

Guangshen Railway Company Limited
2017 Social Responsibility Report

March 28, 2018

The board (the “Board”) of directors (the “Directors” or each “Director”) of Guangshen Railway Company Limited (the “Company” or “Guangshen Railway”) and all Directors hereby guarantee that there are no misrepresentations or misleading statements contained in, or material omissions from this report, and integrity severally and jointly accept full responsibility for the authenticity, accuracy and completeness of the information contained herein.

The Board of Guangshen Railway Company Limited

March 28, 2018

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I. Chairman's Statement

Dear Sirs/Madams,

In 2017, the railway industry made great achievements and developed vigorously. Backed-up by the different projects organized by China Railway Corporation, especially the great progress achieved in the corporate system reform of the National Railway Administration of the People's Republic of China has made, Guangshen Railway centered me of "strengthen foundation, obtain achievement, improve quality and raise efficiency", insisted on implementing decisions of the general meeting and the Board and has finished working goals of the whole year with a good performance.

The Company promoted corporate governance, smoothly finished the retirement and election of the Board and the Supervisory Committee and revised the Articles of Association of the Company as per the general requirements for the work of Party building of state-owned enterprises. The Company strengthened the operation and management, established internal control system, carried out corporate governance in accordance with the law and regulation. An annual operating revenue of RMB18.331 billion yuan, including net profit attributable to shareholders of the listed company of RMB1.020 billion, is recorded.

The Company strengthened the core capacity of railway passenger and freight

transportation, improved the service quality of railway passenger and freight transportation, implemented reconstruction and upgrade of passenger and freight transportation facilities. The Company had achieved a passenger delivery volume of 85,133,200 people and freight transportation volume of 52,239,200 tons this year.

Guangshen Railway has always regarding safeguarding the transportation safety as its utmost social responsibility. The railway transportation safety has been the first priority during the Company operations. The Company has firmly established the concept of safety development, continuously strengthened the safety guarantee system to guarantee the absolute safety of high-speed railway and passenger car and protect the personal safety of tourist and staff and has realized its railway transportation accident target of zero responsibility of incidents with General Level Type B and above during the year.

The Company has consistently adhered to create returns for shareholders. Since listing of H shares in 1996, the Company has paid out cash dividend of more than RMB10.8 billion accumulatively. The Company actively perform its social responsibility, participates in various community services, maintains the rights and interests of staff, pays attention to the environment protection along the railway lines, implements measures of energy conservation and emission reduction and has contributed to the society of RMB1.32 per share.

Looking forward to the 2018, Guangshen Railway will strictly follow the spirit of the 19th Party Congress, strive to assume the historical mission of "building China's strength in transportation with the railway as the priority" and make efforts to create a new era of reform and development of Guangshen Railway in the new times. I believe, with the support of China Railway Corporation, China Railway Guangzhou Railway Group Co., Ltd. and the efforts of entire staff of the Company, Guangshen Railway will definitely create more value for its shareholders and make more contributions to sustainable development of economy, society and environment!

Chairman: Wu Yong

March 28, 2018

II. Company Profile

(I) General Information of the Company

On 6 March 1996, Guangshen Railway was incorporated in Shenzhen, the People's Republic of China (the "PRC") pursuant to The Company Law of the PRC. In May 1996, the 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 (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, the long-distance passenger transportation services, and the operation of the Hong Kong Through Train passenger services in cooperation with Hong Kong MTR Corporation Limited in Hong Kong. The Company is also entrusted with railway operating services for the WGPR, GZIR, GSHER, GZR, XSR, GSR, NGR, GGR, PRDIR and etc.

The Shenzhen-Guangzhou-Pingshi Railway, which runs 481.2 kilometers vertically through the entire Guangdong Province, is operated solely and independently by Guangshen Railway. Among which, 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 majoy 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.

(II) Social responsibility management of the Company

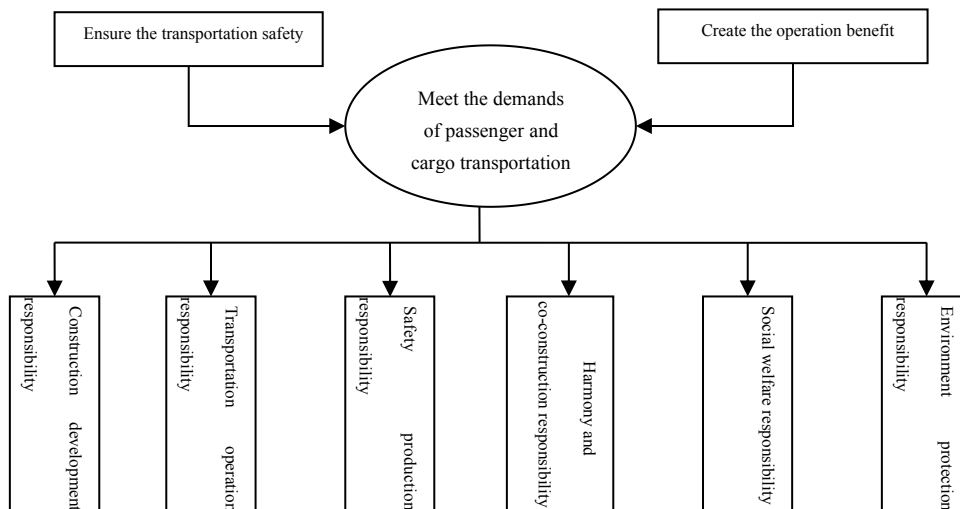
1. The social responsibility concept of the Company

As a listed company providing comprehensive railway passenger

and freight transportation, Guangshen Railway closely combines the operation and management with performance of social responsibility. While creating values for the shareholders, the Company is also committed to achieving the targets of the overall social responsibility through the promotion of socio-economic and environmental sustainable developments.

The core of social responsibility as fulfilled by Guangshen Railway is to meet the demands of passenger and freight transportation, with the premises of ensuring the transportation and production safety as well as producing the operation and management efficiency. Specifically, it comprises of six components of responsibilities in regards to 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.

The social responsibility concept of Guangshen Railway



2. Management structure

Guangshen Railway has established a management structure for corporate social responsibilities that is centered around the Board. The Board is responsible for decision making and management in relation to its social responsibility tasks and reports. The Chairman is the first person in charge of the Company's fulfillment of social responsibility. The management of the Company is responsible for leading the functional departments such as the Operation Department, Human Resources Department, Finance Department, Audit Department and General Management Department to carry out various types of work related to social responsibility. The Secretariat of the Board is responsible for the collection and

disclosure of social responsibility information of the Company. Each railway station and section of the Company have set up specialized departments and offices in relation to labor safety, technical application, remuneration and benefits, staff training, and health and hygiene, etc., to perform the Company's corporate social responsibility.

III. Regulate Operation and Integrity Management

(I) Corporate governance

In 2017, the Company improved its corporate governance, to carry out standard operation, the members of eighth session of the Board and Supervisory Committee were elected, *Articles of Association* of the Company was revised, and the Company's corporate governance system was further improved. Throughout the year, 1 general meeting, 6 Board meetings, 4 supervisory committee meetings of and 6 audit committee meetings were held, 22 general manager work meetings and 27 party-government joint meetings were held.

For details of the Company corporate governance, Directors, supervisors and senior management, please refer to 2017 annual

report of the Company.

(II) Internal control

The Company has put into practice of the “Sarbanes-Oxley Act Section 404”; on the basis of such, it has combined the relevant requirements of “The Basic Standard for Enterprise Internal Control” and “The Supplementary Guide”, and focused on initiating the establishment and assessment works of its internal control. The scope of evaluation on its internal control covers 44 operation flows of the Company’s headquarter and its subordinate 12 units. The Company's audit committee formulated internal audit work plan, the Company’s audit department oversees internal audit function.

For details of the Company's internal control, please refer to 2017 annual report of the Company, 2017 internal control assessment report and internal control audit report.

(III) The work of Party building

The Company earnestly implements the focus of the meeting of Party building work of state-owned enterprise over the country, writing the general requirement of Party building work into the *Articles of Association* of the Company, defining rights obligation and functions of the Working Committee of the Party, manner of

working and the relations with other governance organizations. The Company published 2017 working focus of the Working Committee of the Party and Leader's research working system, improving various works of Party building, and reinforcing management's investigation to basic stations and sections.

The Company firmly carries out "Two studies, One Act", makes the study and education normal and systematism, political life inside the Party should be serious, organizing and carrying out theme day set aside for Party organization activities, holding 10 special seminars. The Company reinforces the improvement of the Party conduct and uncorrupted governance and anti-corruption, adheres to the central government's Eight Point Directives, carries out daily check and oversee and report the major events, making Company's *conference management method*, revising Company's *travel expense management method*, *business reception management method*.

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

Provisions and requirements	Preventive measures and supervision procedures	Reporting procedures
"Notice regarding the comprehensive and intensive of the works of the special items of "hidden reserves"	"The guidelines for the prevention and management of the "hidden reserves" risks"; to implement regular	Reporting channels for "hidden reserves" were announced.

<i>investigation”</i>	inspection and regulation of regular management; to implement accountability system; and to carry the corruption warning education daily	
<i>“Management in relation to Corporate Legal matters”</i>	the breach of bribery clause under a model contract	
<i>“The rules for implementing matters in relation to the “Three Importance and One Greatness” in the process of decision-making by the Company’s leadership”</i>	Matters regarding the “Three Importance and One Greatness” are determined after the party-government joint meetings and the discussion of party working committees; to perform the obligatory decision-making process; to adopt joint signing system for payment of sizeable sum of funds ; and to set the regulations in the aspects of inspections, oversees and accountability.	In regards to any issues that are raised due to the violations of collective decision-making policies and the implementation of collective decision-making process, everyone will have the rights to raise their opinions or to reflect the issues to the relevant authorities. The inspection and regulatory authorities will report the matters in a timely manner after such issues have been found.
<i>“The requirements of procedure regarding the matters of the “Three Importance and One Greatness” in the process of decision-making by the Company’s subordinate units’ leadership”</i>	Matters regarding the “Three Importance and One Greatness” are determined after the party-government joint meetings and the discussion of party working committees; to perform the obligatory decision-making process; to adopt joint signing system for payment of sizeable sum of funds; and to set the regulations in the aspects of inspections, oversees and accountability.	The inspection and regulatory authorities will report the matters in a timely manner after such issues have been found. The subordinate units will conduct internal inspection and report to the Company, meanwhile monitoring conducted by organizations and the public are also accepted.

Company's <i>Employee</i> <i>Manual, Code of</i> <i>Professional Ethics and</i> <i>Code of Conduct for Senior</i> <i>Management and Anti-fraud</i> <i>(Trial) Regulations</i>	Company's senior management and key position staff signed the relevant declaration for the year	
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In 2017, the Company had 3 concluded corruption lawsuits against the Company or its employees. The 3 ex-employees of the Company got criminal punishment for crime of accepting bribe and crime of duty encroachment.

(IV) Integrity management

1. Dividend Distribution

The Company adopts the policy of long-term and stable cash dividend distribution to create values for shareholders. Since the listing in 1996, the accumulated cash dividends distributed has reached RMB10.898 billion (including tax), representing a dividend payout ratio of 57%. The Company has completed 2016 cash dividend distribution to its shareholders home and abroad in August of 2017, the cash dividends was RMB0.08 per share (including tax), about RMB0.567 billion in total. The Board of the Company recommended the payment of 2017 final dividend of RMB0.08 per share (RMB tax), about RMB 0.567 billion in total.

2. Information disclosure

In 2017, the Company followed the regulatory requirements in relation to information disclosure and thoroughly implemented the “Administrative Measures for the Disclosure of Information”, reinforcing the operation of Company's information disclosure committee. The Company completed the disclosure of regular reports like annual reports (20-F Form), interim report, quarterly report, etc. successfully. The Company pays attention to the development of railway administration bureau's corporate reform, land storage, publishing announcements such as the *Change of Name of Largest Shareholder* (the title of the announcement in H shares market: *Change of Name of Largest Shareholder*), and *Handover the Land Use Rights of Guangzhou East Shipai Old Goods Yard* (the title of the announcement in H shares market: *Announcement – Resumption of Land Use Rights of Certain Land Parcels of the Company*).

In 2017, the Company issued 82 regular reports and provisional notices in the domestic and overseas market. For details please see the websites of Shanghai Stock Exchange (www.sse.com.cn), the HKExnews of HKEx (www.hkexnews.hk) and the Company website (www.gsrc.com).

3. Investor relations

In 2017, the Company held 2016 annual general meeting, in which voting was held in the combination of on-site voting and Internet voting together with the application of cumulative voting system in respect of the voting of Directors and Supervisors so as to safeguard the rights of non-controlling shareholders. The Company held global telephone conference in relation to its announcements of 2016 annual results and 2017 interim results, received 9 investors' visits during the year, participated in 2 large-scale investment analysis conferences and answer over 120 enquiries on telephone and email from investors. 12 question raised on "e-interaction" platform on of the Shanghai Stock Exchange.

4. Regulated operation behavior

In 2017, the Company formulated and improved many internal management systems, specifying matters like supervision, reward and punishment, financial system, file management, bond and debt management, legal affairs management, etc. The Company strictly conducted auditing procedures of financial responsibilities. It also audited the financial income and expenses and monitored several mechanisms such as the management of “hidden reserves”. The Company implemented investment budget management system, and regulated decision making procedures in relation to investment

project. During the year, 100 construction projects, 796 fixed assets investment have been completed, and 5,581 financial contracts of all kinds were signed, in which no disputes relating to the contracts had been raised.

5. Cooperation and development

In 2017, Guangshen Railway, in the process of performing its corporate social responsibilities, had established its targets in the concerted development of the economy, society and environment, and had 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 government: The Company cooperated with the government in strengthening anti-terrorism and security during holidays and major conferences, improving the environmental remediation along Guangshen Railway and conducting landscape works along the railways. The Company adhered to each of the technical specifications and standards of the railway industry and ensured the safety in transportation. The Company complied with the regulatory requirements of domestic and overseas securities and effectively fulfilled statutory information disclosure obligations. The

Company paid tax and fees according to the laws, paying RMB0.573 billion during the year.

The Company and its shareholders: The Company proactively established operating results and implemented long-term stable cash dividend distribution to reward shareholders. The Board recommended the distribution of 2017 final dividend of RMB0.08 per share (tax inclusive), totaling RMB56,683,000. The Company also proactively developed the management of investors' relation, held telephone with institutional investors in relation to its announcement of results regularly, to enhance the communication with shareholders through many channels.

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

The Company and its suppliers: The Company and its suppliers carried out fair and open collaboration and formulated "Tender Management Approach" and "Non-tender Procurement Management Approach" to include bidding activities into the internal control system, creating a sound supply chain management. In 2017, 84 projects were organized with tender invitations or negotiations projects by the Company, 153 projects were organized without

tender invitations and 579 projects of procurement with sizeable amount by various units were audited and approved. The Company has established sound cooperation with 83 suppliers and companies, of which 28 were in the Guangdong province while 55 were outside the Guangdong province. The procurement from the top five suppliers was accounted to 35.83% of the total annual procurement.

The Company and the community: In 2017, the Company promoted the importance of railway in the communities and schools along the railway lines, and kept the daily maintenance of bridges and culverts along the railway lines. The Company completed 3 projects of "the transformation of railroad from flat crossing to vertical overpassing" (flat crossing to three-dimensional traffic). The Company communicates and coordinates with the local departments of public unities to continue the handover works relating to the public unities in the residential areas for employees' family along the railway lines.

IV. Transportation Safety and Passenger & Freight Service

(I) Transportation safety

Guangshen Railway always considers the safety of railway

transportation as its utmost important social responsibility. In 2017, around the working theme of “strengthen foundation, obtain achievement, improve quality and raise efficiency”, the Company further promoted the safety and quality standard railway lines construction, and made investment in terms of human resources, other resources and technology, to build the "three-in-one" safety protection system. The Company completed 100 major maintenance and 796 fixed assets investments throughout the year, including 263 fixed assets investment in traffic safety, and achieved its railway traffic transportation accident target of zero responsibility of incidents with General Level Type B grade and above.

1. Facility safety along the railway lines

The Company invested in many major renovation projects, like reconstruction of automatic inter-locking equipment from Guangzhou to Pingshi section, the improvements of system adaptability of the traction power supply system from Pingshi to Guangzhou section of the Beijing-Guangzhou railway and section repair, capacity expansion and renovation project of the Guangzhou North vehicle section. Moreover, the Company invested its capital to replace train operation equipment, to upgrade the surveillance system, to apply advanced security technology, so as to further

improve the equipment safety in the railway lines.

The works of high speed railway lines under the management of or entrusted by Guangshen Railway in 2017

Projects	Railways Lines under management	High speed railway lines	Subtotal
Replacement of steel tracks (km)	76.255	0.832	77.087
Replacement of flex abrasion tracks (km)	36.437	1.6	36.037
Replacement of railway switches (set)	7,145	39	7,184
large machine tamper (km)	1,025.7	460.6	1,486.3
Maintenance of railway lines*(km)	393.269	52.053	445.322
maintenance on number of spots of water damages (spots)	19	3	21

*Maintenance mode of high speed railway lines is fine adjustment of the railway line.

2. Personal safety

The Company strives to create safe stations and trains, to enhance the security check and facilities. Also, a major examination on fire-fighting elevators and food safety is also implemented and completed railway security work during important occasions like the "20th Anniversary of Hong Kong's Return" and "19th CPC National Congress". The Company sets up a road maintenance and joint

protection, and carried out sequestered management along the railway line lines. In 2017, the Company newly added and improved 21,677 meters of isolation fences and 1,050 meters of protective walls and installed 16,700 meters of razor barb-wire on the fences. The Company takes emergency responsive measures against the strong typhoon of "Columba" and "Parker", to suspension of passenger trains service and release announcement in relation to the suspension of passenger transportation service promptly through the network platform and other channels, so as to ensure the safety of travelling tourists.

Table of statistics of security check facilities and dangerous materials seized at key passenger stations of Guangshen Railway in 2017

Items	Guangzhou Station	Guangzhou East Station	Shenzhen Station	Subtotal
Security scans (number of machines)	30	14	12	56
Hand-held security scanners (number of pieces)	350	126	40	516
Number of dangerous goods seized	286,174	176,698	75,804	538,676

For personal safety of the employees, the Company strictly implements the safety accountability system for all employees, formulating and revising safety operation standards, improving workshop management, promoting standardization of teams and

groups, enhancing labor safety education and initiating labor safety emergency drill. The Company provides employees with labor safety products, and strengthens the safety and protection of employees by applications of surveillance system, automatic alarm device, on-site operation recorder, etc.

In 2017, there were 3 fatalities on the job who was employee under the management of the Company, accounting for 0.069‰ of the total number of employees. There were 53 persons who were injured due to work tasks, the working days which were lost due to the occupational injuries were accumulated to be 2,782 days.

4. Other service responsibilities

The policies of the Company 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 a 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 reinforce the protection towards the information security on the Internet and 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 in compliance with the laws, shall not release the customer information and confidential information without customers' consent. Corresponding protective measures also apply to network and telephone ticket sales channels. According to the *Regulations on the Administration of the Credit Investigation industry* promulgated by the State Council, *Advice on Strengthening Credit Investigation in the field of Transportation* promulgated by the Five ministries, including the National Development and Reform Commission, as well as other relevant laws and regulations, China Railway Corporation formulated the *Measures for the management of railway passenger credit records (Trial)*. The Company will record and report the default of railway passenger according to the relevant requirements. The Company has complied with the relevant laws and regulations in protecting passenger information and privacy.

(2) Complaint channels and handling: The Company publicizes the complaints monitoring hotline numbers in passenger stations, freight transportation stations and on trains, and accepts complaints about passengers and freight transportations through the 12306, 95306

websites and phone numbers. Station master offices or information desks are also available at major passenger stations to collect passenger inquiries and complaints. The Company also deals with investors' inquiries through Shanghai Stock Exchange of interaction, investor relations telephone, fax, e-mail and other channels.

(3) Intellectual property rights: The Company attaches great importance to the protection of intellectual property rights, and purchases, installs, and uses genuine software on office computers and information system. The Company 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 service

1. Passenger Transportation

In 2017, the Guangshen Railway completed the transportation of 85,133,200 passenger-trips, with a passenger transportation revenue of RMB 7,757 million. As of December 31, 2017, the Company operated 251 pairs of passenger trains each day, of which 107 pairs

of intercity high-speed passenger trains between Guangzhou and Shenzhen (including 97 pairs of inter-city trains between Guangzhou East to Shenzhen (including 22 stand-by pairs), 10 pairs of Guangzhou East to the Chaozhou-Shantou cross network EMU trains), 13 pairs of Hong Kong Through Trains and 131 pairs of long-distance trains.

(1) Enhancement of passenger transportation capabilities

The passenger transportation capabilities has been enhanced by the integration of parts of the railway operational assets of the SR and the GMSR as facilitated by the Company and created synergy between of passenger transportation. Since September 21, 2017, the Company has added 2 pairs of pairs of interline EMU line from Guangzhou East to Chaozhou-Shantou and there are 10 pairs of trains every day, which has gained remarkable economic and social benefits. Against the shortage of advanced repair of CRH1 EMU trains, the Company has used multiple CRH6A EMU trains in large passenger volume, which have put into operation and increased the transport capacity of intercity EMU trains between Guangzhou and Shenzhen, and stabilized passenger flow and transportation revenue. The Company adjusts the trains frequency and arrival/departure time for Guangzhou-Shenzhen inter-city trains to Pinghu Station, and

further optimizes the public traffic network between Guangzhou and Shenzhen.

(2) Optimization of service environment

The Company continues to invest in the renovation and upgrade of key passenger stations and passenger trains to provide passengers with a considerate, intelligent and automated travel experience. After installing face recognition gate, automatic ticket vending machine, self-service platform ticket machine and self-service information station, it is not only to improve the efficiency of passenger service, but also reduce the labor intensity of workers. The technical equipment introduced to the station counters provides network payment channels for passengers to buy tickets. The automatic ticket vending machine also supported barcode scanning payment, making it easier for passengers to pay tickets. With the introduction of LED lighting, addition of voice cues added and enhancement of electronic guide screen in certain stations, a bright and safe waiting environment for passengers is created. In some stations, the air purifier, automatic soaping machine and automatic induction dryer have been installed in the toilet rooms, which effectively improve the toilet environment in the station. The Company increases the equipment renovation on the hull general speed train. Air purifiers

are added in the train toilet. New unified bedding is replaced in some trains; for the high speed EMU trains commissioned, they are cleaned well and the seat cover and pillow are replaced. At Guangzhou South Station and Shenzhen North Station, 11 intelligent robots, "Xiao Lu", provide passenger information inquiries and guidance services.

As of the end of 2017, passenger stations under the management of the Company had installed a total of 253 automatic ticket vending machines, 149 automatic ticket verification gates (including 48 ticket verification equipment featured face recognition technology), 214 Internet ticket dispensing machines, 46 reimbursement voucher printing terminals and 282 identity information verification devices. The Company also cooperated with banks and financial institutes to issue 1.60 million of Guangshen Intercity IC debit cards and completed 650,000 transactions in 2017 (2016: 0.6 million transactions). Since December 20, 2017, the Company has implemented the railway points system through 12306 platform. The members of the "regular travelling passenger" can get the corresponding points when buying tickets and the points can be exchanged for train tickets for specified trains.

(3) Enhancement of service quality

The Company is committed to continuously improving the passenger service quality, strengthening service training for passenger train workers, regulating operation standards, providing passengers services with keen smile and positive attitude. The Company enhances the catering service quality on the train, seriously inspects and supervises train meals to ensure food safety. The catering carriage in general speed trains are transformed in line with standards of EMU trains, added with services of "cold chain" storage and food heating equipment. Various kinds of food packages are offered and supports mobile payment of code scanning . In 12306 platform, the takeout service are introduced to catering on EMU trains, in coordination with the professional catering service company to provide rich and diversified catering services for passengers.

During the Spring Festival transportation of 2017 (January 13, 2017 to February 21, 2017), the Company implemented normalization management measures for Spring Festival transportation, strengthened emergency support capability, to ensure transportation safety and stability, and successfully completed the Spring Festival transportation goal. At Guangzhou Station, Guangzhou East Station and Shenzhen Station, a total of 3,376,000 passengers, 3,171,000

passengers and 2,373,000 passengers were delivered during the Spring Festival respectively. The punctual rate of trains reached 99%, 99.8% and 93.4% respectively.

2. Freight Transportation

In 2017, the freight volume of Guangshen Railway was 52,239,200 tons, and the freight revenue was RMB1,894 million.

The strategic deployment is carried through the transform from traditional transport to modern transportation business in the Company's freight business, to make the transportation products and market demands connected, and the freight service improved. The Company focuses on doing well in transport organization of coal and ore, car and spare parts, containers to ports, by specialized and characteristic freight organization management. 13 cargo freight are organized from Jiangcun station area. The boxcar trains start and are loaded at Guotang station. The container trains start and are loaded from Dalang station. There are advantages of fast running, long running distance, transportation with high added value. The freight department of the Company actively serves the cargo owner, strengthens the organization of supply resources, promotes insured transport, and completes the complaint handling and return visits to improve the satisfaction of the cargo owner.

3. Railway Network Usage and Other Transportation Services

In 2017, the revenue of the Railway Network Usage and other transportation services of the Company reached RMB7,644 million, with a year-on-year growth of 7.77%, with its contribution to the business revenue of the Company continually growing. The Company provides railway passenger transportation operation and freight service to different railways which include Wuhan-Guangzhou High-speed Railway, Guangzhou-Shenzhen-HK High-speed Railway, Guangzhou-Zhuhai Intercity Railway, GZR, XS R, GSR, GGR, NGR and PRDIR. y. It also worked with the railway companies to establish the mechanism for communication and coordination. Entrusted operation service agreements were signed to realize the win-win situation for the Company and the railway companies.

4. Other business

In 2017, the Company's other business mainly included train repair, on-board catering services, leasing, sale of materials and supplies, sale of goods and other business related to railway transportation. The annual revenue was RMB1,037 million.

V. Environmental Protection and Energy Saving & Emission Reduction

(I) Specific Measures

In 2017, the Company carefully implemented various environmental protection and energy saving and emission reduction measures, which effectively reduced concentration of emission like sulfur dioxide and smoke and dust, and cleared 1,744 tons of garbage along the railway lines and stations, and transferred 286 tons of hazardous wastes. The Company makes investments to the maintenance and operation of sewage disposal system, air purification equipment, garbage compression equipment, uses bio-degradable environmental protection tableware in catering carriage, replaces LED lighting for the station and the offices, applies central heating and water recycling technology, to reduce pollution emissions and reduce water and power consumption. The online office application and intranet email system help reduce 2.26 tons of paper usage throughout the year.

(II) Emissions and resources use

In 2017, the Company strictly implemented energy saving and emission reduction measures, and effectively integrated

transportation resources, with obvious effect of emission reduction and in lower total energy consumption of locomotives.

Table of emission statistics of Guangshen Railway

Item	2017	2016	2017 as compared with 2016
Industrial waste water (thousand tons)	1,715.01	2,030.81	-15.55%
Sulfur dioxide SO ₂ emissions (tons)	1.212	1.755	-30.94%
Emission of chemical oxygen demand COD (tons)	40.764	67.365	-39.49%
Emission of smoke and dust (tons)	0.388	0.511	-24.07%
Emissions of petroleum type (tons)	1.591	2.413	-34.07%

The Company's resource consumption efficiency plan is about the implementing material 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 2017, the Company's cost of material, water and power consumption was RMB1,628 million (2016: RMB 1,697 million), with a year-on-year decrease of 4.07%. In 2017, the Company did not encounter any problems in its requirement for appropriate water source. The Company's industrial water consumption was 2,039,220 tons, representing a decrease of

16.71% as compared to 2016.

Table of energy consumption sheet for Guangshen Railway locomotives

Index	Diesel locomotives		Electric Automotives	
	2017	2016	2017	2016
Total amount of oil consumption	55,072.0	57,760.9	—	—
Energy consumption index * (kg / ten thousand tons kilometers)	34.58	36.76	—	—
Total electricity consumption	—	—	402,305,589	426,508,766
Energy consumption index * (KWH /ten thousand tons kilometers)	—	—	152.34	151.98
Grease consumption (ton)	285.1	287.4	65.5	66.3

*: Due to adjustment of statistical calibre of locomotive energy consumption, energy consumption index of diesel locomotives in 2016 was adjusted from originally disclosed 40.79 kg/ten thousand tons kilometers to 36.76 kg/ten thousand tons kilometers; In 2016, the energy consumption index of electric automotives was adjusted from originally disclosed 142.42 KWH/ten thousand tons kilometers to 151.98 KWH/ten thousand tons kilometers.

The Company provides railway passenger and freight transportation services. Except for necessary protection of the freight in the process

of freight transportation and the usage of strengthening material, no statistics of the usage and quantity of the packaging of the final products were included.

VI. Social Welfare and Employee Rights & Benefits

(I) Social welfare

In 2017, the Company actively promoted its work in social welfare, providing medical, living and studying supports to employees in distress throughout the year, and financial assistances were provided to 6,360 employees by using the Railway Industry Social Welfare project. In 2017, staff contributions to Railway Industry Social Welfare project were amounted to RMB924,300 whereas other charity donations were amounted to RMB195,600. The employees of the Company proactively participated in welfare activities, in which they grouped as volunteers to provide assistance to passengers. They also participated in donation to poor areas and in the blood donation campaigns.

(II) Protection of employees' rights and interests

Guangshen Railway makes real efforts to protect the rights and

interests of employees and expands its staff size. By December 31, 2017, the total number of the Company's employees was 43,767 (2016: 44,609). The details of which were shown in the following table:

Item	Number of employees in 2017	Number of employees in 2016	2017 vs 2016 Increase/Decrease
Total number of employees	43,767	44,609	-1.89%
By gender			
--Male	32,899	33,255	-1.07%
--Female	10,868	11,354	-4.28%
By age			
--Under 30	15,094	14,968	+0.84%
--31 to 40	7,591	7,795	-2.62%
--41 to 50	11,297	11,752	-3.87%
-- Above 51	9,785	10,094	-3.06%
By education background			
--Postgraduate and above	162	154	+5.19%
--University graduate	4,168	3,708	+12.41%
--Vocational training and others	39,435	40,747	-3.22%
By region			
-- Shenzhen (by the location of the unit)	3,026	3,090	-2.07%
-- Other districts (by the location of the unit)	40,741	41,519	-1.87%
By job nature			

Item	Number of employees in 2017	Number of employees in 2016	2017 vs 2016 Increase/Decrease
--Passenger transportation, freight transportation and transit operation	20,022	19,989	+0.17%
-- Engineering	5,467	5,418	+0.90%
--Vehicles	4,198	4,428	-5.19%
-- Public works	4,014	4,510	-11.00%
-- Electricity	1,932	2,042	-5.39%
-- and water supplies	2,176	2,376	-8.42%
-- Building construction	1,149	1,067	+7.69%
-- Various operations subsidiaries and other subsidiaries	125	69	+81.16%
-- Technical, administration and management	4,669	4,710	-0.87%
-- Others	15	0	——

The Company has complied with provisions of relevant laws and regulations of the state, and formulated a series of human resources system, in which the Company's newly recruited employees are briefed on the Company's "Employee Manual" in which the Company's policies of promotion, work hours, holidays, equal opportunity, diversity developments, anti-discrimination policies and other remuneration and benefit are stipulated. The Company has not employed any child labour and forced labour. 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 employer.

1. Employee's remuneration and benefits

In 2017, 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 6,842,220,000, representing a growth of 10.02% as compared with that of 2016. The Company has established a mechanism ensuring the steady income growth of the employees in order 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 the termination and release of employment contracts, the

details of which are stipulated in the Company's "Employee Manual". Employees 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 2017, the Company terminated the employment contracts of 277 employees, representing 0.63% of the total number of employees.

2. Building its workforce

The Company attaches great importance to building its workforce. The Company raises the overall quality of its employees by means of recruitment, internal training, providing education with qualifications, competitions of the skills and etc. The Company also initiates the qualification assessment for various skills so as to enhance the potential of career development for the employees. Meanwhile, the Company devoted funds to construct the professional training rooms, purchased training equipment. The Company organized on-site visit to Huawei, CGNPC, BGI and other advanced enterprises for its management. Also, the Company held regularly learning forums relevant to modern logistics, Internet+ and

other advanced technology. The Company encourages employees to provide rationalization proposals for the Company's management and development, and financial support and incentives for technical production, management and other projects will be provided.

In 2017, the Company recruited 1,426 graduates, including 137 undergraduates and 1,289 specialist college graduates, which promoted the overall quality of workforce. A total of 803,793 employees joined different kinds of occupational training with the proportion of employees recruited for a position after being qualified with certificates reached 100%.

Table of training hours received by the management
of Guangshen Railway in 2017

Category of employees	Number of employees (persons)	Average training hours (hours)
Senior management of the Company	5	116
station masters	177	57
Other middle-level management	1,516	41

National and industry honors awarded to the staff of Guangshen
Railway as an individual or a group in 2017

Group	Units belonged	awarded
Ticket Shop of Shenzhen Station "Bougainvillea" Team	Shenzhen Station	The Leader of Railway Cup of General Union of Railway
Lechang Bridge Tunnel Workshop, South of Dayao Bridge Tunnel Maintenance Area	Guangzhou Work Section	
Guangzhou Zhuhai Logistics Workshop	Guangzhou Freight Center	
Zhuhai Station	Guangzhou South Station	
Guotang Station	Jiangcun Station	
Shenzhen North Station	Shenzhen North Station	The "Civilized station" of national railway, The Guangdong Province May First Labor Awarding Certificate, and the "civilized unit" in Guangdong Province
Futian Station	Shenzhen North Station	"Standardized intermediate station for safety production" of national railway and "customer satisfying unit of passenger and freight transportation counter"
Guangzhou Freight Transportation Center	Guangzhou Freight Transportation Center	The "civilized unit" of national railway

The QC Team of the Longcun Operating Railways	Guangzhou Vehicle Section	National Railway Industry Excellent Quality Management Team
The Group Committee of Shenzhen Station	Shenzhen Station	National Railway "May 4" Red Flag roup Committee, Guangdong Province "May 4" Red Flag roup Committee
Longchuan Application Workshop	Guangzhou Vehicle Section	The Guangdong Province May First Labor Awarding Certificate
No.1 Service Team of Guangzhou South Station	Guangzhou South Station	
Ticket shop of Shenzhen Station "Bougainvillea" team	Shenzhen Station	Youth Civilization of Guangdong
Guangzhou Electricity Supply Section	Guangzhou Electricity Supply Section	Guangdong Province Enterprise Management Modernization Innovation Result Second Prize
Shenzhen Station	Shenzhen Station	Shenzhen "Civilization Unit"
Individuals	Units belonged	Honors awarded
Jiang Le, Zeng Lixiang, Chen Huihui	Guangzhou North Vehicle Section	The Leader of Railway Cup of General Union of Railway
Duan Bingshuang	Guangzhou Passenger Transportation Section	
Yu Mingjing	Guangzhou Vehicle Section	The Leader of Railway Cup of General Union of Railway

Ni Fenbin	Guangzhou Electricity Supply	
Li Xiaoqiang	Guangzhou Vehicles Section	
Hu Guojian	Guangzhou Public Works Section	
Cai Heng	Guangzhou Building Construction Section	
Ma Xingui	Public Works Section of Guangnan High-Speed Rail	
Zhang Xinzheng	Shenzhen North Station	
Yang Zhe, Tan Dazhao	Guangzhou Engineering Section	National Railway Technology Talent
Zhang Zhenyong, Zhu Guangrong	Guangzhou Freight Transportation Center	
Xie Xianliang	Guangzhou Public Works Section	
Chen Huihui	Guangzhou North Vehicle Section	
Yu Mingjing	Guangzhou Vehicle Section	

Liu Puning	Guangzhou Vehicle Section	
Cai Heng	Guangzhou Building Construction Section	
Zeng Ceng	Shenzhen Electricity Supply Section	
Tang Dunhui	Guangzhou Electrical Section	
Liang Haichao	Jiangcun Station	
Chen Xiaodie	Shenzhen Station	National Railway Outstanding Cadre
Qu Weichao	Shenzhen Station	National Railway Excellent League Member
Ma Zhongyan	Guangzhou Passenger Transportation Section	Guangdong Province "May 1 Labor Medal"
Wu Zhaofei	Guangzhou Vehicle Section	

3. Improvement of production and living conditions

In 2017, there are 4 modifications of single apartments and 3 modifications of staff canteen in the Company. 5 train crew dormitories, 13 single apartments and 4 canteens are newly-built. All these greatly improve the accommodation and living condition of

frontline staff. There are diverse recreational activities. Organize staff to have exhibition of photography, calligraphy, and painting. The fifteenth session of the staff sports competition is held successfully, so the recreational atmosphere is activated. Safe and quality standard line construction is introduced in the Company to enhance the landscape along the railway lines. Reduce the labor intensity is reduced by distributing labor protection equipment and safety protection device, application of advanced devices and management, so the staff safety is secured.

2017, Company has arranged 34,993 staff members to have body-check (include 7,466 female staff's inspection) and there are 3,451 approved sick leave.

VII. Explanatory Notes

(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 2017 to 31 December 2017

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 performance of corporate social responsibilities of the Company, Guangshen Railway sent questionnaires to each unit (department) in respect to the performance 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 responsibilities. 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 the 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 to the Listing Rules of the 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 2017, the Company created a social contribution value per share of RMB1.32 (2016: RMB1.34 per share), including earnings per share attributable to the shareholders of RMB0.14, added-value per share

attributable to the society of RMB1.18 (annual tax payments to the nation of RMB 572,750,000+ wages and benefits paid for employees of RMB6,842,220,000+ charity donations of RMB1,120,000+ value created for other related stakeholders (such as environmental protection and greenery, material investments in running safety, etc.) of RMB984,960,000- pollution costs calculated on the basis of pollution discharge fees and etc. of RMB31,080,000) / total number of shares (7,083,537,000 shares).

(V) Contact information

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