Guangshen Railway Company Limited

Audit Committee Terms of Reference

(Approved on 30 August 2000 at the fifth meeting of the second session of board of directors)

(Amended on 12 August 2004 at the ninth meeting of the third session of board of directors)

(Amended on 17 March 2005 at the fourteenth meeting of the third session of board of directors)

(Amended on 29 April 2009 at the tenth meeting of the fifth session of board of directors)

(Amended on 30 December 2015 at the meeting of the seventh session of board of directors)

(Amended on 27 December 2018 at the ninth meeting of the eighth session of board of directors)

(Amended on 4 December 2025 at the eighteenth meeting of the tenth session of board of directors)

Chapter 1 Objectives

Article 1 To strengthen the internal control and improve the corporate governance of Guangshen Railway Company Limited (hereinafter referred to as the "Company"), these terms of reference are formulated in accordance with the Company Law of the People's Republic of China (hereinafter referred to as the "Company Law"), the Rules Governing the Listing of Stocks on the Shanghai Stock Exchange, the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (hereinafter referred to as the "Listing Rules"), the Articles of Association of Guangshen Railway Company Limited, and other relevant laws, regulations, and normative documents.

Article 2 The Audit Committee of the Company (hereinafter referred to as the "Committee") is established by the board of directors. The effective fulfillment of supervision duties by each member of the Committee to the largest extent as permitted by the laws is dependent on the professional ethics of the Company’s internal or external personnel and organization and the accuracy of the financial information and other information provided by them.

Article 3 The Committee is primarily responsible for assisting the board of directors in the supervision on:

(1) the quality and completeness of the Company’s financial statements and related disclosures;

(2) the Company’s internal control, inspection of the internal control and risk management systems, and the operation of the risk management- and risk audit-related departments;

(3) the compliance of the Company with the requirements of laws and regulations;

(4) the adequacy of resources, staff qualification and experience, training programmes, and budget of the accounting and financial reporting function of the Company;

(5) the qualification and independence of external auditor, and proposal of engagement or change of external auditor;

(6) the compliance of external auditor with the PRC laws, the provisions of the Listing Rules, and other applicable laws and regulations;

(7) the internal audit system of the Company and its implementation.

Apart from the above supervision functions, the Committee is also responsible for exercising the powers of the supervisory board as stipulated in the Company Law and executing other duties assigned by the board of directors.

Chapter 2 Constitution

Article 4 Members. The Committee shall consist of five members, all of whom are directors not holding senior management positions in the Company. Among them, three are independent directors, one is an employee director, and one is a director not holding a senior management position in the Company. The convener shall be an accounting professional among the independent directors.

Article 5 Qualifications. Members of the Committee shall comply with all requirements of the PRC laws, the stock exchanges on which the stocks of the Company are listed, and the regulatory authorities. Specifically, independent directors shall meet the requirements regarding independence and knowledge in financial matters.

At least one of the independent directors must possess appropriate accounting or related financial management expertise. The member possessing "appropriate accounting or related financial management expertise" shall possess working experiences as practicing accountant or auditor or financial head of a public company, and possess experiences in internal control and preparation or audit of comparable financial statements or experiences in analysis of audited financial statements of the public companies. At least one of the members of the Committee shall be designated by the board of directors as the "financial expert of audit committee".

Independence means being independent of the Company without material relationship with the Company, and shall comply with the applicable laws and regulations (including the Listing Rules) in other respects and the standard of independence as required by the listing agreement, that is, none of the members has been employed by the Company or the existing or former external auditor of the Company during the past five years, and none of the members shall be the beneficiary owner of 1 percent or more of the equity stocks of the Company, and his/her only salary receiving from the Company is the remuneration for his/her service in the board of directors and the Committee.

A former partner of the Company's existing auditing firm should be prohibited from acting as a member of the Committee of the Company for a period of two years from the date of his/her ceasing:

(1) to be a partner of that firm; or

(2) to have any financial interest in the firm, whichever is later.

Article 6 Chairman. The Committee has one chairman who is appointed by the board of directors.

Article 7 Removal and replacement. Members of the Committee may be removed or replaced by the board of directors, and any vacancy of a member of the Committee shall be filled by appointment by the board of directors.

Chapter 3 Operation

Article 8 Meetings. The number and timetable of convening the meetings of the Committee shall be determined by the chairman after discussion with the members of the Committee. The Committee shall set out a timetable to convene at least four meetings a year. The timetable shall set out the topics to be discussed and considered at each meeting, and the topics shall cover the responsibilities of the Committee.

The Committee shall liaise with the board of directors, senior management, internal audit department and external auditor engaged by the Company and shall be responsible for the communication between internal auditors and external auditors. The Committee shall meet with the management exclusively for at least twice a year, and meet with the internal and external auditors exclusively for at least twice a year. The Committee may also initiate other exclusive meetings, such as the meetings with the legal department and/or risk management and risk audit-related departments.

Article 9 Agenda. The chairman of the Committee prepares and finalizes the agenda after discussion with the management. If practicable, the agenda and related materials shall be transmitted sufficiently to all members of the Committee before each meeting, and ensure that all members of the Committee have sufficient time for consideration of the materials to conduct targeted audit.

Article 10 Report to the board of directors. The Committee shall report to the board of directors regularly or as requested by the board of directors, and submit its minutes of meetings to the board of directors. The Committee shall report to the board of directors in respect of matters set out in the provisions of the Code on Corporate Governance Practices.

Article 11 Self-assessment and review of these terms of reference. The Committee shall conduct self-assessment of work effectiveness every year and report the assessment results to the board of directors. The Committee shall review the sufficiency of these terms of reference every year and make amendment proposals to the board of directors.

Article 12 Fund and activities. The Committee has the power to engage independent legal, accounting or other consultants to provide advice to the Committee, and has the power to conduct investigation or authorize other parties to conduct investigation into any matter within its terms of reference. The Company shall pay appropriate service remuneration determined by the Committee to external auditor and external consultants engaged by the Committee.

Article 13 Secretary of the Committee. The secretary of the Committee shall be served by the secretary of the board of directors.

Article 14 Minutes of meetings of the Committee. Full minutes of Committee meetings shall be kept by the officially appointed secretary of the meetings. Draft and final version of minutes of the Committee meetings shall be sent to all members of the Committee for their comment and records within a reasonable period after the meeting is held.

Chapter 4 Authorities and Duties

Article 15 The main responsibilities and powers of the Committee include:

(1) reviewing the financial information of the listed company and its disclosure;

(2) supervising and evaluating the external audit work, and proposing the engagement or replacement of external audit firms;

(3) supervising and evaluating the internal audit work, and being responsible for coordinating the internal audit and external audit;

(4) supervising and evaluating the Company's internal control;

(5) exercising the powers of the supervisory board as stipulated in the Company Law; and

(6) being responsible for other matters specified by laws and regulations, the self-regulatory rules of the stock exchanges, the Company's Articles of Association, and authorized by the board of directors.

Among these, the powers of the supervisory board as stipulated in the Company Law that the Committee shall exercise include:

(1) examining the Company's finances;

(2) supervising the performance of duties by the directors and senior management;

(3) requesting directors and senior management to remedy their acts when such acts harm the Company's interests;

(4) proposing the convening of an extraordinary meeting of the board of directors;

(5) proposing the convening of an extraordinary shareholders' general meeting, and convening and presiding over such meeting when the board of directors fails to perform its statutory duty of convening and presiding over the shareholders' general meetings;

(6) submitting proposals to the shareholders' general meetings;

(7) accepting requests from shareholders and instituting legal proceedings against directors (excluding members of the Committee) and senior management who, in the performance of their duties for the Company, violate laws, administrative regulations, or the provisions of the Company's Articles of Association and cause losses to the Company; and

(8) exercising other powers specified by laws and regulations, the self-regulatory rules of the stock exchanges, and the Company's Articles of Association.

Article 16 The Committee shall be responsible for reviewing the Company's financial information and its disclosure, supervising and evaluating internal and external audit work, as well as internal control. The following matters shall, upon the approval of a majority of all members of the Committee, be submitted to the board of directors for deliberation:

(1) the disclosure of the financial accounting report, financial information in periodic reports, and the internal control assessment report;

(2) the engagement or dismissal of the accounting firm responsible for the Company's regular statutory audit of financial reports;

(3) the appointment or dismissal of the Company's chief accountant;

(4) the making of changes to accounting policies, accounting estimates, or the correction of material accounting errors for reasons other than changes to accounting standards; and

(5) the handling of other matters specified by laws, administrative regulations, the China Securities Regulatory Commission (CSRC), and the Company's Articles of Association.

The Committee shall hold at least one meeting per quarter. An interim meeting may be convened upon the proposal of two or more members, or when the convener deems it necessary. A Committee meeting may only be held if more than two-thirds of the members are present.

Resolutions of the Committee shall be adopted by a majority vote of all Committee members.

Voting on Committee resolutions shall follow the principle of one person, one vote.

Minutes of Committee resolutions shall be prepared in accordance with relevant provisions, and all Committee members attending the meeting shall sign the minutes.

Article 17 The Committee shall meet with the management and external auditor to oversee and review the audited annual report and financial statements, interim report and financial statements, and quarterly report and financial statements prior to the filing or submission of the relevant statements and forms to the relevant regulatory bodies, including disclosures made in Form 20-F by the Company. The Committee shall consider:

(1) the completeness, accuracy, fairness, and consistency of such reports and financial statements;

(2) the fairness and reasonability of the estimation made by the management to the accounts of the Company;

(3) the sufficiency of the disclosures of all relevant items made in the financial statements;

(4) compliance with the relevant statements to the generally accepted accounting principles and standards set out by the Company;

(5) the appropriateness of the disclosures of all significant audit adjustments of exceptional projects in the relevant statements;

(6) the significant opinion of the relevant financial reporting set out in the relevant report and financial statements; and

(7) any significant or exceptional matters reflected or required to be reflected in such report financial statements, and shall consider any matter raised by the qualified accountants, compliance officer, or auditors of the Company.

In this regard, in reviewing the Company's annual report and financial statements, interim report and financial statements, and quarterly report and financial statements quarterly reports before submission to the board, the Committee should focus particularly on:

(1) any changes in accounting policies and practices;

(2) major judgmental areas;

(3) significant adjustments resulting from audit;

(4) the going concern assumptions and any qualifications;

(5) compliance with accounting standards; and

(6) compliance with the Listing Rules and other legal requirements in relation to financial reporting.

Article 18 The Committee shall meet with the management to review the annual and interim results announcements prior to the release of the results by the Company. The Committee shall conduct overall discussion with the management in respect of the financial information provided to the public and the nature of the basis of the results.

Article 19 The Committee shall join the external auditor to review the following prior to finalization of the auditor's report:

(1) all key accounting policies and practices of the financial statement prepared by the Company;

(2) other accounting methods used by the Company in dealing with the same financial information and accounting methods recommended by the external auditor (within the scope of applicable accounting principles of the Company); and

(3) other important communications between the external auditor and the management, such as any letter of the management or unadjusted table of differentials.

In addition, the Committee shall join the external auditor to discuss any auditing issue or difficulties and response of the management and consider any significant or unusual items that are, or may need to be, reflected in the report and accounts, it shall give due consideration to any matters that have been raised by the Company's staff responsible for the accounting, compliance and financial reporting function or auditors.

Article 20 The Committee shall join the management, the external auditor or any external professionals as the Committee may consider appropriate to review the effectiveness of the Company's disclosure control and process.

Article 21 The Committee shall join the management and the external auditor to review the following at least twice a year:

(1) significant trends and developments in the Company's financial reporting practices and requirements; and

(2) whether the above trends and developments are in compliance with the rules of the stock exchanges on which the stocks of the Company are listed and the code and relevant legal requirements with which the Company shall comply; and

(3) the effects of the above trends and developments on the Company's financial statements.

Chapter 5 Supervision on the Qualification, Independence, and Performance of External Auditor

Article 22 The Committee is primarily responsible for making recommendations to the board of the directors on the appointment, reappointment and removal of external auditor, and approving the remuneration and terms of engagement of external auditor, and dealing with any issues related to its resignation or dismissal. The Committee shall conduct assessments on the qualification and independence of the proposed external auditor, and make recommendations to the shareholders' meetings. Where the board of directors disagrees with the Committee's view on the selection, appointment, resignation, or dismissal of external auditors, the Company should include in the Corporate Governance Report a statement from the Committee explaining its recommendation and also the reason(s) for the board's different view.

Article 23 The Committee shall be responsible for supervising external auditor in accordance with the requirements of the PRC laws and the applicable standards, including reviewing and monitoring the independence and objectivity of the external auditor and the effectiveness of the audit process, and providing assistance to resolve the disagreement between the management and the external auditor.

Article 24 The Committee shall join the board of directors to determine the annual audit fee of external auditor in accordance with the resolutions of the annual general meetings.

The Committee shall joint the management and external auditor to discuss the nature, scope, planning, the relevant reporting obligations, fees and staff arrangement for the proposed annual audit, and pre-approve such audit services subject to the compliance with the requirements of the PRC laws.

The Committee must and shall have the full power to pre-approve all non-audit services provided by the external auditor. The Committee shall set out the policies and procedures for the engagement, review and approval of the external auditor's services. For this purpose, external auditor includes any entity that is under common control, ownership, or management with audit firm or any entity that a reasonable and informed third party knowing all relevant information could reasonably conclude to be part of the audit firm nationally or internationally. The Committee shall report to the board of directors, identifying and making recommendations on any matters in respect of which it considers that action or improvement is needed and making recommendations as to the steps to be taken.

Article 25 The Committee shall obtain from the relevant written reports from the external auditor once a year or as often as it considers necessary, and join the primary external audit partner in the review. Such written reports include:

(1) the internal quality control process of the external auditor;

(2) the latest internal quality control review or other review of the external auditor, and any measures adopted by the external auditor in dealing with such issues; or

(3) any material call in question, review, or investigation raised by the government, professionals or other regulatory authorities in relation to the audit conducted by the external auditor during the preceding five years, and any measures adopted by the external auditor in dealing with such issues;

(4) all relationships between the external auditor and the Company (aimed at assessing the independence of the external auditor).

The Committee shall join the primary external auditor partner in reviewing whether any member of the audit team engaged has received any personal remuneration from the external auditor in respect of non-audit services provided to the Company.

The Committee shall confirm the independence of external auditor annually based on the above reports and the joint review with the primary external auditor partner.

Article 26 The Committee shall review the experience, qualification, and work performance of the senior members of the audit team of the external auditor engaged.

Article 27 The Committee shall ensure rotation of each partner of the audit teams of the engaged external auditor at least once every five years.

Article 28 The hiring of any current employee or former employee (who has served as a member of the audit team engaged by the Company during the last two financial years) of the external auditor shall be subject to the pre-approval by the Committee. In addition, the hiring of any current employee or former employee (during the last two financial years) of the external auditor as a senior staff of the Company shall be subject to the pre-approval by the Committee, regardless of whether such person has served as a member of the audit team engaged by the Company or not.

Chapter 6 Supervision on the Operation of the Company's Internal Control and Risk Management and Risk Audit-related Functions

Article 29 The Committee shall join the management and external auditor to discuss and review the quality, sufficiency and effectiveness of the Company's financial control, risk management and internal control systems and audit, and material shortfalls or weaknesses existing in the internal control and risk management functions, in order to ensure the establishment of effective systems by the management in the performance of its duties. The discussion should include the adequacy of resources, staff qualifications and experience, training programmes, and budget of the Company's accounting, internal control, and financial reporting functions.

The Committee shall review the Company's financial statements and the audit report and explanatory documents of the external auditor, all regular or special reports submitted by the

internal auditor, all letters of the external auditor to the management, and the responses of the management, adequately consider the operating efficiency and effectiveness of strategies adopted by the management, the reliability and the factors caused by differentials of the internal financial statements and audit report of the external auditor, and the level of compliance of publicly disclosed financial information to the relevant regulations and internal rules.

The Committee shall also review the organization, responsibilities and staff deployment of the risk management and risk audit-related departments regularly.

Article 30 The Committee shall review the Company's policies related to risk assessment and risk management to ensure protection of the assets of the Company, prevention and investigation of fraud and errors, preparation of accurate and complete account records, and timely preparation of reliable and appropriate financial information in accordance with the strategies set out by the management.

Article 31 Supervision on the financial reporting system and internal control of the Company. The Committee shall consider major investigation findings in relation to risk management and internal control matters and the responses of management on its own initiative or as delegated by the board of directors.

The Company has implemented the internal audit system and established the internal audit department equipped with dedicated audit staff to supervise and inspect matters such as the Company's business activities, risk management, internal control, and financial information. The internal audit system shall specify the leadership structure, terms of reference, staffing arrangements, funding guarantees, application of audit results, and accountability for violations, among other matters. Upon approval by the board of directors, the internal audit system shall be implemented and disclosed to the public. The head of audit shall be responsible and report to the board of directors. The Committee must ensure the coordination between the works of internal and external auditors; ensure the internal audit department has been provided with sufficient internal resources to perform its duties and proper positions; and review and supervise the effectiveness of the internal audit department.

The internal audit department shall report to the Committee at least once per quarter, covering matters including but not limited to the progress in the implementation of the internal audit plan and the issues identified during internal audit work. It shall submit an annual internal audit work report to the Committee after the end of each fiscal year. With regard to internal control deficiencies and issues arising in the implementation thereof identified in the Company, the internal audit department shall urge the relevant responsible departments to formulate remediation measures and timelines, conduct follow-up reviews of internal control, and supervise the implementation of such remediation measures. If any material internal control deficiencies or significant risks are identified, the internal audit department shall promptly report to the Committee.

The Committee shall review the group's financial and accounting policies and practices, review the explanatory statement of audit matters issued by the external auditor to the management, any material queries raised by the auditor to management in respect of the accounting records, financial accounts or systems of control and the responses from the management, and ensure that the board of directors will provide a timely response to the issues raised in the external auditor's explanatory statement of audit matters to the management.

Chapter 7 Supervision on the Compliance with the Legal and Regulatory Requirements by the Company

Article 32 The Committee shall obtain from the management the reports on the legal matters (including litigation cases pending judgment) which may pose material effect to the Company, and the significant report, investigation or call in question of the regulatory or government authorities, and join the management and any internal or external consultant considered appropriate by the Committee in the review of such matters.

The Committee shall also assess the areas of the Company's execution of industrial rules and regulations of the stock exchanges or other bodies with supervisory power over the Company, the compliance with market rules or codes, the performance of legal responsibilities or other responsibilities that shall be assumed by the Company in the place of operation, and the protection of the interests of the Company and shareholders.

Article 33 The Committee shall keep:

(1) receiving and processing the complaints received by the Company in relation to accounting, internal control, or audit affairs and retaining the related records; and

(2) the confidential and anonymous reporting process for the Company's employees in relation to concerns over accounting or audit affairs.

Article 34 The Committee shall consider and determine if a senior management or senior financial management has violated the professional ethical standards, and determine the consequences of such violation pursuant to the standards.

Chapter 8 Other Duties

Article 35 The Committee shall further supervise the management of the Company's pension responsibilities.

The board of directors authorizes the Committee to conduct any investigation in accordance with its terms of reference. The Committee shall have the power to obtain any required information from any employee, and all employees shall cooperate with the Committee and fulfill any of its requests.

Article 36 Duties set out above are not exclusive, and the Committee may perform other duties necessary or expedient for the fulfillment of its supervisory function and consider and conduct research on other topics defined by the board of directors. The Committee shall have the power to delegate its authorities and duties to individual members of the Committee as it considers appropriate.

Article 37 These terms of reference shall entail other subject matters defined from time to time as included in the annual meeting timetable of the Committee.

Chapter 9 Supplementary Articles

Article 38 These terms of reference are enacted, revised, and interpreted by the board of directors, and shall take effect upon deliberation and approval by the board of directors.

Article 39 The Committee shall make these terms of reference available to the public, interpret its roles and the powers delegated to it by the board of directors.