

Guangshen Railway Company Limited

2014 Social Responsibility Report

March 26, 2015

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

The Board of Guangshen Railway Company Limited

26 March 2015

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I. Chairman's statement

Dear sirs / madams,

Guangshen Railway Company Limited (hereinafter “Guangshen Railway” or the “Company”), as a railway transportation company publicly listed in Shanghai, Hong Kong, as well as New York, does not only carry the responsibilities for the passenger and freight transportation operations of the Shenzhen–Guangzhou–Pingshi railway sections and the Guangzhou-Kowloon Through Train transportation business, but also provides railway operation services for the Wuhan-Guangzhou High-speed Railway, the Guangzhou–Zhuhai Intercity Railway, the Guangzhou-Shenzhen-Hong Kong Railway, the Guangzhou-Zhuhai Railway, the Xiamen-Shenzhen Railway, and the Ganzhou-Shaoguan Railway. The Company is an important link in the railway transportation network across the nation. With the development in its operation, the Company gradually plays a more significant role in the economic development, the cultural and educational exchanges, and social progress of the Pearl River Delta and the Southern China regions. It has built a closer relationship with its 350,000 plus shareholders, 37,000 thousand plus employees, an annual passenger volume close to 100,000,000 passenger-trips per year, owners of cargo payloads in the tens of millions of tons, numerous railway equipment service providers, and various levels of governments and supervisory authorities. The achievements of the Company from business development cannot be achieved without the strong support of all our shareholders and various sectors of the society, as well as the concerted efforts of the Company's management team and all of our colleagues. For all that, and on behalf of the Board, I would like to express our sincere gratitude!

In 2014, in response to market needs and operational difficulties, the Guangzhou-Shenzhen Railway executed the logical decisions approved in the general meeting and Board meetings, and made proactive efforts in fulfilling our corporate social responsibilities and all items of work progressed smoothly. The Company transported 90.11 million passengers, and 18.32 million tons of goods. It achieved an operation revenue of RMB14.801 billion, with a 6.33% reduction year-on-year, which

was affected by the policy of substituting business tax with value-added tax as well as a decrease in revenue. Its net profit attributable to shareholders was RMB 662 million, with a year-on-year decrease of 48.03%. The Company persists in putting safety as its first priority, and successfully achieved the annual transportation safety target. The Company implemented infrastructural revamp, elevated passenger and freight service quality and continuously expanded the passenger and freight markets. The Company standardized its governance practices, enhanced the quality of information disclosure to protect shareholders' interests. The Board recommends the payment of a final dividend of RMB0.05/share (tax inclusive) for the year 2014, totaling RMB354,176.85 thousand. The Company protects employee benefits by continuously improving their production and living conditions, and at the same time launches programs to help the poor and participates in public welfare activities. The Company is committed to development with environmental sustainability, and has implemented energy saving, emission reduction and environmental protection measures in its stations and along the railway lines. In 2014, the Company achieved a social contribution value of RMB1.01/share.

Looking ahead in 2015, the Company will adhere to our motto of the modern railway: "optimize railway with safety and quality for a strong nation". It will adapt to the new norm of socio-economic and railway industry's developments, and proactively pushed forward the "five developments":

1. Fortification of the foundation of safety in development - The Company will establish the Guangzhou-Shenzhen railway as a "safety and quality yardstick", and strive to achieve its facilities' quality targets, safety management targets, on-site operational targets, team quality targets, and work place environmental targets.

2. Coordination of resources to achieve sustainable development - The Company will coordinate resources in transportation and construction to ensure they are in sync. Assets and human resources must also be coordinated with emphasis on enhancing return on assets rates and labor productivity. Resources of the transportation and non-transportation industries are to be coordinated to achieve synchronous development.

3. Reinforcement of reforms to achieve leadership in development - The

Company will reinforce reforms in passenger and freight transportation to further enhance the intelligence, refinement, and innovation of train operation, passenger flow, and ticketing organization.

4. Fortification of management to achieve sound development - The Company will pay attention to the sustainability of management system, take steps to regulate business practices and strengthen refinements in management, so as to uplift transportation efficiency and effectiveness.

5. Capturing of business opportunities to achieve speedy development. The Company should proactively develop the railway operational services by seizing the upcoming opportunities, including the openings of the Nanning-Guangzhou and Guizhou-Guangzhou Railways, the increase in train speed of the Guangzhou-Shenzhen railway, and the opening of the Chaozhou-Shantou EMU line with the joint effort of the Guangzhou-Shenzhen and Xiamen-Shenzhen railways. These opportunities should be fully utilized by strengthening passenger transportation and improving the construction of production and supporting facilities so as to lay a solid foundation for accelerated development.

The Company will persist in the amalgamation of business development and fulfilment of social responsibilities. While creating value for the shareholders, the Company is also committed to achieving the targets of the overall social responsibility through promotion of socio-economic environment and sustainable developments.

Chairman: Wu Yong

26 March 2015

II. General Information on the Company

(I) Company profile

On 6 March 1996, the Guangshen Railway was registered and established in Shenzhen, the People's Republic of China (the "PRC") pursuant to the Company Law of this country. 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 the Guangzhou-Pingshi Railway (Southbound railway in the Beijing-Guangzhou line), and the scope of its operations expanded from a 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 the passenger and freight transportation businesses on the Shenzhen-Guangzhou-Pingshi railway, long-distance passenger transportation services, and the operation of the Hong Kong-Guangzhou Through Train passenger services in cooperation with Hong Kong's MTR Corporation Limited. The Company is also entrusted with transportation services for the Wuhan-Guangzhou High-speed Railway, the Guangzhou-Zhuhai Intercity Railway, the Guangzhou-Shenzhen-Hongkong High-speed Railway, the Guangzhou-Zhuhai Railway, the Xiamen-Shenzhen Railway and the Ganzhou-Shaoguan Railway.

The Shenzhen-Guangzhou-Pingshi Railway, which runs 481.2 kilometers vertically through the entire Guangdong Province, is operated solely and independently by the Company. The Guangzhou-Pingshi portion is the southern part of the Beijing-Guangzhou railway, which is an aorta connecting northern and southern China. The Guangzhou-Shenzhen railway is currently the only railway that leads from the mainland to Hong Kong. It connects with the Beijing-Guangzhou, the Beijing-Kowloon, the Sanshui-Maoming, the Pinghu-Nantou, and the Pinghu-Yantian lines, as well as the Hong Kong MTR Train and Rail Line. It is an important component of the transportation network of southern China. The Guangzhou-Shenzhen portion of railway is currently one of the most modernized

railways in the country, and the first wholly-fenced railway with four parallel tracks. It is also the first to separate passenger trains from freight trains on separate lines.

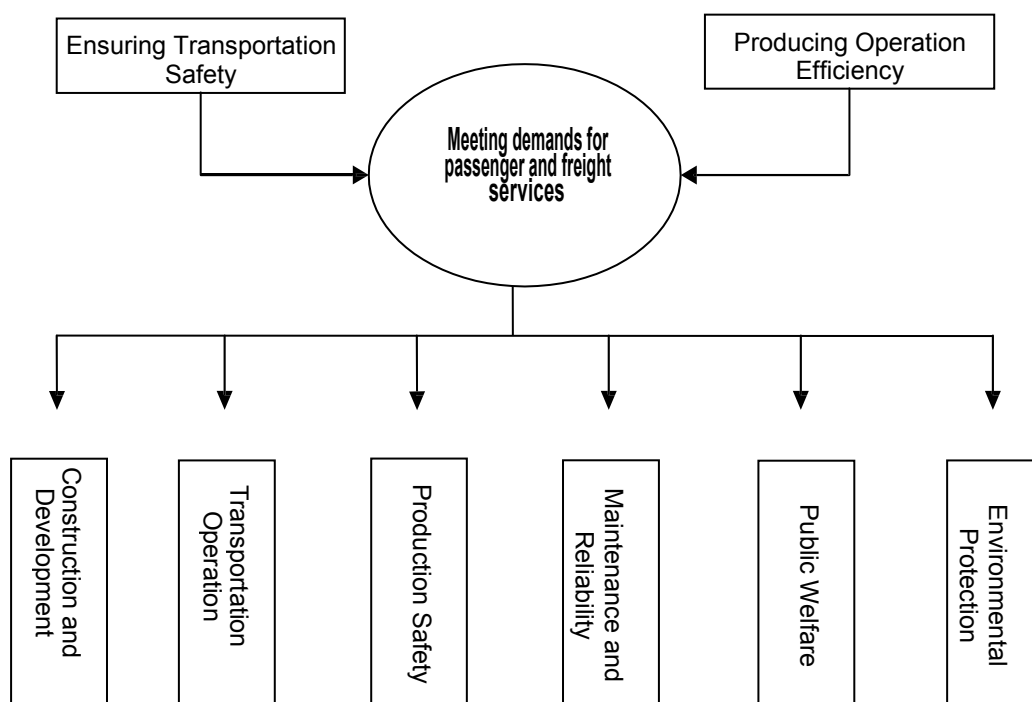
(II) Management of corporate social responsibilities

1. View of corporate social responsibilities

As a listed company providing integrated railway passenger and freight transportation services, Guangshen Railway feels the need to amalgamate business operation with the fulfilment of social responsibilities. While creating value for the shareholders, the Company is also committed to achieving the targets of the overall social responsibility through promotion of socio-economic environment and sustainable developments.

The core of the Company's social responsibility is to meet passenger and freight transportation demands, under the premise of ensuring transportation and production safety as well as producing operation efficiency. Specifically, it comprises six components: construction and development, transportation operation, production safety, maintenance and reliability, public welfare and environmental protection, each of which interconnects and interacts with one another, serving the fundamental goal of satisfying passenger and freight service demands.

Guangshen Railway's View of Social Responsibility



2. Management structure

Guangshen Railway has preliminarily established a management structure for corporate social responsibilities which is centred around the Board. The Board is responsible for decision making and management in relation to social responsibility tasks and reports. The Company headquarters' general management department, human resources department, operational management department, financial planning department, audit department and information technology department oversee various social responsibility tasks, whereas the Board Secretariat is responsible for the summarization and disclosure of social responsibilities information of the Company. Each railway station and section of the Company has set up specialized departments and offices in relation to labour safety, technical application, remuneration and benefits, staff training, and health and hygiene to cogently perform the Company's corporate social responsibilities.

(III) Honors awarded to the Company

In 2014 Guangshen Railway has received the following honors and awards:

1.“Golden Bauhinia - The Listed Company with the Best Information Disclosure” award as appraised by Hong Kong Tai Kung Pao;

2.Ranked 307 of the “Fortune 500 Chinese Listed Companies in 2014” as announced by Fortune Magazine (Chinese version);

3.Jointly appraised as one of the “top 100 Shenzhen Enterprises in 2014” by the Shenzhen Enterprise Confederation and the Shenzhen Economic Daily;

III. Regulated management and honest operation

(I) Corporate governance

In 2014, Guangshen Railway implemented its corporate governance system and enhanced the regulated operation of general meetings, board of directors, supervisory committee and management. In 2014, the Company held 2 general meetings, 6 board meetings, 5 supervisory committee meetings, and 6 audit committee meetings, in which 78 resolutions were passed. It also held 41 general manager work meetings, in which 94 agenda items were discussed and passed.

For details of corporate governance, directors, supervisors, and senior management, please refer to the 2014 annual report of the Company.

(II) Internal Control

As the company is listed in three markets, it persists in the establishment of an internal control system to periodically conduct internal control tests and auditing tasks, and has now set up a relatively comprehensive internal control assessment system. In 2014, the company proactively carried out thorough internal audit activities and completed China Securities Regulatory Commission's internal control questionnaire for listed companies. According to the new COSO internal control framework, the scope of internal control tests was adjusted and various tasks with respect to internal control establishment proceeded orderly.

For details of the Company's internal control, please refer to the 2014 annual report and the 2014 internal control assessment and audit report of the Company.

(III) Anti-corruption and integrity promotion

The Company has thoroughly followed the Party's path of the masses and carried out educational activities in practice. All the party members and cadres, particularly the leading cadres, have strictly adhered to Party Central Committee's "Eight Point Directive for Official Conduct" and firmly opposed to "Four Undesirable Work Styles". Efforts were made to resolve salient issues reported by the masses and thoroughly implement the work of anti-corruption and integrity promotion.

Company's Anti-corruption and Anti-fraud Measures and Reporting Procedures

Provisions and requirements	Preventive measures and supervision procedures	Reporting procedures
Notice regarding the Company in its push for self-examination and self-rectification in salient issues regarding anti-corruption and self-discipline	Leading cadres of the Company and its subordinate departments, mid-level management cadres and members of key positions have filled out the "self-examination check list" as required	The turn-over procedure for funds obtained through irregular practices and reporting hotline number were announced.
Notice on "Further Implementation of the Prevention Mechanism and Punishment for "hidden reserves"	Strict execution of an accountability system with respect to the various measures aimed at preventing "hidden reserves"	Hotline number, fax and e-mail for reporting "hidden reserves" were announced.
Notice regarding the Party's examination and clean-up work on the situation of the abuse of funds in these "hidden reserves", and in the "three abuses of public funds" in its education and implementation activities	Established a Company clean-up and examination task force to push forward the examination of fund abuse related to the "small independent unit owned treasuries" and the "three abuses of public funds"	Contact methods of the leading work group were announced.
The "Employee Manual", the "Code of Professional Ethics and Code of Conduct for Senior Management members", and the Company's Anti-fraud Regulations"	Company senior management and key position staff signed the relevant declaration for the year	

In 2014, there was no corruption litigation against the Company or its employees.

(IV) Honest operation

The Company is committed to honest operation, distribution of cash dividends, creation of value for shareholders, incessant enhancement of information disclosure, reinforcement of investor relationship management, regulating internal management and maintain relationship with various stakeholders.

1. Dividend distribution

The Company adopts the policy of long-term and stable cash dividend distribution to create value for shareholders. From 1996 to 2013, the accumulated cash dividends distributed was RMB9.410 billion (tax inclusive), representing a dividend payout ratio of 57%. In 2013's dividend distribution for A stock, the Company adhered to the stipulations of the China Securities Depository & Clearing Corporation Limited, and adjusted the date of paying dividend on the ex-dividend

date, and thus further improved shareholders' ROI mechanism. The Board recommended the payment of a final dividend for 2014 of RMB0.05 per share (tax inclusive), totalling RMB354,176.85 thousand.

2. Information disclosure

The Company places heavy emphasis on network information disclosure and releases information through the HKEXnews of Hong Kong Stock Exchange, the Company Business Management System of Shanghai Stock Exchange, the EDGAR system of the U.S. Securities and Exchange Commission, as well as the Company website. These enhance the release efficiency and confidentiality of the information being disclosed, and achieve fair and timely disclosure to investors. The Company does not only use new versions of WORD to deliver related periodic reports and provisional notices to the system for handling, but also delivers the 20-F form in the XBRL format pursuant to U.S. market demands, allowing investors more convenience in looking up the Company's financial information. The Company disclosed on 15 February 2014 its notice regarding implementation of its open commitments. Prior to 20 June, it further disclosed in the Shanghai stock Exchange website details of the Company's and related players' commitment issues, which enhance information transparency in this connection.

In 2014 the Company issued 113 periodic reports and provisional notices in domestic and overseas markets. For details please see Shanghai Stock Exchange website www.sse.com.cn, Hong Kong Stock Exchange website www.hkexnews.hk, and Company website www.gsrc.com.

3. Investor Relationship

On 16 December the Company held an extra-ordinary general meeting, in which voting was held in combination of on-site voting and internet voting, which further opened up channels for, and reinforced the participation of medium to small investors in decisions of the Company, protecting the rights of the average shareholders to vote, as well as their interests. The effort was greatly appreciated by the investors. In March and August of 2014, the Company held its annual results and interim results announcements through global telephone conferences in its headquarters, in which Company directors and management team interacted with institutional investors in response to investors' hotspot topics, on the premise of public disclosure. The Company received 32 investor visits, participated in 3 large scale investment conferences, responded to 18 investors' e-mails, and answered over 150 investors' telephone enquiries during the year.

4. Regulated internal management

The Company reinforced contract management, and proactively regulated the signing of the various economic contracts and their review and approval process, and strictly adhered to relevant stipulations in reviewing contracts. The Company strictly followed the related terms and requirements of the Contract Law, and amended 18 types of contract templates so that contract management levels were significantly enhanced.

It is the Company's practice to rigorously manage budgets, to prepare and issue annual financial budgets, to logically and reasonably cut down on controllable expenses, and to increase investments to maintain equipment quality for the purpose of ensuring safety in transportation and improving staff income. The Company completed review and approval of a budget involving 1517 items of engineering investments, major overhauls of equipment, and equipment procurement during the year.

The Company also strengthened land assets management and protection, proactively protecting the Company's legal rights and benefits by taking inventory and assessment of cultural assets in stations under its management, and by proper protection and promotion, Company's asset management was brought to a new level.

5. Cooperative Development

In 2014, in the process of fulfilling its corporate social responsibilities, Guangshen Railway has established its targets in the concerted development of economy, society and environment, and has strived to cooperate and communicate with different stakeholders, in an effort to achieve mutual benefits, and to repay all stakeholders with the achievements of the Company's development, thereby achieving a win-win harmony.

The Company and the regulatory authorities: the Company complied with the requirements of domestic and overseas regulatory authorities in effectively fulfilling the obligations of a listed company. The Company adhered to the various technical specifications and standards of the railway industry to ensure safety in transportation. The Company operated in compliance with the laws and regulated contract management, and accumulated 1,750 reviews of economic contracts during the year, 105 of which are major contracts exceeding RMB5 million. It also delegated 2,500 contracts to subordinate units for their review. The Company paid

taxes in accordance with the laws, procured tax-control facilities, and fully implemented the substitution of business tax with value added tax, contributing further tax revenue of RMB1,107.67 million to the government.

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 a year-end dividend of RMB 0.05 per share (tax inclusive), totalling RMB354,176.85 thousand. The Company also proactively developed investors' relations management to reinforce exchange with the shareholders.

The Company and its creditors: on 17 December 2014, the Company settled the outstanding principal and all accrued and unpaid interests for the first payment of the 2009 medium-term notes in full amount of RMB3,667.65 million. Currently the Company does not have long-term debt, and its relationships with its banks with respect to other businesses are satisfactory.

The Company and its suppliers: the Company adopts open tenders and competitive negotiations, centralized and directional procurements to timely and effectively organize various types of procurements. In 2014, 57 tenders were organized. The Company developed good cooperation relationship with a total of 66 suppliers and companies, of which 35 came from within Guangdong province, while 31 came from other provinces. Procurement from the top 5 suppliers amounted to 36% of total. The Company formulated the "Management Practices for Tender Procurement", and "Management Practices for non-tender Procurement", so as to standardize and regulate the qualifying procedure for supplier selection and monitoring of their business conduct. The Company strictly followed the tender invitation and procurement procedures, and conducted assessments on directional procurement suppliers and their products.

IV. Transportation safety and passenger and freight services

(I) Transportation Safety

Guangshen Railway considers the safety of railway transportation as its utmost important social responsibility. The Company actively improves the safety risk management system to ensure safety along the tracks and personal safety, and increases investments in safety technology. In 2014 the company achieved its railway transportation accident target of zero responsibility of incidents with General Level Type B and above.

1. Production Safety

The Company pushes hard to advance the construction of demonstration sections and points according to the “safety quality standards”. In accordance with the requirements of the “three management practices” (namely, management systematization, operation standardization, and routinization of inspection and rectification normalization), and the “three standards of quality measurement” (namely living standard, cultural standard, and the hygiene standard), the Company formulated execution measures and implementation plans to promote the construction of demonstration sites of safety standards in the Xiayuan station area, the centralized repair workshop at Changping in the Shenzhen electricity supply section, the Guangzhou locomotive depot Guangzhou service workshop, the Jiangcun locomotive turnaround depot, the Guangzhou North car depot, and the Guangzhou South repair workshop, laying a solid foundation for safety operation. In 2014, the Company completed 268 items of major maintenance and 994 items of investment in fixed assets; replaced 133 km of steel tracks, 9.17 km of flex abrasion tracks, and 67 sets of railway switches; and conducted 1,091 km of large machine tamping.

In 2014, to ensure adequacy of facilities for safe operation, the Company has arranged 141 investment projects with emphasis on replacement and revamping of equipment for train operations, fire-fighting, monitoring and alarm systems, and control platform for safe operation, improving the assurance of safety technology and of equipment. The Company also pushed forward infrastructural revamp, such as implementing the capacity expansion of the Sungang station hump and its marshalling tracks, the revamping of the Shaoguan East station Beichang signal tower, the removal and revamping of the Guangzhou passenger train garage overhead lines, and the construction of the Guangzhou East station transportation comprehensive command center. All these improved the infrastructure for safe

production.

The Company reinforced flood control and safety regulations, and performed flood control investigations and improvements 18 times, improved 596 flood safety hazard controls, cleaned up rocks with danger of rolling down slopes at 211 locations along the railways, with total volume of 180 m³. It pushed forward specific safety improvement items on passenger trains, reinforced the organization of passengers' boarding and alighting from trains, reinforced sequestered management in stations, and organized emergency drills; it pushed forward specific improvement projects for freight transportation safety, targeting the new situations and new problems subsequent to its reforms; it conducted reengineering of production organization procedures, ascertained freight yard safety management players, and reinforced freight transportation daily safety management.

2. Personal Safety

The Company strived to create a safe travelling environment for train passengers by improving its capabilities in monitoring dangerous materials and capabilities against terrorism and implementing fire-fighting and food safety measures. The Company carried out improvements in the surrounding areas of the stations along the railway by demolishing illegal constructions in Jiangcun station, evacuating irrelevant people on the sides of the track and restoring public order outside the stations. On the foundation of an earlier effort in building safety protection facilities along the railway, the Company added or improved 900 meters of fences and 440 meters of protective walls, and installed 6,700 meters of razor barb-wire on the fences.

2014 statistics of dangerous articles seized at key passenger transportation stations of Guangshen Railway

Station Name	Guangzhou Station	Guangzhou East Station	Shenzhen Station	Total
Dangerous materials seized (no. of items)	143,527	69,850	44,798	258,175

Regarding staff personal safety, the Company implemented specific programs to address labour safety, strengthened coordination on safety aspects during the critical periods such as spring festival, summer holidays and adjustments of train schedules and routes. The Company has not only built a more solid foundation for safety, but also conducted promotional and educational activities to improve the staff's awareness of safety quality and their capability in addressing safety issues.

In 2014, there were 7 fatalities on the job, representing 0.019% of the total staff, and 17 injuries which resulted in the loss of 1,484 work days.

3. Other service responsibilities

Company policies on passengers' privacy, complaints and intellectual property rights are as follows:

(1) Protecting passenger personal information and privacy: passenger tickets are purchased on real-name basis. For that reason operational procedures are established to regulate counter ticket sales, counter ticket issuance, ticket inspection, and ticket recycling, in order to protect passengers' personal and identification information. The Company stipulates that staff should respect passengers' right of willful choice as well as other rights, and must protect the privacies of the customers by keeping personal information confidential. Corresponding protective measures also apply to network and telephone ticket sales channels. The Company has complied with the relevant laws and regulations in protecting passenger information and privacy.

(2) Complaint channels and handling: the Company publicizes complaint monitoring hotline numbers in passenger stations, freight stations, and on the trains, and accepts passenger and freight complaints through the 12306 website. Station master offices or information desks are also established in major passenger stations to receive passenger inquiries and complaints. Furthermore, the Company also publicizes contact phones, fax numbers and e-mail addresses, and sets up message board on the Company's website for the handling of related enquires from investors.

(3) Intellectual property rights: the Company attaches great importance to the protection of intellectual property rights, using only genuine software for office computers and information systems. The Company has established a system for the management of technology projects, with stipulations for project initiation and implementation, assessment and application. The Company has also established a cultural assets management system to facilitate the centralized registration, management and protection of these assets.

(II) Passenger and freight services

1. Passenger transportation business

In 2014, Guangshen Railway completed the transportation of 90.11 million passenger-trips, with passenger transportation revenue of RMB6.988 billion. As at 31 December 2014, the Company operated 233.5 daily train pairs, of which there were 105 pairs (including 19 stand-by pairs) of Guangzhou-Shenzhen Intercity Railway trains, 13 pairs of Guangzhou-Hong Kong Through Train and 115.5 pairs of long distance trains.

(1) Enhancement of passenger transportation capabilities

The new Dongguan station officially commenced its operation in early 2014, enhancing the Company's transportation capabilities. By the end of 2014, the upgrade revamp of the railway line connecting the Xiamen-Shenzhen line to the Pinghu South station was completed, making it possible to operate a cross-line electric multi-unit train between the Xiamen-Shenzhen line and the Guangzhou-Shenzhen line. The Company has laid a solid foundation to improve the schedule of the Guangzhou-Shenzhen Inter-city train and increase train frequency by the upgrading the Guangzhou-Shenzhen lines I and II equipment and facilities. The Guangzhou East to the Chaozhou-Shantou cross-line electric multi-unit train will begin operation from 1 February 2015, and the Guangzhou-Shenzhen Intercity Railway travelling time between Guangzhou East to Shenzhen will be reduced from 1 hour 19 minutes to 1 hour 12 minutes, and scheduled daily train pairs will increase from 86 to 91 pairs, and reaching 105 pairs during peak seasons, thus providing passengers with more convenience and savings in time.

In 2014, the Company launched a number of major projects to expand its passenger transportation business. These projects include the addition of the Pinghu Inter-city passenger station along the Guangzhou-Shenzhen line numbers I and II, Xintang station district (an integrated transportation hub for the eastern part of Guangzhou), the connection of the Guangzhou-Dongguan-Shenzhen Intercity Railway to the Guangzhou-Shenzhen line numbers 3 and 4, and the conversion of the Guangzhou-Shenzhen line to add line number 4 for the Guangzhou East-Pinhu section. The Company's expansion and revamp of the Sungang station hump and the marshalling tracks will be complete and operational in the spring of 2015, which will further improve the capabilities of the Shenzhen and Shenzhen East stations as originating stations for long distance trains.

(2) Optimization of service environment

The Company completed the revamps as follows: the exit tunnels of the Guangzhou East Station; the elevator at platform number 4 to pedestrian foot-bridge; Pingshi station's platform number 2, tunnel and rain shed; the Shaoguan East station's passenger transportation facilities; Guangzhou station's luggage and parcel room; the adding of escalators in three platforms in Guangzhou station; the air-conditioning and fire protection in the affiliated building of Guangzhou station and the construction of real-name verification networking for the Guangzhou-Shenzhen line. These projects have effectively enhanced the train stations' image, and provided more convenience for passengers entering or leaving the station.

The mode of operation of the Company's Guangzhou-Shenzhen Intercity trains as a public transportation is becoming more mature. Train frequencies and schedules are constantly being revised to suit the needs of the passengers. As at the

end of 2014, 161 ticket vending machines, 146 automatic ticket verification gates, 119 internet ticket dispensing machines, and 42 reimbursement voucher printing terminals were installed in various passenger stations along the Guangzhou-Shenzhen line. The Company also cooperates with banking institutions to issue IC debit cards. A total of 1.08 million cards were issued, and 500,000 transactions were recorded in 2014.

(3) Enhancement of service quality

The Company advocates the service philosophy of “Serving customers with sincerity and empathy”, and refers to China Railway Corporation’s “Railway passenger transportation service quality standards” as a guideline to formulate its service operation manual to regulate and standardize train passenger transportation service. The Company completely renewed the beddings and window blinds for some of its long distance passenger trains, completely revamped storage shelves in the Guangzhou passenger transportation section, and introduced spare parts management information system to improve management efficiency.

The Company vigorously put into practice the philosophy of “Service is the first priority and treating passengers as family members”, and integrate such philosophy into the management of day-to-day operation. During the period of spring festival transportation (16 January to 24 February) in 2014, passengers were provided with quality service and the mission of serving the spring festival transportation period was accomplished safely and smoothly. During the period, the passenger transportation volumes for Guangzhou station, Guangzhou East station and Shenzhen station passenger volumes were 3.845 million, 3.454 million and 2.577 million respectively, while train punctuality rates were 93%, 96% and 95% respectively.

(4) Addressing the virus epidemic situation

In 2014, the Company proactively addressed the prevention of the “dengue fever” and “ebola” epidemics. Knowledge of preventing and controlling the epidemics were promoted among the transportation personnel and passengers and measures of epidemic prevention and control were implemented. To address the “dengue fever” epidemic, the Company coordinated with the disease prevention authorities to launch a mosquito eradication campaign within the Company’s jurisdiction, especially the stations within Guangzhou, and areas along the railway lines. Measures taken included the disposal of stagnant water and aquatic plant, and the coordination with the exit and entry port inspection and quarantine authority to monitor suspected “dengue fever” cases. As for the “ebola” epidemic, the Company has organized featured topic seminars on epidemic control and prevention, and the

passenger transportation staff at exit and entry port were invited to participate, so as to enhance their sense of self-preservation. The Company also coordinated with port inspection and quarantine authority to quarantine and diagnose suspected cases in passengers and their accompanying parties, to arrange ambulances and special disease control vehicles for proper transfer of suspected cases, and at the same time carry out disinfection and disease prevention measures at the sites.

2. Freight business

In 2014, the Guangzhou-Shenzhen Railway achieved a freight transportation volume of 18.31 million tons and revenue of RMB 1.764 billion.

The Company's efforts in improving freight transportation facilities included the construction of a freight transportation, loading and unloading complex at Guotang Station, the demolition of some of the warehouses in the Tangxi goods yard, the revamp of the Huanggang station dispatch room, and the increase in height of the Juntian station production room. Other projects included the preparation of the Hetou station for freight business; the conversion of the Xiayuan station marshalling tracks into two arrival and departure lines to improve the station's arrival and departure capacity, allowing it to uplift its capacity to becoming an originating station for more freight transportation through trains from ports; acceleration of the revamp of the customs supervision premises at the Sungang goods yard, as an incessant effort to enhance its international through transport capabilities; construction of the Dalang goods yard dispatch command center to push forward the construction and revamp of the railway tracks; the "railway track network monitoring system" is used to track and analyze payload quality for the enhancement of freight transportation safety management.

The Company has been working hard to attract new sources of goods for transportation. 22 items of existing goods with reduced freight prices were reviewed. With the approval of the industry management department, transportation prices of 6 existing goods items were successfully adjusted and 14 new items were added with favourable transportation prices. This has not only stabilized the source of existing goods items, but has also attracted new sources of goods items. The Company took the initiative to adapt to the market, and started operation of the e-commerce express delivery schedules. Large scale goods transportation business for large production enterprises was proactively developed. It collaborated with the Logistics and Transportation Research Institute in the research and development, and completed the "Integration of Guangzhou-Shenzhen logistics resources and enhancement of logistics efficiency program". This program provides a foundation

for the Company's decisions in the development of goods sources and expansion of its freight transportation business.

The Company continues to enhance service quality of freight transportation, formulates and improves operational standards and procedures, and strengthens goods receipt and delivery information tracking, so that freight transportation accidents and owners' complaints can be promptly addressed. Regular visits to the customers are conducted and customer opinions and suggestions are listened to carefully.

3. Network usage settlement and transportation services business

In 2014, the business revenue for the settlement of the Company's network usage and other transportation service reached RMB 5.031 billion, which has now become a significant component of the Company's revenue. The Company provides settlement service for network usage, which mainly includes locomotive towing, routes usage, vehicles transportation, and the use of electricity contact network. The Company provides railway passenger and freight operation services to the eastern section of the Wuhan-Guangzhou High Speed Railway, the Guangzhou-Shenzhen-Hong Kong High Speed Railway, the Guangzhou-Zhuhai Intercity Railway, the Guangzhou-Zhuhai Railway, the Guangdong section of the Xiamen-Shenzhen Railway, and the Ganzhou-Shaoguan Railway. It has established a special operational service committee to handle the relevant work as well as a settlement task force to reinforce settlement coordination with the service units. Efforts were made to constantly improve the relevant production and living facilities of the service units.

4. Other businesses

In 2014, the Company persisted in the development strategy of business diversification, and continued to expand into other businesses such as train maintenance services, and train catering, sales, rental, loading and unloading services, from which revenue of RMB 101.8 billion was generated. The Company made a great effort to push into the property development and rental business in the stations and apartment buildings, and diligently explored the use of idle goods yards for the development of modern logistics warehousing business. The Company also terminated the operation of its own shops in the stations, and changed to an outsourcing sales mode so as to increase overall effectiveness. The Company also pushed forward the organizational reforms in the affiliated enterprises. The Company terminated three joint-venture goods yards, carried out acquisition of equity rights or initiated liquidation proceedings. Efforts were made to expedite the

handling of the historical issue of Lihua Company in order to protect the legal rights and benefits of the shareholders' and of the Company's. The Company has clarified with the relevant media and advertising companies regarding their rights and obligations in the stations and on board of the trains. A property usage fee and a profit sharing mechanism were set up, such that a fair, reasonable and cooperative relationship with the advertising companies could be established.

V. Environmental protection, energy saving and emission reduction

(1) Environmental protection

In 2014, the Company made a great effort in protecting the vegetation of the “green corridor” along the railway lines, and cleaned up 16.3 tons of plastic wastes along the railway. Environmentally friendly meal trays and tableware were provided in staff canteens, in stations and on trains so as to relieve pressure on the environment by reducing the use of polystyrene foam lunch boxes and plastic bags. The Company has complied with the provisions of the relevant laws and regulations, and in accordance with the requirements of the environmental protection authority, has stringently controlled sources of pollution, revamped polluting facilities, rigorously implemented treatment procedures for industrial wastes, exhaust gas emissions and wastewater, and removed 440 tons of hazardous waste materials. Train whistle blowing was restricted in school and residential areas along the railway to reduce noise pollution. Centralized heating system was adopted to reduce emission, and the wastewater treatment facilities were maintained and operated properly to reduce the concentration of discharged water. To maintain a hygienic environment in the stations and on trains, classified garbage bins were placed in crowded areas such as platforms and departure halls, and smoking prohibition measures were implemented in the public areas of the stations with the posting of “no smoking” signs. The Company carried out the “5th of June” World Environment Day and the Energy Conservation Week promotion campaigns, effectively improving the staff’s awareness of environmental protection.

(2) Energy conservation and emission reduction

In 2014, the Company proactively implemented various energy conservation and emission reduction measures, such as maintaining the energy consuming efficiencies of equipment, reinforcing the management of air-conditioning and vehicles use, and assessing energy consumption indexes for major departments and individuals. Used equipment and parts were repaired, recycled and reused to improve utilization rates and lower costs. The Company continued to use networked office systems with an objective to achieve a paperless office. During the year, a total of over 40,000 messages were delivered, and 5,072 documents were distributed over the system, saving an equivalent of over 200,000 pieces of paper.

In 2014, the conditions of the Company's energy consumption and emission are as follows:

Guangshen Railway energy consumption indicators and emission statistics

Item	2014	2013	2014 vs 2013
Diesel locomotive consolidated consumption per unit (Kg of fuel/10,000 ton-kilomter)	43.81	42.07	+4.1%
Electric locomotive (excluding MU) consolidated consumption per unit (KWh/10,000 ton-kilometer)	149.37	152.54	-2.1%
Industrial Water Usage ('000 tons)	1,697.71	1,503.93	+12.88%
Industrial Wastewater ('000 tons)	1,439.80	1,286.27	+11.94%
SO ₂ emission (tons)	1.886	1.894	-0.42%
Chemical oxygen demand (COD) emission (tons)	51.978	50.267	+3.40%
Smoke and particulate emission (tons)	0.389	0.327	+18.96
Petroleum type emission (tons)	0.968	2.783	-65.22%

(3) Resources consumption

Under the Company's resources consumption efficiency plan, the unified refuel card system and fuel consumption limit control were implemented on vehicles and the management of employees' transportation vehicles was standardized with the objective to put materials and energy budget control into practice, ensure the supply of necessary resources and energy, and greatly reduce non-productive consumption. In 2014, the Company's costs in terms of materials and water consumption was amounted to RMB1,313 million, with a decrease of 17.27% year-on-year. In 2014, the Company did not encounter any problem with respect to its requirement for appropriate water sources. The Company has stepped up its evaluation of the industrial water usage indicators, and improved water usage efficiency through enhancement of control and water-saving devices. Due to increased business volume, industrial water consumption increased 12.88% as compared with 2013.

VI. Social welfare and staff rights and benefits

(I) Social welfare

In 2014, the Company proactively pushed forward its work in social welfare. During the year, 5,185 visits of condolence were paid to the employees in distress. Financial assistances were provided to employees 6,494 times through Railway Industry Social Welfare Fund, the Company's Relief Fund and Critical Illness Fund. In 2014, staff contributions to the Railway Industry Social Welfare project were amounted to RMB1,997,400, contributions to the "Guangdong Helping the Poor Day" social welfare activity was amounted to RMB24,900, and the staff of Shenzhen Station made contributions to a colleague suffering from leukemia was amounted to RMB35,250. The Company has proactively promoted campaigns for social benefits, which included topics such as railway safety, epidemic prevention and control, environmental protection and energy conservation. Volunteers were organized in major passenger stations to provide service for passengers. Guangzhou station was awarded the silver prize in the first China Youth Volunteers Competition.

(II) Protection of staff rights and benefits

Guangzhou-Shenzhen Railway makes real efforts to protect the staff's rights and benefits, and expands its staff of employees. As at 31 December 2014, the total number of the Company's employees was 37,301 (2013: 36,886). Details are in the following table:

Item	No. of employees in 2014	No. of employees in 2013	2014 vs 2013 Percent difference
Total number of employees (no. of persons)	37301	36886	+1.13%
By gender			
- Male	28932	28901	+0.11%
- Female	8369	7985	+4.81%
By age			
- Under 30	11446	11136	+2.78%
- Between 30 and 40	7542	7387	+2.10%
- Between 40 and 50	13125	13146	-0.16%
- Above 50	5188	5217	-0.56%
By region			
- Shenzhen (by location of the unit)	3059	2807	+8.98%
- Others (by location of the unit)	34242	34079	+0.48%

Item	No. of employees in 2014	No. of employees in 2013	2014 vs 2013 Percent difference
By job nature			
- Passenger transportation	7085	6880	+2.98%
- Freight transportation	1993	1993	——
- Transit operation	6760	6710	+0.75%
- Engineering	4642	4602	+0.87%
- Driving	2950	2950	——
- Public works	3911	3911	——
- Electricity	1473	1473	——
- Electricity and water supplies	2082	1962	+6.11%
- Building construction	1037	1037	——
- Other operations and subsidiaries	222	222	——
- Technical, administration and management	4413	4349	+1.47%
- Others	733	797	-8.03%
By educational standards			
- Postgraduate and above	107	84	+27.38%
- University graduate	2884	2301	+25.34%
- Vocational training and others	34310	34501	-0.55%

The Company has complied with the provisions of relevant state laws and regulations. A series of human resources systems have been established and the newly recruited employees are briefed on the “Employees’ Handbook” in which the Company’s policies of promotion, work hours, holidays, equal opportunity and diversity developments are stipulated. The Company has not employed any child labor and forced labor. It is the Company’s regulation that if an employee is forced to work by means of violence, threats, or illegal restriction of personal freedom, or if the employee is required by illegitimate directions to engage in dangerous operation which threatens the employee’s personal safety, the employee may terminate the employment contract immediately, without prior notice to the employing unit.

1. **Employee’s remuneration and benefits**

In 2014 the Company strictly complied with the “Law of the People’s Republic of China on Employment Contracts”, reinforced remuneration budget management and improved the income allocation mechanism. A performance-based appraisal system was implemented and the labor organization scheme was improved. The total remuneration and benefits expenditure for the year was

RMB4,908.7 million. The Company has established a mechanism to ensure the steady income growth of the employees. Staff salaries were adjusted according to job descriptions and seniorities in the beginning of the year, raising the income of the employees at lower ranks. The Company arranged for various social securities and housing provident funds for the employees in full amounts, and implemented the staff holiday system.

The Company complies with the relevant provisions of the labor laws in termination of employment contract, the details of which are stipulated in the Company's "Employees' Handbook". The employee may unilaterally terminate the employment contract unilaterally. If an employee has created great impact with respect to the completion of assigned tasks, such as refusal to accept requests for adjustments or deployment, severe violation of discipline or involvement in criminal responsibilities, the Company may terminate the employment contract. In 2014, the Company terminated the employment contracts of 137 employees, representing 0.37% of the total number of employees.

2. Staff development

The Company attaches great importance to building its workforce. The overall quality of the employees is improved through recruitments and training. The employees' career developments are improved by the implementation of various qualification assessments. In 2014, the Company recruited 1,764 graduates, among whom 35 were graduates with master's degrees, 140 were undergraduates, and 1,589 were higher vocational school graduates. They have substantiated the technical strength and business capabilities of key positions in the Company. The Company conducted various occupational training sessions with 412,096 participants. The proportion of employees recruited for a position after certification is 100%. A number of staff members have obtained top ranks in various technical capability competitions, and won the titles of professional technical experts. The Company has built a locomotive training base in Shaoguan, in which a large scale multiple unit (MU) train (locomotive) simulation training facility was installed. The Company held 30 training classes during the year, and 506 locomotive operators participated in the training. Among 152 staff members who passed the Company's technical qualification assessment, 5 were high level staff, 64 were mid-level staff, and 83 were junior staff.

3. Improvement of production and living conditions

In 2014, the Company pushed forward the establishment of the safety quality standard line to promote the continuous improvement in production and daily life facilities. The Company proactively pushed forward a number of revamp projects

in stations, goods yards and work areas along the railway lines, and completed the construction and revamping of a number of staff canteens, and single apartments and train crew dormitories. Roads were built for remote work areas and workshops to improve the travelling conditions of the workers. A number of sports and exercise facilities were added according to local conditions so as to provide recreational facilities to staff members. Through rentals and newly constructed apartments, the Company solved the key issue of insufficient staff apartments and single dormitories in the Shenzhen and Guangzhou areas. The Company proactively pushed forward a staff housing scheme, coordinated staff issues which include housing and relocation compensations and completed the construction of employee's housing. With the purchase and introduction of advanced mechanical equipment, the Company was able to implement measures including improving the working conditions of workshops and work areas, revamping the operation platforms and arrangement of protective gear for the workers. The amount of labor work for the frontline employees can be alleviated, the work safety protection can be strengthened and health of the employees can be maintained.

In 2014, the Company has arranged physical examinations for 20,704 staff members, provided inoculations for 3,122 employees, and approved 4,981 sick leaves.

4. Cultural life

In 2014, the Company held the 12th Employees Sports Meeting and organized 12 events with a total of over 600 competitions. Other activities included group hiking and a new-year cultural variety show, which have enriched the cultural lives of the employees and enhanced team spirits.

VII. Explanatory notes to the report

(I) Scope of this report

Unless otherwise stated, all the data and information in this report comes from Guangshen Railway and its subordinate stations and railway sections. Unless otherwise stated, this report mainly covers the passenger and freight transportation operations and the economic, environmental and social activities of various businesses carried out by Guangshen Railway from 1 January 2014 to 31 December 2014 as well as a brief review of the relevant activities in the past. Unless otherwise stated, financial data in this report are expressed in RMB.

(II) Data collection

In order to collect the comprehensive data and information of the Company's corporate social responsibilities, questionnaires were sent to each department with respect to the fulfilment of corporate social responsibilities. The collection of the relevant data was carried out through the Company's internal office network, the process of which has demonstrated the realization of a "paperless office".

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 the information disclosed and its format. An updated social responsibility report will be issued on a yearly basis.

(III) Basis of preparation

This report complies with the requirements set out in the "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 of 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 the 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 2014, the Company created social contribution value per share of the Company of RMB1.01 (2013: RMB1.03/ per share), including earnings per share attributable to the shareholders of RMB0.09, added-value per share attributable to society of RMB0.92 (Annual tax income attributable to the nation RMB1,107.67 million + wages and benefits paid for employees RMB4,908.7 million + Interests paid RMB167.65 million + Value created for other stakeholders (such as environmental protection and greenery, material investments in running safety) of RMB511.54 million - Pollution costs calculated on the basis of pollution discharge fees and cleaning fees etc. RMB168.45 million) / Total number of shares (7,083,537,000 shares).

(V) Contact details

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