

Guangshen Railway Company Limited 2015 Social Responsibility Report

29 March 2016

The Board of Directors and Directors of the Company guarantee that there are no misrepresentations or misleading statements contained in, or material omissions from this report, 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

29 March 2016

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I. Chairman's statement

Dear sirs/ madams,

In the last year of 2015, Guangshen Railway took an active part in thoroughly executed the plans approved at the Company's shareholders' meeting and the Board meeting and fulfilled its corporate social responsibility practically with more satisfying economical and social efficiency realized. Over the year, the Company had a passenger delivery volume of 85.367 million passengers with its freight transportation delivery volume of 16.8815 million tons of good, which created operating revenue of RMB 15.725 billion, representing a 6.25% growth year-on-year. Such was attributed to the net profit attributable to shareholders of the listed company of RMB 1.071 billion, representing a 61.75% growth year-on-year. The Company also achieved a social contribution value of RMB1.04/share, representing a growth of RMB 0.03/share compared to 2014. On behalf of the Board of Directors of the Company, I hereby would like to extend my sincere gratitude to all of our shareholders and fellows from different industries for caring about and supporting the operations and development of Guangshen Railway. We also would like to take this opportunity to acknowledge the management and all employees'

valuable contributions to the Company with the highest regards and deepest gratitude.

The Company adheres to our motto of the modern railway of “Optimize Railway with Safety and Quality for a Strong Nation”, meanwhile pushes each of its projects forward by applying strategic targets that were closely related to the “Five Developments”. Regarding the safety in development, the Company introduced the “safety and quality yardstick” construction to core projects. With such, the Guangzhou-Shenzhen Railway and the Beijing-Guangzhou Line, the safety and quality yardstick construction missions of the year, have marked their success in completion. The Company also achieved its railway transportation accident target of zero responsibility of incidents with General Level Type B and above. In the aspect of sustainable development, the Company coordinated resources in transportation and construction, assets and human resources, resources of the transportation and non-transportation industries, which included pushing forward the commercial developments of large passenger stations and revitalized the resources of freight transportation. The Company also positively implemented the policies of maintaining and recycling old fixtures and cutting energy consumption through which an expense of RMB 23.96 million of the year was successfully cut down. Regarding the

leadership in development, the Company efficiently enhanced the passenger and freight transportation capabilities by commencing its operation of the Guangzhou East to the Chaozhou-Shantou cross-line EMU train and purchasing 116 carriages of the cold-resistant 25T-series express trains. The Company achieved 67 items of freight yard renovation, at the same time further enhanced the intelligence and refinement of the train operation commencement, passenger flow and ticketing organization; regarding the scientific development, the Company continuously enhanced its corporate governance level, facilitated the policy of group making decision on its management level with the concept of “Three Importance and One Greatness”. It also forcefully developed the structure of the internal control system and standardized the operation management; in the respect of speedy development, the Company seized every opportunity to strengthen its attractiveness of Guangzhou-Shenzhen Line and along the line for drawing passenger flow. The Company launched projects of the addition of Pinghu passenger station along the Guangzhou-Shenzhen Line, meanwhile the construction of connecting the Guangzhou-Dongguan-Shenzhen Intercity Railway with the Guangzhou-Shenzhen Line had progressed smoothly. Beside, the Company proactively developed the entrusted operation business and improved the constructions of

production and daily life ancillary facilities of the related railway lines.

The year of 2016 will be a new chapter of China's "13th Five Year Plan" in which Guangshen Railway will take its determined efforts in tackling any operational difficulties and facing the market challenges with its high sense of responsibility and mission. It will also try its best to devote efforts to help maintaining economical growth in a steady pace through structural adjustment. The year of 2016 will also mark the 20th anniversary of Guangshen Railway first issued its H shares and American Depositary Shares, the Company will continuously proactively reinforce reforms of passenger and freight transportation with its persistence in the amalgamation of business development and fulfillment of social responsibilities, so as to create values for its shareholders and the general public.

Chairman: Wu Yong

29 March 2016

II. General Information of 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", ticket symbol: GSH) issued by the Company were listed on the Stock Exchange of Hong Kong Limited and the U.S. 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 capacities significantly. Guangshen Railway is currently the only PRC railway transportation enterprise with its shares listed in Shanghai, Hong Kong and New York.

Guangshen Railway 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 railway operating services for the Wuhan-Guangzhou High-speed Railway, the Guangzhou-Zhuhai Intercity Railway, the Guangzhou-Shenzhen-Hong Kong High-speed Railway, the Guangzhou-Zhuhai Railway, the Xiamen-Shenzhen Railway, the Ganzhou-Shaoguan Railway, the Nanning-Guangzhou High-speed Railway and Guiyang-Guangzhou High-Speed Railway.

The Shenzhen-Guangzhou-Pingshi Railway, which runs 481.2 kilometers vertically through the entire Guangdong Province, is operated solely and independently by Guangshen Railway. 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 China 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 East Rail Line. It is an important component of the transportation network of China. The

Guangzhou-Shenzhen portion of railway is currently one of the most modernized railways in the country, also is the first wholly-fenced railway in China with four parallel tracks. It is also the first line which separates passenger trains from freight trains on separate lines.

(II) Management of corporate social responsibilities

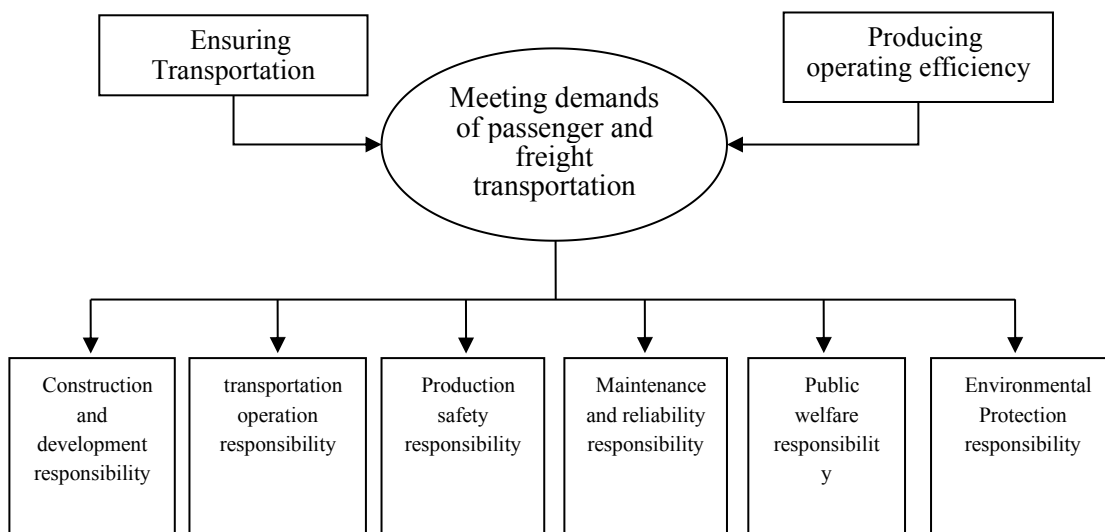
1. View of corporate social responsibilities

As a listed company providing integrated railway passenger and freight transportation services, Guangshen Railway feels the need to amalgamate business operation with the fulfillment of social responsibilities. While creating values 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 social responsibility Guangshen fulfilled is to meet passenger and freight transportation demands, under the premise of ensuring transportation and production safety as well as producing operation and management efficiency. Specifically, it comprises six components of responsibilities: 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 that is centred around the Board. The Board of the Company is responsible for decision making and management in relation to its social responsibility tasks and reports. Its organizations' general management department, human resources department, operational

management department, financial planning department, audit department and information technology department oversee various social responsibility tasks of the Company, 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 2015, Guangshen Railway had received the following honors and awards:

1. Chinese Securities “Golden Bauhinia Award – The Best Board of Directors of Listed Companies Award” as appraised by the Hong Kong Tai Kung Pao;
2. Ranked 326th of the “Top 500 Ranking in China of 2015” released by Fortune Magazine (Chinese Edition).

III. Regulated management and honest operation

(I) Corporate governance

In 2015, Guangshen Railway implemented each of its corporate governance system and enhanced the regulated operation of general meetings, board of directors, supervisory committee and management. The Company made amendments to its “Articles of Associations” and the “Rules of Procedures of General Meetings”, so that both policies would be more applicable to the situation of reality in the Company and adapt the securities regulatory requirements regarding online voting at general meetings. Over the year, the Company held a total of 1 general meeting, 5 board meetings, 4 supervisory committee meetings, 6 audit committee meetings and 32 general manager work meetings.

For details of the Company’s corporate governance, directors, supervisors, and senior management, please refer to the 2015 annual report of the Company.

(II) Internal control

As Guangshen Railway is a company listed in three markets, it persists in the establishment of an internal control system to periodically conduct internal control tests and internal auditing tasks, and has now set up a relatively comprehensive internal control

policy and internal control assessment system.

For details of the Company's internal control, please refer to the 2015 annual report and the 2015 internal control assessment report and internal control audit report of the Company.

(III) Anti-corruption and integrity promotion

The Company has thoroughly executed the Party's "Eight Point Directive for Official Conduct" to conduct investigation on special items, special items of business meetings and special items of "hidden reserves", in order to facilitate the self-examine, investigational and reforming measures. All these will improve its management's decision-making procedure of items under the concept of "Three Importance and One Greatness" and will regulate the requirements set for outbound trips for its management. The Company also held special educational activities for anti-corruption in order to reinforce its anti-corruption efforts.

Company's anti-corruption and anti-fraud measures and reporting procedures

Provisions and requirements	Preventive measures and supervision procedures	Reporting procedures
"Notice regarding the	Established the special items	Contact methods of the

commencement of special items investigation under the Party's "Eight Point Directive for Official Conduct"	investigation team to commence self-examine and investigation	investigation team were announced.
"Notice regarding the immediate commencement of special items of business meeting investigation"	Established a special item investigation team, filled the self-examine forms and reformed the condition forms	
"Notice regarding the commencement of special items of "hidden reserves" investigation"	Established a leading team and office to commence the special item governance	Phone number and email address for reporting and case handling for "hidden reserves" were announced.
Company's "Employee Manual", the "Code of Professional Ethics and Code of Conduct for Senior Management Members", and the "Anti-fraud (Trial) Regulations"	Senior management and key position staff of the Company signed the relevant declaration for the year	

In 2015, the Company had no corruption litigation which had been proposed or concluded against the Company or its employees.

(IV) Honest operation

The Company is committed to honest operation, with its persistence of distributing cash dividends. It also creates value for its shareholders with its incessant enhancement of information disclosure, reinforcement of investor relationship management and regulating operational behavior through which it maintains a good 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 2014, the accumulated cash dividends distributed was RMB 9.764 billion (tax inclusive), representing a dividend payout ratio of 57.17%. In the dividend distribution of year 2014, the Company deliberately adhered to the requirements of relevant stipulations to secure the distribution of cash dividends to the domestic and overseas shareholders (including the shareholders' account under "Shanghai-Hong Kong Stock Connect") in full amount in a timely manner. The Board of the Company recommended the payment of a final dividend for 2015 of RMB 0.08 per share (tax inclusive), in a total of RMB 566,682.96 thousand.

2. Information disclosure

In 2015, the Company thoroughly adhered the principles of openness, fairness, equitability in regards to information disclosure with its efforts in further improving the quality of information disclosure. When encountering any unexpected situations in the market, the Company tackled such with a positive manner. Regarding the periodic reports, the Company placed its emphasis on the disclosure of the management discussion and analysis section in its report while for provisional notices, the Company issued its "Announcement in relation to rail freight rate adjustments" in

February 2015, the “Announcement of unusual fluctuation in share price” and the “Announcement in relation to maintain the stability of the share price of the Company” in July, and the “Announcement of the appointment and removal of general manager” in December, so that the investors would be able to have a more comprehensive understanding of the operations of the Company in a timely manner.

In 2015, the Company issued a total of 104 periodic reports and provisional notices in the domestic and overseas markets. For details please see Shanghai Stock Exchange website (www.sse.com.cn), the HKExnews of HKEX (www.hkexnews.hk) and the Company website (www.gsrc.com).

3. Investor relationship

On 28 May 2015, the Company convened its 2014 shareholders’ annual meeting, in which voting was held in the combination of on-site voting and Internet voting so as to safeguard the voting rights of minority shareholders. In March and August of 2015, the Company held its annual results and interim results announcements through global telephone conferences respectively in its headquarter, in which its directors and senior management explained the results and operations of the Company to institutional investors and researchers, meanwhile answered the enquiries of the investors on the premise of public information disclosure. During

the year, the Company in a total received 45 investor visits, participated in 5 large scale investment analysis conferences, responded to 8 enquires on the platform of “SSE e-interaction” and answered over 200 enquiries on telephone and email from investors.

4. Regulated operational behavior

At different stages of time, the Company issued 9 operational management policies such as the “Measures for the Management for the Operational Rules and Regulations”. This helped standardizing the operational management of the Company. The Company further 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 further improved its 18 types of contract templates which were later released and implemented, through such, contract management levels and the capabilities of risk prevention were significantly enhanced. The Company further regulated the management of tender invitation and conducted monitoring throughout the process of negotiation, evaluation and bargain in order to eliminate any occurrence of illegal and violation actions.

5. Cooperative development

In 2015, Guangshen Railway, in the process of fulfilling its corporate social responsibilities, 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 and effectively fulfilled 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. During the year, the Company had signed a total of 4,420 contracts, 92 of which were valued RMB 5 million or above. The Company paid taxes in accordance with the law, the amount of taxes paid was RMB 928.72 million.

The Company and its shareholders: the Company has proactively established operating results and implemented long-term stable cash dividend distribution to reward shareholders. The Board recommended the distribution of 2015 final dividend of RMB 0.08 per share (tax inclusive), totaling RMB 566,682.96 thousand. The Company also proactively developed investors' relationship

management to strengthen the communication with shareholders.

The Company and its creditors: Currently, the Company does not have any long-term debt with banks, and its relationships with its banks with respect to other businesses are satisfactory.

The Company and its suppliers: During the year, the Company had conducted a variety of tender invitations and conducted 92 business negotiations regarding the coordination of procuring resources and equipment and infrastructure projects. The Company had developed good cooperation relationship with a total of 69 suppliers and companies, of which 36 were in the Guangdong Province while 33 were outside the Guangdong Province. Procurement from the top 5 suppliers amounted to 13% 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 engagement 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 always 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, at the same time enlarges its investments in safety technology. In 2015, the Company achieved its railway transportation accident target of zero responsibility of incidents with General Level Type B and above.

1. Railway lines safety

The Company put its great efforts in promoting the construction of safety and quality yardstick. During the year, the Company organized and deployed manpower from professional departments and design and construction manpower, and arranged them to work on-site at each station along the railway lines under company's management for 32 times. These professionals were for studying and resolving the problems arising in the construction process of safety and quality yardstick, in which a total of 641 revamping projects accumulatively were scheduled to facilitate. The Company has weighted the zone of Shaoguan Station as the most important core of the year's safety and quality yardstick, while

revamping projects such as Shaoguan East station, Shaoguan freight yard, Shaoguan third rail production unit, the base of flight maintenance practice in Shaoguan have been gradually completed. At the same time, the Company facilitated the constructions of safety and quality yardstick at each station along the railway line, among these the construction tasks of safety and quality yardstick construction of the year on Guangzhou-Shenzhen Line and Beijing-Guangzhou Line had been completed.

At different stages of time, The Company had completed a number of key projects which included the replacement of railway switches of the steel tracks for the mainline of Guangzhou-Pingshi portion, the renovation of north signal tower of the Shaoguan North Station, and the construction of transportation comprehensive command centers at Guangzhou Station, Guangzhou East Station and Shenzhen Station. Meanwhile, the Company had improved the UM71 track circuit automatic block and the computer based interlocking system of the Guangzhou-Pingshi portion, and completed the revamps of the adaptation of electricity provision system of the Guangzhou-Pingshi portion, the revamps of the contact system equipment of the Beijing-Guangzhou Line Dayao Shan Tunnel, the revamps of the speed adjustment equipment of humping signal repeater at the Shaoguan East Station, and

completed the construction of video monitoring system at the key portions of the Guangzhou-Pingshi and the Guangzhou-Shenzhen Lines, all these successfully strengthen the security of the equipment. The Company had its professional and skillful job positions organized and developed 25 technological inventions, so as to further improve the onsite safety monitoring capabilities.

In 2015, the Company completed 173 items of major maintenance and 930 items of investment in fixed assets; replaced 6.5 km of steel tracks (tracks with major damages) under its management, 12.225 km of flex abrasion tracks and 131 sets of railway switches, and conducted 1,490 km of large machine tamper and conducted maintenance on 20 spots of water damages along the lines.

2. Personal safety

The Company strives to create a safe environment in stations and trains for passengers by strengthening the security check in stations and the management at entrances and exits of stations and implementing fire-fighting and food safety examination. The Company reinforces sequestered management along the train lines so as to reduce the injuries or death of the irrelevant people on the sides of the track, meanwhile it puts more efforts in promoting the safety along the railway lines to create the atmosphere of protecting

and caring for train rails. In 2015, the Company newly added and improved 8,111 metres of isolation fences and 5,369 metres of protective walls and installed 7,345 metres of razor barb-wire on the fences.

Table of statistics of dangerous materials seized at key passenger stations of Guangshen Railway in 2015

Station Name	Guangzhou Station	Guangzhou East Station	Shenzhen Station	Subtotal
Dangerous materials seized (no. of items)	234,045	99,392	56,315	389,752

Regarding staff personal safety, the Company implemented safety management normalization, onsite operational standardization and increased the frequency of investigation and renovation. It also started its safety promotional and educational activities among the employees to raise their awareness towards safety quality. Through equipping and delivering protective gears to the employees, the Company would like to improve the staff's capability in addressing safety issues.

In 2015, there were 2 fatalities on the job who were employees under the management of the Company, representing 0.0045% of

the total staff. There were 35 persons who were injured due to work tasks, the working days which were lost due to the occupational injuries were accumulated to be 2,726 days.

3. Other service responsibilities

The policies of the Companies regarding to passengers' privacy, complaints and intellectual property rights are as follows:

(1) Protecting personal information and privacy of the passengers: 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 transportation stations, and on the trains, and accepts complaints in related to passenger and freight transportations through the 12306

and 95306 websites and phone numbers. 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 numbers, fax numbers and email addresses of the investors relations, and sets up message board on the company 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, installing only genuine software on 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 2015, Guangshen Railway completed the transportation of 85.367 million passenger-trips, with passenger transportation revenue of RMB 6.998 billion. As of 31 December 2015, the Company operated 239 daily passengers train pairs, of which 105 pairs (including 19 stand-by pairs) were Guangzhou-Shenzhen

Intercity Railway trains, 13 pairs were Guangzhou-Hong Kong Through Train and 121 pairs were long distance trains.

(1) Enhancement of passenger transportation capabilities

From 1 February 2015, the Company had commenced the operations of the Guangzhou East to Chaozhou-Shantou Intercity EMU line for integrating the transportation abilities between the Guangzhou-Shenzhen Line and the Xiamen-Shenzhen Line so as to increase the competitive edge of the district passenger transportation in the market. At the end of 2015, the Company purchased 5 trains in a total of 116 carriages of the cold resistant trains, to provide insurance for its trains passing through the high altitude areas. The Company had completed several projects for increasing its capabilities, projects included the expansion of Guangzhou East vehicle inspection centre, the revamps of the Sungang station hump and the marshaling tracks so as to further improve the capabilities of the Guangzhou-Shenzhen Line EMU train team and the operational capabilities of the long-distance passenger trains within the Shenzhen district.

Special projects of key railway hubs, either constructed by the Company or planned by the local government, have been smoothly proceeded, such as the projects of the addition of the Pinghu Inter-city passenger station along the Guangzhou-Shenzhen Line,

the relocation of trainline of the Guangzhou-Dongguan-Shenzhen Intercity Railway Xintang to Hongmei portion and the commencement of the core construction, and the connection of the Guangzhou-Dongguan-Shenzhen Intercity Railway with the Guangzhou-Shenzhen Line special projects and Xintang integrated transportation hub project. All of the above key projects will effectively strengthen the district competitive edges of the Guangzhou-Shenzhen Intercity EMU train to attract the customers' flow in prime locations of Guangzhou, Dongguan and Shenzhen.

(2) Optimization of service environment

The Company completed 51 revamping projects of passenger stations, which included the revamps of the Guangzhou Station waiting room and ticketing offices, the elevators at Guangzhou Station atrium, Platform 1 of Guangzhou East Station and the waiting room on the Lower Ground level of Shenzhen Station. The Company also conducted revamps on electric multi-unit trains and carriages, created a clean environment at carriage and changed the beddings in long-distance trains, so as to create a comfortable and convenient travelling experience for travellers.

The Company had been continually improving the policy of commencing operation of Guangshen Intercity EMU trains, in order to achieve more reasonable operational time and frequency of trains

release to satisfy the requirements for passengers travelling between Guangzhou and Shenzhen. As of the end of 2015, a total of 173 ticket vending machines, 130 automatic ticket verification gates, 135 Internet ticket dispensing machines, 42 reimbursement voucher printing terminals and 265 identification information verification equipment had been installed in each of the passenger station along the Guangzhou-Shenzhen Line. The Company also cooperated with banking institutions to issue 1.16 million of Guangshen Intercity IC debit cards. A total of 60,000 transactions were completed in 2015.

(3) Enhancement of service quality

The Company put its efforts in improving the quality of passenger transportation service by increasing the frequency of service with high quality and continually innovating new services and building its brand. Regarding the assistance for passengers, the Company strictly reached the service standard of passenger transportation by providing assistance to key passengers such as elderly, pregnant woman, children and disable, meanwhile set up service desks and first aid stations in the train stations; regarding the train catering, the Company relied on a catering base and provided free internet, developed marketable food and beverages in order to further improve the quality of catering service on electric multi-unit trains; regarding the ticketing, the Company provided passengers

with a variety of ticketing channels such as online ticketing, telephone ticketing, purchasing tickets from ticketing booths at stations and sales agents and auto ticketing machines. In addition, the Company provided services of group ticketing, centralized ticketing places, auto ticket collecting machines in school campuses during the transportation peak periods such as passenger transportation period around spring festival.

During the period of spring festival transportation of 2015 (4 February to 15 March 2015), the Company worked towards its service goal of “safe trip, convenient trip, and warm trip” to provide the general train passengers with quality service during the spring festival. During the spring festival transportation period, the passenger transportation volumes for Guangzhou Station, Guangzhou East station and Shenzhen Station were 3.67 million, 3.252 million and 2.417 million respectively, while train punctuality rates were 99%, 81% and 69% respectively.

(4) Addressing the virus epidemic situation

In 2015, the Company proactively adopted measures to incorporate with inspection and quarantine authorities to address the virus epidemic. The Company funded the building of warehouse for emergency supplies at the train station ports while the inspection and quarantine authorities invested in purchasing quarantine

equipment and protection utilities, distributed brochures of the information of infectious illnesses to passengers and made announcements about epidemic warnings at the ports and carriages on the through trains.

2. Freight business

In 2015, Guangshen Railway achieved a freight transportation volume of 16.88 million tons and revenue of RMB 1.761 billion.

The Company completed expansion projects including the addition of station tracks at Xiayuan Station and revamps of automatic humps at Jiangcun Marshalling Station; revamping projects on freight yards located as Pingshi, Yingde, Shaoguan East, Dalang, Guotang, Jianggao and Guangzhou East had been smoothly started with a total of 67 freight yards revamping projects completed during the year. This improved the capabilities of freight transportation, storage and turnover. The Company commenced the operation of freight transportation trains for electrical appliances at Lihua freight yards with success. It also introduced the express freight transportation business at Changsheng and Chunyi freight yards and standardized and set up freight transportation business office and freight transportation signs for Xiayuan Station and Shaoguan East Station in order to improve the tracking of goods delivery and logistics information. The Company also regularly

revisited the clients and owners of bulk goods who had lodged compliant, which enable the Company to continually improve its service quality and mode of service and enhance the management level of freight transportation services.

3. Network usage settlement and other transportation service business

In 2015, the business revenue for the settlement of the Company's network usage settlement and other transportation services reached RMB 5.875 billion, representing a growth of 16.76% year-on-year, with its contribution to the business revenue of the Company continually growing. The Company provides settlement service for network usage, which includes passenger transportation network usage settlement services and freight transportation network usage settlement services and other transportation services mainly include special services of the provision of railways operational services, locomotive and passenger car leasing, passenger service and luggage transportation.

The Company provides railway freight transportation operation services to different railways which includes Wuhan-Guangzhou High-speed Railway, Guangzhou-Shenzhen-Hong Kong Railway, Guangzhou-Zhuhai Intercity Railway, Guangzhou-Zhuhai Railway, Xiamen-Shenzhen Railway, Ganzhou-Shaoguan Railway,

Guiyang–Guangzhou High-Speed Railway and Nanning–Guangzhou High-Speed Railway, and cooperates with entrusted railway company to improve the staff production and living facilities along the lines, so as to further improved the daily management and settlement mechanism of the entrusted transportation services.

4. Other businesses

In 2015, the Company persisted in the development strategy of business diversification, and continued to expand into other businesses in which revenue of RMB 1.092 billion was realized during the year. The Company proactively coordinated the development of train business and improving its brand image with its biggest efforts being put in developing business at large stations such as Shenzhen, Shenzhen East and Guangzhou East. The Company also turned the self-operated shopping centre in the stations into leasing property so as to improve the operational revenue. The Company grouped the professionals to conduct specific investigation and research on the logistic markets of each district under its management. Through establishing modern logistic centre, the Company vitalized the idled land of Lihua freight yard in Zengcheng District, meanwhile the Company planned to develop regional logistic zones of Jianggao, Huangjiang and Pinghu South

freight yards. The Company also strengthened the management towards its subsidiaries by clearing and organizing their properties and indebtedness in order to unifying the management of properties and leases.

V. Environmental protection, energy saving and emission reduction

(1) Environmental protection

In 2015, the Company proactively practiced different environment protection measures to achieve sustainable development for the environment. The Company provided protection to the plants along the railway lines to create an environmentally friendly production and living environment. It regularly cleaned the ditches and the bridging tunnel along the railway lines, removed 52 tons of white trash and built pollutants filtering facilities and refuse disposal installations at stations with the aim of protecting the environment in stations and along the railway lines. The Company improved the management of pollutants sources by utilizing and using environmentally friendly equipment. It also monitored the emission by entrusting professional companies to manage the industrial dangerous waste in which 267 tons of dangerous waste had been removed. The Company actively developed the promotion of environmental protection to help improving staff's awareness on environmental protection.

(2) Energy conservation and emission reduction

In 2015, the Company proactively implemented various energy

conservation and emission reduction measures. The Company applied advanced equipment and technology to reduce the energy consumption and emission, which included the use of centre heating method to reduce the fuel consumption of the boilers, using advanced air-conditioning and ventilation system in large passenger stations to reduce the energy consumption, rainwater recycling system to recycle the water resources and promoting energy-efficient lighting technology. The Company also strengthened the maintenance and management for equipment with high energy consumption, set up management solutions for its company cars, restricted vehicle usage and reduced the expense of car usage. It also planned to purchase new energy vehicles for business use cars in priority. The Company's networked office system and email system helped to achieve the goal of a paperless office. During the year, a total of over 220,000 emails and messages were delivered, and 516 documents notifications were announced, saving an equivalent of 450,000 pieces of paper.

In 2015, the conditions of the Company's emission are shown in the table below:

Table of Guangshen Railway emission statistics

Item	2015	2014	2015 vs 2014
Industrial water usage ('000 tons)	1,818.52	1,697.71	+7.12%
Industrial wastewater ('000 tons)	1,554.82	1,439.80	+7.99%
SO ₂ emission (tons)	2.071	1.886	+9.81%
Chemical oxygen demand (COD) emission (tons)	50.486	51.978	-2.87%
Smoke and particulate emission (tons)	0.486	0.389	+24.93%
Petroleum type emission (tons)	0.972	0.968	+0.41%

(3) Resources consumption

The resources consumption efficiency plan of the Company was about the implementation of materials and energy budget management. It ensured the supply of required resources and energy for transportation and production, meanwhile greatly reduced the expenses on non-productive energy consumption. In 2015, the Company's cost in terms of materials, water and electricity consumption was amounted to RMB 1.559 billion (2014: RMB 1.616 billion), representing a decrease of 3.53% year-on-year. In 2014, the Company did not encounter any problem in respect to its requirement for appropriate water sources. The Company has stepped up its evaluation of industrial water usage indicators, and

improved water usage efficiency through enhancement of control and water-saving devices. Due to the increased business volume, industrial water consumption increased 7.12% as compared with 2014.

VI. Social welfare and staff rights and benefits

(I) Social welfare

In 2015, the Company proactively pushed forward its work in social welfare. During the year, 3,300 visits of condolence were paid to the employees in distress. Financial assistances were provided to employees 7,480 times through Railway Industry Social Welfare Fund, the Company's Relief Fund and Critical Illness Fund. In 2015, staff contributions to the Railway Industry Social Welfare project were amounted to RMB 1,516,700. Employees of the Company proactively joined the welfare activities in which they grouped as volunteers in major passenger stations to provide assistance to passengers. They also grouped and participated in the blood donation campaigns and initiated the promotion of safety knowledge of railway and social benefits in residence areas and schools located along the railway lines.

(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 of 31 December 2015, the total number of the Company's employees was 43,824 (2014: 37,301). Details of which are in the following table:

Item	No. of employees in 2015	No. of employees in 2014	2015 vs 2014 Percentage difference
Total number of employees (no. of persons)	43,824	37,301	+17.48%
By gender			
- Male	33,298	28,932	+15.09%
- Female	10,526	8,369	+25.77%
By age			
- Under 30	13,435	11,446	+17.38%
- Between 30 and 40	10,072	7,542	+33.55%
- Between 40 and 50	15,016	13,125	+14.41%
- Above 50	5,301	5,188	+2.18%
By region			
- Shenzhen (by location of the unit)	3,219	3,059	+5.23%
- Others (by location of the unit)	40,605	34,242	+18.58%
By job nature			
- Passenger transportation	10,035	7,085	+41.64%
- Freight transportation	1,933	1,993	——
- Transit operation	6,860	6,760	+1.48%
- Engineering	5,552	4,642	+19.60%
- Driving	4,510	2,950	+52.88%
- Public works	4,511	3,911	+15.34%
- Electricity	1,693	1,473	+14.94%
- Electricity and water supplies	2,232	2,082	+7.20%
- Building construction	1,026	1,037	-1.06%
- Other operations and subsidiaries	381	222	+71.62%
- Technical, administration and management	4,855	4,413	+10.02%
- Others	236	733	-67.80%
By educational standards			
- Postgraduate and above	107	107	——
- University graduate	3,225	2,884	+11.82%
- Vocational training and others	40,492	34,310	+18.02%

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 2015, 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 RMB 5.20662 billion. The Company has established a mechanism to ensure the steady income growth of the employees so as to raise the

income level of the frontline employees. The Company arranged 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. 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 2015, the Company terminated the employment contracts of 147 employees, representing 0.34% of the total number of employees.

2. Building its workforce

The Company attaches great importance to building its workforce. The overall quality of the employees has been improved through various methods such as recruitments and training. The Company also initiates the qualification assessment for various skills so as to enhance the potential of career development for the employees. In 2015, the Company recruited 1,489 graduates, among

whom 121 were undergraduates and 1,368 were higher vocational school graduates. With them, the Company has substantiated the technical strength and business capabilities of key positions in the Company. A total of 608,808 employees joined different kinds of occupational training with the proportion of employees recruited for a position after being qualified with certificates reached 100%.

National and industry honors awarded to the staff of Guangshen
Railway as individual or a group in 2015

Individual	Units belonged	Honor awarded (note)
Zhaoqing Chen	Guangzhou engineering section	The National Model Worker
Shilong Wang	Shenzhen electricity supply section	The National Model Railway Worker
Zhongyan Ma, Zhao Li, Dongmei Chen, Jianli Zhu	Guangzhou passenger transportation section	The Leader of Railway Medal, The National Railway Skilled Specialist, The National Railway Youth Post Specialist
Jiajia Niu	Shenzhen Station	
Juan Wang, Yiyang Deng	Guangzhou South Station	The Leader of Railway Medal, The National Railway Skilled Specialist
Ruiji Lu, Jinghua Qiu	Guangzhou Station	The Leader of Railway Medal
Quilin Wang	Guangzhou Freight Transportation Centre	
Yiwen He	Guangzhou vehicle section	
Gui Ouyang	Guangzhou North vehicle section	The Leader of Railway Medal

Jian Chang, Haojie Jiang	Shenzhen North Station	The National Railway Skilled Specialist, The National Railway Youth Post Specialist
Qibao Yi	Guangzhou Freight Transportation Centre	The National Railway Skilled Specialist
Xiaojie Cui	Shenzhen electricity supply section	
Mingwei Lin	Guangzhou passenger transportation section	The National Railway Youth Post Specialist
Shuang Zhou	Shenzhen North Station	
Bin Chen	Guangzhou South Station	
Group	Units belonged	Honor awarded
Guangzhou South Station	Guangzhou South Station	The National Civilized Unit
Pinghu South Freight Transportation Team	Guangzhou Freight Transportation Centre	The National Women Pacesetter of May 1
Guangzhou High-speed Railway Cable Working District QC Team	Guangzhou electricity supply section	The National Excellent Quality Management Team

Note: the “National Railway” in the honor title in the Chinese version indicates “National Railway”.

3. Improvement of production and living conditions

In 2015, the Company pushed forward the construction of safety and quality yardstick to continually improve the production and daily life facilities. The Company conducted revamping projects on the staff living districts, single apartments and canteens along the railway lines, with 8 train crew dormitories, 30 single apartments and 29 canteens revamps completed. The Company also pushed

forward the construction of staff dormitories and public rental houses for improving the production and living environment of the frontline staff. With the purchase of advanced investigating and maintenance equipment and the installation of operation video monitoring system, the Company improved the carriage operational environment, alleviated the amount of labor work for the frontline employees. It also arranged protective gear and arranged sick leave for the staff so that the health of employees can be maintained.

In 2015, the Company had arranged physical examinations for 16,998 staff members, provided inoculations for 3,015 employees and approved 3,128 sick leaves.

4. Cultural and sports life

In 2015, the Company put its efforts to improve the recreational facilities along the railway lines and conducted revamping 10 recreational and activities venues under its management. It also installed cable televisions for some distant working districts, purchased 2,213 electrical appliances and 213 sports equipment for the crew along the railway lines. The Company held the 13th Employees Sports Meeting in success with in total of over 2,800 staff from 24 units participated in this sports event, which marked a remarkable achievement for such a company-wide fitness campaign.

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 2015 to 31 December 2015 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 fulfillment of corporate social responsibilities of the Company, Guangshen Railway sent questionnaires to each unit (department) in respect to the fulfillment 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 followed the relevant guidelines and requirements when making disclosures and finalizing the contents in the report.

This report is available in both 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 this report. In 2015, the Company created the social contribution value per share of RMB 1.04 (2014: RMB1.01 per share), including earnings per share attributable to the shareholders of RMB 0.15, added-value per share attributable to society of RMB 0.89 (annual tax income attributable to the nation of RMB 928.72 million + wages and benefits paid for employees of RMB 5.20662 billion + interests paid of Nil + value created for other stakeholders (such as environmental protection and greenery, material investments in running safety etc.) of RMB 384.14 million - pollution costs calculated on the basis of pollution discharge fees and cleaning fees etc. of RMB 182.25 million) / total number of shares (7,083,537,000 shares).

(V) Contact details

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