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

(Stock Code: 00525)

2024 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 2024. This announcement, containing the full text of the 2024 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.gsrg.com) and the HKEXnews website of the Hong Kong Stock Exchange (www.hkexnews.hk). The Company’s 2024 Interim Report will be 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
Guangshen Railway Company Limited
Wei Hao
Chairman

Shenzhen, the PRC

28 August 2024

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

Executive Directors

Wei Hao
Chen Shaohong
Zhou Shangde

Non-executive Directors

Luo Jinglun
Hu Dan
Zhang Zhe

Independent Non-executive Directors

Tang Xiaofan
Qiu Zilong
Wang Qin

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 China Accounting Standards for Business Enterprise and has not been audited.**
- 4. Wei Hao, Chairman of the Board of the Company, Chen Shaohong, 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

Applicable Not applicable

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

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

No

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

No

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

No

10. Notice of Material Risks

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

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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 Hong Kong stock market.

Place to maintain such documents: Board secretariat of the Company

Chapter 1

Definitions

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

| | |
|--|--|
| Company reporting period, current period | Guangshen Railway Company Limited 6 months from 1 January to 30 June 2024 |
| same period last year | 6 months from 1 January to 30 June 2023 |
| A Share(s) | Renminbi-denominated ordinary share(s) of the Company with a par value of RMB1.00 issued in the PRC and listed on the SSE for subscription in Renminbi |
| H Share(s) | Overseas listed foreign share(s) of the Company with a par value of RMB1.00 issued in Hong Kong and listed on the SEHK for subscription in Hong Kong dollars |
| PRC | The People's Republic of China |
| CSRC | The China Securities Regulatory Commission |
| 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 |
| MBGR | Maoming Bohe Gang Railway Co., Ltd. |
| GGSR | Guangdong Guangzhou-Shantou Railway Co., Ltd. |

Chapter 2

Company Profile and Major Financial Indicators

I. INFORMATION OF THE COMPANY

| | |
|--|---|
| Chinese name of the Company | 廣深鐵路股份有限公司 |
| Chinese name abbreviation of the Company | 廣深鐵路 |
| English name of the Company | Guangshen Railway Company Limited |
| Legal representative of the Company | Wei Hao |
| 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 | http://www.gsrc.com |
| E-mail | ir@gstlgs.com |
| Query Index of Changes during the Reporting Period | Nil |

IV. CHANGES IN INFORMATION DISCLOSURE AND RESERVE ADDRESS

| | |
|--|--|
| Newspapers specified by the Company for information disclosure | China Securities Journal: https://www.cs.com.cn Securities Times: http://www.stcn.com Shanghai Securities News: https://www.cnstock.com Securities Daily: http://www.zqrb.cn |
| Websites to publish the interim report | SSE: http://www.sse.com.cn SEHK: http://www.hkexnews.hk Company website: http://www.gsrc.com |
| 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 |

Chapter 2

Company Profile and Major Financial Indicators

VI. OTHER RELEVANT INFORMATION

Applicable Not applicable

| | | |
|--|--------------------------|--|
| Accounting firm engaged by the Company | Name | Deloitte Touche Tohmatsu Certified Public Accountants LLP |
| | Office Address | 30/F, No. 222 East Yan'an Road, Huangpu District, Shanghai |
| | Name of signing auditors | Huang Tianyi, Chen Wanlin |
| Legal advisor as to PRC law | Name | Jia Yuan Law Offices |
| | Office Address | Unit A/B, 45/F, Radio and Television Financial Center, Pengcheng 1st 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)

| Major Accounting Data | Reporting period (From January to June) | Same period last year | Increase/ decrease for the reporting period compared with the same period last year (%) |
|---|--|-----------------------|--|
| Operating income | 12,924,720,330 | 12,380,539,699 | 4.40 |
| Net profit attributable to shareholders of the Company | 912,281,244 | 677,497,226 | 34.65 |
| Net profit attributable to shareholders of the Company after deducting extraordinary gain or loss | 901,055,681 | 662,171,604 | 36.08 |
| Net cash flows from operating activities | 1,110,360,142 | 811,230,621 | 36.87 |

| | At the end of the reporting period | At the end of last year | Increase/ decrease for the end of the reporting period compared to the end of last year (%) |
|---|------------------------------------|-------------------------|--|
| Net asset attributable to shareholders of the Company | 26,912,012,395 | 26,389,885,558 | 1.98 |
| Total assets | 37,513,156,357 | 37,234,946,966 | 0.75 |

Chapter 2

Company Profile and Major Financial Indicators

(2) Major Financial Indicators

(Unit: RMB)

| Major Financial Indicators | Reporting period (From January to June) | Same period last year | Increase/ decrease for the reporting period compared with the same period last year (%) |
|---|--|--------------------------|---|
| Basic earnings per share (RMB/Share) | 0.1288 | 0.0956 | 34.73 |
| Diluted earnings per share (RMB/Share) | 0.1288 | 0.0956 | 34.73 |
| Basic earnings per share after deducting extraordinary gain or loss (RMB/Share) | 0.1272 | 0.0935 | 36.04 |
| Weighted average return on net assets (%) | 3.43 | 2.64 | Increased by 0.79 percentage point |
| Weighted average return on net assets after deducting extraordinary gain or loss (%) | 3.39 | 2.58 | Increased by 0.81 percentage point |

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

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

Applicable Not applicable

IX. EXTRAORDINARY GAIN OR LOSS ITEMS AND AMOUNTS

Applicable Not applicable

(Unit: RMB)

| Extraordinary gain or loss items | Amount |
|--|-------------------|
| Gain or loss on disposal of non-current assets (including offset part of the provision for impairment of assets) | 7,480,552 |
| Government grants included in profit or loss for the period, other than government grants closely related to the normal operation of the Company, in compliance with requirements of national policies, granted according to determined standards, and continuously affecting the Company's gain or loss | 15,917,310 |
| Other non-operating income and expenses other than aforesaid items | (5,652,488) |
| Less: Effect of income tax | 6,506,850 |
| Effect of minority interests (after tax) | 12,961 |
| Total | 11,225,563 |

Note: Extraordinary losses are expressed in negative figures.

Chapter 3

Report of the Directors (Including Management Discussion and Analysis)

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

(1) Industry Fact Sheet

Being the aorta of the nation's economy, a key infrastructure, a significant project for people's livelihood, the backbone of an integrated transportation system and one of the main means of transportation, the railway is of crucial importance for the nation's economic and social development. Since the State Council of the PRC approved the implementation of the Medium to Long Term Plan for Railway Network Development (《中長期鐵路網規劃》) in 2004, railways in China have experienced exponential development. On the whole, the tight capacity of the Chinese railways has now been alleviated, the bottle neck restriction has been eliminated, and economic and social development needs have been met. However, when benchmarking with the requirements for a new normal of economic developments, other transportation forms and the advanced levels of developed countries, China's railway still faces deficiencies such as incomplete layout, low operational efficiency and rather severe structural conflicts. By the end of 2023, the nationwide railways in operation reached 159,000 kilometers; among which, the high-speed railways in operation ran over 45,000 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 2024, the railways nationwide had achieved a passenger traffic volume of 2.096 billion people, representing a year-on-year increase of 18.4%; meanwhile, the outbound freight tonnage had reached 2.513 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, NSGR, MBGR and GGSR.

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 OPERATION OF THE COMPANY DURING THE REPORTING PERIOD

In the first half of 2024, the operating income of the Company was RMB12,925 million, representing an increase of 4.40% as compared to RMB12,381 million for the same period of last year; operating cost amounted to RMB11,548 million, representing an increase of 1.52% as compared to RMB11,375 million for the same period of last year; operating profit amounted to RMB1,272 million, representing an increase of 36.35% as compared to RMB933 million for the same period of last year; net profit attributable to shareholders of the Company amounted to RMB912 million, representing an increase of 34.65% as compared to RMB677 million for the same period of last year.

(1) Analysis of Operating Results

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

(Unit: RMB)

| Item | Current period | Same period last year | Change (%) |
|--|----------------|-----------------------|------------|
| Operating income | 12,924,720,330 | 12,380,539,699 | 4.40 |
| Operating cost | 11,548,345,822 | 11,375,266,365 | 1.52 |
| Tax and surcharges | 42,035,202 | 11,241,024 | 273.94 |
| Administration expenses | 74,574,536 | 81,848,226 | (8.89) |
| Finance costs | 25,882,452 | 36,005,331 | (28.11) |
| Investment gains | 19,618,154 | 42,798,137 | (54.16) |
| Non-operating income | 10,801,759 | 21,162,886 | (48.96) |
| Income tax expenses | 362,191,228 | 266,782,296 | 35.76 |
| Net cash flows from operating activities | 1,110,360,142 | 811,230,621 | 36.87 |
| Net cash flows from investing activities | (402,953,135) | (363,019,008) | N/A |
| Net cash flows from financing activities | 374,218,028 | (22,946,153) | N/A |

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 of the same period last year:

| | Current period | Same period last year | Period-on-period increase/decrease (%) |
|--|----------------|-----------------------|--|
| Revenue from passenger transportation (RMB) | 5,464,855,914 | 5,320,155,709 | 2.72 |
| — Guangzhou-Shenzhen inter-city trains | 1,625,598,961 | 1,504,283,757 | 8.06 |
| — Through Trains | 1,053,612,706 | 527,628,218 | 99.69 |
| — Long-distance trains | 2,461,589,014 | 3,015,593,877 | (18.37) |
| — Other revenues from passenger transportation | 324,055,233 | 272,649,857 | 18.85 |
| Passenger traffic volume (persons) | 34,686,083 | 26,409,651 | 31.34 |
| — Guangzhou-Shenzhen inter-city trains | 13,110,678 | 10,417,868 | 25.85 |
| — Through Trains | 479,163 | 327,571 | 46.28 |
| — Long-distance trains | 21,096,242 | 15,664,212 | 34.68 |

- The increase in revenue from passenger transportation and passenger traffic volume was mainly due to the following:** During the reporting period, with the steady improvement of domestic economic and social development and the continuous recovery of demand in railway passenger transportation market, the Company actively adapted to market demand, continued to increase the number of operating train pairs including Guangzhou-Shenzhen inter-city trains, the through trains to Hong Kong to strive to meeting the travel needs of passengers, which led to an increase in passenger traffic volume and the overall revenue from passenger transportation. However, the number of Beijing-Guangzhou and Guangzhou-Shenzhen-Hong Kong cross-network electric multiple unit train pairs organized by the Company recorded a year-on-year decrease, resulting in a decrease in revenue from long-distance trains.

(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) | 789,766,152 | 930,400,696 | (15.12) |
| — Revenue from freight charges | 701,263,341 | 833,653,294 | (15.88) |
| — Other revenue from freight transportation | 88,502,811 | 96,747,402 | (8.52) |
| Outbound freight volume (tonnes) | 6,529,176 | 8,047,438 | (18.87) |

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

Chapter 3

Report of the Directors

(Including Management Discussion and Analysis)

(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) | 6,032,860,284 | 5,497,209,654 | 9.74 |
| (a) Railway network usage services | 2,289,544,263 | 2,082,709,671 | 9.93 |
| (b) Other transportation services | 3,743,316,021 | 3,414,499,983 | 9.63 |

- 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, resulting in an increase in the Company's revenue from railway network usage services.
- The increase in revenue from other transportation 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 workload of railway operation service and passenger service provided by the Company for other railway companies increased, resulting in an increase in the Company's relevant service revenue.

(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 2024, revenue from other businesses was RMB637 million, representing an increase of 0.71% as compared to RMB633 million for the same period last year.

3. Analysis of costs

(Unit: RMB)

| Business Segment | Item | Current period | Same period last year | Period-on-period increase/decrease (%) |
|------------------|--|-----------------------|-----------------------|--|
| Main businesses | Equipment rental and service fees | 4,239,124,672 | 4,217,796,573 | 0.51 |
| | Wages and welfare | 4,101,648,855 | 3,842,811,945 | 6.74 |
| | Depreciation of fixed assets | 864,643,359 | 922,720,417 | (6.29) |
| | Material and utilities consumption | 665,020,449 | 659,915,436 | 0.77 |
| | Passenger service fees | 390,981,540 | 251,598,443 | 55.40 |
| | Maintenance costs | 377,609,468 | 298,663,033 | 26.43 |
| | Cargo handling charges | 95,287,197 | 207,479,595 | (54.07) |
| | Depreciation of right-of-use assets | 8,123,205 | 8,123,205 | — |
| | Others | 208,576,218 | 396,923,858 | (47.45) |
| | Subtotal | 10,951,014,963 | 10,806,032,505 | 1.34 |
| Other businesses | Wages and welfare | 249,240,922 | 241,484,720 | 3.21 |
| | Material and utilities consumption | 147,378,250 | 184,922,786 | (20.30) |
| | Depreciation of fixed assets | 14,081,525 | 13,816,140 | 1.92 |
| | Others | 186,630,162 | 129,010,214 | 44.66 |
| | Subtotal | 597,330,859 | 569,233,860 | 4.94 |
| Total | 11,548,345,822 | 11,375,266,365 | 1.52 | |

- **The increase in costs of main businesses was mainly due to the following:** (1) The policy-oriented salary adjustment and the increase in payment base and payment ratio of social insurance resulted in an increase in wages and welfare expenses; (2) the increase in passenger traffic volume and workload of railway operation service provided resulted in an increase in passenger service fees; (3) the arrangement on depot repair of certain electric multiple unit trains resulted in an increase in maintenance costs.
- **The increase in costs of other businesses was mainly due to the following:** (1) The policy-oriented salary adjustment and the increase in payment base and payment ratio of social insurance resulted in an increase in wages and welfare expenses; (2) the increase in workload of train maintenance business resulted in an increase in relevant expenses.

Chapter 3

Report of the Directors

(Including Management Discussion and Analysis)

4. Expenses

(Unit: RMB)

| Item | Current period | Same period last year | Period-on-period increase/decrease (%) | Major reason(s) for the changes |
|-------------------------|----------------|-----------------------|--|--|
| Tax and surcharges | 42,035,202 | 11,241,024 | 273.94 | The increase in operating income. |
| Administration expenses | 74,574,536 | 81,848,226 | (8.89) | The decrease in epidemic prevention costs. |
| Finance costs | 25,882,452 | 36,005,331 | (28.11) | The increase in revenue from other capital occupancy fees. |
| investment gains | 19,618,154 | 42,798,137 | (54.16) | The decrease in profit from associate. |
| Non-operating income | 10,801,759 | 21,162,886 | (48.96) | The decrease in revenue due to the payments waived. |
| Income tax expenses | 362,191,228 | 266,782,296 | 35.76 | The Increase in total profit before taxation. |

5. Cash flow

(Unit: RMB)

| | Current period | Same period last year | Period-on-period increase/decrease (%) | Major reason(s) for the changes |
|--|----------------|-----------------------|--|---|
| Net cash flows from operating activities | 1,110,360,142 | 811,230,621 | 36.87 | Due to the increase in cash received from sales of goods and provision of services. |
| Net cash flows from investing activities | (402,953,135) | (363,019,008) | N/A | — |
| Net cash flows from financing activities | 374,218,028 | (22,946,153) | N/A | Due to the decrease in cash paid for the repayment of bank loans. |

Chapter 3

Report of the Directors

(Including Management Discussion and Analysis)

(2) Analysis of assets and liabilities

✓ Applicable □ Not applicable

1. Assets and liabilities

(Unit: RMB)

| Item | Amount at the end of current period | Amount at the end of previous period | Changes in amount from the end of previous period to the end of current period (%) | Explanation |
|--------------------------------------|-------------------------------------|--------------------------------------|--|--|
| Cash and bank balance | 2,564,088,371 | 1,482,463,336 | 72.96 | Bank deposits increased. |
| Trade receivables | 6,777,925,576 | 6,239,551,856 | 8.63 | Receivables for railway operation services increased. |
| Other receivables | 365,208,729 | 632,761,629 | (42.28) | Construction payment receivables decreased. |
| Non-current assets due within 1 year | 61,950,000 | 1,950,000 | 3,076.92 | The 3-year term deposit approaching maturity was transferred in. |
| Other current assets | 72,019,566 | 129,331,991 | (44.31) | The input VAT to be deducted decreased. |
| Debt investments | — | 60,000,000 | (100.00) | The 3-year term deposit approaching maturity was transferred out. |
| Fixed assets | 22,007,052,648 | 22,785,584,687 | (3.42) | The accumulated depreciation of fixed assets increased. |
| Construction in progress | 645,100,855 | 561,177,814 | 14.95 | Investment in overhaul work increased. |
| Deferred tax assets | 521,377,318 | 883,835,180 | (41.01) | Deductible losses decreased. |
| Other non-current assets | 124,850,197 | 58,925,815 | 111.88 | Prepayments for construction increased. |
| Short-term borrowings | 1,100,667,778 | 700,385,000 | 57.15 | Short-term bank borrowings increased. |
| Bill payables | 100,000,000 | 200,000,000 | (50.00) | Bank acceptance bills were paid upon maturity. |
| Trade payables | 2,513,318,892 | 4,913,237,216 | (48.85) | Payables for construction and equipment, material purchases, labor services and repairs decreased. |
| Other payables | 3,175,750,496 | 1,373,640,812 | 131.19 | Payables for construction and various security deposits as well as dividends payable increased. |
| Deferred income | 757,410,477 | 702,384,062 | 7.83 | The government subsidies of construction projects received in relation to assets increased. |

2. Overseas assets

Applicable Not applicable

3. Major restricted assets as of the end of the reporting period

Applicable Not applicable

(3) Analysis of investment positions

Applicable Not applicable

During the reporting period, the Company did not invest in securities such as stocks, warrants or convertible bonds, and did not hold or deal in equity interests in other listed companies and non-listed financial enterprises. Details of investments in the external equity interests of the Company at the end of the reporting period are set out in Notes V (7), V (8) and VII to the financial statements.

1. Significant investments in equity interests

Applicable Not applicable

2. Significant non-equity investments

Applicable Not applicable

3. Financial assets at fair value

Applicable Not applicable

Details of financial assets at fair value which were held by the Company during the reporting period are set out in Note V (8) to the financial statements.

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Report of the Directors (Including Management Discussion and Analysis)

(4) Disposal of major assets and equity interests

Applicable Not applicable

(5) Analysis on major subsidiaries and investee companies

Applicable Not applicable

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.

(6) Structured entities controlled by the Company

Applicable Not applicable

IV. OPERATING ENVIRONMENT AND KEY OPERATION TASKS OF THE COMPANY FOR THE SECOND HALF OF 2024

In the first half of 2024, China's economy continued to restore the positive momentum, and operated smoothly in general and remained stable while making progress. According to the National Bureau of Statistics, the gross domestic product of China in the first half of the year reached RMB61.7 trillion, representing a year-on-year increase of 5.0%. Looking forward to the second half of 2024, the instability and uncertainty of the external environment faced by China will rise, and there will still be many difficulties and challenges in the continuous deepening of domestic structural adjustment. However, we shall remain firm in our confidence in development, and believe that with the support of favorable factors such as the continuous release of national macro-policy effects, the recovery of external demand and the accelerated development with new quality productivity, the favorable conditions for China's development will outweigh unfavorable factors, the development trend of steady improvement and long-term growth will not change, and the demand of railway transportation market, especially passenger transportation market, will continue to rebound.

Facing the above operating environment, the Company will take Xi Jinping's Thought on Socialism with Chinese Characteristics for a New Era as the guide, resolutely implement the decisions and tasks of the Party Central Committee and the State Council, closely focus on the Company's annual business goals, adhere to the principle of seeking progress amidst stability, promoting stability through progress and building the new before discarding the old, exert solid efforts on corporate governance, production safety, passenger and freight transportation and business management, striving to promote the high-quality and sustainable development of the Company and make contributions in respect of railway development as the "locomotive" that serves bravely and supports the Chinese-style modernization.

In the second half of 2024, the Company will focus on the following aspects:

- (1) In terms of corporate governance: the Company will adhere to the organic integration of the Party's leadership and improvement of corporate governance, continuously improve the corporate governance systems, and enhance the corporate governance levels and the quality of information disclosure, so as to ensure that the operation of the Company comply with the laws and regulations and regulatory provisions.
- (2) In terms of production safety: we will insist on giving priority to prevention and combination of prevention and treatment. Firstly, guided by the three-year action plan to tackle the root cause of safety production and the three-year action plan to deepen railway safety infrastructure, the Company will strengthen the modernization of the safety governance system and governance capabilities. Secondly, the Company will carry out in-depth special safety rectification actions and comprehensive inspections of safety production for concentrated rectification of safety hazards.

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Report of the Directors (Including Management Discussion and Analysis)

- (3) In terms of passenger and freight transportation: firstly, making full use of the opportunities of the continuous recovery of railway passenger flow, we will actively strengthen market publicity and passenger transportation marketing, timely and rationally arrange transportation capacity according to passenger flow, and optimize and adjust transportation organization, so as to promote the growth of the Company's passenger transportation business. Secondly, we will actively adapt to market needs, deepen the implementation of the structural reform on the supply side of railway transportation, accelerate the construction of a railway modern logistics system, promote the transformation and upgrading of railway freight to modern logistics. Thirdly, we will build an intensive, efficient and powerful transportation organization system, with focuses on coordinating passenger and freight transportation, high-speed rail and ordinary rail transportation capabilities, so as to continuously improve the efficiency and effectiveness.
- (4) In terms of operation and management: firstly, we will strengthen comprehensive budget management, optimize the budget indicator system, and achieve full-cost, full-caliber, and full-process budget control. Secondly, we will focus on improving the quality and efficiency and saving expenditures and reducing consumption, further deepen the reform of employment system, personnel system, distribution system, production organization, labor organization and process repair to improve total factor productivity. Thirdly, we will adhere to standardized operations, focus on preventing and defusing business risks, and standardize the management of funds, contracts, material procurement, etc.

V. OTHER DISCLOSURE

(1) Potential risks

✓ Applicable Not applicable

| Type of risk | Description of risk | Addressing measures |
|----------------------------|--|---|
| Macro-economic risk | Railway transportation industry is highly related to macro-economic development conditions and may be greatly affected by macroeconomic environment 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, strengthen its analysis and research on the contributing factors relating to the railway and transportation industry, adjust its development strategies in a timely manner in response to changes in the market environment, and strive to maintain the stability of the Company's production and operation. |
| Policy and regulatory risk | The railway transportation industry is greatly affected by policies and regulations. With changes in the domestic and international economic environment, and the reform and development of the railway transportation industry, corresponding adjustments in the related laws, regulations and industrial policies may be required. These changes may give rise to uncertainties to the Company's business development and operating results. | The Company will proactively engage in various seminars on the formulation and improvement of industrial policies and regulations development, study the latest changes in policies and regulations, capture the development opportunities brought by the amendments to policies and regulations, and adopt a prudent approach in addressing uncertainties caused by changes in policies and regulations. |
| Transportation safety risk | Transportation safety is the prerequisite and foundation for the railway transportation industry in maintaining normal operations and a good reputation. Inclement weather, mechanical failures, human errors and other force majeure events may adversely affect the transportation safety of the Company. | The Company will consciously accept the safety supervision of industry authorities, actively participate in regular transportation safety meetings held by competent authorities of the industry to understand the transportation safety condition of the Company, provide for and utilize the expenses for safety production, and intensify the training of safety knowledge and capabilities of its transportation personnel. |

Chapter 3

Report of the Directors (Including Management Discussion and Analysis)

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

(2) Other disclosures

✓ Applicable Not applicable

1. Liquidity and source of funding

During the reporting period, the principal sources of funding of the Company were revenue generated from operating activities 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 RMB1,101 million with the interest rate ranging from 2.28%-2.3% and long-term borrowings of approximately RMB786 million, with the interest rate ranging from 2.15%-2.6%, and the details for short-term borrowings and long-term borrowings are set out in Note V (16) and Note V (24) to the financial statements, respectively. The Company's capital commitments as of the end of the reporting period are set out in Note XII to the financial statements.

As at the end of the reporting period, the Company had no charges 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 28.36%.

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.

Chapter 3

Report of the Directors

(Including Management Discussion and Analysis)

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, changes in accounting policies of the Company were set out in Note III (30) to the financial statement, and there were no changes in accounting estimates or correction of significant accounting errors.

Chapter 4

Corporate Governance

I. SUMMARY OF CORPORATE GOVERNANCE

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

During the reporting period, the Company successively completed the self-assessment and audit on internal control for the year of 2023, re-elected certain members of the 10th session of the Board of Directors and the 10th session of the Supervisory Committee, appointed the general manager and deputy general manager of the Company, made amendments to the Articles, and changed the accounting firms to ensure the sound and sustainable developments of the Company.

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

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

Chapter 4

Corporate Governance

II. SUMMARY OF GENERAL MEETINGS

| Session of meeting | Date | Media in which resolutions were disclosed | Date of disclosure | Resolutions |
|---|-----------------|---|------------------------------------|-----------------------------|
| First Extraordinary General Meeting of 2024 | 6 February 2024 | Website of SSE (www.sse.com.cn) HKExnews website of SEHK (www.hkexnews.hk) | 7 February 2024 6 February 2024 | All resolutions were passed |
| Annual General Meeting of 2023 | 18 June 2024 | Website of SSE (www.sse.com.cn) HKExnews website of SEHK (www.hkexnews.hk) | 19 June 2024 18 June 2024 | All resolutions were passed |

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

Applicable Not applicable

| Name | Position(s) held | Change |
|---------------|---|-----------|
| Wei Hao | Executive Director, Chairman of the Board and members of the Remuneration Committee and Nomination Committee | Elected |
| Chen Shaohong | Executive Director, and members of the Remuneration Committee and Nomination Committee | Elected |
| Luo Jinglun | General manager | Appointed |
| Niu Jianfeng | Non-executive Director | Elected |
| Li Songqing | Shareholder representative supervisor, Chairman of the Supervisory Committee | Elected |
| Huang Wu | Deputy general manager | Elected |
| Wu Yong | Executive Director, Chairman of the Board, and members of the Remuneration Committee and Nomination Committee | Appointed |
| Hu Lingling | Executive Director, general manager, and members of the Remuneration Committee and Nomination Committee | Resigned |
| Chen Shaohong | Shareholder representative supervisor | Resigned |
| Huang Chaoxin | Shareholder representative supervisor, Chairman of the Supervisory Committee | Resigned |

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

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 C1 to the Listing Rules of SEHK with no material deviation or breach of the code provisions occurred. Meanwhile, the Company has applied the principles set out in the Corporate Governance Code to corporate governance structure and practices.

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.

Chapter 4

Corporate Governance

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 2024 interim report (including the unaudited interim financial statements for the 6 months ended 30 June 2024) of the Company has been reviewed by the audit committee.

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. Wei Hao, Mr. Chen Shaohong, 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. Wei Hao, Mr. Chen Shaohong, 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.

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 C3 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.

Chapter 4

Corporate Governance

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.

1. Information Disclosure

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

During the reporting period, the Company timely completed the preparation and disclosure of its 2023 Annual Report, 2023 Report for Self-assessment on Internal Control, 2023 Social Responsibility Report and 2024 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.

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.

Chapter 4

Corporate Governance

4. Changes in the Articles of Association

On 18 June 2024, the Company convened the 2023 annual general meeting to consider and approve the amendments to the Articles of Association by way of a special resolution. The major amendments include: (1) deleting relevant contents set out in the Articles of Association originally stipulated by the “Special Regulations of the State Council on Overseas Offering and Listing of Shares by Joint Stock Limited Companies” (《國務院關於股份有限公司境外募集股份及上市的特別規定》) and the “Mandatory Provisions for the Articles of Association of Companies Listed Overseas” (《到境外上市公司章程必備條款》), including arbitration provisions regarding the dispute resolutions, etc.; (2) updating and adjusting articles in relation to issue of shares, repurchase of shares, transfer of shares, financial assistance for acquisition of the Company’s shares, shareholders and the general meeting of shareholders, shareholders’ rights and obligations, the qualifications and duties of the directors, supervisors and senior administrative officers, financial and accounting systems, amendments to the Articles of Association and liquidation of the Company set out in the Articles of Association in accordance with the relevant provisions of the Guidelines for Articles of Association of Listed Companies issued by the China Securities Regulatory Commission; (3) certain amendments in relation to the administration of independent directors, amending relevant requirements for appointment and performance of duties of independent directors; and (4) other amendments for compliance and standardisation. For details of amendments of articles, please refer to the announcement in relation to the amendments to the articles of association published by the Company on the website of Shanghai Stock Exchange (<http://www.sse.com.cn>) on 29 March 2024 and the circular in relation to proposed appointment of executive director, proposed appointment of shareholder representative supervisor, proposed amendments to the articles of association and notice of 2023 annual general meeting published by the Company on the HKExnews website of the Stock Exchange (<http://www.hkexnews.hk>) on 29 April 2024.

Save as disclosed above, during the reporting period, there was no change in the Articles of Association of the Company.

(2) General Meetings

The Company encourages all shareholders to attend the general meetings. During the reporting period, a total of 2 general meetings were 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 21 days prior to the date of the general meeting and at least 15 days prior to the date of the extraordinary general meeting, and provides the shareholders with any information necessary for them to attend and make decision at the meeting. Each separate matter in substance submitted to the general meeting for consideration is put forth respectively as a separate resolution. In accordance with the requirements of the Articles, two or more shareholders holding, in aggregate, 10% or more of the shares of the Company carrying the right to vote at the meeting sought shall have the right, by delivery of one or more written requests signed in counterparts through mail or electronic mail to the Board or the company secretary, to require an extraordinary general meeting or a class meeting to be called by the Board for the business specified in such request. The Board shall proceed as soon as possible to convene an extraordinary general meeting or a class meeting after receiving such request. Shareholders individually or collectively holding 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.

Chapter 5

Environmental and Social Responsibilities

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

Applicable Not applicable

The Company's locomotive maintenance depot in Guangzhou is a key waste discharging unit for water environment and the key unit under control for environmental risks of Guangzhou for the year of 2024 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 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

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 36,437 employees, representing a decrease of 1,469 employees compared with 37,906 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 RMB4.087 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.

Chapter 5

Environmental and Social Responsibilities

(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 94 occupational education management personnel. A total of 436,952 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 RMB18.4680 million.

Chapter 6

Matters of Importance

I. FULFILLMENT OF COMMITMENTS

✓ Applicable Not applicable

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

Chapter 6

Matters of Importance

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

Applicable Not applicable

III. ILLEGAL GUARANTEE

Applicable Not applicable

IV. AUDIT OF INTERIM REPORT

Applicable Not applicable

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

Applicable Not applicable

VI. BANKRUPTCY AND RESTRUCTURING

Applicable Not applicable

VII. MAJOR LITIGATION AND ARBITRATION

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

VIII. 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 operation

Applicable Not applicable

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 into by the Company are set out in Note XI (5) to the financial statements. The Company confirmed that these transactions are connected transactions (including continuing connected transactions) described under Chapter 14A of the Listing Rules of SEHK, have complied with the rules and requirements of Chapter 14A of the Listing Rules of SEHK, have been implemented in accordance with the comprehensive service framework agreement entered into between the Company and CSRG and strictly complied with the pricing principles of the relevant transactions.

Chapter 6

Matters of Importance

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

(Unit: RMB)

| Connected parties | Connected relationship | Type of connected transactions | Description of connected transactions | Amount of connected transactions |
|---------------------------|--|--------------------------------|--|----------------------------------|
| GRGC and its subsidiaries | Controlling shareholder and its subsidiaries | Receipt of services | Receipt of railway network settlement services provided by GRGC and its subsidiaries | 1,919,070,406 |
| GRGC and its subsidiaries | Controlling shareholder and its subsidiaries | Receipt of services | Train services provided by GRGC and its subsidiaries | 303,887,616 |
| GRGC and its subsidiaries | Controlling shareholder and its subsidiaries | Purchase of goods | Purchase of materials and supplies from GRGC and its subsidiaries | 278,111,947 |
| GRGC and its subsidiaries | Controlling shareholder and its subsidiaries | Receipt of services | Repair and maintenance services provided by GRGC and its subsidiaries | 69,944,242 |
| GRGC and its subsidiaries | Controlling shareholder and its subsidiaries | Receipt of services | Receipt of construction work services provided by GRGC and its subsidiaries | 50,773,315 |
| Associates | Associates | Receipt of services | Receipt of construction work services provided by associates | 57,819,980 |
| Associates | Associates | Receipt of services | Repair and maintenance services provided by associates | 2,100,917 |
| Associates | Associates | Receipt of services | Train services provided by associates | 9,209 |
| CSRG and its subsidiaries | De facto controller and its subsidiaries | Receipt of services | Receipt of railway network settlement services provided by CSRG and its subsidiaries | 848,542,860 |
| CSRG and its subsidiaries | De facto controller and its subsidiaries | Purchase of goods | Purchase of materials and supplies from CSRG and its subsidiaries | 42,476,199 |
| CSRG and its subsidiaries | De facto controller and its subsidiaries | Receipt of services | Train services provided by CSRG and its subsidiaries | 6,363,317 |
| CSRG and its subsidiaries | De facto controller and its subsidiaries | Receipt of services | Repair and maintenance services provided by CSRG and its subsidiaries | 1,081,183 |

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

(Unit: RMB)

| Connected parties | Connected relationship | Type of connected transactions | Description of connected transactions | Amount of connected transactions |
|---------------------------|--|--------------------------------|---|----------------------------------|
| GRGC and its subsidiaries | Controlling shareholder and its subsidiaries | Provision of services | Provision of train services and railway operation services to GRGC and its subsidiaries | 2,039,242,327 |
| GRGC and its subsidiaries | Controlling shareholder and its subsidiaries | Provision of services | Provision of railway network settlement services to GRGC and its subsidiaries | 800,155,542 |
| GRGC and its subsidiaries | Controlling shareholder and its subsidiaries | Sales of goods | Sales of materials and supplies to GRGC and its subsidiaries and other services | 20,450,799 |
| Associates | Associates | Provision of services | Provision of train services to associates | 941,805 |
| CSRG and its subsidiaries | De facto controller and its subsidiaries | Provision of services | Provision of railway network settlement services to CSRG and its subsidiaries | 1,285,886,581 |
| CSRG and its subsidiaries | De facto controller and its subsidiaries | Provision of services | Provision of railway operation services to CSRG and its subsidiaries | 1,284,572,650 |
| CSRG and its subsidiaries | De facto controller and its subsidiaries | Provision of services | Provision of truck maintenance services to CSRG and its subsidiaries | 282,201,668 |
| CSRG and its subsidiaries | De facto controller and its subsidiaries | Provision of services | Provision of train services to CSRG and its subsidiaries | 20,528,920 |
| CSRG and its subsidiaries | De facto controller and its subsidiaries | Provision of services | Other | 15,438 |
| CSRG and its subsidiaries | De facto controller and its subsidiaries | Provision of services | Revenue from passenger transportation | 5,420,232,694 |
| CSRG and its subsidiaries | De facto controller and its subsidiaries | Provision of services | Revenue from freight transportation | 789,766,152 |
| CSRG and its subsidiaries | De facto controller and its subsidiaries | Provision of services | Revenue from luggage and parcel | 44,623,219 |

Chapter 6

Matters of Importance

3. Transactions in relation to connected lease

(Unit: RMB)

| Connected lessors | Type of leased assets | Rental expenses paid | Interest expenses on lease liabilities |
|-------------------|--|----------------------|--|
| GRGC | Land use right | 32,641,609 | 34,122,536 |
| CSRG | Rolling stock of passenger trains and cargo trucks | 781,462,676 | — |
| GRGC | Rolling stock of passenger trains and cargo trucks | 123,138,683 | — |

(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

Applicable Not applicable

(Unit: RMB)

| Related Parties | Connected relationship | Fund provided to related parties | | |
|---|------------------------|----------------------------------|----------|-----------------|
| | | Opening balance | Addition | Closing balance |
| Zengcheng Lihua Stock Company Limited (Note) | Controlling subsidiary | 12,312,317 | — | 12,312,317 |
| Total | | 12,312,317 | — | 12,312,317 |
| Impact of the related claim and debt on the operating results and financial position of the Company | | No significant impact. | | |

Note: Full provision for bad debts has been made.

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

Applicable Not applicable

(6) Other material related party transactions

Applicable Not applicable

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. PROGRESS OF THE USE OF PROCEEDS

Applicable Not applicable

XIII. EXPLANATION OF OTHER MATERIAL EVENTS

Applicable Not applicable

Chapter 7

Changes in Shares and Particulars of Shareholders

I. PARTICULARS OF CHANGES IN SHARE CAPITAL

(1) Changes in shares

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

(2) Changes in shares with selling restrictions

Applicable Not applicable

II. PARTICULARS OF SHAREHOLDERS

(1) Number of shareholders:

| | |
|--|---------|
| Number of ordinary shareholders as at the end of the reporting period (number) | 161,843 |
|--|---------|

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

(Unit: share)

| Name of shareholder (in full) | Number of shares held at the end of the period | Particulars of the shareholding of the top ten shareholders (excluding shares loaned through refinancing) | | | | Nature of shareholder |
|--|--|---|--|---------------------------------|--------|--------------------------|
| | | Percentage (%) | Number of shares held with selling restriction | Share pledged, marked or frozen | Status | |
| China Railway Guangzhou Group Co., Ltd. | 2,629,451,300 | 37.12 | — | Nil | — | State-owned legal person |
| HKSCC NOMINEES LIMITED (Note) | 1,417,572,999 | 20.01 | — | Nil | — | Foreign legal person |
| Lin Naigang | 124,000,000 | 1.75 | — | Nil | — | Domestic natural person |
| Agricultural Bank of China Limited — Dacheng Rui Xiang Mixed Securities Investment Fund | 90,132,401 | 1.27 | — | Nil | — | Other |
| Hong Kong Securities Clearing Company Limited (Note) | 55,292,350 | 0.78 | — | Nil | — | Foreign legal person |
| Industrial and Commercial Bank of China Limited — Baoying Quality Selected Mixed Securities Investment Fund | 50,000,000 | 0.71 | — | Nil | — | Other |
| China Merchants Bank Co., Ltd. — Baoying New Value Flexible Allocation Mixed Securities Investment Fund | 48,000,000 | 0.68 | — | Nil | — | Other |
| China Everbright Bank Corporation — Dacheng Strategic Return Mixed Securities Investment Fund | 46,527,447 | 0.66 | — | Nil | — | Other |
| Industrial and Commercial Bank of China Limited — Dacheng Competitive Advantage Mixed Securities Investment Fund | 40,794,600 | 0.58 | — | Nil | — | Other |
| Industrial and Commercial Bank of China Limited — Huan Media Internet Mixed Securities Investment Fund | 38,606,945 | 0.55 | — | Nil | — | Other |

Chapter 7

Changes in Shares and Particulars of Shareholders

| Name of shareholder | Particulars of the shareholding of the top ten holders of shares without selling restrictions (excluding shares loaned through refinancing) | | |
|--|--|--------------------------------|---------------|
| | Number of shares held without selling restrictions | Class | Number |
| China Railway Guangzhou Group Co., Ltd. | 2,629,451,300 | RMB ordinary shares | 2,629,451,300 |
| HKSCC NOMINEES LIMITED (Note) | 1,417,572,999 | Overseas listed foreign shares | 1,417,572,999 |
| Lin Naigang | 124,000,000 | RMB ordinary shares | 124,000,000 |
| Agricultural Bank of China Limited — Dacheng Rui Xiang Mixed Securities Investment Fund | 90,132,401 | RMB ordinary shares | 90,132,401 |
| Hong Kong Securities Clearing Company Limited (Note) | 55,292,350 | RMB ordinary shares | 55,292,350 |
| Industrial and Commercial Bank of China Limited — Baoying Quality Selected Mixed Securities Investment Fund | 50,000,000 | RMB ordinary shares | 50,000,000 |
| China Merchants Bank Co., Ltd. — Baoying New Value Flexible Allocation Mixed Securities Investment Fund | 48,000,000 | RMB ordinary shares | 48,000,000 |
| China Everbright Bank Corporation — Dacheng Strategic Return Mixed Securities Investment Fund | 46,527,447 | RMB ordinary shares | 46,527,447 |
| Industrial and Commercial Bank of China Limited — Dacheng Competitive Advantage Mixed Securities Investment Fund | 40,794,600 | RMB ordinary shares | 40,794,600 |
| Industrial and Commercial Bank of China Limited — Huan Media Internet Mixed Securities Investment Fund | 38,606,945 | RMB ordinary shares | 38,606,945 |
| Explanation of designated repurchase account among the top ten shareholders | Nil. | | |
| Explanation on the above-mentioned shareholders' voting rights by and on behalf of others, and abstention from voting rights | Nil. | | |
| Statement regarding the connected relationship or acting in concert arrangements of the above shareholders | Among the shareholders mentioned above, (1) "HKSCC NOMINEES LIMITED and Hong Kong Securities Clearing Company Limited" are subsidiaries of Hong Kong Exchanges and Clearing Limited; (2) "Agricultural Bank of China Limited — Dacheng Rui Xiang Mixed Securities Investment Fund, China Everbright Bank Corporation — Dacheng Strategic Return Mixed Securities Investment Fund, and Industrial and Commercial Bank of China Limited — Dacheng Competitive Advantage Mixed Securities Investment Fund" are under the management of Dacheng Fund Management Company Limited; (3) "Industrial and Commercial Bank of China Limited — Baoying Quality Selected Mixed Securities Investment Fund and China Merchants Bank Co., Ltd. — Baoying New Value Flexible Allocation Mixed Securities Investment Fund" are under the management of Baoying Fund Management Co., Ltd.. Except for the above, the Company is not aware of any of other 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 and the H Shares of the Company held by it were held on behalf of various clients. The A shares of the Company held by Hong Kong Securities Clearing Company Limited were held on behalf of various clients.

Particulars of the shareholders holding more than 5% of the shares, top ten shareholders and top ten holders of shares without selling restrictions participating in the refinancing and shares lending business

Applicable Not applicable

Changes of top ten shareholders and top ten holders of shares without selling restrictions from the end of the previous period due to lending/repaying shares through refinancing

Applicable Not applicable

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, as of the end of the reporting period, the following persons, other than Directors, Supervisors and senior management of the Company, held interests or short positions in the shares and underlying shares of the Company as recorded in the register required to be kept under Section 336 of Part XV of the SFO, as follows:

(Unit: share)

| Name of shareholder | Class of shares | Number of shares held | Capacity | Percentage of share capital of the same class (%) | Percentage of total share capital (%) |
|---|-----------------|-----------------------|--------------------|---|---------------------------------------|
| China Railway Guangzhou Group Co., Ltd. | A Shares | 2,629,451,300(L) | Beneficial owner | 46.52(L) | 37.12(L) |
| Kopernik Global Investors LLC | H Shares | 122,259,054(L) | Investment manager | 8.54(L) | 1.73(L) |

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

Chapter 7

Changes in Shares and Particulars of Shareholders

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 C3 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.

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.

Chapter 8

Information Regarding Preference Shares

Applicable Not applicable

Chapter 9

Information Regarding Bonds

I. CORPORATE BONDS (INCLUDING ENTERPRISE BONDS) AND DEBT FINANCING INSTRUMENTS OF NON-FINANCIAL ENTERPRISES

Applicable Not applicable

II. CONVERTIBLE CORPORATE BONDS

Applicable Not applicable

Chapter 10

Financial Statements

CONSOLIDATED BALANCE SHEET

At 30 June 2024

RMB

| Item | Notes | 30 June 2024 (unaudited) | 31 December 2023 (audited) |
|---|-------|--------------------------------|----------------------------------|
| Current Assets: | | | |
| Cash and bank balances | V.1 | 2,564,088,371 | 1,482,463,336 |
| Accounts receivable | V.2 | 6,777,925,576 | 6,239,551,856 |
| Prepayments | | 43,545,125 | 22,693,639 |
| Other receivables | V.3 | 365,208,729 | 632,761,629 |
| Including: Interest receivable | | — | — |
| Dividends receivable | | — | — |
| Inventories | V.4 | 283,755,567 | 289,526,749 |
| Non-current assets due within one year | V.6 | 61,950,000 | 1,950,000 |
| Other current assets | V.5 | 72,019,566 | 129,331,991 |
| Total Current Assets | | 10,168,492,934 | 8,798,279,200 |
| Non-current Assets: | | | |
| Debt investments | V.6 | — | 60,000,000 |
| Long-term receivables | | 7,541,915 | 16,743,981 |
| Long-term equity investments | V.7 | 311,157,417 | 298,743,058 |
| Investments in other equity instruments | V.8 | 462,695,717 | 462,695,717 |
| Fixed assets | V.9 | 22,007,052,648 | 22,785,584,687 |
| Construction in progress | V.10 | 645,100,855 | 561,177,814 |
| Right-of-use assets | V.11 | 1,296,624,348 | 1,304,747,553 |
| Intangible assets | V.12 | 1,663,855,640 | 1,690,250,686 |
| Goodwill | V.13 | 281,254,606 | 281,254,606 |
| Long-term prepaid expenses | | 23,152,762 | 32,708,669 |
| Deferred tax assets | V.14 | 521,377,318 | 883,835,180 |
| Other non-current assets | V.15 | 124,850,197 | 58,925,815 |
| Total Non-current Assets | | 27,344,663,423 | 28,436,667,766 |
| TOTAL ASSETS | | 37,513,156,357 | 37,234,946,966 |

| | | | RMB | | |
|--|-------|--------------------------------|----------------------------------|--|--|
| Item | Notes | 30 June 2024 (unaudited) | 31 December 2023 (audited) | | |
| Current Liabilities: | | | | | |
| Short-term borrowings | V.16 | 1,100,667,778 | 700,385,000 | | |
| Notes payable | V.17 | 100,000,000 | 200,000,000 | | |
| Accounts payable | V.18 | 2,513,318,892 | 4,913,237,216 | | |
| Receipts in advance | | 12,143,089 | 11,490,275 | | |
| Contract liabilities | V.19 | 260,023,388 | 228,525,571 | | |
| Employee benefits payable | V.20 | 408,114,121 | 408,683,620 | | |
| Taxes payable | V.21 | 79,347,959 | 90,622,733 | | |
| Other payables | V.22 | 3,175,750,496 | 1,373,640,812 | | |
| Including: Interest payable | | — | — | | |
| Dividends payable | | 510,079,876 | 13,744,301 | | |
| Non-current liabilities due within one year | V.23 | 76,573,801 | 76,105,907 | | |
| Other current liabilities | | 4,034,382 | 19,549,633 | | |
| Total Current Liabilities | | 7,729,973,906 | 8,022,240,767 | | |
| Non-current Liabilities: | | | | | |
| Long-term borrowings | V.24 | 775,000,000 | 780,000,000 | | |
| Lease liabilities | V.25 | 1,327,707,696 | 1,326,891,951 | | |
| Deferred income | V.26 | 757,410,477 | 702,384,062 | | |
| Deferred tax liabilities | V.14 | 50,188,025 | 51,434,387 | | |
| Total Non-current Liabilities | | 2,910,306,198 | 2,860,710,400 | | |
| TOTAL LIABILITIES | | 10,640,280,104 | 10,882,951,167 | | |
| SHAREHOLDERS' EQUITY: | | | | | |
| Share capital | V.27 | 7,083,537,000 | 7,083,537,000 | | |
| Capital reserve | V.28 | 11,579,614,780 | 11,577,380,553 | | |
| Other comprehensive income | V.29 | 181,940,940 | 181,940,940 | | |
| Special reserve | V.30 | 184,687,432 | 81,228,476 | | |
| Surplus reserve | V.31 | 3,194,362,899 | 3,194,362,899 | | |
| Retained profits | V.32 | 4,687,869,344 | 4,271,435,690 | | |
| Total equity attributable to shareholders of the Company | | 26,912,012,395 | 26,389,885,558 | | |
| Minority interests | | (39,136,142) | (37,889,759) | | |
| TOTAL SHAREHOLDERS' EQUITY | | 26,872,876,253 | 26,351,995,799 | | |
| TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY | | 37,513,156,357 | 37,234,946,966 | | |

The accompanying notes form part of the financial statements.

Wei Hao
Chairman of the Board

Chen Shaohong
General Manager

Luo Xinpeng
Chief Accountant

Liu Qiyi
Chief of Finance Department

Chapter 10

Financial Statements

BALANCE SHEET OF THE COMPANY

At 30 June 2024

| | | RMB | |
|---|-------|--------------------------------|----------------------------------|
| Item | Notes | 30 June 2024 (unaudited) | 31 December 2023 (audited) |
| Current Assets: | | | |
| Cash and bank balances | | 2,564,088,371 | 1,482,463,336 |
| Accounts receivable | XIV.1 | 6,775,397,139 | 6,237,999,729 |
| Prepayments | | 43,539,761 | 22,686,047 |
| Other receivables | XIV.2 | 766,334,900 | 1,026,481,958 |
| Including: Interest receivable | | — | — |
| Dividends receivable | | — | — |
| Inventories | | 283,744,067 | 289,515,249 |
| Non-current assets due within one year | | 61,950,000 | 1,950,000 |
| Other current assets | | 70,398,854 | 127,498,981 |
| Total Current Assets | | 10,565,453,092 | 9,188,595,300 |
| Non-current Assets: | | | |
| Debt investments | | — | 60,000,000 |
| Long-term receivables | | 7,541,915 | 16,743,981 |
| Long-term equity investments | XIV.3 | 373,188,876 | 360,774,517 |
| Investments in other equity instruments | | 460,977,838 | 460,977,838 |
| Fixed assets | | 21,956,276,051 | 22,733,042,848 |
| Construction in progress | | 645,100,855 | 561,177,814 |
| Right-of-use assets | | 1,296,624,348 | 1,304,747,553 |
| Intangible assets | | 1,434,934,690 | 1,455,663,982 |
| Goodwill | | 281,254,606 | 281,254,606 |
| Long-term prepaid expenses | | 23,120,509 | 32,449,713 |
| Deferred tax assets | | 532,967,689 | 895,428,410 |
| Other non-current assets | | 95,374,213 | 29,449,830 |
| Total Non-current Assets | | 27,107,361,590 | 28,191,711,092 |
| TOTAL ASSETS | | 37,672,814,682 | 37,380,306,392 |

| | | | RMB |
|---|--------------|--------------------------------|----------------------------------|
| Item | <i>Notes</i> | 30 June 2024 (unaudited) | 31 December 2023 (audited) |
| Current Liabilities: | | | |
| Short-term borrowings | | 1,100,667,778 | 700,385,000 |
| Notes payable | | 100,000,000 | 200,000,000 |
| Accounts payable | | 2,507,445,747 | 4,903,794,993 |
| Receipts in advance | | 11,786,618 | 11,482,436 |
| Contract liabilities | | 260,023,388 | 228,525,571 |
| Employee benefits payable | | 403,315,985 | 403,875,321 |
| Taxes payable | | 77,581,206 | 87,420,989 |
| Other payables | | 2,840,277,805 | 1,028,869,323 |
| Including: Interest payable | | — | — |
| Dividends payable | | 496,714,376 | 868,801 |
| Non-current liabilities due within one year | | 76,573,801 | 76,105,907 |
| Other current liabilities | | 4,034,382 | 20,941,382 |
| Total Current Liabilities | | 7,381,706,710 | 7,661,400,922 |
| Non-current Liabilities: | | | |
| Long-term borrowings | | 775,000,000 | 780,000,000 |
| Lease liabilities | | 1,327,707,696 | 1,326,891,951 |
| Deferred income | | 757,410,477 | 702,384,062 |
| Total Non-current Liabilities | | 2,860,118,173 | 2,809,276,013 |
| TOTAL LIABILITIES | | 10,241,824,883 | 10,470,676,935 |
| SHAREHOLDERS' EQUITY: | | | |
| Share capital | | 7,083,537,000 | 7,083,537,000 |
| Capital reserve | | 11,581,418,941 | 11,579,184,714 |
| Other comprehensive income | | 181,940,940 | 181,940,940 |
| Special reserve | | 184,687,432 | 81,228,476 |
| Surplus reserve | | 3,194,362,899 | 3,194,362,899 |
| Retained profits | | 5,205,042,587 | 4,789,375,428 |
| TOTAL SHAREHOLDERS' EQUITY | | 27,430,989,799 | 26,909,629,457 |
| TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY | | 37,672,814,682 | 37,380,306,392 |

The accompanying notes form part of the financial statements.

Wei Hao
Chairman of the Board

Chen Shaohong
General Manager

Luo Xinpeng
Chief Accountant

Liu Qiyi
Chief of Finance Department

Chapter 10

Financial Statements

CONSOLIDATED INCOME STATEMENT

For the period from 1 January to 30 June 2024

| | | RMB | | |
|------|--|--|-----------------------|----------------|
| Item | Notes | For the period from 1 January to 30 June | | |
| | | 2024 (unaudited) | 2023 (unaudited) | |
| I. | Operating income | V.33 | 12,924,720,330 | 12,380,539,699 |
| | Less: Operating costs | V.33 | 11,548,345,822 | 11,375,266,365 |
| | Taxes and levies | | 42,035,202 | 11,241,024 |
| | Administrative expenses | V.34 | 74,574,536 | 81,848,226 |
| | Financial expenses | V.35 | 25,882,452 | 36,005,331 |
| | Including: Interest expenses | | 55,124,925 | 56,708,762 |
| | Interest income | | 12,131,874 | 20,711,119 |
| | Add: Other income | V.36 | 18,387,554 | 17,887,102 |
| | Investment income | V.37 | 19,618,154 | 42,798,137 |
| | Including: Investment income in associates and joint ventures | | 10,180,132 | 26,512,649 |
| | Impairment gains (losses) on credit | V.38 | — | (530,218) |
| | Gains (Losses) on disposal of assets | V.39 | — | (3,510,514) |
| II. | Operating profit | | 1,271,888,026 | 932,823,260 |
| | Add: Non-operating income | | 10,801,759 | 21,162,886 |
| | Less: Non-operating expenses | | 8,973,695 | 8,778,522 |
| III. | Total profit | | 1,273,716,090 | 945,207,624 |
| | Less: Income tax expenses | V.40 | 362,191,228 | 266,782,296 |
| IV. | Net profit | | 911,524,862 | 678,425,328 |
| | (I) Categorised by operation continuity | | | |
| | 1. Net profit from continuing operations | | 911,524,862 | 678,425,328 |
| | 2. Net profit from discontinued operations | | — | — |
| | (II) Categorised by ownership | | | |
| | 1. Net profit attributable to shareholders of the Company | | 912,281,244 | 677,497,226 |
| | 2. Profit or loss attributable to minority interests | | (756,382) | 928,102 |
| V. | Other comprehensive income, net of tax | V.29 | — | — |
| | (I) Other comprehensive income attributable to shareholders of the Company, net of tax | | — | — |
| | 1. Other comprehensive income that cannot be reclassified subsequently to profit or loss | | — | — |
| | (1) Changes arising from remeasurement of defined benefit plans | | — | — |
| | (2) Other comprehensive income that cannot be reclassified to profit or loss under the equity method | | — | — |
| | (3) Changes in fair value of investments in other equity instruments | | — | — |
| | (4) Changes in fair value of corporate credit risk | | — | — |

| Item | Notes | RMB | |
|---|-------|--|---------------------|
| | | For the period from 1 January to 30 June 2024 (unaudited) | 2023 (unaudited) |
| 2. Other comprehensive income that will be reclassified to profit or loss | | — | — |
| (1) Other comprehensive income that can be reclassified to profit or loss under the equity method | | — | — |
| (2) Changes in fair value of other debt investments | | — | — |
| (3) Financial assets reclassified into other comprehensive income | | — | — |
| (4) Provision for credit impairment of other debt investments | | — | — |
| (5) Reserve for cash flow hedges (Effective portion of profit or loss from cash flow hedges) | | — | — |
| (6) Translation differences of financial statements denominated in foreign currencies | | — | — |
| (7) Others | | — | — |
| (II) Other comprehensive income attributable to minority interests, net of tax | | — | — |
| VI. Total comprehensive income | | 911,524,862 | 678,425,328 |
| (I) Total comprehensive income attributable to shareholders of the Company | | 912,281,244 | 677,497,226 |
| (II) Total comprehensive income attributable to minority interests | | (756,382) | 928,102 |
| VII. Earnings per share: | | | |
| (I) Basic earnings per share (RMB/share) | | 0.1288 | 0.0956 |
| (II) Diluted earnings per share (RMB/share) | | 0.1288 | 0.0956 |

The accompanying notes form part of the financial statements.

Wei Hao
Chairman of the Board

Chen Shaohong
General Manager

Luo Xinpeng
Chief Accountant

Liu Qiyi
Chief of Finance Department

Chapter 10

Financial Statements

INCOME STATEMENT OF THE COMPANY

For the period from 1 January to 30 June 2024

| Item | Notes | For the period from 1 January to 30 June | |
|---|-------|--|---------------------|
| | | 2024 (unaudited) | 2023 (unaudited) |
| I. Operating income | XIV.4 | 12,908,424,730 | 12,344,302,837 |
| Less: Operating costs | XIV.4 | 11,539,523,808 | 11,334,462,450 |
| Taxes and levies | | 41,188,712 | 10,305,303 |
| Administrative expenses | | 67,834,686 | 73,643,458 |
| Financial expenses | | 26,162,623 | 36,218,623 |
| Including: Interest expenses | | 55,124,925 | 56,708,762 |
| Interest income | | 11,846,242 | 20,406,054 |
| Add: Other income | | 18,381,629 | 17,781,943 |
| Investment income | XIV.5 | 20,128,154 | 42,798,137 |
| Including: Investment income in associates and joint ventures | | 10,180,132 | 26,512,649 |
| Impairment gains (losses) on credit | | — | (530,218) |
| Gains (Losses) on disposal of assets | | — | (3,510,514) |
| II. Operating profit | | 1,272,224,684 | 946,212,351 |
| Add: Non-operating income | | 10,694,615 | 19,797,852 |
| Less: Non-operating expenses | | 8,943,830 | 8,770,918 |
| III. Total profit | | 1,273,975,469 | 957,239,285 |
| Less: Income tax expenses | | 362,460,720 | 265,882,982 |
| IV. Net profit | | 911,514,749 | 691,356,303 |
| (I) Net profit from continuing operations | | 911,514,749 | 691,356,303 |
| (II) Net profit from discontinued operations | | — | — |
| V. Other comprehensive income, net of tax | | — | — |
| (I) Other comprehensive income that cannot be reclassified to profit or loss | | — | — |
| 1. Changes arising from remeasurement of defined benefit plans | | — | — |
| 2. Other comprehensive income that cannot be reclassified to profit or loss under the equity method | | — | — |
| 3. Changes in fair value of investments in other equity instruments | | — | — |
| 4. Changes in fair value of corporate credit risk | | — | — |

| Item | Notes | RMB | |
|--|-------|--|---------------------|
| | | For the period from 1 January to 30 June 2024 (unaudited) | 2023 (unaudited) |
| (II) Other comprehensive income that will be reclassified to profit or loss | | — | — |
| 1. Other comprehensive income that can be reclassified to profit or loss under the equity method | | — | — |
| 2. Changes in fair value of other debt investments | | — | — |
| 3. Financial assets reclassified into other comprehensive income | | — | — |
| 4. Provision for credit impairment of other debt investments | | — | — |
| 5. Reserve for cash flow hedges (Effective portion of profit or loss from cash flow hedges) | | — | — |
| 6. Translation differences of financial statements denominated in foreign currencies | | — | — |
| 7. Others | | — | — |
| VI. Total comprehensive income | | 911,514,749 | 691,356,303 |

The accompanying notes form part of the financial statements.

Wei Hao
Chairman of the Board

Chen Shaohong
General Manager

Luo Xinpeng
Chief Accountant

Liu Qiyi
Chief of Finance Department

Chapter 10

Financial Statements

CONSOLIDATED CASH FLOW STATEMENT

For the period from 1 January to 30 June 2024

RMB

| Item | Notes | For the period from 1 January to 30 June | |
|--|---------|--|---------------------|
| | | 2024 (unaudited) | 2023 (unaudited) |
| I. Cash Flows from Operating Activities: | | | |
| Cash receipts from the sale of goods and the rendering of services | | 8,532,339,214 | 7,744,032,445 |
| Receipts of tax refunds | | — | 239,316,641 |
| Other cash receipts relating to operating activities | V.41(1) | 371,481,813 | 259,917,362 |
| Sub-total of cash inflows from operating activities | | 8,903,821,027 | 8,243,266,448 |
| Cash payments for goods purchased and services received | | 3,232,339,522 | 2,584,967,349 |
| Cash payments to and on behalf of employees | | 4,087,324,622 | 4,404,697,999 |
| Payments of various types of taxes | | 380,585,411 | 301,120,408 |
| Other cash payments relating to operating activities | V.41(1) | 93,211,330 | 141,250,071 |
| Sub-total of cash outflows from operating activities | | 7,793,460,885 | 7,432,035,827 |
| Net Cash Flow from Operating Activities | V.42(1) | 1,110,360,142 | 811,230,621 |
| II. Cash Flows from Investing Activities: | | | |
| Cash receipts from investment income | | 9,438,022 | 16,285,488 |
| Net cash receipts from disposals of fixed assets, intangible assets and other long-term assets | | 2,344 | 5,838,169 |
| Other cash receipts relating to investing activities | V.41(2) | — | 179,824,792 |
| Sub-total of cash inflows from investing activities | | 9,440,366 | 201,948,449 |
| Cash payments to acquire or construct fixed assets, intangible assets and other long-term assets | | 412,393,501 | 554,967,457 |
| Other cash payments relating to investing activities | V.41(2) | — | 10,000,000 |
| Sub-total of cash outflows from investing activities | | 412,393,501 | 564,967,457 |
| Net Cash Flow from Investing Activities | | (402,953,135) | (363,019,008) |
| III. Cash Flows from Financing Activities: | | | |
| Cash receipts from borrowings | | 400,000,000 | 500,000,000 |
| Sub-total of cash inflows from financing activities | | 400,000,000 | 500,000,000 |
| Cash repayments of borrowings | | 5,000,000 | 500,000,000 |
| Other cash payments relating to financing activities | V.41(3) | 20,781,972 | 22,946,153 |
| Sub-total of cash outflows from financing activities | | 25,781,972 | 522,946,153 |
| Net Cash Flow from Financing Activities | | 374,218,028 | (22,946,153) |
| IV. Effect of Foreign Exchange Rate Changes on Cash and Cash Equivalents | | — | — |
| V. Net Increase in Cash and Cash Equivalents | | 1,081,625,035 | 425,265,460 |
| Add: Opening balance of cash and cash equivalents | V.42(2) | 1,482,463,336 | 1,299,635,304 |
| VI. Closing Balance of Cash and Cash Equivalents | V.42(2) | 2,564,088,371 | 1,724,900,764 |

The accompanying notes form part of the financial statements.

Wei Hao
Chairman of the Board

Chen Shaohong
General Manager

Luo Xinpeng
Chief Accountant

Liu Qiyi
Chief of Finance Department

CASH FLOW STATEMENT OF THE COMPANY

For the period from 1 January to 30 June 2024

| Item | Notes | RMB | |
|--|-------|---|------------------|
| | | For the period from 1 January to 30 June 2024 (unaudited) | 2023 (unaudited) |
| I. Cash Flows from Operating Activities: | | | |
| Cash receipts from the sale of goods and the rendering of services | | 8,517,095,288 | 7,740,392,331 |
| Receipts of tax refunds | | — | 239,293,038 |
| Other cash receipts relating to operating activities | | 357,324,496 | 240,696,058 |
| Sub-total of cash inflows from operating activities | | 8,874,419,784 | 8,220,381,427 |
| Cash payments for goods purchased and services received | | 3,222,724,388 | 2,577,368,997 |
| Cash payments to and on behalf of employees | | 4,084,952,336 | 4,395,104,719 |
| Payments of various types of taxes | | 376,680,810 | 295,586,184 |
| Other cash payments relating to operating activities | | 85,725,158 | 141,090,906 |
| Sub-total of cash outflows from operating activities | | 7,770,082,692 | 7,409,150,806 |
| Net Cash Flow from Operating Activities | | 1,104,337,092 | 811,230,621 |
| II. Cash Flows from Investing Activities: | | | |
| Cash receipts from investment income | | 9,438,022 | 16,285,488 |
| Net cash receipts from disposals of fixed assets, intangible assets and other long-term assets | | 6,025,394 | 5,838,169 |
| Other cash receipts relating to investing activities | | — | 179,824,792 |
| Sub-total of cash inflows from investing activities | | 15,463,416 | 201,948,449 |
| Cash payments to acquire or construct fixed assets, intangible assets and other long-term assets | | 412,393,501 | 554,967,457 |
| Other cash payments relating to investing activities | | — | 10,000,000 |
| Sub-total of cash outflows from investing activities | | 412,393,501 | 564,967,457 |
| Net Cash Flow from Investing Activities | | (396,930,085) | (363,019,008) |
| III. Cash Flows from Financing Activities: | | | |
| Cash receipts from borrowings | | 400,000,000 | 500,000,000 |
| Sub-total of cash inflows from financing activities | | 400,000,000 | 500,000,000 |
| Cash repayments of borrowings | | 5,000,000 | 500,000,000 |
| Other cash payments relating to financing activities | | 20,781,972 | 22,946,153 |
| Sub-total of cash outflows from financing activities | | 25,781,972 | 522,946,153 |
| Net Cash Flow from Financing Activities | | 374,218,028 | (22,946,153) |
| IV. Effect of Foreign Exchange Rate Changes on Cash and Cash Equivalents | | — | — |
| V. Net Increase in Cash and Cash Equivalents | | 1,081,625,035 | 425,265,460 |
| Add: Opening balance of cash and cash equivalents | | 1,482,463,336 | 1,299,633,693 |
| VI. Closing Balance of Cash and Cash Equivalents | | 2,564,088,371 | 1,724,899,153 |

The accompanying notes form part of the financial statements.

Wei Hao
Chairman of the Board

Chen Shaohong
General Manager

Luo Xinpeng
Chief Accountant

Liu Qiyi
Chief of Finance Department

Chapter 10

Financial Statements

CONSOLIDATED STATEMENT OF CHANGES IN SHAREHOLDERS' EQUITY

For the period from 1 January to 30 June 2024

RMB

| Item | For the period from 1 January to 30 June 2024 (unaudited) | | | | | | | |
|--|---|-----------------|----------------------------|-----------------|-----------------|------------------|--------------------|----------------------------|
| | Equity attributable to shareholders of the Company | | | | | | | Total shareholders' equity |
| | Share capital | Capital reserve | Other comprehensive income | Special reserve | Surplus reserve | Retained profits | Minority interests | |
| I. Closing balance of the prior period | 7,083,537,000 | 11,577,380,553 | 181,940,940 | 81,228,476 | 3,194,362,899 | 4,271,435,690 | (37,889,759) | 26,351,995,799 |
| Add: Changes in accounting policies | - | - | - | - | - | - | - | - |
| Corrections of prior period errors | - | - | - | - | - | - | - | - |
| Others | - | - | - | - | - | - | - | - |
| II. Opening balance of the current period | 7,083,537,000 | 11,577,380,553 | 181,940,940 | 81,228,476 | 3,194,362,899 | 4,271,435,690 | (37,889,759) | 26,351,995,799 |
| III. Changes for the period | - | 2,234,227 | - | 103,458,956 | - | 416,433,654 | (1,246,383) | 520,880,454 |
| (I) Total comprehensive income | - | - | - | - | - | 912,281,244 | (756,382) | 911,524,862 |
| (II) Shareholders' contributions and reduction in capital | - | - | - | - | - | - | - | - |
| 1. Ordinary shares contributed by shareholders | - | - | - | - | - | - | - | - |
| 2. Capital contribution from holders of other equity instruments | - | - | - | - | - | - | - | - |
| 3. Share-based payment recognised in shareholders' equity | - | - | - | - | - | - | - | - |
| 4. Others | - | - | - | - | - | - | - | - |
| (III) Profit distribution | - | - | - | - | - | (495,847,590) | (490,001) | (496,337,591) |
| 1. Transfer to surplus reserve | - | - | - | - | - | - | - | - |
| 2. Transfer to general risk reserve | - | - | - | - | - | - | - | - |
| 3. Distribution to shareholders | - | - | - | - | - | (495,847,590) | (490,001) | (496,337,591) |
| 4. Others | - | - | - | - | - | - | - | - |
| (IV) Transfers within shareholders' equity | - | - | - | - | - | - | - | - |
| 1. Capitalisation of capital reserve (or share capital) | - | - | - | - | - | - | - | - |
| 2. Capitalisation of surplus reserve (or share capital) | - | - | - | - | - | - | - | - |
| 3. Loss offset by surplus reserve | - | - | - | - | - | - | - | - |
| 4. Transfer of changes in defined benefit plans to retained earnings | - | - | - | - | - | - | - | - |
| 5. Transfer of other comprehensive income to retained earnings | - | - | - | - | - | - | - | - |
| 6. Others | - | - | - | - | - | - | - | - |
| (V) Special reserve | - | - | - | 103,458,956 | - | - | - | 103,458,956 |
| 1. Transfer to special reserve in the period | - | - | - | 129,245,909 | - | - | - | 129,245,909 |
| 2. Amount utilised in the period | - | - | - | (25,786,953) | - | - | - | (25,786,953) |
| (VI) Others | - | 2,234,227 | - | - | - | - | - | 2,234,227 |
| IV. Closing balance of the current period | 7,083,537,000 | 11,579,614,780 | 181,940,940 | 184,687,432 | 3,194,362,899 | 4,687,869,344 | (39,136,142) | 26,872,876,253 |

RMB

| Item | For the period from 1 January to 30 June 2023 (unaudited) | | | | | | | |
|--|---|-----------------|----------------------------|-----------------|-----------------|------------------|--------------------|----------------------------|
| | Equity attributable to shareholders of the Company | | | | | | | Total shareholders' equity |
| | Share capital | Capital reserve | Other comprehensive income | Special reserve | Surplus reserve | Retained profits | Minority interests | |
| I. Closing balance of the prior period | 7,083,537,000 | 11,576,692,841 | 181,940,940 | 50,605,471 | 3,084,484,726 | 3,312,434,993 | (36,495,031) | 25,253,200,940 |
| Add: Changes in accounting policies | — | — | — | — | — | — | — | — |
| Corrections of prior period errors | — | — | — | — | — | — | — | — |
| Others | — | — | — | — | — | — | — | — |
| II. Opening balance of the current period | 7,083,537,000 | 11,576,692,841 | 181,940,940 | 50,605,471 | 3,084,484,726 | 3,312,434,993 | (36,495,031) | 25,253,200,940 |
| III. Changes for the period | — | (3,841,200) | — | 49,011,766 | — | 677,497,226 | 928,102 | 723,595,894 |
| (I) Total comprehensive income | — | — | — | — | — | 677,497,226 | 928,102 | 678,425,328 |
| (II) Shareholders' contributions and reduction in capital | — | — | — | — | — | — | — | — |
| 1. Ordinary shares contributed by shareholders | — | — | — | — | — | — | — | — |
| 2. Capital contribution from holders of other equity instruments | — | — | — | — | — | — | — | — |
| 3. Share-based payment recognised in shareholders' equity | — | — | — | — | — | — | — | — |
| 4. Others | — | — | — | — | — | — | — | — |
| (III) Profit distribution | — | — | — | — | — | — | — | — |
| 1. Transfer to surplus reserve | — | — | — | — | — | — | — | — |
| 2. Transfer to general risk reserve | — | — | — | — | — | — | — | — |
| 3. Distribution to shareholders | — | — | — | — | — | — | — | — |
| 4. Others | — | — | — | — | — | — | — | — |
| (IV) Transfers within shareholders' equity | — | — | — | — | — | — | — | — |
| 1. Capitalisation of capital reserve (or share capital) | — | — | — | — | — | — | — | — |
| 2. Capitalisation of surplus reserve (or share capital) | — | — | — | — | — | — | — | — |
| 3. Loss offset by surplus reserve | — | — | — | — | — | — | — | — |
| 4. Transfer of changes in defined benefit plans to retained earnings | — | — | — | — | — | — | — | — |
| 5. Transfer of other comprehensive income to retained earnings | — | — | — | — | — | — | — | — |
| 6. Others | — | — | — | — | — | — | — | — |
| (V) Special reserve | — | — | — | 49,011,766 | — | — | — | 49,011,766 |
| 1. Transfer to special reserve in the period | — | — | — | 79,742,743 | — | — | — | 79,742,743 |
| 2. Amount utilised in the period | — | — | — | (30,730,977) | — | — | — | (30,730,977) |
| (VI) Others | — | (3,841,200) | — | — | — | — | — | (3,841,200) |
| IV. Closing balance of the current period | 7,083,537,000 | 11,572,851,641 | 181,940,940 | 99,617,237 | 3,084,484,726 | 3,989,932,219 | (35,566,929) | 25,976,796,834 |

The accompanying notes form part of the financial statements.

Wei Hao
Chairman of the Board

Chen Shaohong
General Manager

Luo Xinpeng
Chief Accountant

Liu Qiyi
Chief of Finance Department

Chapter 10

Financial Statements

STATEMENT OF CHANGES IN SHAREHOLDERS' EQUITY OF THE COMPANY

For the period from 1 January to 30 June 2024

| Item | For the period from 1 January to 30 June 2024 (unaudited) | | | | | | | RMB |
|--|---|-----------------|----------------------------|-----------------|-----------------|------------------|----------------------------|-----|
| | Share capital | Capital reserve | Other comprehensive income | Special reserve | Surplus reserve | Retained profits | Total shareholders' equity | |
| I. Closing balance of the prior period | 7,083,537,000 | 11,579,184,714 | 181,940,940 | 81,228,476 | 3,194,362,899 | 4,789,375,428 | 26,909,629,457 | |
| Add: Changes in accounting policies | — | — | — | — | — | — | — | |
| Corrections of prior period errors | — | — | — | — | — | — | — | |
| Others | — | — | — | — | — | — | — | |
| II. Opening balance of the current period | 7,083,537,000 | 11,579,184,714 | 181,940,940 | 81,228,476 | 3,194,362,899 | 4,789,375,428 | 26,909,629,457 | |
| III. Changes for the period | — | 2,234,227 | — | 103,458,956 | — | 415,667,159 | 521,360,342 | |
| (I) Total comprehensive income | — | — | — | — | — | 911,514,749 | 911,514,749 | |
| (II) Shareholders' contributions and reduction in capital | — | — | — | — | — | — | — | |
| 1. Ordinary shares contributed by shareholders | — | — | — | — | — | — | — | |
| 2. Capital contribution from holders of other equity instruments | — | — | — | — | — | — | — | |
| 3. Share-based payment recognised in shareholders' equity | — | — | — | — | — | — | — | |
| 4. Others | — | — | — | — | — | — | — | |
| (III) Profit distribution | — | — | — | — | — | (495,847,590) | (495,847,590) | |
| 1. Transfer to surplus reserve | — | — | — | — | — | — | — | |
| 2. Distribution to shareholders | — | — | — | — | — | (495,847,590) | (495,847,590) | |
| 3. Others | — | — | — | — | — | — | — | |
| (IV) Transfers within shareholders' equity | — | — | — | — | — | — | — | |
| 1. Capitalisation of capital reserve (or share capital) | — | — | — | — | — | — | — | |
| 2. Capitalisation of surplus reserve (or share capital) | — | — | — | — | — | — | — | |
| 3. Loss offset by surplus reserve | — | — | — | — | — | — | — | |
| 4. Transfer of changes in defined benefit plans to retained earnings | — | — | — | — | — | — | — | |
| 5. Transfer of other comprehensive income to retained earnings | — | — | — | — | — | — | — | |
| 6. Others | — | — | — | — | — | — | — | |
| (V) Special reserve | — | — | — | 103,458,956 | — | — | 103,458,956 | |
| 1. Transfer to special reserve in the period | — | — | — | 129,245,909 | — | — | 129,245,909 | |
| 2. Amount utilised in the period | — | — | — | (25,786,953) | — | — | (25,786,953) | |
| (VI) Others | — | 2,234,227 | — | — | — | — | 2,234,227 | |
| IV. Closing balance of the current period | 7,083,537,000 | 11,581,418,941 | 181,940,940 | 184,687,432 | 3,194,362,899 | 5,205,042,587 | 27,430,989,799 | |

RMB

| Item | For the period from 1 January to 30 June 2023 (unaudited) | | | | | | |
|--|---|-----------------|----------------------------|-----------------|-----------------|------------------|----------------------------|
| | Share capital | Capital reserve | Other comprehensive income | Special reserve | Surplus reserve | Retained profits | Total shareholders' equity |
| I. Closing balance of the prior period | 7,083,537,000 | 11,578,497,002 | 181,940,940 | 50,605,471 | 3,084,484,726 | 3,800,471,867 | 25,779,537,006 |
| Add: Changes in accounting policies | — | — | — | — | — | — | — |
| Corrections of prior period errors | — | — | — | — | — | — | — |
| Others | — | — | — | — | — | — | — |
| II. Opening balance of the current period | 7,083,537,000 | 11,578,497,002 | 181,940,940 | 50,605,471 | 3,084,484,726 | 3,800,471,867 | 25,779,537,006 |
| III. Changes for the period | — | (3,841,200) | — | 49,011,766 | — | 691,356,303 | 736,526,869 |
| (I) Total comprehensive income | — | — | — | — | — | 691,356,303 | 691,356,303 |
| (II) Shareholders' contributions and reduction in capital | — | — | — | — | — | — | — |
| 1. Ordinary shares contributed by shareholders | — | — | — | — | — | — | — |
| 2. Capital contribution from holders of other equity instruments | — | — | — | — | — | — | — |
| 3. Share-based payment recognised in shareholders' equity | — | — | — | — | — | — | — |
| 4. Others | — | — | — | — | — | — | — |
| (III) Profit distribution | — | — | — | — | — | — | — |
| 1. Transfer to surplus reserve | — | — | — | — | — | — | — |
| 2. Distribution to shareholders | — | — | — | — | — | — | — |
| 3. Others | — | — | — | — | — | — | — |
| (IV) Transfers within shareholders' equity | — | — | — | — | — | — | — |
| 1. Capitalisation of capital reserve (or share capital) | — | — | — | — | — | — | — |
| 2. Capitalisation of surplus reserve (or share capital) | — | — | — | — | — | — | — |
| 3. Loss offset by surplus reserve | — | — | — | — | — | — | — |
| 4. Transfer of changes in defined benefit plans to retained earnings | — | — | — | — | — | — | — |
| 5. Transfer of other comprehensive income to retained earnings | — | — | — | — | — | — | — |
| 6. Others | — | — | — | — | — | — | — |
| (V) Special reserve | — | — | — | 49,011,766 | — | — | 49,011,766 |
| 1. Transfer to special reserve in the period | — | — | — | 79,742,743 | — | — | 79,742,743 |
| 2. Amount utilised in the period | — | — | — | (30,730,977) | — | — | (30,730,977) |
| (VI) Others | — | (3,841,200) | — | — | — | — | (3,841,200) |
| IV. Closing balance of the current period | 7,083,537,000 | 11,574,655,802 | 181,940,940 | 99,617,237 | 3,084,484,726 | 4,491,828,170 | 26,516,063,875 |

The accompanying notes form part of the financial statements.

Wei Hao
Chairman of the Board

Chen Shaohong
General Manager

Luo Xinpeng
Chief Accountant

Liu Qiyi
Chief of Finance Department

NOTES TO THE FINANCIAL STATEMENTS

For the Period from 1 January to 30 June 2024

I. BASIC INFORMATION OF THE COMPANY

1. Company profile

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

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

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

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

The scope of operation of the Company and its subsidiaries (the "Group") includes railway passenger and freight transportation services; technical services for railway facilities; the operation of domestic business, material supply and marketing (excluding monopoly, monopoly-controlled and monopoly-traded commodities); and the setting up of various types of industries (specific items shall be reported separately). The registered address of the Company is No. 1052 Heping Road, Luohu District, Shenzhen, Guangdong Province, the PRC.

As at 30 June 2024, Guangzhou Railway Group became the Company's largest shareholder with 37.12% of the Company's shares.

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

2. Approval for issuance of financial statements

The consolidated and the Company's financial statements were approved by the Board of Directors of the Company on 28 August 2024.

II. BASIS OF PREPARATION OF FINANCIAL STATEMENTS

1. Basis of preparation

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

2. Going concern

The Group assessed its ability to continue as a going concern for the 12 months from 30 June 2024 and did not notice any events or circumstances that may cast significant doubt upon its ability to continue as a going concern. Therefore, the financial statements have been prepared on a going concern basis.

3. Basis of accounting and principle of measurement

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

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

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

NOTES TO THE FINANCIAL STATEMENTS

For the Period from 1 January to 30 June 2024

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

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

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

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

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

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

III. SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES

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

The financial statements of the Company have been prepared in accordance with the ASBE, and present truly and completely, the consolidated and the Company's financial position as at 30 June 2024, and the consolidated and the Company's results of operations, changes in shareholders' equity and cash flows for the period from 1 January to 30 June 2024.

2. Accounting period

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

III. SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES

(continued)

3. Operating cycle

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

4. Functional currency

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

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

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

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

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

6.1 Business combinations involving enterprises under common control

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

NOTES TO THE FINANCIAL STATEMENTS

For the Period from 1 January to 30 June 2024

III. SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES

(continued)

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

6.1 Business combinations involving enterprises under common control *(continued)*

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

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

6.2 Business combinations not involving enterprises under common control and goodwill

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

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

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

III. SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES

(continued)

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

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

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

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

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

7.1 Determination criteria of control

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

7.2 Preparation of consolidated financial statements

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

Consolidation of a subsidiary begins when the Group obtains control over the subsidiary and ceases when the Group loses control over the subsidiary.

NOTES TO THE FINANCIAL STATEMENTS

For the Period from 1 January to 30 June 2024

III. SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES

(continued)

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

7.2 Preparation of consolidated financial statements *(continued)*

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

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

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

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

All intra-group transactions are eliminated on consolidation.

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

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

III. SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES

(continued)

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

7.2 Preparation of consolidated financial statements *(continued)*

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

When the Group loses control of a subsidiary in two or more arrangements (transactions), terms and conditions of the arrangements (transactions) and their economic effects are considered. One or more of the following indicate that the Group shall account for the multiple arrangements as a 'package deal': (1) they are entered into at the same time or in contemplation of each other; (2) they form a complete transaction designed to achieve an overall commercial effect; (3) the occurrence of one transaction is dependent on the occurrence of at least one other transaction; (4) one transaction alone is not economically justified, but it is economically justified when considered together with other transactions. Where the transactions of disposal of equity investments in a subsidiary until the loss of control are assessed as a package deal, these transactions are accounted for as one transaction of disposal of a subsidiary with loss of control. Before losing control, the difference of consideration received on disposal and the share of net assets of the subsidiary continuously calculated from acquisition date is recognised as other comprehensive income. When losing control, the cumulated other comprehensive income is transferred to profit or loss of the period of losing control. If the transactions of disposal of equity investments in a subsidiary are not assessed as a package deal, these transactions are accounted for as unrelated transactions.

NOTES TO THE FINANCIAL STATEMENTS

For the Period from 1 January to 30 June 2024

III. SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES

(continued)

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

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

The Group's joint arrangements are all joint ventures. The Group accounts for investments in joint ventures using equity method. Refer to Note III 15.3.2 "Long-term equity investments accounted for using the equity method" for details.

9. Recognition criteria of cash and cash equivalents

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

10. Translation of transactions and financial statements denominated in foreign currencies

10.1 Transactions denominated in foreign currencies

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

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

III. SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES

(continued)

10. Translation of transactions and financial statements denominated in foreign currencies *(continued)*

10.1 Transactions denominated in foreign currencies *(continued)*

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

Cash flows arising from a transaction in foreign currency are translated at average exchange rate for the period in which cash flows occur. The effect of exchange rate changes on cash and cash equivalents is regarded as a reconciling item and presented separately in the statement of cash flows as “effect of exchange rate changes on cash and cash equivalents”.

11. Financial instruments

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

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

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

NOTES TO THE FINANCIAL STATEMENTS

For the Period from 1 January to 30 June 2024

III. SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES

(continued)

11. Financial instruments *(continued)*

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

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

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

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

11.1 Classification, recognition and measurement of financial assets

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

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

III. SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES

(continued)

11. Financial instruments *(continued)*

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

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

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

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

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

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

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

NOTES TO THE FINANCIAL STATEMENTS

For the Period from 1 January to 30 June 2024

III. SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES

(continued)

11. Financial instruments *(continued)*

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

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

11.1.1 Financial assets at amortised cost

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

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

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

III. SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES

(continued)

11. Financial instruments *(continued)*

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

11.1.2 Financial assets at FVTOCI

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

Changes in fair value of non-held-for-trading equity instrument investments designated as financial assets at FVTOCI are recognised in other comprehensive income. When the financial asset is derecognised, the cumulative gains or losses previously recognised in other comprehensive income are transferred and included in retained earnings. During the period in which the Group holds the non-held-for-trading equity instrument, revenue from dividends is recognised in profit or loss for the period when (1) the Group has established the right of collecting dividends; (2) it is probable that the associated economic benefits will flow to the Group; and (3) the amount of dividends can be measured reliably.

11.1.3 Financial assets at FVTPL

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

NOTES TO THE FINANCIAL STATEMENTS

For the Period from 1 January to 30 June 2024

III. SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES

(continued)

11. Financial instruments *(continued)*

11.2 Impairment of financial instruments

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

The Group measures loss allowance for all contract assets, notes receivable and accounts receivable arising from transactions regulated by the Revenue Standards based on the amount of lifetime ECL.

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

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

III. SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES

(continued)

11. Financial instruments *(continued)*

11.2 Impairment of financial instruments *(continued)*

11.2.1 Significant increase in credit risk

In assessing whether the credit risk has increased significantly since initial recognition, the Group compares the risk of a default occurring on the financial instrument as at the reporting date with the risk of a default occurring on the financial instrument as at the date of initial recognition.

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

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

NOTES TO THE FINANCIAL STATEMENTS

For the Period from 1 January to 30 June 2024

III. SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES

(continued)

11. Financial instruments *(continued)*

11.2 Impairment of financial instruments *(continued)*

11.2.1 Significant increase in credit risk *(continued)*

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

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

III. SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES

(continued)

11. Financial instruments *(continued)*

11.2 Impairment of financial instruments *(continued)*

11.2.1 Significant increase in credit risk *(continued)*

At the balance sheet date, if the Group determines that the financial instrument has only lower credit risk, the Group assumes that the credit risk of such financial instrument has not increased significantly since initial recognition. The financial instrument is deemed as having lower credit risk if (1) it has a low risk of default; (2) the borrower has a strong capacity to meet its contractual cash flow obligations in the near term; and (3) adverse changes in economic and business conditions in the longer term may, but will not necessarily, reduce the ability of the borrower to fulfil its contractual cash obligations.

11.2.2 Credit-impaired financial assets

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

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

NOTES TO THE FINANCIAL STATEMENTS

For the Period from 1 January to 30 June 2024

III. SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES

(continued)

11. Financial instruments *(continued)*

11.2 Impairment of financial instruments *(continued)*

11.2.2 Credit-impaired financial assets *(continued)*

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

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

11.2.3 Determination of ECL

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

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

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

III. SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES

(continued)

11. Financial instruments *(continued)*

11.2 Impairment of financial instruments *(continued)*

11.2.4 Write-down of financial assets

When the Group will no longer reasonably expect that the contractual cash flows of financial assets can be collected in aggregate or in part, the Company will directly write down the gross carrying amount of the financial asset, which constitutes derecognition of relevant financial assets.

11.3 Transfer of financial assets

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

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

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

NOTES TO THE FINANCIAL STATEMENTS

For the Period from 1 January to 30 June 2024

III. SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES

(continued)

11. Financial instruments *(continued)*

11.3 Transfer of financial assets *(continued)*

For a transfer of a financial asset in its entirety that satisfies the derecognition criteria, the difference between (1) the carrying amount of the financial asset transferred; and (2) the sum of the consideration received from the transfer and any cumulative gain or loss that has been recognised in other comprehensive income, is recognised in profit or loss. Where the transferred assets are non-held-for-trading equity instrument investments designated as at FVTOCI, cumulative gains or losses previously recognised in other comprehensive income are transferred out and included in retained earnings.

If a part of the transferred financial asset qualifies for derecognition, the overall carrying amount of the financial asset prior to transfer is allocated between the part that continues to be recognised and the part that is derecognised, based on the respective fair value of those parts at the date of transfer. The difference between (1) the carrying amount allocated to the part derecognised on the date of derecognition; and (2) the sum of the consideration received for the part derecognised and any cumulative gain or loss allocated to the part derecognised which has been previously recognised in other comprehensive income, is recognised in profit or loss. Where the transferred assets are non-held-for-trading equity instrument investments designated as at FVTOCI, cumulative gains or losses previously recognised in other comprehensive income are transferred out and included in retained earnings.

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

III. SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES

(continued)

11. Financial instruments *(continued)*

11.4 Classification of financial liabilities and equity instruments

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

11.4.1 Classification, recognition and measurement of financial liabilities

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

11.4.1.1 Financial liabilities at FVTPL

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

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

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

NOTES TO THE FINANCIAL STATEMENTS

For the Period from 1 January to 30 June 2024

III. SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES

(continued)

11. Financial instruments *(continued)*

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

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

11.4.1.1 Financial liabilities at FVTPL *(continued)*

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

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

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

For financial liabilities arising from contingent consideration recognised by the Group as the buyer in the business combination not involving enterprises under common control, the Group measures such financial liabilities at fair value through profit or loss.

III. SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES

(continued)

11. Financial instruments *(continued)*

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

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

11.4.1.2 Other financial liabilities

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

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

11.4.1.2.1 Financial guarantee contracts

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

NOTES TO THE FINANCIAL STATEMENTS

For the Period from 1 January to 30 June 2024

III. SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES

(continued)

11. Financial instruments *(continued)*

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

11.4.2 Derecognition of financial liabilities

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

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

11.4.3 Equity instruments

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

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

11.5 Offsetting financial assets and financial liabilities

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

III. SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES

(continued)

12. Accounts receivable

12.1 Determination and accounting methods for expected credit losses of accounts receivable

The Group recognises the credit loss on accounts receivable for which the credit risk is increased significantly on an individual basis, and on the remaining accounts receivable on a portfolio basis using an impairment matrix. The amount of increase in or reversal of allowance for expected credit losses on accounts receivable is included in profit or loss for the period as credit impairment losses or gains.

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

In addition to the accounts receivable for which the credit loss is recognised on an individual basis, accounts receivable are grouped as below based on common credit risk characteristics. The common credit risk characteristics adopted by the Group include historical credit losses, nature of customers, etc.

| Type of portfolio | Basis for determination |
|-------------------|---|
| Portfolio I | Accounts receivable arising from businesses cleared by China State Railway Group Co., Ltd. ("CSRG") |
| Portfolio II | Accounts receivable arising from entrusted transportation services and comprehensive services |
| Portfolio III | Accounts receivable arising from circumstances other than Portfolio I and II |

12.3 Aging calculation method for portfolio of credit risk characteristics recognised based on aging

For Portfolio II and III, the Group adopts the aging of accounts receivable as a credit risk characteristic to determine the expected credit losses using an impairment matrix. The aging is calculated from the date of initial recognition. If the terms and conditions of accounts receivable are modified which do not result in the derecognition of accounts receivable, the aging is calculated consecutively.

NOTES TO THE FINANCIAL STATEMENTS

For the Period from 1 January to 30 June 2024

III. SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES

(continued)

12. Accounts receivable *(continued)*

12.4 Determination criteria for provision of bad debts on an individual basis

The Group recognises credit losses on accounts receivable for which the debtor has in fact defaulted, with increased operating risk or a deterioration in financial situation on an individual basis due to a significant change in credit risk.

13. Other receivables

13.1 Determination and accounting methods for expected credit losses of other receivables

The Group recognises the credit loss on other receivables for which the credit risk is increased significantly on an individual basis, and on the remaining other receivables on a portfolio basis using an impairment matrix. The amount of increase in or reversal of allowance for expected credit losses on other receivables is included in profit or loss for the period as credit impairment losses or gains.

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

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

13.3 Aging calculation method for portfolio of credit risk characteristics recognised based on aging

The aging is calculated from the date of initial recognition. If the terms and conditions of other receivables are modified which do not result in the derecognition of other receivables, the aging is calculated consecutively.

13.4 Determination criteria for provision of bad debts on an individual basis

The Group recognises credit losses on other receivables for which the debtor has in fact defaulted, with increased operating risk or a deterioration in financial situation on an individual basis due to a significant change in credit risk.

III. SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES

(continued)

14. Inventories

14.1 Categories of inventories, valuation method of inventories upon delivery, inventory count system, and amortisation method for low-value consumables and packaging materials

14.1.1 Categories of inventories

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

14.1.2 Valuation method of inventories upon delivery

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

14.1.3 Inventory count system

The perpetual inventory system is maintained for stock system.

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

Low-cost and short-lived consumables are amortised using the immediate write-off method.

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

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

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

NOTES TO THE FINANCIAL STATEMENTS

For the Period from 1 January to 30 June 2024

III. SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES

(continued)

14. Inventories *(continued)*

14.2 Recognition criteria and provision method for decline in value of inventories *(continued)*

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

15. Long-term equity investments

15.1 Determination criteria of joint control and significant influence

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

III. SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES

(continued)

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

15.2 Determination of initial investment cost

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

NOTES TO THE FINANCIAL STATEMENTS

For the Period from 1 January to 30 June 2024

III. SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES

(continued)

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

15.2 Determination of initial investment cost

For a long-term equity investment acquired through business combination not involving enterprises under common control, the investment cost of the long-term equity investment is the cost of acquisition. Where equity interests in an acquiree are acquired in stages through multiple transactions ultimately constituting a business combination not involving entities under common control, the acquirer shall determine if these transactions are considered to be a "package deal". If yes, these transactions are accounted for as a single transaction where control is obtained. If no, the sum of carrying amount of equity investments previously held in the acquiree and the new investment cost is deemed as the initial investment cost of long-term equity investments that was changed to be accounted for using cost method. If the equity previously held was accounted for using the equity method, the corresponding other comprehensive income is not subject to accounting treatment temporarily. If the equity investment previously held is designated as non-held-for-trading equity instrument investment at fair value through other comprehensive income, the difference between its fair value and carrying amount, and the accumulated changes in fair value previously included in other comprehensive income are transferred to retained earnings.

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

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

III. SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES

(continued)

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

15.3 Subsequent measurement and recognition of profit or loss

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

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

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

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

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

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

NOTES TO THE FINANCIAL STATEMENTS

For the Period from 1 January to 30 June 2024

III. SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES

(continued)

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

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

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

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

III. SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES

(continued)

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

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

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

The Group discontinues recognising its share of net losses of the investee after the carrying amount of the long-term equity investment together with any long-term interests that in substance form part of its net investment in the investee is reduced to zero. In addition, if the Group has the obligation to bear additional losses to the investee, the estimated liabilities shall be recognised according to the expected obligations and included in the current investment losses. If the investee realises net profit in the subsequent period, the Group will resume to recognise the income share after the income share makes up for the unrecognised loss share.

15.4 Disposal of long-term equity investments

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

NOTES TO THE FINANCIAL STATEMENTS

For the Period from 1 January to 30 June 2024

III. SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES

(continued)

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

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

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

When the Group loses joint control or significant influence over the investee due to partial disposal of equity investments, the remaining interest after disposal is changed to be accounted for under the standards for the recognition and measurement of financial instruments, and the difference between the fair value and carrying amount on the date when joint control or significant influence is lost is charged to profit or loss for the period. When the equity method is no longer used, other comprehensive income previously recognised for previous-held equity investments under the equity method is accounted for on the same basis as would have been required if the investee had directly disposed of related assets or liabilities; upon discontinuation of the equity method, owners' equity recognised due to changes in other owners' equity of the investee (other than net profit or loss, other comprehensive income and profit distribution) is entirely transferred to investment income for the period.

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

III. SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES

(continued)

16. Fixed assets

16.1 Recognition criteria

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

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

16.2 Depreciation method

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

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

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

NOTES TO THE FINANCIAL STATEMENTS

For the Period from 1 January to 30 June 2024

III. SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES

(continued)

16. Fixed assets

16.3 Other explanations

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

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

17. Construction in progress

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

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

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

III. SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES

(continued)

18. Borrowing costs

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

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

NOTES TO THE FINANCIAL STATEMENTS

For the Period from 1 January to 30 June 2024

III. SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES

(continued)

19 Intangible assets

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

Intangible assets include land use rights and computer software.

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

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

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

III. SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES

(continued)

20. Impairment of long-term assets

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

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

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

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

Once an impairment loss of the above-mentioned assets is recognised, it will not be reversed in any subsequent period.

21. Long-term prepaid expenses

Long-term prepaid expenses represent expenses incurred that should be allocated over the current and subsequent periods (together of more than one year). Long-term prepaid expenses are amortised using the straight-line method over the expected periods of 4-10 years in which benefits are derived.

NOTES TO THE FINANCIAL STATEMENTS

For the Period from 1 January to 30 June 2024

III. SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES

(continued)

22. Contract liabilities

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

23. Employee benefits

23.1 Accounting treatment of short-term benefits

In an accounting period in which an employee has rendered service to the Group, the Group recognises the short-term employee benefits for that service as a liability, and the related expenditures are either charged to profit or loss in the period when they are incurred or included in cost of related assets. Employee welfare expenses incurred by the Group are recognised in profit or loss for the period or the costs of relevant assets based on the actually incurred amounts when they are actually incurred. Non-monetary staff welfare expenses are measured at fair value.

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

23.2 Accounting treatment of post-employment benefits

Post-employment benefits are all defined contribution plans.

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

23.3 Accounting treatment of termination benefits

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

III. SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES

(continued)

24. Revenue

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

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

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

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

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

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

NOTES TO THE FINANCIAL STATEMENTS

For the Period from 1 January to 30 June 2024

III. SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES

(continued)

24. Revenue *(continued)*

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

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

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

In determining the transaction price, the Group should consider the effects of variable consideration, significant financing components in the contract, non-cash consideration and consideration payable to customers. Otherwise, the Group will account for the quality assurance responsibility in accordance with the Accounting Standards for Business Enterprises No. 13 - Contingencies.

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

III. SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES

(continued)

24. Revenue *(continued)*

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

The Group assesses whether it controls each specified good or service before that good or service is transferred to the customer to determine whether the Group is a principal or an agent. The Group is a principal if it controls the specified good or service before that good or service is transferred to a customer, and the revenue shall be recognised based on the total consideration received or receivable; otherwise, the Group is an agent, and the revenue shall be recognised based on the amount of commission or handling fee that is expected to be charged, and such amount is determined based on the net amount of the total consideration received or receivable after deducting the prices payable to other related parties or according to the established commission amount or proportion.

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

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

(a) Income from railway transportation services

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

NOTES TO THE FINANCIAL STATEMENTS

For the Period from 1 January to 30 June 2024

III. SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES

(continued)

24. Revenue *(continued)*

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

*(a) Income from railway transportation services *(continued)**

(i) Income from passenger transportation

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

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

(ii) Income from freight transportation

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

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

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

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

III. SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES

(continued)

24. Revenue *(continued)*

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

*(a) Income from railway transportation services *(continued)**

(iv) Income from entrusted transportation service

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

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

(b) Sales of goods

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

(c) Rendering of other labour services

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

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

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

NOTES TO THE FINANCIAL STATEMENTS

For the Period from 1 January to 30 June 2024

III. SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES

(continued)

25. Contract costs

25.1 Costs of obtaining a contract

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

25.2 Costs to fulfil a contract

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

25.3 Impairment loss of assets related to contract costs

In determining impairment losses of assets related to contract costs, impairment losses are firstly determined for other assets related to the contract that are recognised in accordance with other relevant ASBE; then, for assets related to contract costs, the Group shall recognise an impairment loss to the extent that the carrying amount of an asset exceeds the difference between: (1) the remaining amount of consideration that the Group expects to receive in exchange for the goods or services to which the asset relates; and (2) the estimated costs that relate to providing those goods or services.

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

III. SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES

(continued)

26. Government grants

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

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

26.1 Judgment basis and accounting treatment for government grants related to assets

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

A government grant related to an asset is recognised as deferred income, and charged to profit or loss over the useful life of the related asset using the straight-line method upon the completion of the related construction.

26.2 Judgment basis and accounting treatment for government grants related to income

The Group's government grants mainly consist of tax refunds and government incentive funds and these are government grants related to income.

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

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

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

NOTES TO THE FINANCIAL STATEMENTS

For the Period from 1 January to 30 June 2024

III. SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES

(continued)

27. Leases

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

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

27.1 *The Group as a lessee*

27.1.1 *Separating components of a lease*

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

27.1.2 *Right-of-use assets*

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

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

III. SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES

(continued)

27. Leases *(continued)*

27.1 The Group as a lessee *(continued)*

27.1.2 Right-of-use assets (continued)

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

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

27.1.3 Lease liabilities

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

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

- fixed payments and in-substance fixed payments, less any lease incentives receivable (if any);
- variable lease payments that depend on an index or a rate;
- the exercise price of a purchase option reasonably certain to be exercised by the Group;

NOTES TO THE FINANCIAL STATEMENTS

For the Period from 1 January to 30 June 2024

III. SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES

(continued)

27. Leases *(continued)*

27.1 The Group as a lessee *(continued)*

27.1.3 Lease liabilities *(continued)*

- payments of penalties for terminating a lease, if the lease term reflects the Group exercising the option to terminate the lease; and
- amounts expected to be paid under residual value guarantees provided by the Group.

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

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

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

III. SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES

(continued)

27. Leases *(continued)*

27.1 The Group as a lessee *(continued)*

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

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

27.1.5 Lease modifications

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

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

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

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

NOTES TO THE FINANCIAL STATEMENTS

For the Period from 1 January to 30 June 2024

III. SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES

(continued)

27. Leases *(continued)*

27.2 The Group as lessor

27.2.1 Separating components of a lease

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

27.2.2 Classification criteria and accounting treatment of leases as a lessor

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

27.2.2.1 The Group as lessor under operating leases

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

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

27.2.2.2 The Group as lessor under finance leases

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

III. SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES

(continued)

27. Leases *(continued)*

27.2 The Group as lessor *(continued)*

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

27.2.2.2 The Group as lessor under finance leases (continued)

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

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

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

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

NOTES TO THE FINANCIAL STATEMENTS

For the Period from 1 January to 30 June 2024

III. SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES

(continued)

27. Leases *(continued)*

27.2 The Group as lessor *(continued)*

27.2.3 Subleases

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

27.2.4 Lease modifications

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

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

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

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

- If the lease would have been classified as an operating lease had the modification been effect at the inception date, the Group shall account for the lease modification as a new lease from the effective date of the modification, and measure the carrying amount of the underlying asset as the net investment in the lease before the effective date of the lease modification.
- If the lease would have been classified as a finance lease if the modification had been in effect at the inception date, the Group shall apply the requirements of contract modification and renegotiation under the ASBE No. 22 Financial Instruments: Recognition and Measurement.

III. SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES

(continued)

28. Deferred tax assets/deferred tax liabilities

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

28.1 Current income tax

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

28.2 Deferred tax assets and deferred tax liabilities

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

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

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

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

NOTES TO THE FINANCIAL STATEMENTS

For the Period from 1 January to 30 June 2024

III. SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES

(continued)

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

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

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

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

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

28.3 Income tax offsetting

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

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

III. SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES

(continued)

29. Work safety funds

In accordance with the Administrative Measures for the Collection and Utilisation of Enterprise Work Safety Funds (Cai Zi No.136 [2022]) jointly issued by the Ministry of Finance and the Ministry of Emergency Management on 13 December 2022, the Group appropriates work safety funds to special reserves and includes such funds into costs of relevant products or profit or loss for the period. Work safety funds are accrued by the Group based on the actual operating income of the prior year at the following rates:

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

When the funds appropriated are used as expenses, they shall directly be offset against special reserves. When the utilisation of such funds generates fixed assets, the expenditure shall be collected and recognised via “construction in progress” and then recognised as fixed assets when the safety project is completed and ready for intended use; costs related to the fixed assets generated will be offset against the special reserves and recorded as accumulated depreciation equivalent at the same time. Such fixed assets shall not be provided for depreciation in subsequent periods.

30. Significant changes in accounting policies

Interpretation No. 17 of the Accounting Standards for Business Enterprises

The Interpretation No. 17 of the Accounting Standards for Business Enterprises (the “Interpretation No. 17”) was issued by the Ministry of Finance on 25 October 2023, which specifically stipulated as follows:

1. Classification of current and non-current liabilities:

Presentation of current and non-current liabilities: Interpretation No.17 provides specific interpretations on the requirements for classifying current and non-current liabilities, how to consider the right to defer liabilities when classifying the liquidity of liabilities arising from the enterprise’s loan arrangement, and the settlement of liabilities considered when classifying the liquidity of liabilities in accordance with the provisions of the Accounting Standards for Business Enterprises No. 30 - Presentation of Financial Statements.

NOTES TO THE FINANCIAL STATEMENTS

For the Period from 1 January to 30 June 2024

III. SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES

(continued)

30. Significant changes in accounting policies

Interpretation No. 17 of the Accounting Standards for Business Enterprises (continued)

1. Classification of current and non-current liabilities: (continued)

Disclosure of current and non-current liabilities: Interpretation No.17 provides specific provisions for loan arrangements classified as non-current liabilities with contractual conditions attached and information to be disclosed in the notes to the financial statements of the enterprises where its right to defer the settlement of liabilities depends on contractual conditions to be followed within one year after the balance sheet date.

2. Disclosure of supplier financing arrangements

Interpretation No.17 clarifies the characteristics of "supplier financing arrangements" and provides specific provisions for disclosure requirements and considerations for disclosing notes in accordance with the Accounting Standards for Business Enterprises No. 31 - Cash Flow Statements and disclosing liquidity risk information and concentration of liquidity risk in accordance with the Accounting Standards for Business Enterprises No. 37 - Presentation of Financial Instruments.

3. Accounting treatment of leaseback transactions

Interpretation No.17 provides specific provisions for the lessee's subsequent measurement where the transfer of assets in a leaseback transaction is considered as a sale and the lessee's accounting treatment where a lease change results in a narrower lease scope or a shorter lease term.

In accordance with the provisions, the Group implemented Interpretation No.17 from 1 January 2024, and the implementation of the Interpretation by the Group has no significant impact on the financial statements upon assessment.

III. SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES

(continued)

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

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

31.1 Key assumptions and uncertainties in accounting estimates

(1) Measurement of ECL on accounts receivable

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

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

NOTES TO THE FINANCIAL STATEMENTS

For the Period from 1 January to 30 June 2024

III. SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES

(continued)

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

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

(2) Estimated useful lives of fixed assets

The estimated useful lives of fixed assets, particularly line assets, are determined by the management with reference to: (1) historical use of the assets; (2) expected physical wear and tear of the assets; (3) results of recent durability assessments; (4) technological or commercial obsolescence of fixed assets in same category due to changes or improvements in production; (5) estimated useful life or operating lease term of the land to which the assets are attached; (6) changes in market demand for the use of fixed assets and legal or similar restrictions. The estimated useful lives are reviewed and adjusted as appropriate at the end of each year and remained unchanged during the period from 1 January 2024 to 30 June 2024.

IV. TAXATION

1. Major categories and rates of taxes:

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

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

2. Tax preference

Tax preference for small and micro enterprises

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

NOTES TO THE FINANCIAL STATEMENTS

For the Period from 1 January to 30 June 2024

IV. TAXATION

2. Tax preference (continued)

Tax preference for small and micro enterprises (continued)

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

V. NOTES TO ITEMS IN THE CONSOLIDATED FINANCIAL STATEMENTS

1. Cash and bank balances

| Item | RMB | |
|--|-----------------------------|-------------------------------|
| | 30 June 2024 (unaudited) | 31 December 2023 (audited) |
| Cash on hand: | 1,723,339 | 2,100,280 |
| RMB | 1,723,339 | 2,100,280 |
| Bank deposits: | 2,562,359,415 | 1,480,355,424 |
| RMB | 2,552,506,778 | 1,467,296,026 |
| HKD | 9,852,637 | 13,059,398 |
| Other monetary funds: | 5,617 | 7,632 |
| HKD | 5,617 | 7,632 |
| Total | 2,564,088,371 | 1,482,463,336 |
| Including: Total amount deposited abroad | — | — |

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

2. Accounts receivable

(1) Disclosed by aging

| Aging | RMB | |
|---------------|-----------------------------|-------------------------------|
| | 30 June 2024 (unaudited) | 31 December 2023 (audited) |
| Within 1 year | 5,369,686,961 | 4,823,398,941 |
| 1 to 2 years | 1,294,890,589 | 1,295,753,160 |
| 2 to 3 years | 125,517,337 | 125,069,066 |
| Over 3 years | 21,653,367 | 29,153,367 |
| Total | 6,811,748,254 | 6,273,374,534 |

(2) Disclosed by method of bad debt provision:

| Category | 30 June 2024 (unaudited) | | | | | 31 December 2023 (audited) | | | | |
|--|--------------------------|----------------|---------------------|----------------|----------------------|----------------------------|----------------|--------------------|----------------|-----------------|
| | Gross carrying amount | | Bad debt provision | | Carrying amount | Gross carrying amount | | Bad debt provision | | Carrying amount |
| | Amount | Proportion (%) | Amount | Proportion (%) | | Amount | Proportion (%) | Amount | Proportion (%) | |
| Bad debt provision assessed on a portfolio basis | 6,811,748,254 | 100.00 | (33,822,678) | 0.50 | 6,777,925,576 | 6,273,374,534 | 100.00 | (33,822,678) | 0.54 | 6,239,551,856 |
| Including: | | | | | | | | | | |
| Portfolio I | 302,016,844 | 4.43 | — | — | 302,016,844 | 269,407,292 | 4.29 | — | — | 269,407,292 |
| Portfolio II | 6,204,120,790 | 91.08 | (31,720,775) | 0.51 | 6,172,400,015 | 5,784,728,754 | 92.21 | (31,688,008) | 0.55 | 5,753,040,746 |
| Portfolio III | 305,610,620 | 4.49 | (2,101,903) | 0.69 | 303,508,717 | 219,238,488 | 3.50 | (2,134,670) | 0.97 | 217,103,818 |
| Total | 6,811,748,254 | 100.00 | (33,822,678) | / | 6,777,925,576 | 6,273,374,534 | 100.00 | (33,822,678) | / | 6,239,551,856 |

NOTES TO THE FINANCIAL STATEMENTS

For the Period from 1 January to 30 June 2024

V. NOTES TO ITEMS IN THE CONSOLIDATED FINANCIAL STATEMENTS

(continued)

2. Accounts receivable (continued)

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

| Bad debt provision | Lifetime ECL | | RMB |
|--|-----------------------|-------------------|------------|
| | (not credit-impaired) | (credit-impaired) | Total |
| Balance at 1 January 2024 (audited) | 33,822,678 | — | 33,822,678 |
| Balance at 1 January 2024 | 33,822,678 | — | 33,822,678 |
| — Transfer to those credit-impaired | — | — | — |
| — Reverse to those not credit-impaired | — | — | — |
| Provision for the period | — | — | — |
| Reversal for the period | — | — | — |
| Charge-off for the period | — | — | — |
| Write-off for the period | — | — | — |
| Other changes | — | — | — |
| Balance at 30 June 2024 (unaudited) | 33,822,678 | — | 33,822,678 |

(4) Details of bad debt provision

| Category | 1 January 2024 (audited) | Provision | Changes for the period | | Other changes | RMB |
|---|-----------------------------|-----------|-------------------------|----------------------------|------------------|-----------------------------|
| | | | Recovery or reversal | Charge-off or write-off | | 30 June 2024 (unaudited) |
| Accounts receivable for which bad debt provision is assessed on a portfolio basis according to credit risk characteristics | 33,822,678 | — | — | — | — | 33,822,678 |

(5) As at 30 June 2024, no accounts receivable had been written off.

V. NOTES TO ITEMS IN THE CONSOLIDATED FINANCIAL STATEMENTS

(continued)

2. Accounts receivable (continued)

(6) Top five accounts receivable categorised by debtor:

| | | | RMB |
|--|--|---|---|
| Name of entity | Closing balance of accounts receivable (unaudited) | Proportion to total closing balance of accounts receivable (%) | Closing balance of bad debt provision (unaudited) |
| Total top five accounts receivable as at 30 June 2024 | 5,045,147,774 | 74.07 | 25,050,898 |

3. Other receivables

3.1 Presentation

| | | RMB | |
|----------------------|-----------------------------|-------------------------------|--|
| Item | 30 June 2024 (unaudited) | 31 December 2023 (audited) | |
| Interest receivable | — | — | |
| Dividends receivable | — | — | |
| Other receivables | 365,208,729 | 632,761,629 | |
| Total | 365,208,729 | 632,761,629 | |

NOTES TO THE FINANCIAL STATEMENTS

For the Period from 1 January to 30 June 2024

V. NOTES TO ITEMS IN THE CONSOLIDATED FINANCIAL STATEMENTS

(continued)

3. Other receivables (continued)

3.2 Other receivables

(1) Disclosed by aging

| Aging | RMB | |
|---------------|-----------------------------|-------------------------------|
| | 30 June 2024 (unaudited) | 31 December 2023 (audited) |
| Within 1 year | 230,651,121 | 485,996,940 |
| 1 to 2 years | 6,704,503 | 18,297,612 |
| 2 to 3 years | 128,912,764 | 129,490,631 |
| Over 3 years | 160,000 | 196,105 |
| Total | 366,428,388 | 633,981,288 |

(2) Classified by nature

| Nature | RMB | |
|---------------------------------------|-----------------------------|-------------------------------|
| | 30 June 2024 (unaudited) | 31 December 2023 (audited) |
| Withholding payments for construction | 194,948,080 | 445,186,668 |
| Land acquisition and reserve payment | 128,902,764 | 128,902,764 |
| Advances | 14,182,673 | 15,504,196 |
| Reserve funds | 13,424,451 | 16,138,137 |
| Security deposits and deposits | 1,270,671 | 1,427,137 |
| Others | 13,699,749 | 26,822,386 |
| Sub-total | 366,428,388 | 633,981,288 |
| Less: Bad debt provision | (1,219,659) | (1,219,659) |
| Total | 365,208,729 | 632,761,629 |

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

3. Other receivables (continued)

3.2 Other receivables (continued)

(3) Disclosed by method of bad debt provision

| Category | 30 June 2024 (unaudited) | | | | | 31 December 2023 (audited) | | | | |
|--|--------------------------|----------------|--------------------|----------------|--------------------|----------------------------|----------------|--------------------|----------------|--------------------|
| | Gross carrying amount | | Bad debt provision | | Carrying amount | Gross carrying amount | | Bad debt provision | | Carrying amount |
| | Amount | Proportion (%) | Amount | Proportion (%) | | Amount | Proportion (%) | Amount | Proportion (%) | |
| Bad debt provision assessed on a portfolio basis | 366,428,388 | 100.00 | (1,219,659) | 0.33 | 365,208,729 | 633,981,288 | 100.00 | (1,219,659) | 0.19 | 632,761,629 |
| Including: | | | | | | | | | | |
| Non-trading receivables | 366,428,388 | 100.00 | (1,219,659) | 0.33 | 365,208,729 | 633,981,288 | 100.00 | (1,219,659) | 0.19 | 632,761,629 |
| Total | 366,428,388 | 100.00 | (1,219,659) | / | 365,208,729 | 633,981,288 | 100.00 | (1,219,659) | / | 632,761,629 |

(4) Provision of bad debts

| Bad debt provision | Stage I | Stage II | Stage III | Total |
|--|------------------|---------------------------------------|-----------------------------------|------------------|
| | 12-month ECL | Lifetime ECL (not credit-impaired) | Lifetime ECL (credit-impaired) | |
| Balance at 1 January 2024 (audited) | 1,219,659 | — | — | 1,219,659 |
| Balance at 1 January 2024 | 1,219,659 | — | — | 1,219,659 |
| — Transfer to Stage III | — | — | — | — |
| — Reverse to Stage II | — | — | — | — |
| Provision for the period | — | — | — | — |
| Reversal for the period | — | — | — | — |
| Charge-off for the period | — | — | — | — |
| Write-off for the period | — | — | — | — |
| Other changes | — | — | — | — |
| Balance at 30 June 2024 (unaudited) | 1,219,659 | — | — | 1,219,659 |

NOTES TO THE FINANCIAL STATEMENTS

For the Period from 1 January to 30 June 2024

V. NOTES TO ITEMS IN THE CONSOLIDATED FINANCIAL STATEMENTS

(continued)

3. Other receivables (continued)

3.2 Other receivables (continued)

(5) Details of bad debt provision

| Category | Balance at 1 January 2024 (audited) | Changes for the period | | | Balance at 30 June 2024 (unaudited) |
|---|---|------------------------|-------------------------|----------------------------|---|
| | | Provision | Recovery or reversal | Charge-off or write-off | |
| Other receivables for which credit loss allowance is assessed on an individual basis | – | – | – | – | – |
| Other receivables for which credit loss allowance is assessed on a portfolio basis according to credit risk characteristics | 1,219,659 | – | – | – | 1,219,659 |

(6) As at 30 June 2024, no other receivables had been written off.

(7) Top five other receivables categorised by debtor:

| Name of entity | Balance at 30 June 2024 (unaudited) | Proportion to total closing balance of other receivables (%) | Nature | Aging | Balance of bad debt provision at 30 June 2024 (unaudited) |
|---|---|---|---|---|--|
| Total top five other receivables as at 30 June 2024 | 299,927,781 | 81.85 | Land acquisition and reserve payment, withholding payments for construction | Within 1 year, 1 to 2 years, 2 to 3 years | 412,990 |

V. NOTES TO ITEMS IN THE CONSOLIDATED FINANCIAL STATEMENTS

(continued)

4. Inventories

(1) Category of inventories

| Item | 30 June 2024 (unaudited) | | | 31 December 2023 (audited) | | |
|-----------------------------|--------------------------|---|--------------------|----------------------------|---|--------------------|
| | Gross carrying amount | Provision for decline in value of inventories/ Provision for impairment of contract performance costs | Carrying amount | Gross carrying amount | Provision for decline in value of inventories/ Provision for impairment of contract performance costs | Carrying amount |
| Raw materials | 211,545,830 | — | 211,545,830 | 221,738,840 | — | 221,738,840 |
| Used rail materials | 45,574,534 | — | 45,574,534 | 34,993,235 | — | 34,993,235 |
| Other interchangeable parts | 26,228,331 | — | 26,228,331 | 32,476,559 | — | 32,476,559 |
| Goods on hand | 406,872 | — | 406,872 | 318,115 | — | 318,115 |
| Total | 283,755,567 | — | 283,755,567 | 289,526,749 | — | 289,526,749 |

5. Other current assets

| Item | RMB | |
|--------------------------|--------------------------|----------------------------|
| | 30 June 2024 (unaudited) | 31 December 2023 (audited) |
| Input VAT to be deducted | 71,775,088 | 129,038,125 |
| Prepaid income tax | 244,478 | 293,866 |
| Total | 72,019,566 | 129,331,991 |

NOTES TO THE FINANCIAL STATEMENTS

For the Period from 1 January to 30 June 2024

V. NOTES TO ITEMS IN THE CONSOLIDATED FINANCIAL STATEMENTS

(continued)

6. Debt investments

(1) Details of debt investments

| Item | 30 June 2024 (unaudited) | | | 31 December 2023 (audited) | | |
|--|--------------------------|--------------------------|-----------------|----------------------------|--------------------------|-----------------|
| | Gross carrying amount | Provision for impairment | Carrying amount | Gross carrying amount | Provision for impairment | Carrying amount |
| 3-year time deposits (Note) | 61,950,000 | — | 61,950,000 | 61,950,000 | — | 61,950,000 |
| Less: Non-current assets due within one year | 61,950,000 | — | 61,950,000 | 1,950,000 | — | 1,950,000 |
| Total | — | — | — | 60,000,000 | — | 60,000,000 |

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

7. Long-term equity investments

| Investee | 1 January 2024 (audited) | Addition | Reduction | Changes for the period | | | | | | 30 June 2024 (unaudited) | Provision for impairment at 30 June 2024 (unaudited) |
|---|--------------------------|----------|-----------|--|--|-------------------------|----------------------------------|--------------------------|--------|--------------------------|--|
| | | | | Investment gain or loss recognised under the equity method | Adjustment to other comprehensive income | Other changes in equity | Cash dividend or profit declared | Provision for impairment | Others | | |
| I. Associates | | | | | | | | | | | |
| Guangzhou Tiedong Enterprise Company Limited ("Tiedong") | 149,426,689 | — | — | 4,403,787 | — | — | — | — | — | 153,830,476 | — |
| Shenzhen Guangzhou Railway Civil Engineering Company ("Shentu") | 149,316,369 | — | — | 5,776,345 | — | 2,234,227 | — | — | — | 157,326,941 | — |
| Sub-total | 298,743,058 | — | — | 10,180,132 | — | 2,234,227 | — | — | — | 311,157,417 | — |
| Total | 298,743,058 | — | — | 10,180,132 | — | 2,234,227 | — | — | — | 311,157,417 | — |

V. NOTES TO ITEMS IN THE CONSOLIDATED FINANCIAL STATEMENTS

(continued)

8. Investments in other equity instruments

(1) Details of investments in other equity instruments

| RMB | | | | | | | | | | | |
|---|--------------------------|----------|-----------|--|---|--------------------|--------------------------|---|---|--|--|
| Item | 1 January 2024 (audited) | Addition | Reduction | Gains included in other comprehensive income | Losses included in other comprehensive income | Others | 30 June 2024 (unaudited) | Dividend income recognised for the period | Gains cumulatively recognised in other comprehensive income | Losses cumulatively recognised in other comprehensive income | Reason for designating as at FVTOCI |
| – Shenzhen Capital Group Co., Ltd. | 361,305,320 | – | – | – | – | 361,305,320 | 361,305,320 | 9,438,022 | 242,587,920 | – | |
| – China Railway Express Co., Ltd. ("China Railway Express") | 99,672,518 | – | – | – | – | 99,672,518 | 99,672,518 | – | – | – | The Group plans to hold it for a long term and will not sell it in the foreseeable future. |
| – Guangzhou Huangpu Yuehua Freight Forwarding Union Co., Ltd. | 1,717,879 | – | – | – | – | 1,717,879 | 1,717,879 | – | – | – | |
| Total | 462,695,717 | – | – | – | – | 462,695,717 | 462,695,717 | 9,438,022 | 242,587,920 | – | |

(2) As at 30 June 2024, there were no investments in other equity instruments derecognised.

9. Fixed assets

9.1 Summary of fixed assets

| RMB | | |
|--------------------------|--------------------------|----------------------------|
| Item | 30 June 2024 (unaudited) | 31 December 2023 (audited) |
| Fixed assets | 21,995,405,596 | 22,773,389,966 |
| Disposal of fixed assets | 11,647,052 | 12,194,721 |
| Total | 22,007,052,648 | 22,785,584,687 |

NOTES TO THE FINANCIAL STATEMENTS

For the Period from 1 January to 30 June 2024

V. NOTES TO ITEMS IN THE CONSOLIDATED FINANCIAL STATEMENTS

(continued)

9. Fixed assets (continued)

9.2 Fixed assets

(1) Details of fixed assets

| Item | | | | | | RMB |
|--|---------------|---------------------------------------|-------------------------------|---------------------------------------|-------------------------------|----------------|
| | Buildings | Tracks, bridges and other line assets | Locomotives and rolling stock | Communications and signalling systems | Other machinery and equipment | Total |
| I. Cost: | | | | | | |
| 1. 1 January 2024 (audited) | 9,392,481,652 | 15,596,390,723 | 6,175,516,503 | 2,430,748,628 | 7,810,779,422 | 41,405,916,928 |
| 2. Increase for the period | 2,107,076 | 439,280,636 | 79,561,843 | — | 18,523,144 | 539,472,699 |
| (1) Addition | — | 37,723 | — | — | 717,741 | 755,464 |
| (2) Transfer from construction in progress | 2,107,076 | 533,175 | — | — | 5,718,282 | 8,358,533 |
| (3) Transfer from construction in progress upon completion of upgrades | — | 438,709,738 | 79,561,843 | — | 12,087,121 | 530,358,702 |
| 3. Reclassification | — | — | — | (131,721) | 131,721 | — |
| 4. Decrease for the period | 610,406 | 369,128,017 | 265,327,701 | — | 24,067,528 | 659,133,652 |
| (1) Transfer to construction in progress for upgrades | — | 355,147,772 | 265,327,701 | — | 3,367,169 | 623,842,642 |
| (2) Disposal or retirement | 610,406 | 13,980,245 | — | — | 20,700,359 | 35,291,010 |
| 5. 30 June 2024 (unaudited) | 9,393,978,322 | 15,666,543,342 | 5,989,750,645 | 2,430,616,907 | 7,805,366,759 | 41,286,255,975 |
| II. Accumulated depreciation | | | | | | |
| 1. 1 January 2024 (audited) | 4,482,810,579 | 4,349,877,231 | 2,712,069,231 | 1,509,896,776 | 5,454,804,180 | 18,509,457,997 |
| 2. Increase for the period | 173,469,154 | 112,565,163 | 331,522,204 | 84,601,002 | 177,154,314 | 879,311,837 |
| (1) Provision | 173,469,154 | 112,565,163 | 331,522,204 | 84,601,002 | 177,154,314 | 879,311,837 |
| 3. Reclassification | 699,497 | — | — | (85,017) | (614,480) | — |
| 4. Decrease for the period | 490,305 | 33,313,385 | 167,401,720 | — | 19,783,010 | 220,988,420 |
| (1) Transfer to construction in progress for upgrades | 82,738 | 32,356,113 | 167,401,720 | — | 304,827 | 200,145,398 |
| (2) Disposal or retirement | 407,567 | 957,272 | — | — | 19,478,183 | 20,843,022 |
| 5. 30 June 2024 (unaudited) | 4,656,488,925 | 4,429,129,009 | 2,876,189,715 | 1,594,412,761 | 5,611,561,004 | 19,167,781,414 |
| III. Provision for impairment | | | | | | |
| 1. 1 January 2024 (audited) | 490,492 | 120,818,857 | 295,788 | — | 1,463,828 | 123,068,965 |
| 2. Increase for the period | — | — | — | — | — | — |
| (1) Provision | — | — | — | — | — | — |
| 3. Decrease for the period | — | — | — | — | — | — |
| (1) Disposal or retirement | — | — | — | — | — | — |
| 4. 30 June 2024 (unaudited) | 490,492 | 120,818,857 | 295,788 | — | 1,463,828 | 123,068,965 |
| IV. Carrying amount | | | | | | |
| 1. 30 June 2024 (unaudited) | 4,736,998,905 | 11,116,595,476 | 3,113,265,142 | 836,204,146 | 2,192,341,927 | 21,995,405,596 |
| 2. 1 January 2024 (audited) | 4,909,180,581 | 11,125,694,635 | 3,463,151,484 | 920,851,852 | 2,354,511,414 | 22,773,389,966 |

V. NOTES TO ITEMS IN THE CONSOLIDATED FINANCIAL STATEMENTS

(continued)

9. Fixed assets (continued)

9.2 Fixed assets

(2) Fixed assets without certificates of ownership

| | | | RMB |
|---|-----------------|--|-----|
| Item | Carrying amount | Reason for not yet obtaining the certificate of ownership | |
| Buildings for which the certificate of ownership is being applied for | 1,168,798,755 | It is in the process of obtaining the certificate and has made some progress, and the management believes that there are no substantial obstacles for the Group to complete the remaining process for the certificate. | |
| Buildings for which the certificate of ownership can only be applied for after the certificate of land use rights has been obtained | 41,944,686 | Since the application for the certificate of ownership of buildings requires the certificate of use right of the relevant land, the Group will apply for the certificate of ownership of the buildings within one year after obtaining the certificate of use right of such land. | |
| Buildings attached to land acquired by lease | 381,733,253 | Since the Group does not have the certificate of use right of such leased land, the Group is not yet able to apply for the certificate of ownership of the buildings on such land. However, based on the relevant agreements and after communicating with the land lessor and consulting with legal advisers, the management believes that the Group has the use right or even the ownership of these buildings in substance and there is no risk of not being able to utilise these buildings in a normal manner. | |

NOTES TO THE FINANCIAL STATEMENTS

For the Period from 1 January to 30 June 2024

V. NOTES TO ITEMS IN THE CONSOLIDATED FINANCIAL STATEMENTS

(continued)

9. Fixed assets *(continued)*

9.3 Disposal of fixed assets

| Item | RMB | |
|-------------------------------|-----------------------------|-------------------------------|
| | 30 June 2024 (unaudited) | 31 December 2023 (audited) |
| Buildings | 3,931,073 | 4,023,777 |
| Locomotives and rolling stock | 6,994,515 | 7,092,210 |
| Other machinery and equipment | 721,464 | 1,078,734 |
| Total | 11,647,052 | 12,194,721 |

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

10. Construction in progress

(1) Details of construction in progress

| Item | 30 June 2024 (unaudited) | | | 31 December 2023 (audited) | | | RMB |
|--|--------------------------|--------------------------|--------------------|----------------------------|--------------------------|--------------------|-----|
| | Gross carrying amount | Provision for impairment | Carrying amount | Gross carrying amount | Provision for impairment | Carrying amount | |
| Adaptive transformation of power transmission lines on Guangzhou-Pingshi section | 73,060,770 | — | 73,060,770 | 73,060,770 | — | 73,060,770 | |
| Renovation of non-interlocked switch of stations on Guangzhou-Pingshi section | 55,017,300 | — | 55,017,300 | 54,354,698 | — | 54,354,698 | |
| Renovation of traction power supply lines I and II and related equipment and facilities on Shipai-Chashan section of Guangzhou-Shenzhen line | 52,458,054 | — | 52,458,054 | 52,067,855 | — | 52,067,855 | |
| Renovation of traction power supply facilities and equipment for the operation of EMU trains on the Guangzhou-Shenzhen line | 48,773,695 | — | 48,773,695 | 48,764,214 | — | 48,764,214 | |
| New construction of container security inspection station in Dalang freight yard | 24,014,216 | — | 24,014,216 | 24,014,216 | — | 24,014,216 | |
| Adaptive transformation of traction power supply system for Pingshi-Guangzhou section of Beijing-Guangzhou line | 18,430,518 | — | 18,430,518 | 18,309,837 | — | 18,309,837 | |
| Update and capacity expansion of power facilities and equipment in Dalang freight yard | 15,345,399 | — | 15,345,399 | 16,340,199 | — | 16,340,199 | |
| Slope protection and yard renovation of Pinghu-Nanjun Special Line | 14,060,966 | — | 14,060,966 | 14,060,966 | — | 14,060,966 | |
| Update and renovation of the hump control system in Xiayuan | 11,177,735 | — | 11,177,735 | 10,017,735 | — | 10,017,735 | |
| New Construction of Traffic Culvert on Guangzhou-Shenzhen Line K48 | 9,943,621 | — | 9,943,621 | 9,943,621 | — | 9,943,621 | |
| Signal transformation and supporting construction for Chashan-Pinghu Station section | 9,654,382 | — | 9,654,382 | 9,916,884 | — | 9,916,884 | |
| Road renovation for Jiangcun Station (phase II) | 9,618,865 | — | 9,618,865 | 9,618,865 | — | 9,618,865 | |
| Overhaul projects | 201,123,062 | — | 201,123,062 | 151,267,986 | — | 151,267,986 | |
| Others | 117,878,148 | (15,455,876) | 102,422,272 | 84,895,844 | (15,455,876) | 69,439,968 | |
| Total | 660,556,731 | (15,455,876) | 645,100,855 | 576,633,690 | (15,455,876) | 561,177,814 | |

NOTES TO THE FINANCIAL STATEMENTS

For the Period from 1 January to 30 June 2024

V. NOTES TO ITEMS IN THE CONSOLIDATED FINANCIAL STATEMENTS

(continued)

10. Construction in progress (continued)

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

RMB

| Item | Budget amount | 1 January 2024 (audited) | Transfer from overhaul projects | Other increase | Transfer to fixed assets | 30 June 2024 (unaudited) | Proportion of the accumulated project investment to total budget (%) | Project progress (%) | Cumulative amount of interest capitalised | Including: Interest capitalised for the period | Interest capitalisation rate for the period (%) | Source of funds |
|---|---------------|--------------------------|---------------------------------|----------------|--------------------------|--------------------------|--|----------------------|---|--|---|-----------------|
| Adaptive transformation of power transmission lines on Guangzhou-Pingshi section | 95,924,900 | 73,060,770 | — | — | — | 73,060,770 | 76 | 76 | — | — | — | Self-financed |
| Renovation of non-interlocked switch of stations on Guangzhou-Pingshi section | 72,407,200 | 54,354,698 | — | 662,602 | — | 55,017,300 | 76 | 76 | — | — | — | Self-financed |
| Renovation of traction power supply lines I and II and related equipment and facilities on Shipai-Chaoshan section of Guangzhou-Shenzhen line | 130,452,000 | 52,067,855 | — | 390,199 | — | 52,458,054 | 40 | 40 | — | — | — | Self-financed |
| Renovation of traction power supply facilities and equipment for the operation of EMU trains on the Guangzhou-Shenzhen line | 66,973,900 | 48,764,214 | — | 9,481 | — | 48,773,695 | 73 | 73 | — | — | — | Self-financed |
| Overhaul projects | / | 151,267,986 | 423,697,244 | 156,516,534 | 530,358,702 | 201,123,062 | / | / | — | — | — | Self-financed |
| Total | / | 379,515,523 | 423,697,244 | 157,578,816 | 530,358,702 | 430,432,881 | / | / | — | — | / | / |

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

RMB

| Item | 1 January 2024 (audited) | Increase for the period | Decrease for the period | 30 June 2024 (unaudited) | Reason for provision |
|---|--------------------------|-------------------------|-------------------------|--------------------------|------------------------|
| Renovation of the site and facilities at Honghai station | 6,359,047 | — | — | 6,359,047 | Termination of project |
| Video access project for Shenzhen station, Guangzhou East station, and Guangzhou station of Guangzhou-Shenzhen Line | 3,846,942 | — | — | 3,846,942 | Termination of project |
| Comprehensive service building of Zengcheng railway station | 2,434,400 | — | — | 2,434,400 | Termination of project |
| New construction of railway bearing and accessory maintenance center in Guangzhou North Rolling Stock Depot | 1,815,487 | — | — | 1,815,487 | Termination of project |
| Tangtouxia warehouse | 1,000,000 | — | — | 1,000,000 | Termination of project |
| Total | 15,455,876 | — | — | 15,455,876 | |

V. NOTES TO ITEMS IN THE CONSOLIDATED FINANCIAL STATEMENTS

(continued)

11. Right-of-use assets

(1) Details of right-of-use assets

| Item | RMB Leased land (Note) |
|-------------------------------|------------------------------|
| I. Cost: | |
| 1. 1 January 2024 (audited) | 1,380,242,361 |
| 2. 30 June 2024 (unaudited) | 1,380,242,361 |
| II. Accumulated depreciation | |
| 1. 1 January 2024 (audited) | 75,494,808 |
| 2. Increase for the period | 8,123,205 |
| (1) Provision | 8,123,205 |
| 3. Decrease for the period | — |
| (1) Disposal | — |
| 4. 30 June 2024 (unaudited) | 83,618,013 |
| III. Provision for impairment | |
| 1. 1 January 2024 (audited) | — |
| 2. 30 June 2024 (unaudited) | — |
| IV. Carrying amount | |
| 1. 1 January 2024 (audited) | 1,304,747,553 |
| 2. 30 June 2024 (unaudited) | 1,296,624,348 |

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

NOTES TO THE FINANCIAL STATEMENTS

For the Period from 1 January to 30 June 2024

V. NOTES TO ITEMS IN THE CONSOLIDATED FINANCIAL STATEMENTS

(continued)

12. Intangible assets

(1) Details of intangible assets

| | | | RMB |
|-------------------------------|-----------------|-------------------|---------------|
| Item | Land use rights | Computer software | Total |
| I. Cost | | | |
| 1. 1 January 2024 (audited) | 2,408,343,080 | 16,456,105 | 2,424,799,185 |
| 2. Increase for the period | — | — | — |
| (1) Addition | — | — | — |
| 3. Decrease for the period | — | — | — |
| (1) Disposal | — | — | — |
| 4. 30 June 2024 (unaudited) | 2,408,343,080 | 16,456,105 | 2,424,799,185 |
| II. Accumulated amortisation | | | |
| 1. 1 January 2024 (audited) | 719,203,814 | 15,344,685 | 734,548,499 |
| 2. Increase for the period | 26,189,574 | 205,472 | 26,395,046 |
| (1) Provision | 26,189,574 | 205,472 | 26,395,046 |
| 3. Decrease for the period | — | — | — |
| (1) Disposal | — | — | — |
| 4. 30 June 2024 (unaudited) | 745,393,388 | 15,550,157 | 760,943,545 |
| III. Provision for impairment | | | |
| 1. 1 January 2024 (audited) | — | — | — |
| 2. 30 June 2024 (unaudited) | — | — | — |
| IV. Carrying amount | | | |
| 1. 1 January 2024 (audited) | 1,689,139,266 | 1,111,420 | 1,690,250,686 |
| 2. 30 June 2024 (unaudited) | 1,662,949,692 | 905,948 | 1,663,855,640 |

V. NOTES TO ITEMS IN THE CONSOLIDATED FINANCIAL STATEMENTS

(continued)

12. Intangible assets (continued)

(2) Land use rights without certificates of ownership

| | | | RMB |
|---|-----------------|--|-----|
| Item | Carrying amount | Reason for not yet obtaining the certificate of ownership | |
| Land use rights acquired in asset acquisitions or business restructuring | 30,195,200 | The land use rights were acquired by acquisition of assets or business restructuring in prior years but not yet transferred to the Group. | |
| Land use rights associated with the operation of Guangzhou-Shenzhen 4 lines | 1,078,234,862 | As the Guangzhou-Shenzhen 4 lines span a long distance and cover a large number of districts, it is quite difficult for the Group to coordinate the relevant procedures, and the processing of certificate is relatively slow. | |

13. Goodwill

(1) Cost of goodwill

| | | | | | RMB |
|--|-----------------------------|----------------------------|----------------------------|-----------------------------|-----|
| Name of investees or matters generating goodwill | 1 January 2024 (audited) | Increase for the period | Decrease for the period | 30 June 2024 (unaudited) | |
| Goodwill arising from the acquisition of Yangcheng Railway | 281,254,606 | — | — | 281,254,606 | |

(2) Provision for impairment of goodwill

| | | | | | RMB |
|--|-----------------------------|----------------------------|----------------------------|-----------------------------|-----|
| Name of investees or matters generating goodwill | 1 January 2024 (audited) | Increase for the period | Decrease for the period | 30 June 2024 (unaudited) | |
| Goodwill arising from the acquisition of Yangcheng Railway | — | — | — | — | |

NOTES TO THE FINANCIAL STATEMENTS

For the Period from 1 January to 30 June 2024

V. NOTES TO ITEMS IN THE CONSOLIDATED FINANCIAL STATEMENTS

(continued)

13. Goodwill *(continued)*

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

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

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

V. NOTES TO ITEMS IN THE CONSOLIDATED FINANCIAL STATEMENTS

(continued)

14. Deferred tax assets/deferred tax liabilities

(1) Deferred tax assets before offsetting

| Item | 30 June 2024 (unaudited) | | 31 December 2023 (audited) | |
|--|----------------------------------|---------------------|----------------------------------|---------------------|
| | Deductible temporary differences | Deferred tax assets | Deductible temporary differences | Deferred tax assets |
| Deductible losses | 737,655,496 | 184,413,874 | 2,277,672,408 | 569,418,102 |
| Provision for impairment of assets | 173,567,178 | 43,391,795 | 173,567,178 | 43,391,795 |
| Provision for employee education funds | 373,669,988 | 93,417,497 | 355,090,352 | 88,772,588 |
| Government grants | 753,935,944 | 188,483,986 | 698,852,468 | 174,713,117 |
| Losses on disposal of fixed assets not reported for approval | 102,941,227 | 25,735,307 | 102,941,228 | 25,735,307 |
| Funds for party organisation activities | 115,089,410 | 28,772,353 | 118,308,460 | 29,577,115 |
| Lease liabilities | 1,393,777,053 | 348,444,263 | 1,392,431,052 | 348,107,763 |
| Total | 3,650,636,296 | 912,659,075 | 5,118,863,146 | 1,279,715,787 |

NOTES TO THE FINANCIAL STATEMENTS

For the Period from 1 January to 30 June 2024

V. NOTES TO ITEMS IN THE CONSOLIDATED FINANCIAL STATEMENTS

(continued)

14. Deferred tax assets/deferred tax liabilities

(2) Deferred tax liabilities before offsetting

| Item | 30 June 2024 (unaudited) | | 31 December 2023 (audited) | |
|---|-------------------------------|--------------------------|-------------------------------|--------------------------|
| | Taxable temporary differences | Deferred tax liabilities | Taxable temporary differences | Deferred tax liabilities |
| Appreciation of fixed assets due to the acquisition of Yangcheng Railway | 8,513,263 | 2,128,316 | 9,490,236 | 2,372,559 |
| Appreciation of intangible assets due to the acquisition of Zengcheng Lihua Stock Company Limited ("Zengcheng Lihua") | 200,752,101 | 50,188,025 | 205,737,548 | 51,434,387 |
| Changes in fair value of investments in other equity instruments | 242,587,920 | 60,646,980 | 242,587,920 | 60,646,980 |
| Right-of-use assets | 1,296,624,348 | 324,156,087 | 1,304,747,553 | 326,186,888 |
| Others | 17,401,495 | 4,350,374 | 26,696,720 | 6,674,180 |
| Total | 1,765,879,127 | 441,469,782 | 1,789,259,977 | 447,314,994 |

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

| Item | RMB | | | |
|--------------------------|---|--|---|--|
| | Offset amount of deferred tax assets and liabilities at the end of the period | Deferred tax assets or liabilities after offsetting as at 30 June 2024 (unaudited) | Offset amount of deferred tax assets and liabilities at the beginning of the period | Deferred tax assets or liabilities after offsetting as at 31 December 2023 |
| Deferred tax assets | 391,281,757 | 521,377,318 | 395,880,607 | 883,835,180 |
| Deferred tax liabilities | 391,281,757 | 50,188,025 | 395,880,607 | 51,434,387 |

V. NOTES TO ITEMS IN THE CONSOLIDATED FINANCIAL STATEMENTS

(continued)

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

(4) Details of unrecognised deferred tax assets

| Item | RMB | |
|----------------------------------|-----------------------------|-------------------------------|
| | 30 June 2024 (unaudited) | 31 December 2023 (audited) |
| Deductible temporary differences | 17,748,603 | 17,754,329 |
| Deductible losses | 367,701,164 | 367,431,546 |
| Total | 385,449,767 | 385,185,875 |

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

| Year | RMB | |
|-------|-----------------------------|-------------------------------|
| | 30 June 2024 (unaudited) | 31 December 2023 (audited) |
| 2024 | 37,601,951 | 37,601,951 |
| 2025 | 104,650,746 | 104,650,746 |
| 2026 | 94,545,972 | 94,545,972 |
| 2027 | 113,174,303 | 113,174,303 |
| 2028 | 17,458,574 | 17,458,574 |
| 2029 | 269,618 | — |
| Total | 367,701,164 | 367,431,546 |

NOTES TO THE FINANCIAL STATEMENTS

For the Period from 1 January to 30 June 2024

V. NOTES TO ITEMS IN THE CONSOLIDATED FINANCIAL STATEMENTS

(continued)

15. Other non-current assets

| Item | 30 June 2024 (unaudited) | | | 31 December 2023 (audited) | | |
|------------------------------|--------------------------|--------------------------|-----------------|----------------------------|--------------------------|-----------------|
| | Gross carrying amount | Provision for impairment | Carrying amount | Gross carrying amount | Provision for impairment | Carrying amount |
| Prepayments for construction | 124,850,197 | — | 124,850,197 | 58,925,815 | — | 58,925,815 |

16. Short-term borrowings

(1) Category of short-term borrowings

| Item | RMB | |
|----------------------|--------------------------|----------------------------|
| | 30 June 2024 (unaudited) | 31 December 2023 (audited) |
| Unsecured borrowings | 1,100,667,778 | 700,385,000 |

(2) As at 30 June 2024, the Group had no overdue short-term borrowings with an interest ranging from 2.28% to 2.3%.

17. Notes payable

| Category | RMB | |
|------------------|--------------------------|----------------------------|
| | 30 June 2024 (unaudited) | 31 December 2023 (audited) |
| Bank acceptances | 100,000,000 | 200,000,000 |

Note: As at 30 June 2024, the Group had no outstanding notes payable.

V. NOTES TO ITEMS IN THE CONSOLIDATED FINANCIAL STATEMENTS

(continued)

18. Accounts payable

(1) Presentation of accounts payable

| Item | RMB | |
|---|-----------------------------|-------------------------------|
| | 30 June 2024 (unaudited) | 31 December 2023 (audited) |
| Payables for material purchases | 1,147,862,388 | 1,383,877,291 |
| Labour costs payable | 351,392,146 | 503,184,370 |
| Repair costs payable | 200,657,544 | 356,776,551 |
| Payables for construction and equipment | 187,216,803 | 1,931,404,633 |
| Others | 626,190,011 | 737,994,371 |
| Total | 2,513,318,892 | 4,913,237,216 |

(2) Significant accounts payable aged over 1 year

| Item | RMB | |
|------------------------------------|-----------------------------|---|
| | 30 June 2024 (unaudited) | Reason for failure in repayment or carry-forward |
| Total significant accounts payable | 71,680,801 | Payment is not yet settled |

NOTES TO THE FINANCIAL STATEMENTS

For the Period from 1 January to 30 June 2024

V. NOTES TO ITEMS IN THE CONSOLIDATED FINANCIAL STATEMENTS

(continued)

19. Contract liabilities

(1) Details of contract liabilities

| Item | RMB | |
|--|-----------------------------|-------------------------------|
| | 30 June 2024 (unaudited) | 31 December 2023 (audited) |
| Unused award points | 165,428,656 | 142,291,947 |
| Payment for transportation services and material purchases and sales received in advance | 94,594,732 | 86,233,624 |
| Total | 260,023,388 | 228,525,571 |

(2) No significant contract liabilities aged over 1 year during the period.

20. Employee benefits payable

(1) Presentation of employee benefits payable

| Item | RMB | | | |
|---|-----------------------------|----------------------------|----------------------------|-----------------------------|
| | 1 January 2024 (audited) | Increase for the period | Decrease for the period | 30 June 2024 (unaudited) |
| 1. Short-term benefits | 406,677,461 | 3,678,123,662 | 3,678,352,006 | 406,449,117 |
| 2. Post-employment benefits - defined contribution plans | 1,581 | 566,622,929 | 566,616,078 | 8,432 |
| 3. Termination benefits | 2,004,578 | — | 348,006 | 1,656,572 |
| Total | 408,683,620 | 4,244,746,591 | 4,245,316,090 | 408,114,121 |

V. NOTES TO ITEMS IN THE CONSOLIDATED FINANCIAL STATEMENTS

(continued)

20. Employee benefits payable (continued)

(2) Presentation of short-term benefits

| Item | RMB | | | |
|--|-----------------------------|----------------------------|----------------------------|-----------------------------|
| | 1 January 2024 (audited) | Increase for the period | Decrease for the period | 30 June 2024 (unaudited) |
| 1. Wages or salaries, bonuses, allowances and subsidies | — | 2,448,483,175 | 2,448,483,175 | — |
| 2. Employee welfare | — | 113,581,137 | 113,581,137 | — |
| 3. Social security contributions | 81,585 | 265,972,965 | 265,967,443 | 87,107 |
| Including: Medical insurance | 72,538 | 246,251,590 | 246,246,305 | 77,823 |
| Work injury insurance | 55 | 18,387,640 | 18,387,403 | 292 |
| Maternity insurance | 8,992 | 1,333,735 | 1,333,735 | 8,992 |
| 4. Housing funds | — | 295,638,359 | 295,638,359 | — |
| 5. Union running costs and employee education costs | 404,425,193 | 85,703,431 | 85,937,297 | 404,191,327 |
| 6. Other short-term benefits | 2,170,683 | 468,744,595 | 468,744,595 | 2,170,683 |
| Total | 406,677,461 | 3,678,123,662 | 3,678,352,006 | 406,449,117 |

NOTES TO THE FINANCIAL STATEMENTS

For the Period from 1 January to 30 June 2024

V. NOTES TO ITEMS IN THE CONSOLIDATED FINANCIAL STATEMENTS

(continued)

20. Employee benefits payable *(continued)*

(3) Defined contribution plan

| | RMB | | | |
|---------------------------|-----------------------------|----------------------------|----------------------------|-----------------------------|
| Item | 1 January 2024 (audited) | Increase for the period | Decrease for the period | 30 June 2024 (unaudited) |
| 1. Basic pensions | — | 356,152,443 | 356,147,257 | 5,186 |
| 2. Supplementary pensions | 1,581 | 190,761,264 | 190,759,896 | 2,949 |
| 3. Unemployment insurance | — | 19,709,222 | 19,708,925 | 297 |
| Total | 1,581 | 566,622,929 | 566,616,078 | 8,432 |

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

In the period, the Group should contribute pension insurance and unemployment insurance plans amounting to RMB546,913,707 and RMB19,709,222 (2023: RMB1,239,837,069 and RMB32,549,564). As at 30 June 2024, the Group had outstanding contribution to pension insurance and unemployment insurance plans that were due as of the reporting period amounting to RMB8,135 and RMB297 (31 December 2023: RMB1,581 and RMB0), which had been paid subsequent to the reporting period.

V. NOTES TO ITEMS IN THE CONSOLIDATED FINANCIAL STATEMENTS

(continued)

21. Taxes payable

| Item | RMB | |
|---------------------------------------|-----------------------------|-------------------------------|
| | 30 June 2024 (unaudited) | 31 December 2023 (audited) |
| Value-added taxes | 66,656,990 | 68,294,982 |
| Education surcharge | 2,526,028 | 2,276,711 |
| Enterprise income tax | 953,619 | 1,840,400 |
| Individual income tax | 3,887,433 | 13,500,240 |
| City maintenance and construction tax | 3,609,775 | 3,504,775 |
| Others | 1,714,114 | 1,205,625 |
| Total | 79,347,959 | 90,622,733 |

22. Other payables

22.1 Presentation

| Item | RMB | |
|-------------------|-----------------------------|-------------------------------|
| | 30 June 2024 (unaudited) | 31 December 2023 (audited) |
| Dividends payable | 510,079,876 | 13,744,301 |
| Other payables | 2,665,670,620 | 1,359,896,511 |
| Total | 3,175,750,496 | 1,373,640,812 |

NOTES TO THE FINANCIAL STATEMENTS

For the Period from 1 January to 30 June 2024

V. NOTES TO ITEMS IN THE CONSOLIDATED FINANCIAL STATEMENTS

(continued)

22. Other payables (continued)

22.2 Dividends payable

Presentation of dividends payable by nature

| Item | RMB | |
|---|-----------------------------|-------------------------------|
| | 30 June 2024 (unaudited) | 31 December 2023 (audited) |
| Dividends payable - shareholders of the Company | 496,714,375 | 868,801 |
| Dividends payable - minority shareholders of Dongguan Changsheng | 490,001 | — |
| Dividends payable - minority shareholders of Zengcheng Lihua | 12,875,500 | 12,875,500 |
| Total | 510,079,876 | 13,744,301 |

22.3 Other payables

(1) Presentation of other payables by nature

| Item | RMB | |
|--|-----------------------------|-------------------------------|
| | 30 June 2024 (unaudited) | 31 December 2023 (audited) |
| Payables for construction | 878,984,150 | — |
| Payables for current accounts with Shenzhen Guangzhou Railway Group Guangshen Railway Industry Development General Company ("GIDC") | 351,568,451 | 351,558,436 |
| Security deposits for construction | 412,941,236 | 67,797,909 |
| Notes deposits and other security deposits | 203,497,465 | 312,683,067 |
| Funds for party organisation activities | 115,527,509 | 118,746,559 |
| Union running costs deposited with the Company's accounts by other entities | 111,132,257 | 73,422,728 |
| Others | 592,019,552 | 435,687,812 |
| Total | 2,665,670,620 | 1,359,896,511 |

V. NOTES TO ITEMS IN THE CONSOLIDATED FINANCIAL STATEMENTS

(continued)

22. Other payables (continued)

22.3 Other payables (continued)

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

| Item | 30 June 2024 (unaudited) | Reason for failure in repayment or carry-forward |
|--|-----------------------------|---|
| Total significant other payables aged over 1 year as at 30 June 2024 | 552,858,442 | Payment is not yet settled |
| Total | 552,858,442 | — |

23. Non-current liabilities due within one year

| Item | 30 June 2024 (unaudited) | 31 December 2023 (audited) |
|---|-----------------------------|-------------------------------|
| Long-term borrowings due within one year (Note V, 24) | 10,504,444 | 10,566,806 |
| Lease liabilities due within one year (Note V, 25) | 66,069,357 | 65,539,101 |
| Total | 76,573,801 | 76,105,907 |

NOTES TO THE FINANCIAL STATEMENTS

For the Period from 1 January to 30 June 2024

V. NOTES TO ITEMS IN THE CONSOLIDATED FINANCIAL STATEMENTS

(continued)

24. Long-term borrowings

(1) Category of long-term borrowings

| Item | RMB | | |
|--|-----------------------------|-------------------------------|---------------------------|
| | 30 June 2024 (unaudited) | 31 December 2023 (audited) | Range of interest rate |
| Unsecured borrowings (Note) | 785,504,444 | 790,566,806 | |
| Less: Non-current liabilities due within one year | (10,504,444) | (10,566,806) | 2.15%-2.6% |
| Long-term borrowings due after one year | 775,000,000 | 780,000,000 | |

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

25. Lease liabilities

| Item | RMB | |
|--|-----------------------------|-------------------------------|
| | 30 June 2024 (unaudited) | 31 December 2023 (audited) |
| Lease liabilities | 1,393,777,053 | 1,392,431,052 |
| Less: Lease liabilities included in non-current liabilities due within one year | (66,069,357) | (65,539,101) |
| Net book value | 1,327,707,696 | 1,326,891,951 |

V. NOTES TO ITEMS IN THE CONSOLIDATED FINANCIAL STATEMENTS

(continued)

25. Lease liabilities (continued)

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

| | RMB | | | | |
|----------------------------|---------------|--------------|--------------|---------------|---------------|
| | Within 1 year | 1 to 2 years | 2 to 5 years | Over 5 years | Total |
| 30 June 2024 (unaudited) | 66,069,357 | 66,965,000 | 207,215,000 | 5,425,000,000 | 5,765,249,357 |
| 31 December 2023 (audited) | 65,539,101 | 66,490,018 | 205,980,000 | 5,460,000,000 | 5,798,009,119 |

26. Deferred income

| | RMB | | | |
|--|-----------------------------|----------------------------|----------------------------|-----------------------------|
| Item | 1 January 2024 (audited) | Increase for the period | Decrease for the period | 30 June 2024 (unaudited) |
| Related to assets: | | | | |
| Xinshilong station assets | 612,916,155 | — | 12,045,503 | 600,870,652 |
| Culverts (project of change from level crossing to interchange) | 24,361,832 | — | 368,622 | 23,993,210 |
| Shilong government donation project (Shilong elevated station) | 16,262,418 | — | 347,208 | 15,915,210 |
| Elevated platform of Buji station | 11,497,531 | — | 390,348 | 11,107,183 |
| Guangzhou government grants for draw-out track and network area relocation at Shipai | 9,524,144 | — | 134,092 | 9,390,052 |
| Matters relating to the introduction of Ganzhou-Shenzhen high-speed railway to Guangzhou hub | 219,222 | — | — | 219,222 |
| Shenzhen station renovation and upgrading project | — | 69,252,625 | 1,030,147 | 68,222,478 |
| Others | 27,602,760 | 1,284,000 | 1,194,290 | 27,692,470 |
| Total | 702,384,062 | 73,413,969 | 18,387,554 | 757,410,477 |

NOTES TO THE FINANCIAL STATEMENTS

For the Period from 1 January to 30 June 2024

V. NOTES TO ITEMS IN THE CONSOLIDATED FINANCIAL STATEMENTS

(continued)

27. Share capital

| | | | | | | | RMB |
|---------------|-----------------------------|----------------------|-------------|--|--------|-----------|-----------------------------|
| | 1 January 2024 (audited) | New shares issued | Bonus issue | Changes for the period Transfer from reserve | Others | Sub-total | 30 June 2024 (unaudited) |
| Share capital | 7,083,537,000 | – | – | – | – | – | 7,083,537,000 |

28. Capital reserve

| | | | | | RMB |
|---------------------------------------|-----------------------------|----------------------------|----------------------------|--|-----------------------------|
| Item | 1 January 2024 (audited) | Increase for the period | Decrease for the period | | 30 June 2024 (unaudited) |
| Capital premium (Share premium) | 11,551,799,522 | – | – | | 11,551,799,522 |
| Other capital reserve - Others (Note) | 25,581,031 | 2,234,227 | – | | 27,815,258 |
| Total | 11,577,380,553 | 2,234,227 | – | | 11,579,614,780 |

Note: The capital reserve increased by RMB2,234,227 based on the shareholding ratio as a result of the changes in capital reserve of the associates and joint ventures held by the Group.

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

29. Other comprehensive income

RMB

| Item | 1 January 2024 (audited) | Pre-tax amount incurred during the period | Less: Amount included in other comprehensive income in the prior period and transferred to profit or loss in the current period | Amount incurred in the current period | | Less: Income tax expenses | Amount attributable to the Company, net of tax | Amount attributable to minority interests, net of tax | 30 June 2024 (unaudited) |
|--|-----------------------------|---|--|--|--|------------------------------|---|---|-----------------------------|
| | | | | Less: Amount included in other comprehensive income in the prior period and transferred to retained earnings in the current period | Less: Amount included in other comprehensive income in the prior period and transferred to retained earnings in the current period | | | | |
| I. Other comprehensive income that cannot be reclassified to profit or loss Including: Changes in fair value of investments in other equity instruments | 181,940,940 | – | – | – | – | – | – | – | 181,940,940 |
| Total other comprehensive income | 181,940,940 | – | – | – | – | – | – | – | 181,940,940 |

30. Special reserve

RMB

| Item | 1 January 2024 (audited) | Increase for the period | Decrease for the period | 30 June 2024 (unaudited) |
|-------------------------|-----------------------------|----------------------------|----------------------------|-----------------------------|
| Safety production costs | 81,228,476 | 129,245,909 | 25,786,953 | 184,687,432 |

NOTES TO THE FINANCIAL STATEMENTS

For the Period from 1 January to 30 June 2024

V. NOTES TO ITEMS IN THE CONSOLIDATED FINANCIAL STATEMENTS

(continued)

31. Surplus reserve

| | RMB | | | |
|-------------------------------|-----------------------------|----------------------------|----------------------------|-----------------------------|
| Item | 1 January 2024 (audited) | Increase for the period | Decrease for the period | 30 June 2024 (unaudited) |
| Statutory surplus reserve | 2,890,304,377 | — | — | 2,890,304,377 |
| Discretionary surplus reserve | 304,058,522 | — | — | 304,058,522 |
| Total | 3,194,362,899 | — | — | 3,194,362,899 |

In accordance with the Company Law of the People's Republic of China and the Company's Articles of Association, the Company should appropriate 10% of the net profit for the year to the statutory surplus reserve, where the appropriation can cease when the statutory surplus reserve reaches 50% of the registered capital. The statutory surplus reserve can be used to make up for the loss or increase capital upon approval. The Company didn't appropriate any statutory surplus reserve in 2024H1.

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

V. NOTES TO ITEMS IN THE CONSOLIDATED FINANCIAL STATEMENTS

(continued)

32. Retained profits

| Item | RMB | |
|---|---|-------------------|
| | For the period from 1 January to 30 June 2024 (unaudited) | 2023 (audited) |
| Retained profits at the end of the prior period before adjustment | 3 | 3,312,434,993 |
| Total opening balance of retained profits adjusted | — | — |
| Retained profits at the beginning of the period after adjustment | 4,271,435,690 | 3,312,434,993 |
| Add: Net profit attributable to shareholders of the Company in the current period | 912,281,244 | 1,058,289,071 |
| Transfer from other comprehensive income | — | 10,589,799 |
| Less: Transfer to statutory surplus reserve | — | (109,878,173) |
| Transfer to discretionary surplus reserve | — | — |
| Transfer to general reserve | — | — |
| Dividends payable on ordinary shares | (495,847,590) | — |
| Dividends on ordinary shares transferred to share capital | — | — |
| Retained profits at the end of the period | 4,687,869,344 | 4,271,435,690 |

According to the resolution of the annual shareholders' meeting on 19 June 2024, the Company distributed cash dividends for 2023 to all shareholders at RMB0.07 per share. Based on 7,083,537,000 shares issued, a total of RMB495,847,590 cash dividends (tax included) were distributed, of which a cash dividend of RMB395,656,590 was distributed for 5,652,237,000 A shares issued, and a cash dividend of HKD110,009,718 (equivalent to RMB100,191,000) was distributed for 1,431,300,000 H shares issued. As at 30 June 2024, the above dividends hadn't been paid.

NOTES TO THE FINANCIAL STATEMENTS

For the Period from 1 January to 30 June 2024

V. NOTES TO ITEMS IN THE CONSOLIDATED FINANCIAL STATEMENTS

(continued)

33. Operating income and costs

(1) Details of operating income and costs

| Item | RMB | | | |
|--------------------------------|--|-----------------------|--|-----------------------|
| | Amount incurred in the period (unaudited) | | Amount incurred in the prior period (unaudited) | |
| | Income | Costs | Income | Costs |
| Principal operating activities | 12,287,482,350 | 10,951,014,963 | 11,747,766,059 | 10,806,032,505 |
| Other operating activities | 637,237,980 | 597,330,859 | 632,773,640 | 569,233,860 |
| Total | 12,924,720,330 | 11,548,345,822 | 12,380,539,699 | 11,375,266,365 |

(2) Breakdown of operating income and costs

| | RMB | |
|--|---|---|
| | Amount incurred in the current period (unaudited) | Amount incurred in the prior period (unaudited) |
| Principal operating income: | | |
| Income from passenger transportation | 5,464,855,914 | 5,320,155,709 |
| Income from entrusted transportation service | 3,743,316,021 | 3,414,499,983 |
| Income from railway network clearing | 2,289,544,263 | 2,082,709,671 |
| Income from freight transportation | 789,766,152 | 930,400,696 |
| Total | 12,287,482,350 | 11,747,766,059 |

V. NOTES TO ITEMS IN THE CONSOLIDATED FINANCIAL STATEMENTS

(continued)

33. Operating income and costs (continued)

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

| | RMB | |
|-------------------------------------|---|---|
| | Amount incurred in the current period (unaudited) | Amount incurred in the prior period (unaudited) |
| Principal operating costs: | | |
| Equipment rental and service fee | 4,239,124,672 | 4,217,796,573 |
| Salaries and welfare | 4,101,648,855 | 3,842,811,945 |
| Depreciation of fixed assets | 864,643,359 | 922,720,417 |
| Material and utilities consumption | 665,020,449 | 659,915,436 |
| Passenger service fee | 390,981,540 | 251,598,443 |
| Maintenance costs | 377,609,468 | 298,663,033 |
| Cargo handling costs | 95,287,197 | 207,479,595 |
| Depreciation of right-of-use assets | 8,123,205 | 8,123,205 |
| Others | 208,576,218 | 396,923,858 |
| Total | 10,951,014,963 | 10,806,032,505 |

NOTES TO THE FINANCIAL STATEMENTS

For the Period from 1 January to 30 June 2024

V. NOTES TO ITEMS IN THE CONSOLIDATED FINANCIAL STATEMENTS

(continued)

33. Operating income and costs (continued)

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

| | RMB | |
|---|---|---|
| | Amount incurred in the current period (unaudited) | Amount incurred in the prior period (unaudited) |
| Other operating income: | | |
| Train maintenance income | 321,807,866 | 290,083,222 |
| Income from sales of inventories and supplies | 35,706,341 | 69,491,699 |
| Train catering income | 33,491,232 | 33,474,098 |
| Income from sale of goods | 21,269,371 | 23,899,058 |
| Rental income | 17,300,421 | 22,964,822 |
| Others | 207,662,749 | 192,860,741 |
| Total | 637,237,980 | 632,773,640 |

| | RMB | |
|------------------------------------|---|---|
| | Amount incurred in the current period (unaudited) | Amount incurred in the prior period (unaudited) |
| Other operating costs: | | |
| Salaries and welfare | 249,240,922 | 241,484,720 |
| Material and utilities consumption | 147,378,250 | 184,922,786 |
| Depreciation of fixed assets | 14,081,525 | 13,816,140 |
| Others | 186,630,162 | 129,010,214 |
| Total | 597,330,859 | 569,233,860 |

V. NOTES TO ITEMS IN THE CONSOLIDATED FINANCIAL STATEMENTS

(continued)

33. Operating income and costs (continued)

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

| | RMB | |
|--|---|---|
| | Amount incurred in the current period (unaudited) | Amount incurred in the prior period (unaudited) |
| Principal operating income: | 12,287,482,350 | 11,747,766,059 |
| Including: Recognised at a point in time | — | — |
| Recognised over time | 12,287,482,350 | 11,747,766,059 |
| Other operating income: | 637,237,980 | 632,773,640 |
| Including: Recognised at a point in time | 90,466,944 | 154,795,345 |
| Recognised over time | 529,470,615 | 455,013,473 |
| Rental income | 17,300,421 | 22,964,822 |
| Total | 12,924,720,330 | 12,380,539,699 |

(3) Descriptions on performance obligations

The principal operating activities of the Group are railway transportation and others. Refer to Note III, 24 for details.

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

(4) Descriptions on allocation to remaining performance obligations

At the end of the period, the amount of revenue corresponding to the performance obligation for which the Group has entered into a contract but which had not been fulfilled or completely fulfilled was RMB260,023,388 (31 December 2023: RMB228,525,571). The Group expects that all such amounts will be recognised as revenue within the following year.

NOTES TO THE FINANCIAL STATEMENTS

For the Period from 1 January to 30 June 2024

V. NOTES TO ITEMS IN THE CONSOLIDATED FINANCIAL STATEMENTS

(continued)

34. Administrative expenses

| Item | RMB | |
|-----------------------------------|---|---|
| | Amount incurred in the current period (unaudited) | Amount incurred in the prior period (unaudited) |
| Salaries and welfare | 36,503,594 | 38,867,692 |
| Amortisation of intangible assets | 26,395,046 | 26,236,722 |
| Intermediary service fee | 1,982,864 | 3,987,704 |
| Office and travel expenses | 1,307,785 | 1,221,686 |
| Depreciation of fixed assets | 586,953 | 554,219 |
| Others | 7,798,294 | 10,980,203 |
| Total | 74,574,536 | 81,848,226 |

35. Financial expenses

| Item | RMB | |
|---|---|---|
| | Amount incurred in the current period (unaudited) | Amount incurred in the prior period (unaudited) |
| Interest income from banks | (11,708,977) | (19,771,744) |
| Income from charges on funds receivable occupied | (17,459,481) | — |
| Income from accrued interest on long-term receivables | (422,897) | (939,375) |
| Interest expenses on lease liabilities | 34,122,536 | 34,021,587 |
| Foreign exchange gains | (89,549) | (720,286) |
| Interest expenses on bank loans | 21,002,389 | 22,687,175 |
| Others | 438,431 | 727,974 |
| Total | 25,882,452 | 36,005,331 |

V. NOTES TO ITEMS IN THE CONSOLIDATED FINANCIAL STATEMENTS

(continued)

36. Other income

| Classification by nature | RMB | |
|---|---|---|
| | Amount incurred in the current period (unaudited) | Amount incurred in the prior period (unaudited) |
| Amortisation of government grants related to assets | 15,510,210 | 15,010,224 |
| Refund of individual income tax | 2,470,244 | 1,892,936 |
| Government grants related to income included in profit or loss for the period | 407,100 | 857,312 |
| Super deduction of VAT | — | 126,630 |
| Total | 18,387,554 | 17,887,102 |

37. Investment income

| Item | RMB | |
|---|---|---|
| | Amount incurred in the current period (unaudited) | Amount incurred in the prior period (unaudited) |
| Income from long-term equity investments under the equity method | 10,180,132 | 26,512,649 |
| Dividend income from investments in other equity instruments during the hold period | 9,438,022 | 16,285,488 |
| Total | 19,618,154 | 42,798,137 |

NOTES TO THE FINANCIAL STATEMENTS

For the Period from 1 January to 30 June 2024

V. NOTES TO ITEMS IN THE CONSOLIDATED FINANCIAL STATEMENTS

(continued)

38. Impairment gains (losses) on credit

| Item | RMB | |
|--------------------------------------|---|---|
| | Amount incurred in the current period (unaudited) | Amount incurred in the prior period (unaudited) |
| Bad debt losses on other receivables | — | (530,218) |

39. Gains (Losses) on disposal of assets

| Item | RMB | |
|---|---|---|
| | Amount incurred in the current period (unaudited) | Amount incurred in the prior period (unaudited) |
| Net loss on disposal of intangible assets | — | (3,510,514) |

V. NOTES TO ITEMS IN THE CONSOLIDATED FINANCIAL STATEMENTS

(continued)

40. Income tax expenses

(1) Statement of income tax expenses

| Item | RMB | |
|-----------------------|---|---|
| | Amount incurred in the current period (unaudited) | Amount incurred in the prior period (unaudited) |
| Current tax expenses | 979,728 | 2,150,265 |
| Deferred tax expenses | 361,211,500 | 264,632,031 |
| Total | 362,191,228 | 266,782,296 |

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

| Item | RMB | |
|--|---|---|
| | Amount incurred in the current period (unaudited) | Amount incurred in the prior period (unaudited) |
| Total profit | 1,273,716,090 | 945,207,624 |
| Income tax expense calculated at 25% | 318,429,023 | 236,301,906 |
| Effect of different tax rates of subsidiaries operating in other jurisdictions | (395,655) | (458,411) |
| Effect of reconciliation of income tax for the prior period | 1,912,654 | 3,554,220 |
| Effect of non-taxable income | (4,904,539) | (10,699,534) |
| Effect of non-deductible cost, expense and loss | 47,083,772 | 32,519,100 |
| Effect of utilising deductible loss for which deferred tax assets are not recognised for the prior period | — | — |
| Effect of deductible temporary difference or deductible loss for which deferred tax assets are not recognised for the current period | 65,973 | 5,565,015 |
| Income tax expenses | 362,191,228 | 266,782,296 |

NOTES TO THE FINANCIAL STATEMENTS

For the Period from 1 January to 30 June 2024

V. NOTES TO ITEMS IN THE CONSOLIDATED FINANCIAL STATEMENTS

(continued)

41. Items in the statement of cash flows

(1) Cash relating to operating activities

Other cash receipts relating to operating activities

| | RMB | |
|---|---|---|
| Item | Amount incurred in the current period (unaudited) | Amount incurred in the prior period (unaudited) |
| Net cash inflow from provision of purchase and construction | 230,038,285 | 112,133,790 |
| Receipt of government grants | 70,536,625 | 2,211,000 |
| Receipt of notes deposits and security deposits | 15,199,626 | 16,044,450 |
| Receipt of interest | 11,708,977 | 31,973,393 |
| Repayment from Dabaoshan | 9,624,963 | 9,062,540 |
| Others | 34,373,337 | 88,492,189 |
| Total | 371,481,813 | 259,917,362 |

Other cash payments relating to operating activities

| | RMB | |
|---|---|---|
| Item | Amount incurred in the current period (unaudited) | Amount incurred in the prior period (unaudited) |
| Net cash outflow for provision of purchase and construction | 67,731,242 | 28,643,549 |
| Office and travel expenses | 8,088,313 | 6,638,833 |
| Payment of notes deposits and security deposits and reserve funds | 8,107,708 | 11,500,000 |
| Intermediary service fee | 1,982,864 | 3,987,704 |
| Others | 7,301,203 | 90,479,985 |
| Total | 93,211,330 | 141,250,071 |

V. NOTES TO ITEMS IN THE CONSOLIDATED FINANCIAL STATEMENTS

(continued)

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

(2) Cash relating to investing activities

Other cash receipts relating to investing activities

| Item | RMB | |
|---------------------------------------|---|---|
| | Amount incurred in the current period (unaudited) | Amount incurred in the prior period (unaudited) |
| Withdrawal of time deposits | — | 160,000,000 |
| Receipt of interests on time deposits | — | 19,824,792 |
| Total | — | 179,824,792 |

Other cash payments relating to investing activities

| Item | RMB | |
|--|---|---|
| | Amount incurred in the current period (unaudited) | Amount incurred in the prior period (unaudited) |
| Placement of time deposits | — | — |
| Payment of investments in other equity instruments | | |
| — Investments to China Railway Express | — | 10,000,000 |
| Total | — | 10,000,000 |

NOTES TO THE FINANCIAL STATEMENTS

For the Period from 1 January to 30 June 2024

V. NOTES TO ITEMS IN THE CONSOLIDATED FINANCIAL STATEMENTS

(continued)

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

(3) Cash relating to financing activities

Other cash payments relating to financing activities

| Item | Amount incurred in the current period (unaudited) | Amount incurred in the prior period (unaudited) |
|----------------------------|---|---|
| Repayment of loan interest | 20,781,972 | 22,946,153 |

RMB

Changes in liabilities arising from financing activities

| Item | 1 January 2024 (audited) | Increase for the period | | Decrease for the period | | At 30 June 2024 (unaudited) |
|------------------------------------|-----------------------------|-------------------------|---------------------|-------------------------|---------------------|--------------------------------|
| | | Cash changes | Non-cash changes | Cash changes | Non-cash changes | |
| Long-term borrowings (Note V, 24) | 790,566,806 | — | — | 5,000,000 | 62,362 | 785,504,444 |
| Short-term borrowings (Note V, 16) | 700,385,000 | 400,000,000 | 282,778 | — | — | 1,100,667,778 |
| Lease liabilities (Note V, 25) | 1,392,431,052 | — | 1,346,001 | — | — | 1,393,777,053 |
| Total | 2,883,382,858 | 400,000,000 | 1,628,779 | 5,000,000 | 62,362 | 3,279,949,275 |

RMB

V. NOTES TO ITEMS IN THE CONSOLIDATED FINANCIAL STATEMENTS

(continued)

42. Supplementary information to the cash flow statement

(1) Supplementary information to the cash flow statement

| | RMB | |
|--|-------------------------------|-----------------------------|
| Supplementary information | Current period (unaudited) | Prior period (unaudited) |
| 1. Reconciliation of net profit to cash flows from operating activities | | |
| Net profit | 911,524,862 | 678,425,328 |
| Add: Credit loss allowance | — | 530,218 |
| Depreciation of fixed assets | 879,311,837 | 946,719,589 |
| Amortisation of right-of-use assets | 8,123,205 | 8,123,205 |
| Amortisation of intangible assets | 26,395,046 | 26,236,722 |
| Amortisation of long-term prepaid expenses | 9,666,806 | 10,141,334 |
| Losses on disposal of fixed assets, intangible assets and other long-term assets | — | 3,510,514 |
| Gains on retirement of fixed assets | (7,480,552) | (1,289,610) |
| Financial expenses | 25,533,570 | 35,961,331 |
| Investment income | (19,618,154) | (42,798,137) |
| Decrease in deferred tax assets | 362,457,862 | 265,878,393 |
| Decrease in deferred tax liabilities | (1,246,362) | (1,246,362) |
| Decrease in inventories | 5,771,182 | 13,161,790 |
| Increase in operating receivables | (492,710,715) | (629,813,069) |
| Decrease in operating payables | (597,368,445) | (502,310,625) |
| Net Cash Flow from Operating Activities | 1,110,360,142 | 811,230,621 |
| 2. Net changes in cash and cash equivalents | | |
| Closing balance of cash | 2,564,088,371 | 1,724,900,764 |
| Less: Opening balance of cash | 1,482,463,336 | 1,299,635,304 |
| Add: Closing balance of cash equivalents | — | — |
| Less: Opening balance of cash equivalents | — | — |
| Net increase in cash and cash equivalents | 1,081,625,035 | 425,265,460 |

NOTES TO THE FINANCIAL STATEMENTS

For the Period from 1 January to 30 June 2024

V. NOTES TO ITEMS IN THE CONSOLIDATED FINANCIAL STATEMENTS

(continued)

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

(2) Composition of cash and cash equivalents

| Item | RMB | |
|--|-----------------------------|-------------------------------|
| | 30 June 2024 (unaudited) | 31 December 2023 (audited) |
| I. Cash | 2,564,088,371 | 1,482,463,336 |
| Including: Cash on hand | 1,723,339 | 2,100,280 |
| Bank deposits that are readily available for payment | 2,562,359,415 | 1,480,355,424 |
| Other monetary funds that are readily available for payment | 5,617 | 7,632 |
| II. Cash equivalents | — | — |
| Including: Investments in debt securities due within three months | — | — |
| III. Closing balance of cash and cash equivalents | 2,564,088,371 | 1,482,463,336 |
| Including: Restricted cash and cash equivalents of the Company and subsidiaries within the Group | — | — |

43. Monetary items denominated in foreign currencies

(1) Monetary items denominated in foreign currencies

| Item | RMB | | |
|------------------------|-------------------------------------|---------------|------------------------|
| | Closing balance of foreign currency | Exchange rate | Closing RMB equivalent |
| Cash and bank balances | | | |
| HKD | 10,801,435 | 0.91268 | 9,858,254 |

V. NOTES TO ITEMS IN THE CONSOLIDATED FINANCIAL STATEMENTS

(continued)

44. Leases

(1) As a lessee

| | RMB | |
|---|---|---|
| | Amount incurred in the current period (unaudited) | Amount incurred in the prior period (unaudited) |
| Interest expenses for lease liabilities (Note V, 35) | 34,122,536 | 34,021,587 |
| Short-term lease expenses included in profit or loss for the period under the simplified approach | 904,601,359 | 1,124,754,669 |
| Expenses for lease of low-value assets included in profit or loss for the period under the simplified approach (Other than short-term leases) | — | — |
| Total cash outflows relating to leases | — | — |

(2) As a lessor

Operating leases

| | RMB | |
|---------------|---|---|
| Item | Amount incurred in the current period (unaudited) | Amount incurred in the prior period (unaudited) |
| Rental income | 17,300,421 | 22,964,822 |

VI. CHANGES IN SCOPE OF CONSOLIDATION

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

NOTES TO THE FINANCIAL STATEMENTS

For the Period from 1 January to 30 June 2024

VII. INTERESTS IN OTHER ENTITIES

1. Interests in subsidiaries

(1) Composition of enterprise group

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

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

VII. INTERESTS IN OTHER ENTITIES *(continued)*

1. Interests in subsidiaries *(continued)*

(2) Significant not-wholly-owned subsidiaries

As at 30 June 2024 and 31 December 2023, the Group believed that there were no significant non-wholly owned subsidiaries, taking into account factors such as whether the subsidiaries are listed companies, the proportion of their minority interests to the Group's consolidated shareholders' equity, and the proportion of their minority interests to the Group's consolidated net income.

2. Interests in associates

(1) Significant associates

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

NOTES TO THE FINANCIAL STATEMENTS

For the Period from 1 January to 30 June 2024

VII. INTERESTS IN OTHER ENTITIES *(continued)*

2. Interests in associates *(continued)*

(2) Major financial information of associates

| | RMB | | | |
|--|--|----------------------|--|---------------|
| | 30 June 2024 | | 31 December 2023 | |
| | (unaudited)/Amount incurred in the current period | | (audited)/Amount incurred in the prior period | |
| | Tiecheng | Shentu | Tiecheng | Shentu |
| Current Assets | 152,616,654 | 3,619,317,748 | 141,047,186 | 4,152,798,108 |
| Non-current assets | 401,435,541 | 32,826,424 | 403,522,454 | 32,644,081 |
| Total Assets | 554,052,195 | 3,652,144,172 | 544,569,640 | 4,185,442,189 |
| Current Liabilities | 218,700,897 | 2,969,182,107 | 218,205,662 | 3,535,283,452 |
| Non-current Liabilities | 21,411,552 | 38,707,596 | 21,411,552 | 38,707,595 |
| Total Liabilities | 240,112,449 | 3,007,889,703 | 239,617,214 | 3,573,991,047 |
| Net assets | 313,939,746 | 644,254,469 | 304,952,426 | 611,451,142 |
| Minority interests | — | — | — | — |
| Equity attributable to shareholders of the Company | 313,939,746 | 644,254,469 | 304,952,426 | 611,451,142 |
| Share of net assets calculated based on shareholding proportion | 153,830,476 | 157,326,941 | 149,426,689 | 149,316,369 |
| Adjusting events | | | | |
| — Goodwill | — | — | — | — |
| — Unearned profits from internal transactions | — | — | — | — |
| — Others | — | — | — | — |
| Carrying amount of equity investments in associates | 153,830,476 | 157,326,941 | 149,426,689 | 149,316,369 |
| Fair value of equity investments in associates where there is quoted price | N/A | N/A | N/A | N/A |
| Operating income | 24,330,936 | 928,691,869 | 25,234,389 | 1,438,397,920 |
| Net profit | 8,987,320 | 23,654,157 | 16,374,417 | 75,713,288 |
| Net profit from discontinued operations | — | — | — | — |
| Other comprehensive income | — | — | — | — |
| Total comprehensive income | 8,987,320 | 23,654,157 | 16,374,417 | 75,713,288 |
| Dividends received from associates in the current period | — | — | — | — |

VIII. GOVERNMENT GRANTS

1. Liabilities involving government grants

RMB

| Item | Opening balance of the current period | Increased government grants for the period | Amount recognised in other income for the period | Other changes | Closing balance of the current period | Related to assets/related to income |
|--|---------------------------------------|--|--|---------------|---------------------------------------|-------------------------------------|
| Xinshilong station assets | 612,916,155 | — | (12,045,503) | — | 600,870,652 | Related to assets |
| Culverts (project of change from level crossing to interchange) | 24,361,832 | — | (368,622) | — | 23,993,210 | Related to assets |
| Shilong government donation project (Shilong elevated station) | 16,262,418 | — | (347,208) | — | 15,915,210 | Related to assets |
| Elevated platform of Buji station | 11,497,531 | — | (390,348) | — | 11,107,183 | Related to assets |
| Guangzhou government grants for draw-out track and network area relocation at Shipai | 9,524,144 | — | (134,092) | — | 9,390,052 | Related to assets |
| Matters relating to the introduction of Ganzhou-Shenzhen high-speed railway to Guangzhou hub | 219,222 | — | — | — | 219,222 | Related to assets |
| Shenzhen station renovation and upgrading project | — | 69,252,625 | (1,030,147) | — | 68,222,478 | Related to assets |
| Other government grants related to assets | 27,602,760 | 1,284,000 | (1,194,290) | — | 27,692,470 | Related to assets |
| Total | 702,384,062 | 70,536,625 | (15,510,210) | — | 757,410,477 | |

2. Government grants included in profit or loss

RMB

| Item | For the period from 1 January to 30 June 2024 (unaudited) | For the period from 1 January to 30 June 2023 (unaudited) |
|---|---|---|
| Xinshilong station assets | 12,045,503 | 12,300,441 |
| Amortisation of other government grants related to assets | 3,464,707 | 3,018,395 |
| Medical subsidies for retired leading staffs | 407,100 | 548,700 |
| Total | 15,917,310 | 15,867,536 |

NOTES TO THE FINANCIAL STATEMENTS

For the Period from 1 January to 30 June 2024

IX. RISKS ASSOCIATED WITH FINANCIAL INSTRUMENTS

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

| | 30 June 2024 (unaudited) | 31 December 2023 (audited) |
|---|-----------------------------|-------------------------------|
| RMB | | |
| Financial assets | | |
| At FVTOCI | | |
| Investments in other equity instruments | 462,695,717 | 462,695,717 |
| Measured at amortised cost | | |
| Cash and bank balances | 2,564,088,371 | 1,482,463,336 |
| Accounts receivable | 6,777,925,576 | 6,239,551,856 |
| Other receivables | 365,208,729 | 632,761,629 |
| Non-current assets due within one year | 61,950,000 | 1,950,000 |
| Other current assets | 72,019,566 | 129,331,991 |
| Debt investments | — | 60,000,000 |
| Long-term receivables | 7,541,915 | 16,743,981 |
| Financial liabilities | | |
| Measured at amortised cost | | |
| Short-term borrowings | 1,100,667,778 | 700,385,000 |
| Notes payable | 100,000,000 | 200,000,000 |
| Accounts payable | 2,513,318,892 | 4,913,237,216 |
| Other payables | 3,175,750,496 | 1,373,640,812 |
| Non-current liabilities due within one year | 76,573,801 | 76,105,907 |
| Other current liabilities | 4,034,382 | 19,549,633 |
| Long-term borrowings | 775,000,000 | 780,000,000 |
| Lease liabilities | 1,327,707,696 | 1,326,891,951 |

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

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

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

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

1.1. Market risk

1.1.1. Currency risk

Currency risk is the risk that losses will occur because of changes in foreign exchange rates. The Group's exposure to the currency risk is primarily associated with HKD. A few expenses of the Group are paid in HKD while the Group's other principal activities are denominated and settled in RMB. As at 30 June 2024, the balance of the Group's assets and liabilities are both denominated in RMB except that the assets set out below are denominated in HKD. Currency risk arising from the assets and liabilities denominated in foreign currencies may have impact on the Group's operation performance.

| | RMB | |
|------------------------|-----------------------------|-------------------------------|
| | 30 June 2024 (unaudited) | 31 December 2023 (audited) |
| Cash and bank balances | 9,858,254 | 13,067,030 |

NOTES TO THE FINANCIAL STATEMENTS

For the Period from 1 January to 30 June 2024

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

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

1.1. Market risk *(continued)*

1.1.1. Currency risk *(continued)*

Sensitivity analysis on currency risk

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

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

| | | RMB | | | |
|------|--------------------------------|---|--------------------------------|---|--------------------------------|
| Item | Change in exchange rate | For the period from 1 January to 30 June 2024 (unaudited) | | For the period from 1 January to 30 June 2023 (unaudited) | |
| | | Effect on profits | Effect on shareholders' equity | Effect on profits | Effect on shareholders' equity |
| HKD | Appreciation of 5% against RMB | 370,000 | 370,000 | 490,000 | 490,000 |
| HKD | Depreciation of 5% against RMB | (370,000) | (370,000) | (490,000) | (490,000) |

1.1.2 Interest rate risk — risk of changes in cash flows

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

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

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

1.1. Market risk *(continued)*

1.1.2 Interest rate risk — risk of changes in cash flows *(continued)*

Sensitivity analysis on interest rate risk

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

| Item | Changes in interest rate | For the period from 1 January to 30 June 2024 (unaudited) | | For the period from 1 January to 30 June 2023 (unaudited) | |
|------|--------------------------|---|--------------------------------|---|--------------------------------|
| | | Effect on profits | Effect on shareholders' equity | Effect on profits | Effect on shareholders' equity |
| RMB | 50 basis points higher | (7,068,750) | (7,068,750) | (5,587,500) | (5,587,500) |
| RMB | 50 basis points lower | 7,068,750 | 7,068,750 | 5,587,500 | 5,587,500 |

1.2. Credit risk

As at 30 June 2024, the Group's maximum exposure to credit risk which will cause a financial loss to the Group is mainly losses on the Group's financial assets due to the counterparty's failure to discharge an obligation and financial guarantees issued by the Group (without consideration of available collateral or other credit enhancements), including: cash and bank balances, accounts receivable, other receivables, debt investments, long-term receivables, etc. At the balance sheet date, the carrying amount of the financial assets of the Group has represented its maximum credit risk exposure, except for long-term receivables, for which the maximum credit risk exposure is the undiscounted contractual cash flows.

NOTES TO THE FINANCIAL STATEMENTS

For the Period from 1 January to 30 June 2024

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

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

1.2. Credit risk *(continued)*

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

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

1.3 Liquidity risk

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

As at 30 June 2024, the Group had unutilised bank facilities totalling RMB7,350,000,000, which were available to meet the funding needs of the Group's debt and capital commitments. The Group can solve the lack of working capital through reasonable financing arrangements.

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

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

1.3 Liquidity risk *(continued)*

The analysis of the financial liabilities held by the Group based on the maturity period of the undiscounted remaining contractual obligations is as follows:

| | | | | | RMB |
|---|----------------------|--------------------|--------------------|----------------------|-----------------------|
| | Within 1 year | 1 to 2 years | 2 to 5 years | Over 5 years | Total |
| Short-term borrowings | 1,111,261,250 | — | — | — | 1,111,261,250 |
| Notes payable | 100,000,000 | — | — | — | 100,000,000 |
| Accounts payable | 2,513,318,892 | — | — | — | 2,513,318,892 |
| Other payables | 2,665,670,620 | — | — | — | 2,665,670,620 |
| Non-current liabilities due within one year | 76,573,801 | — | — | — | 76,573,801 |
| Other current liabilities | 4,034,382 | — | — | — | 4,034,382 |
| Long-term borrowings | 30,437,694 | 786,000,139 | — | — | 816,437,833 |
| Lease liabilities | 66,069,357 | 66,965,000 | 207,215,000 | 5,425,000,000 | 5,765,249,357 |
| Total | 6,567,365,996 | 852,965,139 | 207,215,000 | 5,425,000,000 | 13,052,546,135 |

X. DISCLOSURE OF FAIR VALUE

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

At 30 June 2024

| | Fair value at the end of the period | | | RMB |
|--|--------------------------------------|--------------------------------------|--------------------------------------|-------------|
| | Level 1 Fair value measurement | Level 2 Fair value measurement | Level 3 Fair value measurement | Total |
| Fair value measurement on an ongoing basis | | | | |
| Investments in other equity instruments | — | — | 462,695,717 | 462,695,717 |

NOTES TO THE FINANCIAL STATEMENTS

For the Period from 1 January to 30 June 2024

X. DISCLOSURE OF FAIR VALUE

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

As the above equity instruments are financial assets not traded in an active market, the Group determines their fair value by reference to the appraisal of investees or recent financing prices.

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

XI. RELATED PARTY RELATIONSHIPS AND TRANSACTIONS

1. Information on the Company's largest shareholder

| Name | Place of incorporation | Nature of business | Registered capital | Proportion of shareholding (%) | RMB |
|-------------------------|------------------------|------------------------|--------------------|--------------------------------|---------------------------------|
| | | | | | Proportion of voting rights (%) |
| Guangzhou Railway Group | Guangzhou | Railway transportation | 249,254,030,000 | 37.12 | 37.12 |

2. Information on the Company's subsidiaries

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

3. Information on the Company's associates

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

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

4. Information on other related parties

| Name | Relationship with the Company |
|---|--|
| CSRG (Note) | Controlling shareholder of Guangzhou Railway Group |
| Guangdong Railway Company Limited | Subsidiary of Guangzhou Railway Group |
| Guangzhou Railway Material Supply Company ("Material Company") | Subsidiary of Guangzhou Railway Group |
| Guangzhou Railway Vehicles Co., Ltd. ("Vehicles Company") | Subsidiary of Guangzhou Railway Group |
| Xiashen Railway Guangdong Company Limited ("Xiashen Railway") | Subsidiary of Guangzhou Railway Group |
| Guangdong Shenmao Railway Co., Ltd. ("Shenmao Railway") | Subsidiary of Guangzhou Railway Group |
| Hunan Railway Lianchuang Technology Development Co., Ltd. ("Hunan Railway") | Subsidiary of Guangzhou Railway Group |
| Guangzhou Northeast Freight Car Outer Winding Railway Co., Ltd. ("Northeast Railway") | Subsidiary of Guangzhou Railway Group |
| Hunan Changtie Loading & Unloading Co., Ltd. ("Hunan Changti") | Subsidiary of Guangzhou Railway Group |
| Guangzhou Railway Track Equipment Co., Ltd. ("Track Company") | Subsidiary of Guangzhou Railway Group |
| Guangdong Tieqing International Cultural Tourism Group Co., Ltd. ("Guangdong Tieqing Cultural Tourism") | Subsidiary of Guangzhou Railway Group |
| Guangzhou Railway Real Estate Co., Ltd. ("Guangzhou Railway Real Estate") | Subsidiary of Guangzhou Railway Group |
| GIDC | Subsidiary of Guangzhou Railway Group |

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

NOTES TO THE FINANCIAL STATEMENTS

For the Period from 1 January to 30 June 2024

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

5. Information on related party transactions

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

Purchase of goods/Receipt of labour services

| | | RMB | |
|--|---|---------------------------------------|-------------------------------------|
| Name of related parties | Content of transaction | Amount incurred in the current period | Amount incurred in the prior period |
| Guangzhou Railway Group and its subsidiaries | Receipt of network clearing services provided by Guangzhou Railway Group and its subsidiaries | 1,919,070,406 | 2,058,004,880 |
| Guangzhou Railway Group and its subsidiaries | Train services provided by Guangzhou Railway Group and its subsidiaries | 303,887,616 | 288,968,035 |
| Guangzhou Railway Group and its subsidiaries | Materials and supplies purchased from Guangzhou Railway Group and its subsidiaries | 278,111,947 | 270,473,867 |
| Guangzhou Railway Group and its subsidiaries | Repair and maintenance services provided by Guangzhou Railway Group and its subsidiaries | 69,944,242 | 251,841,561 |
| Guangzhou Railway Group and its subsidiaries | Receipt of construction services provided by Guangzhou Railway Group and its subsidiaries | 50,773,315 | 25,580,625 |
| Associates | Receipt of construction services provided by associates | 57,819,980 | 65,588,418 |
| Associates | Repair and maintenance services provided by associates | 2,100,917 | 5,874,584 |
| Associates | Train services provided by associates | 9,209 | 1,474,099 |
| Transactions with CSRG and its affiliated companies (Note 1) | Receipt of network clearing services provided by CSRG and its affiliated companies | 848,542,860 | 877,556,631 |
| Transactions with CSRG and its affiliated companies (Note 1) | Materials and supplies purchased from CSRG and its affiliated companies | 42,476,199 | 9,904,461 |
| Transactions with CSRG and its affiliated companies (Note 1) | Train services provided by CSRG and its affiliated companies | 6,363,317 | 7,676,783 |
| Transactions with CSRG and its affiliated companies (Note 1) | Repair and maintenance services provided by CSRG and its affiliated companies | 1,081,183 | 340,984 |
| Total | | 3,580,181,191 | 3,863,284,928 |

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

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

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

Sale of goods/Rendering of labour services

| Name of related parties | Content of transaction | RMB | |
|--|--|---------------------------------------|-------------------------------------|
| | | Amount incurred in the current period | Amount incurred in the prior period |
| Guangzhou Railway Group and its subsidiaries | Train services and railway operation services provided to Guangzhou Railway Group and its subsidiaries | 2,039,242,327 | 1,892,756,997 |
| Guangzhou Railway Group and its subsidiaries | Network clearing services provided to Guangzhou Railway Group and its subsidiaries | 800,155,542 | 666,383,165 |
| Guangzhou Railway Group and its subsidiaries | Materials and supplies sold to and other services provided to Guangzhou Railway Group and its subsidiaries | 20,450,799 | 52,983,891 |
| Associates | Train services provided to associates | 941,805 | 401,162 |
| Transactions with CSRG and its affiliated companies (Note 1) | Network clearing services provided to CSRG and its affiliated companies | 1,285,886,581 | 1,416,326,506 |
| Transactions with CSRG and its affiliated companies | Railway operation services provided to CSRG and its affiliated companies | 1,284,572,650 | 1,178,025,000 |
| Transactions with CSRG and its affiliated companies | Truck repair services provided to CSRG and its affiliated companies | 282,201,668 | 257,106,794 |
| Transactions with CSRG and its affiliated companies | Train services provided to CSRG and its affiliated companies | 20,528,920 | 25,385,516 |
| Transactions with CSRG and its affiliated companies | Others | 15,438 | 7,746,434 |
| Transactions with CSRG and its affiliated companies (Note 2) | Income from passenger transportation | 5,420,232,694 | 5,264,573,689 |
| Transactions with CSRG and its affiliated companies (Note 2) | Income from freight transportation | 789,766,152 | 833,653,294 |
| Transactions with CSRG and its affiliated companies (Note 2) | Income from baggage and parcel handling | 44,623,219 | 55,572,400 |
| Total | | 11,988,617,795 | 11,650,914,848 |

NOTES TO THE FINANCIAL STATEMENTS

For the Period from 1 January to 30 June 2024

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

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

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

Sale of goods/Rendering of labour services (continued)

Note 1: When the trains operated by the Group pass through railway lines owned by other railway companies, the Group need to pay those companies for the services rendered (track usage, locomotive traction and electric catenaries service, etc.), and vice versa. The prices of such services are instructed by the CSRG and are captured and processed by the central clearance system of CSRG (see Note III, 24 for details).

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

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

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

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

(2) Information on related party leases

The Group as a lessee

| Lessor | Type of assets leased | Lease payment for short-term leases and leases of low-value assets treated under simplified methods | | Rent incurred on lease liabilities | | Interest costs incurred on lease liabilities | |
|-------------------------|-----------------------|---|------------------------------|------------------------------------|------------------------------|--|------------------------------|
| | | Amount | Amount | Amount | Amount | Amount | Amount |
| | | incurred in the current period | incurred in the prior period | incurred in the current period | incurred in the prior period | incurred in the current period | incurred in the prior period |
| Guangzhou Railway Group | Land use rights | — | — | 32,641,609 | 32,075,472 | 34,122,536 | 34,021,587 |
| CSRG | Van compartments | 781,462,676 | 954,726,605 | — | — | — | — |
| Guangzhou Railway Group | Van compartments | 123,138,683 | 170,028,064 | — | — | — | — |

(3) Compensation for key management personnel

| Item | Amount incurred in the current period | Amount incurred in the prior period |
|---|---------------------------------------|-------------------------------------|
| Compensation for key management personnel | 2,385,769 | 2,092,700 |

NOTES TO THE FINANCIAL STATEMENTS

For the Period from 1 January to 30 June 2024

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

6. Information on receivables due from and payables due to related parties and other outstanding items

(1) Balance of receivables from and payables to associates, Guangzhou Railway Group and its subsidiaries

| | | RMB | |
|--------------------------|---|---|---|
| | | 30 June 2024 (unaudited) Gross carrying amount | 31 December 2023 (audited) Gross carrying amount |
| Item | Name of related parties | | |
| Accounts receivable | Guangzhou Railway Group | 1,726,075,784 | 1,804,643,607 |
| | Subsidiaries of Guangzhou Railway Group | 2,485,330,092 | 2,506,832,777 |
| | Guangdong Railway Company Limited | 2,290,815,463 | 2,364,491,559 |
| | Xiashen Railway | 157,061,401 | 68,883,497 |
| | Northeast Railway | 11,836,744 | 6,394,372 |
| | GIDC | 5,589,864 | 34,030,000 |
| | Others | 20,026,620 | 33,033,349 |
| | Associates | 137,246 | 1,434,257 |
| | Total | 4,211,543,122 | 4,312,910,641 |
| | | Less: Bad debt provision | 22,563,920 |
| | Carrying amount | 4,188,979,202 | 4,287,551,088 |
| Other receivables | Guangzhou Railway Group | 7,811,191 | 6,432,049 |
| | Subsidiaries of Guangzhou Railway Group | 84,140,327 | 119,325,434 |
| | Guangdong Railway Company Limited | 40,732,175 | 45,284,076 |
| | Shenmao Railway | 30,189,662 | 27,803,935 |
| | Xiashen Railway | 1,846,030 | 33,156,234 |
| | Others | 11,372,460 | 13,081,189 |
| | Associates | 2,927,958 | 1,802,238 |
| | Total | 94,879,476 | 127,559,721 |
| | Less: Bad debt provision | 558,707 | 757,304 |
| | Carrying amount | 94,320,769 | 126,802,417 |
| Prepayments | Subsidiaries of Guangzhou Railway Group | 34,621,931 | 13,502,610 |
| Other non-current assets | Subsidiaries of Guangzhou Railway Group | 92,677,871 | 26,951,442 |

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

6. Information on receivables due from and payables due to related parties and other outstanding items *(continued)*

(1) Balance of receivables from and payables to associates, Guangzhou Railway Group and its subsidiaries *(continued)*

| | | RMB | |
|---|---|-----------------------------|-------------------------------|
| Item | Name of related parties | 30 June 2024 (unaudited) | 31 December 2023 (audited) |
| Accounts payable | Guangzhou Railway Group | 93,100,656 | 56,841,221 |
| | Subsidiaries of Guangzhou Railway Group | 1,413,406,518 | 2,042,007,532 |
| | Material Company | 899,535,357 | 1,215,565,491 |
| | Hunan Railway | 313,419,278 | 327,432,003 |
| | Vehicles Company | 68,945,126 | 93,230,325 |
| | Hunan Changtie | 32,654,360 | 75,090,935 |
| | Track Company | 19,374,386 | 32,531,892 |
| | Guangdong Tieqing Cultural Tourism | 13,420,940 | 14,359,252 |
| | Guangzhou Railway Real Estate | 9,139,633 | 36,087,525 |
| | Others | 56,917,438 | 247,710,109 |
| | Associates | 33,786,572 | 300,968,126 |
| | Total | 1,540,293,746 | 2,399,816,879 |
| | Contract liabilities | Guangzhou Railway Group | 3,242,891 |
| Subsidiaries of Guangzhou Railway Group | | 2,931,508 | 1,179,537 |
| Associates | | 127,400 | 176,200 |
| Total | | 6,301,799 | 1,355,737 |
| Other payables | Guangzhou Railway Group | 166,188,342 | 160,136,190 |
| | Subsidiaries of Guangzhou Railway Group | 551,109,854 | 447,000,537 |
| | GIDC | 351,568,451 | 351,558,436 |
| | Hunan Changtie | 58,218,720 | 32,202,583 |
| | Material Company | 20,617,870 | 16,526,262 |
| | Vehicles Company | 12,677,726 | 13,564,025 |
| | Others | 108,027,087 | 33,149,231 |
| | Associates | 252,593,764 | 13,781,301 |
| Total | 969,891,960 | 620,918,028 | |
| Lease liabilities | Guangzhou Railway Group | 1,393,556,752 | 1,392,082,738 |

NOTES TO THE FINANCIAL STATEMENTS

For the Period from 1 January to 30 June 2024

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

6. Information on receivables due from and payables due to related parties and other outstanding items *(continued)*

(2) Balance of receivables from and payables to CSRG and other railway transportation related enterprises

| | | RMB | |
|---------------------|------------------------------|-----------------------------|-------------------------------|
| Item | Name of related parties | 30 June 2024 (unaudited) | 31 December 2023 (audited) |
| Accounts receivable | CSRG | 302,719,383 | 269,563,492 |
| | Affiliated companies to CSRG | 1,071,365,907 | 767,946,619 |
| | Less: Bad debt provision | 5,929,004 | 4,676,151 |
| Other receivables | Affiliated companies to CSRG | 42,349,155 | 251,440,935 |
| | Less: Bad debt provision | 248,409 | 1,468,999 |
| Accounts payable | Affiliated companies to CSRG | 66,916,250 | 160,896,676 |
| Other payables | Affiliated companies to CSRG | 119,941,659 | 5,024,438 |

7. Commitments to related parties

The following are the commitments relating to related parties that have been contracted and are not yet required to be presented on the balance sheet at the balance sheet day:

(1) Receipt of labour services

| | | RMB | |
|--|--|-----------------------------|-------------------------------|
| Category | | 30 June 2024 (unaudited) | 31 December 2023 (audited) |
| Guangzhou Railway Group and its subsidiaries | | 14,837,610 | 17,176,560 |

XII.COMMITMENTS AND CONTINGENCIES

1. Significant commitments

(1) Capital commitments

| | 30 June 2024 (unaudited) | 31 December 2023 (audited) |
|--|-----------------------------|-------------------------------|
| Buildings and machinery and equipment | | RMB |
| — Capital commitments that have been entered into but have not been recognised in the financial statements | 66,304,000 | 61,359,000 |
| — Capital commitments that have been authorised but haven't been entered into and recognised in the financial statements | 224,297,000 | 368,641,000 |
| Total | 290,601,000 | 430,000,000 |

2. Contingencies

As at 30 June 2024, the Group had no significant contingencies that should have been disclosed but were not.

XIII.OTHER SIGNIFICANT MATTERS

1. Segment information

The Group is principally engaged in the railway transportation business, and all businesses are occurred in the PRC (including Hong Kong). Since the management of the Group does not separately account for the costs and expenses incurred by the passenger and freight transportation business in the ordinary course of operation and does not separately evaluate the operating results of the business, a segment report is not required.

NOTES TO THE FINANCIAL STATEMENTS

For the Period from 1 January to 30 June 2024

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

1. Accounts receivable

(1) Disclosed by aging

| Aging | Balance at | Balance at |
|---------------|-----------------------------|-------------------------------|
| | 30 June 2024 (unaudited) | 31 December 2023 (audited) |
| Within 1 year | 5,367,158,524 | 4,821,846,814 |
| 1 to 2 years | 1,294,890,589 | 1,295,753,160 |
| 2 to 3 years | 125,517,337 | 125,069,066 |
| Over 3 years | 21,653,367 | 29,153,367 |
| Total | 6,809,219,817 | 6,271,822,407 |

RMB

(2) Disclosed by method of bad debt provision:

| Category | Balance at 30 June 2024 (unaudited) | | | | | Balance at 31 December 2023 (audited) | | | | |
|--|-------------------------------------|----------------|---------------------|----------------|----------------------|---------------------------------------|----------------|--------------------|----------------|-----------------|
| | Gross carrying amount | | Bad debt provision | | Carrying amount | Gross carrying amount | | Bad debt provision | | Carrying amount |
| | Amount | Proportion (%) | Amount | Proportion (%) | | Amount | Proportion (%) | Amount | Proportion (%) | |
| Bad debt provision assessed on a portfolio basis | 6,809,219,817 | 100.00 | (33,822,678) | 0.50 | 6,775,397,139 | 6,271,822,407 | 100.00 | (33,822,678) | 0.54 | 6,237,999,729 |
| Including: | | | | | | | | | | |
| Portfolio I | 302,016,844 | 4.44 | — | — | 302,016,844 | 269,407,292 | 4.30 | — | — | 269,407,292 |
| Portfolio II | 6,204,128,035 | 91.11 | (31,720,775) | 0.51 | 6,172,407,260 | 5,641,293,534 | 89.94 | (31,688,008) | 0.56 | 5,609,605,526 |
| Portfolio III | 303,074,938 | 4.45 | (2,101,903) | 0.69 | 300,973,035 | 361,121,581 | 5.76 | (2,134,670) | 0.59 | 358,986,911 |
| Total | 6,809,219,817 | 100.00 | (33,822,678) | / | 6,775,397,139 | 6,271,822,407 | 100.00 | (33,822,678) | / | 6,237,999,729 |

RMB

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

(continued)

1. Accounts receivable (continued)

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

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

| | RMB | | |
|--|--|---------------------------------------|------------|
| Bad debt provision | Lifetime ECL (not credit- impaired) | Lifetime ECL (credit- impaired) | Total |
| Balance at 1 January 2024 (audited) | 33,822,678 | — | 33,822,678 |
| Balance at 1 January 2024 | 33,822,678 | — | 33,822,678 |
| — Transfer to those credit-impaired | — | — | — |
| — Reverse to those not credit-impaired | — | — | — |
| Provision for the period | — | — | — |
| Reversal for the period | — | — | — |
| Charge-off for the period | — | — | — |
| Write-off for the period | — | — | — |
| Other changes | — | — | — |
| Balance at 30 June 2024 (unaudited) | 33,822,678 | — | 33,822,678 |

NOTES TO THE FINANCIAL STATEMENTS

For the Period from 1 January to 30 June 2024

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

(continued)

1. Accounts receivable (continued)

(3) Details of bad debt provision

| Category | Balance at 31 December 2023 (audited) | Changes for the period | | | Balance at 30 June 2024 (unaudited) | |
|--|--|------------------------|-------------------------|----------------------------|--|------------------|
| | | Provision | Recovery or reversal | Charge-off or write-off | | Other changes |
| Accounts receivable for which bad debt provision is assessed on a portfolio basis according to credit risk characteristics | 33,822,678 | – | – | – | – | 33,822,678 |

(4) As at 30 June 2024, no accounts receivable had been written off.

(5) Top five accounts receivable categorised by debtor:

| Name of entity | Accounts receivable Closing balance (unaudited) | Proportion to total closing balance of accounts receivable (%) | Closing balance of bad debt provision (unaudited) |
|---|---|--|---|
| Total top five accounts receivable as at 30 June 2024 | 5,045,147,774 | 74.09 | 25,050,898 |

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

(continued)

2. Other receivables

2.1 Presentation

| Item | RMB | |
|----------------------|---|---|
| | Balance at 30 June 2024 (unaudited) | Balance at 31 December 2023 (audited) |
| Interest receivable | — | — |
| Dividends receivable | — | — |
| Other receivables | 766,334,900 | 1,026,481,958 |
| Total | 766,334,900 | 1,026,481,958 |

2.2 Other receivables

(1) Disclosed by aging

| Aging | RMB | |
|---------------|---|---|
| | Balance at 30 June 2024 (unaudited) | Balance at 31 December 2023 (audited) |
| Within 1 year | 631,858,316 | 879,798,293 |
| 1 to 2 years | 6,633,479 | 18,226,588 |
| 2 to 3 years | 128,902,764 | 129,490,631 |
| Over 3 years | 12,472,317 | 12,498,422 |
| Total | 779,866,876 | 1,040,013,934 |

NOTES TO THE FINANCIAL STATEMENTS

For the Period from 1 January to 30 June 2024

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

(continued)

2. Other receivables *(continued)*

2.2 Other receivables *(continued)*

(2) *Classified by nature*

| Nature | RMB | |
|---------------------------------------|---|---|
| | Balance at 30 June 2024 (unaudited) | Balance at 31 December 2023 (audited) |
| Withholding payments for construction | 194,948,080 | 445,186,668 |
| Land acquisition and reserve payment | 128,902,764 | 128,902,764 |
| Advances | 14,182,673 | 15,504,196 |
| Reserve funds | 13,424,451 | 16,138,137 |
| Security deposits and deposits | 1,189,647 | 1,346,113 |
| Others | 427,219,261 | 432,936,056 |
| Sub-total | 779,866,876 | 1,040,013,934 |
| Less: Bad debt provision | (13,531,976) | (13,531,976) |
| Total | 766,334,900 | 1,026,481,958 |

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

2. Other receivables (continued)

2.2 Other receivables (continued)

(3) Disclosed by method of bad debt provision

RMB

| Category | Balance at 30 June 2024 (unaudited) | | | | | Balance at 31 December 2023 (audited) | | | | |
|--|-------------------------------------|----------------|---------------------|----------------|--------------------|---------------------------------------|----------------|---------------------|----------------|----------------------|
| | Gross carrying amount | | Bad debt provision | | Carrying amount | Gross carrying amount | | Bad debt provision | | Carrying amount |
| | Amount | Proportion (%) | Amount | Proportion (%) | | Amount | Proportion (%) | Amount | Proportion (%) | |
| Bad debt provision assessed on an individual basis | 12,312,317 | 1.58 | (12,312,317) | 100.00 | — | 12,312,317 | 1.18 | (12,312,317) | 100.00 | — |
| Bad debt provision assessed on a portfolio basis | 767,554,559 | 98.42 | (1,219,659) | 0.16 | 766,334,900 | 1,027,701,617 | 98.82 | (1,219,659) | 0.12 | 1,026,481,958 |
| Including: | | | | | | | | | | |
| Portfolio I | 767,554,559 | 98.42 | (1,219,659) | 0.16 | 766,334,900 | 1,027,701,617 | 98.82 | (1,219,659) | 0.12 | 1,026,481,958 |
| Total | 779,866,876 | 100.00 | (13,531,976) | | 766,334,900 | 1,040,013,934 | 100.00 | (13,531,976) | | 1,026,481,958 |

NOTES TO THE FINANCIAL STATEMENTS

For the Period from 1 January to 30 June 2024

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

(continued)

2. Other receivables (continued)

2.2 Other receivables (continued)

(4) Provision of bad debts

| | Stage I | Stage II | Stage III | RMB |
|-------------------------------------|--------------|---|---------------------------------------|------------|
| Bad debt provision | 12-month ECL | Lifetime ECL (not credit- impaired) | Lifetime ECL (credit- impaired) | Total |
| Balance at 1 January 2024 (audited) | 1,219,659 | — | 12,312,317 | 13,531,976 |
| Balance at 1 January 2024 | 1,219,659 | — | 12,312,317 | 13,531,976 |
| — Transfer to Stage II | — | — | — | — |
| — Transfer to Stage III | — | — | — | — |
| — Reverse to Stage II | — | — | — | — |
| — Reverse to Stage I | — | — | — | — |
| Provision for the period | — | — | — | — |
| Reversal for the period | — | — | — | — |
| Charge-off for the period | — | — | — | — |
| Write-off for the period | — | — | — | — |
| Other changes | — | — | — | — |
| Balance at 30 June 2024 (unaudited) | 1,219,659 | — | 12,312,317 | 13,531,976 |

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

(continued)

2. Other receivables (continued)

2.2 Other receivables (continued)

(5) Details of bad debt provision

| Category | Balance at 1 January 2024 (audited) | Provision | Changes for the period | | | Balance at 30 June 2024 (unaudited) |
|---|--|-----------|-------------------------|----------------------------|------------------|--|
| | | | Recovery or reversal | Charge-off or write-off | Other changes | |
| Other receivables for which credit loss allowance is assessed on an individual basis | 12,312,317 | – | – | – | – | 12,312,317 |
| Other receivables for which credit loss allowance is assessed on a portfolio basis according to credit risk characteristics | 1,219,659 | – | – | – | – | 1,219,659 |

(6) As at 30 June 2024, no other receivables have been written off.

NOTES TO THE FINANCIAL STATEMENTS

For the Period from 1 January to 30 June 2024

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

(continued)

2. Other receivables (continued)

2.2 Other receivables (continued)

(7) Top five other receivables categorised by debtor:

| RMB | | | | | |
|---|--|--|---|-----------------------------------|--|
| Name of entity | Balance at 30 June 2024 (unaudited) | Proportion to total closing balance of other receivables (%) | Nature | Aging | Balance of bad debt provision at 30 June 2024 (unaudited) |
| Guangzhou Tianhe Land Development Center | 128,902,764 | 16.53 | Land acquisition and reserve payment | 2-3 years | — |
| Guangdong Guangzhu Intercity Rail Transit Co., Ltd. | 62,577,188 | 8.02 | Withholding payments for construction | Within 1 year | 151,111 |
| Guangdong Railway Company Limited | 40,652,754 | 5.21 | Withholding payments for construction | Within 1 year | 98,168 |
| Nanguang Railway Co., Ltd. | 37,605,413 | 4.82 | Withholding payments for construction | Within 1 year and 1 to 2 years | 90,809 |
| Shenmao Railway | 30,189,662 | 3.87 | Withholding payments for construction | Within 1 year | 72,902 |
| Total | 299,927,781 | 38.45 | / | / | 412,990 |

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

(continued)

3. Long-term equity investments

| Investee | Balance at 1 January 2024 (audited) | Changes for the period | | | | | | | | Closing balance | Provision for impairment at 30 June 2024 (unaudited) |
|----------------------------|--|------------------------|-----------|---|---|----------------------------|--|-----------------------------|----------|--------------------|--|
| | | Addition | Reduction | Investment gain or loss recognised under the equity method | Adjustment to other comprehensive income | Other changes in equity | Cash dividend or profit declared | Provision for impairment | Others | | |
| I. Subsidiaries | | | | | | | | | | | |
| Dongguan Changsheng | 48,204,994 | — | — | — | — | — | — | — | — | 48,204,994 | — |
| Pinghu Qun Yi | 11,447,465 | — | — | — | — | — | — | — | — | 11,447,465 | — |
| Huangpu Service | 379,000 | — | — | — | — | — | — | — | — | 379,000 | — |
| Railway Economic and Trade | 2,000,000 | — | — | — | — | — | — | — | — | 2,000,000 | — |
| Zengcheng Lihua | 34,392,193 | — | — | — | — | — | — | — | — | 34,392,193 | (34,392,193) |
| Sub-total | 96,423,652 | — | — | — | — | — | — | — | — | 96,423,652 | (34,392,193) |
| II. Associates | | | | | | | | | | | |
| Tiecheng | 149,426,689 | — | — | 4,403,787 | — | — | — | — | — | 153,830,476 | — |
| Shentu | 149,316,369 | — | — | 5,776,345 | — | 2,234,227 | — | — | — | 157,326,941 | — |
| Sub-total | 298,743,058 | — | — | 10,180,132 | — | 2,234,227 | — | — | — | 311,157,417 | — |
| Total | 395,166,710 | — | — | 10,180,132 | — | 2,234,227 | — | — | — | 407,581,069 | (34,392,193) |

NOTES TO THE FINANCIAL STATEMENTS

For the Period from 1 January to 30 June 2024

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

(continued)

4. Operating income and costs

| Item | RMB | | | |
|--------------------------------|---|----------------|---|----------------|
| | Amount incurred in the current period (unaudited) | | Amount incurred in the prior period (unaudited) | |
| | Income | Costs | Income | Costs |
| Principal operating activities | 12,287,482,350 | 10,951,014,963 | 11,747,766,059 | 10,806,032,505 |
| Other operating activities | 620,942,380 | 588,508,845 | 596,536,778 | 528,429,945 |
| Total | 12,908,424,730 | 11,539,523,808 | 12,344,302,837 | 11,334,462,450 |

5. Investment income

| Item | RMB | |
|---|---|---|
| | Amount incurred in the current period (unaudited) | Amount incurred in the prior period (unaudited) |
| Income from long-term equity investments under the equity method | 10,180,132 | 26,512,649 |
| Dividend income from investments in other equity instruments during the hold period | 9,948,022 | 16,285,488 |
| Total | 20,128,154 | 42,798,137 |

SUPPLEMENTARY INFORMATION

For the period from 1 January to 30 June 2024

1. BREAKDOWN OF NON-RECURRING PROFIT OR LOSS FOR THE CURRENT PERIOD

| Item | RMB Amount |
|---|---------------|
| Profit or loss on disposal of non-current assets, including those charged off for which provision for impairment of assets has been made | 7,480,552 |
| Government grants recognised in profit or loss for the period (other than government grants which are closely related to the Company's business, in line with the national regulations, enjoyed under established standards and have a continuous impact on the Company's profit or loss) | 15,917,310 |
| Other non-operating income or expenses other than the above | (5,652,488) |
| Less: Tax effects | 6,506,850 |
| Effects attributable to minority interests | 12,961 |
| Total | 11,225,563 |

Basis for preparation of the breakdown of non-recurring profit or loss

Under the requirements in Explanatory Announcement on Information Disclosure by Companies Offering Securities to the Public No. 1 - Non-Recurring Profits and Losses (2023 Revision) from the CSRC, non-recurring profit or loss arises from the transactions or events that are not directly related to daily operations, or the transactions or events that are associated with normal operations but may affect users of the financial statements when making proper judgments on the performance and profitability of an enterprise due to their special and incidental nature.

SUPPLEMENTARY INFORMATION

For the period from 1 January to 30 June 2024

2. RETURN ON NET ASSETS AND EARNINGS PER SHARE ("EPS")

The table of return on net assets and earnings per share has been prepared by the Group in accordance with the Information Disclosure and Presentation Rules for Companies Making Public Offering of Securities No. 9 - Calculation and Disclosure of Return on Net Assets and Earnings per Share (Revised in 2010) issued by the CSRC.

| Profit for the reporting period | Weighted average return rate on net assets (%) | Earnings per share | |
|--|--|-----------------------------|-------------------------------|
| | | Basic earnings per share | Diluted earnings per share |
| Net profit attributable to ordinary shareholders of the Company | 3.43 | 0.1288 | 0.1288 |
| Net profit after deducting non-recurring profit or loss attributable to ordinary shareholders of the Company | 3.39 | 0.1272 | 0.1272 |