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*(a joint stock limited company incorporated in the People's Republic of China)*

**(Stock Code: 00525)**

## **2023 INTERIM RESULTS ANNOUNCEMENT**

The Board of Directors (the “Board”) of Guangshen Railway Company Limited (the “Company”) is pleased to announce the unaudited interim results of the Company and its subsidiaries for the six months ended 30 June 2023. This announcement, containing the full text of the 2023 Interim Report of the Company, complies with the relevant requirements of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (“Hong Kong Stock Exchange”) in relation to information to accompany preliminary announcement of interim results.

Both the Chinese and English versions of this results announcement are available on the website of the Company ([www.gsfc.com](http://www.gsfc.com)) and the HKEXnews website of the Hong Kong Stock Exchange ([www.hkexnews.hk](http://www.hkexnews.hk)). The Company’s 2023 Interim Report will be dispatched to holders of H shares and published on the website of the Company and the HKEXnews website of the Hong Kong Stock Exchange in due course.

By Order of the Board  
**Wu Yong**  
*Chairman*

Shenzhen, the PRC

29 August 2023

As at the date of this announcement, the Board consists of :

***Executive Directors***

Wu Yong  
Hu Lingling  
Zhou Shangde

***Non-executive Directors***

Guo Jiming  
Hu Dan  
Zhang Zhe

***Independent Non-executive Directors***

Tang Xiaofan  
Qiu Zilong  
Wang Qin

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# Important Notice

- 1. The board of directors (the "Board"), the Supervisory Committee, Directors, Supervisors and senior management of the Company warrant that the contents of this interim report are true, accurate and complete, and there are no misrepresentations, misleading statements or material omissions in this interim report, and severally and jointly accept the related legal responsibility.**
- 2. All Directors of the Company attended the meeting of the Board to consider this interim report.**
- 3. The financial report contained in this interim report has been prepared in accordance with the International Financial Reporting Standards and has not been audited.**
- 4. Wu Yong, Chairman of the Board of the Company, Hu Lingling, General Manager, Luo Xinpeng, Chief Accountant, and Liu Qiyi, Chief of Finance Department hereby warrant that the financial report contained in this interim report is true, accurate and complete.**
- 5. The Board of the Company decided not to distribute any profit or transfer any common reserve to increase share capital during the reporting period.**
- 6. Declaration of risks with respect to forward-looking statements**

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

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

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

No
- 10. Notice of Material Risks**

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

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**Documents Available for Inspection**

- (1) Financial statements bearing the signatures and seals of the Chairman of the Board, General Manager, Chief Accountant and Chief of Finance Department of the Company;
- (2) The originals of all company documents and announcements publicly disclosed during the reporting period;
- (3) The interim report disclosed on the Shanghai Stock Exchange.

Place for inspection: Board Secretariat of the Company



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# Chapter 1

## Definitions

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In this report, unless the context otherwise requires, the expressions stated below have the following meanings:

Company	Guangshen Railway Company Limited
reporting period, current period	6 months from 1 January to 30 June 2023
same period last year	6 months from 1 January to 30 June 2022
A Share(s)	Renminbi-denominated ordinary share(s) of the Company with a par value of RMB1.00 issued in the PRC and listed on the SSE for subscription in Renminbi
H Share(s)	Overseas listed foreign share(s) of the Company with a par value of RMB1.00 issued in Hong Kong and listed on the SEHK for subscription in Hong Kong dollars
PRC	The People's Republic of China
CSRC	The China Securities Regulatory Commission
SSE	The Shanghai Stock Exchange
SEHK	The Stock Exchange of Hong Kong Limited
SFO	The Securities and Futures Ordinance (Cap. 571 of the Laws of Hong Kong)
Listing Rules	The Rules Governing the Listing of Securities on SEHK and/or the Rules Governing the Listing of Stocks on SSE (as the case may be)
Articles	The articles of association of Guangshen Railway Company Limited
CSRG, de facto controller	China State Railway Group Co Ltd
GRGC, controlling shareholder	China Railway Guangzhou Group Co., Ltd.
GZIR	Guangdong Guangzhou Intercity Rail Transportation Company Limited
WGPR	Wuhan-Guangzhou Passenger Railway Line Co., Ltd.
GSHER	Guangzhou-Shenzhen-Hong Kong Express Rail Link Company Limited
GZR	Guangzhou-Zhuhai Railway Company Limited
XSR	Xiamen-Shenzhen Railway Company Limited
GDR	Guangdong Railway Company Limited
GGR	Guiyang-Guangzhou Railway Company Limited
NGR	Nanning-Guangzhou Railway Company Limited
PRDIR	Guangdong Pearl River Delta Inter-city Railway Traffic Company Limited
MZR	MaoZhan Railway Company Limited
SMR	Guangdong Shenmao Railway Company Limited
MSR	Guangdong Meizhou-Shantou Passenger Railway Line Company Limited
GSTR	Guangzhou Northeast Freight Car Outer Winding Railway Co., Ltd.
GSR	Ganzhou-Shenzhen Railway (Guangdong) Company Limited
NSGR	Guangzhou Nanshagang Railway Company Limited

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## Chapter 2

# Company Profile and Major Financial Indicators

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### I. COMPANY INFORMATION

Chinese name of the Company	廣深鐵路股份有限公司
Chinese name abbreviation of the Company	廣深鐵路
English name of the Company	Guangshen Railway Company Limited
Legal representative of the Company	Wu Yong
Place of incorporation of the Company	A joint stock limited company incorporated in the PRC

### II. CONTACT PERSON AND CONTACT INFORMATION

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

### III. CHANGES IN BASIC INFORMATION

Company's Registered Address	No. 1052 Heping Road, Luohu District, Shenzhen, Guangdong Province
Historical Changes in the Company's Registered Address	Nil
Company's Place of Business	No. 1052 Heping Road, Luohu District, Shenzhen, Guangdong Province
Postal Code of the Company's Place of Business	518010
Company Website	<a href="http://www.gsrc.com">http://www.gsrc.com</a>
E-mail	ir@gstlgs.com
Query Index of Changes during the Reporting Period	Nil



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## IV. CHANGES IN INFORMATION DISCLOSURE AND RESERVE ADDRESS

Newspapers specified by the Company for information disclosure	China Securities Journal: <a href="https://www.cs.com.cn">https://www.cs.com.cn</a> Securities Times: <a href="http://www.stcn.com">http://www.stcn.com</a> Shanghai Securities News: <a href="https://www.cnstock.com">https://www.cnstock.com</a> Securities Daily: <a href="http://www.zqrb.cn">http://www.zqrb.cn</a>
Websites to publish the interim report	SSE: <a href="http://www.sse.com.cn">http://www.sse.com.cn</a> SEHK: <a href="http://www.hkexnews.hk">http://www.hkexnews.hk</a> Company website: <a href="http://www.gsrc.com">http://www.gsrc.com</a>
Reserve address of the Company's interim report	No. 1052 Heping Road, Luohu District, Shenzhen, Guangdong Province
Query Index of Changes during the Reporting Period	Nil

## V. SHARES INFORMATION OF THE COMPANY

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

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## Chapter 2

# Company Profile and Major Financial Indicators

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### VI. OTHER RELEVANT INFORMATION

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



## VII. MAJOR ACCOUNTING DATA AND FINANCIAL INDICATORS OF THE COMPANY

### (1) Major Accounting Data

(Unit: RMB thousand)

	At the end of the reporting period	At the end of last year	Increase/decrease for the end of reporting period compared to the end of last year (%)
Total assets	36,863,890	37,041,376	(0.48)
Net assets (excluding interests of minor shareholders)	26,012,364	25,289,696	2.86
Net assets per share (RMB/Share)	3.67	3.57	2.80

	Reporting period (From January to June)	Same period last year	Increase/decrease for the reporting period compared with the same period last year (%)
Total revenue	12,380,540	9,491,272	30.44
Total operating expenses	11,468,358	10,520,345	9.01
Profit from operations	975,410	(975,644)	N/A
Profit before tax	945,207	(986,660)	N/A
Consolidated profit attributable to shareholders	677,497	(765,325)	N/A
Basic earnings per share (RMB/Share)	0.0956	(0.1080)	N/A
Net cash generated from operating activities	811,231	(695,486)	N/A
Net cash generated from operating activities per share (RMB/Share)	0.115	(0.098)	N/A

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

Applicable  Not applicable

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# Chapter 3

## Report of the Directors

### (Including Management Discussion and Analysis)

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

##### (1) Industry Fact Sheet

Being the aorta of the nation's economy, a key infrastructure, a significant project for people's livelihood, the backbone of an integrated transportation system and one of the main means of transportation, the railway is of crucial importance for the nation's economic and social development. Since the State Council of the PRC approved the implementation of the Medium to Long Term Plan for Railway Network Development (《中長期鐵路網規劃》) in 2004, railways in China have experienced exponential development. On the whole, the tight capacity of the Chinese railways has now been alleviated, the bottle neck restriction has been eliminated, and economic and social development needs have been met. However, when benchmarking with the requirements for a new normal of economic developments, other transportation forms and the advanced levels of developed countries, China's railway still faces deficiencies such as incomplete layout, low operational efficiency and rather severe structural conflicts. By the end of 2022, the nationwide railways in operation reached 155,000 kilometers; among which, the high-speed railways in operation ran over 42,000 kilometers, indicating the increasing prominent key role of railways in the modernized comprehensive transportation system.

According to the industry statistics released by the National Railway Administration, in the first half of 2023, the railways nationwide had achieved a passenger traffic volume of 1.77 billion people, representing a year-on-year increase of 124.9%; meanwhile, the outbound freight tonnage had reached 2.497 billion tonnes, representing a year-on-year increase of 0.6%.

##### (2) Principal Activities and Business Model

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



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

Applicable  Not applicable

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

In the first half of 2023, the operating revenue of the Company was RMB12,381 million, representing an increase of 30.44% as compared to RMB9,491 million for the same period of last year; operating cost amounted to RMB11,468 million, representing an increase of 9.01% as compared to RMB10,520 million for the same period of last year; profit from operation amounted to RMB975 million, turning from loss to profit on a year-on-year basis (loss from operation for the same period last year: RMB976 million); consolidated profit attributable to shareholders was RMB677 million, turning from loss to profit on a year-on-year basis (consolidated loss attributable to shareholders for the same period last year: RMB765 million).

### (1) Analysis of operating results

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

(Unit: RMB thousand)

Item	Current period	Same period last year	Change (%)
Operating revenue	12,380,540	9,491,272	30.44
Operating cost	11,468,358	10,520,345	9.01
Depreciation of financial assets	530	—	100.00
Other gains — net	63,758	53,429	19.33
Finance costs — net	56,716	35,885	58.05
Share of net profits of associates	26,513	24,869	6.61
Income tax expenses	266,782	(221,398)	N/A
Net cash flows from operating activities	811,231	(695,486)	N/A
Net cash flows from investing activities	(363,019)	(222,238)	N/A
Net cash flows from financing activities	(22,946)	497,681	(104.61)

# Chapter 3

## Report of the Directors

### (Including Management Discussion and Analysis)

#### 2. Analysis of Revenue

##### (1) Passenger Transportation

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

	Current period	Same period last year	Period-on-period increase/decrease (%)
Revenue from passenger transportation (RMB ten thousand)	532,016	312,831	70.06
— Guangzhou-Shenzhen inter-city trains	150,428	70,647	112.93
— Through Trains	52,762	—	100.00
— Long-distance trains	301,559	224,675	34.22
— Other revenues from passenger transportation	27,267	17,509	55.73
Passenger traffic volume (persons)	26,409,651	13,258,856	99.18
— Guangzhou-Shenzhen inter-city trains	10,417,868	4,915,256	111.95
— Through Trains	327,571	—	100.00
— Long-distance trains	15,664,212	8,343,600	87.74
Total passenger — kilometers ('00 million passenger-kilometers)	75.72	42.86	76.67

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



## (2) Freight Transportation

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

	Current period	Same period last year	Period-on-period increase/decrease (%)
Revenue from freight transportation (RMB ten thousand)	93,040	83,024	12.06
— Revenue from freight charges	83,365	72,811	14.50
— Other revenue from freight transportation	9,675	10,213	(5.27)
Outbound freight volume (tonnes)	8,047,438	7,828,336	2.80
Full-distance volume of outbound freight traffic ('00 million tonne-kilometers)	64.12	65.79	(2.54)

- **The increase in revenue from freight transportation and outbound freight volume was mainly due to the following:** During the reporting period, with the continuous improvement of the external business environment, the demand in the railway freight transportation market remained stable, and the outbound freight volume at the stations under the Company's management increased steadily on a year-on-year basis, thereby resulting in an increase in the revenue from freight transportation.

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## Chapter 3

# Report of the Directors (Including Management Discussion and Analysis)

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### (3) Railway Network Usage and Other Transportation Services

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

	Current period	Same period last year	Period-on-period increase/decrease (%)
Revenue from railway network usage and other transportation services (RMB ten thousand)	549,721	509,641	7.86
(a) Railway network usage services	208,271	163,400	27.46
(b) Other transportation services	341,450	346,241	(1.38)
— Railway operation	194,433	189,915	2.38
— Other services	147,017	156,326	(5.95)

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

### (4) Other Businesses

The Company's other businesses mainly include train repairs, on-board catering services, leasing, sales of materials and supplies, sales of goods and other businesses that are related to railway transportation. During the first half of 2023, revenue from other businesses was RMB633 million, representing an increase of 45.03% as compared to RMB436 million for the same period last year. The increase was mainly due to the following: (a) during the reporting period, new revenue was recorded from services such as sewage suction for stations and passenger trains and commissioned project construction; (b) during the reporting period, the number of operating trains and the passenger transportation traffic increased, thereby resulting in a year-on-year increase in the revenue from train maintenance, train catering and commodity sales.



### 3. Analysis of costs

(Unit: RMB thousand)

Business Segment	Current period	Same period last year	Period-on-period increase/decrease (%)
Railway business	10,887,548	10,034,924	8.50
Other businesses	580,810	485,421	19.65
<b>Total</b>	<b>11,468,358</b>	<b>10,520,345</b>	<b>9.01</b>

- **The increase in costs of railway business was mainly due to the following:** (1) During the reporting period, the number of operating trains organized by the Company increased and the workload of railway operation service provided for other railway companies increased, thereby resulting in a year-on-year increase in equipment rental and service fees, material and water and electricity consumption, maintenance costs, passenger service fees and other transportation expenses; (2) during the reporting period, the adjustment of employees' basic salaries, and the increase in the payment base of various social insurance and housing provident funds and other surcharges resulted in a year-on-year increase in the corresponding wages and welfare expenses; (3) the original value of fixed assets increased during the reporting period, resulting in a corresponding year-on-year increase in the depreciation of fixed assets.
- **The increase in costs of other businesses was mainly due to the following:** During the reporting period, new services were launched, such as sewage suction for stations and passenger trains and commissioned project construction, and the business volume of train maintenance, train catering and commodity sales increased, thereby resulting in a year-on-year increase in the corresponding business expenses.

# Chapter 3

## Report of the Directors

### (Including Management Discussion and Analysis)

#### 4. Expenses

(Unit: RMB thousand)

Item	Current period	Same period last year	Period-on-period increase/decrease (%)	Major reason(s) for the changes
Impairment of financial assets	530	—	100.00	The increase in the loss from bad debt for other receivables.
Other gains — net	63,758	53,429	19.33	The increases in the payments waived and the dividends received from other equity instrument investments, and the decrease in the government grants received.
Finance costs — net	56,716	35,885	58.05	The increase in the interest expenses arising from lease liabilities and bank borrowings.
Share of net profit of associates	26,513	24,869	6.61	The increase in the investment gains recognized for long-term equity investment.
Income tax expenses	266,782	(221,398)	N/A	Total profit turned from loss to profit during the reporting period, resulting in an increase in the income tax expenses calculated at applicable tax rate.



## 5. Cash Flow

(Unit: RMB thousand)

	Current period	Same period last year	Period-on-period increase/decrease (%)	Major reason(s) for the changes
Net cash flows from operating activities	811,231	(695,486)	N/A	During the reporting period, the Company's operating revenue increased, and the cash received increased accordingly.
Net cash flows from investing activities	(363,019)	(222,238)	N/A	During the reporting period, the cash paid for the purchase and construction of fixed assets and other long-term assets increased.
Net cash flows from financing activities	(22,946)	497,681	(104.61)	During the reporting period, the cash paid for the repayment of bank loans increased.

# Chapter 3

## Report of the Directors

### (Including Management Discussion and Analysis)

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

##### 1. Assets and liabilities

(Unit: RMB thousand)

Item	Amount at the end of current period	Amount at the end of previous period	Changes in amount from the end of previous period to the end of current period (%)	Explanation
Construction in progress	670,531	1,112,582	(39.73)	Construction in progress was completed and transferred to fixed assets.
Prepayments for fixed assets and construction-in-progress	129,954	64,816	100.50	Prepayments for construction increased.
Deferred tax assets	1,018,227	1,284,105	(20.71)	Deductible losses decreased.
Trade receivables	5,322,980	4,656,294	14.32	Receivables for transportation and railway operation services increased.
Prepayments and other receivables	405,469	578,557	(29.92)	Construction payments made on others' behalf were recovered.
Current portion of long-term deposits	—	172,192	(100.00)	The 3-year term deposit was withdrawn upon maturity.
Cash and cash equivalents	1,724,901	1,299,635	32.72	Bank deposit balance increased.
Trade and bill payables	2,715,095	3,525,291	(22.98)	Payables for material purchases, payables for repairs and payables for labor services decreased, and bank acceptance bills were paid upon maturity.
Payables for fixed assets and construction-in-progress	2,354,181	2,053,638	14.63	Payables for construction and equipment increased.
Accruals and other payables	1,921,051	2,323,722	(17.33)	Social insurance and housing provident fund deferred in the previous year were paid, and various project quality assurance funds and security deposits were returned.



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## **2. Restriction on main assets as of the end of the reporting period**

Applicable  Not applicable

### **(3) Analysis of investment positions**

During the reporting period, the Company did not invest in securities such as stocks, warrants or convertible bonds, and did not hold or deal in equity interests in other listed companies and non-listed financial enterprises.

#### **1. Significant investments in equity interests**

Applicable  Not applicable

#### **2. Significant non-equity investments**

Applicable  Not applicable

#### **3. Financial assets measured at fair value**

At the end of the reporting period, the Company had financial assets measured at fair value and changes included in other comprehensive income with a carrying amount of RMB463,695,717. During the reporting period, there were no changes in fair value of these assets.

#### **(4) Disposal of major assets and equity interests**

Applicable  Not applicable

### **(5) Analysis of major holding and investee companies**

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

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## Chapter 3

# Report of the Directors (Including Management Discussion and Analysis)

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### IV. OPERATING ENVIRONMENT AND KEY OPERATION TASKS OF THE COMPANY FOR THE SECOND HALF OF 2023

Looking forward to the second half of 2023, although China's economy is exposed to certain difficulties and challenges, under the strong leadership of the Party Central Committee and the State Council, with the implementation of various national policies and measures for promoting the continuous economic recovery, in the second half of the year, China's economy is expected to maintain a positive development trend in general, and the demand in the railway transportation market, especially the passenger transportation market, will also continue to pick up. Facing the favorable operating environment, the Company will take Xi Jinping's Thought on Socialism with Chinese Characteristics for a New Era as the guide, resolutely implement the decisions and tasks of the Party Central Committee and the State Council, closely focus on the Company's annual business goals, adhere to the general tone of seeking progress while maintaining stability, focus on the high quality development of the Company, exert solid efforts on production safety, passenger and freight transportation, business management, and party building, striving to make more contributions in respect of railway development as the "locomotive" that serves bravely and supports the Chinese-style modernization.

In the second half of 2023, the Company will focus on the following aspects:

- (1) Production safety: adhering to the principle of prevention first, combining prevention and control. On the one hand, the Company will continue to deepen the standardization construction, and the construction of safety ideology and cognition, and strictly and pragmatically strengthening the modernization of the safety governance system and governance capabilities; on the other hand, carrying out in-depth special safety rectification actions and comprehensive inspections of safety production for concentrated rectification of safety hazards.
- (2) Passenger and freight transportation: firstly, making full use of the opportunities of the continuous recovery of railway passenger flow and the resumption of through trains to Hong Kong to actively strengthen market publicity and passenger transportation marketing, timely and rationally arranging transportation capacity according to passenger flow, optimizing and adjusting transportation organization to accelerate the recovery of the Company's passenger transportation business; secondly, continuing to implement the structural reform on the supply side of railway transportation, actively adapting to market needs, giving full play to the advantages of railways, innovating in the products of "road-rail operation (公鐵聯運)", and further promoting "Highway Transportation to Railway Transportation (公轉鐵)"; and thirdly, continuing to improve the supply and demand adaptability of the passenger and freight transportation systems, continuously upgrading the product structure, and improving service quality.
- (3) Operational management: firstly, strengthening comprehensive budget management, and continuing to establish a budget management system covering all professional systems and units to achieve full-cost, full-caliber, and full-process budget control; secondly, continuing to deepen the reduction of expenditure and consumption, strictly controlling the expenditure scale of non-productive projects, and strictly managing business outsourcing; thirdly, making full use of government support policies at all levels, and actively striving for various tax incentives to promote the cost reduction and efficiency enhancement of the Company.



## V. OTHER DISCLOSURE

### (1) Potential risks

Type of risk	Description of risk	Addressing measures
Macro-economic risk	Railway transportation industry is highly related to macro-economic development conditions and may be greatly affected by macro-economic environment. If the macro-economic environment deteriorates, the Company's operation results and financial condition may be adversely affected.	The Company will pay close attention to the changes in international and domestic macro-economic conditions, to strengthen analysis and study on factors affecting railway transportation industry and be committed to achieve stability in the Company's production and operation by adjusting the Company's development strategy in response to market change timely.
Policy and regulatory risk	Railway transportation industry may be greatly affected by government policies and regulations. With changes in domestic and international economic environment and reform and development of railway transportation industry, corresponding adjustment may be required for relative laws and regulations and industrial policies. These changes may incur uncertainties to the Company's business development and operation results in the future.	The Company will proactively engage in different seminars for improvement of industrial policies and regulations development, study the latest changes in policies and regulations, capture the development opportunities brought by amendments in policies and regulations and adopt a prudent approach in addressing uncertainties caused by the changes in policies and regulations.
Transportation safety risk	Transportation safety is the prerequisite and foundation for normal operation and good reputation of railway transportation industry. Bad weather, mechanical failures, human error and other force majeure may impose adverse impact on the transportation safety of the Company.	The Company will consciously accept the safety supervision of industry authorities, actively participate in regular transportation safety meetings held by competent authorities of the industry to understand the transportation safety condition of the Company, provide for and utilize the expenses for safety production, and intensify the training of safety knowledge and capabilities of its transportation personnel.

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## Chapter 3

# Report of the Directors (Including Management Discussion and Analysis)

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Type of risk	Description of risk	Addressing measures
Market competition risk	Competition exists in certain markets between aviation, road and water transportation and railway transportation. In addition, with the development in railway transportation industry, a range of high-speed railways and inter-city railways has commenced operation. Internal competition within railway transportation industry also intensifies. The Company may be subject to greater competitive pressure in the future, which in turn constitutes impact on the operation results of the Company.	The Company will take proactive actions in addressing market competitions by leveraging the advantages of “safe, comfortable, convenient, timely” of railway transportation, improving service facilities and enhancing service quality. In respect of freight transportation, the Company will exert great efforts to increase the efficiency, turnover rate and trip frequency of freight trains. In addition, the Company will strengthen the analysis and research on railway transportation market, and proactively apply to authorities of the industry for adding new long-distance trains in areas not covered by high-speed railways.
Financial risk	The operating activities of the Company are subject to various financial risks, such as exchange rate risk, interest risk, credit risk and liquidity risk.	The Company has established a set of managerial procedures to deal with financial risks with focus on the uncertainties of financial market, which are designated to minimize the potential adverse impact on the financial performance of the Company. For more detailed analysis, please refer to “Note 4 to the financial statements”.

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## **(2) Other disclosures**

### ***1. Liquidity and source of funding***

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

As at the end of the reporting period, the Company had short-term borrowings of approximately RMB700 million, the weighted average interest rate of which is 2.49% per annum; and the Company had long-term borrowings of approximately RMB795 million, the weighted average interest rate of which is 2.74% per annum. The Company's capital commitments and operating commitments as of the end of the reporting period are set out in Note 15 to the financial statements.

As at the end of the reporting period, the Company had no charges nor guarantees on any of its assets, and had no entrusted deposits. The gearing ratio (calculated by the balance of liabilities as at the end of the period divided by the balance of total assets as at the end of the period) of the Company was 29.53%.

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

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

### ***3. Risk of foreign exchange rate fluctuations and related hedges***

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

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

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## **Chapter 3**

# **Report of the Directors (Including Management Discussion and Analysis)**

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#### ***4. Contingent liabilities***

During the reporting period, the Company had no contingent liability.

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

During the reporting period, the Company had no changes in accounting policies and accounting estimates or rectification of significant accounting errors.



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## Chapter 4

# Corporate Governance

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### I. SUMMARY OF CORPORATE GOVERNANCE

Since the listing of the Company in 1996, the Company has been continuously improving its corporate governance structure, perfecting the 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 status of the affairs of the Company. General meetings, the Board and the Supervisory Committee of the Company have clearly defined powers and duties, each assuming and performing its specific responsibilities and making its own decisions in an independent, efficient and transparent manner. Currently, there is no material difference between the status quo of the Company's corporate governance structure and the regulatory documents of the regulatory authorities of the places of listing of the Company's stocks relating to corporate governance of a listed company.

During the reporting period, the Company completed the 2022 self-evaluation and audit work for internal control in accordance with the relevant requirements of domestic and foreign securities regulatory agencies for the internal control work of listed companies, and carried out general elections for the 10th Board of Directors and the 10th Supervisory Committee, which ensured the healthy and sustainable development of the Company.

During the reporting period, in view of the highly centralized and systematic transportation management over the nationwide railway network, it is necessary for GRGC to obtain the Company's financial information in order to exercise its administrative functions as an industry leader according to the law and administrative regulations. In this regard, the Company has been providing GRGC with its monthly financial data summaries during the reporting period. Accordingly, the Company meticulously reinforced the management of undisclosed information in accordance with the requirements under the System for the Management of Inside Information and Insiders, and timely reminded the shareholders of their duties in relation to information confidentiality and prevention of insider transactions.

Improvement of corporate governance is a long-term systematic project, which needs continuous improvement and enhancement. The Company will, as it has always had, continue to promptly update and improve its internal systems according to the relevant regulations, timely discover and solve problems, strengthen its management basis and enhance its awareness of standardized operation and the level of governance to promote the regulated, healthy and sustainable development of the Company.

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## Chapter 4

### Corporate Governance

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#### II. SUMMARY OF GENERAL MEETINGS

Session of meeting	Date	Address of designated website for publishing resolutions	Date of disclosure	Resolutions
Annual General Meeting of 2022	15 June 2023	Website of SSE (www.sse.com.cn) HKExnews Website of SEHK (www.hkexnews.hk)	16 June 2023 15 June 2023	All resolutions were passed

#### III. CHANGES OF DIRECTORS, SUPERVISORS, AND SENIOR MANAGEMENT OF THE COMPANY

Name	Position(s) held	Change
Frederick Ma Si-Hang	Independent non-executive Director, chairman of the audit committee, chairman of the remuneration committee and member of the nomination committee	Resigned
Wang Qin	Independent non-executive Director, member of the audit committee, member of the remuneration committee and member of the nomination committee	Elected
Tang Xiaofan	Chairman of the audit committee and chairman of the remuneration committee	Elected
Lei Chunliang	Chairman of the Supervisory Committee	Resigned
Huang Chaoxin	Chairman of the Supervisory Committee	Elected
Huang Songli	Employee representative supervisor, chairman of labor union and deputy general manager	Resigned
Song Min	Employee representative supervisor	Elected

#### IV. INTERIM PLANS FOR PROFIT DISTRIBUTION OR COMMON RESERVE CAPITALIZATION

Whether to distribute or capitalize                      No

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

Applicable     Not applicable



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## VI. COMPLIANCE WITH THE CORPORATE GOVERNANCE CODE

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 14 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.

## VII. THE BOARD

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

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

## VIII. AUDIT COMMITTEE

Members of the audit committee were appointed by the Board. It consists of three independent non-executive Directors, namely, Mr. Tang Xiaofan (chairman of the audit committee), Mr. Qiu Zilong and Ms. Wang Qin. They possess appropriate academic and professional qualifications or related financial management expertise. The secretary to the Board of the Company, Mr. Tang Xiangdong, is the secretary of the audit committee.

According to the requirements of the Terms of Reference of Audit Committee of the Company, the principal duties of the audit committee include but are not limited to reviewing the financial performance of the Company and its subsidiaries, confirming the nature and scope of audit as well as supervising the establishment of the internal control and compliance with the relevant laws and regulations. It shall also discuss matters raised by the internal auditors, external auditors and regulatory authorities to ensure that all appropriate auditing recommendations are implemented. The audit committee has been provided with adequate resources from the Company to perform its duties.

The 2023 interim report (including the unaudited interim financial statements for the 6 months ended 30 June 2023) of the Company has been reviewed by the audit committee.

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## Chapter 4

# Corporate Governance

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### IX. REMUNERATION COMMITTEE

Members of the remuneration committee of the Company were appointed by the Board. It consists of three independent non-executive Directors and two executive Directors, namely, Mr. Wu Yong, Mr. Hu Lingling, Mr. Tang Xiaofan (chairman of the remuneration committee), Mr. Qiu Zilong and Ms. Wang Qin. Mr. Tang Xiangdong, secretary to the Company's Board, is the secretary to the Remuneration Committee.

According to the requirements of the Terms of Reference of Remuneration Committee of the Company, the principal duties of the remuneration committee include reviewing and making recommendations to the Board for the remuneration packages for the Directors and the Supervisors. The remuneration policy of the Company seeks to provide, in accordance with the Company's business development strategy, reasonable remuneration to attract and retain high caliber executives. The remuneration committee shall obtain the benchmark information from internal and external sources in relation to market remuneration standard, packages offered in the industry and consider the overall performance of the Company when determining the Directors' and the Supervisors' emoluments and recommending the Directors' and the Supervisors' emoluments to the Board. The remuneration committee has been provided with adequate resources from the Company to perform its duties.

### X. NOMINATION COMMITTEE

Members of the nomination committee of the Company were appointed by the Board. It consists of three independent non-executive Directors and two executive Directors, namely, Mr. Wu Yong, Mr. Hu Lingling, Mr. Qiu Zilong (chairman of the nomination committee), Mr. Tang Xiaofan and Ms. Wang Qin. Mr. Tang Xiangdong, secretary to the Company's Board, is the secretary to the Remuneration Committee.

According to the Work Rules of Nomination Committee of the Company, 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.



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## XI. SECURITIES TRANSACTIONS BY DIRECTORS, SUPERVISORS AND SENIOR MANAGEMENT AND INTERESTS ON COMPETITIVE BUSINESS

The Company has adopted the Model Code for Securities Transactions by Directors of Listed Issuers (the “Model Code”) as set out in Appendix 10 to the Listing Rules of the SEHK and the Administrative Rules on Shares Held by the Directors, Supervisors and Senior Management of Listed Companies and the Changes Thereof of CSRC as its own code of conduct regarding securities transactions of the Directors. The Company formulated the Administrative Rules on Shares Held by the Directors, Supervisors and Senior Management of Guangshen Railway Company Limited and the Changes Thereof, which was approved at the 22nd meeting of the fourth session of the Board.

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

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

## XII. SHAREHOLDER ENGAGEMENT

### (1) Effective Communication

The secretary to the Board of the Company is in charge of information disclosure and investor relations of the Company. The Company has formulated the Working Rules of Secretary to the Board, the Management Method of Information Disclosure and the Management System for Investor Relations. The Company has strictly fulfilled the obligation of information disclosure and commenced management of investor relations in accordance with the relevant requirements.

The Company advocates a corporate culture that respects investors and holds itself accountable for investors. The Company establishes a smooth communication channel with investors and enhances mutual trust and interaction based on good information disclosure and initiating various investor relations activities, and respects investors’ rights of knowledge and option, while insisting on rewarding its shareholders.

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## Chapter 4

# Corporate Governance

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### **1. Information Disclosure**

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

In the reporting period, the Company timely completed the preparation and disclosure of its 2022 Annual Report, 2022 Report for Self-assessment on Internal Control, 2022 Social Responsibility Report and 2023 First Quarterly Report, and released various announcements and other shareholders' documents and information disclosing in detail the following information of the Company: operations of the Board, the Supervisory Committee and general meetings, operating conditions, investment, dividends and distribution, corporate governance and so forth. Moreover, the Company consistently maintained to provide in-depth and comprehensive analyses on its operating and financial positions as well as the major factors affecting its business performance in its regular reports with a view to strengthening investors' understanding about the operation, management, and development trends of the Company.



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## **2. Shareholder communication policy**

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

- (i) Making the public known the investor hotline, investor relations e-mail box and the Investors' Message section on the Company's website, and promptly responding to investors' enquiries.
- (ii) 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.
- (iii) Investors and the public may check out information such as the Company's basic information, rules for the Company's corporate governance, information disclosure documents and profiles of Directors, Supervisors and the senior management at any time on the Company's website.
- (iv) The Company timely handled and replied investors' messages through the "e-interaction" platform developed by the SSE for listed companies and investors.

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

## **3. Shareholder Return**

Since its listing, the Company has always insisted on rendering returns to shareholders. Save for 2020, 2021 and 2022 when no cash dividend was declared due to the continuous loss suffered from the impact of external environment on the Company's operating results, the Company has distributed annual cash dividends for 24 consecutive years from 1996 to 2019, with an aggregate cash dividend amount of approximately RMB12.3 billion.

## **4. Changes in the Articles of Association**

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

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## Chapter 4

# Corporate Governance

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### (2) General Meetings

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

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

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

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



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## Chapter 5

# Environmental and Social Responsibilities

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### I. EXPLANATION OF ENVIRONMENTAL PROTECTION EFFORTS

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

The Company's locomotive maintenance depot in Guangzhou is a key waste discharging unit for water environment and the key unit under control for environmental risks of Guangzhou for the year of 2023 as announced by the Bureau of Environmental Protection of Guangzhou Municipality, and will strictly follow the relevant laws and regulations to fully implement the measures and requirements for ecological and environmental protection, earnestly fulfill the main responsibility for ecological and environmental protection, actively disclose environmental information through the special section of "Special Section for Corporate Environmental Information Disclosure" on the website of the Department of Ecology and Environment of Guangdong Province, and consciously accept supervision from the society, and the specific website is: <https://www-app.gdeei.cn/gdeepub/front/dal/report/list>.

During the reporting period, the Company and its major subsidiaries were not subject to administrative penalties due to environmental issues.

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

Applicable  Not applicable

#### **(3) Explanation on the follow-up plans or subsequent changes on the disclosure of environmental protection efforts during the reporting period**

Applicable  Not applicable

#### **(4) Relevant information conducive to protecting ecology, preventing pollution, and fulfilling environmental responsibilities**

Applicable  Not applicable

#### **(5) Measures taken to reduce carbon emissions during the reporting period and the effects thereof**

Applicable  Not applicable

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## Chapter 5

# Environmental and Social Responsibilities

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

Applicable  Not applicable

## III. INFORMATION OF EMPLOYEES

### (1) Number of employees

As at the end of the reporting period, the Company has a total of 39,221 employees, representing a decrease of 175 employees compared with 39,396 employees as at last year's end. The major reason for such decrease is the natural decrease due to employees reaching their retirement age.

### (2) Remuneration policy

Salary of the Company's staff is mainly comprised of basic salary, performance-based salary and benefit plans. Basic salary includes post salaries, skill salaries and various allowances and subsidies accounted for under salaries payable as required. Performance-based salary refers to salaries calculated on the basis of economic benefits and social benefits, or piece rates calculated on the basis of workload, or performance based salary calculated on the basis of the performance of the staff at the position. Benefit plans include various social insurance and housing funds paid as required by the relevant policies. During the reporting period, the total amount of salaries and benefits paid by the Company to employees was approximately RMB4.405 billion.

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.



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### **(3) Employee benefit and retirement plan**

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

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

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

### **(4) Training plan**

During the reporting period, the Company has 109 occupational education management personnel. A total of 475,037 persons participated in various occupational trainings, mainly including training on post standardization, adaptability and qualification and continuing education. The Company has completed 50% of annual training program with training expense of approximately RMB11.7361 million.

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## Chapter 6

# Matters of Importance

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### I. FULFILLMENT OF COMMITMENTS

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

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

Applicable  Not applicable

## III. ILLEGAL GUARANTEE

Applicable  Not applicable

## IV. AUDIT OF INTERIM REPORT

Applicable  Not applicable

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

Applicable  Not applicable

## VI. BANKRUPTCY AND RESTRUCTURING

Applicable  Not applicable

## VII. MAJOR LITIGATION AND ARBITRATION

- The Company had material litigation and arbitration during the reporting period
- The Company did not have material litigation and arbitration during the reporting period

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## Chapter 6

### Matters of Importance

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#### VIII. ALLEGED NON-COMPLIANCE OF AND PUNISHMENT ON THE LISTED COMPANY, ITS DIRECTORS, SUPERVISORS, SENIOR MANAGEMENT, CONTROLLING SHAREHOLDERS AND DE FACTO CONTROLLER AND THE RECTIFICATION THEREOF

Applicable  Not applicable

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

Applicable  Not applicable

#### X. MATERIAL CONNECTED TRANSACTIONS

##### **(1) Connected transactions related to daily operations**

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

During the reporting period, the related party transactions in relation to daily operations entered by the Company are set out in Note 16 to the financial statements. The Company confirmed that these transactions are connected transactions (including continuing connected transactions) described under Chapter 14A of the Listing Rules of SEHK, have complied with the rules and requirements of Chapter 14A of the Listing Rules of SEHK, have been implemented in accordance with the comprehensive service framework agreement entered into between the Company and CSRG and strictly complied with the pricing principles of the relevant transactions.



**1. Transactions conducted with associates, GRGC and its subsidiaries**

(Unit: RMB thousand)

Parties	Connected relationship	Type of transaction	Description of transaction	Basis of pricing for the transaction	Amount of transaction
GRGC and its subsidiaries	Controlling shareholder and its subsidiaries	Provision of services	Provision of train services and railway operation service	By consultation according to full cost pricing for train services, or settled according to price determined by CSRG; and based on agreement according to cost plus pricing for railway operation service	1,892,757
GRGC and its subsidiaries	Controlling shareholder and its subsidiaries	Provision of services	Provision of railway network usage services	Settled according to the prices determined by CSRG	666,383
Associates	Associates of the Company	Provision of services	Provision of train services	By consultation according to full cost pricing, or settled according to the prices determined by CSRG	401
GRGC and its subsidiaries	Controlling shareholder and its subsidiaries	Sales of goods	Sales of materials and supplies	Based on agreement	52,984
GRGC and its subsidiaries	Controlling shareholder and its subsidiaries	Receipt of services	Receipt of network usage services	Settled according to the prices determined by CSRG	2,058,005
GRGC and its subsidiaries	Controlling shareholder and its subsidiaries	Receipt of services	Receipt of train services	By consultation according to full cost pricing, or settled according to the prices determined by CSRG	288,968
Associates	Associates of the Company	Receipt of services	Receipt of train services	By consultation according to full cost pricing, or settled according to the prices determined by CSRG	1,474
GRGC and its subsidiaries	Controlling shareholder and its subsidiaries	Receipt of services	Receipt of repair and maintenance services	By consultation according to full cost pricing	251,842
GRGC and its subsidiaries	Controlling shareholder and its subsidiaries	Purchase of goods	Purchase of materials supplies	Based on agreement	270,474
Associates	Associates of the Company	Receipt of services	Receipt of construction services	Based on fixed budget amount approved for national railway	65,588
GRGC and its subsidiaries	Controlling shareholder and its subsidiaries	Receipt of services	Receipt of construction services	Based on fixed budget amount approved for national railway	25,581
Associates	Associates of the Company	Receipt of services	Receipt of repair and maintenance services	By consultation according to full cost pricing	5,875

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## Chapter 6

### Matters of Importance

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#### 2. Transactions conducted with CSRG and other railway enterprises

(Unit: RMB thousand)

Parties	Connected relationship	Type of transaction	Description of transaction	Basis of pricing for the transaction	Amount of transaction
CSRG and other railway enterprises	De facto controller and its subsidiaries	Provision of services	Provision of train services	By consultation according to full cost pricing, or settled according to the prices determined by CSRG	25,386
CSRG and other railway enterprises	De facto controller and its subsidiaries	Provision of services	Provision of railway network usage services	Settled according to the prices determined by CSRG	1,416,327
CSRG and other railway enterprises	De facto controller and its subsidiaries	Provision of services	Provision of railway operation services	Based on agreement according to cost plus pricing	1,178,025
CSRG and other railway enterprises	De facto controller and its subsidiaries	Provision of services	Provision of truck maintenance services	Settled according to the prices determined by CSRG	257,107
CSRG and other railway enterprises	De facto controller and its subsidiaries	Provision of services	—	—	7,746
CSRG and other railway enterprises	De facto controller and its subsidiaries	Receipt of services	Receipt of train services	By consultation according to full cost pricing, or settled according to the prices determined by CSRG	7,677
CSRG and other railway enterprises	De facto controller and its subsidiaries	Receipt of services	Receipt of railway network usage services	Settled according to the prices determined by CSRG	1,694,968
CSRG and other railway enterprises	De facto controller and its subsidiaries	Receipt of services	Receipt of repair and maintenance services	By consultation according to full cost pricing	341
CSRG and other railway enterprises	De facto controller and its subsidiaries	Purchase of goods	Purchase of materials and supplies	Based on agreement	9,904

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**(2) Connected transactions in relation to acquisition or disposal of assets or equity interests**

Applicable  Not applicable

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

Applicable  Not applicable

**(4) Related claims and debts**

(Unit: RMB ten thousand)

Related Parties	Connected relationship	Fund provided to related parties		
		Opening balance	Addition	Closing balance
Zengcheng Lihua Stock Company Limited	Controlling subsidiary	1,231	—	1,231
Total		1,231	—	1,231
Impact of the related claim and debt on the operating results and financial position of the Company		No significant impact.		

**(5) Financial business between the Company and any connected financial company, any financial company controlled by the Company and any of its related parties**

Applicable  Not applicable

**(6) Other material connected transactions**

Applicable  Not applicable

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## Chapter 6

### Matters of Importance

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#### XI. MATERIAL CONTRACTS AND IMPLEMENTATION

##### **(1) Trust, contracted businesses and leasing affairs**

Applicable  Not applicable

##### **(2) Material guarantees performed and outstanding during the reporting period**

Applicable  Not applicable

##### **(3) Other material contracts**

Applicable  Not applicable

#### XII. EXPLANATION OF OTHER MATERIAL EVENTS

Applicable  Not applicable



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## Chapter 7

# Changes in Shares and Particulars of Shareholders

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### I. PARTICULARS OF CHANGES IN SHARE CAPITAL

#### (1) Changes in shares

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

#### (2) Changes in shares with selling restrictions

Applicable  Not applicable

### II. PARTICULARS OF SHAREHOLDERS

#### (1) Number of shareholders:

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Number of ordinary shareholders as at the end of the reporting period (number)	166,629
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## Chapter 7

### Changes in Shares and Particulars of Shareholders

#### (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: share)

Name of shareholders (full name)	Particulars of the shareholding of the top ten shareholders					
	Number of shares held at the end of the period	Percentage (%)	Number of shares with selling restriction held	Status	Share pledged, marked or frozen Number	Nature of shareholder
China Railway Guangzhou Group Co., Ltd.	2,629,451,300	37.12	—	Nil	—	State-owned legal person
HKSCC NOMINEES LIMITED (note)	1,615,610,637	22.81	—	Nil	—	Foreign legal person
Lin Naigang	124,000,000	1.75	—	Nil	—	Domestic natural person
National Social Insurance Fund — 09 Mix	77,842,749	1.10	—	Nil	—	Other
Taiping Assets — ICBC — Taiping Star No. 19 Investment Products	30,146,100	0.43	—	Nil	—	Other
Hua'an Fund — Jiangsu Bank — Hua'an Fund — Sizable Consumption Selected Collective Asset Management Scheme	29,991,700	0.42	—	Nil	—	Other
Industrial and Commercial Bank of China Co., Ltd. — Haifutong Reform-Driven Flexible Allocation of Hybrid Securities Investment Fund	29,661,600	0.42	—	Nil	—	Other
Industrial and Commercial Bank of China Co., Ltd. — Hua'an Reverse Strategy Mixed Securities Investment Fund	29,496,992	0.42	—	Nil	—	Other
Industrial Securities Asset Management — China Resources Trust Xingzheng Pengxi No. 1 Family Trust — Industrial Securities Asset Management Pengxi No. 1 Single Asset Management Scheme	29,000,000	0.41	—	Nil	—	Other
Industrial and Commercial Bank of China Co., Ltd. — E-Fund Core Advantage Stock Securities Investment Fund	27,187,398	0.38	—	Nil	—	Other



Name of shareholder	Top ten holders of shares without selling restrictions		
	Number of shares held without selling restrictions	Class and number of shares	
		Class	Number
China Railway Guangzhou Group Co., Ltd.	2,629,451,300	RMB ordinary shares	2,629,451,300
HKSCC NOMINEES LIMITED (note)	1,615,610,637	RMB ordinary shares Overseas listed foreign shares	198,291,338 1,417,319,299
Lin Naigang	124,000,000	RMB ordinary shares	124,000,000
National Social Insurance Fund — 09 Mix	77,842,749	RMB ordinary shares	77,842,749
Taiping Assets — ICBC — Taiping Star No. 19 Investment Products	30,146,100	RMB ordinary shares	30,146,100
Hua'an Fund — Jiangsu Bank — Hua'an Fund — Sizable Consumption Selected Collective Asset Management Scheme	29,991,700	RMB ordinary shares	29,991,700
Industrial and Commercial Bank of China Co., Ltd. — Haifutong Reform-Driven Flexible Allocation of Hybrid Securities Investment Fund	29,661,600	RMB ordinary shares	29,661,600
Industrial and Commercial Bank of China Co., Ltd. — Hua'an Reverse Strategy Mixed Securities Investment Fund	29,496,992	RMB ordinary shares	29,496,992
Industrial Securities Asset Management — China Resources Trust Xingzheng Pengxi No. 1 Family Trust — Industrial Securities Asset Management Pengxi No. 1 Single Asset Management Scheme	29,000,000	RMB ordinary shares	29,000,000
Industrial and Commercial Bank of China Co., Ltd. — E-Fund Core Advantage Stock Securities Investment Fund	27,187,398	RMB ordinary shares	27,187,398
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	The Company is not aware of any of the above shareholders being connected or acting in concert as defined in the "Administrative Measures on Acquisitions of Listed Companies" (《上市公司收購管理辦法》).		

Note: HKSCC NOMINEES LIMITED represents 香港中央結算(代理人)有限公司, holding 198,291,338 A Shares and 1,417,319,299 H Shares of the Company. These shares were held on behalf of various clients respectively.

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## Chapter 7

### Changes in Shares and Particulars of Shareholders

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

Applicable  Not applicable

#### **(3) Strategic investors or ordinary legal person becoming top ten shareholders by way of placing of new shares**

Applicable  Not applicable

**(4) So far as the Directors, Supervisors and senior management of the Company are aware, at the end of the reporting period, the following persons, other than Directors, Supervisors and senior management of the Company, held interests and 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 share	2,629,451,300(L)	Beneficial owner	46.52(L)	37.12(L)
Kopernik Global Investors LLC	H share	122,259,054(L)	Investment manager	8.54(L)	1.73(L)
E-Fund Management Co., Ltd.	H share	100,226,000(L)	Investment manager	7.00(L)	1.41(L)

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



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### III. INFORMATION ON DIRECTORS, SUPERVISORS AND SENIOR MANAGEMENT

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

Applicable  Not applicable

#### **(2) Granting of share options to Directors, Supervisors, and senior management during the reporting period**

Applicable  Not applicable

#### **(3) EQUITY INTERESTS OF DIRECTORS, SUPERVISORS OR CHIEF EXECUTIVES**

As at the end of the reporting period, there was no record of interests or short positions (including the interests and short positions which were taken or deemed to have under the provisions of the SFO) of the Directors, Supervisors or chief executives of the Company in the shares, underlying shares and debentures of the Company or any associated corporation (within the meaning of the SFO) in the register required to be kept under section 352 of the SFO. The Company did not receive notification of such interests or short positions from any Director, Supervisor or chief executives of the Company as required to be made to the Company and the SEHK pursuant to the Model Code for Securities Transactions by Directors of Listed Issuers ("Model Code") in Appendix 10 to the Listing Rules of the SEHK.

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

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

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## Chapter 7

# Changes in Shares and Particulars of Shareholders

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### IV. CHANGES IN CONTROLLING SHAREHOLDER OR DE FACTO CONTROLLER

Applicable  Not applicable

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

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

### VI. PUBLIC FLOAT

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

### VII. REPURCHASE, SALE OR REDEMPTION OF THE LISTED SHARES OF THE COMPANY

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

### VIII. PRE-EMPTIVE RIGHT

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

### IX. TRANSACTIONS INVOLVING ITS OWN SECURITIES

During the reporting period, none of the Company or any of its subsidiaries has issued or granted any convertible securities, options, warrants or other similar rights, or redeemable securities.



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## Chapter 8

# Information Regarding Preference Shares

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Applicable  Not applicable

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## Chapter 9

### Information Regarding Bonds

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Applicable  Not applicable



# Chapter 10

## Financial Statements

### CONSOLIDATED BALANCE SHEET

As at 30 June 2023

	Note	As at 30 June 2023 RMB'000 (Unaudited)	As at 31 December 2022 RMB'000 (Audited)
<b>ASSETS</b>			
<b>Non-current assets</b>			
Fixed assets — net	7	23,195,240	23,430,371
Right-of-use assets		3,008,934	3,046,599
Construction-in-progress	7	670,531	1,112,582
Prepayments for fixed assets and construction-in-progress		129,954	64,816
Goodwill		281,255	281,255
Investments in associates		297,272	274,601
Deferred tax assets		1,018,227	1,284,105
Long-term prepaid expenses		31,839	41,796
Financial assets at fair value through other comprehensive income		463,696	463,696
Long-term deposits		60,000	60,000
Long-term receivable		4,109	12,232
		<b>29,161,057</b>	<b>30,072,053</b>
<b>Current assets</b>			
Materials and supplies		249,483	262,645
Trade receivables	8	5,322,980	4,656,294
Prepayments and other receivables		405,469	578,557
Current portion of long-term deposits		—	172,192
Cash and cash equivalents		1,724,901	1,299,635
		<b>7,702,833</b>	<b>6,969,323</b>
<b>Total assets</b>		<b>36,863,890</b>	<b>37,041,376</b>
<b>EQUITY</b>			
<b>Capital and reserves attributable to equity holders of the Company</b>			
Share capital	9	7,083,537	7,083,537
Share premium		11,562,657	11,562,657
Other reserves		3,376,238	3,331,067
Retained earnings		3,989,932	3,312,435
<b>Capital and reserves attributable to the Company's equity holders</b>		<b>26,012,364</b>	<b>25,289,696</b>
<b>Non-controlling interests</b>		<b>(35,567)</b>	<b>(36,495)</b>
<b>Total equity</b>		<b>25,976,797</b>	<b>25,253,201</b>

# Chapter 10

## Financial Statements

	<i>Note</i>	<b>As at 30 June 2023 RMB'000 (Unaudited)</b>	<b>As at 31 December 2022 RMB'000 (Audited)</b>
<b>LIABILITIES</b>			
<b>Non-current liabilities</b>			
Borrowings	10	785,000	775,000
Lease liabilities		1,325,592	1,324,231
Deferred income related to government grants		734,786	747,585
Deferred tax liabilities		52,681	53,927
		<b>2,898,059</b>	2,900,743
<b>Current liabilities</b>			
Trade and bill payables	11	2,715,095	3,525,291
Contract liabilities		202,615	172,866
Borrowings	10	710,997	721,268
Payables for fixed assets and construction-in-progress		2,354,181	2,053,638
Dividends payable		13,748	13,746
Income tax payable		2,109	2,660
Current portion of lease liabilities		64,970	64,498
Accruals and other payables		1,921,051	2,323,722
Other current liabilities		4,268	9,743
		<b>7,989,034</b>	8,887,432
<b>Total liabilities</b>		<b>10,887,093</b>	11,788,175
<b>Total equity and liabilities</b>		<b>36,863,890</b>	37,041,376

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

**Wu Yong**  
Director

**Hu Lingling**  
Director

**CONDENSED CONSOLIDATED COMPREHENSIVE INCOME STATEMENT**

For the six months ended 30 June 2023

	Note	For the six months ended 30 June	
		2023 RMB'000 (Unaudited)	2022 RMB'000 (Unaudited)
<b>Revenue from railroad businesses</b>			
Railway network usage and other transportation related services		<b>5,497,210</b>	5,096,404
Passenger		<b>5,320,155</b>	3,128,311
Freight		<b>930,401</b>	830,240
		<b>11,747,766</b>	9,054,955
<b>Revenue from other businesses</b>		<b>632,774</b>	436,317
Total revenue	6	<b>12,380,540</b>	9,491,272
<b>Operating expenses</b>			
Railroad businesses		<b>(10,887,548)</b>	(10,034,924)
Other businesses		<b>(580,810)</b>	(485,421)
Total operating expenses		<b>(11,468,358)</b>	(10,520,345)
Impairment on financial assets		<b>(530)</b>	—
Other gains — net		<b>63,758</b>	53,429
<b>Profit/(loss) from operations</b>		<b>975,410</b>	(975,644)
Finance costs — net		<b>(56,716)</b>	(35,885)
Share of net profits of associates accounted for using the equity method		<b>26,513</b>	24,869
<b>Profit/(loss) before income tax</b>		<b>945,207</b>	(986,660)
Income tax (expenses)/credit	12	<b>(266,782)</b>	221,398
<b>Profit/(loss) for the period</b>		<b>678,425</b>	(765,262)
<b>Other comprehensive income</b>		—	—
<b>Total comprehensive income for the period, net of tax</b>		<b>678,425</b>	(765,262)

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## Chapter 10

### Financial Statements

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	Note	For the six months ended 30 June	
		2023 RMB'000 (Unaudited)	2022 RMB'000 (Unaudited)
<b>Profit/(loss) attributable to:</b>			
Equity holders of the Company		<b>677,497</b>	(765,325)
Non-controlling interests		<b>928</b>	63
		<b>678,425</b>	(765,262)
<b>Total comprehensive income attributable to:</b>			
Equity holders of the Company		<b>677,497</b>	(765,325)
Non-controlling interests		<b>928</b>	63
		<b>678,425</b>	(765,262)
<b>Earnings/(losses) per share for profit/(loss) attributable to the equity holders of the Company during the period</b>			
— Basic and diluted	13	<b>RMB0.10</b>	RMB(0.11)
<b>Dividends</b>	14	<b>—</b>	<b>—</b>

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

**Wu Yong**  
Director

**Hu Lingling**  
Director

**CONSOLIDATED STATEMENT OF CHANGES IN EQUITY (UNAUDITED)**

For the six months ended 30 June 2023

	Attributable to equity holders of the Company							Non-controlling interests RMB'000	Total equity RMB'000
	Share capital RMB'000	Share premium RMB'000	Statutory surplus reserve RMB'000	Discretionary surplus reserve RMB'000	Other reserve RMB'000	Retained earnings RMB'000	Total RMB'000		
Balance at 1 January 2023	7,083,537	11,562,657	2,780,425	304,059	246,583	3,312,435	25,289,696	(36,495)	25,253,201
Total comprehensive income	–	–	–	–	–	677,497	677,497	928	678,425
Loss for the period	–	–	–	–	–	677,497	677,497	928	678,425
Other comprehensive income	–	–	–	–	–	–	–	–	–
Special reserve – Safety Production Fund	–	–	–	–	49,012	–	49,012	–	49,012
Appropriation	–	–	–	–	79,743	–	79,743	–	79,743
Utilisation	–	–	–	–	(30,731)	–	(30,731)	–	(30,731)
Others	–	–	–	–	(3,841)	–	(3,841)	–	(3,841)
<b>Balance as at 30 June 2023</b>	<b>7,083,537</b>	<b>11,562,657</b>	<b>2,780,425</b>	<b>304,059</b>	<b>291,754</b>	<b>3,989,932</b>	<b>26,012,364</b>	<b>(35,567)</b>	<b>25,976,797</b>
Balance at 1 January 2022	7,083,537	11,562,657	2,780,425	304,059	204,171	5,307,100	27,241,949	(37,513)	27,204,436
Total comprehensive income	–	–	–	–	–	(765,325)	(765,325)	63	(765,262)
Loss for the period	–	–	–	–	–	(765,325)	(765,325)	63	(765,262)
Other comprehensive income	–	–	–	–	–	–	–	–	–
Special reserve – Safety Production Fund	–	–	–	–	68,082	–	68,082	–	68,082
Appropriation	–	–	–	–	81,168	–	81,168	–	81,168
Utilisation	–	–	–	–	(13,086)	–	(13,086)	–	(13,086)
Others	–	–	–	–	(30)	–	(30)	–	(30)
<b>Balance as at 30 June 2022</b>	<b>7,083,537</b>	<b>11,562,657</b>	<b>2,780,425</b>	<b>304,059</b>	<b>272,223</b>	<b>4,541,775</b>	<b>26,544,676</b>	<b>(37,450)</b>	<b>26,507,226</b>

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

**Wu Yong**  
Director

**Hu Lingling**  
Director

# Chapter 10

## Financial Statements

### CONSOLIDATED CASH FLOW STATEMENT

For the six months ended 30 June 2023

	For the six months ended 30 June	
	2023 RMB'000 (Unaudited)	2022 RMB'000 (Unaudited)
<b>Cash flows from operating activities</b>		
Cash generated from operations	<b>813,932</b>	(693,513)
Income tax paid	<b>(2,701)</b>	(1,973)
Net cash generated from/(used in) operating activities	<b>811,231</b>	(695,486)
<b>Cash flows from investing activities</b>		
Proceeds from disposal of fixed assets	<b>5,838</b>	12,679
Dividends received	<b>16,285</b>	13,121
Short-term deposits received	<b>—</b>	60,000
Decrease/(Increase) in long-term deposits	<b>160,000</b>	(60,000)
Interests received from long-term deposits	<b>19,825</b>	—
Payments for acquisition of fixed assets, construction-in-progress and long-term prepaid expenses; and prepayments for fixed assets, net of related payables	<b>(554,967)</b>	(248,038)
Payments for financial assets at fair value through other comprehensive income	<b>(10,000)</b>	—
Net cash used in investing activities	<b>(363,019)</b>	(222,238)
<b>Cash flows from financing activities</b>		
Proceeds from long-term borrowing	<b>500,000</b>	500,000
Payments of long-term borrowing	<b>(500,000)</b>	—
Payments of borrowing interest	<b>(22,946)</b>	(2,319)
Net cash (used in)/generated from financing activities	<b>(22,946)</b>	497,681
<b>Net increase/(decrease) in cash and cash equivalents</b>	<b>425,266</b>	(420,043)
<b>Cash and cash equivalents at beginning of the period</b>	<b>1,299,635</b>	1,499,462
<b>Cash and cash equivalents at end of the period</b>	<b>1,724,901</b>	1,079,419

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

**Wu Yong**  
Director

**Hu Lingling**  
Director



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# NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL INFORMATION

For the six months ended 30 June 2023

*(All amounts expressed in Renminbi unless otherwise stated)*

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## 1. GENERAL INFORMATION

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

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

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

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

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

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

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

# NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL INFORMATION

For the six months ended 30 June 2023

(All amounts expressed in Renminbi unless otherwise stated)

## 1. GENERAL INFORMATION (continued)

The interim condensed consolidated financial information (the "Financial Information") were authorised for issue by the board of directors of the Company on 29 August 2023.

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

The following is a list of the subsidiaries at 30 June 2023:

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

- (i) According to the Articles of Association of Zengcheng Lihua, the remaining shareholders are all natural persons and none of these individuals holds more than 0.5% equity interest in Zengcheng Lihua. All directors of Zengcheng Lihua were appointed by the Company. After considering all shareholders of Zengcheng Lihua other than the Company are individuals with individual interest holding of less than 0.5% and such individuals do not act in concert, and also all directors of Zengcheng Lihua were appointed by the Company, the directors of the Company consider that the Company has the de facto control over the board and the substantial financial and operating decisions of Zengcheng Lihua.
- (ii) As at 30 June 2023, the non-wholly owned subsidiaries individually and in aggregate are not significant to the Group. Therefore, financial information of the non-wholly owned subsidiaries is not disclosed.
- (iii) This interim condensed consolidated financial information has not been audited.



## 2. BASIS OF PREPARATION

This interim condensed consolidated financial information for the six months ended 30 June 2023 has been prepared in accordance with International Accounting Standard (“IAS”) 34, ‘Interim financial reporting’.

The interim condensed consolidated financial information does not include all the notes of the type normally included in an annual financial statements and should be read in conjunction with the annual financial statements for the year ended 31 December 2022, which have been prepared in accordance with International Financial Reporting Standards (“IFRS”) as issued by International Accounting Standards Board (“IASB”), the disclosure requirements of The Stock Exchange of Hong Kong Limited and any public announcements made by the Company during the interim reporting period. The interim condensed consolidated financial information have been prepared under the historical cost convention except for financial assets at fair value through other comprehensive income (“FVOCI”).

As at 30 June 2023, the Group had net current liabilities of approximately RMB286,201,000 and capital expenditure contracted for but not recognised as liabilities of approximately RMB63,033,000 (see note 15(a)). Considering the current financial position, operating plan and usable bank facilities amounting to RMB8,450,000,000 of the Group, the Board of Directors believes that the Group has sufficient liquidity for the following 12 months. The Group therefore continues to adopt the going concern basis in preparing its consolidated financial statements.

## 3. ACCOUNTING POLICIES

The accounting policies applied are consistent with those of the annual financial statements for the year ended 31 December 2022, as described in those annual financial statements except for the adoption of new and amended standards as set out below.

Taxes on income in the interim periods are accrued using the tax rate that would be applicable to expected total annual earnings.

### (a) New and amended standards adopted by the Group

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

- Insurance contracts — IFRS 17
- Disclosure of accounting policies (amendments) — IAS 1 and IFRS Practices Statements 2 (the “IAS 1 and IFRS Practices Statement 2 amendments”)
- Definition of accounting estimates (amendments) — IAS 8 (the “IAS 8 Amendment”)

Amendments to IFRSs effective for the period ended 30 June 2023 do not have a material impact on the Group’s interim financial information.

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# NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL INFORMATION

For the six months ended 30 June 2023

(All amounts expressed in Renminbi unless otherwise stated)

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## 3. ACCOUNTING POLICIES *(continued)*

### (b) New standards and amendments to standards not yet adopted by the Group

The following new and amended standards that have been issued and are not effective for the period ended 30 June 2023 and have not been early adopted by the Group. These standards are not expected to have a material impact on the entity in the current or future reporting periods and on foreseeable future transactions.

		Effective for annual periods beginning on or after
Amendments to IAS 1	Classification of Liabilities as Current or Non-current	1 January 2024
Amendments to IAS 1	Non-current Liabilities with Covenants	1 January 2024
Amendments to IFRS 16	Lease Liability in a Sale and Leaseback	1 January 2024
Amendments to IFRS 10 and ISA 28	Sale or Contribution of Assets between an Investor and its Associate or Joint Venture	To be determined

## 4. FINANCIAL RISK MANAGEMENT

### (a) Financial risk factors

The Group's activities expose it to a variety of financial risks: market risk (including foreign currency risk, cash flow and fair value interest rate risk and other price risk), credit risk, and liquidity risk.

The interim condensed consolidated financial information does not include all financial risk management information and disclosures required in the annual financial statements, and should be read in conjunction with the Group's annual financial statements for the year ended 31 December 2022.

There have been no changes in the risk management department since year end or in any risk management policies.

### (b) Liquidity risk

As at 30 June 2023, the Group had net current liabilities of approximately RMB286,201,000 and RMB63,033,000 of capital expenditure contracted for at 30 June 2023 but not recognised as liabilities (see note 15(a)). Taking into account of the factors mentioned in note 2, the Board of Directors believes that the Group has sufficient liquidity for the following 12 months.

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## 4. FINANCIAL RISK MANAGEMENT *(continued)*

### (c) Fair value estimation

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

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

As at 30 June 2023, the Group did not have any financial instruments that were measured at fair value except for FVOCI.

The following table presents the Group's assets that are measured at fair value at 30 June 2023:

	Level 1 RMB'000	Level 2 RMB'000	Level 3 RMB'000	Total RMB'000
<b>Assets</b>				
Financial assets at FVOCI				
Equity investment in unlisted companies	—	—	463,696	463,696

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

	Level 1 RMB'000	Level 2 RMB'000	Level 3 RMB'000	Total RMB'000
<b>Assets</b>				
Financial assets at FVOCI				
Equity investment in unlisted companies	—	—	463,696	463,696

There were no transfers between levels 1, 2 and 3 or changes in valuation techniques during the period.

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

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# NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL INFORMATION

For the six months ended 30 June 2023

*(All amounts expressed in Renminbi unless otherwise stated)*

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## 5. ESTIMATES

The preparation of interim financial information requires management to make judgements, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets and liabilities, income and expense. Actual results may differ from these estimates.

In preparing this interim condensed consolidated financial information, the significant judgements made by management in applying the Group's accounting policies and the key sources of estimation uncertainty were the same as those that applied to the consolidated financial statements for the year ended 31 December 2022.

## 6. SEGMENT INFORMATION

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

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



## 6. SEGMENT INFORMATION *(continued)*

The segment results for the six months ended 30 June 2023 and 30 June 2022 are as follows:

	For the six months ended 30 June (unaudited)							
	The Railway Transportation Business		All other segments		Elimination		Total	
	2023	2022	2023	2022	2023	2022	2023	2022
	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
Segment revenue								
— Railroad Businesses	<b>11,747,766</b>	9,054,956	—	—	—	—	<b>11,747,766</b>	9,054,956
— Other Businesses	<b>596,537</b>	399,634	<b>82,727</b>	83,055	<b>(46,490)</b>	(46,373)	<b>632,774</b>	436,316
Total revenue	<b>12,344,303</b>	9,454,590	<b>82,727</b>	83,055	<b>(46,490)</b>	(46,373)	<b>12,380,540</b>	9,491,272
Timing of revenue recognition								
— Overtime	<b>12,220,416</b>	9,350,818	<b>23,548</b>	52,290	<b>(46,490)</b>	(46,373)	<b>12,197,474</b>	9,356,735
— At a point in time	<b>105,742</b>	65,430	<b>49,053</b>	22,078	—	—	<b>154,795</b>	87,508
— Lease	<b>18,145</b>	38,342	<b>10,126</b>	8,687	—	—	<b>28,271</b>	47,029
	<b>12,344,303</b>	9,454,590	<b>82,727</b>	83,055	<b>(46,490)</b>	(46,373)	<b>12,380,540</b>	9,491,272
Finance costs — net	<b>(56,625)</b>	(35,821)	<b>(91)</b>	(64)	—	—	<b>(56,716)</b>	(35,885)
Share of net profits of associates	<b>26,513</b>	24,869	—	—	—	—	<b>26,513</b>	24,869
Depreciation of fixed assets	<b>(944,907)</b>	(864,297)	<b>(2,018)</b>	(9,595)	—	—	<b>(946,925)</b>	(873,892)
Depreciation of right-of-use assets	<b>(28,488)</b>	(28,543)	<b>(5,666)</b>	(5,666)	—	—	<b>(34,154)</b>	(34,209)
Amortisation of long-term prepaid expenses	<b>(9,967)</b>	(12,495)	<b>(174)</b>	(281)	—	—	<b>(10,141)</b>	(12,776)
Impairment of other receivables	<b>(530)</b>	—	—	—	—	—	<b>(530)</b>	—

A reconciliation of segment result to profit/(loss) for the period is provided as follows:

	For the six months ended 30 June (unaudited)							
	The Railway Transportation Business		All other segments		Elimination		Total	
	2023	2022	2023	2022	2023	2022	2023	2022
	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
Segment results	<b>957,239</b>	(939,875)	<b>(12,032)</b>	(46,781)	—	(4)	<b>945,207</b>	(986,660)
Income tax (expenses)/credit	<b>(265,883)</b>	223,953	<b>(899)</b>	(2,555)	—	—	<b>(266,782)</b>	221,398
Profit/(loss) for the period	<b>691,356</b>	(715,922)	<b>(12,931)</b>	(49,336)	—	(4)	<b>678,425</b>	(765,262)

# NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL INFORMATION

For the six months ended 30 June 2023

(All amounts expressed in Renminbi unless otherwise stated)

## 6. SEGMENT INFORMATION *(continued)*

The segment information about the Group's assets and liabilities as at 30 June 2023 and 31 December 2022 are as follows:

	The Railway Transportation Business		All other segments		Elimination		Total	
	As at 30 June 2023	As at 31 December 2022	As at 30 June 2023	As at 31 December 2022	As at 30 June 2023	As at 31 December 2022	As at 30 June 2023	As at 31 December 2022
	RMB'000 (Unaudited)	RMB'000 (Audited)	RMB'000 (Unaudited)	RMB'000 (Audited)	RMB'000 (Unaudited)	RMB'000 (Audited)	RMB'000 (Unaudited)	RMB'000 (Audited)
Total segment assets	<b>36,978,335</b>	37,125,305	<b>397,855</b>	393,012	<b>(512,300)</b>	(476,941)	<b>36,863,890</b>	37,041,376
Total segment assets include:								
Investments in associates	<b>297,272</b>	274,601	–	–	–	–	<b>297,272</b>	274,601
Additions to non-current assets (other than financial instruments, investments in associates and deferred tax assets)	<b>380,402</b>	1,049,828	<b>63</b>	1,074	–	–	<b>380,465</b>	1,050,902
Total segment liabilities	<b>10,462,271</b>	11,345,768	<b>877,745</b>	859,971	<b>(452,923)</b>	(417,564)	<b>10,887,093</b>	11,788,175

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

Revenues of approximately RMB2,612,124,000 (for the six months ended 30 June 2022: RMB2,033,770,000) are derived from Guangzhou Railway Group and its subsidiaries. These revenues are attributable to the Railway Transportation Business. Except that, no revenues derived from a single external customer have exceeded 10% of the total revenues.

## 7. FIXED ASSETS AND CONSTRUCTION-IN-PROGRESS

	Six months ended 30 June	
	2023 RMB'000 (Unaudited)	2022 RMB'000 (Unaudited)
Opening net book amount as at 1 January	<b>24,542,953</b>	25,599,097
Additions	<b>315,143</b>	237,920
Disposal	<b>(45,400)</b>	(6,492)
Depreciation	<b>(946,925)</b>	(873,794)
Closing net book amount as at 30 June	<b>23,865,771</b>	24,956,731

As at 30 June 2023, the ownership certificates of certain buildings of the Group with an aggregate carrying value of approximately RMB1,683,800,000 (31 December 2022: RMB1,729,675,000) had not been obtained by the Group.



## 7. FIXED ASSETS AND CONSTRUCTION-IN-PROGRESS *(continued)*

These kind of buildings are classified as below:

	Carrying value		Reason for delay in obtaining the ownership certificates
	As at 30 June 2023 RMB'000	As at 31 December 2022 RMB'000	
Certificates for buildings under application procedures	<b>1,236,485</b>	1,259,538	The Group commenced such application procedures with the respective authorities in China, there has been progress made and the Group's management does not expect any major difficulties in obtaining the remaining ownership certificates.
Certain buildings located on the land of which the land use right certificates have not been obtained	<b>44,938</b>	45,840	According to relevant laws and regulations in China, the land use right certificates of the land on which these buildings are located must be obtained before the Group can start the application for the respective housing ownership certificates. As a result, the Group will start to apply for the ownership certificates of these buildings after they have completed the procedures to obtain the land use right certificates.
Certain buildings attached to pieces of land which is held by lease	<b>402,377</b>	424,297	Such land is held by lease under certain operating lease arrangements. Due to the fact that the Group does not have the underlying land use right certificates for such land, therefore, the Group cannot apply for the respective ownership certificates of the buildings constructed on top of it. According to the lease agreements and communication with the lessors, and as confirmed by the Company's legal counsel, the Group possesses the right to use and/or own such buildings without the certificates.

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

# NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL INFORMATION

For the six months ended 30 June 2023

(All amounts expressed in Renminbi unless otherwise stated)

## 7. FIXED ASSETS AND CONSTRUCTION-IN-PROGRESS *(continued)*

- (a) As at 30 June 2023, fixed assets of the Group with an aggregate net book value of approximately RMB121,137,000 (31 December 2022: RMB144,172,000) had been fully depreciated but they were still in use.

## 8. TRADE RECEIVABLES

	As at 30 June 2023 RMB'000 (Unaudited)	As at 31 December 2022 RMB'000 (Audited)
Trade receivables	<b>5,351,416</b>	4,684,730
Including: receivables from related parties	<b>4,575,366</b>	4,008,569
Less: Provision for doubtful accounts	<b>(28,436)</b>	(28,436)
	<b>5,322,980</b>	4,656,294

The passenger railroad services are usually transacted on a cash basis. The Group does not have formal contractual credit terms agreed with its customers for freight services but the trade receivables are usually settled within a period less than one year. The aging analysis of the outstanding trade receivables is as follows:

	As at 30 June 2023 RMB'000 (Unaudited)	As at 31 December 2022 RMB'000 (Audited)
Within 1 year	<b>4,447,010</b>	3,122,287
Over 1 year but within 2 years	<b>842,753</b>	1,497,790
Over 2 years but within 3 years	<b>61,653</b>	64,653
	<b>5,351,416</b>	4,684,730



## 9. SHARE CAPITAL

As at 30 June 2023 and 31 December 2022, the total number of ordinary shares is 7,083,537,000 shares with a par value of RMB1.00 per share:

	As at 30 June 2023 and 31 December 2022 RMB'000
Ordinary shares, issued and fully paid	
— H Shares	<b>1,431,300</b>
— A Shares	<b>5,652,237</b>
	<b>7,083,537</b>

There has been no movement of the issued and fully paid share capital during the period.

## 10. BORROWINGS

	As at 30 June 2023			As at 31 December 2022		
	Current RMB'000 (Unaudited)	Non-current RMB'000 (Unaudited)	Total RMB'000 (Unaudited)	Current RMB'000 (Audited)	Non-current RMB'000 (Audited)	Total RMB'000 (Audited)
Bank loans	<b>710,997</b>	<b>785,000</b>	<b>1,495,997</b>	721,268	775,000	1,496,268

Bank borrowings mature until 2025 and weighted average annual interest rate of short-term borrowings and long-term borrowings are 2.49% and 2.74% for the six months ended 30 June 2023 (for the six months ended 30 June 2022: 2.44% and 3.16%).

# NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL INFORMATION

For the six months ended 30 June 2023

(All amounts expressed in Renminbi unless otherwise stated)

## 11. TRADE AND BILL PAYABLES

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

	As at 30 June 2023 RMB'000 (Unaudited)	As at 31 December 2022 RMB'000 (Audited)
Within 1 year	<b>2,549,618</b>	2,052,344
Over 1 year but within 2 years	<b>125,698</b>	1,168,873
Over 2 years but within 3 years	<b>19,731</b>	282,537
Over 3 years	<b>20,048</b>	21,537
	<b>2,715,095</b>	3,525,291

## 12. INCOME TAX EXPENSE/(CREDIT)

An analysis of the current period taxation charges is as follows:

	Six months ended 30 June	
	2023 RMB'000 (Unaudited)	2022 RMB'000 (Unaudited)
Current income tax	<b>2,150</b>	806
Deferred income tax	<b>264,632</b>	(222,204)
	<b>266,782</b>	(221,398)

## 13. EARNINGS/(LOSSES) PER SHARE

The calculation of basic earnings/(losses) per share is based on the net earnings/(losses) for the six months ended 30 June 2023 attributable to shareholders of approximately RMB677,497,000 (2022: RMB765,325,000), divided by the weighted average number of ordinary shares outstanding during the period of 7,083,537,000 shares (2022: 7,083,537,000 shares). There were no dilutive potential ordinary shares as at period end and therefore the diluted earnings/(losses) per share amount is the same as the basic earnings/(losses) per share.



## 14. DIVIDENDS

In 29 March 2023, the Board of Directors declared no dividend in respect of the year ended 31 December 2022 (2021: nil), and it was approved by shareholders in the Annual General Meeting on 15 June 2023.

There was no interim dividend for the six months ended 30 June 2023 (for the six months ended 30 June 2022: nil) proposed by the Board of Directors as at 30 August 2023.

## 15. COMMITMENTS

### (a) Capital commitments

As at 30 June 2023, the Group had the following capital commitments which are authorised but not contracted for, and contracted but not provided for:

	As at 30 June 2023 RMB'000 (Unaudited)	As at 31 December 2022 RMB'000 (Audited)
Authorised but not contracted for	<b>256,967</b>	272,975
Contracted but not provided for	<b>63,033</b>	47,025
	<b>320,000</b>	320,000

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

# NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL INFORMATION

For the six months ended 30 June 2023

(All amounts expressed in Renminbi unless otherwise stated)

## 16. RELATED PARTY TRANSACTIONS

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

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

(a) *Save as disclosed in other notes to the Financial Information, for the six months ended 30 June 2023 and 2022, the Group had the following material transactions undertaken with related parties:*

	Six months ended 30 June	
	2023 RMB'000 (Unaudited)	2022 RMB'000 (Unaudited)
<b>Provision of services and sales of goods</b>		
<i>Transportation related services</i>		
Revenue from train transportation services and railway operation service provided to Guangzhou Railway Group's subsidiaries (i)	<b>1,892,757</b>	1,978,518
Revenue collected by China State Railway Group Co., Ltd. ("CSRG") for railway network usage and related services provided to Guangzhou Railway Group and its subsidiaries (ii)	<b>666,383</b>	574,461
Provision of train transportation services to associated companies (i)	<b>401</b>	545
	<b>2,559,541</b>	2,553,524
<i>Other services</i>		
Sales of materials and supplies to Guangzhou Railway Group and its subsidiaries (iii)	<b>52,984</b>	55,251
<b>Services received and purchases made</b>		
<i>Transportation related services</i>		
Cost settled by CSRG for railway network usage and related services provided by Guangzhou Railway Group and its subsidiaries (ii)	<b>2,058,005</b>	1,829,760
Provision of train transportation services provided by Guangzhou Railway Group and its subsidiaries (i)	<b>288,968</b>	428,444
Provision of train transportation services by associated companies (i)	<b>1,474</b>	569
	<b>2,348,447</b>	2,258,773



## 16. RELATED PARTY TRANSACTIONS *(continued)*

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

(a) *Save as disclosed in other notes to the Financial Information, for the six months ended 30 June 2023 and 2022, the Group had the following material transactions undertaken with related parties: (continued)*

	Six months ended 30 June	
	2023 RMB'000 (Unaudited)	2022 RMB'000 (Unaudited)
<i>Other services</i>		
Provision of repair and maintenance services by Guangzhou Railway Group and its subsidiaries (iii)	<b>251,842</b>	77,117
Purchase of materials and supplies from Guangzhou Railway Group and its subsidiaries (iii)	<b>270,474</b>	207,108
Provision of construction services by associated companies (iv)	<b>65,588</b>	8,192
Provision of construction services by Guangzhou Railway Group and its subsidiaries (iv)	<b>25,581</b>	13,079
Provision of repair and maintenance services by associated companies (iii)	<b>5,875</b>	525
	<b>619,360</b>	306,021

- (i) The train transportation services charges are determined based on a pricing scheme set by the CSRG or based on negotiation between the contracting parties with reference to actual costs incurred. The railway operation service charges are levied based on contract prices determined based on a "cost plus a profit margin" and agreed between both contracting parties.
- (ii) Such revenues/charges are determined by the CSRG based on its standard charges applied on a nationwide basis.
- (iii) The prices are determined based on mutual negotiation between the contracting parties with reference to actual costs incurred.
- (iv) Based on construction amounts determined under national railway engineering guidelines.

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# NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL INFORMATION

For the six months ended 30 June 2023

*(All amounts expressed in Renminbi unless otherwise stated)*

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## 16. RELATED PARTY TRANSACTIONS *(continued)*

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

#### ***(b) Lease — as lessee:***

For the six months ended 30 June 2023, the depreciation expense of the right-of-use assets was approximately RMB8,009,000 (for the six months ended 30 June 2022: RMB8,123,000), the interest expense of lease liabilities was approximately RMB34,022,000 (for the six months ended 30 June 2022: RMB36,224,000).

For the six months ended 30 June 2023, the payment of short term leases related to the lease of passenger trains to Guangzhou Railway Group was approximately RMB170,028,000 (for the six months ended 30 June 2022: RMB131,569,000).

#### ***(c) Key management compensation***

The compensation paid and payable to directors, supervisors and key management of the Group, amounted to approximately RMB2,092,700 for the six months ended 30 June 2023 (for the six months ended 30 June 2022: RMB1,843,000).



## 16. RELATED PARTY TRANSACTIONS *(continued)*

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

(d) *As at 30 June 2023, the Group had the following material balances with related parties:*

	As at 30 June 2023 RMB'000 (Unaudited)	As at 31 December 2022 RMB'000 (Audited)
Trade receivables	<b>3,454,020</b>	3,211,496
— Guangzhou Railway Group (i)	<b>802,667</b>	545,889
— Subsidiaries of Guangzhou Railway Group (i)	<b>2,648,744</b>	2,665,218
— Associates	<b>2,609</b>	389
Less: Provision for impairment	<b>(18,354)</b>	(19,493)
	<b>3,435,666</b>	3,192,003
Prepayments and other receivables	<b>41,045</b>	87,411
— Guangzhou Railway Group	<b>4,854</b>	7,505
— Subsidiaries of Guangzhou Railway Group	<b>36,158</b>	79,843
— Associates	<b>33</b>	63
Less: Provision for impairment	<b>(244)</b>	(116)
	<b>40,801</b>	87,295
Prepayments for fixed assets and construction-in-progress		
— Subsidiaries of Guangzhou Railway Group	<b>94,878</b>	29,459
Trade and bills payables	<b>1,988,327</b>	2,020,174
— Guangzhou Railway Group (i)	<b>4,397</b>	5,138
— Subsidiaries of Guangzhou Railway Group (ii)	<b>1,983,374</b>	1,961,015
— Associates	<b>556</b>	54,021
Payables for fixed assets and construction-in-progress	<b>556,915</b>	626,062
— Guangzhou Railway Group	<b>64,819</b>	18,411
— Subsidiaries of Guangzhou Railway Group	<b>165,292</b>	234,734
— Associates	<b>326,804</b>	372,917

# NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL INFORMATION

For the six months ended 30 June 2023

(All amounts expressed in Renminbi unless otherwise stated)

## 16. RELATED PARTY TRANSACTIONS *(continued)*

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

#### (d) As at 30 June 2023, the Group had the following material balances with related parties: *(continued)*

	As at 30 June 2023 RMB'000 (Unaudited)	As at 31 December 2022 RMB'000 (Audited)
Contract liabilities	<b>1,761</b>	5,632
— Subsidiaries of Guangzhou Railway Group	<b>1,073</b>	4,977
— Associates	<b>688</b>	655
Accruals and other payables	<b>439,112</b>	500,133
— Guangzhou Railway Group	<b>442</b>	409
— Subsidiaries of Guangzhou Railway Group (iii)	<b>425,816</b>	474,289
— Associates (iv)	<b>12,854</b>	25,435
Lease liabilities		
— Guangzhou Railway Group	<b>1,390,089</b>	1,388,142

- (i) The trade balances due from/to Guangzhou Railway Group, subsidiaries of Guangzhou Railway Group mainly represented service fees and charges payable and receivable balances arising from the provision of passenger transportation and cargo forwarding businesses jointly with these related parties within the PRC.
- (ii) The trade payables due to subsidiaries of Guangzhou Railway Group mainly represent payables arising from unsettled fees for purchase of materials and provision of other services according to various service agreements entered into between the Group and the related parties.
- (iii) The other payables due to subsidiaries of Guangzhou Railway Group mainly represent the performance deposits received for construction projects and deposits received from ticketing agencies.
- (iv) The other payables due to associates mainly represent the performance deposits received for construction projects operated by associates.

As at 30 June 2023, all the balances maintained with related parties were unsecured, non-interest bearing and were repayable on demand.



## 16. RELATED PARTY TRANSACTIONS *(continued)*

### (II) Material balances with CSRG Group:

On 14 March 2013, pursuant to the Approval, the previous controlling entity of Guangzhou Railway Group, MOR, had been dismantled. The administrative function of MOR were transferred to the Ministry of Transport and the newly established National Railway Bureau, and its business functions were transferred to CSRG. Accordingly, the equity interests of Guangzhou Railway Group which was wholly controlled by MOR previously were transferred to the CSRG ("Reform"). The Reform was completed since 1 January 2017 and the Company disclosed details of transactions undertaken with CSRG Group for both six months ended 30 June 2023 and 2022 for reference. Unless otherwise specified, the transactions with CSRG Group disclosed below have excluded transactions undertaken with Guangzhou Railway Group and its subsidiaries.

**(a) Save as disclosed in other notes to the Financial Information, for the six months ended 30 June 2023 and 2022, the Group had the following material transactions undertaken with the CSRG Group:**

	Six months ended 30 June	
	2023 RMB'000 (Unaudited)	2022 RMB'000 (Unaudited)
<b><i>Provide of services and sales of goods</i></b>		
<i>Transportation related services</i>		
Provision of train transportation services to CSRG Group (i)	<b>25,386</b>	4,859
Revenue collected by CSRG for services provided to CSRG Group (ii)	<b>1,416,327</b>	986,103
Revenue from railway operation service provided to CSRG Group (iii)	<b>1,178,025</b>	1,165,280
	<b>2,619,738</b>	2,156,242
<i>Other services</i>		
Provision of repairing services for cargo trucks to CSRG Group (ii)	<b>257,107</b>	223,699
Provision of leasing services to CSRG Group (iv)	—	374
Others	<b>7,746</b>	104
	<b>264,853</b>	224,177

# NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL INFORMATION

For the six months ended 30 June 2023

(All amounts expressed in Renminbi unless otherwise stated)

## 16. RELATED PARTY TRANSACTIONS *(continued)*

### (II) Material balances with CSRG Group: *(continued)*

(a) *Save as disclosed in other notes to the Financial Information, for the six months ended 30 June 2023 and 2022, the Group had the following material transactions undertaken with the CSRG Group: (continued)*

	Six months ended 30 June	
	2023 RMB'000 (Unaudited)	2022 RMB'000 (Unaudited)
<b><i>Receive Services and purchase of goods</i></b>		
<i>Transportation related services</i>		
Provision of train transportation services by CSRG Group (i)	<b>7,677</b>	—
Cost settled by CSRG for services provided by CSRG Group (ii)	<b>1,694,968</b>	1,511,489
	<b>1,702,645</b>	1,511,489
<i>Other services</i>		
Provision of repair and maintenance services by CSRG Group (iv)	<b>341</b>	6,294
Purchase of materials and supplies from CSRG Group (iv)	<b>9,904</b>	6
	<b>10,245</b>	6,300

- (i) The service charges are determined based on a pricing scheme set by the CSRG or based on negotiation between the contracting parties with reference to actual costs incurred.
- (ii) Such revenue/charges are determined by the CSRG based on its standard charges applied on a nationwide basis.
- (iii) The service charges are levied based on contract prices determined based on a "cost plus a profit margin" and explicitly agreed between both contracting parties.
- (iv) The prices are determined based on mutual negotiation between the contracting parties with reference to actual costs incurred.



## 16. RELATED PARTY TRANSACTIONS *(continued)*

### (II) Material balances with CSRG Group: *(continued)*

#### (b) Revenue collected and settled through the CSRG:

	Six months ended 30 June	
	2023 RMB'000 (Unaudited)	2022 RMB'000 (Unaudited)
— Passenger transportation	5,264,574	2,953,225
— Freight transportation	833,653	830,240
— Luggage and parcel	55,572	41,152
	<b>6,153,799</b>	3,824,617

#### (c) Lease — as lessee:

For the six months ended 30 June 2023, the payment of short term leases related to lease of passenger trains and freight trains to CSRG was approximately RMB954,727,000 (for the six months ended 30 June 2022: RMB928,573,000).

# NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL INFORMATION

For the six months ended 30 June 2023

(All amounts expressed in Renminbi unless otherwise stated)

## 16. RELATED PARTY TRANSACTIONS *(continued)*

### (II) Material balances with CSRG Group: *(continued)*

#### (d) Balances due from/to CSRG Group:

As at 30 June 2023 and 31 December 2022, the Group had the following material balances with CSRG and its subsidiaries:

	As at 30 June 2023 RMB'000 (Unaudited)	As at 31 December 2022 RMB'000 (Audited)
Due from CSRG Group		
— Trade receivables	<b>1,121,346</b>	797,073
Less: Impairment of receivables	<b>(5,958)</b>	(3,438)
	<b>1,115,388</b>	793,635
— Other receivables	<b>36,578</b>	162,147
Less: Impairment of receivables	<b>(208)</b>	(3)
	<b>36,370</b>	162,144
Due to CSRG Group		
— Trade payables and payables for fixed assets and construction-in-progress	<b>196,714</b>	221,833
— Other payables	<b>76,510</b>	71,645
	<b>273,224</b>	293,478

As at 30 June 2023, all the balances maintained with CSRG Group were unsecured, non-interest bearing and were repayable on demand.