

# **Guangshen Railway Company Limited**

## **2013 Social Responsibility Report**



2014-03-27

The Board of Directors and Directors of the Company warrant that there are no material omissions from, or misrepresentations or misleading statements contained in this announcement, and severally and jointly accept full responsibility for the authenticity, accuracy and completeness of the information contained in this announcement.

The Board of Guangshen Railway Company Limited

March 27, 2014

# Contents

I. Chairman's statement.....	2
II. General Information on the Company .....	4
III. Corporate governance and honest operation .....	7
IV. Transportation safety and passenger and freight services .....	12
V. Environmental protection, energy saving and emission reduction.....	19
VI. Social welfare and staff rights .....	21
VII. Explanatory notes to the report.....	25

# **I. Chairman's statement**

Dear sirs / madams,

In 2013, the railway reform and development in the PRC turned a new leaf with the smooth reform of separating the railway administration and enterprise functions that marked the finale of organizing and establishing China Railway Corporation. Guangshen Railway deemed the reform as our motivation and proactively and consistently implemented different resolutions of general meetings and board meetings to expedite changes in the our model of operation and development, enhance the organization of passenger and freight transportation, ensure the transportation safety and service quality, attend to staff rights and environmental protection with remarkable results.

In 2013, the Company committed to the economic sustainable development. The Company has fulfilled the responsibilities as a market corporate, improved the standard of passenger transportation services, passenger transportation services, implemented the reform of freight transportation organization, and maintained the growth in the passenger and freight transportation businesses. The Company expanded the coverage of railway operation and services, implemented organization reform of freight transportation and maintained growth in the railway transportation business. The Company expanded the service scope of the railway operations through the diversified operation of diversified use of land along the railway lines, commercial activities in the stations, on-board food and beverages on the high speed railways, and actualized various income-increasing and cost-cutting measures. The Company continued to consolidate the foundation of transportation safety, achieving safe and stable transportation production throughout the year. The Company achieved a passenger delivery volume of 90.96 million persons for the year, a tonnage of freight of 20.34 million tons; operating revenues of RMB15,801 million, representing a year-to-year increase of 4.70%; impacted by increases in costs and expenses, net profits attributable to shareholders of the listed company of RMB1,274 million, representing a year-to-year decline of 3.41%.

In 2013, the Company committed to the social sustainable development. The Company faithfully performed its obligations as a listed company, enhanced the quality of information disclosure, and soundly executed the Company's governance

and internal control. The Company implements a long-term stable cash dividend policy, and the Board recommends payment of a final dividend of 2013 of RMB0.08 per share (tax inclusive), totaling RMB566.68296 million. The Company safeguards staff the interests of the staff and incessantly enhances the working and living conditions of its employees through the commencement of poverty supportive and charity activities. The Company maintains sound communication and cooperation with the regulatory authorities, shareholders and suppliers in order to realize harmonious all-win situations. In 2013, the Company attained a social contribution value per share of RMB1.03, up by 13.19% from the previous year.

In 2013, the Company committed to environmental sustainable development. The Company aligned with the “green and low-carbon” direction of development for the “As-frequent-as-buses” operation of intercity trains and electrification of railway line equipment, maintained the hygiene of the stations and the environment along the railway lines, and implemented greening measures. The Company has replaced the sewage treatment equipment, implemented regulated management of dangerous wastes, minimized energy consumption and pollutant emissions, leading to decreases in the chemical oxygen consumption and sulphur dioxide emission by 13.1% and 17.4% as compared to last year, respectively.

2014 will form the year of profound reform and comprehensive development for the railway industry. The board of directors of Guangshen Railway will strive for the scientific development and harmonious development of the Company as the core objective and effort to build the Company into a railway transportation enterprise that epitomizes safety and controllability, quality service, sound efficiency and scientific management, in order to better reward its shareholders and contribute to society.

Chairman: Li Wenxin  
March 27, 2014

## II. General Information on the Company

### (I) Company profile

On March 6, 1996, Guangshen Railway Company Limited ( “Guangshen Railway” or “the Company”) was registered and established in Shenzhen, the People’s Republic of China (the “PRC”) in accordance with the Company Law of the PRC. In May 1996, the H shares (“H Shares”, share code: 00525) and American Depositary Shares (“ADSs”, ticker symbol: GSH) issued by the Company were listed on the Stock Exchange of Hong Kong Limited and the New York Stock Exchange, Inc., respectively. In December 2006, the A shares (“A Shares”, share code: 601333) issued by the Company were listed on the Shanghai Stock Exchange. In January 2007, the Company used the fund raised from issuing A shares to acquire Guangzhou-Pingshi Railway (Southbound railway in Beijing-Guangzhou line), where the scope of operations expanded from regional railway to being part of the national backbone network, thus improving passenger and freight transportation capacity significantly. The Company is currently the only PRC railway enterprise with its shares listed in Shanghai, Hong Kong and New York.

The Company is mainly engaged in passenger and freight transportation businesses on the Shenzhen-Guangzhou-Pingshi Railway and certain long-distance passenger transportation services, the operation of the Hong Kong Through Train passenger services in cooperation with MTR Corporation Limited. The Company is also entrusted with transportation services for Wuhan-Guangzhou high-speed railway, Guangzhou-Zhuhai intercity railway, Guangzhou-Shenzhen-Hongkong high-speed railway, Guangzhou-Zhuhai railway and Xiamen-Shenzhen railway.

The Shenzhen-Guangzhou-Pingshi Railway, which is operated solely and independently by the Company, is 481.2 kilometers long. It runs vertically through the whole Guangdong Province. Guangzhou-Pingshi Railway is the southern part of Beijing-Guangzhou railway, which is the aortic connecting north and south China. Guangzhou-Shenzhen Railway is strategically located and links with major railway networks in China, including the Beijing-Guangzhou, Beijing-Kowloon, Sanshui-Maoming, Pinghu-Nantou, and Pinghu-Yantian lines, as well as to the Kowloon-Canton Railway in Hong Kong. It is an important component of the transportation network of the southern China, as well as the only railway channel linking Hong Kong with inland China. The Guangzhou-Shenzhen railway is currently

one of the most modern railways in the PRC, as well as the first wholly-fenced railway with four parallel lines in the PRC that allows the passenger trains and the freight trains to run on separate lines.

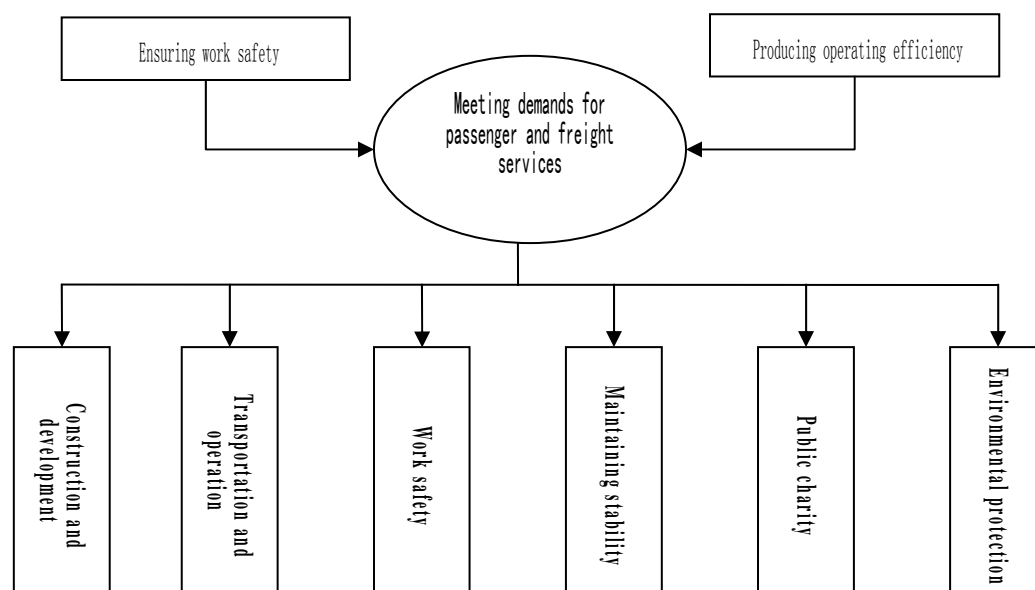
## (II) Management of corporate social responsibilities

### 1. View of social responsibilities of the Company

As a listed company providing railway passenger and freight transportation services, the Company combines business operation closely with the fulfillment of social responsibility. While creating values for shareholders, the Company endeavors to promote sustainable development of economy, society and environment as the overall goal of social responsibility.

The core of the Company's social responsibility is to meet demands for passenger and freight transportation, with the prerequisite of ensuring work safety and producing operating efficiency. There are six components in the Company's social responsibility: responsibility of construction and development, responsibility of transportation operation, responsibility of work safety, responsibility of maintaining stability, responsibility of public charity and responsibility of environmental protection, which interact with each to serve the fundamental goal of satisfying demands for passenger and freight services.

Guangshen Railway's View of Social Responsibility



## **2. Management structure**

Guangshen Railway has preliminarily established a management structure for corporate social responsibilities cored around the Board. The Board of the Company is responsible for decision-making and management in relation to social responsibilities tasks and social responsibilities reports. The headquarters of the Company has set up the consolidated management department, human resources department, operation and management department, financial planning department, audit department and information technology department to be oversee different social responsibilities tasks of the Company, whereas the Board Secretariat is responsible for the summarization and disclosure of social responsibilities information of the Company. Each station and section of the Company has set up specialized department and offices in relation to labor safety, technical application, remuneration and benefits, staff training, health and hygiene to cogently perform the corporate social responsibilities.

### **(III) Honors and awards of the Company**

In 2013, Guangshen Railway has received the following honors and awards:

1. “Top 100 Enterprises in Tax Contribution in Guangdong” jointly assessed by the Guangdong Provincial State Taxation Bureau and Guangdong Provincial Local Taxation Bureau;
2. “Outstanding Enterprise in Promoting Economic Development in Guangdong 2013” and “Top 500 Enterprises in Guangdong Province 2013” jointly assessed by Guangdong Provincial Enterprises Confederation and Guangdong Provincial Entrepreneurs Confederation;
3. “Top 100 Enterprises in Shenzhen 2013” jointly assessed by Shenzhen Enterprise Confederation and Shenzhen Economic Daily;
4. “National Mass Sports Advanced Unit 2009-2012” awarded by the General Administration of Sport of China.



## **III. Corporate governance and honest operation**

### **(I) Corporate governance**

In 2013, Guangshen Railway implemented its corporate governance system and enhanced the regulated operation of general meetings, board of directors, supervisory committee and management. In 2013, the Company held 2 general meetings, 8 meetings of the board of directors, 4 meetings of the supervisory committee and 6 meetings of the audit committee in total, at which 61 resolutions were passed. 31 working meetings of the general manager were held, at which 64 agenda were passed upon discussion.

For details of corporate governance, directors, supervisors, and senior management, please refer to the 2013 annual report of the Company.

### **(II) Internal control**

As a company listed in three markets, the internal control works of Guangshen Railway not only have to comply with the requirements of Section 404 of Sarbanes-Oxley Act (SOX404) of the United States, but must also comply with the requirements of the Basic Regulations on Enterprise Internal Control and Implementation Guidelines for Enterprise Internal Control jointly promulgated by five departments of the PRC. To fulfill the requirements of regulatory authorities in relation to internal control, the Company has integrated the relevant requirements of the Basic Regulations on Enterprise Internal Control and Implementation Guidelines for Enterprise Internal Control with the foundation of complying with the regulations of SOX404, in order to commence internal control construction and assessment works in a targeted manner. The Company conducted internal control tests and internal audits on a regular basis and has established a relatively comprehensive internal control assessment system.

For details of internal control of the Company, please refer to the 2013 annual report, and the internal control assessment and audit report of the Company for 2013.

### **(III) Anti-corruption and honesty promotion**

To reinforce education of party conduct and honest politics, the Company has held the twenty second “Discipline Education Month” during which judges of the intermediate people's court of Shenzhen Municipal were invited to speak on the seminar themed on the prevention of work-related crimes.

**Anti-corruption, Anti-fraud and Reporting Procedures of the Company**

<b>Provisions and requirements</b>	<b>Preventive measure and implementation and supervision procedures</b>	<b>Reporting procedures</b>
Notice on the National Discipline Inspection and Supervision System to Carry out Membership Card Special Return issued by Central Commission for Discipline Inspection	Officers of the Company’s discipline inspection and supervision cadres have signed report of no possession of membership card	
Notice on Self-examination and Self-rectification of Prominent Honesty and Self-discipline Issues of Companies	Leading officers, middle-level management officers and key-position employees of the Company and all direct reporting units have completed the Checklist of Self-inspection as required	Turn-in procedures for illegal funds and informant hotline number were announced
Notice on Further Implementation of Mechanism of Prevention and Punishment for “Small Exchequer”	Strict execution of liability system in respect of various measures of “Small Exchequer”	Hotline telephone number, fax and email for reporting “Small Exchequer”
Employee Manual, Code of Professional Ethics and Conduct for Senior Management and the Trial Regulations on Anti-fraud Work of the Company	Senior management and key position employees of the Company have signed the relevant declaration for the year	

In 2013, there was no completed litigation case of corruption against the Company or its employees.

#### **(IV) Honest operation**

The Company is committed to honest operation, distribution of cash dividend, creation of value for shareholders, incessant enhancement of information disclosure quality, reinforcement of investor relationship management and regulation of corporate image management.

##### **1. Dividend distribution**

The Company adopts the policy of long-term and stable cash dividend distribution to create value for shareholders. From 1996 to 2012, the Company has distributed accumulated cash dividends of RMB8,843 million (tax inclusive), representing a dividend rate of 58%. The Board recommended the payment of a final dividend for 2013 of RMB0.08 per share, totaling RMB566.68296 million.

##### **2. Information disclosure**

The Company highly stresses the work of information disclosure and has amended the information disclosure systems such as the Management Method of Disclosure of Information, the System for the Management of Inside Information and Insiders and the Management Method of Disclosure of Information on Corporate Debts and Financial Tools. The Company has advanced the disclosure of digitalized information and proactively announced information through the HKExnews website of Hong Kong Stock Exchange, the Company Business Management System of Shanghai Stock Exchange and the website of the Company to enhance the efficiency and confidentiality of information disclosure. The Company has aggressively promoted the application of XBRL, or eXtensible Business Reporting Language to facilitate the timely and fast receipt and analysis of data at low costs by investors, and has been praised by the testimonial letter from the Accounting Department of the Ministry of Finance. The Company has reinforced the awareness for proactive information disclosure and has timely made indicative announcements on the price adjustments for railway freight transportation and changes in the largest de facto controller to enable the timely understanding of the Company's affairs by the shareholders and investors.

In 2013, the Company has made 85 regular and extraordinary announcements on the domestic and overseas markets. For details, please refer to the website of Shanghai Stock Exchange ([www.sse.com.cn](http://www.sse.com.cn)), the HKExnews website of Hong Kong Stock Exchange

([www.hkexnews.hk](http://www.hkexnews.hk)) and the website of the Company ([www.gsrc.com](http://www.gsrc.com)).

### **3. Investor relationship**

In 2013, the Company has implemented the Investor Relationship Management System in the proactive effort of commencing investor relationship management. In March and August 2013, the Company has held 2 global teleconferences at the headquarters in relation to the publication of annual results and interim results. The Company has zealously expanded the internet exchange platform to provide a strong foundation for investor relationship management, perfected the relevant information of the Company on the e-interaction platform of Shanghai Stock Exchange and the Investors Relation Interaction Platform of Shenzhen Stock Exchange, whereas senior management of the Company has taken part in the online collective reception day event for listed companies in Shenzhen to exchange and interact with investors through the internet and has responded to a total of 52 hotspot questions, expanding the communication with small to medium investors in real terms. The Company has received 40 investor visits, participated in 4 large-scale investment conferences, responded to 20 investor emails and received over 200 investor telephone calls during the year.

### **4. Corporate image**

In response to the needs of freight transportation organization reform, the Company has timely built and enhanced the image of its freight transportation service through organizing, designing and developed the Corporate Image Management Manual for Identification and Guidance of Freight Transportation System to further step up the corporate image management system. The Company has also made the *Shenzhen East Station* catalogue to further exhibit the sound image of passenger transportation services for the purpose of enhancing the Company's marketing efforts for passenger transportation.

### **5. Cooperative development**

In 2013, in the process of fulfilling its corporate social responsibilities, Guangshen Railway has taken the coordinated economic, social and environmental development as its target, and has strived to work and communicate with different stakeholders for achieving mutual benefits, endeavored to repay them with its results of development, thereby achieving all-win harmony.

**The Company and regulatory authorities:** the Company has complied with the requirements of domestic and overseas regulatory authorities in devotedly fulfilling the obligations of the listed company. The Company has executed various technical specifications and

standards of the railway industry to ensure safe transportation. The Company has operated in compliance with the laws, regulated the contract management, and entered into 1,201 economic contracts during the year. The Company has paid taxes in accordance with the laws, carried out the change from business tax to value-added tax, and created tax revenue in the amount of RMB985.62 million to the nation.

**The Company and shareholders:** the Company has proactively established operating results and implemented long-term stable cash dividend distribution to reward the shareholders. The board of directors recommended the distribution of final dividend for 2013 of RMB0.08 per share (tax inclusive), totaling to RMB 566.68296 million.

**The Company and debtors:** the Company has amended the Management Method of Disclosure of Information on Corporate Debts and Finance Instrument, soundly carried out the information disclosure related to the mid-term notes, and timely paid the interests of the mid-term notes. In 2013, interests paid by the Company in respect of the mid-term notes amounted to RMB167.650 million. Currently, the Company has no long-term debts, and maintains sound business relationships with banks.

**The Company and suppliers:** the Company has strictly executed the Management Method of Procurement by Tender, and Management Method of Procurement Not by Tender, and organized 55 procurement or negotiation projects during the year. In 2013, the Company maintained sound cooperation with a total of 63 suppliers, including 32 suppliers from within the Guangdong Province and 31 from outside the Guangdong Province.

## **IV. Transportation safety and passenger and freight services**

### **(I) Transportation safety**

Guangshen Railway takes the safety of railway transportation as the most important social responsibility, firmly establishes the philosophy of safety development, incessantly consolidates the foundation of transportation safety, increases the investments in safety issues, and ensures the safety and smooth running of the railway passenger and freight transportation. In 2013, the Company achieved No Responsibility General Level B and above.

#### **1. Line safety**

The Company has advanced the implementation of standardized safety management, accelerated the upgrade and reconstruction of running equipment, commenced safety inspection and supervision for rail line equipment, fire prevention equipment and construction works, and carried out special inspection for the spring season and flood prevention period. The Company has stepped up repair and maintenance of roadbeds, frogs, bridges, culverts and subways, commenced special treatment for signal equipment and focused repair of power supply equipment in order to ensure the safety of lines.

In 2013, the lines of Guangshen Railway were subject to the force of 12 incidents of sustained heavy rain and 4 strong typhoons, 29 incidents of floodings and 9 incidents of service interruption. The public works department of the Company has initiated the contingency plans and implemented the system of anti-flood on-duty, stationing and patrolling, and proactively conducted emergency repairs, successfully ensuring the safety of train running.

#### **2. Personal safety**

The Company has reinforced the safety inspection at the passenger stations, installed large-size inspection devices and portable inspection devices in order to block the entry of dangerous items into the stations. The Company has created a safety outbound travel environment for the passengers through fire-prevention and food hygiene inspection, as well as cooperation with the curb of illegal railway activities of the public security department. The Company has secured protective measures for the off-road staff along the rail lines with the installation of barrier walls of 2,022 meters, new installation and increase of height of fencing of 25,965 meters, new installation and increase of height of enclosing walls of 6,424 meters, and installing razor barbed

wire nets of 13,319 meters.

**Statistics of dangerous articles uncovered at key passenger transportation station of  
Guangshen Railway in 2013**

<b>Name of station</b>	<b>Guangzhou station</b>	<b>Guangzhou East station</b>	<b>Shenzhen station</b>	<b>Subtotal</b>
<b>Quantity of dangerous articles uncovered (pieces)</b>	74560	61551	45973	182084

In respect of staff personal safety, all transportation stations and sections of the Company have vigorously promoted the standardization of operation, and stipulated and implemented various professional rules and regulations. The Company has determinedly organized the safety education and training of its staff, established the “safety alert office” for the locomotive depots, safety promotion board and other educational facilities. The Company has also distributed safety and protective items to its staff, visited and consoled front line production staff and created a safe production environment for its staff.

In 2013, there were 2 cases of work-related casualties (accounting for 0.0054% of the total employee number) within the channels of the Company, 9 cases of work-related injuries, resulting in an accumulated loss of 983 working days.

### **3. Safety technologies**

In 2013, Guangshen Railway assigned capital in the purchase and application of science and technology equipment for railway safety in order to enhance the capability of the equipment in ensuring safety:

(1) the Company has constructed locomotive and CRH simulator system at the Shaoguan inspection and repair depot in Guangzhou locomotive depot. As at December 2013, 200km/h of stage one internal training for simulative driving was completed;

(2) the Company has purchased truck rivet equipment for 70T, rivet device for chassis base for 70T, locomotive door installing and uninstalling machines, fully automated bearing lubricating machines and other locomotive inspection equipment to significantly enhance the standard of inspection and repair and fault handling capability for the locomotives and lower the labor level of the inspection and repair staff.

(3) the Company has updated 142 central processing unit and auxiliary equipment at the

train rear at Jiangcun station, lowered the breakdown rate of the train rear devices, reduced the costs of repair, minimized the labor level of the repair and organizational staffs, and enhanced the turnaround of the trucks;

(4) the company has completed the update of the hump decelerators at Jiangcun station, effectively reduced the speeding default of the locomotives, enhanced the on-site operating efficiency, and ensured the safety of the staff;

(5) the Company replaced 114 faulty lightning protection components along the rail lines, and installed 4 lightning towers to effectively enhance the lightning protection capability of the rail lines;

(6) the Company has upgraded the micro-computer monitor system of the Guangzhou-Shenzhen line that provided additional alarm function to accurately uncover the defaults and hidden issues of the signaling equipment to effectively lower the breakdown rate of the signaling equipment;

(7) the Company has constructed the centralized production and operation management system for passenger transportation at Shenzhen station and the integrated commanding center of Guangzhou station that incorporated the functions of broadcasting, guidance, video monitor, network information, within-station coordination and other functions to effectively enhance the integrated management capability of the large passenger transportation stations.

(8) the Company has constructed the centralized recording and monitoring management system to monitor the joint control of the stations along the rail lines and give feedbacks and analyses on a real-time basis in order to effectively enhance the quality of train coordination recording and promote the standardization of joint control languages.

#### **4. Other service responsibilities**

The Company has opened the 12306 platform, the Company website, work style monitor hotline and other handling channels to receive and to timely handle and respond to complaints and recommendations from passengers and freight owners. The Company emphasized the protection of passenger privacy and encrypted the identity information on the passenger tickers with two dimensional encoding, and soundly safe kept the ticketing records and handled the returned tickets. The Company has complied with the requirements related to the protection of intelligent properties and has completed the assessment and approval of 16 scientific items in 2013, whereas computer equipment newly installed by the Company was all pre-installed with genuine systems



and software.

## **(II) Passenger and freight services**

### **1. Upgrade and reconstruction**

In 2013, the Company accelerated the upgrade and reconstruction of running equipment with a focus on the steel tracks, frogs, electric catenaries and other equipment of the south-bound lines of the Guangzhou-Pingshi section of Beijing-Guangzhou line to ensure the quality of the equipment and facilities, enhance the safety of the equipment, and promote the productivity. The Company has completed 1018 major repair projects for locomotives, vehicles, lines, power supply equipment and other equipment and 579 investment projects during the year.

Locomotives – completed major repair of 86 locomotives; completed construction of auxiliary garage for electric trains, purchase of 600V loaded test bench to enhance the capability of inspection and repair; installed fire prevention and alarm devices for 90 electric trains to enhance safety.

Vehicles – completed level 4 repair of 4 CRHs, major repair of 153 passenger vehicles; completed the installation of air-conditioner and reconstruction of 45 25B non-air conditioned passenger vehicles; completed the upgrade and reconstruction of audiovisual systems of 20 CRHs.

Rail line – completed major repair and replacement of 166 frogs, 94.88 km of steel rail, 11 km of flex abrasive rail and 3760 bridge sleepers.

Power supply equipment – completed 57 investment projects including the reconstruction of electric catenaries, reconstruction of power supply equipment, and reconstruction of power sources.

### **2. Passenger transportation business**

In 2013, Guangshen Railway achieved a passenger delivery volume of 90.96 million persons, and generated revenue from passenger transportation business of RMB8,058 million. As at December 31, 2013, the Company operated 229 pairs of passenger trains, including 105 pairs of Guangzhou-Shenzhen intercity trains, 13 pairs of Through Trains, and 111 pairs of long-distance trains on a daily basis.

#### **(1) Enhancement of passenger transportation capability**

Shenzhen East station invested and constructed by the Company commenced operation in December 2012 and 7 long-distance passenger trains successively departed from the station in 2013 that delivered 1.995 million passengers, effectively boosting the long-distance passenger transportation capability of the Company. The Company increased the running frequency of the Guangzhou-Shenzhen intercity CRHs to enhance the transportation capacity of the Guangzhou-Shenzhen line, resulting in improved passenger satisfaction and a steady rebound in the passenger flow of the Guangzhou-Shenzhen line. The Company has added extraordinary runs of passenger trains during the spring season and improved the sales of group ticket, which was paralleled by the proactive organization of the running of CRHs receiving long-distance passengers transiting to the Guangzhou-Shenzhen line after the spring season.

## **(2) Enhancement of service environment**

The Company has invested in the reconstruction of the passenger transportation facilities and environment at the Guangzhou station, Guangzhou East station, Shenzhen station, Xiaoguan East station and Pingshi station to further enhance the service image of the stations, while at the same time actively coordinating with the local governments to step up the surrounding auxiliary facilities. Some of the Company's passenger transportation stations have newly installed cleaning kit box to facilitate regular cleaning on the ground and in the air. During festive seasons and holidays, the waiting rooms and the station lobbies were decorated to create a clean and warm transportation environment to the travelers. The Company has adopted a number of measures to enhance the transportation environment for the travelers, including the air-conditioner reconstruction of non-air conditioned passenger vehicles, installation of fixed seats at the dining cart of the long-distance trains, upgrade of the audiovisual systems on the CRHs, and the installation of compressor on internal combustion vehicles for passenger transportation to prevent exhaust fume from entering the train carts.

During the spring season in 2013 (January 26 to March 4, 2013), the Company targeted at "ensuring safety, highlighting the key points, attaining stability and order, and providing convenience" in the enhancement of service quality and creation of a harmonious spring season, satisfied the transportation needs of the people to the greatest extent and completed the spring season tasks safely and smoothly. During the spring season, Guangzhou station, Guangzhou East station and Shenzhen station achieved a passenger delivery volume of 3.999 million persons, 3.235 million persons and 3.764 million persons respectively.

## **(3) Innovative service model**

The Company further perfected the operation model of "as frequent as buses" operation of

Guangzhou-Shenzhen CRHs, providing more convenient and speedy travelling experience for travelers purchasing their tickets online or travelling with Guangzhou-Shenzhen intercity financial IC cards.

In 2013, the Company vigorously conducted the repair and management of automatic ticket selling machines and automatic ticket inspection machines of the Guangzhou-Shenzhen intercity railway, which has in turn enhanced the rate of utilization of the automatic ticket selling machines and effectively lowered the rate of breakdown of the inspection machines. As at the end of 2013, a total of 161 automatic ticket selling machines and 146 automatic ticket inspection machines have been installed. The Company has newly installed 199 internet ticket printing machines at the passenger transportation stations along the Guangzhou-Shenzhen line to enable passengers purchasing their tickets online to collect the tickets through the machines with the second-generation citizen identity card. Through forceful promotion of the Guangzhou-Shenzhen intercity financial IC cards, the Company has issued 1.08 million cards on an accumulative basis by the end of 2013, and completed 973,000 transactions for the year. The Company implemented the phase two reconstruction for the Guangzhou-Shenzhen intercity financial IC cards, installing 8 self-service seat reservation terminal and 12 self-service ticket printing terminals for travelers travelling with the financial IC cards along the passenger transportation stations along the Guangzhou-Shenzhen line, with the aim of the demand for seat reservation and ticket printing of the users of financial IC cards.

### **3. Freight transportation business**

In 2013, Guangshen Railway achieved freight transportation tonnage of 20.34 million tons and revenues from freight transportation of RMB1,603 million. The Company implemented the organization reform of freight transportation, under which the freight transportation center in Guangzhou was set up with the service commitment of “simplified procedures, immediate processing, standardized charges, and warm services” to the freight owners, whereas numerous dispatch channels such as internet, telephone, operation counter and on-site visits were available to the freight owners through the 12306 service platform, through which the freight owners could also receive responses to enquiries and solutions to complains. The Company highlighted the investments in the reconstruction of warehouses in Dalang and Pingshi with the re-leveling of the site grounds, repair of the depots and warehouses, construction of the coordination information system for freight transportation, and the establishment of the warehouse in Dalang as the exemplar of standardized warehouse for the entire railway. In June 2013, the Company timely adjusted the rate of freight and miscellaneous charges, rate of loading and unloading and discount items on freight charges in accordance to the demand of the freight market within the channels to boost its marketing efforts, leading to a rebound in the freight delivery volume.

#### **4. Network usage settlement and transportation services business**

Guangshen Railway provides network usage settlement services mainly covering locomotive traction, track usage, vehicle coupling and electric catenary, and also provides railway operation services for passenger and freight transportation to the Guangdong section of Wuhan-Guangzhou High-speed train, Guangzhou-Shenzhen-Hong Kong High-speed train, Guangzhou-Zhuhai Intercity Railway, Guangzhou-Zhuhai Freight Transportation Railway, and Xiamen-Shenzhen Railway. To excel in the provision of operating services to Xiamen-Shenzhen Railway, the Company has built Shenzhen North station and the power supply section in Shenzhen to step up the allocation of transportation resources. In 2013, the Company generated revenue from network usage settlement and other transportation services business amounting to RMB5.035 billion, accounting for the most important part of the operating revenue of the Company.

#### **5. Other businesses**

In 2013, the Company adhered to the development strategy of diversified operations through the persistent exploration of other businesses including repair of trains, sale of goods, on-board food and beverages, and loading and unloading, realizing a revenue of RMB1,104 million. The Company assertively advanced the operation transformation of Sungang East warehouse, stepped up the disposal of idle assets and lands along the rail lines, and commenced the development, utilization and joint operation of the reserved site of Shenzhen Railway Container Center and the site of Shipai warehouse. The Company has carried out commercial development for the passenger transportation auxiliary premises of Shenzhen East station and Dongguan station through the introduction of branded enterprises, in order to promote the development of the integrated residential and commercial project complementary to Shenzhen East station. The Company has also fully leveraged on the resource advantages of being the CRHs of Beijing-Guangzhou high-speed rail and launched food and beverages more adapted to market demand, with the aim of stimulating the growth of the on-board food and beverage business.

## **V. Environmental protection, energy saving and emission reduction**

### **(I) Environmental protection**

The Company placed great emphasis on environmental protection in maintaining the hygiene of the environment of the stations and along the rail lines through updating the sewage treatment facilities and advancing the regulated management of dangerous wastes. Its major measures included:

Environment along the rail lines – organized staff cleaning up of ditches, weeds and white garbage along the rail lines, maintained the greenery belts along the rail lines, and installed whistle limiting devices on the locomotives to minimize the noise pollution along the rail lines.

Environment in the stations – some of the large stations of the Company have been equipped with garbage pressing and processing facilities, advanced sweeping machines to carry out ground cleaning, and waste separation bins in the waiting rooms, station lobbies and platform to maintain the cleanliness and tidiness of the station environment.

Environment of servicing depots – the servicing depots of the Company have installed sewage suction equipment for the CRHs and vacuum sewage discharge systems for the ground and platform, and engaged professional companies to transfer and treat dangerous wastes. A total of 285.78 tons of dangerous wastes have been transferred during the year.

Sewage treatment – the Company has updated and reconstructed the sewage treatment equipment of Jishan sewage treatment plant to maintain the normal operation of the environmental protection facilities and to ensure compliant sewage discharge.

### **(II) Energy conservation and emission reduction**

In 2013, the Company has utilized different energy conservation equipment and technologies, commenced promotion programs for energy saving and emission reduction, strictly controlled the use of vehicles, implemented energy saving competition and assessment for locomotive transit operators, lowered the unit consumption of the internal combustion locomotives, and adopted the centralized heating method to reduce the energy consumption and emission of boilers. The

Company continued to capitalize on the online office system to commence paperless office through which over 39,000 pieces of messages have been transmitted and 4,968 documents and notices have been published, equivalent to a saving of over 200,000 pieces of office-use paper.

The power consumption and emissions of the Company in 2013 are given in the table below:

**Statistics of power consumption and emissions of Guangshen Railway**

<b>Item</b>	<b>2012</b>	<b>2013</b>	<b>2013 compared 2012</b>
<b>Fuel of internal combustion locomotives (ton)</b>	49,619.3	49,549.6	-0.14%
<b>Electricity consumption of electric locomotives (including CRHs) (kilo kilowatt hour)</b>	597,925	614,013	+2.69%
<b>Water consumption (kiloton)</b>	5,470	5,760	-5.30%
<b>Sulfur dioxide (SO<sub>2</sub>) (ton)</b>	2.3	1.9	-17.39%
<b>Chemical oxygen demand (COD) (ton)</b>	57.9	50.3	-13.13%
<b>Industrial waste water emission (ten thousand tons)</b>	126.27	128.63	+1.87%

## VI. Social welfare and staff rights

### (I) Social welfare

In 2013, in the commitment to social welfare matters, the Company has adopted numerous measures to help employees in distress, and carried out charity donations and promotion. The Company has completed the annual assessment of employment of disabled employees of 2013 in due course, visited 6,699 person-times of employees in distress, and assisted a total of 7,614 person-times of employees using the welfare fund of the railway industry, company distress relief fund and company serious sickness fund. In 2013, the employees of the Company have donated RMB2.342 million to the welfare fund of the railway industry, and donated RMB528,000 for the public welfare activity of “Guangdong to Help the Poor Day”. The Company has commenced railway safety, environmental protection, AIDS prevention, against narcotics and other public welfare promotion at the passenger stations, passenger trains and regions along the rail lines, and coordinated young volunteers and community volunteers to provide guidance to the passenger mass, which was warmly received by the passengers.

### (II) Staff rights

Guangshen Railway stresses the protection of staff rights and enhancement of development of the staff team. As at December 31, 2013, the Company had a total of 36,880 employees (same period last year: 34,573 employees). Details are set out in the table below:

Item	Number of employees in 2012	Number of employees in 2013
Total number of employees (persons)	34573	36886
By gender		
– Male	26973	28901
– Female	7600	7985
By age		
– Under 30	9306	11136
– 30 - 40	7415	7387
– 40- 50	13054	13146
– Above 50	4798	5217
By region		

– Shenzhen (by location of the premises)	2036	2807
– Other regions (by location of the premises)	32537	34079
By job nature		
– Transit operation	14583	15583
– Depot	4302	4602
– Vehicle driving	2850	2950
– Public works	3711	3911
– Power works	1373	1473
– Power and water supply	1762	1962
– Building construction	1037	1037
– Different operations and other subsidiaries	222	222
– Technical and administration	4173	4349
– Other	560	797
By education		
– Postgraduates and above	72	84
– Undergraduates	2101	2301
– Special training and others	32400	34501

The Company has not employed any child labor or forced labor.

### **1. Remuneration and benefits**

The Company has stringently complied with the Labor Contract Law to protect the legal rights of its staff, regulate the management of labor contracts, timely handle labor disputes and seek the opinion and recommendations from its staff. The Company has stepped up the management of remuneration budget, enhanced the income distribution system, and implemented performance-based assessment to initiate the motivation and creativity of its staff. The Company has established the system of steady salary increment, under which the Company has adjusted the salary by position and salary by experience with a bias towards the front line staff. The Company has made full contributions to various social insurances and housing provident fund for its employees, and has implemented the employee leave system. The Company has complied with the relevant laws and regulations. The dismissal of employees and severance of employment were compliant with the requirements of the relevant labor laws and regulations, and in 2013, the Company has 11 employees dismissed and 37 employees resigned, accounting for 0.13% of the total number of employees of the Company.



## **2. Staff development**

The Company has continuously enhanced the quality of its staff and commenced professional training and assessment of skill qualifications. In 2013, the Company has engaged 1,915 graduates, including 1 doctorate postgraduate, 14 master graduates, 149 undergraduates, and 1,751 graduates of tertiary (vocational) colleges to build its pool of human resources. The Company has organized 455,766 man-times of training in total, with the rate of employment with certificates being 100%. The Company encouraged the participation of key-position employees in academic education and off-job learning, with numerous employees being awarded in different technical competitions and the integrated occupational capability being continuously enhanced. In 2013, the Company had 114 employees having passed the technical qualification assessments, of which 11 were of senior level, 50 of intermediary level, and 53 of junior level.

## **3. Improvement of production and living conditions**

The Company strived to improve the production and living conditions of its employees in alignment with its people-oriental philosophy. During the year, the Company has completed the reconstruction of 1,384 single dormitories and 10 staff canteens, effectively improving the board and lodging conditions of the staff along the rail lines. The Company has reconstructed the badminton court at Sungang warehouse, the staff art and cultural activity room at Guangzhou station and Guangzhou passenger transportation section, Pinghu South badminton stadium and the basketball court of Shaoguan repair depot, with the aim of providing more cultural and sports facilities to the employees along the rail lines. The Company has reconstructed the dining facilities on the locomotives including installation of electric kettles, microwaves, on-board refrigerators and other dining equipment for the transit operators to significantly enhance the dining conditions of the transit operators. To improve the hygiene conditions for female transit operators of passenger trains, the Company has installed hygiene and care facilities equipped with water filter, sanitation and heating functions on 110 long-distance air-conditioning over-night trains. The Company has installed ventilation facilities in the auxiliary inspection and repair depot in Guangzhou North vehicle section, with significant results in reducing the particles and temperature level and great improvement to the air quality and temperature in the working environment, greatly lowering the rate of work-related disease of the employees in the inspection and repair depot. The Company has reconstructed the washing center in the servicing depot of Guangzhou passenger transportation section through the installation of automatic washing and drying equipment to significantly lower the level of labor of the workers and improve the working environment. The Company has also distributed safety and protective items and provided anti-heat and cooling items to its front line staff.

In 2013, the Company has arranged for 20,544 person-times of health check for employees in all transportation stations and sections, given vaccination to 3,785 employees, and provided sick leave of 4,215 person-times.

#### **4. Cultural life**

In 2013, the Company has commenced a wide variety of cultural and sports activities, establishing a sound corporate environment. The Company has held a New Year party, organized hill trekking activities, and successfully held the eleventh staff sports festival with more than 2,000 staffs from 24 units of the Company competing in 11 sport events including badminton, tennis, angling and tug-of-war etc.

## **VII. Explanatory notes to the report**

### **(I) Scope of the report**

Unless otherwise specified, all the data and information in the report comes from Guangshen Railway and its stations and sections. Unless otherwise specified, this report mainly covers passenger and freight transportation operation and the economic, environmental and social work activities of various operations and businesses carried out by Guangshen Railway from 1 January 2013 to 31 December 2013, whilst brief review of relevant activities held in the past is also provided. Unless otherwise specified, the financial data in the report adopts RMB as currency used.

### **(II) Data collection**

Guangshen Railway sent out questionnaires to each department and unit through our internal office network to fully collect the data and information regarding its fulfillment of corporate social responsibility to realize “paperless” processing.

This report aims at fully reflecting the work conducted by the Company in fulfilling its corporate social responsibility. The Company will continue to refine and improve information disclosed and format of this report in future, and will issue a new social responsibility report on a yearly basis.

### **(III) Basis of preparation**

This report complies with the requirements set out in “Preparation Guidelines of ‘Report on Fulfilling Social Responsibilities by a Company’”, “Manuscript of Review Work of ‘Report on Fulfilling Social Responsibilities by a Company’”, “Notice on Reinforcing Listed Companies to Fulfill their Social Responsibilities and Releasing ‘Disclosure Guidelines on Environmental Information of SSE Listed Companies’” issued by the Shanghai Stock Exchange (SSE), and Appendix 27 of the Listing Rules of Hong Kong Stock Exchange “Environmental, Social and Governance Reporting Guide”, and has taken into consideration the GRI Guideline 2002 Chinese, a set of sustainability reporting guidelines issued by Global Reporting Initiative (GRI) when finalizing the contents in the report.

This report is available in Chinese and English languages. In case of discrepancies, the

Chinese version shall prevail.

#### **(IV) Social contribution value per share**

Pursuant to the Notice on Reinforcing Social Responsibilities of Listed Companies and Releasing Disclosure Guidelines on Environmental Information of SSE Listed Companies, and Guidelines on Preparing Report of Companies Fulfilling Social Responsibilities issued by the Shanghai Stock Exchange, Guangshen Railway continued to disclose the social contribution value per share and the calculation parameters. In 2013, the Company created social contribution value per share of the Company of RMB1.03 (2012: RMB0.91/ per share), including earnings per share attributable to the shareholders of RMB0.18, added-value per share attributable to society of RMB0.85 (Annual tax income attributable to the nation RMB985.62 million + Expenses paid for employees RMB4,443.38 million + Interests paid for mid-term notes issued RMB167.65 million + Value created for other interested parties (such as environmental protection and greenery, material investments in running safety) RMB559.68 million - Pollution costs calculated on the basis of pollution discharge fees and cleaning fees etc. RMB102.64 million) / Total number of shares (7,083,537,000 shares).

#### **(V) Contact details**

Address: Board Secretariat, Guangshen Railway Company Limited, No. 1052 Heping Road, Shenzhen

Postcode: 518010

Telephone: +86-755-25588150

Fax: +86-755-25591480

Email: ir@gsr.com