**110,215,230**	**318,080,615**	**87,613,299**	**159,899,057**	**813,889,536**
3. Reclassification	**16,994,384**	**(18,285,306)**	**–**	**–**	**1,290,922**	**–**
4. Decrease for the period	**245,171**	**39,268,337**	**277,774,880**	**–**	**33,876,468**	**351,164,856**
(1) Transfer to construction in progress for upgrades	**–**	**38,365,402**	**186,870,899**	**–**	**4,290,897**	**229,527,198**
(2) Disposal or retirement	**245,171**	**902,935**	**90,903,981**	**–**	**29,585,571**	**121,637,658**
5. 30 June 2026 (Unaudited)	**5,210,357,235**	**4,531,419,230**	**2,441,289,512**	**1,889,018,142**	**5,738,200,340**	**19,810,284,459**
III. Provision for impairment						
1. 1 January 2026 (Audited)	**490,492**	**539,654**	**2,272,537**	**–**	**1,463,828**	**4,766,511**
2. Increase for the period	**–**	**–**	**1,349,010**	**–**	**–**	**1,349,010**
(1) Provision	**–**	**–**	**1,349,010**	**–**	**–**	**1,349,010**
3. Decrease for the period	**–**	**539,654**	**–**	**–**	**–**	**539,654**
(1) Disposal or retirement	**–**	**539,654**	**–**	**–**	**–**	**539,654**
4. 30 June 2026 (Unaudited)	**490,492**	**–**	**3,621,547**	**–**	**1,463,828**	**5,575,867**
IV. Net book value						
1. 30 June 2026 (Unaudited)	**4,282,562,842**	**11,137,218,306**	**2,568,363,073**	**661,238,528**	**1,960,463,528**	**20,609,846,277**
2. 1 January 2026 (Audited)	**4,406,545,819**	**10,784,675,712**	**2,862,697,708**	**746,562,059**	**2,114,542,151**	**20,915,023,449**

8. Fixed assets *(continued)*

8.2 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	828,194,877	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	38,433,085	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	333,741,085	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, communicating with the land lessor, and consultation with legal counsel, 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)*

8. Fixed assets *(continued)*

8.3 Disposal of fixed assets

RMB

Item	30 June 2026 (Unaudited)	31 December 2025 (Audited)
Other machinery and equipment	**6,735,082**	7,899,767
Locomotives and rolling stock	**11,581,773**	7,478,351
Buildings	**1,986,679**	3,280,510
Communications and signalling systems	**106**	–
Total	**20,303,640**	18,658,628

9. Construction in progress

(1) Details of construction in progress

RMB

Item	30 June 2026 (Unaudited)			31 December 2025 (Audited)		
	Gross carrying amount	Provision for impairment	Carrying amount	Gross carrying amount	Provision for impairment	Carrying amount
Overhaul projects	**101,492,680**	**–**	**101,492,680**	377,797,716	–	377,797,716
Renovation of traction power supply lines I and II and related equipment and facilities on Shipai-Chashan section of Guangzhou-Shenzhen line	**92,807,190**	**–**	**92,807,190**	92,807,190	–	92,807,190
Adaptive transformation of traction power supply system on Pingshi-Guangzhou section of Beijing-Guangzhou line	**38,475,403**	**–**	**38,475,403**	38,475,403	–	38,475,403
Replacement of the main-line overhead contact system between Hetou (excluded) to Pajiangkou (included) section of Beijing-Guangzhou line	**31,095,300**	**–**	**31,095,300**	4,521,287	–	4,521,287
Automatic block and interlocking equipment reconstruction of Guangzhou to Pingshi Section	**24,653,781**	**–**	**24,653,781**	20,036,873	–	20,036,873

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

9. Construction in progress *(continued)*

(1) Details of construction in progress (continued)

RMB

Item	30 June 2026 (Unaudited) Gross carrying amount	Provision for impairment	Carrying amount	31 December 2025 (Audited) Gross carrying amount	Provision for impairment	Carrying amount
Renovation of traction power supply lines I and II and related equipment and facilities on Chashan-Pinghu section of Guangzhou-Shenzhen line	**24,277,194**	**–**	**24,277,194**	12,745,919	–	12,745,919
Warehouse and ancillary facility renovation project for Track 5 and Track 6 in Dalang freight yard	**21,153,597**	**–**	**21,153,597**	21,153,597	–	21,153,597
Pinghu south military special line slope protection and storage yard renovation project	**14,165,480**	**–**	**14,165,480**	14,060,966	–	14,060,966
GSM-R system wireless equipment renovation of Guangzhou-Shenzhen Line	**11,544,700**	**–**	**11,544,700**	7,564,700	–	7,564,700
New Exit Escalators Project in Guangzhou Railway Station	**10,460,030**	**–**	**10,460,030**	10,185,284	–	10,185,284
New Construction of Traffic Culvert on Guangzhou-Shenzhen Line K48	**9,943,621**	**–**	**9,943,621**	9,943,621	–	9,943,621
Road renovation project for Jiangcun Station (phase II)	**9,618,865**	**–**	**9,618,865**	9,618,865	–	9,618,865
Reconstruction project of Nanshui resistance platform in Guangzhou Locomotive Depot	**9,521,413**	**–**	**9,521,413**	9,190,179	–	9,190,179
Upgrading and capacity expansion of electrical facilities and equipment in Dalang freight yard	**9,203,270**	**–**	**9,203,270**	9,203,270	–	9,203,270
Others	**123,906,287**	**15,455,876**	**108,450,411**	91,922,790	15,455,876	76,466,914
Total	**532,318,811**	**15,455,876**	**516,862,935**	729,227,660	15,455,876	713,771,784

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

9. Construction in progress *(continued)*

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

RMB

Item	Budget amount	1 January 2026 (Audited)	Transfer from overhaul projects	Other increase	Transfer to fixed assets	30 June 2026 (Unaudited)	Proportion of the accumulated project investment to total budget (%)	Project progress (%)	Cumulative amount of interest capitalised	Including: Interest capitalised for the period	Interest capitalisation rate for the period (%)	Source of funds
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	92,807,190	-	-	-	92,807,190	71	71	-	-	-	Self-financed
Adaptive transformation of traction power supply system on Pingshi-Guangzhou section of Beijing-Guangzhou line	132,687,094	38,475,403	-	-	-	38,475,403	29	29	-	-	-	Self-financed
Replacement of the main-line overhead contact system between Hetou (excluded) to Pajiangkou (included) section of Beijing-Guangzhou line	36,568,400	4,521,287	-	26,574,013	-	31,095,300	85	85	-	-	-	Self-financed
Overhaul projects	/	377,797,716	432,756,782	228,382,211	937,444,029	101,492,680	/	/	-	-	-	Self-financed
Total	/	513,601,596	432,756,782	254,956,224	937,444,029	263,870,573	/	/	-	-	/	/

9. Construction in progress *(continued)*

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

RMB

Item	1 January 2026 (Audited)	Increase for the period	Decrease for the period	30 June 2026 (Unaudited)	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)*

10. Right-of-use assets

(1) Details of right-of-use assets

RMB

Item	Leased land *(note)*
I. Cost:	
1. 1 January 2026 (Audited)	**1,379,253,852**
2. Increase for the period	**–**
(1) Leased in	**–**
3. Decrease for the period	**–**
(1) Disposal	**–**
4. 30 June 2026 (Unaudited)	**1,379,253,852**
II. Accumulated depreciation	
1. 1 January 2026 (Audited)	**106,847,041**
2. Increase for the period	**8,009,146**
(1) Provision	**8,009,146**
3. Decrease for the period	**–**
(1) Disposal	**–**
4. 30 June 2026 (Unaudited)	**114,856,187**
III. Provision for impairment	
1. 1 January 2026 (Audited)	**–**
2. 30 June 2026 (Unaudited)	**–**
IV. Net book value	
1. 1 January 2026 (Audited)	**1,272,406,811**
2. 30 June 2026 (Unaudited)	**1,264,397,665**

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)

11. Intangible assets

(1) Details of intangible assets

RMB

Item	Land use rights	Computer software	Total
I. Cost			
1. 1 January 2026 (Audited)	2,405,792,061	17,603,472	2,423,395,533
2. Increase for the period	–	–	–
(1) Addition	–	–	–
3. Decrease for the period	–	–	–
(1) Disposal	–	–	–
4. 30 June 2026 (Unaudited)	**2,405,792,061**	**17,603,472**	**2,423,395,533**
II. Accumulated amortisation			
1. 1 January 2026 (Audited)	**823,407,546**	**17,313,939**	**840,721,485**
2. Increase for the period	**26,189,574**	**205,472**	**26,395,046**
(1) Provision	**26,189,574**	**205,472**	**26,395,046**
3. Decrease for the period	–	–	–
(1) Disposal	–	–	–
4. 30 June 2026 (Unaudited)	**849,597,120**	**17,519,411**	**867,116,531**
III. Provision for impairment			
1. 1 January 2026 (Audited)	–	–	–
2. 30 June 2026 (Unaudited)	–	–	–
IV. Net book value			
1. 1 January 2026 (Audited)	**1,582,384,515**	**289,533**	**1,582,674,048**
2. 30 June 2026 (Unaudited)	**1,556,194,941**	**84,061**	**1,556,279,002**

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

11. 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	24,146,912	The land use rights were acquired by acquisition of assets or business restructuring in prior years but not yet transferred to the Group.
Land use rights associated with the operation of Guangzhou-Shenzhen 4 lines	1,008,325,051	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.

12. Goodwill

(1) Cost of goodwill

RMB

Name of investees or matters generating goodwill	1 January 2026 (Audited)	Increase for the period	Decrease for the period	30 June 2026 (Unaudited)
Goodwill arising from the acquisition of Yangcheng Railway	**281,254,606**	–	–	**281,254,606**

12. Goodwill *(continued)*

(2) Provision for impairment of goodwill

RMB

Name of investees or matters generating goodwill	1 January 2026 (Audited)	Increase for the period	Decrease for the period	30 June 2026 (Unaudited)
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?
Railway asset group	Railway asset group	Railway 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)*

13. Deferred tax assets/deferred tax liabilities

(1) Deferred tax assets before offsetting

RMB

Item	30 June 2026 (Unaudited) Deductible temporary differences	30 June 2026 (Unaudited) Deferred tax assets	31 December 2025 (Audited) Deductible temporary differences	31 December 2025 (Audited) Deferred tax assets
Provision for impairment	**144,951,507**	**36,237,877**	146,419,858	36,604,965
Accruals of employee education funds	**383,983,713**	**95,995,928**	354,048,780	88,512,195
Government grants	**693,512,065**	**173,378,016**	708,117,596	177,029,399
Losses on disposal of assets not reported for approval	**108,905,903**	**27,226,476**	108,905,903	27,226,476
Funds for party organisation activities	**125,252,651**	**31,313,163**	114,552,209	28,638,052
Lease liabilities	**1,397,506,498**	**349,376,625**	1,397,048,382	349,262,096
Total	**2,854,112,337**	**713,528,085**	2,829,092,728	707,273,183

(2) Deferred tax liabilities before offsetting

RMB

Item	30 June 2026 (Unaudited) Taxable temporary differences	30 June 2026 (Unaudited) Deferred tax liabilities	31 December 2025 (Audited) Taxable temporary differences	31 December 2025 (Audited) Deferred tax liabilities
Appreciation of fixed assets due to the acquisition of Yangcheng Railway	**4,605,376**	**1,151,344**	5,582,348	1,395,587
Appreciation of intangible assets due to the acquisition of Zengcheng Lihua Stock Company Limited ("Zengcheng Lihua")	**180,810,309**	**45,202,577**	185,795,757	46,448,939
Changes in fair value of investments in other equity instruments	**484,503,557**	**121,125,889**	484,503,557	121,125,889
Right-of-use assets	**1,264,397,665**	**316,099,416**	1,272,406,811	318,101,703
Others	**9,486,935**	**2,371,734**	9,580,096	2,395,024
Total	**1,943,803,842**	**485,950,960**	1,957,868,569	489,467,142

13. 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 period	Deferred tax assets or liabilities after offsetting as at 30 June 2026 (Unaudited)	Offset amount of deferred tax assets and liabilities at the beginning of the period	Deferred tax assets or liabilities after offsetting as at 31 December 2025 (Audited)
Deferred tax assets	**440,748,383**	**272,779,702**	**443,018,203**	264,254,980
Deferred tax liabilities	**440,748,383**	**45,202,577**	**443,018,203**	46,448,939

(4) Details of unrecognised deferred tax assets

RMB

Item	30 June 2026 (Unaudited)	31 December 2025 (Audited)
Deductible temporary differences	**13,041,790**	13,041,790
Deductible losses	**–**	–
Total	**13,041,790**	13,041,790

14. Other non-current assets

RMB

Item	30 June 2026 (Unaudited)			31 December 2025 (Audited)		
	Gross carrying amount	Provision for impairment	Carrying amount	Gross carrying amount	Provision for impairment	Carrying amount
Advance payments for construction and equipment	**202,650,182**	**–**	**202,650,182**	46,530,051	–	46,530,051
Others	**450,371**	**–**	**450,371**	–	–	–
Total	**203,100,553**	**–**	**203,100,553**	46,530,051	–	46,530,051

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

15. Accounts payable

(1) Presentation of accounts payable

RMB

Item	30 June 2026 (Unaudited)	31 December 2025 (Audited)
Payables for material purchases	**607,540,588**	651,040,421
Payables for construction and equipment	**404,481,793**	413,035,518
Payables for entrusted construction agency services	**279,884,651**	551,053,888
Labour costs payable	**267,248,772**	334,105,285
Repair expenses payable	**142,339,226**	224,329,037
Others	**102,246,619**	192,955,307
Total	**1,803,741,649**	2,366,519,456

**(2) Disclosed by aging*

RMB

Aging *(Note)*	30 June 2026 Gross carrying amount (Unaudited)	31 December 2025 Gross carrying amount (Audited)
Within 1 year	**1,749,413,657**	2,122,755,198
1 to 2 years	**37,260,097**	228,169,677
2 to 3 years	**3,863,865**	2,543,649
Over 3 years	**13,204,030**	13,050,932
Total	**1,803,741,649**	2,366,519,456

Note: The aging analysis of outstanding accounts payable is based on the invoice date.

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

15. Accounts payable *(continued)*

(3) Significant accounts payable aged over 1 year

RMB

Item	30 June 2026 (Unaudited)	Reason for failure in repayment or carry-forward
Total significant accounts payable	–	As at 30 June 2026, the Group had no significant accounts payable aged over 1 year

16. Contract liabilities

(1) Details of contract liabilities

RMB

Item	30 June 2026 (Unaudited)	31 December 2025 (Audited)
Unused award integral	**268,072,061**	211,599,805
Payment for transportation services and material purchases and sales received in advance	**212,298,072**	199,280,658
Total	**480,370,133**	410,880,463

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

(3) The amount for significant changes in carrying amount in the current period and reasons

RMB

Item	Amount changed	Reasons of changes
Unused award integral	56,472,256	Increase in points arising from sales to frequent passengers in the current period

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

17. Employee benefits payable

(1) Presentation of employee benefits payable

RMB

Item	1 January 2026 (Audited)	Increase for the period	Decrease for the period	30 June 2026 (Unaudited)
1. Short-term benefits	**366,977,911**	**3,997,102,892**	**3,945,523,174**	**418,557,629**
2. Post-employment benefits – defined contribution plans	**–**	**641,800,758**	**641,800,758**	**–**
3. Termination benefits	**965,718**	**–**	**182,366**	**783,352**
Total	**367,943,629**	**4,638,903,650**	**4,587,506,298**	**419,340,981**

(2) Presentation of short-term benefits

RMB

Item	1 January 2026 (Audited)	Increase for the period	Decrease for the period	30 June 2026 (Unaudited)
1. Wages or salaries, bonuses, allowances and subsidies	**–**	**3,039,000,399**	**3,039,000,399**	**–**
2. Staff welfare	**–**	**118,675,391**	**118,675,391**	**–**
3. Social security contributions	**55**	**294,517,470**	**294,517,470**	**55**
Including: Medical insurance	**–**	**272,110,378**	**272,110,378**	**–**
Work injury insurance	**55**	**21,881,026**	**21,881,026**	**55**
Maternity insurance	**–**	**526,066**	**526,066**	**–**
4. Housing funds	**–**	**328,686,103**	**328,686,103**	**–**
5. Union running costs and employee education costs	**364,810,416**	**93,443,212**	**41,960,390**	**416,293,238**
6. Other short-term benefits	**2,167,440**	**122,780,317**	**122,683,421**	**2,264,336**
Total	**366,977,911**	**3,997,102,892**	**3,945,523,174**	**418,557,629**

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

17. Employee benefits payable *(continued)*

(3) Defined contribution plan

RMB

Item	1 January 2026 (Audited)	Increase for the period	Decrease for the period	30 June 2026 (Unaudited)
1. Basic pensions	–	**418,433,165**	**418,433,165**	–
2. Supplementary pensions	–	**201,491,791**	**201,491,791**	–
3. Unemployment insurance	–	**21,875,802**	**21,875,802**	–
Total	–	**641,800,758**	**641,800,758**	–

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.

For the period from 1 January to 30 June 2026, the Group should contribute pension insurance and unemployment insurance plans amounting to RMB619,924,956 and RMB21,875,802 (For the period from 1 January to 30 June 2025: RMB608,208,863 and RMB20,553,352). As at 30 June 2026, the Group had no outstanding contribution to pension insurance plan that was due as of the reporting period (31 December 2025: Nil) in the current period.

V. NOTES TO ITEMS IN THE CONSOLIDATED FINANCIAL STATEMENTS

(continued)

18. Taxes payable

RMB

Item	30 June 2026 (Unaudited)	31 December 2025 (Audited)
Enterprise income tax	**262,033,038**	3,976,968
VAT	**69,586,321**	80,320,032
Individual income tax	**6,135,685**	17,707,643
Urban maintenance and construction tax	**3,385,857**	4,391,571
Education surcharge	**2,297,436**	2,674,951
Others	**1,797,586**	1,692,670
Total	**345,235,923**	110,763,835

19. Other payables

19.1 Presentation

RMB

Item	30 June 2026 (Unaudited)	31 December 2025 (Audited)
Dividends payable	**378,362,585**	12,881,464
Other payables	**2,564,055,806**	3,084,090,519
Total	**2,942,418,391**	3,096,971,983

19. Other payables *(continued)*

19.2 Dividends payable

Presentation of dividends payable by nature

RMB

Item	30 June 2026 (Unaudited)	31 December 2025 (Audited)
Dividends payable – shareholders of the Company	**365,487,084**	5,963
Dividends payable – minority shareholders of Zengcheng Lihua	**12,875,501**	12,875,501
Total	**378,362,585**	12,881,464

19.3 Other payables

(1) Presentation of other payables by nature

RMB

Item	30 June 2026 (Unaudited)	31 December 2025 (Audited)
Payables for construction and receipts and payments of construction funds on behalf of others	**895,740,156**	1,272,906,409
Payables for current accounts with Shenzhen Guangzhou Railway Group Guangshen Railway Industry Development General Company ("GIDC")	**343,962,904**	345,379,964
Notes deposits and other security deposits	**381,574,619**	252,956,720
Security deposits for construction	**109,586,981**	248,388,564
Funds for party organisation activities	**125,328,637**	114,628,195
Union running costs and Party membership dues deposited with the Company's accounts by other entities	**32,960,521**	66,511,491
Others	**674,901,988**	783,319,176
Total	**2,564,055,806**	3,084,090,519

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

19. Other payables *(continued)*

19.3 Other payables *(continued)*

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

RMB

Item	30 June 2026 (Unaudited)	Reason for failure in repayment or carrying-forward
Total significant other payables aged over 1 year or that are overdue as at 30 June 2026	**487,321,339**	Due to financial difficulties at Zengcheng Lihua and outstanding payments for construction projects

20. Non-current liabilities due within one year

RMB

Item	30 June 2026 (Unaudited)	31 December 2025 (Audited)
Lease liabilities due within one year *(Note V, 21)*	**68,113,208**	67,547,170
Total	**68,113,208**	67,547,170

21. Lease liabilities

RMB

Item	30 June 2026 (Unaudited)	31 December 2025 (Audited)
Lease liabilities	**1,397,506,498**	1,397,048,382
Less: Lease liabilities included in non-current liabilities due within one year *(Note V, 20)*	**68,113,208**	67,547,170
Net book value	**1,329,393,290**	1,329,501,212

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
30 June 2026 (Unaudited)	**68,095,000**	**69,225,000**	**209,895,000**	**5,285,000,000**	**5,632,215,000**
31 December 2025 (Audited)	67,530,000	68,660,000	209,790,000	5,320,000,000	5,665,980,000

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

22. Deferred income

RMB

Item	1 January 2026 (Audited)	Increase for the period	Decrease for the period *(Note V, 32)*	30 June 2026 (Unaudited)
New Shilong station assets	**566,911,816**	**–**	**10,741,568**	**556,170,248**
Shenzhen station renovation and upgrading project	**63,800,345**	**–**	**1,474,045**	**62,326,300**
Culverts (project of change from level crossing to interchange)	**22,887,347**	**–**	**368,622**	**22,518,725**
Shilong government donation project (Shilong elevated station)	**14,873,585**	**–**	**347,208**	**14,526,377**
Elevated platform of Buji station	**9,936,138**	**–**	**390,348**	**9,545,790**
Guangzhou government grants for draw- out track and network area relocation at Shipai	**8,987,776**	**–**	**134,092**	**8,853,684**
Other government grants related to assets	**23,223,937**	**1,074,000**	**2,280,708**	**22,017,229**
Total	**710,620,944**	**1,074,000**	**15,736,591**	**695,958,353**

23. Other non-current liabilities

RMB

Item	30 June 2026 (Unaudited)	31 December 2025 (Audited)
Other non-current liabilities *(Note)*	**173,114,158**	175,971,219

Note: It represents the payments in relation to the easement received in advance by the Company as the dominant estate owner (servient estate owner), with the agreed-upon term of the easement ranging from 30.43 years to 50 years.

24. Share capital

RMB

	1 January 2026 (Audited)	Changes for the period: New shares issued	Bonus shares	Transfer from reserve	Others	Sub-total	30 June 2026 (Unaudited)
Share capital	**7,083,537,000**	**–**	**–**	**–**	**–**	**–**	**7,083,537,000**

25. Capital reserve

RMB

Item	1 January 2026 (Audited)	Increase for the period	Decrease for the period	30 June 2026 (Unaudited)
Capital premium	**11,680,614,022**	**–**	**–**	**11,680,614,022**
Other capital reserve *(Note 1)* *(Note V, 6)*	**35,854,106**	**898,617**	**–**	**36,752,723**
Total	**11,716,468,128**	**898,617**	**–**	**11,717,366,745**

Note 1: The capital reserve increased by RMB898,617 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)*

26. Other comprehensive income

RMB

Item	1 January 2026 (Audited)	For the period from 1 January to 30 June 2026 Pre-tax amount incurred during the period	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	Less: Income tax expenses	Amount attributable to the Company, net of tax	Amount attributable to minority interests, net of tax	30 June 2026 (Unaudited)
I. Other comprehensive income that cannot be reclassified to profit or loss	**363,377,668**	–	**–**	**–**	**–**	**–**	**–**	**363,377,668**
Including: Changes in fair value of investments in other equity instruments	**363,377,668**	**–**	**–**	**–**	**–**	**–**	**–**	**363,377,668**
Total other comprehensive income	**363,377,668**	**–**	**–**	**–**	**–**	**–**	**–**	**363,377,668**

27. Special reserve

RMB

Item	1 January 2026 (Audited)	Increase for the period	Decrease for the period	30 June 2026 (Unaudited)
Safety production cost	**169,368,750**	**128,804,211**	**13,943,881**	**284,229,080**

28. Surplus reserve

RMB

Item	1 January 2026 (Audited)	Increase for the period	Decrease for the period	30 June 2026 (Unaudited)
Statutory surplus reserve	**3,094,146,537**	–	–	**3,094,146,537**
Discretionary surplus reserve	**304,058,522**	–	–	**304,058,522**
Total	**3,398,205,059**	–	–	**3,398,205,059**

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. For the period from 1 January to 30 June 2026, the Company has appropriated statutory surplus reserve of RMB0 (for the period from 1 January to 30 June 2025: RMB0).

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 period.

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

29. Retained profits

RMB

Item	**For the period from 1 January to 30 June 2026 (Unaudited)**	For the period from 1 January to 30 June 2025 (Unaudited)
Retained profits at the end of the prior year before adjustment	**5,561,848,605**	4,729,884,867
Total adjusted retained profits at the beginning of the period	**–**	–
Retained profits at the beginning of the period after adjustment	**5,561,848,605**	4,729,884,867
Add: Net profit attributable to shareholders of the Company in the period	**1,190,083,105**	1,108,915,456
Transfer from other comprehensive income	**–**	–
Less: Transfer to statutory surplus reserve	**–**	–
Transfer to discretionary surplus reserve	**–**	–
Transfer to general risk reserve	**–**	–
Dividends payable on ordinary shares	**637,518,330**	495,847,590
Dividends on ordinary shares transferred to share capital	**–**	–
Retained profits at the end of the period	**6,114,413,380**	5,342,952,733

According to the resolution of the annual shareholders' meeting on 10 June 2026, the Company distributed cash dividends for 2025 to all shareholders at RMB0.09 per share. Based on 7,083,537,000 shares issued, a total of RMB637,518,330 cash dividends (tax included) were distributed, of which a cash dividend of RMB508,701,330 was distributed for 5,652,237,000 A shares issued, and a cash dividend of HKD148,053,672 (equivalent to RMB128,817,000) was distributed for 1,431,300,000 H shares issued. As at 30 June 2026, RMB272,050,713 of the above dividends had been distributed.

V. NOTES TO ITEMS IN THE CONSOLIDATED FINANCIAL STATEMENTS

(continued)

30. Operating income and costs

(1) Details of operating income and costs

RMB

Item	For the period from 1 January to 30 June 2026 (Unaudited) Income	Costs	For the period from 1 January to 30 June 2025 (Unaudited) Income	Costs
Principal operating activities	**14,075,365,415**	**12,506,978,904**	13,156,802,677	11,838,925,561
Other operating activities	**713,503,065**	**548,710,369**	812,178,454	675,424,381
Total	**14,788,868,480**	**13,055,689,273**	13,968,981,131	12,514,349,942

(2) Breakdown of operating income and costs

RMB

Item	For the period from 1 January to 30 June 2026 (Unaudited)	For the period from 1 January to 30 June 2025 (Unaudited)
Principal operating income:		
Income from passenger transportation	**6,216,695,405**	5,616,235,801
Income from entrusted transportation service	**4,293,937,203**	4,075,318,865
Income from the settlement of railway network and other transportation related services	**2,764,357,591**	2,623,336,135
Income from freight transportation	**800,375,216**	841,911,876
Total	**14,075,365,415**	13,156,802,677

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

30. Operating income and costs *(continued)*

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

RMB

Item	For the period from 1 January to 30 June 2026 (Unaudited)	For the period from 1 January to 30 June 2025 (Unaudited)
Principal operating costs:		
Equipment rental and service fee	**5,151,982,835**	4,638,085,688
Salaries and welfare	**4,361,545,495**	4,171,951,111
Depreciation and amortisation of long-term assets	**830,129,835**	860,652,688
Material and utilities consumption	**634,226,798**	607,178,619
Maintenance costs	**627,935,493**	639,845,832
Passenger service fee	**391,084,844**	375,917,491
Cargo handling costs	**282,504,603**	296,738,035
Others	**227,569,001**	248,556,097
Total	**12,506,978,904**	11,838,925,561

RMB

Item	For the period from 1 January to 30 June 2026 (Unaudited)	For the period from 1 January to 30 June 2025 (Unaudited)
Other operating income:		
Train maintenance income	**331,038,542**	369,624,393
Income from entrusted construction services	**103,199,285**	212,830,784
Income from sales of inventories, goods and supplies	**85,851,186**	64,661,103
Income from sewage suction service	**44,316,250**	45,394,782
Train catering income	**26,312,789**	29,250,705
Rental income	**56,221,695**	54,521,919
Others	**66,563,318**	35,894,768
Total	**713,503,065**	812,178,454

30. Operating income and costs *(continued)*

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

RMB

Item	For the period from 1 January to 30 June 2026 (Unaudited)	For the period from 1 January to 30 June 2025 (Unaudited)
Other operating costs:		
Salaries and welfare	**247,152,586**	238,776,002
Material and utilities consumption	**131,567,283**	140,895,704
Depreciation and amortisation of long-term assets	**11,707,880**	13,050,414
Others	**158,282,620**	282,702,261
Total	**548,710,369**	675,424,381

RMB

Item	For the period from 1 January to 30 June 2026 (Unaudited)	For the period from 1 January to 30 June 2025 (Unaudited)
Principal operating income:	**14,075,365,415**	13,156,802,677
Including: Recognised at a point in time	**–**	–
Recognised over time	**14,075,365,415**	13,156,802,677
Other operating income:	**713,503,065**	812,178,454
Including: Recognised at a point in time	**112,163,975**	93,911,808
Recognised over time	**545,117,395**	663,744,727
Rental income	**56,221,695**	54,521,919
Total	**14,788,868,480**	13,968,981,131

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

30. Operating income and costs *(continued)*

(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

As at 30 June 2026, the Group had revenue of RMB653,484,291 corresponding to performance obligations under contracts that had been entered into but not yet fulfilled or not yet fully fulfilled. The Group expects to recognise the vast majority of the revenue within the next year.

31. Financial expenses

RMB

Item	**For the period from 1 January to 30 June 2026 (Unaudited)**	For the period from 1 January to 30 June 2025 (Unaudited)
Interest income from banks	**(7,218,233)**	(8,472,430)
Interest expenses on lease liabilities	**34,231,701**	34,184,520
Foreign exchange losses (gains)	**9,078**	(41,770)
Interest expenses on bank borrowings	**–**	4,772,750
Others	**432,402**	516,668
Total	**27,454,948**	30,959,738

32. Other income

RMB

Classification by nature	**For the period from 1 January to 30 June 2026 (Unaudited)**	For the period from 1 January to 30 June 2025 (Unaudited)
Government grants related to income	**4,857,000**	70,947,967
Amortisation of government grants related to assets *(Note V, 22)*	**15,736,591**	14,642,953
Refund of individual income tax	**3,670,249**	2,852,292
Total	**24,263,840**	88,443,212

33. Investment income

RMB

Item	**For the period from 1 January to 30 June 2026 (Unaudited)**	For the period from 1 January to 30 June 2025 (Unaudited)
Income from long-term equity investments under the equity method *(Note V, 6)*	**8,966,884**	10,981,241
Dividend income from investments in other equity instruments during the holding period *(Note V, 7)*	**10,754,143**	8,401,674
Total	**19,721,027**	19,382,915

34. Losses on assets impairment

RMB

Item	**For the period from 1 January to 30 June 2026 (Unaudited)**	For the period from 1 January to 30 June 2025 (Unaudited)
Losses on impairment of fixed assets	**(1,349,010)**	–
Total	**(1,349,010)**	–

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

35. Non-operating income

RMB

Item	**For the period from 1 January to 30 June 2026 (Unaudited)**	For the period from 1 January to 30 June 2025 (Unaudited)	Amount included in non-recurring profit or loss for the current period
Gains on disposal of fixed assets	**50,274**	11,509,393	50,274
Income from unpayable amounts and overpayments	**2,410,506**	411,760	2,410,506
Compensation received	**958,916**	236,025	958,916
Others	**5,111,501**	1,565,620	5,111,501
Total	**8,531,197**	13,722,798	8,531,197

36. Non-operating expenses

RMB

Item	**For the period from 1 January to 30 June 2026 (Unaudited)**	For the period from 1 January to 30 June 2025 (Unaudited)	Amount included in non-recurring profit or loss for the current period
Losses on disposal of long-term assets	**3,582,611**	8,033,737	3,582,611
Others	**4,941,475**	6,835,073	4,941,475
Total	**8,524,086**	14,868,810	8,524,086

37. Income tax expenses

(1) *Statement of income tax expenses*

RMB

Item	For the period from 1 January to 30 June 2026 (Unaudited)	For the period from 1 January to 30 June 2025 (Unaudited)
Current tax expenses	**463,261,164**	157,174,382
Deferred tax expenses	**(9,771,084)**	122,626,183
Total	**453,490,080**	279,800,565

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

RMB

Item	For the period from 1 January to 30 June 2026 (Unaudited)	For the period from 1 January to 30 June 2025 (Unaudited)
Total profit	**1,643,339,224**	1,388,551,911
Income tax expense calculated at 25%	**410,834,806**	347,137,978
Effect of different tax rates of subsidiaries operating in other jurisdictions	**(803,057)**	(811,613)
Effect of reconciliation of income tax for the prior periods	**593,450**	426,977
Effect of non-deductible cost, expense and loss	**47,795,138**	48,793,489
Effect of tax-free income	**(4,930,257)**	(4,845,729)
Effect of deductible temporary differences or deductible losses for which deferred tax assets are not recognised for the period	**–**	215,751
Effect of utilising deductible losses for which deferred tax assets are not recognised for the prior periods	**–**	(111,116,288)
Income tax expenses	**453,490,080**	279,800,565

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

38. Items in the statement of cash flows

(1) Cash relating to operating activities

Other cash receipts relating to operating activities

RMB

Item	For the period from 1 January to 30 June 2026 (Unaudited)	For the period from 1 January to 30 June 2025 (Unaudited)
Net cash inflow from provision of purchase and construction	**513,459,932**	719,436,373
Receipt of social security policy-based refunds	**15,237,980**	–
Net cash inflow from collected funds	**11,759,653**	4,042,317
Government grants received	**5,931,000**	71,986,391
Receipt of interest	**7,218,233**	6,522,430
Net cash inflow from union party fee	**–**	56,788,761
Others	**13,767,372**	6,446,650
Total	**567,374,170**	865,222,922

Other cash payments relating to operating activities

RMB

Item	For the period from 1 January to 30 June 2026 (Unaudited)	For the period from 1 January to 30 June 2025 (Unaudited)
Net cash outflow from provision of purchase and construction	**312,534,534**	264,588,718
Net cash outflow from union party fee	**33,551,555**	–
Intermediary service fee	**3,470,663**	1,972,168
Others	**5,340,141**	14,728,694
Total	**354,896,893**	281,289,580

38. Items in the statement of cash flows *(Continued)*

(2) Cash relating to investing activities

Other cash receipts relating to investing activities

RMB

Item	**For the period from 1 January to 30 June 2026 (Unaudited)**	For the period from 1 January to 30 June 2025 (Unaudited)
Withdrawal of time deposits	–	60,000,000
Receipt of interest on time deposits	–	5,850,000
Others	–	6,406
Total	–	65,856,406

(3) Cash relating to financing activities

Other receipts relating to financing activities

RMB

Item	**For the period from 1 January to 30 June 2026 (Unaudited)**	For the period from 1 January to 30 June 2025 (Unaudited)
Receipts of subsidies granted by CSRG for railway equipment	–	17,236,500

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

38. Items in the statement of cash flows *(Continued)*

(3) Cash relating to financing activities (Continued)

Other cash payments relating to financing activities

RMB

Item	For the period from 1 January to 30 June 2026 (Unaudited)	For the period from 1 January to 30 June 2025 (Unaudited)
Cash repayments for lease liabilities	–	90,018

Changes in liabilities arising from financing activities

RMB

Item	1 January 2026 (Audited)	Increase for the period		Decrease for the period		At 30 June 2026 (Unaudited)
		Cash changes	Non-cash changes	Cash changes	Non-cash changes *(Note)*	
Lease liabilities *(Note V, 21)*	1,397,048,382	–	34,231,701	–	33,773,585	1,397,506,498
Dividends payable *(Note V, 19)*	12,881,464	14,961	637,518,330	272,050,713	1,457	378,362,585
Total	1,409,929,846	14,961	671,750,031	272,050,713	33,775,042	1,775,869,083

Note: Certain transactions and balances with related parties are settled on a net basis, and no cash payments are involved in such settlements.

39. Supplementary information to the cash flow statement

(1) Supplementary information to the cash flow statement

RMB

Supplementary information	**For the period from 1 January to 30 June 2026 (Unaudited)**	For the period from 1 January to 30 June 2025 (Unaudited)
1. Reconciliation of net profit to cash flows from operating activities		
Net profit	**1,189,849,144**	1,108,751,346
Add: Provision for impairment of assets	**1,349,010**	–
Depreciation of fixed assets	**813,889,536**	866,871,478
Depreciation of right-of-use assets	**8,009,146**	8,075,421
Amortisation of intangible assets	**26,395,046**	26,395,047
Amortisation of long-term prepaid expenses	**25,134**	109,259
Losses (gains) on retirement of fixed assets	**3,532,337**	(3,475,656)
Financial expenses	**34,240,779**	38,915,500
Investment income	**(19,721,027)**	(19,382,915)
(Increase) decrease in deferred tax assets	**(8,524,722)**	123,872,545
Decrease in deferred tax liabilities	**(1,246,362)**	(1,246,362)
Increase in inventories	**(31,044,520)**	(61,848,740)
Increase in operating receivables	**(45,786,423)**	(589,582,130)
(Decrease) increase in operating payables	**(552,779,694)**	325,071,178
Net cash flow from operating activities	**1,418,187,384**	1,822,525,971
2. Net changes in cash and cash equivalents		
Closing balance of cash	**4,732,402,913**	2,929,764,113
Less: Opening balance of cash	**4,145,063,110**	1,934,900,900
Add: Closing balance of cash equivalents	**–**	–
Less: Opening balance of cash equivalents	**–**	–
Net increase in cash and cash equivalents	**587,339,803**	994,863,213

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

39. Supplementary information to the cash flow statement *(continued)*

(2) Composition of cash and cash equivalents

RMB

Item	30 June 2026 (Unaudited)	31 December 2025 (Audited)
I. Cash	**4,732,402,913**	4,145,063,110
Including: Cash on hand	**778,223**	471,480
Bank deposits that are readily available for payment	**4,731,605,223**	4,144,585,667
Other monetary funds that are readily available for payment	**19,467**	5,963
II. Cash equivalents	**–**	–
Including: Bond investments due within three months	**–**	–
III. Closing balance of cash and cash equivalents	**4,732,402,913**	4,145,063,110
Including: Restricted cash and cash equivalents of the Company and subsidiaries within the Group	**–**	–

40. Monetary items denominated in foreign currencies

RMB

Item	Closing balance of foreign currency	Exchange rate	Closing balance equivalent to RMB
Cash and bank balances			
HKD	680,661	0.91	620,729

41. Leases

(1) As a lessee

RMB

	For the period from 1 January to 30 June 2026 (Unaudited)	For the period from 1 January to 30 June 2025 (Unaudited)
Interest expenses on lease liabilities *(Note V, 31)*	**34,231,701**	34,184,520
Short-term lease expenses included in profit or loss for the period under the simplified approach	**1,316,350,621**	1,082,592,075
Expenses for leases 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	**1,316,350,621**	1,082,682,093

(2) As a lessor

Operating leases

RMB

Item	**For the period from 1 January to 30 June 2026 (Unaudited)**	For the period from 1 January to 30 June 2025 (Unaudited)
Rental income	**56,221,695**	54,521,919

VI. 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 and enterprise nature*	Nature of business	Shareholding ratio (%) Direct	Indirect	Acquisition method
Dongguan Changsheng Industrial Co., Ltd. ("Dongguan Changsheng")	Dongguan	38,000,000	Dongguan, limited liability company	Transportation	51	–	Contribution by controlling shareholders
Pinghu Qun Yi	Shenzhen	10,000,000	Shenzhen, limited liability company	Transportation	100	–	Contribution by controlling shareholders
Huangpu Service	Guangzhou	379,000	Guangzhou, limited liability company	Services	100	–	Contribution by controlling shareholders
Zengcheng Lihua *(Note 1)*	Guangzhou	107,050,000	Guangzhou, limited liability company	Services	44.72	–	Business combinations not involving enterprises under common control
Guangshen Railway Logistics (Guangdong) Co., Ltd. *(Note 2)*	Guangzhou	5,000,000	Guangzhou, limited liability company	Transportation	100	–	Incorporation by investments

Note 1: 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.

Note 2: Guangshen Railway Logistics (Guangdong) Co., Ltd. ("Logistics Company") was incorporated by investments by the Company in 2023, with a 100% ownership interest. The subscribed capital is RMB5,000,000. As at 30 June 2026, the registered capital had been fully paid in.

VI. INTERESTS IN OTHER ENTITIES *(continued)*

1. Interests in subsidiaries *(continued)*

(2) Significant not-wholly-owned subsidiaries

As at 30 June 2026 and 31 December 2025, 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

VI. INTERESTS IN OTHER ENTITIES *(continued)*

2. Interests in associates *(Continued)*

(2) Major financial information of associates

RMB

	Balance at 30 June 2026/ Amount incurred for the period from 1 January to 30 June 2026 (Unaudited)		Balance at 30 June 2025/ Amount incurred for the period from 1 January to 30 June 2025 (Unaudited)	
	Tiecheng	**Shentu**	Tiecheng	Shentu
Current Assets	**164,649,967**	**4,651,159,161**	152,903,161	3,488,615,770
Non-current assets	**420,544,061**	**18,022,117**	422,293,319	20,831,382
Total Assets	**585,194,028**	**4,669,181,278**	575,196,480	3,509,447,152
Current Liabilities	**217,775,599**	**3,929,542,837**	214,522,952	2,766,785,015
Non-current Liabilities	**21,411,552**	**–**	21,411,553	–
Total Liabilities	**239,187,151**	**3,929,542,837**	235,934,505	2,766,785,015
Net assets	**346,006,877**	**739,638,441**	339,261,975	742,662,137
Minority interests	**–**	**–**	–	–
Equity attributable to shareholders of the parent company	**346,006,877**	**739,638,441**	339,261,975	742,662,137
Share of net assets calculated based on shareholding ratio	**169,543,370**	**180,619,707**	166,238,368	181,358,094
Adjusting events				
– Goodwill	**–**	**–**	–	–
– Unearned profits from internal transactions	**–**	**–**	–	–
– Others	**–**	**–**	–	–
Carrying amount of equity investments in associates	**169,543,370**	**180,619,707**	166,238,368	181,358,094

VI. INTERESTS IN OTHER ENTITIES *(continued)*

2. Interests in associates *(Continued)*

(2) Major financial information of associates (continued)

RMB

	Balance at 30 June 2026/ Amount incurred for the period from 1 January to 30 June 2026 (Unaudited)		Balance at 30 June 2025/ Amount incurred for the period from 1 January to 30 June 2025 (Unaudited)	
	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	**22,701,056**	**1,043,863,862**	23,522,379	1,021,352,858
Net profit	**6,744,902**	**23,185,432**	8,889,765	27,130,452
Net profit from discontinued operations	**–**	**–**	–	–
Other comprehensive income	**–**	**–**	–	–
Total comprehensive income	**6,744,902**	**23,185,432**	8,889,765	27,130,452
Dividends received from associates in the period	**–**	**–**	–	–

VII. GOVERNMENT GRANTS

1. Liabilities involving government grants

RMB

Item	Opening balance of the current period (Audited)	Increased government grants for the period	Amount recognised in other income for the period *(Note V, 32)*	Other changes	Closing balance of the current period (Unaudited)	Related to assets/related to income
New Shilong station assets	566,911,816	–	10,741,568	–	556,170,248	Related to assets
Shenzhen station renovation and upgrading project	63,800,345	–	1,474,045	–	62,326,300	Related to assets
Culverts (project of change from level crossing to interchange)	22,887,347	–	368,622	–	22,518,725	Related to assets
Shilong elevated station	14,873,585	–	347,208	–	14,526,377	Related to assets
Elevated platform of Buji station	9,936,138	–	390,348	–	9,545,790	Related to assets
Guangzhou government grants for draw-out track and network area relocation at Shipai	8,987,776	–	134,092	–	8,853,684	Related to assets
Other government grants related to assets	23,223,937	1,074,000	2,280,708	–	22,017,229	Related to assets
Total	710,620,944	1,074,000	15,736,591	–	695,958,353	

2. Government grants included in profit or loss

RMB

Item	**For the period from 1 January to 30 June 2026 (Unaudited)**	For the period from 1 January to 30 June 2025 (Unaudited)
New Shilong station assets	**10,741,568**	10,741,568
Amortisation of other government grants related to assets	**4,995,023**	3,901,385
Subsidy for train operation	**4,050,000**	69,142,500
Subsidy for job stabilisation	**–**	1,145,467
Others	**807,000**	660,000
Total	**20,593,591**	85,590,920

VIII. RISKS ASSOCIATED WITH FINANCIAL INSTRUMENTS

The Group's major financial instruments include Cash and bank balances, accounts receivable, other receivables, investments in other equity instruments, accounts payable, other payables, Non-current liabilities due within one year, lease liabilities, etc. At the end of the period, 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.

RMB

	30 June 2026 (Unaudited)	31 December 2025 (Audited)
Financial assets		
At FVTOCI		
Investments in other equity instruments	**704,611,354**	704,611,354
Measured at amortised cost		
Cash and bank balances	**4,732,402,913**	4,145,063,110
Accounts receivable	**5,736,715,782**	5,043,734,142
Other receivables	**464,981,510**	982,618,598
Financial liabilities		
Measured at amortised cost		
Accounts payable	**1,803,741,649**	2,366,519,456
Other payables	**2,942,418,391**	3,096,971,983
Non-current liabilities due within one year	**68,113,208**	67,547,170
Lease liabilities	**1,329,393,290**	1,329,501,212

VIII. 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 period

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 30 June 2026, the balances 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.

RMB

	30 June 2026 (Unaudited)	31 December 2025 (Audited)
Cash and bank balances	**620,729**	103,886

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

1. Risk management objectives, policies and procedures, and changes during the period *(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:

RMB

		For the period from 1 January to 30 June 2026 (Unaudited)		For the period from 1 January to 30 June 2025 (Unaudited)	
Item	**Change in exchange rate**	**Effect on profit**	**Effect on shareholders' equity**	Effect on profit	Effect on shareholders' equity
HKD	Appreciation of 5% against RMB	**23,000**	**23,000**	79,000	79,000
HKD	Depreciation of 5% against RMB	**(23,000)**	**(23,000)**	(79,000)	(79,000)

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

1. Risk management objectives, policies and procedures, and changes during the period *(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:

RMB

		For the period from 1 January to 30 June 2026 (Unaudited)		For the period from 1 January to 30 June 2025 (Unaudited)	
Item	**Changes in interest rate**	**Effect on profit**	**Effect on shareholders' equity**	Effect on profit	Effect on shareholders' equity
RMB	50 basis points higher	–	–	(750,600)	(750,600)
RMB	50 basis points lower	–	–	750,600	750,600

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

1.2. Credit risk

As at 30 June 2026, 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, 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.

The following is the maturity analysis for financial liabilities held by 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
Accounts payable	1,803,741,649	–	–	–	1,803,741,649
Other payables	2,942,418,391	–	–	–	2,942,418,391
Non-current liabilities due within one year	68,113,208	–	–	–	68,113,208
Lease liabilities	–	69,225,000	209,895,000	5,285,000,000	5,564,120,000
Total	4,814,273,248	69,225,000	209,895,000	5,285,000,000	10,378,393,248

IX. DISCLOSURE OF FAIR VALUE

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

At 30 June 2026 (Unaudited)

RMB

	Fair value at the end of the period			
	Level 1 Fair value measurement	Level 2 Fair value measurement	Level 3 Fair value measurement	Total
Fair value measurement on an ongoing basis				
Investments in other equity instruments	–	–	704,611,354	704,611,354

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 30 June 2026.

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 period.

X. RELATED PARTY RELATIONSHIPS AND TRANSACTIONS

1. Information on the Company's holding shareholder

RMB0'000

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

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

2. Information on the Company's subsidiaries

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

3. Information on the Company's associates

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

4. Information on other related parties

Name	Relationship with the Company
CSRG *(Note)*	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
Guangzhou Railway Real Estate Co., Ltd. ("Guangzhou Railway Real Estate")	Subsidiary of Guangzhou Railway Group
GIDC	Subsidiary of Guangzhou Railway Group
Guangzhou Railway Science and Technology Development Co., Ltd. ("GRSTD")	Subsidiary of Guangzhou Railway Group
Huaihua Railway Economic and Technological Development Co., Ltd. ("HRETD")	Subsidiary of Guangzhou Railway Group
Changsha Railway Construction Co., Ltd. ("CRC")	Subsidiary of Guangzhou Railway Group
Guangdong Guangshan Railway Co., Ltd. ("Guangshan Railway")	Associates of Guangzhou Railway Group
Guangdong Guangzhou-Zhuhai Intercity Railway Co., Ltd.	Associates of Guangzhou Railway Group
Guangdong Meishan Passenger Railway Co., Ltd.	Associates of Guangzhou Railway Group
Maozhan Railway Co., Ltd.	Associates of Guangzhou Railway Group
Guangzhou-Zhuhai Railway Co., Ltd.	Associates 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. Unless otherwise stated, the disclosure of transactions in this section excludes transactions between the Group and Guangzhou Railway Group and its affiliated companies, where affiliates include subsidiaries, associates, and joint ventures.

X. 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	For the period from 1 January to 30 June 2026 (Unaudited)	For the period from 1 January to 30 June 2025 (Unaudited)
Guangzhou Railway Group and its affiliated companies	Receipt of network clearing services provided by Guangzhou Railway Group and its affiliated companies	**2,655,017,637**	2,237,522,174
Guangzhou Railway Group and its affiliated companies	Train services provided by Guangzhou Railway Group and its affiliated companies	**466,963,134**	421,090,178
Guangzhou Railway Group and its affiliated companies	Materials and supplies purchased from Guangzhou Railway Group and its affiliated companies	**265,172,906**	438,856,662
Guangzhou Railway Group and its affiliated companies	Repair and maintenance services provided by Guangzhou Railway Group and its affiliated companies	**66,346,625**	183,934,454
Guangzhou Railway Group and its affiliated companies	Receipt of construction services provided by Guangzhou Railway Group and its affiliated companies	**100,033,071**	102,991,204
Guangzhou Railway Group and its affiliated companies	Leasing services from Guangzhou Railway Group and its affiliated companies *(Note XI, 5(2))*	**188,891,822**	185,684,895
Associates	Receipt of construction services provided by associates	**14,767**	35,202,662
Associates	Repair and maintenance services provided by associates	**–**	33,258,758
Associates	Train services provided by associates	**497**	–
CSRG and its affiliated companies *(Note 1)*	Receipt of network clearing services provided by CSRG and its affiliated companies	**723,434,187**	762,823,142
CSRG and its affiliated companies	Train services provided by CSRG and its affiliated companies	**50,605,427**	6,732,454
CSRG and its affiliated companies	Materials and supplies purchased from CSRG and its affiliated companies	**11,098,377**	37,349,859
CSRG and its affiliated companies	Receipt of construction services provided by CSRG and its affiliated companies	**1,595,157**	1,433,140
CSRG and its affiliated companies	Repair and maintenance services provided by CSRG and its affiliated companies	**–**	1,997,575
CSRG and its affiliated companies	Leasing services from CSRG and its affiliated companies *(Note XI, 5(2))*	**1,169,699,646**	939,100,846
Total		**5,698,873,253**	5,387,978,003

X. 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	For the period from 1 January to 30 June 2026 (Unaudited)	For the period from 1 January to 30 June 2025 (Unaudited)
Guangzhou Railway Group and its affiliated companies	Train services and railway operation services provided to Guangzhou Railway Group and its affiliated companies	**3,317,734,972**	2,677,282,090
Guangzhou Railway Group and its affiliated companies	Network clearing services provided to Guangzhou Railway Group and its affiliated companies	**1,112,300,369**	928,131,574
Guangzhou Railway Group and its affiliated companies	Materials and supplies sold to and other services provided to Guangzhou Railway Group and its affiliated companies	**40,764,406**	39,609,458
Guangzhou Railway Group and its affiliated companies	Construction engineering services provided to Guangzhou Railway Group and its affiliated companies	**68,315,463**	34,830,967
Associates	Materials and supplies sold to associates	**2,707,345**	2,838,750
Associates	Train services provided to associates	**1,515,408**	478,505
CSRG and its affiliated companies *(Note 1)*	Network clearing services provided to CSRG and its affiliated companies	**1,478,413,382**	1,424,770,246
CSRG and its affiliated companies	Railway operation services provided to CSRG and its affiliated companies	**981,645,000**	916,935,000
CSRG and its affiliated companies	Truck repair services provided to CSRG and its affiliated companies	**308,020,824**	319,894,338
CSRG and its affiliated companies	Train services provided to CSRG and its affiliated companies	**47,079,285**	39,661,828
CSRG and its affiliated companies	Construction engineering services provided to CSRG and its affiliated companies	**27,013,619**	171,077,238
CSRG and its affiliated companies	Apartment rental services and other services provided to CSRG and its affiliated companies	**2,604,593**	13,822
Sub-total *(Note 3)*		**7,388,114,666**	6,555,523,816
CSRG and its affiliated companies *(Note 2)*	Income from passenger transportation	**6,216,695,405**	5,616,235,800
CSRG and its affiliated companies *(Note 2)*	Income from freight transportation	**757,461,665**	841,911,877
Total		**14,362,271,736**	13,013,671,493

X. 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 affiliated companies), which was approved at the extraordinary general meeting of the Company on 4 December 2025, the actual fees for both the services provided to and procured from CSRG did not exceed the maximum thresholds, specifically:

(1) Rendering of services

For the period from 1 January to 30 June 2026, the fees for services provided by the Group to CSRG shall not exceed RMB18,124,190,000 for the year, and the actual fees for services provided was RMB7,388,115,000, among which, the fees for railway transportation services shall not exceed RMB10,762,450,000 for the year, and the actual fees for railway transportation services was RMB5,208,799,000; the fees for railway related services and other services shall not exceed RMB1,681,950,000 for the year, and the actual fees for railway related services and other services was RMB449,426,000; the fees for special entrusted railway transportation services shall not exceed RMB5,679,790,000 for the year, and the actual fees for special entrusted railway transportation services was RMB1,729,890,000.

(2) Procurement of services

For the period from 1 January to 30 June 2026, the fees for services procured by the Group from CSRG shall not exceed RMB13,352,340,000 for the year, and the actual fees for services procured was RMB5,698,873,000, among which, the fees for railway transportation services shall not exceed RMB10,601,210,000 for the year, and the actual fees for railway transportation services was RMB5,254,612,000; the fees for railway related services and other services shall not exceed RMB2,751,130,000 for the year, and the actual fees for railway related services and other services was RMB444,261,000.

X. 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 *(Note)*		Interest costs incurred on lease liabilities	
		For the period from 1 January to 30 June 2026 (Unaudited)	For the period from 1 January to 30 June 2025 (Unaudited)	**For the period from 1 January to 30 June 2026 (Unaudited)**	For the period from 1 January to 30 June 2025 (Unaudited)	**For the period from 1 January to 30 June 2026 (Unaudited)**	For the period from 1 January to 30 June 2025 (Unaudited)
Guangzhou Railway Group	Land use rights	**–**	–	**33,773,585**	34,198,303	**34,231,701**	34,184,520
CSRG	Van compartments	**1,169,691,522**	939,100,846	**–**	–	**–**	–
Guangzhou Railway Group	Van compartments	**146,650,975**	143,491,229	**–**	–	**–**	–

Note: Certain transactions and balances with related parties are settled on a net basis, and no cash payments are involved in such settlements (see Note V, 38 for details).

(3) Compensation for key management personnel

RMB

Item	**For the period from 1 January to 30 June 2026 (Unaudited)**	For the period from 1 January to 30 June 2025 (Unaudited)
Compensation for key management personnel	**1,545,659**	1,763,197

X. 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 affiliated companies

RMB

Item	Name of related parties	30 June 2026 (Unaudited)	31 December 2025 (Audited)
Accounts receivable	Guangzhou Railway Group	**771,395,864**	535,633,919
	Affiliated companies to Guangzhou Railway Group		
	Guangdong Railway Company Limited	**2,115,948,125**	2,080,462,501
	Xiashen Railway	**125,375,880**	105,590,997
	Northeast Railway	**16,454,224**	19,095,033
	GIDC	**14,519,396**	7,431,086
	Others	**1,371,907,374**	1,188,651,810
	Associates	**3,142,277**	2,025,830
	Total	**4,418,743,140**	3,938,891,176
	Less: Bad debt provision	**97,548,245**	97,548,245
	Carrying amount	**4,321,194,895**	3,841,342,931
Other receivables	Guangzhou Railway Group	**1,937,844**	27,758,800
	Affiliated companies to Guangzhou Railway Group		
	Guangdong Railway Company Limited	**10,938,780**	27,499,588
	Shenmao Railway	**18,977,370**	24,152,303
	Xiashen Railway	**1,996**	58,651,064
	Others	**146,564,942**	211,427,294
	Associates	**3,071,312**	228,931
	Total	**181,492,244**	349,717,980
	Less: Bad debt provision	**500,181**	500,181
	Carrying amount	**180,992,063**	349,217,799

X. 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 affiliated companies (continued)

RMB

Item	Name of related parties	30 June 2026 (Unaudited)	31 December 2025 (Audited)
Prepayments	Guangzhou Railway Group	**5,771,786**	15,569,863
	Affiliated companies to Guangzhou Railway Group	**71,442,117**	63,108,053
	Total	**77,213,903**	78,677,916
Other non-current assets	Affiliated companies to Guangzhou Railway Group	**162,681,818**	6,586,662
Accounts payable	Guangzhou Railway Group	**165,540,748**	154,794,717
	Affiliated companies to Guangzhou Railway Group		
	Material Company	**269,665,986**	369,421,494
	Hunan Railway	**150,160,485**	170,363,997
	Vehicles Company	**57,327,341**	65,147,986
	GRSTD	**17,186,481**	21,186,730
	Track Company	**7,761,946**	16,006,269
	Hunan Changtie	**1,976,621**	3,614,115
	Guangzhou Railway Real Estate	**8,211,055**	8,449,650
	HRETD	**4,771,073**	6,994,378
	CRC	**–**	6,352,975
	Others	**22,106,990**	45,493,518
	Associates	**11,796,147**	44,081,596
	Total	**716,504,873**	911,907,425
Contract liabilities	Guangzhou Railway Group	**241,171**	339,623
	Affiliated companies to Guangzhou Railway Group	**31,966,543**	42,724,026
	Associates	**58,200**	58,200
	Total	**32,265,914**	43,121,849

X. 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 affiliated companies (continued)

RMB

Item	Name of related parties	30 June 2026 (Unaudited)	31 December 2025 (Audited)
Other payables	Guangzhou Railway Group	**88,738,988**	54,714,936
	Affiliated companies to Guangzhou Railway Group		
	GIDC	**343,962,904**	345,379,964
	Hunan Changtie	**29,280,204**	42,582,622
	Material Company	**62,859,522**	117,765,257
	Vehicles Company	**31,396,917**	24,059,464
	Hunan Railway	**35,945,927**	48,403,101
	Others	**62,032,173**	102,614,926
	Associates	**26,513,586**	29,345,120
	Total	**680,730,221**	764,865,390
Lease liabilities	Guangzhou Railway Group	**1,397,506,498**	1,397,048,382
Other non-current liabilities	Affiliated companies to Guangzhou Railway Group		
	Guangshan Railway	**173,114,158**	175,971,219

X. 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	30 June 2026 (Unaudited)	31 December 2025 (Audited)
Accounts receivable	CSRG	**375,431,209**	623,563,900
	Affiliated companies to CSRG	**625,079,949**	310,477,154
	Total	**1,000,511,158**	934,041,054
	Less: Bad debt provision	**1,917,747**	1,917,747
	Carrying amount	**998,593,411**	932,123,307
Other receivables	Affiliated companies to CSRG	**129,923,788**	478,629,496
	Less: Bad debt provision	**685,004**	685,004
	Carrying amount	**129,238,784**	477,944,492
Accounts payable	Affiliated companies to CSRG	**85,920,078**	74,751,293
Other payables	Affiliated companies to CSRG	**104,048,355**	112,313,587
Prepayments	Affiliated companies to CSRG	**–**	7,440

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

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) Construction services

RMB

Category	30 June 2026 (Unaudited)	31 December 2025 (Audited)
Guangzhou Railway Group and its affiliated companies	**16,773,131**	21,824,611
CSRG and its affiliated companies	**–**	8,002,238

XI. COMMITMENTS AND CONTINGENCIES

1. Significant commitments

(1) Capital commitments

RMB

	30 June 2026 (Unaudited)	31 December 2025 (Audited)
Buildings and machinery and equipment		
–Capital commitments that have been entered into but have not been recognised in the financial statements	**240,450,699**	132,044,233
–Capital commitments that have been authorised but haven't been entered into and recognised in the financial statements	**695,852,201**	902,956,000
Total	**936,302,900**	1,035,000,233

2. Contingencies

As at 30 June 2026, the Group had no significant contingencies that should have been disclosed but were not.

XII. Other significant matters

1. Segment information

The Group is principally engaged in the railway transportation business, and all businesses 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.

XIII. NOTES TO KEY ITEMS IN THE COMPANY'S FINANCIAL STATEMENTS

1. Accounts receivable

(1) Disclosed by aging

RMB

Aging	**30 June 2026 Gross carrying amount (Unaudited)**	31 December 2025 Gross carrying amount (Audited)
Within 1 year	**3,664,099,849**	3,644,256,801
1 to 2 years	**1,273,043,712**	1,118,722,162
2 to 3 years	**530,107,176**	203,490,755
Over 3 years	**403,736,142**	210,045,724
Total	**5,870,986,879**	5,176,515,442

XIII. NOTES TO KEY ITEMS IN THE COMPANY'S FINANCIAL STATEMENTS *(continued)*

1. Accounts receivable *(continued)*

(2) Disclosed by method of bad debt provision:

RMB

	30 June 2026 (Unaudited)					31 December 2025 (Audited)				
	Gross carrying amount		Bad debt provision			Gross carrying amount		Bad debt provision		
Category	Amount	Proportion (%)	Amount	Proportion (%)	Carrying amount	Amount	Proportion (%)	Amount	Proportion (%)	Carrying amount
Bad debt provision assessed on a portfolio basis:										
Portfolio I	**375,431,209**	**6.39**	**–**	**–**	**375,431,209**	621,490,367	12.01	–	–	621,490,367
Portfolio II	**5,299,665,642**	**90.27**	**117,931,517**	**2.23**	**5,181,734,125**	4,396,403,660	84.93	117,931,517	2.68	4,278,472,143
Portfolio III	**195,890,028**	**3.34**	**2,134,670**	**1.09**	**193,755,358**	158,621,415	3.06	2,134,670	1.35	156,486,745
Total	**5,870,986,879**	**100.00**	**120,066,187**	**/**	**5,750,920,692**	5,176,515,442	100.00	120,066,187	/	5,056,449,255

XIII. 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
Balance at 1 January 2026 (Audited)	120,066,187	–	120,066,187
Balance at 1 January 2026	120,066,187	–	120,066,187
– Transfer to those credit-impaired	–	–	–
– Reverse to those not credit-impaired	–	–	–
Provision for the period	–	–	–
Reversal for the period	–	–	–
Charge-off for the period	–	–	–
Write-off for the period	–	–	–
Other changes	–	–	–
Balance at 30 June 2026 (Unaudited)	120,066,187	–	120,066,187

XIII. 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 2025 (Audited)	Changes for the period Provision	Recovery or reversal	Charge-off or write-off	Other changes	30 June 2026 (Unaudited)
Accounts receivable for which bad debt provision is assessed on a portfolio basis according to credit risk characteristics	120,066,187	–	–	–	–	**120,066,187**

(4) As at 30 June 2026, no accounts receivable had been written off.

(5) Top five accounts receivable categorised by debtor:

RMB

Name of entity	Closing balance of accounts receivable (Unaudited)	Proportion to total closing balance of accounts receivable (%)	Closing balance of bad debt provision (Unaudited)
Guangzhou Railway Group and its affiliated companies	4,413,645,307	75.18	97,548,245
CSRG and its affiliated companies	1,000,511,158	17.04	1,917,747
Guangzhou Nansha Port Railway Co., Ltd.	224,504,591	3.82	18,299,629
Guangdong Guangzhan Railway Co., Ltd.	93,073,300	1.59	–
Guangdong Meilong Railway Co., Ltd.	35,738,200	0.61	159,155
Total	5,767,472,556	98.24	117,924,776

XIII. NOTES TO KEY ITEMS IN THE COMPANY'S FINANCIAL STATEMENTS *(continued)*

2. Other receivables

2.1 Presentation

RMB

Item	30 June 2026 (Unaudited)	31 December 2025 (Audited)
Interest receivable	**–**	–
Dividends receivable	**10,027,585**	2,728,699
Other receivables	**453,381,153**	978,417,127
Total	**463,408,738**	981,145,826

2.2 Dividends receivable

RMB

Item	30 June 2026 (Unaudited)	31 December 2025 (Audited)
Dividends receivable – Shentu	**10,027,585**	2,728,699

2.3 Other receivables

(1) Disclosed by aging

RMB

Aging	30 June 2026 Gross carrying amount (Unaudited)	31 December 2025 Gross carrying amount (Audited)
Within 1 year	**323,489,124**	795,250,874
1 to 2 years	**2,188,924**	55,463,148
2 to 3 years	**–**	–
Over 3 years	**141,235,081**	141,235,081
Total	**466,913,129**	991,949,103

XIII. NOTES TO KEY ITEMS IN THE COMPANY'S FINANCIAL STATEMENTS *(continued)*

2. Other receivables *(Continued)*

2.3 Other receivables *(Continued)*

(2) Classified by nature

RMB

Nature	30 June 2026 (Unaudited)	31 December 2025 (Audited)
Receipts and payments of construction funds on behalf of others	**301,934,454**	795,692,994
Payment for land acquisition and reserve receivable	**128,902,764**	128,902,764
Petty cash	**8,639,683**	10,805,024
Advances	**6,791,612**	6,416,839
Security deposits and deposits	**2,660,760**	1,893,318
Amounts due from subsidiaries and others	**17,983,856**	48,238,164
Sub-total	**466,913,129**	991,949,103
Less: Bad debt provision	**13,531,976**	13,531,976
Total	**453,381,153**	978,417,127

(3) Disclosed by method of bad debt provision

RMB

	30 June 2026 (Unaudited)					31 December 2025 (Audited)				
	Gross carrying amount		Bad debt provision			Gross carrying amount		Bad debt provision		
Category	Amount	Proportion (%)	Amount	Proportion (%)	Carrying amount	Amount	Proportion (%)	Amount	Proportion (%)	Carrying amount
Bad debt provision assessed on an individual basis	**12,312,317**	**2.64**	**12,312,317**	**100.00**	**–**	12,312,317	1.24	12,312,317	100.00	–
Bad debt provision assessed on a portfolio basis	**454,600,812**	**97.36**	**1,219,659**	**0.27**	**453,381,153**	979,636,786	98.76	1,219,659	0.12	978,417,127
Including:										
Portfolio I	**454,600,812**	**97.36**	**1,219,659**	**0.27**	**453,381,153**	979,636,786	98.76	1,219,659	0.12	978,417,127
Total	**466,913,129**	**100.00**	**13,531,976**	**/**	**453,381,153**	991,949,103	100.00	13,531,976	/	978,417,127

2. Other receivables *(Continued)*

2.3 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 2026 (Audited)	1,219,659	–	12,312,317	13,531,976
Balance at 1 January 2026	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 period	–	–	–	–
Reversal for the period	–	–	–	–
Charge-off for the period	–	–	–	–
Write-off for the period	–	–	–	–
Other changes	–	–	–	–
Balance at 30 June 2026 (Unaudited)	1,219,659	–	12,312,317	13,531,976

XIII. NOTES TO KEY ITEMS IN THE COMPANY'S FINANCIAL STATEMENTS *(continued)*

2. Other receivables *(Continued)*

2.3 Other receivables *(Continued)*

(5) *Details of bad debt provision*

RMB

Category	1 January 2026 (Audited)	Changes for the period Provision	Recovery or reversal	Charge-off or write-off	Other changes	30 June 2026 (Unaudited)
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 30 June 2026, no other receivables have been written off.

XIII. NOTES TO KEY ITEMS IN THE COMPANY'S FINANCIAL STATEMENTS *(continued)*

2. Other receivables *(Continued)*

2.3 Other receivables *(Continued)*

(7) Top five other receivables categorised by debtor

RMB

Name of entity	30 June 2026 (Unaudited)	Proportion to total closing balance of other receivables (%)	Nature	Aging	Balance of bad debt provision at 30 June 2026 (Unaudited)
Guangzhou Railway Group and its affiliated companies	**178,420,932**	**38.21**	Collection and payment of construction funds on behalf of others	Within one year and one to two years	**500,181**
CSRG and its affiliated companies	**129,923,788**	**27.83**	Collection and payment of construction funds on behalf of others	Within one year	**685,004**
Guangzhou Tianhe Land Development Center	**128,902,764**	**27.61**	Land reserve funds receivable	Over three years	**–**
Shenzhen Metro Group Co., Ltd.	**509,554**	**0.11**	Security deposits and deposits	Within one year	**1,899**
Guangdong Xinnanhua Cement Co., Ltd.	**385,413**	**0.08**	Others	Within one year	**1,436**
Total	**438,142,451**	**93.84**			**1,188,520**

XIII. NOTES TO KEY ITEMS IN THE COMPANY'S FINANCIAL STATEMENTS *(continued)*

3. Long-term equity investments

RMB

		Changes for the period									
Investee	1 January 2026 (Audited)	Addition	Reduction	Investment gain or loss recognised under the equity method	Adjustment to other comprehensive income	Other changes in equity	Cash dividend or profit declared	Provision for impairment	Others	30 June 2026 (Unaudited)	Provision for impairment at 30 June 2026 (Unaudited)
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	–
Logistics Company	–	5,000,000	–	–	–	–	–	–	–	5,000,000	–
Zengcheng Lihua	–	–	–	–	–	–	–	–	–	–	(34,392,193)
Sub-total	60,031,459	5,000,000	–	–	–	–	–	–	–	65,031,459	(34,392,193)
II. Associates											
Tiecheng	166,238,368	–	–	3,305,002	–	–	–	–	–	169,543,370	–
Shentu	181,358,094	–	–	5,661,882	–	898,617	(7,298,886)	–	–	180,619,707	–
Sub-total	347,596,462	–	–	8,966,884	–	898,617	(7,298,886)	–	–	350,163,077	–
Total	407,627,921	5,000,000	–	8,966,884	–	898,617	(7,298,886)	–	–	415,194,536	(34,392,193)

XIII. NOTES TO KEY ITEMS IN THE COMPANY'S FINANCIAL STATEMENTS *(continued)*

4. Operating income and costs

RMB

Item	For the period from 1 January to 30 June 2026 (Unaudited) Income	Costs	For the period from 1 January to 30 June 2025 (Unaudited) Income	Costs
Principal operating activities	**14,075,365,415**	**12,506,978,904**	13,156,802,677	11,838,925,561
Other operating activities	**687,774,788**	**534,956,865**	786,308,506	661,590,934
Total	**14,763,140,203**	**13,041,935,769**	13,943,111,183	12,500,516,495

5. Investment income (losses)

RMB

Item	For the period from 1 January to 30 June 2026 (Unaudited)	For the period from 1 January to 30 June 2025 (Unaudited)
Income from long-term equity investments under the equity method	**8,966,884**	10,981,241
Dividend income from investments in other equity instruments during the holding period	**10,754,143**	8,401,674
Losses on disposal of long-term equity investments	**–**	(444,465,151)
Total	**19,721,027**	(425,082,236)

Supplementary Information

FOR THE PERIOD FROM 1 JANUARY TO 30 JUNE 2026

1. Breakdown of non-recurring profit or loss for the period

RMB

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	(3,532,337)
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)	4,857,000
Other non-operating income or expenses other than the above	3,539,448
Less: Tax effects	2,448,171
Effects attributable to minority interests	12,286
Total	2,403,654

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.

RMB

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	4.16	0.1680	0.1680
Net profit after deducting non-recurring profit or loss attributable to ordinary shareholders of the Company	4.15	0.1677	0.1677

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