



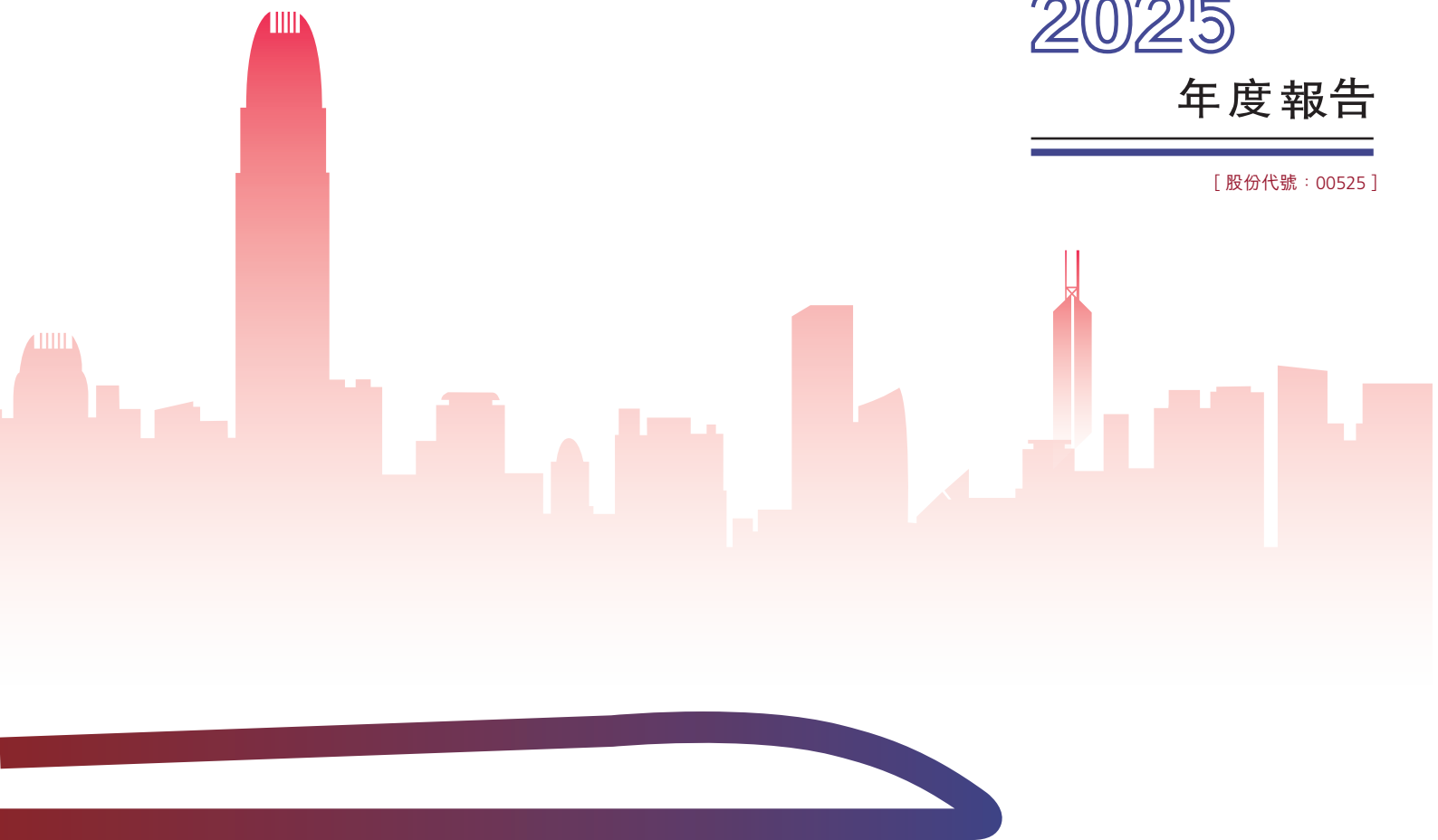
ANNUAL REPORT



2025

年度報告

[股份代號：00525]



Important Notice

- 1. The board of directors ("Director(s)") of the Company (the "Board"), Directors and the senior management of the Company warrant that the contents of this annual report are true, accurate and complete, and there are no misrepresentations, misleading statements or material omissions in this annual report, and jointly and severally accept the related legal responsibility.**
- 2. All Directors of the Company attended the meeting of the Board to consider this annual report.**
- 3. Deloitte Touche Tohmatsu Certified Public Accountants LLP issued an audit report for the Company with standardized and unqualified audit opinions.**
- 4. Jiang Hui, Chairman of the Board of the Company, Chen Shaohong, General Manager, and Deng Yuhui, Head of the Finance Department hereby warrant that the financial statements contained in this annual report are true, accurate and complete.**
- 5. Plan for profits distribution for the reporting period (cash dividend plan) or plan for Common Reserve Capitalization approved by the Board through resolution**

At the twentieth meeting of the tenth session of the Board of the Company, a proposal for profit distribution (a cash dividend plan) for the reporting period was considered and approved on 30 March 2026. The Board proposed to the Company to distribute a cash dividend of RMB0.09 (inclusive of tax) per share to all shareholders, based on the total share capital on the record date for the implementation of the profit distribution, totaling RMB637,518,330 (inclusive of tax) calculated on the total share capital of 7,083,537,000 shares as of 31 December 2025. If the total share capital of the Company changes before the record date for the implementation of dividend distribution, the Company shall maintain the total distribution amount unchanged and adjust the distribution amount per share accordingly. The proposal is subject to the consideration and approval of the 2025 Annual General Meeting of the Company.

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

Applicable Not applicable

Forward-looking statements, including future plans and development strategies contained in this annual report, do not constitute any actual commitments to the investors of the Company. Investors and personnel concerned shall stay adequately mindful of risks, and understand the difference between plans, projections and commitments.

- 7. Is there any appropriation of funds by the controlling shareholder and other related parties for non-operating purposes?**

No

- 8. Is there any provision of external guarantee that has violated the applicable decision-making procedures?**

No

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

No

- 10. Notice of Material Risks**

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

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List of Documents Available for Inspection

- I. Financial statements bearing the signatures and official chops of the Chairman of the Board of the Company, General Manager, and Head of the Finance Department;
 - II. Original audit report bearing the official chop of the accounting firm and the signatures/chops of certified public accountants;
 - III. Original copies of all corporate documents and announcements publicly disclosed by the Company during the reporting period;
 - IV. Annual reports published in other securities market.
- Place to maintain such documents: Board Secretariat of the Company

Chapter 1

Definitions

Definition of commonly used words

Company	Guangshen Railway Company Limited
Group	The Company and its subsidiaries
Reporting period, this period, this year	12 months from 1 January to 31 December 2025
Same period last year	12 months from 1 January to 31 December 2024
A Share(s)	Renminbi-denominated ordinary share(s) of the Company with a par value of RMB1.00 issued in the PRC and listed on the SSE for subscription in Renminbi
H Share(s)	Overseas listed foreign share(s) of the Company with a par value of RMB1.00 issued in Hong Kong and listed on the SEHK for subscription in Hong Kong dollars
PRC	The People's Republic of China
CSRC	The China Securities Regulatory Commission
SSE	The Shanghai Stock Exchange
SEHK	The Stock Exchange of Hong Kong Limited
SFO	The Securities and Futures Ordinance (Cap. 571 of the Laws of Hong Kong)
Listing Rules	The Rules Governing the Listing of Securities on SEHK and/or the listing rules of SSE (as the case may be)
Articles	The Articles of Association of the Company
Company Law	The Company Law of the PRC
Securities Law	The Securities Law of the PRC
CSRG, Actual Controller	China State Railway Group Co., Ltd.
GRGC, Controlling Shareholder	China Railway Guangzhou Group Co., Ltd.
GZIR	Guangdong Guangzhou 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

(1) General information of the Company

Chinese Name	廣深鐵路股份有限公司
Chinese Name Abbreviation	廣深鐵路
English Name	Guangshen Railway Company Limited
Legal Representative of the Company	Jiang Hui

(2) Contact Person and Contact Information

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

(3) Basic Information

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

(4) Information Disclosure and Document Availability

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

(5) Share Information of the Company

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

(6) Other Information

Auditor engaged by the Company (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, China
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 bank	Name	Construction Bank of China Shenzhen Branch Jiabin Road Sub-branch
	Office Address	1st to 4th Floors, Jinwei Building, Jiabin Road, Shenzhen, China

II. COMPANY PROFILE

On 6 March 1996, the Company was incorporated in Shenzhen, the PRC in accordance with the Company Law.

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

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

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

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

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

The railway entrusted transportation services are one of the extended passenger and freight transportation services that the Company has expanded since the commencement of operation of WGPR in December 2009. So far, the Company has provided this service to other railway companies such as Wuhan-Guangzhou Passenger Dedicated Line, GZIR, Guangzhou-Shenzhen-Hong Kong Passenger Dedicated Line, GZR, XSR, GDR, NGR, GGR, MZR, SMR, Meizhou-Shantou Passenger Dedicated Line, NER, GSR, NSGR, MBGR, GGSR, MLR and Guangzhou-Zhanjiang Railway, where such railway entrusted transportation service has also become a new area of business growth for the Company. With the successive completion and commencement of operation of a series of high-speed railways and inter-city railways in the "Guangdong-Hong Kong-Macau Greater Bay Area", the geographical coverage of the Company's railway entrusted transportation services will be further expanded.

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

(1) Major Accounting Data

(Unit: RMB)

Major Accounting Data	2025	2024	Increase/ decrease for the period compared with the same period last year (%)	2023	2022	2021
Operating income	28,685,832,411	27,090,074,926	5.89	26,194,897,332	19,943,429,883	20,206,156,783
Total profit	1,783,991,647	1,471,973,632	21.20	1,456,575,909	-2,579,793,106	-1,249,586,898
Net profit attributable to shareholders of the Company	1,425,789,018	1,060,161,237	34.49	1,058,289,071	-1,994,665,063	-973,119,082
Net profit attributable to shareholders of the Company after deducting extraordinary gain or loss	1,062,284,265	1,022,942,988	3.85	934,311,708	-2,030,067,217	-1,057,673,671
Net cash flows from operating activities	3,461,509,454	2,710,300,274	27.72	1,116,364,342	-193,449,258	1,002,468,547

	At the end of 2025	At the end of 2024	Increase/ decrease for the period compared with the same period last year (%)	At the end of 2023	At the end of 2022	At the end of 2021
Net asset attributable to shareholders of the Company	28,292,805,210	27,109,235,057	4.37	26,389,885,558	25,289,695,971	27,241,949,775
Total assets	36,942,374,336	36,567,255,729	1.03	37,234,946,966	37,041,375,827	37,403,422,526

(2) Major Financial Indicators

Major Financial Indicators	2025	2024	Increase/ decrease for the period compared with the same period last year (%)	2023	2022	2021
Basic earnings per share (RMB/Share)	0.2013	0.1497	34.47	0.1494	-0.28	-0.14
Diluted earnings per share (RMB/Share)	0.2013	0.1497	34.47	0.1494	-0.28	-0.14
Basic earnings per share after deducting extraordinary gain or loss (RMB/Share)	0.15	0.1444	3.88	0.1319	-0.29	-0.15
Weighted average return on net assets (%)	5.16	3.96	Increased by 1.20 percentage points	4.09	-7.60	-3.51
Weighted average return on net assets after deducting extraordinary gain or loss (%)	3.85	3.82	Increased by 0.03 percentage point	3.61	-7.74	-3.82

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.

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

Applicable Not applicable

V. MAJOR FINANCIAL DATA BY QUARTER IN 2025

(Unit: RMB)

	The 1st Quarter (January to March)	The 2nd Quarter (April to June)	The 3rd Quarter (July to September)	The 4th Quarter (October to December)
Operating income	6,895,682,446	7,073,298,685	7,264,710,299	7,452,140,981
Net profit attributable to shareholders of the Company	468,184,864	640,730,592	347,350,594	-30,477,032
Net profit attributable to shareholders of the Company after deducting extraordinary gain or loss	416,187,540	642,007,286	45,295,606	-41,206,167
Net cash flows from operating activities	849,822,972	972,702,999	264,727,921	1,374,255,562

VI. EXTRAORDINARY GAIN OR LOSS ITEMS AND AMOUNTS

✓ Applicable Not applicable

(Unit: RMB)

Extraordinary gain or loss items	The amount for 2025	The amount for 2024	The amount for 2023
Gain or loss on disposal of non-current assets (including offset part of the provision for impairment of assets)	368,263,197	19,775,569	80,528,475
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	132,635,968	8,593,698	80,705,869
Capital occupation fee charged to non-financial enterprises included in current profit and loss	–	29,600,233	–
Reversal of provision for impairment of receivables subject to impairment test separately	–	–	350,000
Income from compensation	–	–	523,366
Other non-operating income and expenses other than aforesaid items	-1,245,391	-3,470,525	3,724,354
Less: Effect of income tax	136,126,822	17,112,706	43,887,972
Effect of minority interests (after tax)	22,199	168,020	-2,033,271
Total	363,504,753	37,218,249	123,977,363

Note: Extraordinary losses are expressed in negative figures.

VII. ITEMS MEASURED AT FAIR VALUE

✓ Applicable Not applicable

(Unit: RMB)

Item	Opening balance	Closing balance	Change in the current period	Impact on the profit for the current period
Investments in other equity instruments	478,375,517	704,611,354	226,235,837	–

Chapter 3

Report of the Directors (Including Management Discussion and Analysis)

I. CHAIRMAN'S STATEMENT

Dear shareholders,

On behalf of the Board, I am pleased to present the audited operating results of the Company for 2025, and hereby extend my sincere gratitude to all the shareholders for your concern and support for the Company!

(1) Business review

2025 witnessed the finale of China's "14th Five-Year Plan" as a crucial year for railway enterprises to further deepen reforms comprehensively. Under the strong leadership of the CPC Central Committee with Comrade Xi Jinping as the core, the Board and the management of the Company united to lead the cadres and employees to adhere to Xi Jinping's Thought on Socialism with Chinese Characteristics for a New Era as the guidance, and took the spirit of General Secretary Xi Jinping's important directives and instructions on railway work as the fundamental guide. We also resolutely implemented the decisions and arrangements of the CPC Central Committee and the State Council. Closely centered on the Company's annual production and operational goals, we took proactive actions through reform and innovation, and acted with a strong sense of responsibility, maintaining overall stability in transportation safety and accelerating the transformation and upgrading of passenger and freight transportation operations, with broadened scope of railway entrusted transportation services. With significant improvement in operating quality and efficiency, we successfully completed all annual objectives and tasks of the year, achieving new progress in high-quality development and modernization efforts of the Company.

In 2025, the Company recorded passenger delivery volume of 63,858,700 people, representing a year-on-year decrease of 7.59%, while its freight delivery volume amounted to 15,481,200 tonnes, representing a year-on-year increase of 9.80%. Additionally, the Company recorded an operating revenue of RMB28.686 billion, representing a year-on-year increase of 5.89%; consolidated net profit attributable to shareholders of the Company amounted to RMB1.426 billion, representing a year-on-year increase of 34.49%. Its basic earnings per share amounted to RMB0.20.

Throughout 2025, the Company's Board duly performed its duties under the Articles. With their meticulous and conscientious efforts, all Directors strived to enhance the Company's corporate governance and improve its operations efficiency. During the year, the Company convened 2 shareholders' general meetings, 6 Board meetings, 6 Audit Committee meetings, 2 Nomination Committee meetings, and 2 Remuneration Committee meetings. The Company made sound decisions in relation to important matters of the Company, such as the Company's profit distribution, financial budget and accounting, production and operation, corporate governance, adjustment of systems, appointment of accountants, connected transactions, changes in directors, and annual appraisal of senior management. The Company has actively implemented the requirements of the new Company Law and the reforms concerning the supervisory boards of listed companies, with completion of revisions to key governance systems, including the Articles, the Rules of Procedure for Shareholders' Meeting, the Rules of Procedure for the Board of Directors, the Regulations on the Duties of the General Manager, and the Audit Committee Terms of Reference. The Supervisory Committee has been abolished and the staffing of the Audit Committee of the Board was strengthened to take over the relevant functions previously performed by the Supervisory Committee. The Company has formulated the Management Measures on Market Capitalisation and reformulated the Business Performance Evaluation Measures of the Company. As a result, the corporate governance structure and governance systems of the Company have been further refined, which effectively ensured its sustainable and stable development.

In 2025, the Company's Board actively carried out information disclosure and investor relations management work, and strictly complied with the provisions of domestic and overseas Listing Rules and the Company's Management Measures of Information Disclosure to ensure proper control over the information disclosure process and guarantee the quality of information disclosure. Moreover, the Board promptly responded to inquiries from the capital market and investors under the premise of legal and regulatory compliance, strengthened interaction and communication between the Company and investors, and enhanced the level of investor relations management. During the reporting period, all announcements of the Company were prepared and disclosed in accordance with regulatory requirements, and the information was disclosed in a timely and standardized manner, with no instances of information disclosure violations.

The Company has always strived to enhance its enterprise value and persisted in ensuring a sustainable and stable profit distribution policy and attaching importance to the reasonable returns to investors while focusing on the sustainable development of the Company. In 2025, the Company implemented the cash dividend for 2024, distributing a cash dividend of RMB0.07 per share, totaling approximately RMB496 million. Since its listing in 1996, the Company has cumulatively distributed cash dividends of about RMB13.2 billion, with a dividend distribution ratio of 62.71%.

(2) Prospects

Shareholders are reminded that the Company has made certain forward-looking statements in this annual report in relation to the national and overseas economic landscapes and the railway transportation market, as well as the Company's work plans for the year of 2026 and the future. These forward-looking statements are subject to the influences of various uncertainties, where the actual outcome may be greatly different from these forward-looking statements of the Company. These statements do not constitute any commitments to the future operating results of the Company. Please be advised to consider the investment risks.

The year 2026 marks the opening of the "15th Five-Year Plan". Based on its work on serving the overall interests of the Party and our country, the Company will adhere to the guidance of Xi Jinping's Thought on Socialism with Chinese Characteristics for a New Era and fully implement the spirit of the 20th CPC National Congress, each Plenary Session of the 20th CPC Central Committee and the Central Economic Work Conference. The Company will deeply study and implement the spirit of the important directives and instructions on railway-related work of General Secretary Xi Jinping, adhere to the overall principle of "seeking advancement while maintaining stability", and implement the new development concept in an integral, accurate and comprehensive manner. Focusing on the target positioning of constructing a world-class railway enterprise, the Company will be committed to ensuring safety as the fundament, optimising supply, improving quality and efficiency, pursuing reform and innovation, in addition to leveraging Party building to empower to make every effort to maintain stability, promote reforms, and facilitate development. The Company strives to promote high-quality and sustainable development with unswervingly advancing the strict governance of the Party in all aspects to ensure a strong role of the Company amidst the start of the "15th Five-Year Plan", contributing more greatly to the advancement of Chinese-style modernisation construction.

Looking ahead to the new year, the members of the Board and I believe that with the strong support of all shareholders and all sectors of the community, and with the joint efforts of the Board, management and all employees, the Company will be able to make new progress in various businesses, create new value for shareholders and make new contributions to social development.

Jiang Hui
Chairman of the Board

30 March 2026

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

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

III. INDUSTRY IN WHICH THE COMPANY OPERATED DURING THE REPORTING PERIOD

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

According to industry statistics released by the National Railway Administration, in 2025, for railways nationwide, the passenger traffic volume was 4.601 billion people, representing a year-on-year increase of 6.70%, and the outbound freight volume reached 5.277 billion tonnes, representing a year-on-year increase of 1.97%.

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

Applicable Not applicable

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

In 2025, the operating revenue of the Company was RMB28,686 million, representing an increase of 5.89% as compared to RMB27,090 million for the same period of last year; operating cost amounted to RMB27,069 million, representing an increase of 6.64% as compared to RMB25,383 million for the same period of last year; operating profit amounted to RMB1,790 million, representing an increase of 21.52% as compared to RMB1,473 million for the same period of last year; consolidated net profit attributable to shareholders of the Company amounted to RMB1,426 million, representing an increase of 34.49% as compared to RMB1,060 million for the same period of last year. Its basic earnings per share amounted to RMB0.20.

(1) Analysis of Principal Businesses

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

(Unit: RMB)

Item	Current period	Same period last year	Change (%)
Operating revenue	28,685,832,411	27,090,074,926	5.89
Operating cost	27,069,407,856	25,382,787,574	6.64
Tax and surcharges	59,927,332	91,811,343	-34.73
Selling expenses	915,312	74,970	1,120.90
Administration expenses	195,405,055	167,698,640	16.52
Finance costs	58,931,051	49,218,498	19.73
Other income	167,856,939	41,369,148	305.75
Investment income	27,991,995	31,156,729	-10.16
Credit impairment loss	73,232,524	13,010,985	462.85
Asset impairment loss	6,888,374	2,330,205	195.61
Gains on disposal of assets	373,313,067	17,610,387	2,019.85
Non-operating income	40,249,498	23,245,761	73.15
Non-operating expenses	46,544,759	24,551,104	89.58
Income tax expenses	358,553,141	413,447,676	-13.28
Net cash flows from operating activities	3,461,509,454	2,710,300,274	27.72
Net cash flows from investing activities	-202,562,408	-1,275,776,063	Not Applicable
Net cash flows from financing activities	-1,048,744,277	-982,244,453	Not Applicable

2. Analysis of revenue and costs

✓Applicable □ Not applicable

(1) Revenue from passenger transportation operations

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

	2025	2024	Year-on-year increase/ decrease (%)
Revenue from passenger transportation (RMB ten thousand)	1,133,767	1,099,550	3.11
– Guangzhou-Shenzhen inter-city trains	257,446	319,765	-19.49
– Through trains	251,497	226,342	11.11
– Long-distance trains	593,287	492,700	20.42
– Other revenue from passenger transportation	31,537	60,743	-48.08
Passenger delivery volume (Persons)	63,858,670	69,106,716	-7.59
– Guangzhou-Shenzhen inter-city trains	24,600,496	25,962,793	-5.25
– Through trains	1,003,740	1,005,348	-0.16
– Long-distance trains	38,254,434	42,138,575	-9.22

- **The increase in revenue from passenger transportation was mainly due to the following:** During the reporting period, the Company proactively adapted to changes in market demand and organized the addition of direct cross-boundary trains under its management and Beijing to Guangzhou and Guangzhou-Shenzhen-Hong Kong cross-network EMU trains, bringing a significant increase in revenue from direct trains and long-distance cross-network EMU trains, which contributed to the growth in overall revenue from passenger transportation.
- **The decrease in passenger delivery volume was mainly due to the following:** During the reporting period, due to the adjustment of the railway operations and the impact of high-speed rail diversion following the opening of new high-speed rail lines including MLR and GGSR, the number of trains operated by the Company decreased for Guangzhou East to Chaozhou-Shantou (Meizhou West) cross-network EMU trains and ordinary long-distance trains. The occupancy rates also declined in terms of the Company's existing Guangzhou (East) to Shenzhen intercity trains, Guangzhou East to Chaozhou-Shantou (Meizhou West) cross network EMU trains and ordinary long-distance trains, leading to the lower overall passenger delivery volume resulting from a certain drop in the passenger delivery volume of the Guangzhou-Shenzhen intercity trains and ordinary long-distance trains.

(2) Revenue from freight transportation operations

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

	2025	2024	Year-on-year increase/ decrease (%)
Revenue from freight transportation (RMB ten thousand)	186,468	162,300	14.89
– Revenue from freight charges	129,376	139,827	-7.47
– Other revenue from freight transportation	57,092	22,473	154.05
Outbound freight volume (tonnes)	15,481,212	14,099,841	9.80

- **The increase in revenue from freight transportation was mainly due to the following:** During the reporting period, as a result of the nationwide reform of railway freight logistics, the revenue from end-to-end collection and delivery services for freight routes of the Company are accounted for as other freight revenue, thereby contributing to an increase in overall freight revenue.
- **The increase in outbound freight volume was mainly due to the following:** During the reporting period, with steady development of the domestic economy and society, the number of cargos at the stations under the Company's management increased, including coal, containers and industrial machines.

(3) Revenue from provision of transportation business operations

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

	2025	2024	Year-on-year increase/ decrease (%)
Revenue from provision of transportation services (RMB ten thousand)	1,376,992	1,268,586	8.55
– Entrusted transportation services	845,542	802,316	5.39
– Railway network usage and other services	531,450	466,270	13.98

- **The increase in revenue from entrusted transportation services was mainly due to the following:** 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), along with new agency services for door-to-door collection and delivery for international port freight in Guangzhou, resulting in an increase in the Company's relevant service revenue year-on-year.
- **The increase in revenue from railway network usage and other services was mainly due to the following:** During the reporting period, resulting from the market-oriented system reform of the railway network usage, the usage unit price has been risen in terms of the national railway freight network usage services, while the revenue from freight network usage services of the Company showed an increase year-on-year.

(4) Revenue from other businesses

The Company's other businesses mainly include train repairs, major repairs and technical upgrades, sales of materials, goods and supplies, sewage collection services, on-board catering services, leasing, and other businesses that are related to railway transportation. In 2025, revenue from other businesses was RMB1.714 billion, representing a decrease of 4.04% as compared to RMB1.786 billion for the same period last year. The decrease was mainly because during the reporting period the number of special safety improvement projects provided by the Company to other railway operators decreased, leading to a fall year-on-year in the revenue of the Company from major repair and technical upgrade services.

(5) Analysis of costs

(Unit: RMB)

By industry	Cost item	Amount for the current period	Amount for the same period last year	Change in percentage of the amount for the current period compared with the same period last year (%)
Principal businesses	Equipment rental and service fees	9,460,223,372	8,681,782,852	8.97
	Wages and welfare	9,301,435,087	9,087,467,858	2.35
	Depreciation of fixed assets	1,652,786,182	1,740,058,293	-5.02
	Material and utilities consumption	1,421,691,434	1,559,174,557	-8.82
	Maintenance costs	1,653,404,232	1,357,976,727	21.75
	Passenger service fees	966,445,720	881,819,334	9.60
	Cargo handling charges	896,334,323	223,736,754	300.62
	Depreciation of right-of-use assets	16,084,567	16,246,410	-1.00
	Others	304,072,638	376,218,247	-19.18
		Subtotal	25,672,477,555	23,924,481,032
Other businesses	Wages and welfare	529,069,842	514,980,788	2.74
	Material and utilities consumption	262,588,841	315,683,880	-16.82
	Depreciation of fixed assets	25,321,425	27,219,294	-6.97
	Others	579,950,193	600,422,580	-3.41
	Subtotal	1,396,930,301	1,458,306,542	-4.21
Total		27,069,407,856	25,382,787,574	6.64

- **The increase in costs of principal businesses was mainly due to the following:** (a) 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 along with the higher unit price of freight railway network usage services following the market-oriented usage system reform of the railway network; (b) the policy-oriented salary adjustment and the increase in payment base of social insurance and housing provident fund resulted in an increase in wages and welfare expenses; (c) the heavier workload of the maintenance of unit trains resulted in an increase in maintenance costs; (d) as a result of the nationwide reform of railway freight logistics, along with new agency services for door-to-door collection and delivery for international port freight in Guangzhou, the higher workload of freight end-to-end and general contracting service caused the increase in cargo handling charges; (e) the increase in the workload of crew services in relation to entrusted transportation acceptance led to the rise in passenger service fees.
- **The decrease in costs of other businesses was mainly due to:** the lower costs related to the decreased number of special safety improvement projects provided by the Company to other railway operators.

(6) By industry and by region

(Unit: RMB)

By industry						
By industry	Operating revenue	Operating cost	Gross margin (%)	Year-on-year change in operating revenue (%)	Year-on-year change in operating cost (%)	Year-on-year change in gross margin (%)
Principal businesses	26,972,272,213	25,672,477,555	4.82	6.59	7.31	Decreased by 0.63 percentage point
Other businesses	1,713,560,198	1,396,930,301	18.48	-4.04	-4.21	Increased by 0.14 percentage point

By region						
By region	Operating revenue	Operating cost	Gross margin (%)	Year-on-year change in operating revenue (%)	Year-on-year change in operating cost (%)	Year-on-year change in gross margin (%)
China	28,685,832,411	27,069,407,856	5.63	5.89	6.64	Decreased by 0.67 percentage point

(7) Major sales customers and suppliers

A. The major customers

Applicable Not applicable

The sales of the top five customers amounted to RMB15,322,169,806, accounting for 53.41% of the total annual sales; of which the sales to related (connected) parties amounted to RMB14,614,844,882, accounting for 50.94% of the total annual sales.

Top five sales customers during the reporting period

(Unit: RMB)

No.	Customer	Sales amount	Proportion of total sales amount for the year (%)	Related party or not
1	CSRG and its subsidiaries	13,403,133,200	46.72	Yes
2	MTR Corporation Limited	707,324,924	2.47	No
3	Guangdong Guangzhu Intercity Rail Transportation Company Limited	706,222,901	2.46	Yes
4	Guangzhou-Zhuhai Railway Company Limited	287,496,837	1.00	Yes
5	Guangdong Guangzhou-Shantou Railway Co., Ltd.	217,991,944	0.76	Yes
Total	/	15,322,169,806	53.41	/

Sales to any single customer exceeding 50% of the total sales, new customers in top five customers or significant reliance on minor customers during the reporting period

Applicable Not applicable

B. The Company's major suppliers

Applicable Not applicable

The purchases from the top five suppliers amounted to RMB12,916,039,948, accounting for 68.01% of total annual purchases; of which purchases from related parties amounted to RMB11,892,081,438, accounting for 62.63% of the total annual purchases.

Top five suppliers during the reporting period

(Unit: RMB)

No.	Supplier	Purchase amount	Proportion of total purchase amount for the year (%)	Related party or not
1	CSRG and its subsidiaries	11,637,595,696	61.29	Yes
2	China Southern Power Grid Co., Ltd. and its subsidiaries	541,930,825	2.85	No
3	China Railway Oil Group Co., Ltd.	295,141,548	1.55	No
4	Guangdong Guangzhou-Shantou Railway Co., Ltd.	254,485,742	1.34	Yes
5	Zhengzhou Tieying Railway Security Service Co., Ltd. * (鄭州鐵鷹鐵路保安服務有限公司)	186,886,137	0.98	No
Total	/	12,916,039,948	68.01	/

Purchase from any single supplier exceeding 50% of the total purchase, new suppliers in top five suppliers or significant reliance on minor suppliers during the reporting period

Applicable Not applicable

(Unit: RMB)

No.	Supplier	Purchase amount	Proportion of total purchase amount for the year (%)
1	CSRG and its subsidiaries	11,637,595,696	61.29

C. Other information

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

3. Expenses

Applicable Not applicable

(Unit: RMB)

Item	2025	2024	Year-on-year increase/ decrease (%)	Major reason(s) for the change
Tax and surcharges	59,927,332	91,811,343	-34.73	The increase in tax refunds and tax incentives received
Selling expenses	915,312	74,970	1,120.90	The increase in new media advertisement and marketing expenses for the passenger and freight transportation
Administration expenses	195,405,055	167,698,640	16.52	The increase in expenses provided for Party organization work
Finance costs	58,931,051	49,218,498	19.73	The decrease in revenue from interests of bank deposits and capital occupation fee
Other income	167,856,939	41,369,148	305.75	The increase in government grants received
Investment gains	27,991,995	31,156,729	-10.16	The decrease in income from long-term equity investments
Credit impairment loss	73,232,524	13,010,985	462.85	The increase in losses on bad debts of accounts receivable
Asset impairment loss	6,888,374	2,330,205	195.61	The increase in impairment losses on inventories and fixed assets
Gains on disposal of assets	373,313,067	17,610,387	2,019.85	The increase in gain from the disposal of fixed assets
Non-operating income	40,249,498	23,245,761	73.15	The increase in gains from retirement or damage of non-current assets
Non-operating expenses	46,544,759	24,551,104	89.58	The increase in losses from retirement or damage of non-current assets
Income tax expenses	358,553,141	413,447,676	-13.28	The increase in income tax expenses provided for the current period and decrease in deferred income tax expenses

4. Cash flows

Applicable Not applicable

(Unit: RMB)

Item	2025	2024	Year-on-year increase/ decrease (%)	Major reason(s) for the change
Net cash flows from operating activities	3,461,509,454	2,710,300,274	27.72	Cash receipts from sales of goods, rendering of services and other operating activities increased.
Net cash flows from investing activities	-202,562,408	-1,275,776,063	Not applicable	Net cash receipts from disposals of fixed assets, intangible assets and other long-term assets increased while cash payments to acquire or construct fixed assets, intangible assets and other long-term assets decreased.
Net cash flows from financing activities	-1,048,744,277	-982,244,453	Not applicable	Cash receipts from borrowings decreased and cash repayments of borrowings also decreased.

(2) Explanation of material changes in profit due to non-principal business

Applicable Not applicable

(3) Analysis of assets and liabilities

Applicable Not applicable

(Unit: RMB)

Item	Amount at the end of current period	Amount at the end of previous period	Changes in amount from the end of previous period to the end of current period (%)	Explanation
Cash and bank balances	4,145,063,110	1,934,900,900	114.23	Bank deposits increased.
Bills receivables	–	192,750,000	-100.00	Bank acceptance bills were paid upon maturity.
Trade receivables	5,043,734,142	5,940,313,417	-15.09	Receivables from entrusted transportation services decreased.
Prepayments	84,343,064	37,261,405	126.36	Prepayments for material purchases increased.
Non-current assets due within 1 year	–	63,900,000	-100.00	Three-year fixed-term deposits were withdrawn.
Investments in other equity instruments	704,611,354	478,375,517	47.29	The fair value for investment in investee companies was evaluated and adjusted.
Fixed assets	20,933,682,077	21,978,835,338	-4.76	Disposal or retirement was conducted for certain fixed assets.
Construction in progress	713,771,784	415,115,695	71.95	Investment in overhaul work increased.
Deferred income tax assets	264,254,980	465,724,288	-43.26	Deductible losses reduced.
Short-term borrowings	–	300,176,917	-100.00	Short-term bank credit borrowings were repaid.
Trade payables	2,366,519,456	2,650,474,072	-10.71	Payables for material purchases declined.
Contract liabilities	410,880,463	322,663,026	27.34	Payments for transportation services and material purchases and sales received in advance increased as well as unused award integral.
Other payables	3,096,971,983	3,014,436,331	2.74	Payables for construction increased.
Long-term borrowings	–	500,000,000	-100.00	Long-term bank credit borrowings were repaid.
Other non-current liabilities	175,971,219	–	100.00	Advances from easement.

(4) Analysis of investment positions

Applicable Not applicable

During the reporting period, the Company did not invest in securities such as stocks, warrants or convertible bonds, and did not hold or deal in equity interests in other listed companies and non-listed financial enterprises. Details of investments in the external equity interests of the Company at the end of the reporting period are set out in Note (V8) , Note (V9) and Note (VII) to the financial statements.

1. Significant investments in equity interests

Applicable Not applicable

2. Significant non-equity investments

Applicable Not applicable

3. Financial assets at fair value

Applicable Not applicable

Financial assets at fair value which were held by the Company during the reporting period are set out in Note (V9) to the financial statements.

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

Applicable Not applicable

(5) Disposal of major assets and equity interests

Applicable Not applicable

(6) Analysis on major subsidiaries and investee companies✓ Applicable Not applicable

(Unit: RMB ten thousand)

Name of Company	Nature of company	Principal businesses	Registered capital	Total assets	Net asset	Net profit
Dongguan Changsheng Enterprise Company Limited	Subsidiary	Loading and unloading, warehousing	3,800	11,971	10,733	531
Shenzhen Pinghu Qun Yi Railway Store Loading and Unloading Company Limited	Subsidiary	Cargo transportation, loading and unloading, warehousing	1,000	2,013	1,334	266
Guangzhou Railway Huangpu Service Company Limited	Subsidiary	Loading and unloading, handling, warehousing	37.9	465	440	104
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	24,922	-17,081	-534
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	757	203	203
Guangzhou Tiecheng Enterprise Company Limited	Investee company	Real estate development and operation, property management, etc	1,000	57,520	33,926	1,606
Shenzhen Guangzhou Railway Civil Engineering Company Limited	Investee company	Municipal public works construction general contracting	20,667	350,945	74,266	4,800

- Notes:
1. In view of the company's actual operating conditions, the Company has already made full impairment provisions for its equity investments during previous years.
 2. The company was established in 2023 with subscribed capital of RMB5 million from the Company. However, as of the end of the reporting period, no registered capital has been paid.

Acquisition and disposal of subsidiaries during the reporting period✓ Applicable Not applicable

Name of company	Means of acquisition and disposal of Subsidiaries during the reporting period	Impact on overall business operation and results
Shenzhen Guangshen Railway Economic and Trade Enterprise Company Limited	Deregistration	No impact

(7) Structured entities controlled by the Company

Applicable Not applicable

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

(1) Industry development trend and competition landscape

Applicable Not applicable

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

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

(2) Development strategies of the Company

Applicable Not applicable

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

(3) Operating plans

Applicable Not applicable

At the twentieth meeting of the tenth session of the Board of the Company held on 30 March 2026, the Board considered and approved the financial budget for the year of 2026. The Company plans to achieve a passenger delivery volume of 63.55 million people (excluding entrusted transportation) and outbound freight volume of 16.00 million tonnes. To achieve these objectives, the Company will focus its work on the following aspects:

1. In terms of corporate governance: adhering to Party building to empower, we advance the integration between construction of the Party and the improvement of corporate governance, continuously refine corporate governance systems, enhance the level of corporate governance, and ensure that the Company’s operations comply with laws, regulations, and regulatory requirements.
2. In terms of production safety: we prioritise safety as fundament and enhance the safety governance capabilities of the Company. We will firstly implement the full Safety Foundation Strengthening Initiative to diligently bring the three-year Fundamental Solutions for Work Safety campaign to a successful conclusion, ensuring that risk prevention and the consolidation of foundations are advanced in tandem. We also continue to strengthen the foundations of safety management, focus on key safety priorities, and steadily advance the development of emergency response capabilities.

3. In terms of passenger and freight transportation: we insist on optimising supply and enhancing the quality of transport services of the Company. In addition to adapting to market demand by highlighting the supply of passenger transport products, we continuously improve the quality of passenger services and strive to promote the transformation with upgrading of our passenger transport towards high-speed rail standards. Besides, we deepen the development of a modern railway logistics system, develop multimodal transport services, and drive the transformation and upgrading of freight transport of the Company towards a logistics-oriented model. Last but not least, we strengthen the modernisation of passenger and freight transport facilities and equipment to improve the quality of transport services, as well as better the efficiency of transport organisation and operational reliability.
4. In terms of business management: we are committed to improving quality and efficiency for higher management standards of the Company. We strengthen the coordinated allocation of resources, continue to improve the quality of budget management, the efficiency of capital utilisation and the returns on asset disposal, thereby promoting the preservation and appreciation of the assets, with reinforcing standardised corporate management and focusing on key areas to standardise the management of funds, contracts and procurement of materials, preventing and mitigating operational risks.

(4) Potential risks

✓ Applicable Not applicable

Type of risk	Description of risk	Addressing measures
Macro-economic risk	The railway transportation industry is highly related to the macro-economic development conditions and is greatly affected by the macro-economic atmosphere. If the macro-economic outlook declines in the future, the Company's operating results and financial condition may be adversely affected.	The Company will pay close attention to the changes in international and domestic macro-economic conditions, strengthen its analysis and research on the contributing factors relating to the railway and transportation industry, adjust its development strategies in a timely manner in response to changes in the market environment, and strive to maintain the stability of the Company's production and operation.

Type of risk	Description of risk	Addressing measures
Policy and regulatory risk	<p>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.</p>	<p>The Company will proactively engage in various seminars on the formulation and improvement of industrial policies and regulations development, study the latest changes in policies and regulations, capture the development opportunities brought by the amendments of policies and regulations, and adopt a prudent approach in addressing uncertainties caused by changes in policies and regulations.</p>
Transportation safety risk	<p>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.</p>	<p>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.</p>

Type of risk	Description of risk	Addressing measures
Market competition risk	<p>Other transportation methods (such as aviation, road and water) compete with railway transportation in certain markets. In addition, a range of high-speed railways and inter-city railways have been completed and commenced operation along with the development of the railway transportation industry. Internal competition within the railway transportation industry has also intensified. The Company may be subject to greater competitive pressure in the future, which in turn could impact on the operating results of the Company.</p>	<p>The Company will take proactive measures to address market competition. For passenger transportation, the Company will leverage the advantages of “safe, comfortable, convenient, on time (安全、舒適、方便、準點)” railway transportation, improve service facilities and enhance service quality. In respect of freight transportation, the Company is committed to increasing the loading and unloading efficiency and the turnover rate of its freight trains to improve the freight train frequency. In addition, the Company will strengthen its analysis and research on the railway transportation market and proactively apply to competent authorities of the industry to add new long-distance trains in areas not yet covered by high-speed railways.</p>
Financial risk	<p>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.</p>	<p>The Company has established a set of managerial procedures for financial risks with a focus on the uncertainties of the financial market. It is also dedicated to minimizing to the potential adverse impacts on the financial performance of the Company. For more detailed analysis, please refer to Note (IX) to the financial statements.</p>

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

Applicable Not applicable

VIII. BUSINESS REVIEW

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

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

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

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

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

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

None.

(4) Future business development of the Company

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

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

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

(6) Environmental policies and performance of the Company

Please refer to the "Environmental and Social Responsibilities" chapter in this annual report, as well as the Sustainability Report 2025 published by the Company on the website of the Shanghai Stock Exchange (<http://www.sse.com.cn>), the HKEXnews website of the SEHK (<http://www.hkexnews.hk>) and the Company's website (<http://www.gsrc.com>).

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

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

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

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

IX. OTHER DISCLOSURES

(1) Liquidity and source of funding

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

As at the end of the reporting period, the Company did not hold any bank borrowings. The Company's capital commitments as of the end of the reporting period are set out in Note (XII) to the financial statements.

As at the end of the reporting period, the Company had no charges on any of its assets and had not provided any guarantees, and had no entrusted deposits. The gearing ratio (calculated by the balance of liabilities divided by the balance of total assets as of the end of the period) of the Company was 23.53%.

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

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

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

(3) Taxation

Details of taxation applicable to the Company during the reporting period are set out in Note (IV) to the financial statements.

(4) Interest capitalized

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

(5) Properties and fixed assets

During the reporting period, all properties held by the Company were for the purpose of developments, and their percentage ratios (as defined in Rule 14.04(9) of the Listing Rules of SEHK) did not exceed 5%. Movements in the properties and fixed assets held by the Company during the reporting period are set out in Note (V10) to the financial statements.

(6) Undistributed profit

Details of movements in the undistributed profit of the Company during the reporting period are set out in the Statement of Changes in Shareholders' Equity and Note (V32) to the financial statements.

(7) Surplus reserve

Details of movements in the surplus reserve of the Company during the reporting period are set out in the Statement of Changes in Shareholders' Equity and Note (V31) to the financial statements.

(8) Subsidiaries

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

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

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

(10) Contingent liabilities

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

(11) Fixed interest rate

As at the end of the reporting period, the Company did not hold any bank borrowings, details of which are set out in Note (V16) and Note (V23) to the financial statements.

(12) Members of the Board of Directors of the Company

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

Executive Directors: Jiang Hui, Chen Shaohong, Zhou Shangde

Non-executive Directors: Zhong Ning, Li Danjiang, Liu Qiyi (Employee Representative Director)

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

(13) Directors of subsidiaries

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

Name of Company	Name of Board Member
Dongguan Changsheng Enterprise Company Limited	Li Xia, Ren Jiyao, Wan Deqiang, Yin Jinwen, Yuan Jiansheng, Huang Hengchao, Hu Guang
Zengcheng Lihua Stock Company Limited	Li Wenhai, Huang Hengchao, Hu Guang, Pan Guangren, Zeng Shangwen

(14) Valuation of property interests or tangible assets

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

(15) Management contracts

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

(16) Loans to entities

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

(17) Permitted compensation provisions

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

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

By Order of the Board

Jiang Hui

Chairman of the Board

Shenzhen, China
30 March 2026

Chapter 4

Corporate Governance, Environmental and Society

I. INFORMATION REGARDING CORPORATE GOVERNANCE

Applicable Not applicable

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

During the reporting period, pursuant to the regulatory requirements for the internal control of listed companies set out by domestic and overseas securities regulatory bodies, the Company completed the self-assessment and audit on internal control for 2024; the Company has actively implemented the requirements of the new Company Law and the reforms concerning the supervisory boards of listed companies, with completion of revisions to key governance systems, including the Articles, the Rules of Procedure for Shareholders' Meeting, the Rules of Procedure for Board Meeting, the Regulations on the Duties of the General Manager, and the Audit Committee Terms of Reference. The Supervisory Committee has been abolished with addition of the members of the Audit Committee of the Board to assume the relevant functions previously performed by the Supervisory Committee. The Company has elected and replaced some members of the Board of Directors, formulated the Management Measures on Market Capitalisation and reformulated the Business Performance Evaluation Measures of the Company. The Company's corporate governance structure and internal control systems obtained further improvement to secure efficiently the healthy and sustainable development of the Company.

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

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

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

Applicable Not applicable

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

Applicable Not applicable

III. SUMMARY OF SHAREHOLDERS' GENERAL MEETINGS

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

Session of meeting	Date	Media in which resolutions were disclosed	Date of disclosure	Resolutions
Annual General Meeting of 2024	18 June 2025	Website of SSE (www.sse.com.cn) HKEXnews website of SEHK (www.hkexnews.hk)	19 June 2025 18 June 2025	A total of 7 resolutions were considered and passed at the meeting with no objection.
First Extraordinary General Meeting of 2025	4 December 2025	Website of SSE (www.sse.com.cn) HKEXnews website of SEHK (www.hkexnews.hk)	5 December 2025 4 December 2025	A total of 5 resolutions were considered and passed at the meeting with no objection.

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

The Company plans to hold the 2025 Annual General Meeting, during which it will conduct votes and make resolutions on issues including the profit distribution plan. With respect to the specific arrangements for the 2025 Annual General Meeting, investors are advised to pay attention to and carefully read the "Notice of 2025 Annual General Meeting" which will be published on the website of the SSE (<http://www.sse.com.cn>), the HKEXnews website of the SEHK (<http://www.hkexnews.hk>) and the Company's website (<http://www.gsrc.com>) in due course.

IV. DIRECTORS AND SENIOR MANAGEMENT

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

✓ Applicable □ Not applicable

Unit: Share

Name	Position	Gender	Age	Beginning of engagement period	End of engagement period	Number of shares held at the beginning of the year	Number of shares held at the end of the year	Increase/decrease of shares in the year	Reasons for increase/decrease	Total remuneration received from the Company (before tax) during the reporting period (RMB)	Whether receiving remuneration from related parties of the Company
Jiang Hui	Executive Director, Chairman of the Board	Male	54	6 December 2024	15 June 2026	-	-	-	-	-	Yes
Chen Shaohong	Executive Director General Manager	Male	59	18 June 2024 29 April 2024	15 June 2026 To present	-	-	-	-	594,092	No
Zhong Ning	Non-executive Director	Female	53	4 December 2025	15 June 2026	-	-	-	-	-	Yes
Li Danjiang	Non-executive Director	Male	47	4 December 2025	15 June 2026	-	-	-	-	-	Yes
Zhou Shangde	Executive Director Deputy Secretary of the Party Committee	Male	55	17 June 2021 19 March 2021	15 June 2026 To present	-	-	-	-	534,265	No
Tang Xiaofan	Independent Non-executive Director	Male	57	16 June 2020	15 June 2026	-	-	-	-	112,000	No
Qiu Zilong	Independent Non-executive Director	Male	59	16 June 2020	15 June 2026	-	-	-	-	112,000	No
Wang Qin	Independent Non-executive Director	Female	55	15 June 2023	15 June 2026	-	-	-	-	153,741	No

Name	Position	Gender	Age	Beginning of engagement period	End of engagement period	Number of shares held at the beginning of the year	Number of shares held at the end of the year	Increase/ decrease of shares in the year	Reasons for increase/ decrease	Total remuneration received from the Company (before tax) during the reporting period (RMB)	Whether receiving remuneration from related parties of the Company
Liu Qiyi	Employee Representative Director	Male	55	4 December 2025	15 June 2026	-	-	-	-	437,824	No
	Head of the Audit Department			13 March 2025	To present						
Gong Yuwen	Deputy Secretary of the Party Committee, Secretary of the Discipline Inspection Commission	Male	59	2 April 2018	To present	-	-	-	-	534,229	No
Tang Xiangdong	Chairman of Labor Union	Male	57	23 February 2024	To present	-	-	-	-	534,229	No
	Deputy General Manager, Secretary of the Board			29 October 2019	To present						
	Company Secretary			3 December 2019	To present						
Huang Wu	Deputy General Manager	Male	55	6 February 2024	To present	-	-	-	-	525,043	No
Yang Yijian	Deputy General Manager	Male	59	28 August 2024	To present	-	-	-	-	532,577	No
Luo Jinglun (Resigned)	Non-executive Director	Male	54	6 February 2024	29 May 2025	-	-	-	-	-	Yes
Hu Dan (Resigned)	Non-executive Director	Male	53	17 June 2021	30 October 2025	-	-	-	-	-	Yes
Zhang Zhe (Resigned)	Non-executive Director	Male	54	23 December 2019	4 December 2025	-	-	-	-	-	Yes
Luo Xinpeng (Resigned)	Chief Accountant	Male	60	29 October 2019	31 January 2026	-	-	-	-	534,193	No
Total	/	/	/	/	/	-	-	-	/	4,604,193	/

Name	Biography
Jiang Hui	<p>Mr. Jiang, male, born in January 1972, is an Executive Director and the Chairman of the Board of the Company. Mr. Jiang holds a bachelor's degree and is a senior engineer. Mr. Jiang had successively served as the secretary of the Communist Youth League of Shanghai Railway Bureau, the secretary of the Party Committee of Hangzhou Power Supply Section, the director of the office of Shanghai Railway Bureau (Party Committee Office), the deputy secretary of the Party Committee and the secretary of the Discipline Inspection Committee of Shanghai Railway Bureau, the deputy general manager of China Railway Shanghai Bureau Group Company Limited, the vice chairman, general manager and deputy secretary of the Party Committee of China Railway Nanchang Bureau Group Company Limited, the director, general manager and deputy secretary of the Party Committee of China Railway Xi'an Bureau Group Company Limited, and the secretary of the Party Committee and chairman of China Academy Of Railway Sciences Corporation Limited. He is currently the secretary of the Party Committee and the chairman of the board of directors of GRGC.</p>
Chen Shaohong	<p>Mr. Chen, male, born in January 1967, is an Executive Director, the secretary of the Party Committee and the General Manager of the Company. Mr. Chen holds a bachelor's degree and is a senior economist. Mr. Chen had previously served as the deputy director of the Corporate Management Office of GRGC, the deputy director and director of the Corporate Management and Legal Affairs Section of GRGC, the deputy chief economist of GRGC and the director of the Corporate Management and Legal Affairs Section of GRGC, the chief legal advisor and the director of the Corporate Management and Legal Affairs Section of GRGC, the chief legal advisor and the director of the Corporate Management and Legal Affairs Department of GRGC, and the general counsel of GRGC. He had also served as a Shareholder Representative Supervisor of the Company. He is currently the secretary of the Party Committee and the General Manager of the Company.</p>
Zhong Ning	<p>Ms. Zhong, female, born in April 1972, is a Non-executive Director of the Company. Ms. Zhong holds a bachelor's degree and is a senior accountant. Ms. Zhong had previously served as the deputy director of the Finance Department and the deputy director of the Fund Settlement Center at GRGC, the deputy general manager and chief accountant of Sanmao Railway Co., Ltd., the director of the Finance Department of GRGC, the vice chairperson of the GRGC Union, the chief accountant of Hukun Passenger Railway Line (Hunan) Company Limited, the chief accountant of Huai Shao Heng Railway Co., Ltd., and the chief accountant of Qian Zhang Chang Railway Company Limited. She is currently the deputy general manager and the chief accountant of GRGC.</p>

Name	Biography
Li Danjiang	Mr. Li, male, born in January 1979, is a Non-executive Director of the Company. Mr. Li holds a bachelor's degree and is a senior engineer. Mr. Li had previously served as the deputy stationmaster and the chief engineer of Jiangcun Station of the Company, the deputy director of the transportation department at GRGC, and the stationmaster of Zhuzhou Station. He is currently the director of the transportation department at GRGC.
Zhou Shangde	Mr. Zhou, male, born in December 1970, is an Executive Director and deputy secretary of Party Committee of the Company. Mr. Zhou holds a master's degree and is a political officer. Mr. Zhou had previously served as the deputy head of the Organization and Human Resources Department, the chief of the Party Committee Office and the chairman of the union of the General Service Center of the Company; the deputy director (head) of the Personnel Department (Organization Department of the Party Committee), the deputy office chief and chief of the Reception Office and the secretary of the Party General Branch of the Company Affairs Office of GRGC; and the secretary of the Party Committee and head of the Shenzhen Railway Station, the head and deputy secretary of the Party Committee of the Shenzhen North Railway Station of the Company, and an employee representative supervisor of the Company. He is currently the deputy secretary of the Party Committee of the Company.
Tang Xiaofan	Mr. Tang, male, born in October 1968, is an Independent Non-executive Director, and the Chairman of the Audit Committee and the Remuneration Committee and the member of the Nomination Committee of the Company. Mr. Tang holds a master's degree and is a senior auditor, a PRC certified public accountant, an accountant certified by the Association of International Accountants and a Certified Internal Auditor (CIA). Mr. Tang also obtained the qualification of secretary of the board of companies listed on the SSE and the securities and fund practitioner qualification in the PRC, and is a securities investment advisor. Mr. Tang had previously served as the deputy section chief of Yichun Audit Bureau of Jiangxi, the audit manager of Shenzhen Dahua Tiancheng Accounting Firm, the audit manager of BDO China Shu Lun Pan Certified Public Accountants LLP and Yangcheng (HK) CPA Limited, the vice president and CFO of Guangzhou Greenery Cafe Company Limited, the secretary of the board and CFO of Guangzhou Jiacheng International Logistics Co., Ltd. (a company listed on the SSE), the deputy general manager of Guangdong Xiyu Investment Management Co., Ltd., a director and senior vice president of Jiangxi Geto New Materials Corporation Limited (a company listed on Shenzhen Stock Exchange), a managing director of Guangzhou Dening Investment Management Co., Ltd., and the deputy general manager of Guangzhou Huizhi Venture Capital Co., Ltd. He is currently the partner of Guangzhou Zhonghui Jianyuan Investment Partnership (LP) (廣州中匯建元投資合夥企業(有限合夥)).

Name	Biography
Qiu Zilong	Mr. Qiu, male, born in March 1967, is an Independent Non-executive Director, Chairman of the Nomination Committee and member of the Audit Committee and Remuneration Committee of the Company. Mr. Qiu holds a bachelor's degree of physics in radio from Hunan Normal University and a master's degree in business administration from Peking University Shenzhen Graduate School and is currently the executive vice president of Shenzhen Changsha Chamber of Commerce. Mr. Qiu had previously served as the assistant engineer, assistant to factory director and deputy factory director of Guangdong Panyu Safety Equipment Factory, the deputy general manager of Shenzhen Xingelan Electronic Co., Ltd., the managing director of Shenzhen Guanzhong Xie'an Electronic Technology Co., Ltd. and the managing director of Shenzhen Xingguanzhong Electronic Technology Co., Ltd. He is currently the general manager of Shenzhen Changshang Investment Management Co., Ltd. and a director of Shenzhen Beida Soft Bank Investment Corporation Limited.
Wang Qin	Ms. Wang, female, born in April 1970, a permanent resident of Hong Kong, is an Independent Non-executive Director, and member of the Audit Committee, Remuneration Committee and Nomination Committee of the Company. Ms. Wang graduated from the University of Windsor, Canada with a bachelor's degree in business administration. She has worked for China Travel Service (Hong Kong) and Hongkong Post. She had previously served as the vice president of the China (Overseas) Enterprises Reputation Association and is currently the general manager of Centennial Chishui (Hong Kong) Wine Company Limited, honorary director of Hong Kong Famous Brand Technology Limited and vice president of the Federation of HK Jiangsu Community Organisations.
Liu Qiyi	Mr. Liu, male, born in September 1970, is an Employee Representative Director of the Company. Mr. Liu holds a bachelor's degree and is a senior accountant. Mr. Liu had previously served as the Deputy Director, the Director, and the Director of the Planning and Finance Department of the Company. He is currently the Head of the Audit Department of the Company.
Gong Yuwen	Mr. Gong, male, born in September 1966, is the Deputy Secretary of the Party Committee, and the Secretary of the Discipline Inspection Commission of the Company. Mr. Gong holds a bachelor's degree and is an economist. He had served successively as the deputy director and the director of the Leading Cadres Section of the Personnel Department (Organization Department of the Party Committee) of GRGC, the deputy director (head) of the Personnel Department (Organization Department of the Party Committee) of GRGC, the deputy secretary of the Party Committee of Guangzhou East Station of the Company, and the secretary and the deputy stationmaster of the Party Committee and the deputy stationmaster of Guangzhou East Station. He is currently the Deputy Secretary of the Party Committee, and the Secretary of the Discipline Inspection Commission of the Company.

Name	Biography
Tang Xiangdong	Mr. Tang, male, born in September 1968, is the Chairman of Labor Union, Deputy General Manager and the Secretary of the Board of the Company. Mr. Tang holds a bachelor's degree and an MBA degree, and is a senior accountant. He had served as the Office Supervisor of the Revenue Settlement Center, the Director of the Finance Department, the Chief Accountant, the Deputy General Manager and the Secretary of the Board of the Company. He is currently the Chairman of Labor Union, Deputy General Manager and the Secretary of the Board of the Company.
Huang Wu	Mr. Huang, male, born in October 1970, is the Deputy General Manager of the Company. Mr. Huang holds a bachelor's degree and a master's degree in engineering and is an economist. Mr. Huang had served as the deputy director of the Talent Exchange and Training Center of the Cadre Department (Party Committee Cadre Department) of GRGC, the section chief of the General Section of the Personnel Department (Organization Department of the Party Committee), the deputy director of the Road Protection and Joint Defense (Political and Legal Comprehensive Management) Office, the director of the Political and Legal Comprehensive Management (Road Protection and Joint Defense) Office, the director of the Human Defense and Preparedness Department (People's Armed Forces Department), the director (head) of the Protection Department (People's Armed Forces Department) and the director of the Political and Legal Affairs Office of GRGC. He is currently the Deputy General Manager of the Company.
Yang Yijian	Mr. Yang, male, born in December 1966, is the Deputy General Manager of the Company. Mr. Yang holds a doctorate degree and is a senior political officer. Mr. Yang had served as the secretary of the Party Committee Office of GRGC, the director of the Party Committee Office of the Company, the secretary of the Party Committee and the secretary of the Discipline Inspection Commission of Shenzhen Civil Engineering Company, the director of the Material and Real Estate Department of the Company, the director of the Material and Real Estate Management Office of the Company's Comprehensive Service Center, the director of the Board Secretariat and the director of the Investor Relations Department of the Company, the secretary of the Party Branch of the Construction Command of Guangzhou Xinke Station (Foshan West Station) of GRGC, the secretary of the Party Committee and the deputy commander of the Jiangmen Construction Command of GRGC, and the secretary of the Party Committee and the deputy commander of the Shenzhen Construction Command of GRGC. He is currently the Deputy General Manager of the Company.

(2) Engagements of Directors and senior management (current and resigned during the reporting period)

1. Engagements in shareholders

✓ Applicable Not applicable

Name of personnel	Name of shareholder	Position at shareholder	Beginning of engagement	End of engagement
Jiang Hui	GRGC	Secretary of the Party Committee, Chairman of the Board	October 2024	To present
Zhong Ning	GRGC	Deputy General Manager, Head of the Audit Department	April 2025	To present
Li Danjiang	GRGC	Director of the Transportation Department	May 2025	To present
Luo Jinglun (Resigned)	GRGC	Head of the Audit Department	August 2023	April 2025
Hu Dan (Resigned)	GRGC	Director of the Planning and Statistics Department	September 2025	To present
		Director of the Science and Technology Department	May 2025	September 2025
		Director of the Transportation Department	July 2020	May 2025
Zhang Zhe (Resigned)	GRGC	Director of the Passenger Transport Department	April 2019	To present

2. Engagements in other companies

✓ Applicable □ Not applicable

Name of personnel	Name of company	Position at company
Jiang Hui	Xiashen Railway Guangdong Company Limited, Qian Zhang Chang Railway Company Limited, Huai Shao Heng Railway Co., Ltd., Guangzhou-Shenzhen-Hong Kong Express Rail Link Company Limited	Chairman of the Board
Zhong Ning	Hunan Railway Company Limited, Wuhan-Guangzhou Passenger Railway Line Co., Ltd.	Vice Chairman of the Board
Li Danjiang	Hukun Passenger Railway Line (Hunan) Company Limited Shenzhen Pingnan Railway Company Limited	Director Vice Chairman of the Board
Tang Xiaofan	Guangzhou Zhonghui Jianyuan Investment Partnership (LP) (廣州中匯建元投資合夥企業(有限合夥))	Partner
Qiu Zilong	Shenzhen Changshang Investment Management Co., Ltd. Shenzhen Beida Soft Bank Investment Corporation Limited	General Manager Director
Wang Qin	Centennial Chishui (Hong Kong) Wine Company Limited Hong Kong Famous Brand Technology Limited	General Manager Honorary Director
Huang Wu	The Hong Kong Jiangsu Association Shenzhen Pinghu Qun Yi Railway Store Loading and Unloading Company Limited	Vice President Executive Director
Luo Jinglun (Resigned)	Shenzhen Guangzhou Railway Civil Engineering Company Sichuan-Tibet Railway Co., Ltd.	Director Chief Financial Officer
Hu Dan (Resigned)	Hukun Passenger Railway Line (Hunan) Company Limited, Qian Zhang Chang Railway Company Limited, Huai Shao Heng Railway Co., Ltd., Wuhan-Guangzhou Passenger Railway Line Co., Ltd., Nanning-Guangzhou Railway Company Limited, Guiyang-Guangzhou Railway Company Limited	Director

(3) Remuneration of Directors and senior management

✓ Applicable Not applicable

Decision-making procedure of the remuneration of Directors and senior management	The Company did not pay separate Directors' remuneration to Directors other than Independent Directors. The Directors' remuneration of Independent Directors shall be proposed by the Remuneration Committee of the Board, which shall be submitted to the shareholders' general meeting for review and approval after being reviewed and approved by the Board; the remuneration of senior management shall be decided by the Board after being proposed by the Remuneration Committee of the Board.
Whether the directors recuse themselves from discussions on their own remuneration at the Board meeting	No
Details of recommendations issued by the Remuneration and Appraisal Committee or the Specialized Meeting of Independent Directors on matters relating to the remuneration of the Directors and senior management	On 13 March 2022, the Remuneration Committee of the Board of the Company held its first meeting of 2023, at which it reviewed and approved the proposed remuneration standards (pre-tax) for Independent Directors of the Board and recommended that the proposal be submitted to the Board for review and approval. On 26 March 2025, the Remuneration Committee of the Board of the Company held its first meeting of 2025, at which it reviewed and approved the results of the performance appraisal for the Company's senior management in 2024.
Basis for determination of the remuneration of the Directors and senior management	The Company did not pay separate Directors' remuneration to Directors other than Independent Directors. The Directors' remuneration of Independent Directors shall be determined after taking into account factors such as the relevant national regulations, the remuneration packages of similar companies, the time commitment and the performance of duties of Directors. The senior management's remuneration shall be determined based on the annual operation performance appraisal of the Company, taking into account factors such as their respective positions, the Company's operating conditions, and industry remuneration packages.
Actual payment of remuneration of Directors and senior management	Please refer to "Changes in shareholdings and remunerations of Directors and senior management (current and resigned during the reporting period)" in this chapter. As far as the Company is aware, as of the date of publication of this report, the Company had no arrangements under which the Directors and senior management had waived or agreed to waive any remuneration.

Total actual amount of remuneration received by all of the Directors and senior management at the end of the reporting period	RMB4,604,193.
Performance criteria and fulfilment determining the actual amount of remuneration received by all of the Directors and senior management at the end of the reporting period	The Company did not pay separate Directors' remuneration to Directors other than Independent Directors. The Directors' remuneration of Independent Directors is not subject to performance appraisal. The senior management's remuneration shall be determined through an annual appraisal in accordance with the provisions of the Company's Business Performance Assessment Measures
Deferred payment arrangements relating to the actual amount of remuneration received by all of the Directors and senior management at the end of the reporting period	Not applicable.
Cessation of payment recovery arrangements relating to the actual amount of remuneration received by all of the Directors and senior management at the end of the reporting period	Not applicable.

(4) Changes in Directors and senior management

✓ Applicable Not applicable

Name	Position(s)	Change(s)	Reason(s) for the changes
Zhong Ning	Non-executive Director	Elected	Work re-arrangement
Li Danjiang	Non-executive Director	Elected	Work re-arrangement
Liu Qiyi	Employee Representative Director	Elected	Adjustment of the structure of Board members
Luo Jinglun (Resigned)	Non-executive Director	Departure from office	Work re-arrangement
Hu Dan (Resigned)	Non-executive Director	Departure from office	Work re-arrangement
Zhang Zhe (Resigned)	Non-executive Director	Departure from office	Adjustment of the structure of Board members
Luo Xinpeng (Resigned)	Chief Accountant	Departure from office	Retirement

On 4 December 2025, Ms. Zhong Ning and Mr. Li Danjiang were appointed as Non-executive Directors of the Company, and Mr. Liu Qiyi was appointed as Employee Representative Director of the Company. Ms. Zhong Ning, Mr. Li Danjiang and Mr. Liu Qiyi obtained the legal opinion referred to in Rule 3.09D of the Listing Rules on 3 December 2025, and confirmed their understanding of their responsibilities as a director.

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

Applicable Not applicable

(6) Other information on Directors and senior management**1. Equity interests of Directors or Chief Executives**

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

During the reporting period, none of the Company or its subsidiaries had entered into any arrangement such that the Company's Directors 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 Sections 2 and 3 of Part XV of the SFO.

2. Service contracts of Directors

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

3. Interests of Directors in contracts

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

V. PERFORMANCE OF DUTIES BY DIRECTORS

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

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

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

Applicable Not applicable

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

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

Applicable Not applicable

(3) Attendance at the meetings of special committees of the Board by Directors

Name of Director	Whether the Director is an Independent Director	Position held in the special committees	Attendance (Number of meetings attended/total number of meetings)			
			Audit Committee	Nomination Committee	Remuneration Committee	Special Meeting of Independent Director
Jiang Hui	No	Nomination Committee, Remuneration Committee	Not applicable	2/2	2/2	Not applicable
Chen Shaohong	No	Nomination Committee, Remuneration Committee	Not applicable	2/2	2/2	Not applicable
Tang Xiaofan	Yes	Audit Committee, Nomination Committee, Remuneration Committee	6/6	2/2	2/2	2/2
Qiu Zilong	Yes	Audit Committee, Nomination Committee, Remuneration Committee	6/6	2/2	2/2	2/2
Wang Qin	Yes	Audit Committee, Nomination Committee, Remuneration Committee	6/6	2/2	2/2	2/2
Li Danjiang	No	Audit Committee	/	Not applicable	Not applicable	Not applicable
Liu Qiyi	No	Audit Committee	/	Not applicable	Not applicable	Not applicable

(4) Performance of duties by Independent Directors

During the reporting period, the Company convened a total of 2 shareholders' general meetings, 6 Board meetings, 6 meetings of the Audit Committee, 2 meetings of the Nomination Committee, 2 meetings of the Remuneration Committee and 2 special meetings of Independent Directors. All Independent Directors attended every meeting in person. For details, please refer to "Attendance at Board meetings and shareholders' general meetings by Directors" and "Attendance at the meetings of special committees of the Board by Directors" in this chapter.

The 3 Independent Directors of the Company serves as the chairmen or members in the special committees under the Board. The chairmen of the Audit Committee, Nomination Committee and Remuneration Committee are all held by Independent Directors, and Independent Directors accounted for more than half of the members of the Audit Committee, Nomination Committee and Remuneration Committee.

During the reporting period, the Company's Independent Directors strictly adhered to the relevant provisions set out in the Articles and the Company's Work Rules of Independent Directors (《公司獨立董事工作制度》). They fully discharged their duties as Independent Directors, regularly reviewed and monitored the Company's financial position and operational performance, actively attended relevant meetings, and carefully examined meeting agendas and supporting materials. They conducted prior reviews of matters relating to financial reports, annual reports, internal control reports, the appointment of accounting firms, the nomination of directors and related-party transactions, thereby fully fulfilling their roles as Independent Directors and striving to safeguard the overall interests of the Company and the legitimate rights and interests of all shareholders, especially minority shareholders.

During the reporting period, the Company's Independent Directors had no objection to the resolutions/matters discussed by the Board or special committees of the Company. There were no instances where they independently engaged intermediaries to audit, advise on or verify specific matters of the Company, nor did they propose the convening of a Board meeting or a shareholders' general meeting. For details regarding the annual performance of the 3 Independent Directors, please refer to the Company's performance reports 2025 of the 3 Independent Directors disclosed on the website of the SSE (<http://www.sse.com.cn>), the HKEXnews website of the SEHK (<http://www.hkexnews.hk>) and the Company's website (<http://www.gsrc.com>).

VI. SPECIAL COMMITTEES UNDER THE BOARD

Applicable Not applicable

(1) Members of the special committees under the Board

Type of special committee	Name of member
Audit Committee	Tang Xiaofan (Chairman), Qiu Zilong, Wang Qin, Li Danjiang, Liu Qiyi
Nomination Committee	Qiu Zilong (Chairman), Jiang Hui, Chen Shaohong, Tang Xiaofan, Wang Qin
Remuneration Committee	Tang Xiaofan (Chairman), Jiang Hui, Chen Shaohong, Qiu Zilong, Wang Qin

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

Date	Matters	Key opinions and suggestions	Other performance of duties
20 January 2025	Getting to know the Company's audit work arrangements in the Company's 2024 annual report, getting to know the Company's internal audit work for 2024 and the internal audit work plan for 2025, communicating with the Company's auditors before the audit, and performing the preliminary review of the Company's financial statements for 2024.	Suggesting the Company to provide information to the auditors in a timely manner according to the audit plan, cooperating for the completion of the audit work.	None
11 March 2025	Reviewing the Company's annual financial statements for 2024 for the second time, communicating with the Company's annual audit accountants regarding the audit situation of the financial statements for 2024, and issuing the Audit Supervision Letter to the auditors.	Requiring the auditors to complete the audit work according to the audit plan to ensure that the Company's annual report is disclosed on time.	None
26 March 2025	Reviewing the Company's annual report and financial report for 2024, the internal control evaluation report for 2024, the independent directors' work report for 2024, the Audit Committee's performance report for 2024, the evaluation report on the performance of the accounting firm in 2024, the report on the accounting firm's performance of supervisory responsibilities for 2024, and providing suggestions on the reappointment of the accounting firm for 2025 and its audit fees.	Agreeing to the above report and the reappointment of the accounting firm, and submitting it to the Board for review or external disclosure.	None

Date	Matters	Key opinions and suggestions	Other performance of duties
28 April 2025	Reviewing the Company's financial report for the first quarter of 2025, and listening to the presentation of the Company's management on the business operation in the first quarter of 2025.	Agreeing to the Company's financial report for the first quarter of 2025 and submitting it to the Board for review.	None
27 August 2025	Reviewing the Company's semi-annual financial report for 2025, and listening to the presentation of the Company's management on the business operation in the first half of 2025.	Agreeing to the Company's semiannual financial report for 2025 and submitting it to the Board for review.	None
29 October 2025	Reviewing the Company's financial report for the third quarter of 2025, and listening to the presentation of the Company's management on the business operation in the third quarter of 2025.	Agreeing to the Company's financial report for the third quarter of 2025 and submitting it to the Board for review.	None

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

Date	Matters	Key opinions and suggestions	Other performance of duties
24 September 2025	Reviewing the nomination of Ms. Zhong Ning as the candidate for the director of the Company.	Agreeing to nominate Ms. Zhong Ning as the Director of the Company and submitting it to the Board for review.	None
29 October 2025	Reviewing the nomination of Mr. Li Danjiang as the candidate for the director of the Company.	Agreeing to nominate Mr. Li Danjiang as the Director of the Company and submitting it to the Board for review.	None

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

Date	Matters	Key opinions and suggestions	Other performance of duties
26 March 2025	Reviewing the assessment results for the Company's operating performance in 2024.	Agreeing to the assessment results.	None
27 August 2025	Reviewing the Company's revised Business Performance Assessment Measures.	Agreeing such assessment measures and submitting them to the Board for review.	None

(5) Explanation on the matters with objection

Applicable Not applicable

VII. RISKS IDENTIFIED BY THE AUDIT COMMITTEE IN THE COMPANY

Applicable Not applicable

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

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

(1) Information of employees

Number of current employees of the Company	36,254
Number of current employees of major subsidiaries	15
Total number of current employees	36,269
Number of disengaged and retired employees for whom the parent company and major subsidiaries shall be liable to expenses	15
Professional Constitution	
Category of Professional Constitution	Number of Professionals
Passenger, freight transportation and transit operation personnel	16,178
Engineering personnel	4,644
Driving personnel	3,149
Public works personnel	2,968
Electricity personnel	1,884
Electricity and water supplies personnel	2,304
Building construction personnel	1,251
Various operations and other employees of subsidiaries	88
Technical and administrative personnel	3,803
Total	36,269
Education level	
Category of Education Level	Number of Person
Postgraduate or above	189
University graduate	5,334
College for professional training	17,335
Other (secondary vocational school, high school and vocational technical school, etc.)	13,411
Total	36,269

(2) Remuneration policy

✓ Applicable Not applicable

Salary for the Company's staff mainly comprises basic salary, performance-based salary and benefit plans. The basic salary includes salary in respect of the position, salary in respect of skills and various allowances and subsidies accounted for under salary payable in accordance with regulations. Performance-based salary refers to salary calculated on the basis of economic benefits and social benefits, or piece-rate pay calculated on the basis of workload, or performance-based salary calculated on the basis of job performance. Benefit plans include various social insurance and housing funds paid as required by relevant policies. Please refer to Note (V19) to the financial statements for the total wages and benefits paid by the Company to its employees during the reporting period.

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

(3) Retirement plan

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

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

(4) Training plan

Applicable Not applicable

During the reporting period, the Company had a total of 92 occupational education management personnel and a total of 741,813 people participated in various vocational trainings, which mainly include training on safety regulations, training on job standardization, adaptability, qualification and continuing education. The annual training plan of the Company for the year was 100% completed and the training expenses amounted to approximately RMB97.7857 million.

(5) Labor outsourcing

Applicable Not applicable

IX. PLANS FOR PROFIT DISTRIBUTION OR COMMON RESERVE CAPITALIZATION

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

Applicable Not applicable

Pursuant to the related requirements of the "Supervisory Guidelines for Listed Companies No. 3 – Cash Dividends for Listed Companies" (《上市公司監管指引第 3 號 – 上市公司現金分紅》) and "Guidelines on the Articles of Association of Listed Companies" (《上市公司章程指引》) by CSRC, the Company amended provisions related to profit distribution in the Articles. The amended Articles clearly stipulate the standards, percentages and related decision-making procedures for cash dividend distribution by the Company, and the detailed conditions, decision-making procedures and mechanisms for adjustments to the profit distribution policy by the Company, which will provide systematic guarantee for the due diligence of the Independent Directors, the full expression of the minority shareholders' demands, and full protection of the legal interests of minority shareholders.

The principal requirements of cash dividends under the profit distribution policy of the Company are: where the conditions for cash dividend distribution are met, the Company, principally, shall distribute dividends in cash once a year. The profit distributed in cash by the Company shall not be less than 30% of the distributable profits realized in the relevant year, and the accumulated profits distributed in cash of the Company within any three consecutive years shall not be less than 30% of the three-year annual average distributable profits. The Company may distribute interim cash dividends. When the Company convenes the annual general meeting to consider the annual profit distribution plan, it may also consider and approve the conditions, upper limit ratio, and amount for the interim cash dividends of the next year. The upper limit for interim dividends of the next year considered at the annual general meeting should not exceed the net profits attributable to the shareholders of the listed company for the corresponding period. The Board of Directors shall formulate a specific interim dividend distribution plan based on the resolution of the shareholders' general meeting, provided that it complies with the conditions for profit distribution.

The Company has consistently adhered to a sustained and stable profit distribution policy, emphasized reasonable returns to investors and strived for the sustainable development of the Company. In 2025, the Company implemented the cash dividend for 2024, distributing a cash dividend of RMB0.07 per share, totaling approximately RMB496 million. Since its listing in 1996, the Company has cumulatively distributed cash dividends of about RMB13.2 billion, with a dividend distribution ratio of 62.71%.

(2) Specific explanation on cash dividend policy

Applicable Not applicable

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

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

Applicable Not applicable

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

Applicable Not applicable

	(Unit: RMB)
Number of bonus shares for every 10 shares (share)	0
Amount of dividend for every 10 shares (tax included)	0.90
Number of shares converted for every 10 shares (share)	0
Amount of cash dividend (tax included)	637,518,330
Net profit attributable to ordinary shareholders of the Company in the consolidated financial statement	1,425,789,018
Ratio of cash dividend amount to net profit attributable to ordinary shareholders of the Company in the consolidated financial statement (%)	44.71
The amount of cash used for the Share repurchase which was included in cash dividend	0
Total amount of cash dividend (tax included)	637,518,330
Ratio of total dividend amount to net profit attributable to ordinary shareholders of the Company in the consolidated financial statement (%)	44.71

(5) Cash dividends for the last three fiscal years

Applicable Not applicable

	(Unit: RMB)
Cumulative amount of cash dividends distributed in recent three fiscal years (including tax) (1)	1,629,213,510
Cumulative amount of repurchases and cancellations in recent three fiscal years (2)	0
Cumulative amount of cash dividends distributed and repurchases and cancellations in recent three fiscal years (3) = (1) + (2)	1,629,213,510
Annual average net profit in recent three fiscal years (4)	1,181,413,109
Cash dividend ratio in recent three fiscal years (%) (5) = (3)/(4)	137.90
Net profit attributable to the ordinary shareholders of the listed company in the consolidated financial statements for recent one fiscal year	1,425,789,018
Retained earnings at the end of the year in the Company's financial statements in recent one fiscal year	5,632,259,689

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

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

Applicable Not applicable

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

Applicable Not applicable

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

Applicable Not applicable

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

✓ Applicable Not applicable

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

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

✓ Applicable Not applicable

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

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

During the reporting period, the Board of the Company continued to comply with the relevant domestic and overseas requirements, and carried out a self-assessment of the effectiveness of its internal control. For details of the assessment report, please refer to the Report on Internal Control 2025 disclosed on the website of SSE (<http://www.sse.com.cn>), the HKEXnews website of SEHK (<http://www.hkexnews.hk>) and the website of the Company (<http://www.gsrc.com>).

Explanation on significant deficiencies in internal control during the reporting period

Applicable Not applicable

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

Applicable Not applicable

To ensure the achievement of the Company's overall operational objectives, effectively mitigate operational risks, strengthen the management of its controlled subsidiaries, and safeguard the interests of the shareholders of the Company, it exercised control over the subsidiaries through equity control relationships. The Company has established management systems, including the Investment Management System, to regulate and oversee the operations of its controlled subsidiaries in areas such as corporate governance, management of major matters, financial budgeting and final accounts, and gains on equity investments. Meanwhile, the Company strengthened the monitoring and assessment of operational risks at its controlled subsidiaries, providing guidance in accordance with regulations to help the controlled subsidiaries establish and improve their management systems, thereby effectively mitigating management risks at the controlled subsidiaries.

Risk warning regarding anomalies in the management and control of subsidiaries

Applicable Not applicable

XIII. INFORMATION ON THE AUDIT REPORT ON INTERNAL CONTROL

Applicable Not applicable

Deloitte Touche Tohmatsu Certified Public Accountants LLP has assessed the efficacy of the internal control system related to the financial reporting by the Board, and has issued an unqualified audit report. For details of the audit report, please refer to the 2025 Audit Report of Internal Control disclosed on the website of SSE (<http://www.sse.com.cn>), the HKEXnews website of SEHK (<http://www.hkexnews.hk>) and the website of the Company (<http://www.gsrc.com>).

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

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

Was a non-standard audit opinion on internal control issued during the reporting period or the previous year?

Yes No

XIV. RECTIFICATION OF PROBLEMS IDENTIFIED DURING THE SELF-EXAMINATION UNDER THE SPECIAL ACTION ON THE CORPORATE GOVERNANCE OF LISTED COMPANIES

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

XV. INCLUSION OF THE COMPANY OR MAJOR SUBSIDIARIES IN THE LIST OF ENTERPRISES REQUIRED TO DISCLOSE ENVIRONMENTAL INFORMATION IN ACCORDANCE WITH THE LAW AND THEIR ENVIRONMENTAL INFORMATION

Applicable Not applicable

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

1

No.	Enterprises 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

XVI. INFORMATION ON THE WORK TO FULFILL SOCIAL RESPONSIBILITIES

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

Applicable Not applicable

During the reporting period, the Company had no major environmental protection or other major social security issues. For the performance of the Company's social responsibilities in transportation safety, environmental protection, social welfare and other aspects during the reporting period, please refer to the Sustainability Report 2025 disclosed by the Company on the website of SSE (<http://www.sse.com.cn>) and the HKEXnews website of SEHK (<http://www.hkexnews.hk>) and the website of the Company (<http://www.gsrc.com>).

(2) Social responsibility work

Applicable Not applicable

Please refer to the Sustainability Report 2025 disclosed by the Company on the website of SSE (<http://www.sse.com.cn>), the HKEXnews website of SEHK (<http://www.hkexnews.hk>) and the website of the Company (<http://www.gsrc.com>).

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

Applicable Not applicable

Please refer to the Sustainability Report 2025 disclosed by the Company on the website of SSE (<http://www.sse.com.cn>), the HKEXnews website of SEHK (<http://www.hkexnews.hk>) and the website of the Company (<http://www.gsrc.com>).

XVIII. CORPORATE GOVERNANCE REPORT (DISCLOSED IN ACCORDANCE WITH THE LISTING RULES OF SEHK)

Applicable Not applicable

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

(1) Corporate goal, strategy and governance

1. Corporate strategy, business model and culture

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

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

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

2. Corporate governance function

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

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

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

(2) Composition and Nomination of the Board

1. Composition, succession and appraisal of the Board

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

As of the date of this report, the Board of the Company comprised Jiang Hui, Chen Shaohong and Zhou Shangde as Executive Directors, Zhong Ning, Li Danjiang and Liu Qiyi (Employee Representative Director) as Non-executive Directors, and Tang Xiaofan, Qiu Zilong and Wang Qin as Independent Non-executive Directors. The members of the Board have various industry backgrounds and maintain diversity in terms of various aspects including experience, skills and judgment, allowing the Board to analyse and discuss issues from different perspectives and make decisions in a more cautious and careful manner.

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

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

During the reporting period, the Board of the Company comprises 3 Independent Non-executive Directors, representing no less than one-third of the number of members of the Board, which complies with the relevant requirements. The Board confirmed the receipt from each of the Independent Non-executive Directors a confirmation letter in regards to his or her independence pursuant to Rule 3.13 of the Listing Rules of SEHK. The Board considered that the existing Independent Non-executive Directors have not held any position other than Independent Director in the Company, nor have held any position in the Company's major shareholder units, and have no interest in the Company and major shareholders or other relationships that may hinder his or her independent and objective judgment. All Independent Non-executive Directors complied with the relevant guidance set out in Rule 3.13 of the Listing Rules of SEHK and still considered the existing Independent Non-executive Directors to be independent.

2. Appointment, re-election and removal

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

3. Nomination Committee

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

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

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

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

4. Diversity

(1) Board diversity policy

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

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

Gender	Male: 7 Female: 2
Age	45-50: 1 51-55: 5 56-60: 3
Position	Executive Directors: 3 Non-executive Directors: 3 Independent Non-executive Directors: 3
Region	Mainland China: 8 Hong Kong: 1
Cultural and educational background	Masters: 3 Undergraduates: 6
Industry and professional experience	Accounting and finance: 3 Corporate management: 2 With experience related to the Company's business: 4

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

(2) Gender diversity of staff

The Company has been committed to the gender diversity of all staff (including senior management), and strives to achieve gender diversity and gender equality among the staff. As at the end of the reporting period, the total number of staff (including senior management) in the Company was 36,269, of which 76.18% (27,629) were male and 23.82% (8,640) were female. With consideration of the Company's industry characteristics, after review, the Company had achieved gender diversity of the staff during the reporting period.

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

1. Responsibilities of Directors

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

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

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

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

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

The Company places high importance on the continuing training of the Directors. Upon joining the Board, each Director receives materials on training of directors which contains guidance on conduct and other important matters related to governance. Apart from this, the Company provides the latest Directors' responsibilities handbook to all Directors to inform them of the latest requirements and amendments of the Listing Rules, and encourages all Directors to participate in related training courses and documents the training record of the Directors. During the reporting period, Ms. Zhong Ning, Mr. Li Danjiang and Mr. Liu Qiyi, the newly appointed directors of the Company, had attended the relevant training conducted by Hong Kong Law Firms and obtained the legal opinions required under Rule 3.09D of the Listing Rules of SEHK prior to their appointment taking effect. Tang Xiangdong, the Board secretary of the Company, attended the Follow-up Training of the Listed Company Board Secretaries organized by the SSE.

2. *Chairman and Chief Executive Officer*

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

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

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

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

3. Management function

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

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

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

4. Committees under the Board

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

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

5. Rules of procedure for the Board of Directors and provision of and access to data

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

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

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

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

6. Company Secretary

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

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

(4) Audit, internal control and risk management

1. Financial reporting

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

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

The responsibility statements of the Directors and the auditors in respect of the preparation of the financial statements of the Company are set out in the "Audit Report" in Chapter 8 "Financial Statements" in this annual report.

2. Risk management and internal controls

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

The Board is responsible for continuous supervision of the Company's risk management and internal control system and reviews the efficiency of the internal control systems of the Company and its subsidiaries at least once a year. During the reporting period, the Board reviewed the soundness and effectiveness of the Company's internal control system and issued a self-evaluation report on internal control. The content of the review included but was not limited to the relevant code provisions set out in the Corporate Governance Code in Appendix C1 to the Listing Rules of the SEHK. In addition, the Company also engaged auditors to audit the effectiveness of internal control related to the Company's financial reports and provide independent and objective evaluations and suggestions in the form of audit reports. For the construction of the Company's internal control and risk management system, the responsibility statement of the Board, self-evaluation, major defects (if any) and audit status, please refer to the relevant content of internal control in this chapter and the 2025 Evaluation Report on Internal Control and the Audit Report on Internal Control disclosed by the Company.

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

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

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

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

3. Audit Committee

The Board has established the Audit Committee, whose members are appointed by the Board and the majority of which are Independent Directors, currently consisting of three Independent Non-executive Directors, one Non-executive Director and one Employee Representative Director, with an Independent Director as the Chairman of the committee. All members of the Audit Committee have appropriate academic and professional qualifications or relevant financial management skills. Mr. Tang Xiangdong, Secretary to the Company's Board, is the secretary to the Audit Committee.

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

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

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

The 2025 financial statements and annual report of the Company have been reviewed by the Audit Committee.

4. Auditor's remuneration and auditor-related matters

During the reporting period, the Company appointed Deloitte Touche Tohmatsu Certified Public Accountants LLP as its auditor. As of the end of the reporting period, the Company's auditor has served a term of two years. The rotation of people in charge of auditing affairs and endorsing certified public accountant is in compliance with the China's CPA Independence Standard No. 1 – Requirements for Independence of Financial Statement Audit and Review Business (Cai Kuai [2024] No. 29) of the Ministry of Finance of the PRC.

During the reporting period, the Company paid the auditor a remuneration of RMB3 million (including an internal control audit fee of RMB0.30 million) for the audit business, without non-audit business incurred.

(5) The Remuneration Committee and Remuneration

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

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

During the reporting period, the Remuneration Committee held 2 meetings, where all members attended in person, to examine the assessment results of the Company's operating performance for 2024 and review the Company's revised Business Performance Assessment Measures.

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

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

(6) Shareholder engagement

1. Effective communication

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

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

(1) Information disclosure

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

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

(2) Shareholder communication policy

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

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

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

(3) Shareholders' returns

Since its listing, the Company has always insisted on rendering returns to shareholders. During the reporting period, the Company implemented the cash dividend for 2024, has distributed cash dividends of RMB0.07 per share, totaling cash dividends of approximately RMB496 million, with an aggregate cash dividend amount of approximately RMB13.2 billion since its listing in 1996, and a dividend distribution rate of 62.71%. For details of the Company's cash dividend policy, please refer to the "Plans for Profit Distribution or Common Reserve Capitalization" in this chapter.

(4) Changes in the Articles of Association

On 4 December 2025, the Company convened the 2025 First Extraordinary General Meeting to consider and approve the amendments to the Articles of Association. For details of amendments of articles, please refer to the announcement in relation to the Amendments to the Articles of Association and Attachments and Abolishment of the Supervisory Committee published by the Company on the website of SSE (<http://www.sse.com.cn>) on 26 September 2025 and the shareholders' circular in relation to 2025 First Extraordinary General Meeting published by the Company on the HKEXnews website of the SEHK (<http://www.hkexnews.hk>) on 17 November 2025.

2. Shareholders' General meetings

The Company encourages all shareholders to attend the shareholders' general meetings. During the reporting period, a total of 2 shareholders' general meetings were held by the Company. For details, please refer to the "Summary of Shareholders' General Meetings" in this chapter.

The Company serves a notice of at least 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 shareholders' general meeting for consideration is put forth respectively as a separate resolution. In accordance with the requirements of the Articles, two or more shareholders holding, in aggregate, 10% or more of the shares of the Company carrying the right to vote at the meeting sought shall have the right, by delivery of one or more written requests signed in counterparts through mail or electronic mail to the Board or the company secretary, to require an extraordinary general meeting or a class meeting to be called by the Board for the business specified in such request. The Board shall proceed as soon as possible to convene an extraordinary general meeting or a class meeting after receiving such request. Shareholders individually or collectively holding over 1% of the shares of the Company carrying the right to vote at the meeting sought shall have the right, by delivery of one or more written requests signed in counterparts through mail or electronic mail to the Board or the company secretary, to require the proposal set forth in the written request to be considered at the meeting sought.

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

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

Chapter 5

Matters of Importance

I. FULFILLMENT OF COMMITMENTS

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

Applicable Not applicable

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

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

Achieved Not achieved Not applicable

(3) Performance commitment

Applicable Not applicable

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

Applicable Not applicable

III. ILLEGAL GUARANTEE

Applicable Not applicable

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

Applicable Not applicable

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

Applicable Not applicable

VI. ENGAGEMENT AND DISMISSAL OF ACCOUNTING FIRM

(Unit: RMB ten thousand)

Currently engaged	
Name of accounting firm	Deloitte Touche Tohmatsu Certified Public Accountants LLP
Remuneration of accounting firm	270
Term of engagement of accounting firm (years)	2
Names of certified public accountants in accounting firm	Huang Tianyi, Chen Wanlin
Cumulative number of years of audit services provided by certified public accountants of accounting firm	2

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

Explanation of the changes of the accounting firms during the past three years:

PricewaterhouseCoopers Zhong Tian LLP and PricewaterhouseCoopers, the original accounting firms engaged by the Company, have served it over the maximum consecutive number of years as stipulated in the Administrative Measures for State-owned Enterprises and Listed Companies to Select and Engage Accounting Firms (Cai Kuai [2023] No. 4) jointly issued by the Ministry of Finance of the People's Republic of China, the State-owned Assets Supervision and Administration Commission of the State Council and the China Securities Regulatory Commission. For the purpose of independence and objectivity of auditing, the accounting firm engaged by the Company was changed to Deloitte Touche Tohmatsu Certified Public Accountants LLP, considered and approved at the Company's 2023 Annual General Meeting held on 18 June 2024.

VII. RISK OF DELISTING

Applicable Not applicable

VIII. BANKRUPTCY AND RESTRUCTURING

Applicable Not applicable

IX. MATERIAL LITIGATION AND ARBITRATION

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

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

Applicable Not applicable

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

Applicable Not applicable

XII. MATERIAL RELATED PARTY (CONNECTED) TRANSACTIONS

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

Applicable Not applicable

To facilitate the operations of the Company, the Company entered into a comprehensive service framework agreement with CSRG (including GRGC and its subsidiaries) on 28 September 2022 for a term of three years from 2023 to 2025, which has been approved by the independent shareholders at the extraordinary general meeting of the Company on 6 December 2022. To ensure the smooth running of the Company's daily operations, the Company entered into a three-year comprehensive service framework agreement for a term of three years from 2026 to 2028 with CSRG on 25 September 2025, which has been approved by the independent shareholders at the extraordinary general meeting of the Company on 4 December 2025. As the largest shareholder holding 37.12% shares of the Company, GRGC is the Company's controlling shareholder according to the Listing Rules, and CSRG is the de facto controller of the Company, and is, therefore, a related (connected) party of the Company.

The related (connected) party transactions related to daily operations entered into by the Company during the reporting period are set out in Note (XI5) to the financial statements. The Company confirms that these transactions constitute related (connected) transactions (including continuing related (connected) transactions) described under Chapter 14A of the Listing Rules of SEHK, have complied with the rules and requirements of Chapter 14A of the Listing Rules of SEHK, and have been implemented in accordance with the comprehensive service framework agreement entered into between the Company and CSRG and strictly complied with the pricing principles of the relevant transactions.

1. Transactions in relation to purchase of goods and receipt of services

(Unit: RMB)

Parties	Related party (connected) relationship	Type of transaction	Description of transaction	Basis of pricing	Amount of transaction
GRGC and its subsidiaries	Controlling shareholder and its subsidiaries	Receipt of services	Receipt of railway network settlement services provided by GRGC and its subsidiaries	Settled according to the prices determined by CSRG	4,667,281,053
GRGC and its subsidiaries	Controlling shareholder and its subsidiaries	Receipt of services	Train services provided by GRGC and its subsidiaries	By consultation according to full cost pricing, or settled according to the prices determined by CSRG	1,280,639,849
GRGC and its subsidiaries	Controlling shareholder and its subsidiaries	Purchase of goods	Purchase of materials and supplies from GRGC and its subsidiaries	Pricing based on agreement	817,439,232
GRGC and its subsidiaries	Controlling shareholder and its subsidiaries	Receipt of services	Repair and maintenance services provided by GRGC and its subsidiaries	By consultation according to full cost pricing	794,731,640
GRGC and its subsidiaries	Controlling shareholder and its subsidiaries	Receipt of services	Receipt of construction work services provided by GRGC and its subsidiaries	Based on fixed budget amount approved for national railway works	294,255,137
GRGC and its subsidiaries	Controlling shareholder and its subsidiaries	Receipt of services	Leasing services provided by GRGC and its subsidiaries	Pricing based on agreement	385,510,748
Associates	Associates	Receipt of services	Receipt of construction work services provided by associates	Based on fixed budget amount approved for national railway works	42,068,499
Associates	Associates	Receipt of services	Repair and maintenance services provided by associates	By consultation according to full cost pricing	189,687
Associates	Associates	Receipt of services	Train services provided by associates	By consultation according to full cost pricing, or settled according to the prices determined by CSRG	26,579
CSRG and its subsidiaries	De facto controller and its subsidiaries	Receipt of services	Receipt of railway network settlement services provided by CSRG and its subsidiaries	Settled according to the prices determined by CSRG	1,571,273,462
CSRG and its subsidiaries	De facto controller and its subsidiaries	Receipt of services	Train services provided by CSRG and its subsidiaries	By consultation according to full cost pricing, or settled according to the prices determined by CSRG	87,720,905
CSRG and its subsidiaries	De facto controller and its subsidiaries	Purchase of goods	Purchase of materials and supplies from CSRG and its subsidiaries	Pricing based on agreement	40,280,132
CSRG and its subsidiaries	De facto controller and its subsidiaries	Receipt of services	Receipt of construction work services provided by CSRG and its subsidiaries	Based on fixed budget amount approved for national railway works	16,744,506
CSRG and its subsidiaries	De facto controller and its subsidiaries	Receipt of services	Repair and maintenance services provided by CSRG and its subsidiaries	By consultation according to full cost pricing	11,716,413
CSRG and its subsidiaries	De facto controller and its subsidiaries	Receipt of services	Leasing services provided by CSRG and its subsidiaries	Pricing based on agreement	1,922,260,522

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

(Unit: RMB)

Parties	Related party (connected) relationship	Type of transaction	Description of transaction	Basis of pricing	Amount of transaction
GRGC and its subsidiaries	Controlling shareholder and its subsidiaries	Provision of services	Provision of train services and railway operation services to GRGC and its subsidiaries	Train services: By consultation according to full cost pricing, or settled according to the prices determined by CSRG; Railway operation service: Based on agreement according to cost plus pricing	6,703,296,633
GRGC and its subsidiaries	Controlling shareholder and its subsidiaries	Provision of services	Provision of railway network settlement services to GRGC and its subsidiaries	Settled according to the prices determined by CSRG	2,058,454,579
GRGC and its subsidiaries	Controlling shareholder and its subsidiaries	Sales of goods	Sales of materials and supplies to GRGC and its subsidiaries and other services	Pricing based on agreement	77,249,360
GRGC and its subsidiaries	Controlling shareholder and its subsidiaries	Provision of services	Provision of construction work services to GRGC and its subsidiaries	Based on fixed budget amount approved for national railway works	53,956,274
Associates	Associates	Sales of goods	Sales of materials and supplies to associates	Pricing based on agreement	5,677,500
Associates	Associates	Provision of services	Provision of train services to associates	By consultation according to full cost pricing, or settled according to the prices determined by CSRG	3,424,237
CSRG and its subsidiaries	De facto controller and its subsidiaries	Provision of services	Provision of railway network settlement services to CSRG and its subsidiaries	Settled according to the prices determined by CSRG	2,892,311,902
CSRG and its subsidiaries	De facto controller and its subsidiaries	Provision of services	Provision of railway operation services to CSRG and its subsidiaries	Based on agreement according to cost plus pricing	1,915,401,500
CSRG and its subsidiaries	De facto controller and its subsidiaries	Provision of services	Provision of truck maintenance services to CSRG and its subsidiaries	Settled according to the prices determined by CSRG	616,441,831
CSRG and its subsidiaries	De facto controller and its subsidiaries	Provision of services	Provision of train services to CSRG and its subsidiaries	By consultation according to full cost pricing, or settled according to the prices determined by CSRG	115,092,749
CSRG and its subsidiaries	De facto controller and its subsidiaries	Provision of services	Provision of construction work services to CSRG and its subsidiaries	Based on fixed budget amount approved for national railway works	313,892,292
CSRG and its subsidiaries	De facto controller and its subsidiaries	Provision of services	Revenue from passenger transportation	Settled according to the prices determined by CSRG	11,337,668,283
CSRG and its subsidiaries	De facto controller and its subsidiaries	Provision of services	Revenue from freight transportation	Settled according to the prices determined by CSRG	1,822,026,226

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

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

4. Confirmation of continuing related (connected) transactions by the auditors

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

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

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

Applicable Not applicable

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

Applicable Not applicable

(4) Related (connected) claims and debts

Applicable Not applicable

(Unit: RMB)

Related (connected) party	Relationship (connections)	Fund provided for related (connected) parties		
		Opening balance	Amount incurred	Closing balance
Zengcheng Lihua Stock Company Limited <i>(Note)</i>	Controlling subsidiary	12,312,317	-	12,312,317
Total		12,312,317	-	12,312,317
Impact on the Company		No material impact on the operating results and financial condition of the Company.		

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

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

Applicable Not applicable

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

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

(7) Other material related (connected) party transactions

Applicable Not applicable

On 30 October 2025, the Company entered into two Easement Agreements with Guangdong Guangshan Railway and Guangzhou Headquarters of GRGC in connection with the construction of the new Guangzhou (Xintang)–Shanwei Railway Project (the “Project”), namely:

- (1) Guangshan Railway Zengcheng Xintang Station Easement Agreement: In connection with the reconstruction works for the tracks and related facilities within Xintang Station of the Guangshen Railway under the Project, the Company (as the dominant owner) is required to use certain land owned by Guangdong Guangshan Railway (as the servient owner) located within Xintang Station, Zengcheng District, Guangzhou. The term of use is 50 years, and the Company shall pay Guangdong Guangshan Railway a one-off consideration of RMB140.5512 million (inclusive of tax) based on the appraised value; and
- (2) Guangshen Railway Zengcheng Section Easement Agreement: In connection with the construction of the parallel section of the Guangshen Railway Zengcheng Section under the Project, Guangdong Guangshan Railway (as the dominant owner) is required to use certain land owned by the Company (as the servient owner) located within Yongning, Xintang and Xiancun Towns of Zengcheng District, Guangzhou. The terms of use are 30.43 years and 50 years, respectively. Guangdong Guangshan Railway has entrusted the construction management unit, GRGC Guangzhou Headquarters, to pay the Company a one-off consideration of RMB208.9367 million (inclusive of tax) based on the appraised value

GRGC holds approximately 37.12% of the issued share capital of the Company and is the controlling shareholder of the Company. Each of Guangdong Guangshan Railway and GRGC Guangzhou Headquarters is an investee company and affiliated unit of GRGC. Pursuant to the domestic and overseas relevant provisions of the Listing Rules, GRGC, Guangdong Guangshan Railway and GRGC Guangzhou Headquarters are related (connected) persons of the Company. Accordingly, the transactions under the Easement Agreements among the Company and GRGC Guangzhou Headquarters constitute related (connected) transactions of the Company under the Listing Rules. As the highest applicable percentage ratio (as defined under Rule 14.07 of the Listing Rules of the Stock Exchange) in respect of the Transactions under the Easement Agreements exceeds 0.1% but is less than 5%, such transactions are subject to the reporting and announcement requirements but are exempt from the circular and independent shareholders’ approval requirements under Chapter 14A of the Listing Rules of the Stock Exchange. For details, please refer to the relevant announcements disclosed by the Company on 30 October 2025 on the website of SSE (<http://www.sse.com.cn>) and the HKEXnews website of SEHK (<http://www.hkexnews.hk>).

XIII. MATERIAL CONTRACTS AND THE IMPLEMENTATION THEREOF

(1) Trust, contracted businesses and leasing affairs

Applicable Not applicable

(2) Guarantees

Applicable Not applicable

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

Applicable Not applicable

(4) Pledges

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

(5) Loan agreements and their performance

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

(6) Other material contracts

Applicable Not applicable

XIV. PROGRESS OF THE USE OF PROCEEDS

Applicable Not applicable

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

Applicable Not applicable

Chapter 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 or to the structure of its share capital.

(2) Changes in shares with selling restrictions

Applicable Not applicable

II. PARTICULARS OF SECURITIES ISSUED AND LISTINGS

Applicable Not applicable

III. PARTICULARS OF SHAREHOLDERS AND DE FACTO CONTROLLER

(1) Total number of shareholders

Total number of ordinary shareholders as of the end of the reporting period	151,751
Total number of ordinary shareholders as of the end of the previous month before the date of disclosure of the annual report	148,889

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

Unit: shares

Name of shareholder (in full)	Particulars of the shareholding of the top ten shareholders (excluding shares lent through refinancing)						Nature of shareholder
	Increase/ decrease during the reporting period	Number of shares held at the end of the period	Percentage (%)	Number of shares held with selling restrictions	Shares pledged, marked or frozen	Status	
China Railway Guangzhou Group Co., Ltd.	-	2,629,451,300	37.12	-	Nil	-	State-owned legal person
HKSCC NOMINEES LIMITED <i>(Note)</i>	213,000	1,418,969,999	20.03	-	Nil	-	Foreign legal person
Lin Naigang	-	124,000,000	1.75	-	Nil	-	Domestic natural person
Hong Kong Securities Clearing Company Limited <i>(Note)</i>	41,270,802	92,425,837	1.30	-	Nil	-	Foreign legal person
Li Wei	56,557,100	75,706,600	1.07	-	Nil	-	Domestic natural person
Agricultural Bank of China Limited — Dacheng Rui Xiang Mixed Securities Investment Fund	-13,800,100	64,198,801	0.91	-	Nil	-	Other
Agricultural Bank of China Limited – CSI 500 Exchange Traded Open-Ended Index Securities Investment Fund	49,865,900	49,865,900	0.70	-	Nil	-	Other
China Everbright Bank Corporation — Dacheng Strategic Return Mixed Securities Investment Fund	2,494,000	48,427,347	0.68	-	Nil	-	Other
Industrial and Commercial Bank of China Limited — Dacheng Competitive Advantage Mixed Securities Investment Fund	6,929,600	46,860,100	0.66	-	Nil	-	Other
China Life Insurance Company Limited – Traditional – Ordinary insurance products – 005L – CT001 Hu	24,589,100	46,150,871	0.65	-	Nil	-	Other

Name of shareholder	Particulars of the shareholding of the top ten shareholders (excluding shares lent through refinancing)		
	Number of shares held without selling restrictions	Class and number of shares	Number
China Railway Guangzhou Group Co., Ltd.	2,629,451,300	RMB ordinary shares	2,629,451,300
HKSCC NOMINEES LIMITED (<i>Note</i>)	1,418,969,999	Overseas listed foreign shares	1,418,969,999
Lin Naigang	124,000,000	RMB ordinary shares	124,000,000
Hong Kong Securities Clearing Company Limited (<i>Note</i>)	92,425,837	RMB ordinary shares	92,425,837
Li Wei	75,706,600	RMB ordinary shares	75,706,600
Agricultural Bank of China Limited – Dacheng Rui Xiang Mixed Securities Investment Fund	64,198,801	RMB ordinary shares	64,198,801
Agricultural Bank of China Limited – CSI 500 Exchange Traded Open-Ended Index Securities Investment Fund	49,865,900	RMB ordinary shares	49,865,900
China Everbright Bank Corporation – Dacheng Strategic Return Mixed Securities Investment Fund	48,427,347	RMB ordinary shares	48,427,347
Industrial and Commercial Bank of China Limited – Dacheng Competitive Advantage Mixed Securities Investment Fund	46,860,100	RMB ordinary shares	46,860,100
China Life Insurance Company Limited – Traditional – Ordinary insurance products – 005L – CT001 Hu	46,150,871	RMB ordinary shares	46,150,871
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》)".		

Note: HKSCC NOMINEES LIMITED represents 香港中央結算(代理人)有限公司 and the H Shares of the Company held by it were held on behalf of various clients. The A shares of the Company held by Hong Kong Securities Clearing Company Limited were held on behalf of various clients.

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

Applicable Not applicable

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

Applicable Not applicable

Shareholdings and selling restrictions of top ten shareholders with selling restrictions

Applicable Not applicable

(3) So far as the Directors 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: shares

Name of shareholder	Class of shares	Number of shares held	Capacity	Percentage of share capital of the same class (%)	Percentage of total share capital (%)
China Railway Guangzhou Group Co., Ltd.	A Shares	2,629,451,300(L)	Beneficial owner	46.52(L)	37.12(L)
Kopernik Global Investors LLC	H Shares	129,817,054(L)	Investment manager	9.07(L)	1.83(L)

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

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

Applicable Not applicable

IV. INFORMATION OF THE CONTROLLING SHAREHOLDER AND DE FACTO CONTROLLER

(1) Information on the controlling shareholder

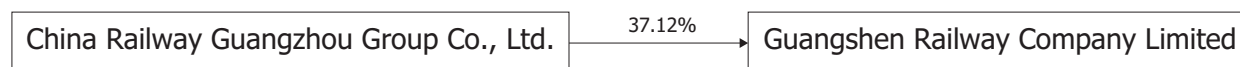
1. Legal person

Applicable Not applicable

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

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

Applicable Not applicable



(2) Information on the de facto controller

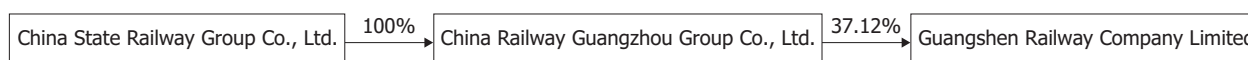
1. Legal person

✓ Applicable Not applicable

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

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

✓ Applicable Not applicable



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

Applicable Not applicable

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

Applicable Not applicable

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

Applicable Not applicable

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

Applicable Not applicable

VII. EXPLANATION OF SHARE SALE RESTRICTIONS

Applicable Not applicable

VIII. PARTICULARS OF SHARE REPURCHASE DURING THE REPORTING PERIOD

Applicable Not applicable

IX. PREFERRED SHARES

Applicable Not applicable

X. PUBLIC FLOAT

As of the end of the reporting period, the public float of the Company was 7,083,537,000 shares, including 5,652,237,000 A shares and 1,431,300,000 H shares. Among them, GRGC, the controlling shareholder of the Company, holds 2,629,451,300 A shares, representing 37.12% of the total share capital, 3,022,785,700 A shares are held by the general public, representing 42.67% of the total share capital, and 1,431,300,000 H-shares are held by the general public, representing 20.21% of the total share capital. The public float of the Company was in compliance with the domestic and overseas requirements of the relevant rules on the sufficiency of public float.

XI. OVERLAP OF INTERESTS

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

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

As of the end of the reporting period, there was no repurchase, sale or redemption by the Company, or any of its subsidiaries, of the listed shares of the Company. During the reporting period and as at the end of the reporting period, the Company did not hold any treasury shares (including any treasury shares held or deposited with the Central Clearing and Settlement System).

XIII. PRE-EMPTIVE RIGHTS

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

XIV. TRANSACTIONS INVOLVING ITS OWN SECURITIES

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

XV. TAX DEDUCTION FOR HOLDERS OF LISTED SECURITIES

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

Chapter 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

AUDITOR'S REPORT

De Shi Bao (Shen) Zi (26) No. P03799

To the Shareholders of Directors of Guangshen Railway Company Limited

1. OPINION

We have audited the financial statements of Guangshen Railway Company Limited ("Guangshen Railway"), which comprise the consolidated and Company's balance sheets as at 31 December 2025, and the consolidated and Company's income statements, the consolidated and Company's statements of cash flow and the consolidated and Company's statements of changes in owners' equity for the year then ended, and the notes to the financial statements.

In our opinion, the accompanying financial statements of Guangshen Railway is prepared and present fairly, in all material respects, the consolidated and Company's financial position as of 31 December 2025, and the consolidated and the Company's results of operations and cash flows for the year then ended in accordance with Accounting Standards for Business Enterprises.

2. BASIS FOR OPINION

We conducted our audit in accordance with China Standards on Auditing. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are independent of Guangshen Railway in accordance with *Independence Standard for Chinese Certified Public Accountants No. 1 – Requirements for Independence in Audit and Review of Financial Statements* and the code of ethics for Chinese Certified Public Accountants (the "Code"), and we have fulfilled our other ethical responsibilities in accordance with the Code. We have complied with the independence requirements applicable to audits of public interest entities. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

3. KEY AUDIT MATTERS

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

Recognition for income from entrusted transportation service

As disclosed in Note (V) 33 and Note (XV) 4 to the financial statements, in 2025, income from entrusted transportation service presented by Guangshen Railway in the consolidated financial statements amounted to RMB8,455,417,270, accounting for 29.48% of the total consolidated operating income, respectively. Given the significance of income from entrusted transportation service to the financial statements, there is an inherent risk that the management manipulates the revenue recognition for specific objectives or expectations. Accordingly, we identify the recognition for income from entrusted transportation service as a key audit matter during the audit of the consolidated financial statements.

Audit procedures we performed for the audit matters mainly include:

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

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

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

4. OTHER INFORMATION

The management of Guangshen Railway is responsible for other information. The other information comprises the information included in the annual report for 2025, but does not include the financial statements and our auditor's report thereon.

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

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

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

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

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

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

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

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

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion solely to you. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with China Standards on Auditing will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

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

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

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

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

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

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

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

Deloitte Touche Tohmatsu CPA LLP

Chinese Certified Public Accountant:
(Engagement Partner)

Huang, Tianyi

Shanghai, China

Chinese Certified Public Accountant:

Chen Wanlin

30 March 2026

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

CONSOLIDATED BALANCE SHEET

AT 31 DECEMBER 2025

				<i>RMB</i>
Item	<i>Notes</i>	31 December 2025	31 December 2024	
Current Assets:				
Cash and bank balances	V.1	4,145,063,110	1,934,900,900	
Notes receivable	V.2	–	192,750,000	
Accounts receivable	V.3	5,043,734,142	5,940,313,417	
Prepayments		84,343,064	37,261,405	
Other receivables	V.4	982,618,598	957,959,832	
Including: Interest receivable		–	–	
Dividends receivable	V.4.2	2,728,699	–	
Inventories	V.5	328,991,863	328,302,221	
Non-current assets due within one year	V.7	–	63,900,000	
Other current assets	V.6	209,827,475	199,010,404	
Total Current Assets		10,794,578,252	9,654,398,179	
Non-current Assets:				
Debt investments	V.7	–	–	
Long-term equity investments	V.8	347,596,462	326,702,449	
Investments in other equity instruments	V.9	704,611,354	478,375,517	
Fixed assets	V.10	20,933,682,077	21,978,835,338	
Construction in progress	V.11	713,771,784	415,115,695	
Right-of-use assets	V.12	1,272,406,811	1,288,501,143	
Intangible assets	V.13	1,582,674,048	1,635,464,141	
Goodwill	V.14	281,254,606	281,254,606	
Long-term prepaid expenses		1,013,911	1,148,304	
Deferred tax assets	V.15	264,254,980	465,724,288	
Other non-current assets		46,530,051	41,736,069	
Total Non-current Assets		26,147,796,084	26,912,857,550	
TOTAL ASSETS		36,942,374,336	36,567,255,729	

RMB

Item	Notes	31 December 2025	31 December 2024
Current Liabilities:			
Short-term borrowings	V.16	–	300,176,917
Accounts payable	V.17	2,366,519,456	2,650,474,072
Receipts in advance		3,012,246	5,133,304
Contract liabilities	V.18	410,880,463	322,663,026
Employee benefits payable	V.19	367,943,629	404,444,410
Taxes payable	V.20	110,763,835	105,456,864
Other payables	V.21	3,096,971,983	3,014,436,331
Including: Interest payable		–	–
Dividends payable	V.21.2	12,881,464	12,881,200
Non-current liabilities due within one year	V.22	67,547,170	66,779,309
Other current liabilities		5,223,582	8,917,024
Total Current Liabilities		6,428,862,364	6,878,481,257
Non-current Liabilities:			
Long-term borrowings	V.23	–	500,000,000
Lease liabilities	V.24	1,329,501,212	1,328,652,169
Deferred income	V.25	710,620,944	741,960,624
Deferred tax liabilities	V.15	46,448,939	48,941,663
Other non-current liabilities	V.26	175,971,219	–
Total Non-current Liabilities		2,262,542,314	2,619,554,456
TOTAL LIABILITIES		8,691,404,678	9,498,035,713

RMB

Item	<i>Notes</i>	31 December 2025	31 December 2024
SHAREHOLDERS' EQUITY:			
Share capital	V.27	7,083,537,000	7,083,537,000
Capital reserve	V.28	11,716,468,128	11,641,244,237
Other comprehensive income	V.29	363,377,668	193,700,790
Special reserve	V.30	169,368,750	160,640,794
Surplus reserve	V.31	3,398,205,059	3,300,227,369
Retained profits	V.32	5,561,848,605	4,729,884,867
Total equity attributable to shareholders of the Company		28,292,805,210	27,109,235,057
Minority interests		(41,835,552)	(40,015,041)
TOTAL SHAREHOLDERS' EQUITY		28,250,969,658	27,069,220,016
TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY		36,942,374,336	36,567,255,729

The accompanying notes form part of the financial statements.

Jiang Hui
Board Chairman

Chen Shaohong
General Manager

Deng Yuhui
Head of the
Finance Department

BALANCE SHEET OF THE COMPANY

AT 31 DECEMBER 2025

RMB

Item	Notes	31 December 2025	31 December 2024
Current Assets:			
Cash and bank balances		4,145,063,110	1,934,900,900
Notes receivable		–	192,750,000
Accounts receivable	<i>XV.1</i>	5,056,449,255	5,939,974,390
Prepayments		87,541,811	37,248,255
Other receivables	<i>XV.2</i>	981,145,826	1,372,372,877
Including: Interest receivable		–	–
Dividends receivable	<i>XV.2.2</i>	2,728,699	–
Inventories		328,987,183	328,297,541
Non-current assets due within one year		–	63,900,000
Other current assets		209,591,991	197,727,549
Total Current Assets		10,808,779,176	10,067,171,512
Non-current Assets:			
Debt investments		–	–
Long-term equity investments	<i>XV.3</i>	407,627,921	388,733,908
Investments in other equity instruments		702,893,475	476,657,638
Fixed assets		20,888,149,751	21,929,850,128
Construction in progress		713,771,784	415,115,695
Right-of-use assets		1,272,406,811	1,288,501,143
Intangible assets		1,370,750,361	1,412,208,945
Goodwill		281,254,606	281,254,606
Long-term prepaid expenses		1,013,911	1,148,304
Deferred tax assets		275,822,234	477,306,222
Other non-current assets		17,054,068	12,260,086
Total Non-current Assets		25,930,744,922	26,683,036,675
TOTAL ASSETS		36,739,524,098	36,750,208,187

<i>RMB</i>			
Item	<i>Notes</i>	31 December 2025	31 December 2024
Current Liabilities:			
Short-term borrowings		–	300,176,917
Accounts payable		2,412,558,969	2,649,393,563
Receipts in advance		3,012,246	5,133,304
Contract liabilities		410,880,463	322,663,026
Employee benefits payable		366,618,927	403,171,158
Taxes payable		107,048,794	102,905,568
Other payables		2,785,520,117	2,692,993,103
Including: Interest payable		–	–
Dividends payable		5,963	5,699
Non-current liabilities due within one year		67,547,170	66,779,309
Other current liabilities		5,223,582	8,917,024
Total Current Liabilities		6,158,410,268	6,552,132,972
Non-current Liabilities:			
Long-term borrowings		–	500,000,000
Lease liabilities		1,329,501,212	1,328,652,169
Deferred income		710,620,944	741,960,624
Other non-current liabilities		175,971,219	–
Total Non-current Liabilities		2,216,093,375	2,570,612,793
TOTAL LIABILITIES		8,374,503,643	9,122,745,765

RMB

Item	Notes	31 December 2025	31 December 2024
SHAREHOLDERS' EQUITY:			
Share capital		7,083,537,000	7,083,537,000
Capital reserve		11,718,272,289	11,643,048,398
Other comprehensive income		363,377,668	193,700,790
Special reserve		169,368,750	160,640,794
Surplus reserve		3,398,205,059	3,300,227,369
Retained profits		5,632,259,689	5,246,308,071
TOTAL SHAREHOLDERS' EQUITY		28,365,020,455	27,627,462,422
TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY		36,739,524,098	36,750,208,187

The accompanying notes form part of the financial statements.

Jiang Hui
Board Chairman

Chen Shaohong
General Manager

Deng Yuhui
Head of the
Finance Department

CONSOLIDATED INCOME STATEMENT

FOR THE YEAR ENDED 31 DECEMBER 2025

				<i>RMB</i>
Item	Notes	2025	2024	
I.	Operating income	V.33	28,685,832,411	27,090,074,926
	Less: Operating costs	V.33	27,069,407,856	25,382,787,574
	Taxes and levies	V.34	59,927,332	91,811,343
	Selling expenses		915,312	74,970
	Administrative expenses	V.35	195,405,055	167,698,640
	Financial expenses	V.36	58,931,051	49,218,498
	Including: Interest expenses		74,345,861	104,227,316
	Interest income		16,493,744	55,929,161
	Add: Other income	V.37	167,856,939	41,369,148
	Investment income	V.38	27,991,995	31,156,729
	Including: Investment income in associates and joint ventures		19,590,321	21,718,707
	Gains (losses) on credit impairment	V.39	(73,232,524)	(13,010,985)
	Gains (losses) on assets impairment	V.40	(6,888,374)	(2,330,205)
	Gains on disposal of assets	V.41	373,313,067	17,610,387
II.	Operating profit		1,790,286,908	1,473,278,975
	Add: Non-operating income	V.42	40,249,498	23,245,761
	Less: Non-operating expenses	V.43	46,544,759	24,551,104
III.	Total profit		1,783,991,647	1,471,973,632
	Less: Income tax expenses	V.44	358,553,141	413,447,676
IV.	Net profit		1,425,438,506	1,058,525,956
	(I) Categorized by operation continuity			
	1. Net profit from continuing operations		1,425,438,506	1,058,525,956
	2. Net profit from discontinued operations		–	–
	(II) Categorized by ownership			
	1. Net profit attributable to shareholders of the Company		1,425,789,018	1,060,161,237
	2. Profit or loss attributable to minority interests		(350,512)	(1,635,281)
V.	Other comprehensive income, net of tax	V.29	169,676,878	11,759,850
	(I) Other comprehensive income attributable to shareholders of the Company, net of tax		169,676,878	11,759,850
	1. Other comprehensive income that cannot be reclassified subsequently to profit or loss		169,676,878	11,759,850
	(1) Changes arising from remeasurement of defined benefit plans		–	–
	(2) Other comprehensive income that cannot be reclassified to profit or loss under the equity method		–	–

RMB

Item	Notes	2025	2024
V. Other comprehensive income, net of tax <i>(continued)</i>			
(3) Changes in fair value of investments in other equity instruments		169,676,878	11,759,850
(4) Changes in fair value of the Company's own credit risk		—	—
2. Other comprehensive income that will be reclassified to profit or loss		—	—
(1) Other comprehensive income that can be reclassified to profit or loss under the equity method		—	—
(2) Changes in fair value of other debt investments		—	—
(3) Amounts included in other comprehensive income from reclassification of financial assets		—	—
(4) Allowance for credit impairment of other debt investments		—	—
(5) Reserve for cash flow hedges		—	—
(6) Translation differences of financial statements denominated in foreign currencies		—	—
(7) Others		—	—
(II) Other comprehensive income attributable to minority interests, net of tax		—	—
VI. Total comprehensive income		1,595,115,384	1,070,285,806
(I) Total comprehensive income attributable to shareholders of the Company		1,595,465,896	1,071,921,087
(II) Total comprehensive income attributable to minority interests		(350,512)	(1,635,281)
VII. Earnings per share:			
(I) Basic earnings per share (RMB/share)		0.20	0.15
(II) Diluted earnings per share (RMB/share)		0.20	0.15

The accompanying notes form part of the financial statements.

Jiang Hui
Board Chairman

Chen Shaohong
General Manager

Deng Yuhui
Head of the
Finance Department

INCOME STATEMENT OF THE COMPANY

FOR THE YEAR ENDED 31 DECEMBER 2025

				<i>RMB</i>
Item	Notes	2025	2024	
I. Operating income	<i>XV.4</i>	28,633,294,240	27,055,670,487	
Less: Operating costs	<i>XV.4</i>	27,039,542,497	25,365,459,557	
Taxes and levies		57,631,098	89,716,605	
Selling expenses		915,312	74,970	
Administrative expenses		180,221,287	154,379,373	
Financial expenses		59,636,554	49,810,386	
Including: Interest expenses		74,345,861	104,227,317	
Interest income		15,776,745	55,328,553	
Add: Other income		167,851,759	41,333,585	
Investment income (losses)	<i>XV.5</i>	(412,832,372)	34,472,638	
Including: Investment income in associates and joint ventures		19,590,321	21,718,707	
Gains (losses) on credit impairment		(73,232,524)	(13,010,985)	
Gains (losses) on assets impairment		(6,888,374)	(2,330,205)	
Gains on disposal of assets		373,313,067	17,610,387	
II. Operating profit		1,343,559,048	1,474,305,016	
Add: Non-operating income		39,783,987	22,834,331	
Less: Non-operating expenses		45,242,525	24,292,406	
III. Total profit		1,338,100,510	1,472,846,941	
Less: Income tax expenses		358,323,612	414,202,238	
IV. Net profit		979,776,898	1,058,644,703	
(I) Net profit from continuing operations		979,776,898	1,058,644,703	
(II) Net profit from discontinued operations		–	–	
V. Other comprehensive income, net of tax		169,676,878	11,759,850	
(I) Other comprehensive income that cannot be reclassified to profit or loss		169,676,878	11,759,850	
1. Changes arising from remeasurement of defined benefit plans		–	–	
2. Other comprehensive income that cannot be reclassified to profit or loss under the equity method		–	–	
3. Changes in fair value of investments in other equity instruments		169,676,878	11,759,850	
4. Changes in fair value of Company's own credit risk		–	–	

RMB

Item	Notes	2025	2024
V. Other comprehensive income, net of tax <i>(continued)</i>			
(II) Other comprehensive income that will be reclassified to profit or loss		–	–
1. Other comprehensive income that can be reclassified to profit or loss under the equity method		–	–
2. Changes in fair value of other debt investments		–	–
3. Financial assets reclassified into other comprehensive income		–	–
4. Allowance for credit impairment of other debt investments		–	–
5. Reserve for cash flow hedges		–	–
6. Translation differences of financial statements denominated in foreign currencies		–	–
7. Others		–	–
VI. Total comprehensive income		1,149,453,776	1,070,404,553

The accompanying notes form part of the financial statements.

Jiang Hui
Board Chairman

Chen Shaohong
General Manager

Deng Yuhui
Head of the
Finance Department

CONSOLIDATED CASH FLOW STATEMENT

FOR THE YEAR ENDED 31 DECEMBER 2025

			<i>RMB</i>	
Item	Notes	2025	2024	
I. Cash Flows from Operating Activities:				
Cash receipts from the sale of goods and the rendering of services		18,837,119,201	18,447,745,526	
Receipts of tax refunds		247,805,057	–	
Other cash receipts relating to operating activities	V.45(1)	738,600,039	238,946,912	
Sub-total of cash inflows from operating activities		19,823,524,297	18,686,692,438	
Cash payments for goods purchased and services received		5,336,740,291	5,476,800,663	
Cash payments to and on behalf of employees		10,060,698,374	9,674,438,317	
Payments of various types of taxes		927,419,628	802,362,061	
Other cash payments relating to operating activities	V.45(1)	37,156,550	22,791,123	
Sub-total of cash outflows from operating activities		16,362,014,843	15,976,392,164	
Net Cash Flow from Operating Activities	V.46(1)	3,461,509,454	2,710,300,274	
II. Cash Flows from Investing Activities:				
Cash receipts from investment income		14,251,674	9,438,022	
Net cash receipts from disposals of fixed assets, intangible assets and other long-term assets		409,325,969	9,616,428	
Other cash receipts relating to investing activities	V.45(2)	60,006,405	–	
Sub-total of cash inflows from investing activities		483,584,048	19,054,450	
Cash payments to acquire or construct fixed assets, intangible assets and other long-term assets		686,146,456	1,294,830,513	
Sub-total of cash outflows from investing activities		686,146,456	1,294,830,513	
Net Cash Flow from Investing Activities		(202,562,408)	(1,275,776,063)	
III. Cash Flows from Financing Activities:				
Cash receipts from borrowings		–	400,000,000	
Other cash receipts relating to financing activities	V.45(3)	71,191,500	57,623,000	
Sub-total of cash inflows from financing activities		71,191,500	457,623,000	
Cash repayments of borrowings		800,000,000	1,090,000,000	
Cash payments for distribution of dividends or settlement of interest expenses		319,857,762	349,597,400	
Including: Payments for distribution of dividends or profits to minority shareholders by subsidiaries		1,469,999	490,001	
Other cash payments relating to financing activities	V.45(3)	78,015	270,053	
Sub-total of cash outflows from financing activities		1,119,935,777	1,439,867,453	
Net Cash Flow from Financing Activities		(1,048,744,277)	(982,244,453)	

RMB

Item	Notes	2025	2024
IV. Effect of Foreign Exchange Rate Changes on Cash and Cash Equivalents		(40,559)	157,806
V. Net Increase in Cash and Cash Equivalents		2,210,162,210	452,437,564
Add: Opening balance of cash and cash equivalents	V.46(2)	1,934,900,900	1,482,463,336
VI. Closing Balance of Cash and Cash Equivalents	V.46(2)	4,145,063,110	1,934,900,900

The accompanying notes form part of the financial statements.

Jiang Hui

Board Chairman

Chen Shaohong

General Manager

Deng Yuhui

Head of the
Finance Department

CASH FLOW STATEMENT OF THE COMPANY

FOR THE YEAR ENDED 31 DECEMBER 2025

		<i>RMB</i>	
Item	<i>Notes</i>	2025	2024
I. Cash Flows from Operating Activities:			
Cash receipts from the sale of goods and the rendering of services		18,791,078,561	18,447,745,526
Receipts of tax refunds		247,805,057	–
Other cash receipts relating to operating activities		739,399,417	238,490,398
Sub-total of cash inflows from operating activities		19,778,283,035	18,686,235,924
Cash payments for goods purchased and services received		5,334,451,505	5,818,312,977
Cash payments to and on behalf of employees		10,034,483,916	9,322,369,688
Payments of various types of taxes		920,447,982	802,362,061
Other cash payments relating to operating activities		32,614,584	33,160,977
Sub-total of cash outflows from operating activities		16,321,997,987	15,976,205,703
Net Cash Flow from Operating Activities		3,456,285,048	2,710,030,221
II. Cash Flows from Investing Activities:			
Cash receipts from investment income		17,892,458	9,438,022
Net cash receipts from disposals of fixed assets, intangible assets and other long-term assets		409,325,969	9,616,428
Other cash receipts relating to investing activities		60,006,405	–
Sub-total of cash inflows from investing activities		487,224,832	19,054,450
Cash payments to acquire or construct fixed assets, intangible assets and other long-term assets		686,110,849	1,294,830,513
Sub-total of cash outflows from investing activities		686,110,849	1,294,830,513
Net Cash Flow from Investing Activities		(198,886,017)	(1,275,776,063)
III. Cash Flows from Financing Activities:			
Cash receipts from borrowings		–	400,000,000
Other cash receipts relating to financing activities		71,191,500	57,623,000
Sub-total of cash inflows from financing activities		71,191,500	457,623,000
Cash repayments of borrowings		800,000,000	1,090,000,000
Cash payments for distribution of dividends or profits or settlement of interest expenses		318,387,762	349,597,400
Sub-total of cash outflows from financing activities		1,118,387,762	1,439,597,400
Net Cash Flow from Financing Activities		(1,047,196,262)	(981,974,400)

RMB

Item	Notes	2025	2024
IV. Effect of Foreign Exchange Rate Changes on Cash and Cash Equivalents		(40,559)	157,806
V. Net Increase in Cash and Cash Equivalents		2,210,162,210	452,437,564
Add: Opening balance of cash and cash equivalents		1,934,900,900	1,482,463,336
VI. Closing Balance of Cash and Cash Equivalents		4,145,063,110	1,934,900,900

The accompanying notes form part of the financial statements.

Jiang Hui
Board Chairman

Chen Shaohong
General Manager

Deng Yuhui
Head of the
Finance Department

CONSOLIDATED STATEMENT OF CHANGES IN SHAREHOLDERS' EQUITY FOR THE YEAR ENDED 31 DECEMBER 2025

RMB

Item	For the year ended 31 December 2025							
	Equity attributable to shareholders of the Company							Total shareholders' equity
	Share capital	Capital reserve	Other comprehensive income	Special reserve	Surplus reserve	Retained profits	Minority interests	
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 current year	7,083,537,000	11,641,244,237	193,700,790	160,640,794	3,300,227,369	4,729,884,867	(40,015,041)	27,069,220,016
III. Changes for the year	-	75,223,891	169,676,878	8,727,956	97,977,690	831,963,738	(1,820,511)	1,181,749,642
(I) Total comprehensive income	-	-	169,676,878	-	-	1,425,789,018	(350,512)	1,595,115,384
(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	-	-	-	-	97,977,690	(593,825,280)	(1,469,999)	(497,317,589)
1. Transfer to surplus reserve	-	-	-	-	97,977,690	(97,977,690)	-	-
2. Transfer to general risk reserve	-	-	-	-	-	-	-	-
3. Distribution to shareholders	-	-	-	-	-	(495,847,590)	(1,469,999)	(497,317,589)
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	-	-	-	8,727,956	-	-	-	8,727,956
1. Transfer to special reserve in the year	-	-	-	243,208,749	-	-	-	243,208,749
2. Amount utilised in the year	-	-	-	(234,480,793)	-	-	-	(234,480,793)
(VI) Others (Note V.28)	-	75,223,891	-	-	-	-	-	75,223,891
IV. Closing balance of the current 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

RMB

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

The accompanying notes form part of the financial statements.

Jiang Hui
Board Chairman

Chen Shaohong
General Manager

Deng Yuhui
Head of the
Finance Department

STATEMENT OF CHANGES IN SHAREHOLDERS' EQUITY OF THE COMPANY FOR THE YEAR ENDED 31 DECEMBER 2025

RMB

Item	For the year ended 31 December 2025						Total shareholders' equity
	Share capital	Capital reserve	Other comprehensive income	Special reserve	Surplus reserve	Retained profits	
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 current year	7,083,537,000	11,643,048,398	193,700,790	160,640,794	3,300,227,369	5,246,308,071	27,627,462,422
III. Changes for the year	-	75,223,891	169,676,878	8,727,956	97,977,690	385,951,618	737,558,033
(I) Total comprehensive income	-	-	169,676,878	-	-	979,776,898	1,149,453,776
(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	-	-	-	-	97,977,690	(593,825,280)	(495,847,590)
1. Transfer to surplus reserve	-	-	-	-	97,977,690	(97,977,690)	-
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	-	-	-	8,727,956	-	-	8,727,956
1. Transfer to special reserve in the year	-	-	-	243,208,749	-	-	243,208,749
2. Amount utilised in the year	-	-	-	(234,480,793)	-	-	(234,480,793)
(VI) Others (Note. V.28)	-	75,223,891	-	-	-	-	75,223,891
IV. Closing balance of the current 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

RMB

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

The accompanying notes form part of the financial statements.

Jiang Hui
Board Chairman

Chen Shaohong
General Manager

Deng Yuhui
Head of the
Finance Department

Notes to the Financial Statements

For the year ended 31 December 2025

I. BASIC INFORMATION OF THE COMPANY

1. Company profile

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

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

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

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

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

As at 31 December 2025, 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 30 March 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 31 December 2025 and did not notice any events or circumstances that may cast significant doubt upon its ability to continue as a going concern. Therefore, the financial statements have been prepared on a going concern basis.

3. Basis of accounting and principle of measurement

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

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

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

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

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

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

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

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

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

III. SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES

1. Statement of compliance with the Accounting Standards for Business Enterprises (“ASBE”)

The financial statements of the Company have been prepared in accordance with the ASBE, and present truly and completely, the consolidated and the Company’s financial position as at 31 December 2025, and the consolidated and the Company’s results of operations, changes in shareholders’ equity and cash flows for the year then ended.

2. Accounting year

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

III. SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES

(continued)

3. Operating cycle

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

4. Functional currency

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

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

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

III. SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES

(continued)

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

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

6.1 Business combinations involving enterprises under common control

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

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

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

6.2 Business combinations not involving enterprises under common control and goodwill

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

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.

III. SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES

(continued)

11. Financial instruments *(continued)*

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

11.1 Classification, recognition and measurement of financial assets

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

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

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

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

III. SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES (continued)

11. Financial instruments (continued)

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

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

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

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

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

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

11.1.1 Financial assets at amortised cost

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

III. SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES

(continued)

11. Financial instruments *(continued)*

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

11.1.1 Financial assets at amortised cost (continued)

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

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

11.1.2 Financial assets at FVTOCI

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

III. SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES (continued)

11. Financial instruments (continued)

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

11.1.2 Financial assets at FVTOCI (continued)

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

11.1.3 Financial assets at FVTPL

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

11.2 Impairment of financial instruments

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

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

III. SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES

(continued)

11. Financial instruments *(continued)*

11.2 Impairment of financial instruments *(continued)*

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

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

11.2.1 Significant increase in credit risk

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

III. SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES (continued)

11. Financial instruments (continued)

11.2 Impairment of financial instruments (continued)

11.2.1 Significant increase in credit risk (continued)

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

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

(continued)

11. Financial instruments *(continued)*

11.2 Impairment of financial instruments *(continued)*

11.2.1 Significant increase in credit risk (continued)

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

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

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

III. SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES (continued)

11. Financial instruments (continued)

11.2 Impairment of financial instruments (continued)

11.2.2 Credit-impaired financial assets

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

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

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

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

III. SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES

(continued)

11. Financial instruments *(continued)*

11.2 Impairment of financial instruments *(continued)*

11.2.3 Determination of ECL

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

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

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

11.2.4 Write-down of financial assets

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

III. SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES

(continued)

11. Financial instruments *(continued)*

11.3 Transfer of financial assets

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

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

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

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

III. SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES (continued)

11. Financial instruments (continued)

11.3 Transfer of financial assets (continued)

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

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

11.4 Classification of financial liabilities and equity instruments

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

11.4.1 Classification, recognition and measurement of financial liabilities

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

11.4.1.1 Financial liabilities at FVTPL

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

III. SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES (continued)

11. Financial instruments (continued)

11.4 Classification of financial liabilities and equity instruments (continued)

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

11.4.1.1 Financial liabilities at FVTPL (continued)

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

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

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

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

III. SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES

(continued)

11. Financial instruments *(continued)*

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

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

11.4.1.1 Financial liabilities at FVTPL *(continued)*

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

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

11.4.1.2 Other financial liabilities

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

III. SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES (continued)

11. Financial instruments (continued)

11.4 Classification of financial liabilities and equity instruments (continued)

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

11.4.1.2 Other financial liabilities (continued)

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

11.4.1.2.1 Financial guarantee contracts

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

III. SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES

(continued)

11. Financial instruments *(continued)*

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

11.4.2 Derecognition of financial liabilities

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

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

11.4.3 Equity instruments

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

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

11.5 Offsetting financial assets and financial liabilities

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

III. SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES

(continued)

12. Notes receivable

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

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

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

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

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

13. Accounts receivable

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

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

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

III. SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES

(continued)

13. Accounts receivable *(continued)*

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

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

13.2 Determination criteria for bad debt provision on an individual basis

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

14. Other receivables

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

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

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

14.2 Determination criteria for bad debt provision on an individual basis

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

III. SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES (continued)

15. Inventories

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

15.1.1 Categories of inventories

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

15.1.2 Valuation method of inventories upon delivery

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

15.1.3 Inventory count system

The perpetual inventory system is maintained for stock system.

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

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

III. SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES

(continued)

15. Inventories *(continued)*

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

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

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

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

16. Long-term equity investments

16.1 Determination criteria of joint control and significant influence

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

III. SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES

(continued)

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

16.2 Determination of initial investment cost

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

III. SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES

(continued)

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

16.2 Determination of initial investment cost *(continued)*

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

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

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

III. SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES (continued)

16. Long-term equity investments (continued)

16.3 Subsequent measurement and recognition of profit or loss

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

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

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

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

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

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

III. SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES

(continued)

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

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

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

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

III. SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES (continued)

16. Long-term equity investments (continued)

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

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

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

16.4 Disposal of long-term equity investments

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

III. SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES

(continued)

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

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

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

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

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

III. SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES

(continued)

17. Fixed assets

17.1 Recognition criteria

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

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

17.2 Depreciation method

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

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

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

III. SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES

(continued)

17. Fixed assets (continued)

17.3 Other explanations

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

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

18. Construction in progress

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

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

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

III. SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES

(continued)

19. Borrowing costs

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

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

20. Intangible assets

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

Intangible assets include land use rights and computer software.

III. SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES

(continued)

20. Intangible assets (continued)

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

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

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

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

21. Impairment of long-term assets

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

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

III. SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES

(continued)

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

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

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

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

22. Long-term prepaid expenses

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

23. Contract liabilities

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

III. SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES

(continued)

24. Employee benefits

24.1 Accounting treatment of short-term benefits

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

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

24.2 Accounting treatment of post-employment benefits

Post-employment benefits are all defined contribution plans.

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

24.3 Accounting treatment of termination benefits

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

III. SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES

(continued)

25. Revenue

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

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

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

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

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

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

III. SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES

(continued)

25. Revenue *(continued)*

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

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

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

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

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

III. SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES

(continued)

25. Revenue *(continued)*

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

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

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

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

(a) Rendering of railway transportation services

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

III. SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES

(continued)

25. Revenue *(continued)*

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

(a) Rendering of railway transportation services *(continued)*

(i) Income from passenger transportation

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

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

(ii) Income from freight transportation

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

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

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

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

III. SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES (continued)

25. Revenue (continued)

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

(a) Rendering of railway transportation services (continued)

(iv) Income from entrusted transportation service

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

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

(b) Sales of goods

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

(c) Rendering of other labour services

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

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

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

III. SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES

(continued)

26. Contract costs

26.1 Costs of obtaining a contract

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

26.2 Costs to fulfil a contract

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

26.3 Impairment loss of assets related to contract costs

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

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

III. SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES

(continued)

27. Government grants

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

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

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

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

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

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

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

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

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

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

III. SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES

(continued)

28. Deferred tax assets/deferred tax liabilities

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

28.1 Current income tax

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

28.2 Deferred tax assets and deferred tax liabilities

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

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

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

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

III. SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES (continued)

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

28.2 Deferred tax assets and deferred tax liabilities (continued)

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

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

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

28.3 Income tax offsetting

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

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

III. SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES

(continued)

29. Leases

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

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

29.1 The Group as a lessee

29.1.1 Separating components of a lease

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

29.1.2 Right-of-use assets

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

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

III. SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES (continued)

29. Leases (continued)

29.1 The Group as a lessee (continued)

29.1.2 Right-of-use assets (continued)

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

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

29.1.3 Lease liabilities

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

III. SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES

(continued)

29. Leases *(continued)*

29.1 The Group as a lessee *(continued)*

29.1.3 Lease liabilities (continued)

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

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

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

III. SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES

(continued)

29. Leases *(continued)*

29.1 The Group as a lessee *(continued)*

29.1.3 Lease liabilities (continued)

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

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

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

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

III. SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES (continued)

29. Leases (continued)

29.1 The Group as a lessee (continued)

29.1.5 Lease modifications

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

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

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

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

29.2 The Group as lessor

29.2.1 Separating components of a lease

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

III. SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES (continued)

29. Leases (continued)

29.2 The Group as lessor (continued)

29.2.2 Classification criteria and accounting treatment of leases as a lessor

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

29.2.2.1 The Group as lessor under operating leases

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

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

29.2.2.2 The Group as lessor under finance leases

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

III. SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES

(continued)

29. Leases *(continued)*

29.2 The Group as lessor *(continued)*

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

29.2.2.2 The Group as lessor under finance leases (continued)

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

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

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

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

III. SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES

(continued)

29. Leases *(continued)*

29.2 The Group as lessor *(continued)*

29.2.3 Subleases

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

29.2.4 Lease modifications

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

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

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

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

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

III. SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES

(continued)

29. Leases *(continued)*

29.2 The Group as lessor *(continued)*

29.2.4 Lease modifications (continued)

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

30. Safety production cost

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

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

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

III. SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES

(continued)

31. 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.

31.1 Key assumptions and uncertainties in accounting estimates

(1) Measurement of ECL on accounts receivable

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

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

III. SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES

(continued)

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

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

(2) Estimated useful lives of fixed assets

The estimated useful lives of fixed assets, particularly line assets, are determined by the management with reference to: (1) historical use of the assets; (2) expected actual loss of the assets; (3) results of recent durability assessments; (4) technological or commercial obsolescence of fixed assets of the same category due to changes or improvements in production; (5) estimated useful life or operating lease term of the land to which the assets are attached; (6) changes in market demand for the use of fixed assets and legal or similar restrictions. The estimated useful lives are reviewed and adjusted as appropriate at the end of each year and remained unchanged during the year ended 31 December 2025.

IV. TAXATION

1. Major categories and rates of taxes:

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

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

IV. TAXATION *(continued)*

2. Tax preference

Tax preference for small and micro enterprises

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

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

V. NOTES TO ITEMS IN THE CONSOLIDATED FINANCIAL STATEMENTS

1. Cash and bank balances

Item	<i>RMB</i>	
	31 December 2025	31 December 2024
Cash on hand <i>(Note)</i> :	471,480	631,228
RMB	471,480	631,228
Bank deposits:	4,144,585,667	1,934,263,973
RMB	4,144,487,744	1,930,738,615
HKD	97,923	3,525,358
Other monetary funds:	5,963	5,699
HKD	5,963	5,699
Total	4,145,063,110	1,934,900,900
Including: Total amount deposited abroad	–	–

Note: As at 31 December 2025, the Group's cash and bank balances include union running costs and Party membership dues totalling RMB66,511,491 (31 December 2024: RMB81,941,853) deposited with the Company's accounts by other entities. Please refer to Note V, 21 for details.

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

2. Notes receivable

- (1) Categories of notes receivable

	<i>RMB</i>	
Categories	31 December 2025	31 December 2024
Bank acceptances	–	192,750,000

- (2) The Group has no pledged notes receivable at the end of the year.
- (3) The Group has no notes receivable endorsed or discounted and not yet due at the balance sheet date
- (4) As at 31 December 2025, the Group has no notes that transferred to accounts receivable at the end of the year due to the default of the drawer.
- (5) The Group has no notes receivable that have been actually written off for the year.
-

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

3. Accounts receivable

(1) Disclosed by aging

Aging (Note)	31 December 2025	31 December 2024
	Gross carrying amount	Gross carrying amount
Within 1 year	3,631,541,687	4,320,065,745
1 to 2 years	1,118,722,163	1,383,946,168
2 to 3 years	203,490,755	158,406,598
Over 3 years	210,045,724	124,728,569
Total	5,163,800,329	5,987,147,080

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

(2) Disclosed by method of bad debt provision:

Category	31 December 2025				31 December 2024					
	Gross carrying amount		Bad debt provision		Gross carrying amount		Bad debt provision		Carrying amount	
	Amount	Proportion (%)	Amount	Proportion (%)	Amount	Proportion (%)	Amount	Proportion (%)		
Bad debt provision assessed on a portfolio basis:										
Including:										
Portfolio I	621,490,367	12.04	-	-	621,490,367	187,670,219	3.13	-	-	187,670,219
Portfolio II	4,396,396,415	85.14	117,931,517	2.68	4,278,464,898	5,690,020,419	95.04	44,698,993	0.79	5,645,321,426
Portfolio III	145,913,547	2.82	2,134,670	1.46	143,778,877	109,456,442	1.83	2,134,670	1.95	107,321,772
Total	5,163,800,329	100.00	120,066,187		5,043,734,142	5,987,147,080	100.00	46,833,663		5,940,313,417

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

3. Accounts receivable (continued)

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

Bad debt provision assessed on a portfolio basis:

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

RMB

Description	31 December 2025		Proportion
	Accounts receivable	Bad debt provision	
Portfolio I	621,490,367	–	–

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

RMB

Description	31 December 2025		Proportion
	Accounts receivable	Bad debt provision	
Portfolio II	4,396,396,415	117,931,517	2.68%

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

RMB

Description	31 December 2025		Proportion
	Accounts receivable	Bad debt provision	
Portfolio III	145,913,547	2,134,670	1.46%

Description of bad debt provision assessed on a portfolio basis:

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

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

3. Accounts receivable (continued)

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

RMB

Bad debt provision	Lifetime ECL (not credit- impaired)	Lifetime ECL (credit- impaired)	Total
Balance at 1 January 2025	46,833,663	–	46,833,663
Balance at 1 January 2025	–	–	–
– Transfer to those credit-impaired	–	–	–
– Reverse to those not credit-impaired	–	–	–
Provision for the year	73,232,524	–	73,232,524
Reversal for the year	–	–	–
Charge-off for the year	–	–	–
Write-off for the year	–	–	–
Other changes	–	–	–
Balance at 31 December 2025	120,066,187	–	120,066,187

(4) Details of bad debt provision

RMB

Category	1 January 2025	Provision	Changes for the year			31 December 2025
			Recovery or reversal	Charge-off or write-off	Other changes	
Accounts receivable for which bad debt provision is assessed on a portfolio basis according to credit risk characteristics	46,833,663	73,232,524	–	–	–	120,066,187

(5) As at 31 December 2025, no accounts receivable had been written off.

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

3. Accounts receivable (continued)

(6) Top five accounts receivable categorised by debtor:

RMB

Name of entity	Closing balance of accounts receivable	Proportion to total closing balance of accounts receivable (%)	Closing balance of bad debt provision for accounts receivable
Guangzhou Railway Group and its affiliated companies (Note XI, 6(1))	3,936,865,346	76.24	97,548,245
CSRG and its affiliated companies (Note XI, 6(2))	934,041,054	18.09	1,917,747
Guangzhou Nansha Port Railway Co., Ltd.	201,011,791	3.89	18,299,629
Guangdong Meilong Railway Co., Ltd.	24,867,900	0.48	159,155
Guoneng Qingyuan Power Generation Co., Ltd.	3,089,878	0.06	–
Total	5,099,875,969	98.76	117,924,776

4. Other receivables

4.1 Presentation

RMB

Item	31 December 2025	31 December 2024
Interest receivable	–	–
Dividends receivable	2,728,699	–
Other receivables	979,889,899	957,959,832
Total	982,618,598	957,959,832

V. NOTES TO ITEMS IN THE CONSOLIDATED FINANCIAL STATEMENTS

(continued)

4. Other receivables (continued)

4.2 Dividends receivable

	<i>RMB</i>	
Item	31 December 2025	31 December 2024
Dividends receivable – Shenzhen Guangzhou Railway Civil Engineering Company (“Shentu”)	2,728,699	–

4.3 Other receivables

(1) Disclosed by aging

	<i>RMB</i>	
Aging	31 December 2025 Gross carrying amount	31 December 2024 Gross carrying amount
Within 1 year	795,250,874	818,731,118
1 to 2 years	56,854,897	11,375,609
2 to 3 years	71,023	10,000
Over 3 years	128,932,764	129,062,764
Total	981,109,558	959,179,491

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

4. Other receivables (continued)

4.3 Other receivables (continued)

(2) Classified by nature

Nature	RMB	
	31 December 2025	31 December 2024
Receipts and payments of construction funds on behalf of others	795,692,994	798,811,680
Payment for land acquisition and reserve receivable	128,902,764	128,902,764
Petty cash	10,805,024	12,141,373
Advances	6,416,839	6,509,280
Security deposits and deposits	1,974,342	2,235,112
Others	37,317,595	10,579,282
Sub-total	981,109,558	959,179,491
Less: Bad debt provision	1,219,659	1,219,659
Total	979,889,899	957,959,832

(3) Disclosed by method of bad debt provision

Category	31 December 2025					31 December 2024				
	Gross carrying amount		Bad debt provision		Carrying amount	Gross carrying amount		Bad debt provision		Carrying amount
	Amount	Proportion (%)	Amount	Proportion (%)		Amount	Proportion (%)	Amount	Proportion (%)	
Bad debt provision assessed on a portfolio basis:										
Non-trading receivables	981,109,558	100.00	1,219,659	0.12	979,889,899	959,179,491	100.00	1,219,659	0.13	957,959,832
Total	981,109,558	100.00	1,219,659	/	979,889,899	959,179,491	100.00	1,219,659	/	957,959,832

V. NOTES TO ITEMS IN THE CONSOLIDATED FINANCIAL STATEMENTS

(continued)

4. Other receivables (continued)

4.3 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 2025	1,219,659	–	–	1,219,659
Balance at 1 January 2025				
– Transfer to Stage III	–	–	–	–
– Reverse to Stage II	–	–	–	–
Provision for the year	–	–	–	–
Reversal for the year	–	–	–	–
Charge-off for the year	–	–	–	–
Write-off for the year	–	–	–	–
Other changes	–	–	–	–
Balance at 31 December 2025	1,219,659	–	–	1,219,659

(5) Details of bad debt provision

RMB

Category	Balance at 1 January 2025	Changes for the year		Balance at 31 December 2025
		Provision	Recovery or reversal	Charge-off or write-off
Other receivables for which bad debt provision is assessed on a portfolio basis according to credit risk characteristics	1,219,659	–	–	–
	1,219,659	–	–	1,219,659

(6) As at 31 December 2025, no other receivables had been written off.

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

4. Other receivables (continued)

4.3 Other receivables (continued)

(7) Top five other receivables categorised by debtor:

					RMB
Name of entity	Balance at 31 December 2025	Proportion to total closing balance of other receivables (%)	Nature	Aging	Balance of bad debt provision at 31 December 2025
Guangzhou Railway Group and its affiliated companies (Note XI, 6(1))	349,489,049	35.62	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))	478,629,496	48.78	Collection and payment of construction funds on behalf of others	Within one year	685,004
Guangzhou Tianhe Land Development Center	128,902,764	13.14	Land reserve funds receivable	Over three years	-
Guangdong Pearl River Delta Intercity Railway Co., Ltd.	4,708,348	0.48	others	Within one year and one to two years	6,738
Guangdong Xinnanhua Cement Co., Ltd.	585,413	0.06	Collection and payment of construction funds on behalf of others	Within one year	838
Total	962,315,070	98.08			1,192,761

V. NOTES TO ITEMS IN THE CONSOLIDATED FINANCIAL STATEMENTS

(continued)

5. Inventories

(1) Category of inventories

RMB

Item	31 December 2025			31 December 2024		
	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	157,367,525	295,840	157,071,685	140,137,964	–	140,137,964
Used rail materials	43,295,255	4,467,540	38,827,715	35,891,751	2,330,205	33,561,546
Other interchangeable parts	13,875,665	148,245	13,727,420	25,296,624	–	25,296,624
Goods on hand	433,815	–	433,815	288,590	–	288,590
Costs to fulfil a contract	118,931,228	–	118,931,228	129,017,497	–	129,017,497
Total	333,903,488	4,911,625	328,991,863	330,632,426	2,330,205	328,302,221

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

5. Inventories (continued)

(2) Provision for decline in value of inventories

RMB

Items	1 January 2025	Provision	Reversal	Write-off	31 December 2025
Raw materials	–	295,840	–	–	295,840
Used rail materials	2,330,205	4,467,540	–	2,330,205	4,467,540
Other interchangeable parts	–	148,245	–	–	148,245
Total	2,330,205	4,911,625	–	2,330,205	4,911,625

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

RMB

Description	31 December 2025			31 December 2024		
	Gross carrying amount	Provision for decline in value	Provision proportion (%)	Gross carrying amount	Provision for decline in value	Provision proportion (%)
Raw materials	157,367,525	295,840	0.19	140,137,964	–	–
Used rail materials	43,295,255	4,467,540	10.32	35,891,751	2,330,205	6.49
Other interchangeable parts	13,875,665	148,245	1.07	25,296,624	–	–
Total	214,538,445	4,911,625	2.29	201,326,339	2,330,205	1.16

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

6. Other current assets

RMB

Item	31 December 2025	31 December 2024
Input VAT to be deducted	209,821,486	198,986,665
Prepaid income tax	5,989	23,739
Total	209,827,475	199,010,404

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

7. Debt investments

RMB

Item	31 December 2025			31 December 2024		
	Gross carrying amount	Provision for impairment	Carrying amount	Gross carrying amount	Provision for impairment	Carrying amount
3-year time deposits	-	-	-	63,900,000	-	63,900,000
Less: Non-current assets due within one year	-	-	-	63,900,000	-	63,900,000
Total	-	-	-	-	-	-

8. Long-term equity investments

RMB

Investee	1 January 2025	Addition	Reduction	Investment gain or loss recognised under the equity method (Note V,38)	Changes for the year				Provision for impairment at 31 December 2025	Provision for impairment at 31 December 2025
					Adjustment to other comprehensive income	Other changes in equity	Cash dividend or profit declared	Provision for impairment		
I. Associates										
Guangzhou Tiecheng Enterprise Company Limited ("Tiecheng")	158,370,764	-	-	7,867,604	-	-	-	-	-	166,238,368
Shentu	168,331,685	-	-	11,722,717	-	4,032,391	2,728,699	-	-	181,358,094
Total	326,702,449	-	-	19,590,321	-	4,032,391	2,728,699	-	-	347,596,462

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

9. Investments in other equity instruments

(1) Details of investments in other equity instruments

RMB

Item	1 January 2025	Addition	Reduction	Changes for the year			31 December 2025	Dividend income recognised for the year (Note V,38)	Gains cumulatively recognised in other comprehensive income	Losses cumulatively recognised in other comprehensive income	Reason for designating as at FVTOCI
				Gains included in other comprehensive income	Losses included in other comprehensive income	Others					
- Shenzhen Capital Group Co., Ltd. ("Shenzhen Capital") (Note)	471,452,920	-	-	226,235,837	-	-	697,688,757	8,401,674	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	478,375,517	-	-	226,235,837	-	-	704,611,354	8,401,674	578,971,357	94,467,800	

Note: The Company holds 1.4% equity interest in Shenzhen Capital, with an initial investment cost of RMB 118,717,400. Shenzhen Capital is a state-owned comprehensive investment group focused on venture capital (startup investment).

(2) In 2025, there were no investments in other equity instruments derecognised.

10. Fixed assets

10.1 Summary of fixed assets

RMB

Item	31 December 2025	31 December 2024
Fixed assets	20,915,023,449	21,951,782,045
Disposal of fixed assets	18,658,628	27,053,293
Total	20,933,682,077	21,978,835,338

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

10. Fixed assets (continued)

10.2 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 2025	9,485,293,060	15,506,932,219	5,898,506,576	2,549,941,564	7,956,894,781	41,397,568,200
2. Increase for the year	59,731,002	770,057,370	1,747,303,433	88,862,783	380,933,072	3,046,887,660
(1) Addition	3,661,746	–	13,482,255	–	130,815,566	147,959,567
(2) Transfer from construction in progress	3,624,840	11,362,067	139,823	19,693,259	43,853,298	78,673,287
(3) Transfer from construction in progress upon completion of upgrades	52,444,416	758,695,303	1,733,681,355	69,169,524	206,264,208	2,820,254,806
3. Reclassification	(4,298,827)	–	23,641,823	(3,025,093)	(16,317,903)	–
4. Decrease for the year	78,162,237	1,013,016,580	2,403,497,810	87,812,352	594,617,142	4,177,106,121
(1) Transfer to construction in progress for upgrades	1,431,827	853,876,939	2,187,705,250	68,455,616	41,105,638	3,152,575,270
(2) Disposal or retirement	76,730,410	159,139,641	215,792,560	19,356,736	553,511,504	1,024,530,851
5. 31 December 2025	9,462,562,998	15,263,973,009	5,265,954,022	2,547,966,902	7,726,892,808	40,267,349,739
II. Accumulated depreciation						
1. 1 January 2025	4,819,646,486	4,293,531,243	2,871,058,447	1,653,895,317	5,684,585,697	19,322,717,190
2. Increase for the year	294,387,225	286,284,399	634,151,303	227,723,360	463,248,575	1,905,794,862
(1) Provision	294,387,225	286,284,399	634,151,303	227,723,360	463,248,575	1,905,794,862
3. Reclassification	443,760	–	–	(551,725)	107,965	–
4. Decrease for the year	58,950,784	101,057,999	1,104,225,973	79,662,109	537,055,408	1,880,952,273
(1) Transfer to construction in progress for upgrades	912,800	69,553,621	903,057,181	61,045,202	23,800,767	1,058,369,571
(2) Disposal or retirement	58,037,984	31,504,378	201,168,792	18,616,907	513,254,641	822,582,702
5. 31 December 2025	5,055,526,687	4,478,757,643	2,400,983,777	1,801,404,843	5,610,886,829	19,347,559,739
III. Provision for impairment						
1. 1 January 2025	490,492	120,818,857	295,788	–	1,463,828	123,068,965
2. Increase for the year	–	–	1,976,749	–	–	1,976,749
(1) Provision	–	–	1,976,749	–	–	1,976,749
3. Decrease for the year	–	120,279,203	–	–	–	120,279,203
(1) Disposal or retirement	–	120,279,203	–	–	–	120,279,203
4. 31 December 2025	490,492	539,654	2,272,537	–	1,463,828	4,766,511
IV. Net book value						
1. 31 December 2025	4,406,545,819	10,784,675,712	2,862,697,708	746,562,059	2,114,542,151	20,915,023,449
2. 1 January 2025	4,665,156,082	11,092,582,119	3,027,152,341	896,046,247	2,270,845,256	21,951,782,045

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

10. Fixed assets (continued)

10.2 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	847,448,412	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	39,310,914	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	340,410,644	Since the Group does not have the certificate of use right of such leased land, the Group is not yet able to apply for the certificate of ownership of the buildings on such land. However, based on the relevant agreements and after communicating with the land lessor, 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)

10. Fixed assets (continued)

10.2 Fixed assets (continued)

(3) Details of impairment tests on fixed assets

The recoverable amount is determined based on the amount net of disposal expenses from fair value.

RMB

Item	Carrying amount	Recoverable amount	Amount of impairment	Method for determining fair value and disposal expenses	Key parameters	Basis to determine the key parameters
Locomotives and rolling stock	1,976,749	-	1,976,749	Market approach and incremental costs directly attributable to the disposal of assets	Fair value of locomotives and rolling stock	The probable transaction price at the measurement date, which represents the normal trading price under general commercial considerations

10.3 Disposal of fixed assets

RMB

Item	31 December 2025	31 December 2024
Other machinery and equipment	7,899,767	2,801,769
Locomotives and rolling stock	7,478,351	14,107,214
Buildings	3,280,510	10,144,310
Total	18,658,628	27,053,293

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

11. Construction in progress

(1) Details of construction in progress

Item	31 December 2025			31 December 2024		
	Book value	Provision for impairment	Net book value	Book value	Provision for impairment	Net book value
Overhaul projects	377,797,716	–	377,797,716	47,142,072	–	47,142,072
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	78,016,726	–	78,016,726
Adaptive transformation of traction power supply system on Pingshi-Guangzhou section of Beijing-Guangzhou line	38,475,403	–	38,475,403	21,402,899	–	21,402,899
Warehouse and ancillary facility renovation project for Track 5 and Track 6 in Dalang freight yard	21,153,597	–	21,153,597	–	–	–
Automatic block and interlocking equipment reconstruction of Guangzhou to Pingshi Section	20,036,873	–	20,036,873	17,360,836	–	17,360,836
Pinghu south military special line slope protection and storage yard renovation project	14,060,966	–	14,060,966	14,060,966	–	14,060,966
Renovation of traction power supply lines I and II and related equipment and facilities on Chashan-Pinghu section of Guangzhou-Shenzhen line	12,745,919	–	12,745,919	3,281,132	–	3,281,132
New Exit Escalators Project in Guangzhou Railway Station	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

RMB

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

11. Construction in progress (continued)

(1) Details of construction in progress (continued)

RMB

Item	31 December 2025			31 December 2024		
	Book value	Provision for impairment	Net book value	Book value	Provision for impairment	Net book value
Road renovation project for Jiangcun Station (phase II)	9,618,865	–	9,618,865	9,618,865	–	9,618,865
Drainage renovation project for Jiangcun Station (phase II)	9,599,110	–	9,599,110	9,461,612	–	9,461,612
Upgrading and capacity expansion of electrical facilities and equipment in Dalang freight yard	9,203,270	–	9,203,270	18,282,311	–	18,282,311
Reconstruction project of Nanshui resistance platform in Guangzhou Locomotive Depot	9,190,179	–	9,190,179	9,133,066	–	9,133,066
GSM-R system wireless equipment renovation of Guangzhou-Shenzhen Line	7,564,700	–	7,564,700	–	–	–
Others	86,844,967	15,455,876	71,389,091	192,867,465	15,455,876	177,411,589
Total	729,227,660	15,455,876	713,771,784	430,571,571	15,455,876	415,115,695

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

11. Construction in progress (continued)

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

RMB

Item	Budget amount	1 January 2025	Transfer from overhaul projects	Other increase	Transfer to fixed assets	31 December 2025	Proportion of the accumulated project investment to total budget (%)	Project progress (%)	Cumulative amount of interest capitalised	Including: Interest capitalised for the year	Interest capitalisation rate for the year (%)	Source of funds
Adaptive transformation of traction power supply system on Pingshi-Guangzhou section of Beijing-Guangzhou line	132,687,094	21,402,899	17,072,504	-	-	38,475,403	29	29	-	-	-	Self-financed
Renovation of traction power supply lines I and II and related equipment and facilities on Shipai-Chashan section of Guangzhou-Shenzhen line	130,452,000	78,016,726	14,790,464	-	-	92,807,190	71	71	-	-	-	Self-financed
Overhaul projects	/	47,142,072	2,038,048,559	730,443,358	2,437,836,273	377,797,716	/	/	-	-	-	Self-financed
Total	/	146,561,697	2,069,911,527	730,443,358	2,437,836,273	509,080,309	/	/	-	-	/	/

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

11. Construction in progress (continued)

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

RMB

Item	1 January 2025	Increase for the year	Decrease for the year	31 December 2025	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)

12. Right-of-use assets

(1) Details of right-of-use assets

Item	RMB Leased land (note)
I. Cost:	
1. 1 January 2025	1,380,242,361
2. Increase for the year	–
(1) Leased in	–
3. Decrease for the year	988,509
(1) Disposal	988,509
4. 31 December 2025	1,379,253,852
II. Accumulated depreciation	
1. 1 January 2025	91,741,218
2. Increase for the year	16,084,567
(1) Provision	16,084,567
3. Decrease for the year	978,744
(1) Disposal	978,744
4. 31 December 2025	106,847,041
III. Provision for impairment	
1. 1 January 2025	–
2. 31 December 2025	–
IV. Net book value	
1. 1 January 2025	1,288,501,143
2. 31 December 2025	1,272,406,811

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)

13. Intangible assets

(1) Details of intangible assets

RMB

Item	Land use rights	Computer software	Total
I. Cost			
1. 1 January 2025	2,405,792,061	16,456,105	2,422,248,166
2. Increase for the year	–	1,147,367	1,147,367
(1) Addition	–	1,147,367	1,147,367
3. Decrease for the year	–	–	–
(1) Disposal	–	–	–
4. 31 December 2025	2,405,792,061	17,603,472	2,423,395,533
II. Accumulated amortisation			
1. 1 January 2025	771,028,397	15,755,628	786,784,025
2. Increase for the year	52,379,149	1,558,311	53,937,460
(1) Provision	52,379,149	1,558,311	53,937,460
3. Decrease for the year	–	–	–
(1) Disposal	–	–	–
4. 31 December 2025	823,407,546	17,313,939	840,721,485
III. Provision for impairment			
1. 1 January 2025	–	–	–
2. 31 December 2025	–	–	–
IV. Net book value			
1. 1 January 2025	1,634,763,664	700,477	1,635,464,141
2. 31 December 2025	1,582,384,515	289,533	1,582,674,048

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

13. 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	24,768,445	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	1,022,137,723	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.

14. Goodwill

(1) Cost of goodwill

RMB

Name of investees or matters generating goodwill	1 January 2025	Increase for the year	Decrease for the year	31 December 2025
Goodwill arising from the acquisition of Yangcheng Railway	281,254,606	–	–	281,254,606

V. NOTES TO ITEMS IN THE CONSOLIDATED FINANCIAL STATEMENTS

(continued)

14. Goodwill (continued)

(2) Provision for impairment of goodwill

RMB

Name of investees or matters generating goodwill	1 January 2025	Increase for the year	Decrease for the year	31 December 2025
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)

14. Goodwill (continued)

(4) Specific method for determination of recoverable amount

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

Item	Carrying amount (Note 1)	Recoverable amount	Amount of impairment	Projection period	Key parameters for projection period (Growth rate, profit margin, etc.)	Basis to determine the key parameters for projection period	Key parameters for steady period (Growth rate, profit margin, etc.)	Basis to determine the key parameters for steady period
Railway asset group	24,784,803,237	26,644,497,250	-	2026 -2030	Revenue growth rate: 4.6% Pre-tax discount rate: 9.4%	Revenue growth rate is determined based on factors such as regional economic development, route planning, route traffic capacity and inflation rate, etc. The discount rate reflects the pre-tax interest rate of current market time value of money and specific risks of the associated asset group.	Revenue growth rate: 0% Pre-tax discount rate: 9.4%	Revenue growth rate is determined based on factors such as regional economic development in the long-term future, route planning, route traffic capacity and inflation rate, etc.

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

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

15. Deferred tax assets/deferred tax liabilities

(1) Deferred tax assets before offsetting

RMB

Item	31 December 2025		31 December 2024	
	Deductible temporary differences	Deferred tax assets	Deductible temporary differences	Deferred tax assets
Deductible losses	–	–	536,876,468	134,219,117
Provision for impairment	146,419,858	36,604,965	188,908,368	47,227,092
Accruals of employee education funds	354,048,780	88,512,195	363,373,782	90,843,446
Government grants	708,117,596	177,029,399	739,343,152	184,835,788
Losses on disposal of assets not reported for approval	108,905,903	27,226,476	103,635,141	25,908,785
Funds for party organisation activities	114,552,209	28,638,052	99,675,336	24,918,834
Lease liabilities	1,397,048,382	349,262,096	1,395,156,478	348,789,120
Total	2,829,092,728	707,273,183	3,426,968,725	856,742,182

(2) Deferred tax liabilities before offsetting

RMB

Item	31 December 2025		31 December 2024	
	Taxable temporary differences	Deferred tax liabilities	Taxable temporary differences	Deferred tax liabilities
Appreciation of fixed assets due to the acquisition of Yangcheng Railway	5,582,348	1,395,587	7,536,292	1,884,073
Appreciation of intangible assets due to the acquisition of Zengcheng Lihua Stock Company Limited ("Zengcheng Lihua")	185,795,757	46,448,939	195,766,653	48,941,663
Changes in fair value of investments in other equity instruments	484,503,557	121,125,889	258,267,720	64,566,930
Right-of-use assets	1,272,406,811	318,101,703	1,288,501,143	322,125,286
Others	9,580,096	2,395,024	9,766,418	2,441,605
Total	1,957,868,569	489,467,142	1,759,838,226	439,959,557

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

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

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

RMB

Item	Offset amount of deferred tax assets and liabilities at the end of the year	Deferred tax assets or liabilities after offsetting as at 31 December 2025	Offset amount of deferred tax assets and liabilities at the beginning of the year	Deferred tax assets or liabilities after offsetting as at 31 December 2024
Deferred tax assets	443,018,203	264,254,980	391,017,894	465,724,288
Deferred tax liabilities	443,018,203	46,448,939	391,017,894	48,941,663

(4) Details of unrecognised deferred tax assets

RMB

Item	31 December 2025	31 December 2024
Deductible temporary differences	13,041,790	13,041,790
Deductible losses	–	329,829,595
Total	13,041,790	342,871,385

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

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

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

Year	<i>RMB</i>	
	31 December 2025	31 December 2024
2024	–	–
2025	–	104,650,746
2026	–	94,545,972
2027	–	113,174,303
2028	–	17,458,574
2029	–	–
Total	–	329,829,595

16. Short-term borrowings

- (1) *Category of short-term borrowings*

Item	<i>RMB</i>	
	31 December 2025	31 December 2024
Unsecured borrowings	–	300,176,917

17. Accounts payable

(1) Presentation of accounts payable

	<i>RMB</i>	
Item	31 December 2025	31 December 2024
Payables for material purchases	651,040,421	945,576,078
Payables for entrusted construction agency services	551,053,888	445,812,679
Payables for construction and equipment	413,035,518	342,501,032
Labour costs payable	334,105,285	392,606,754
Repair expenses payable	224,329,037	357,567,253
Others	192,955,307	166,410,276
Total	2,366,519,456	2,650,474,072

*(2) Disclosed by aging

	<i>RMB</i>	
Aging (Note)	31 December 2025 Gross carrying amount	31 December 2024 Gross carrying amount
Within 1 year	2,122,755,198	2,565,921,368
1 to 2 years	228,169,677	57,214,292
2 to 3 years	2,543,649	3,619,771
Over 3 years	13,050,932	23,718,641
Total	2,366,519,456	2,650,474,072

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

V. NOTES TO ITEMS IN THE CONSOLIDATED FINANCIAL STATEMENTS

(continued)

17. Accounts payable (continued)

(3) Significant accounts payable aged over 1 year

RMB		
Item	31 December 2025	Reason for failure in repayment or carry-forward
Total significant accounts payable	80,442,290	Payment is not yet settled

18. Contract liabilities

(1) Details of contract liabilities

RMB		
Item	31 December 2025	31 December 2024
Unused award integral	211,599,805	179,273,269
Payment for transportation services and material purchases and sales received in advance	199,280,658	143,389,757
Total	410,880,463	322,663,026

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

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

RMB		
Item	Amount changed	Reasons of changes
Unused award integral	32,326,536	Increase in points arising from sales to frequent passengers in the current year
Payment for transportation services and material purchases and sales received in advance	55,890,901	Increase in payments for transportation services received in advance and purchase and sales amounts of materials

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

19. Employee benefits payable

(1) Presentation of employee benefits payable

RMB

Item	1 January 2025	Increase for the year	Decrease for the year	31 December 2025
1. Short-term benefits	402,969,940	8,750,759,248	8,786,751,277	366,977,911
2. Post-employment benefits – defined contribution plans	1,581	1,135,997,959	1,135,999,540	–
3. Termination benefits	1,472,889	–	507,171	965,718
Total	404,444,410	9,886,757,207	9,923,257,988	367,943,629

(2) Presentation of short-term benefits

RMB

Item	1 January 2025	Increase for the year	Decrease for the year	31 December 2025
1. Wages or salaries, bonuses, allowances and subsidies	–	6,782,477,901	6,782,477,901	–
2. Staff welfare	–	333,769,367	333,769,367	–
3. Social security contributions	1,508	550,264,035	550,265,488	55
Including: Medical insurance	1,337	504,568,002	504,569,339	–
Work injury insurance	55	42,716,510	42,716,510	55
Maternity insurance	116	2,979,523	2,979,639	–
4. Housing funds	–	640,280,502	640,280,502	–
5. Union running costs and employee education costs	400,800,992	209,014,574	245,005,150	364,810,416
6. Other short-term benefits	2,167,440	234,952,869	234,952,869	2,167,440
Total	402,969,940	8,750,759,248	8,786,751,277	366,977,911

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

19. Employee benefits payable (continued)

(3) Defined contribution plan

<i>RMB</i>				
Item	1 January 2025	Increase for the year	Decrease for the year	31 December 2025
1. Basic pensions	–	699,932,978	699,932,978	–
2. Supplementary pensions	1,581	393,355,019	393,356,600	–
3. Unemployment insurance	–	42,709,962	42,709,962	–
Total	1,581	1,135,997,959	1,135,999,540	–

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

In the year, the Group should contribute pension insurance and unemployment insurance plans amounting to RMB1,093,287,997 and RMB42,709,962 (2024: RMB1,135,162,825 and RMB40,787,805). As at 31 December 2025, the Group had no outstanding contribution to pension insurance plan that was due as of the reporting year (31 December 2024: RMB1,581) in the current year.

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

20. Taxes payable

Item	<i>RMB</i>	
	31 December 2025	31 December 2024
VAT	80,320,032	78,705,650
Individual income tax	17,707,643	16,992,748
Urban maintenance and construction tax	4,391,571	4,134,340
Education surcharge	2,674,951	2,696,769
Enterprise income tax	3,976,968	1,635,336
Others	1,692,670	1,292,021
Total	110,763,835	105,456,864

21. Other payables

21.1 Presentation

Item	<i>RMB</i>	
	31 December 2025	31 December 2024
Dividends payable	12,881,464	12,881,200
Other payables	3,084,090,519	3,001,555,131
Total	3,096,971,983	3,014,436,331

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

21. Other payables (continued)

21.2 Dividends payable

Presentation of dividends payable by nature

Item	<i>RMB</i>	
	31 December 2025	31 December 2024
Dividends payable – shareholders of the Company	5,963	5,699
Dividends payable – minority shareholders of Zengcheng Lihua	12,875,501	12,875,501
Total	12,881,464	12,881,200

21.3 Other payables

(1) Presentation of other payables by nature

Item	<i>RMB</i>	
	31 December 2025	31 December 2024
Payables for construction and receipts and payments of construction funds on behalf of others	1,272,906,409	1,065,383,477
Payables for current accounts with Shenzhen Guangzhou Railway Group Guangshen Railway Industry Development General Company ("GIDC")	345,379,964	351,568,451
Notes deposits and other security deposits	252,956,720	437,023,325
Security deposits for construction	248,388,564	193,269,065
Funds for party organisation activities	114,628,195	99,751,322
Union running costs and Party membership dues deposited with the Company's accounts by other entities	66,511,491	81,941,853
Others	783,319,176	772,617,638
Total	3,084,090,519	3,001,555,131

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

21. Other payables (continued)

21.3 Other payables (continued)

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

RMB		
Item	31 December 2025	Reason for failure in repayment or carrying-forward
Total significant other payables aged over 1 year or that are overdue as at 31 December 2025	488,702,570	Payment is not yet settled

22. Non-current liabilities due within one year

RMB		
Item	31 December 2025	31 December 2024
Long-term borrowings due within one year (Note V, 23)	–	275,000
Lease liabilities due within one year (Note V, 24)	67,547,170	66,504,309
Total	67,547,170	66,779,309

V. NOTES TO ITEMS IN THE CONSOLIDATED FINANCIAL STATEMENTS

(continued)

23. Long-term borrowings

<i>RMB</i>			
Item	31 December 2025	31 December 2024	Range of interest rate
Unsecured borrowings	–	500,275,000	1.7%-1.8%
Less: Non-current liabilities due within one year (<i>Note V, 22</i>)	–	275,000	
Long-term borrowings due after one year	–	500,000,000	

24. Lease liabilities

<i>RMB</i>		
Item	31 December 2025	31 December 2024
Lease liabilities	1,397,048,382	1,395,156,478
Less: Lease liabilities included in non-current liabilities due within one year (<i>Note V, 22</i>)	67,547,170	66,504,309
Net book value	1,329,501,212	1,328,652,169

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

<i>RMB</i>					
	Within 1 year	1 to 2 years	2 to 5 years	Over 5 years	Total
31 December 2025	67,530,000	68,660,000	209,790,000	5,320,000,000	5,665,980,000
31 December 2024	66,490,018	67,530,000	208,450,000	5,390,000,000	5,732,470,018

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

25. Deferred income

RMB

Item	1 January 2025	Increase for the year	Decrease for the year (Note V, 37)	31 December 2025
New Shilong station assets	590,212,140	–	23,300,324	566,911,816
Shenzhen station renovation and upgrading project	66,748,434	–	2,948,089	63,800,345
Culverts (project of change from level crossing to interchange)	23,624,591	–	737,245	22,887,346
Shilong government donation project (Shilong elevated station)	15,568,002	–	694,416	14,873,586
Elevated platform of Buji station	10,716,834	–	780,697	9,936,137
Guangzhou government grants for draw-out track and network area relocation at Shipai	9,255,960	–	268,184	8,987,776
Other government grants related to assets	25,834,663	1,029,000	3,639,725	23,223,938
Total	741,960,624	1,029,000	32,368,680	710,620,944

26. Other non-current liabilities

RMB

Item	31 December 2025	31 December 2024
Other non-current liabilities (Note)	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.

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

27. Share capital

RMB

	1 January 2025	New shares issued	Changes for the year			Sub-total	31 December 2025
			Bonus shares	Transfer from reserve	Others		
Share capital	7,083,537,000	-	-	-	-	-	7,083,537,000

28. Capital reserve

RMB

Item	1 January 2025	Increase for the year	Decrease for the year	31 December 2025
Capital premium (Share premium) (Note 1)	11,609,422,522	71,191,500	-	11,680,614,022
Other capital reserve – Others (Note 2) (Note V, 8)	31,821,715	4,032,391	-	35,854,106
Total	11,641,244,237	75,223,891	-	11,716,468,128

Note 1: The Group received the subsidies amounting to RMB71,191,500 granted by CSRG, which was exclusively for the purpose of upgrading and reconstructing railway equipment. The above subsidies were fully utilised during the current year and recognised as railway equipment assets, including tracks, bridges and other line assets, as well as other tools and equipment, so there was an increase in capital reserve.

Note 2: The capital reserve increased by RMB4,032,391 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)

29. Other comprehensive income

RMB

Item	1 January 2025	Pre-tax amount during the year	Amount incurred in the current year		Less: Income tax expenses	Amount attributable to the Company, net of tax	Amount attributable to minority interests, net of tax	31 December 2025
			Less: Amount included in other comprehensive income in the prior period and transferred to profit or loss in the current period	Less: Amount included in other comprehensive income in the prior period and transferred to retained earnings in the current period				
I. Other comprehensive income that cannot be reclassified to profit or loss	193,700,790	226,235,837	-	-	56,558,959	169,676,878	-	363,377,668
Including: Changes in fair value of investments in other equity instruments	193,700,790	226,235,837	-	-	56,558,959	169,676,878	-	363,377,668
Total other comprehensive income	193,700,790	226,235,837	-	-	56,558,959	169,676,878	-	363,377,668

30. Special reserve

RMB

Item	1 January 2025	Increase for the year	Decrease for the year	31 December 2025
Safety production cost	160,640,794	243,208,749	234,480,793	169,368,750

V. NOTES TO ITEMS IN THE CONSOLIDATED FINANCIAL STATEMENTS

(continued)

31. Surplus reserve

Item	1 January 2025	Increase for the year	Decrease for the year	31 December 2025
Statutory surplus reserve	2,996,168,847	97,977,690	–	3,094,146,537
Discretionary surplus reserve	304,058,522	–	–	304,058,522
Total	3,300,227,369	97,977,690	–	3,398,205,059

RMB

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. In 2025, the Company has appropriated statutory surplus reserve of RMB97,977,690 (2024: RMB105,864,470).

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

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

32. Retained profits

Item	<i>RMB</i>	
	2025	2024
Retained profits at the end of the prior year before adjustment	4,729,884,867	4,271,435,690
Total adjusted retained profits at the beginning of the year	–	–
Retained profits at the beginning of the year after adjustment	4,729,884,867	4,271,435,690
Add: Net profit attributable to shareholders of the Company in the current year	1,425,789,018	1,060,161,237
Transfer from other comprehensive income	–	–
Less: Transfer to statutory surplus reserve	97,977,690	105,864,470
Transfer to discretionary surplus reserve	–	–
Transfer to general reserve	–	–
Dividends payable on ordinary shares	495,847,590	495,847,590
Dividends on ordinary shares transferred to share capital	–	–
Retained profits at the end of the year	5,561,848,605	4,729,884,867

According to the resolution of the annual shareholders' meeting on 18 June 2025, the Company distributed cash dividends for 2024 to all shareholders at RMB0.07 per share. Based on 7,083,537,000 shares issued, a total of RMB495,847,590 cash dividends (tax included) were distributed, of which a cash dividend of RMB395,656,590 was distributed for 5,652,237,000 A shares issued, and a cash dividend of RMB100,191,000 (equivalent to HKD109,551,702) was distributed for 1,431,300,000 H shares issued. As at 31 December 2025, the above dividends had been fully paid.

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

33. Operating income and costs

(1) Details of operating income and costs

Item	2025		2024	
	Income	Costs	Income	Costs
Principal operating activities	26,972,272,213	25,672,477,555	25,304,356,566	23,924,481,032
Other operating activities	1,713,560,198	1,396,930,301	1,785,718,360	1,458,306,542
Total	28,685,832,411	27,069,407,856	27,090,074,926	25,382,787,574

(2) Breakdown of operating income and costs

Item	2025	2024
Principal operating income:		
Income from passenger transportation	11,337,668,283	10,995,498,561
Income from entrusted transportation service	8,455,417,270	8,023,161,992
Income from the settlement of railway network and other transportation related services	5,314,501,683	4,662,696,606
Income from freight transportation	1,864,684,977	1,622,999,407
Total	26,972,272,213	25,304,356,566

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

33. Operating income and costs (continued)

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

			RMB
Item	2025	2024	
Principal operating costs:			
Equipment rental and service fee	9,460,223,372	8,681,782,852	
Salaries and welfare	9,301,435,087	9,087,467,858	
Depreciation of fixed assets	1,652,786,182	1,740,058,293	
Material and utilities consumption	1,421,691,434	1,559,174,557	
Maintenance costs	1,653,404,232	1,357,976,727	
Passenger service fee	966,445,720	881,819,334	
Cargo handling costs	896,334,323	223,736,754	
Depreciation of right-of-use assets	16,084,567	16,246,410	
Others	304,072,638	376,218,247	
Total	25,672,477,555	23,924,481,032	

			RMB
Item	2025	2024	
Other operating income:			
Train maintenance income	637,856,853	637,677,630	
Income from overhaul and technical renovation services	434,189,805	519,383,067	
Income from sales of inventories, goods and supplies	121,008,820	82,868,588	
Income from sewage suction service	75,315,170	65,183,467	
Train catering income	57,578,599	58,659,067	
Rental income	72,255,068	56,103,418	
Others	315,355,883	365,843,123	
Total	1,713,560,198	1,785,718,360	

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

33. Operating income and costs (continued)

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

Item	RMB	
	2025	2024
Other operating costs:		
Salaries and welfare	529,069,842	514,980,788
Material and utilities consumption	262,588,841	315,683,880
Depreciation of fixed assets	25,321,425	27,219,294
Others	579,950,193	600,422,580
Total	1,396,930,301	1,458,306,542

Item	RMB	
	2025	2024
Principal operating income:	26,972,272,213	25,304,356,566
Including: Recognised at a point in time	–	–
Recognised over time	26,972,272,213	25,304,356,566
Other operating income:	1,713,560,198	1,785,718,360
Including: Recognised at a point in time	178,587,419	141,527,655
Recognised over time	1,462,717,711	1,588,087,287
Rental income	72,255,068	56,103,418
Total	28,685,832,411	27,090,074,926

(3) Descriptions on performance obligations

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

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

(4) Descriptions on allocation to remaining performance obligations

At the end of the year, the amount of revenue corresponding to the performance obligation for which the Group has entered into a contract but which had not been fulfilled or completely fulfilled was RMB410,880,463 (31 December 2024: RMB322,663,026). The Group expects that all such amounts will be recognised as revenue within the following year.

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

34. Taxes and levies

Item	RMB	
	2025	2024
City construction and maintenance tax	28,582,088	47,689,085
Educational surcharges and local educational surcharges	19,466,323	33,067,737
Property tax	5,219,818	4,840,992
Land use tax	3,869,648	4,211,897
Others	2,789,455	2,001,632
Total	59,927,332	91,811,343

35. Administrative expenses

Item	RMB	
	2025	2024
Salaries and welfare	55,914,898	64,252,969
Amortisation of intangible assets	52,491,681	52,790,092
Funds for party organisation activities	32,610,756	–
Intermediary service fee	21,719,949	20,189,264
Audit fees	3,000,000	3,000,000
Office and travel expenses	2,692,027	3,064,561
Depreciation of fixed assets	1,319,616	1,280,032
Others	25,656,128	23,121,722
Total	195,405,055	167,698,640

36. Financial expenses

Item	RMB	
	2025	2024
Interest income from banks	(16,493,744)	(25,745,720)
Income on funds used	–	(29,600,233)
Income from accrued interest on long-term receivables	–	(583,208)
Interest expenses on lease liabilities	68,394,778	68,278,497
Foreign exchange losses (gains)	63,306	(291,422)
Interest expenses on bank borrowings	5,951,083	35,948,819
Others	1,015,628	1,211,765
Total	58,931,051	49,218,498

V. NOTES TO ITEMS IN THE CONSOLIDATED FINANCIAL STATEMENTS

(continued)

37. Other income

Classification by nature	RMB	
	2025	2024
Government grants related to income	132,635,968	8,593,698
Amortisation of government grants related to assets (Note V, 25)	32,368,680	30,160,063
Refund of individual income tax	2,852,291	2,615,387
Total	167,856,939	41,369,148

38. Investment income

Item	RMB	
	2025	2024
Income from long-term equity investments under the equity method (Note V, 8)	19,590,321	21,718,707
Dividend income from investments in other equity instruments during the holding period (Note V, 9)	8,401,674	9,438,022
Total	27,991,995	31,156,729

39. Gains (losses) on credit impairment

Item	RMB	
	2025	2024
Bad debt losses on accounts receivable	(73,232,524)	(13,010,985)
Bad debt losses on other receivables	–	–
Total	(73,232,524)	(13,010,985)

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

40. Gains (losses) on assets impairment

Item	RMB	
	2025	2024
Losses from impairment of inventory	(4,911,625)	(2,330,205)
Losses from impairment of fixed assets	(1,976,749)	–
Total	(6,888,374)	(2,330,205)

41. Gains on disposal of assets

Item	RMB	
	2025	2024
Losses from disposal of intangible assets	–	(1,996,453)
Gains from disposal of fixed assets (Note)	373,313,067	19,606,840
Total	373,313,067	17,610,387

Note: It represents the economic compensation totalling RMB 403,032,448 received by the Company during the current period due to the construction of the new Baiyun Station at the Guangzhou Railway Hub. The Company has recognised the difference between the compensation amount and the carrying amount of the expropriated assets as gains or losses on disposal of fixed assets.

V. NOTES TO ITEMS IN THE CONSOLIDATED FINANCIAL STATEMENTS

(continued)

42. Non-operating income

Item	<i>RMB</i>		
	2025	2024	Amount included in non-recurring profit or loss for the current year
Gains from retirement or damage of non-current assets	28,581,409	13,131,798	28,581,409
Income from unpayable amounts	2,954,524	4,093,387	2,954,524
Compensation received	207,500	393,553	207,500
Others	8,506,065	5,627,023	8,506,065
Total	40,249,498	23,245,761	40,249,498

43. Non-operating expenses

Item	<i>RMB</i>		
	2025	2024	Amount included in non-recurring profit or loss for the current year
Losses from retirement or damage of non-current assets	33,631,279	10,966,616	33,631,279
Others	12,913,480	13,584,488	12,913,480
Total	46,544,759	24,551,104	46,544,759

44. Income tax expenses

(1) Statement of income tax expenses

Item	<i>RMB</i>	
	2025	2024
Current tax expenses	216,135,516	1,749,458
Deferred tax expenses	142,417,625	411,698,218
Total	358,553,141	413,447,676

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

44. Income tax expenses (continued)

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

Item	RMB	
	2025	2024
Total profit	1,783,991,647	1,471,973,632
Income tax expense calculated at 25%	445,997,912	367,993,408
Effect of different tax rates of subsidiaries operating in other jurisdictions	(218,704)	(476,132)
Effect of reconciliation of income tax for the year	477,717	1,915,120
Effect of non-deductible cost, expense and loss	37,073,524	56,393,472
Effect of tax-free income	(9,585,990)	(7,789,182)
Effect of utilising deductible loss for which deferred tax assets are not recognised for the prior periods (Note VI, 1), (Note XV, 5)	(110,900,537)	(850,560)
Effect of additional deduction	(4,290,781)	(3,738,450)
Income tax expenses	358,553,141	413,447,676

V. NOTES TO ITEMS IN THE CONSOLIDATED FINANCIAL STATEMENTS

(continued)

45. Items in the statement of cash flows

(1) Cash relating to operating activities

Other cash receipts relating to operating activities

Item	<i>RMB</i>	
	2025	2024
Net cash inflows of purchasing and construction amounts received on behalf of others	576,653,620	109,410,480
Receipt of government grants	133,664,968	79,130,323
Receipt of interest	14,543,744	25,745,720
Receipt of amounts related to Dabaoshan project	–	17,327,189
Others	13,737,707	7,333,200
Total	738,600,039	238,946,912

Other cash payments relating to operating activities

Item	<i>RMB</i>	
	2025	2024
Net cash outflow of payments made on behalf of others	19,104,646	456,515
Intermediary service fee	6,086,090	5,523,551
Payment of notes deposits and security deposits and petty cash	5,076,922	7,072,400
Office and travel expenses	2,624,564	3,064,561
Others	4,264,328	6,674,096
Total	37,156,550	22,791,123

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

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

(2) Cash relating to investing activities

Other cash receipts relating to investing activities

Item	RMB	
	2025	2024
Withdrawal of time deposits	60,000,000	–
Others	6,405	–
Total	60,006,405	–

(3) Cash relating to financing activities

Other receipts relating to financing activities

Item	RMB	
	2025	2024
Receipts of subsidies granted by CSRG for railway equipment	71,191,500	57,623,000

Other cash payments relating to financing activities

Item	RMB	
	2025	2024
Cash repayments for lease liabilities	78,015	270,053

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

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

(3) Cash relating to financing activities (continued)

Changes in liabilities arising from financing activities

Item	1 January 2025	Increase for the year		Decrease for the year		At 31 December 2025
		Cash changes	Non-cash changes	Cash changes	Non-cash changes (Note)	
Long-term borrowings (Note V, 23)	500,275,000	-	5,613,333	505,888,333	-	-
Short-term borrowings (Note V, 16)	300,176,917	-	337,750	300,514,667	-	-
Lease liabilities (Note V, 24)	1,395,156,478	-	68,394,778	78,015	66,424,859	1,397,048,382
Dividends payable (Note V, 21)	12,881,200	-	495,847,590	313,454,762	182,392,564	12,881,464
Total	2,208,489,595	-	570,193,451	1,119,935,777	248,817,423	1,409,929,846

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

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

46. Supplementary information to the cash flow statement

(1) Supplementary information to the cash flow statement

	RMB	
Supplementary information	2025	2024
1. Reconciliation of net profit to cash flows from operating activities		
Net profit	1,425,438,506	1,058,525,956
Add: Credit loss allowance	73,232,524	13,010,985
Provision for impairment of assets	6,888,374	2,330,205
Depreciation of fixed assets	1,905,794,862	1,903,347,313
Depreciation of right-of-use assets	16,084,567	16,246,410
Amortisation of intangible assets	53,937,460	52,790,092
Amortisation of long-term prepaid expenses	134,393	31,820,317
Gains on disposal of fixed assets, intangible assets and other long-term assets	(373,313,067)	(17,610,387)
Losses (gains) on retirement of fixed assets	5,049,870	(2,165,182)
Financial expenses	74,409,167	103,935,894
Investment income	(27,991,995)	(31,156,729)
Decrease in deferred tax assets	201,469,308	414,190,942
Decrease in deferred tax liabilities	(2,492,724)	(2,492,724)
Increase in inventories	(5,601,267)	(41,105,677)
Decrease in operating receivables	933,539,255	231,736,241
Decrease in operating payables	(825,069,779)	(1,023,103,382)
Net Cash Flow from Operating Activities	3,461,509,454	2,710,300,274
2. Net changes in cash and cash equivalents		
Closing balance of cash	4,145,063,110	1,934,900,900
Less: Opening balance of cash	1,934,900,900	1,482,463,336
Add: Closing balance of cash equivalents	-	-
Less: Opening balance of cash equivalents	-	-
Net increase in cash and cash equivalents	2,210,162,210	452,437,564

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

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

(2) Composition of cash and cash equivalents

Item	<i>RMB</i>	
	31 December 2025	31 December 2024
I. Cash	4,145,063,110	1,934,900,900
Including: Cash on hand	471,480	631,228
Bank deposits that are readily available for payment	4,144,585,667	1,934,263,973
Other monetary funds that are readily available for payment	5,963	5,699
II. Cash equivalents	–	–
Including: Investments in bond investment due within three months	–	–
III. Closing balance of cash and cash equivalents	4,145,063,110	1,934,900,900
Including: Restricted cash and cash equivalents of the Company and subsidiaries within the Group	–	–

47. Monetary items denominated in foreign currencies

Item	<i>RMB</i>		
	Closing balance of foreign currency	Exchange rate	Closing balances equivalent to RMB
Cash and bank balances			
HKD	115,018	0.90	103,886

V. NOTES TO ITEMS IN THE CONSOLIDATED FINANCIAL STATEMENTS

(continued)

48. Leases

(1) As a lessee

	<i>RMB</i>	
	2025	2024
Interest expenses for lease liabilities (<i>Note V, 36</i>)	68,394,778	68,278,497
Short-term lease expenses included in profit or loss for the period under the simplified approach	2,224,122,475	2,001,620,930
Expenses for lease of low-value assets included in profit or loss for the period under the simplified approach (Other than short-term leases)	–	–
Total cash outflows relating to leases	2,224,200,490	2,001,890,983

(2) As a lessor

Operating leases

	<i>RMB</i>	
Item	2025	2024
Rental income	72,255,068	56,103,418

VI. CHANGES IN SCOPE OF CONSOLIDATION

1. Changes in scope of consolidation for other reasons

The Company's subsidiary, Guangshen Railway Economic and Trade Enterprise Company Limited ("Railway Economic and Trade"), has been deregistered. Procedures including the tax cancellation and industrial and commercial cancellation of Railway Economic and Trade were completed on 17 June 2025.

VII. INTERESTS IN OTHER ENTITIES

1. Interests in subsidiaries

* (1) Composition of enterprise group

Name of subsidiary	Place of principal operation	Registered capital	Place of incorporation and enterprise nature*	Nature of business	Shareholding ratio (%)		Acquisition method
					Direct	Indirect	
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: 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. was incorporated by investments by the Company in 2023, with a 100% ownership interest. The subscribed capital is RMB5,000,000, which had not yet been paid up as of 31 December 2025.

VII. INTERESTS IN OTHER ENTITIES *(continued)*

1. Interests in subsidiaries *(continued)*

(2) Significant not-wholly-owned subsidiaries

As at 31 December 2025 and 31 December 2024, the Group believed that there were no significant non-wholly owned subsidiaries, taking into account factors such as whether the subsidiaries are listed companies, the proportion of minority interests to the Group's consolidated shareholders' equity, and the proportion of profit or loss attributable to minority interests to the Group's consolidated net profit.

2. Interests in associates

(1) Significant associates

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

VII. INTERESTS IN OTHER ENTITIES *(continued)*2. Interests in associates *(continued)**(2) Major financial information of associates*

	2025		2024	
	Tiecheng	Shentu	Tiecheng	Shentu
	<i>RMB</i>			
Current Assets	152,903,161	3,488,615,770	162,213,078	3,655,787,861
Non-current assets	422,293,319	20,831,382	399,468,911	23,372,174
Total Assets	575,196,480	3,509,447,152	561,681,989	3,679,160,035
Current Liabilities	214,522,952	2,766,785,015	217,064,795	2,989,742,363
Non-current Liabilities	21,411,553	–	21,411,552	98,735
Total Liabilities	235,934,505	2,766,785,015	238,476,347	2,989,841,098
Net assets	339,261,975	742,662,137	323,205,642	689,318,937
Minority interests	–	–	–	–
Equity attributable to shareholders of the parent company	339,261,975	742,662,137	323,205,642	689,318,937
Share of net assets calculated based on shareholding ratio	166,238,368	181,358,094	158,370,764	168,331,685
Adjusting events				
– Goodwill	–	–	–	–
– Unearned profits from internal transactions	–	–	–	–
– Others	–	–	–	–
Carrying amount of equity investments in associates	166,238,368	181,358,094	158,370,764	168,331,685

VII. INTERESTS IN OTHER ENTITIES *(continued)*

2. Interests in associates *(continued)*

(2) Major financial information of associates (continued)

	2025		2024	
	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	47,580,559	2,195,032,121	50,767,435	1,957,666,110
Net profit	16,056,334	48,004,574	18,253,215	52,312,168
Net profit from discontinued operations	–	–	–	–
Other comprehensive income	–	–	–	–
Total comprehensive income	16,056,334	48,004,574	18,253,215	52,312,168
Dividends received from associates in the current year	–	–	–	–

RMB

VIII. GOVERNMENT GRANTS

1. Liabilities involving government grants

RMB

Item	Opening balance of the current year	Increased government grants for the year	Amount recognised in other income for the year (Note V, 37)	Other changes	Closing balance of the current year	Related to assets/related to income
New Shilong station assets	590,212,140	-	23,300,324	-	566,911,816	Related to assets
Shenzhen station renovation and upgrading project	66,748,434	-	2,948,089	-	63,800,345	Related to assets
Culverts (project of change from level crossing to interchange)	23,624,591	-	737,245	-	22,887,346	Related to assets
Shilong elevated station	15,568,002	-	694,416	-	14,873,586	Related to assets
Elevated platform of Buji station	10,716,834	-	780,697	-	9,936,137	Related to assets
Guangzhou government grants for draw-out track and network area relocation at Shipai	9,255,960	-	268,184	-	8,987,776	Related to assets
Other government grants related to assets	25,834,663	1,029,000	3,639,725	-	23,223,938	Related to assets
Total	741,960,624	1,029,000	32,368,680	-	710,620,944	

2. Government grants included in profit or loss

RMB

Item	2025	2024
New Shilong station assets	23,300,324	22,787,070
Amortisation of other government grants related to assets	9,068,356	7,372,993
Subsidy for train operation	75,642,500	-
Grants for line enclosure and quality enhancement project on Guangzhou Baiyun-Xintang Railway	53,430,000	-
Subsidy for job stabilisation	1,145,468	8,576,469
Others	2,418,000	17,229
Total	165,004,648	38,753,761

IX. RISKS ASSOCIATED WITH FINANCIAL INSTRUMENTS

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

	<i>RMB</i>	
	31 December 2025	31 December 2024
Financial assets		
At FVTOCI		
Investments in other equity instruments	704,611,354	478,375,517
Measured at amortised cost		
Cash and bank balances	4,145,063,110	1,934,900,900
Notes receivable	–	192,750,000
Accounts receivable	5,043,734,142	5,940,313,417
Other receivables	982,618,598	957,959,832
Non-current assets due within one year	–	63,900,000
Financial liabilities		
Measured at amortised cost		
Short-term borrowings	–	300,176,917
Accounts payable	2,366,519,456	2,650,474,072
Other payables	3,096,971,983	3,014,436,331
Non-current liabilities due within one year	67,547,170	66,779,309
Long-term borrowings	–	500,000,000
Lease liabilities	1,329,501,212	1,328,652,169

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

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

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

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

1.1. Market risk

1.1.1. Currency risk

Currency risk is the risk that losses will occur because of changes in foreign exchange rates. The Group's exposure to the currency risk is primarily associated with HKD. A small portion expenses of the Group are paid in HKD while the Group's other principal activities are denominated and settled in RMB. As at 31 December 2025, the balance of the Group's assets and liabilities are both denominated in RMB except that the assets set out below are denominated in HKD. Currency risk arising from the assets and liabilities denominated in foreign currencies may have impact on the Group's operation performance.

	<i>RMB</i>	
	31 December 2025	31 December 2024
Cash and bank balances	103,886	3,531,057

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

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

1.1. Market risk *(continued)*

1.1.1. Currency risk *(continued)*

Sensitivity analysis on currency risk

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

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

RMB

Item	Change in exchange rate	2025		2024	
		Effect on profits	Effect on shareholders' equity	Effect on profits	Effect on shareholders' equity
HKD	Appreciation of 5% against RMB	4,000	4,000	132,000	132,000
HKD	Depreciation of 5% against RMB	(4,000)	(4,000)	(132,000)	(132,000)

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

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

1.1. Market risk *(continued)*

1.1.2 Interest rate risk – risk of changes in cash flows

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

Sensitivity analysis on interest rate risk

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

<i>RMB</i>					
Item	Changes in interest rate	2025		2024	
		Effect on profit	Effect on shareholders' equity	Effect on profit	Effect on shareholders' equity
RMB	50 basis points higher	–	–	(3,001,031)	(3,001,031)
RMB	50 basis points lower	–	–	3,001,031	3,001,031

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

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

1.2. Credit risk

As at 31 December 2025, the Group's maximum exposure to credit risk which will cause a financial loss to the Group is mainly losses on the Group's financial assets due to the counterparty's failure to discharge an obligation and financial guarantees issued by the Group (without consideration of available collateral or other credit enhancements), including cash and bank balances, accounts receivable, other receivables, debt investments, long-term receivables, etc. At the balance sheet date, the carrying amount of the financial assets of the Group has represented its maximum credit risk exposure, except for long-term receivables, for which the maximum credit risk exposure is the undiscounted contractual cash flows.

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

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

1.3. Liquidity risk

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

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

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

1.3. Liquidity risk *(continued)*

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

	<i>RMB</i>				
	Within 1 year	1 to 2 years	2 to 5 years	Over 5 years	Total
Accounts payable	2,366,519,456	-	-	-	2,366,519,456
Other payables	3,096,971,983	-	-	-	3,096,971,983
Non-current liabilities due					
within one year	67,547,170	-	-	-	67,547,170
Lease liabilities	-	68,660,000	209,790,000	5,320,000,000	5,598,450,000
Total	5,531,038,609	68,660,000	209,790,000	5,320,000,000	11,129,488,609

X. DISCLOSURE OF FAIR VALUE

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

At 31 December 2025

RMB

	Fair value at the end of the year			Total
	Level 1 Fair value measurement	Level 2 Fair value measurement	Level 3 Fair value measurement	
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 31 December 2025.

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

XI. RELATED PARTY RELATIONSHIPS AND TRANSACTIONS

1. Information on the Company's holding shareholder

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

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

2. Information on the Company's subsidiaries

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

3. Information on the Company's associates

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

4. Information on other related parties

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

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

5. Information on related party transactions

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

Purchase of goods/Receipt of labour services

		<i>RMB</i>	
Name of related parties	Content of transaction	2025	2024
Guangzhou Railway Group and its affiliated companies	Receipt of network clearing services provided by Guangzhou Railway Group and its affiliated companies	4,667,281,053	4,013,579,350
Guangzhou Railway Group and its affiliated companies	Train services provided by Guangzhou Railway Group and its affiliated companies	1,280,639,849	862,019,334
Guangzhou Railway Group and its affiliated companies	Materials and supplies purchased from Guangzhou Railway Group and its affiliated companies	817,439,232	815,047,087
Guangzhou Railway Group and its affiliated companies	Repair and maintenance services provided by Guangzhou Railway Group and its affiliated companies	794,731,640	265,938,569
Guangzhou Railway Group and its affiliated companies	Receipt of construction services provided by Guangzhou Railway Group and its affiliated companies	294,255,137	203,010,365
Guangzhou Railway Group and its affiliated companies	Leasing services from Guangzhou Railway Group and its affiliated companies <i>(Note XI, 5(2))</i>	385,510,748	451,086,587
Associates	Receipt of construction services provided by associates	42,068,499	79,344,366
Associates	Repair and maintenance services provided by associates	189,687	615,502
Associates	Train services provided by associates	26,579	4,428,674
CSRG and its affiliated companies <i>(Note 1)</i>	Receipt of network clearing services provided by CSRG and its affiliated companies	1,571,273,462	1,344,328,073
CSRG and its affiliated companies	Train services provided by CSRG and its affiliated companies	87,720,905	18,625,783
CSRG and its affiliated companies	Materials and supplies purchased from CSRG and its affiliated companies	40,280,132	81,848,645
CSRG and its affiliated companies	Receipt of construction services provided by CSRG and its affiliated companies	16,744,506	26,593,783
CSRG and its affiliated companies	Repair and maintenance services provided by CSRG and its affiliated companies	11,716,413	1,591,313
CSRG and its affiliated companies	Leasing services from CSRG and its affiliated companies <i>(Note XI, 5(2))</i>	1,922,260,522	1,634,820,556
Total		11,932,138,364	9,802,877,987

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

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

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

Sale of goods/Rendering of labour services

			<i>RMB</i>		
Name of related parties	Content of transaction	2025	2024		
Guangzhou Railway Group and its affiliated companies	Train services and railway operation services provided to Guangzhou Railway Group and its affiliated companies	6,703,296,633	5,370,152,595		
Guangzhou Railway Group and its affiliated companies	Network clearing services provided to Guangzhou Railway Group and its affiliated companies	2,058,454,579	1,619,456,744		
Guangzhou Railway Group and its affiliated companies	Materials and supplies sold to and other services provided to Guangzhou Railway Group and its affiliated companies	77,249,360	54,257,887		
Guangzhou Railway Group and its affiliated companies	Construction engineering services provided to Guangzhou Railway Group and its affiliated companies	53,956,274	78,187,994		
Associates	Materials and supplies sold to associates	5,677,500	5,425,718		
Associates	Train services provided to associates	3,424,237	2,121,600		
CSRG and its affiliated companies <i>(Note 1)</i>	Network clearing services provided to CSRG and its affiliated companies	2,892,311,902	2,619,679,456		
CSRG and its affiliated companies	Railway operation services provided to CSRG and its affiliated companies	1,915,401,500	1,787,756,700		
Transactions with CSRG and its affiliated companies	Truck repair services provided to CSRG and its affiliated companies	616,441,831	602,257,095		
CSRG and its affiliated companies	Train services provided to CSRG and its affiliated companies	115,092,749	297,100,364		
CSRG and its affiliated companies	Construction engineering services provided to CSRG and its affiliated companies	313,892,292	349,755,421		
Sub-total <i>(Note 3)</i>		14,755,198,857	12,786,151,574		
CSRG and its affiliated companies <i>(Note 2)</i>	Income from passenger transportation	11,337,668,283	10,978,764,616		
CSRG and its affiliated companies <i>(Note 2)</i>	Income from freight transportation	1,822,026,226	1,622,820,308		
Total		27,914,893,366	25,387,736,498		

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

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

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

Sale of goods/Rendering of labour services (continued)

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

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

Note 3: Pursuant to the Comprehensive Service Framework Agreement entered into between the Company and CSRG (hereinafter including the Guangzhou Railway Group and its affiliated companies), which was approved at the extraordinary general meeting of the Company on 6 December 2022, the actual fees for both the services provided to and procured from CSRG did not exceed the maximum thresholds, specifically:

(1) Rendering of services

In 2025, the fees for services provided by the Group to CSRG shall not exceed RMB19,322,320,000, and the actual fees for services provided was RMB14,755,199,000, among which, the fees for railway transportation services shall not exceed RMB10,896,260,000, and the actual fees for railway transportation services was RMB10,291,864,000; the fees for railway related services and other services shall not exceed RMB1,275,480,000, and the actual fees for railway related services and other services was RMB1,067,217,000; the fees for special entrusted railway transportation services shall not exceed RMB7,150,580,000, and the actual fees for special entrusted railway transportation services was RMB3,396,118,000.

(2) Procurement of services

In 2025, the fees for services procured by the Group from CSRG shall not exceed RMB18,482,500,000, and the actual fees for services procured was RMB11,932,138,000, among which, the fees for railway transportation services shall not exceed RMB15,255,810,000, and the actual fees for railway transportation services was RMB9,914,713,000; the fees for railway related services and other services shall not exceed RMB3,226,690,000, and the actual fees for railway related services and other services was RMB2,017,425,000.

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

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

(2) Information on related party leases

The Group as a lessee

		<i>RMB</i>					
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 <i>(Note)</i>		Interest costs incurred on lease liabilities	
		2025	2024	2025	2024	2025	2024
Guangzhou Railway Group	Land use rights	-	-	66,415,094	65,283,019	68,396,213	68,267,920
CSRG	Van compartments	1,922,260,522	1,634,820,556	-	-	-	-
Guangzhou Railway Group	Van compartments	301,096,242	366,800,374	-	-	-	-

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, 45 for details).

* *(3) Compensation for key management personnel*

		<i>RMB</i>	
Item		2025	2024
Salary, housing allowances, and other allowances		4,447,738	4,497,308
Contributions to the pension plan		703,239	641,862
Bonuses paid or payable to the high-earning individuals, calculated at discretion or based on performance		-	-
Total		5,150,977	5,139,170

Key management personnel include directors, supervisors, and senior management. The Company had a total of 22 key management personnel during the year (2024: 24 key management personnel).

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

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

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

(a) Compensation for directors, supervisors and senior management personnel

The compensation of each director, supervisor and senior management personnel for the year 2025:

RMB

Name	Director's Remuneration	Salary, housing allowances, pensions and other allowances	Total
Jiang Hui	—	—	—
Chen Shaohong	—	594,092	594,092
Luo Jinglun	—	—	—
Zhong Ning	—	—	—
Zhou Shangde	—	534,265	534,265
Hu Dan	—	—	—
Li Danjiang	—	—	—
Zhang Zhe	—	—	—
Liu Qiyi	—	437,824	437,824
Tang Xiaofan	112,000	—	112,000
Qiu Zilong	112,000	—	112,000
Wang Qin	153,741	—	153,741
Niu Jianfeng	—	—	—
Li Songqing	—	—	—
Meng Yong	—	—	—
Lin Wensheng	—	112,381	112,381
Song Min	—	434,403	434,403
Gong Yuwen	—	534,229	534,229
Tang Xiangdong	—	534,229	534,229
Luo Xinpeng	—	534,193	534,193
Huang Wu	—	525,043	525,043
Yang Yijian	—	532,577	532,577

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

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

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

(a) Compensation for directors, supervisors and senior management personnel *(continued)*

The compensation of each director, supervisor and senior management personnel for the year 2024:

			<i>RMB</i>
Name	Director's Remuneration	Salary, housing allowances, pensions and other allowances	Total
Jiang Hui	–	–	–
Wei Hao	–	–	–
Wu Yong	–	–	–
Chen Shaohong	–	524,050	524,050
Hu Lingling	–	305,453	305,453
Luo Jinglun	–	–	–
Zhou Shangde	–	498,426	498,426
Hu Dan	–	–	–
Zhang Zhe	–	–	–
Tang Xiaofan	112,000	–	112,000
Qiu Zilong	112,000	–	112,000
Wang Qin	153,408	–	153,408
Niu Jianfeng	–	–	–
Huang Chaoxin	–	–	–
Li Songqing	–	–	–
Meng Yong	–	–	–
Lin Wensheng	–	413,504	413,504
Song Min	–	413,504	413,504
Gong Yuwen	–	498,376	498,376
Tang Xiangdong	–	498,521	498,521
Luo Jiancheng	–	365,736	365,736
Luo Xinpeng	–	498,569	498,569
Huang Wu	–	447,330	447,330
Yang Yijian	–	298,293	298,293

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

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

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

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

(b) Top 5 key management personnel with highest compensation

The total amount of compensation for the top 5 key management personnel with highest compensation in the Group for the year is set out below:

Item	RMB	
	2025	2024
Salary, housing allowances, and other allowances	2,339,648	2,184,012
Contributions to the pension plan	391,360	333,930
Bonuses paid or payable to the high-earning individuals, calculated at discretion or based on performance	–	–
Total	2,731,008	2,517,942

Compensation range	RMB	
	Number of persons for 2025	Number of persons for 2024
RMB 0-1,000,000	5	5
RMB 1,000,001-1,500,000	–	–
RMB 1,500,001-2,000,000	–	–
RMB 2,000,001 and above	–	–

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

6. Information on receivables due from and payables due to related parties and other outstanding items

(1) *Balance of receivables from and payables to associates, Guangzhou Railway Group and its affiliated companies*

		<i>RMB</i>	
Item	Name of related parties	31 December 2025 Gross carrying amount	31 December 2024 Gross carrying amount
Accounts receivable	Guangzhou Railway Group	535,633,919	1,758,038,027
	Affiliated companies to Guangzhou Railway Group		
	Guangdong Railway Company Limited	2,080,462,501	2,220,177,018
	Xiashen Railway	105,590,997	59,816,659
	Northeast Railway	19,095,033	12,597,146
	GIDC	7,431,086	–
	Others	1,188,651,810	1,121,825,329
	Associates	2,025,830	–
	Total	3,938,891,176	5,172,454,179
	Less: Bad debt provision	97,548,245	42,084,821
	Carrying amount	3,841,342,931	5,130,369,358
Other receivables	Guangzhou Railway Group	27,758,800	3,909,424
	Affiliated companies to Guangzhou Railway Group		
	Guangdong Railway Company Limited	27,499,588	30,223,912
	Shenmao Railway	24,152,303	26,501,172
	Xiashen Railway	58,651,064	40,625,593
	Others	211,427,294	168,441,193
	Associates	228,931	303,722
	Total	349,717,980	270,005,016
	Less: Bad debt provision	500,181	396,186
	Carrying amount	349,217,799	269,608,830

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

6. Information on receivables due from and payables due to related parties and other outstanding items *(continued)*

(1) Balance of receivables from and payables to associates, Guangzhou Railway Group and its affiliated companies (continued)

		<i>RMB</i>	
Item	Name of related parties	31 December 2025	31 December 2024
Prepayments	Guangzhou Railway Group	15,569,863	294,059
	Affiliated companies to Guangzhou Railway Group	63,108,053	32,830,826
	Total	78,677,916	33,124,885
Other non-current assets	Affiliated companies to Guangzhou Railway Group	6,586,662	9,749,297
Accounts payable	Guangzhou Railway Group	154,794,717	112,498,695
	Affiliated companies to Guangzhou Railway Group		
	Material Company	369,421,494	690,364,461
	Hunan Railway	170,363,997	300,626,444
	Vehicles Company	65,147,986	34,198,234
	GRSTD	21,186,730	9,613,004
	Track Company	16,006,269	14,228,822
	Hunan Changtie	3,614,115	15,229,932
	Guangzhou Railway Real Estate	8,449,650	17,453,764
	HRETD	6,994,378	–
	CRC	6,352,975	25,737
	Others	45,493,518	32,144,930
	Associates	44,081,596	77,466,625
	Total	911,907,425	1,303,850,648
Contract liabilities	Guangzhou Railway Group	339,623	2,862,525
	Affiliated companies to Guangzhou Railway Group		
	Associates	42,724,026	15,598,586
	Total	58,200	68,200
	Associates	43,121,849	18,529,311

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

6. Information on receivables due from and payables due to related parties and other outstanding items *(continued)*

(1) Balance of receivables from and payables to associates, Guangzhou Railway Group and its affiliated companies *(continued)*

		<i>RMB</i>	
Item	Name of related parties	31 December 2025	31 December 2024
Other payables	Guangzhou Railway Group	54,714,936	186,338,459
	Affiliated companies to Guangzhou Railway Group		
	GIDC	345,379,964	351,568,451
	Hunan Changtie	42,582,622	85,783,039
	Material Company	117,765,257	24,457,664
	Vehicles Company	24,059,464	60,206,230
	Hunan Railway	48,403,101	53,555,396
	Others	102,614,926	92,620,561
	Associates	29,345,120	65,500,699
	Total	764,865,390	920,030,499
Lease liabilities	Guangzhou Railway Group	1,397,048,382	1,395,067,264

(2) Balance of receivables from and payables to CSRG and other railway transportation related enterprises

		<i>RMB</i>	
Item	Name of related parties	31 December 2025	31 December 2024
Accounts receivable	CSRG	623,563,900	189,491,419
	Affiliated companies to CSRG	310,477,154	386,597,444
	Total	934,041,054	576,088,863
	Less: Bad debt provision	1,917,747	–
	Carrying amount	932,123,307	576,088,863
Other receivables	Affiliated companies to CSRG	478,629,496	531,817,082
	Less: Bad debt provision	685,004	677,157
	Carrying amount	477,944,492	531,139,925
Accounts payable	Affiliated companies to CSRG	74,751,293	81,043,848
Other payables	Affiliated companies to CSRG	112,313,587	99,079,163
Prepayments	Affiliated companies to CSRG	7,440	–

XI. 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

Category	RMB	
	31 December 2025	31 December 2024
Guangzhou Railway Group and its affiliated companies	21,824,611	12,545,501
CSRG and its affiliated companies	8,002,238	–

XII. COMMITMENTS AND CONTINGENCIES

1. Significant commitments

(1) Capital commitments

	RMB	
	31 December 2025	31 December 2024
Buildings and machinery and equipment		
– Capital commitments that have been entered into but have not been recognised in the financial statements	132,044,233	34,997,000
– Capital commitments that have been authorised but haven't been entered into and recognised in the financial statements	902,956,000	337,123,000
Total	1,035,000,233	372,120,000

2. Contingencies

As at 31 December 2025, the Group had no significant contingencies that should have been disclosed but were not.

XIII. OTHER SIGNIFICANT MATTERS

1. Segment information

The Group is principally engaged in the railway transportation business, and all businesses occurred in the PRC (including Hong Kong). Since the management of the Group does not separately account for the costs and expenses incurred by the passenger and freight transportation business in the ordinary course of operation and does not separately evaluate the operating results of the business, a segment report is not required.

XIV. EVENTS AFTER THE BALANCE SHEET DATE

- Pursuant to the resolution of the Board of Directors dated 30 March 2026, the Board of Directors proposed to declare cash dividends of RMB0.09 per share, totalling RMB637,518,330 per share, to all shareholders in respect of the net profit for the year 2025, based on 7,083,537,000 shares in issue. The aforesaid proposal is subject to the approval of the general meeting of shareholders.

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

1. Accounts receivable

(1) Disclosed by aging

	31 December 2025	31 December 2024
Aging	Gross carrying amount	Gross carrying amount
Within 1 year	3,644,256,801	4,319,726,718
1 to 2 years	1,118,722,162	1,383,946,168
2 to 3 years	203,490,755	158,406,598
Over 3 years	210,045,724	124,728,569
Total	5,176,515,442	5,986,808,053

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

1. Accounts receivable *(continued)*

(2) Disclosed by method of bad debt provision:

RMB

Category	31 December 2025					31 December 2024				
	Gross carrying amount		Bad debt provision		Carrying amount	Gross carrying amount		Bad debt provision		Carrying amount
	Amount	Proportion (%)	Amount	Proportion (%)		Amount	Proportion (%)	Amount	Proportion (%)	
Bad debt provision assessed on a portfolio basis:										
Portfolio I	621,490,367	12.01	-	-	621,490,367	187,670,219	3.13	-	-	187,670,219
Portfolio II	4,396,403,660	84.93	117,931,517	2.68	4,278,472,143	5,690,027,664	95.04	44,698,993	0.79	5,645,328,671
Portfolio III	158,621,415	3.06	2,134,670	1.35	156,486,745	109,110,170	1.83	2,134,670	1.96	106,975,500
Total	5,176,515,442	100.00	120,066,187	/	5,056,449,255	5,986,808,053	100.00	46,833,663	/	5,939,974,390

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

1. Accounts receivable *(continued)*

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

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

	<i>RMB</i>		
Bad debt provision	Lifetime ECL (not credit- impaired)	Lifetime ECL (credit- impaired)	Total
Balance at 1 January 2025	46,833,663	–	46,833,663
Balance at 1 January 2025			
– Transfer to those credit-impaired	–	–	–
– Reverse to those not credit-impaired	–	–	–
Provision for the year	73,232,524	–	73,232,524
Reversal for the year	–	–	–
Charge-off for the year	–	–	–
Write-off for the year	–	–	–
Other changes	–	–	–
Balance at 31 December 2025	120,066,187	–	120,066,187

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

1. **Accounts receivable** *(continued)*

(3) Details of bad debt provision

RMB

Category	31 December	Changes for the year			31 December
	2024	Provision	Recovery or reversal	Charge-off or write-off	Other changes
Accounts receivable for which bad debt provision is assessed on a portfolio basis according to credit risk characteristics	46,833,663	73,232,524	-	-	-
					120,066,187

(4) As at 31 December 2025, no accounts receivable had been written off.

(5) Top five accounts receivable categorised by debtor:

RMB

Name of entity	Accounts receivable Closing balance	Proportion to total closing balance of accounts receivable (%)	Closing balance of bad debt provision
Guangzhou Railway Group and its affiliated companies	3,935,798,680	76.03	97,548,245
CSRG and its affiliated companies	934,041,054	18.04	1,917,747
Guangzhou Nansha Port Railway Co., Ltd.	201,011,791	3.88	18,299,629
Guangdong Meilong Railway Co., Ltd.	24,867,900	0.48	159,155
China Railway Siyuan Survey and Design Group Co., Ltd.	2,700,000	0.05	-
Total	5,098,419,425	98.48	117,924,776

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

2. Other receivables

2.1 Presentation

Item	<i>RMB</i>	
	31 December 2025	31 December 2024
Interest receivable	–	–
Dividends receivable	2,728,699	–
Other receivables	978,417,127	1,372,372,877
Total	981,145,826	1,372,372,877

2.2 Dividends receivable

Item	<i>RMB</i>	
	31 December 2025	31 December 2024
Dividends receivable – Shentu	2,728,699	–

2.3 Other receivables

(1) Disclosed by aging

Aging	<i>RMB</i>	
	31 December 2025 Gross carrying amount	31 December 2024 Gross carrying amount
Within 1 year	795,250,874	1,233,225,186
1 to 2 years	55,463,148	11,304,585
2 to 3 years	–	–
Over 3 years	141,235,081	141,375,082
Total	991,949,103	1,385,904,853

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

2. Other receivables *(continued)*

2.3 Other receivables *(continued)*

(2) Classified by nature

	<i>RMB</i>	
Nature	31 December 2025	31 December 2024
Receipts and payments of construction funds on behalf of others	795,692,994	798,811,680
Payment for land acquisition and reserve receivable	128,902,764	128,902,764
Petty cash	10,805,024	12,141,373
Advances	6,416,839	6,509,280
Security deposits and deposits	1,893,318	2,154,088
Amounts due from subsidiaries and others	48,238,164	437,385,668
Sub-total	991,949,103	1,385,904,853
Less: Bad debt provision	13,531,976	13,531,976
Total	978,417,127	1,372,372,877

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

2. Other receivables *(continued)*

2.3 Other receivables *(continued)*

(3) Disclosed by method of bad debt provision

RMB

Category	31 December 2025					31 December 2024				
	Gross carrying amount		Bad debt provision		Carrying amount	Gross carrying amount		Bad debt provision		Carrying amount
	Amount	Proportion (%)	Amount	Proportion (%)		Amount	Proportion (%)	Amount	Proportion (%)	
Bad debt provision assessed on an individual basis	12,312,317	1.24	12,312,317	100.00	-	12,312,317	0.89	12,312,317	100.00	-
Bad debt provision assessed on a portfolio basis	979,636,786	98.76	1,219,659	0.12	978,417,127	1,373,592,536	99.11	1,219,659	0.09	1,372,372,877
Including:										
Portfolio I	979,636,786	98.76	1,219,659	0.12	978,417,127	1,373,592,536	99.11	1,219,659	0.09	1,372,372,877
Total	991,949,103	100.00	13,531,976	/	978,417,127	1,385,904,853	100.00	13,531,976	/	1,372,372,877

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

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 2025	1,219,659	–	12,312,317	13,531,976
Balance at 1 January 2025				
– Transfer to Stage II	–	–	–	–
– Transfer to Stage III	–	–	–	–
– Reverse to Stage II	–	–	–	–
– Reverse to Stage I	–	–	–	–
Provision for the year	–	–	–	–
Reversal for the year	–	–	–	–
Charge-off for the year	–	–	–	–
Write-off for the year	–	–	–	–
Other changes	–	–	–	–
Balance at 31 December 2025	1,219,659	–	12,312,317	13,531,976

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

2. Other receivables *(continued)*

2.3 Other receivables *(continued)*

(5) *Details of bad debt provision*

Category	1 January 2025	Changes for the year			Other changes	31 December 2025
		Provision	Recovery or reversal	Charge-off or write-off		
Other receivables for which credit loss allowance is assessed on an individual basis	12,312,317	-	-	-	-	12,312,317
Other receivables for which credit loss allowance is assessed on a portfolio basis according to credit risk characteristics	1,219,659	-	-	-	-	1,219,659
Total	13,531,976	-	-	-	-	13,531,976

(6) As at 31 December 2025, no other receivables have been written off.

XV. 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:

<i>RMB</i>					
Name of entity	31 December 2025	Proportion to total closing balance of other receivables (%)	Nature	Aging	Balance of bad debt provision at 31 December 2025
Guangzhou Railway Group and its affiliated companies	349,489,049	35.23	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	478,629,496	48.25	Collection and payment of construction funds on behalf of others	Within one year	685,004
Guangzhou Tianhe Land Development Center	128,902,764	12.99	Land reserve funds receivable	Over three years	–
Guangdong Pearl River Delta Intercity Railway Co., Ltd.	4,708,348	0.47	Others	Within one year and one to two years	6,738
Guangdong Xinnanhua Cement Co., Ltd.	585,413	0.06	Collection and payment of construction funds on behalf of others	Within one year	838
Total	962,315,070	97.00			1,192,761

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

3. Long-term equity investments

RMB

Investee	1 January 2025	Addition	Reduction	Changes for the year					31 December 2025	Provision for impairment at 31 December 2025	
				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
I. Subsidiaries											
Dongguan Changsheng	48,204,994	-	-	-	-	-	-	-	-	48,204,994	-
Pinghu Qun Yi	11,447,465	-	-	-	-	-	-	-	-	11,447,465	-
Huangpu Service	379,000	-	-	-	-	-	-	-	-	379,000	-
Railway Economic and Trade	2,000,000	-	2,000,000	-	-	-	-	-	-	-	-
Zengcheng Lihua	-	-	-	-	-	-	-	-	-	-	34,392,193
Sub-total	62,031,459	-	2,000,000	-	-	-	-	-	-	60,031,459	34,392,193
II. Associates											
Tiecheng	158,370,764	-	-	7,867,604	-	-	-	-	-	166,238,368	-
Shentu	168,331,685	-	-	11,722,717	-	4,032,391	2,728,699	-	-	181,358,094	-
Sub-total	326,702,449	-	-	19,590,321	-	4,032,391	2,728,699	-	-	347,596,462	-
Total	388,733,908	-	2,000,000	19,590,321	-	4,032,391	2,728,699	-	-	407,627,921	34,392,193

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

4. Operating income and costs

Item	2025		2024	
	Income	Costs	Income	Costs
Principal operating activities	26,972,272,213	25,672,477,555	25,304,356,566	23,924,481,032
Other operating activities	1,661,022,027	1,367,064,942	1,751,313,921	1,440,978,525
Total	28,633,294,240	27,039,542,497	27,055,670,487	25,365,459,557

5. Investment income (losses)

Item	2025	2024
Income from long-term equity investments under the equity method	19,590,321	21,718,707
Dividend income from investments in other equity instruments during the holding period	8,401,674	9,438,022
Income from long-term equity investments under the cost method	3,640,784	3,315,909
Loss on disposal of long-term equity investments <i>(Note VI, 1)</i>	(444,465,151)	–
Total	(412,832,372)	34,472,638

Supplementary Information

FOR THE YEAR ENDED 31 DECEMBER 2025

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

Item	<i>RMB</i> Amount
Profit or loss on disposal of non-current assets, including those charged off for which provision for impairment of assets has been made	368,263,197
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)	132,635,968
Other non-operating income or expenses other than the above	(1,245,391)
Less: Tax effects	136,126,822
Effects attributable to minority interests	22,199
Total	363,504,753

Basis for preparation of the breakdown of non-recurring profit or loss

Under the requirements in Explanatory Announcement on Information Disclosure by Companies Offering Securities to the Public No. 1 – Non-Recurring Profits and Losses (2023 Revision) from the CSRC, non-recurring profit or loss arises from the transactions or events that are not directly related to daily operations, or the transactions or events that are associated with normal operations but may affect users of the financial statements when making proper judgments on the performance and profitability of an enterprise due to their special and incidental nature.

2. Return on net assets and earnings per share (“EPS”)

The table of return on net assets and earnings per share has been prepared by the Group in accordance with the Information Disclosure and Presentation Rules for Companies Making Public Offering of Securities No. 9 – Calculation and Disclosure of Return on Net Assets and Earnings per Share (Revised in 2010) issued by the CSRC.

Profit for the reporting period	Weighted average return rate on net assets (%)	Earnings per share Basic earnings per share	Diluted earnings per share
Net profit attributable to ordinary shareholders of the Company	5.16	0.2013	0.2013
Net profit after deducting non-recurring profit or loss attributable to ordinary shareholders of the Company	3.85	0.1500	0.1500



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