

Guangshen Railway Company Limited

2019 Social Responsibility Report



March 30, 2020

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 30, 2020

Content

I. Chairman's Statement.....	
II. Company Profile.....	
III. Regulate Operation and Integrity Management.....	
IV. Transportation Safety and Passenger & Freight Service.....	
V. Environmental Protection and Energy Saving & Emission Reduction.....	
VI. Social Welfare and Employee Rights & Benefits.....	
VII.Explanatory Notes.....	

I. Chairman's Statement

Dear Sirs/Madams,

The year 2019 is the 70th anniversary of the founding of the People's Republic of China. Benefited from the growth of the country, the railway industry has been developing in the past 70 years relying on hard work. Through the in-depth study and implementation of Xi Jinping's new socialist ideology with China's characteristics, Guangshen Railway Co., Ltd. has deeply understood the idea of "Railway transportation is the vanguard of national transportation" and taken it as its historic mission. It has implemented the decision and deployment made by the shareholders' meeting and Board of Directors of the Company, and adheres to the close combination of enterprise management with corporate social responsibility to make a due contribution to economic and social development.

The Company comprehensively strengthens the leadership and construction of the Party. It steadily strengthens its consciousness of the need to maintain political integrity, think in big-picture terms, uphold the leadership core, and keep in alignment, fortifies our confidence in the socialist path, theories, system and culture with Chinese characteristics, and achieves the upholding of the core positions of the Party and the authority and centralized leadership of the Party Central Committee. It pays close attention to the party construction work based on the action guide of adhering to the Party's leadership over state-owned enterprises and the direction of the reform of state-owned enterprises, that is, the establishment of a modern enterprise system. In addition, the Company carried out the theme education of "remember the original intention and bear the mission in mind" to strengthen the construction of honest administration and a corruption-free government.

The Company fortifies the consciousness of market competition participant. It adheres to the principle of enhancing local organization construction and improving the quality and efficiency to improve passenger and freight transportation capacity as well as service. It also expands the entrusted operation business, and organizes the "Ensure safety, stability and operation, increase traffic volume, income and benefit" activities. Relying on all these work and activities, the Company reached a passenger transport volume of 85.13 million persons and a freight transport volume of 16.24 million tons throughout the year, with an operation revenue of RMB21.178 billion.

The Company keeps improving the safety management system to promote safety assurance capacity. It implemented various safety risk prevention and control measures, and completed 120 fixed asset investments related to traffic safety, which totaled RMB716.97 million, achieving the goal of

railway transportation safety responsibility throughout the year.

The Company implements standardized operation, and carries out corporate governance and internal control construction. The Company has returned to shareholders through long-term and stable cash dividends, and has distributed more than RMB11.8 billion of cash dividends since the listing of H shares in 1996. The Company stress importance of protecting the rights and interests of employees. It also actively participates in social public welfare and poverty alleviation, implements energy conservation and emission reduction measures, and achieves a social contribution of RMB1.47 per share.

At the beginning of 2020, the unexpected novel coronavirus pneumonia epidemic had a great impact on the transportation management of Guangshen Railway, but the staff members are working with great confidence in their posts to make contribution to the prevention and control of the epidemic, believing that they will win the battle against the coronavirus. The Company took the responsibilities of a railway enterprise to cope with the epidemic by implementing effective measures such as rushing the transportation of epidemic prevention materials, voiding the ticket-return fee and containing the spread of virus in trains and stations. The Company will actively face difficulties and challenges to give play to the key role of railway transportation enterprises to guarantee both epidemic control and transportation security. It will eliminate the adverse effects of the epidemic by implementing measures to save costs and reduce consumption, increase transportation and income, and support the service areas to resume work and production in a safe and order way. Difficulty is the nurse of greatness. I believe that with the support of China National Railway Group Co., Ltd., China Railway Guangzhou Bureau Group Co., Ltd. and governments at all levels, as well as the great efforts of all employees of the Company, Guangshen Railway will be able to overcome the difficulties at the moment and create a new situation in 2020. It will contribute new power to the goal of building a moderately prosperous society in an all-round way and satisfactory completion of the 13th five year plan!

Chairman: Wu Yong

March 30, 2020

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 railway transportation business of Shenzhen - Guangzhou - Pingshi section, and cooperates with Hong Kong MTR Corporation Limited in the Intercity Through Train transportation business. The Company is also entrusted to provide railway operation services for Wuhan-Guangzhou Railway, Guangzhou - Zhuhai Intercity Railway, Guangzhou - Shenzhen - Hong Kong Railway, Guangzhou - Zhuhai Railway, Xiamen - Shenzhen Railway, Ganzhou - Shaoguan, Nanning - Guangzhou Railway, Guiyang - Guangzhou Railway, Pearl River Delta Intercity Railway, Maoming - Zhanjiang Railway, Shenzhen - Maoming Railway and Meizhou - Shantou Railway.

Shenzhen - Guangzhou - Pingshi Railway, which is operated independently by Guangshen Railway, has a operating mileage of 481.2km and runs through the whole territory of Guangdong Province. Meanwhile, Guangzhou - Pingshan section is the south section of Beijing - Guangzhou Railway, the railway artery from the south to the north in China; while Guangzhou - Shenzhen section is the main railway passage from inland China to Hong Kong which connects Beijing - Guangzhou Railway, Beijing - Kowloon Railway, Sanshui - Maoming Railway, Pinghu - Nantou Railway, Pinghu - Yantian Railway, Xiamen - Shenzhen Railway, Guangzhou - Dongguan - Shenzhen Intercity Railway and MTR East Rail Line, which is an important part of railway network in China.

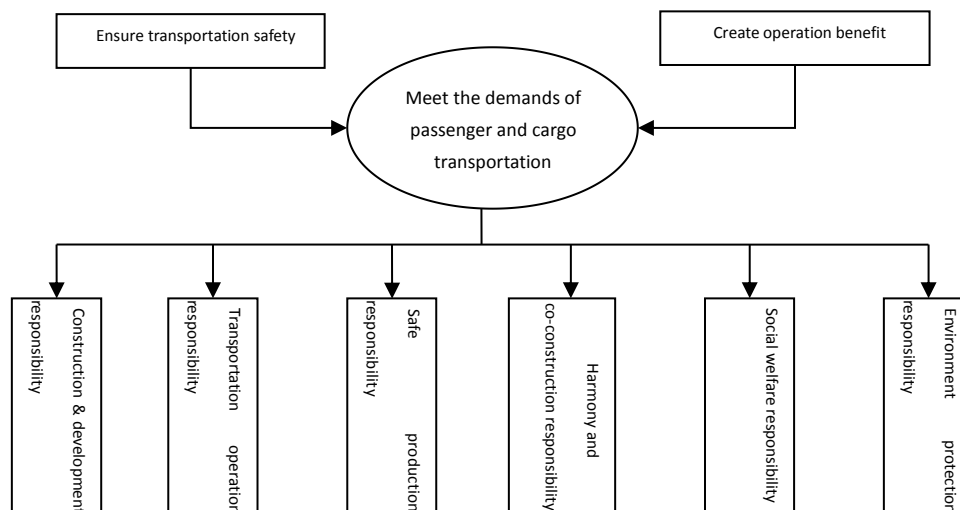
(II) Social responsibility management of the Company

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 2019, the Company held 2 Shareholders' meetings, 5 Board of Directors' meetings, 4 Board of Supervisors' meetings, 7 audit committee meetings and 25 office procedure meetings of General Managers. For the purpose of deepening the implementation of the party construction work of state-owned enterprises and adapting to the changes in the management standards of listed companies, the Company revised the Articles of Association to further clarified the overall leadership of the Party in the company management structure for standardized management behavior. The Company also revised the Detailed Rules for the Implementation of Cumulative Voting System to conform to the regulatory policy of cumulative voting, and ensure full exercise of shareholders' voting rights in accordance with the law.

For details of the Company corporate governance, Directors, supervisors and senior management, please refer to 2019 annual report of the Company.

(II) Internal control

The Company has established a rather mature internal control system to track and inspect actual implementation of the system and evaluate the implementation effect of various management systems. The Company carries out targeted internal control construction and evaluation base on the requirements of Company Law, Securities Law, the Basic Norms of Enterprise Internal Control and the supporting guidelines, Internal Control Guidelines of Listed Companies, Sarbanes Oxley Act of the United States and other laws and regulations, which covers 40 business processes of the Company's headquarters and 14 subordinate business units. The Audit Committee formulates internal audit plan for the Company, and the Audit Department performs internal audit supervision.

For details of the Company's internal control, please refer to 2019 annual report of the Company, 2019 internal control assessment report and internal control audit report.

(III) The work of Party building

The Company studies and implements Xi Jinping's socialist ideology with Chinese characteristics in the new era. It steadily strengthens its consciousness of the need to maintain political integrity, think in big-picture terms, uphold the leadership core, and keep in alignment, fortifies our confidence in the socialist path, theories, system and culture with Chinese characteristics, and achieves the upholding of the core positions of the Party and the authority and centralized leadership of the Party Central Committee to implement the main responsibility of strict administration of the Party. The Company gives priority the Party's political construction and strengthens the Party's overall leadership over the Company's daily work. It held 33 meetings of the Party Working Committee to study and make decisions on the "Three Importance and One Greatness" system issues, and perform the pre discussion procedures on the issues related to the Board of Directors' meeting and office procedure meetings of General Managers. The Company carried out the theme education of "remember the original intention and bear the mission in mind" which were led by the Party Working Committee of the Company. The Party Working Committee also deepened investigations and researches for supervisions, rectification and improvement. It encouraged party members and cadres to take the responsibility to enhance the cohesion and capacity of the party organization, and promoted the resolution of 31 outstanding problems which were raised by the people, and finished special rectification of 34 items.

The Company implements the spirit of the eight-point regulation of the central government to strengthen the construction of honest administration and a corruption-free government. It formulated and revised a number of systems and measures to supervise and manage key areas such as travel expenses, official vehicles, office buildings and materials bidding and procurement.

Company's anti-corruption, anti-fraud measures

and reporting procedures

Provisions and requirements	Preventive measures and supervision procedures	Reporting procedures
Company's <i>Employee Manual</i> , <i>Code of Professional Ethics and Code of Conduct for Senior</i>	Company's senior management and key position staff signed the relevant declaration for the year	

<i>Management and Anti-fraud (Trial) Regulations</i>		
Management in relation to Corporate Legal matters and Model Contract	The breach of bribery clause under a model contract	
<i>Implementation Measures for Capital Management of the Company</i>	The Company's Audit, Discipline Inspection and Supervision, Law Affairs and other departments play a regulatory role, and the Audit Dept regularly conducts fund management audit	
The Company's Rules for Implementing the Responsibility System for Improving the Party's Work Style and Clean Government Building	Establish the responsibility assigning mechanism; set up the leading group for the Party's work style and clean government building; carry out the self-inspection and report relevant details each year.	Establish the important matters reporting system related to the Party's work style and clean government building; The Company's discipline work committee shall report corresponding important matters.
The Company's rules for implementing matters in relation to the "Three Importance and One Greatness"	The working committee of the Party, the Board of Directors and the general manager's office meeting shall decide on matters in relation to "Three Importance and One Greatness", and inspect and supervise the responsibility assigning system.	When any individual has different opinions, any decision mistake occurs or any major loss cannot be remedied, and any serious problem arises from the use of fund of large amount, such situation must be reported to the superior.

In 2020, The Company had no concluded corruption lawsuits against the Company or its employees.

(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 RMB11.89 billion (including tax), representing a dividend payout ratio of 56.6%. The Company has completed 2018 cash dividend distribution to its shareholders home and abroad in August of 2019, the cash dividends was RMB0.06 per share (including tax), about RMB0.425 billion in total. The Board of the Company recommended the payment of 2019 final dividend of RMB 0.06 per share (including tax),

about RMB 0.425 billion in total.

2. Information disclosure

In 2019, the Company fulfilled the obligation of information disclosure. It implemented the Regulations for Information Disclosure to improve the quality of information disclosure of the Company. The Company also standardized daily connected transactions. It signed the Comprehensive Service Framework Agreement with China Railway Group Co., Ltd., and timely issued the Announcement of Daily Connected Transactions. To ensure the compliance of senior executives' performance of their duties, the Company issued the announcements on changes of senior executives and the appointment of the Secretary of the Board of Directors based on the regulatory requirements of Shanghai Stock Exchange and Hong Kong Stock Exchange on the appointment of senior executives.

In 2019, the Company issued 101 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.gsxc.com).

3. Investor relations

In 2019, the company held the annual general meeting of shareholders 2018 and the first extraordinary general meeting of shareholders in 2019. To facilitate the presence and exercising of voting rights of small and medium shareholders, both of the meetings were held in the ways of on-site and online voting to re-elect three directors by means of cumulative voting. The Company maintained communication with investors through various channels. It answered more than 200 calls from investors, replied to 30 e-mails, received 12 investors for visits, replied to 30 questions raised in the "E-Interactive" website of Shanghai Stock Exchange, prepared and held a global conference call on the performance of the year 2018 and the half year of 2019.

4. Operation Management

The Company strengthened operation and management in 2019. It improved management efficiency, formulated and revised management systems and regulations involving capital management, performance assessment of subordinate units, safety management of joint venture freight yards, travel expense management and office equipment allocation, etc. It also organized and carried out internal audit, material equipment inspection, engineering project inspection and vehicle pass management inspection, etc. The Company formulated the Regulations on Dispatched Directors and Regulations on Supervisors to establish and improve the management structure of directly affiliated companies. The Company completed 166 overhaul projects, 528 fixed asset investments and signed 5,514 economic

contracts last year.

5. Legal Affairs

The Company established and improved a legal affairs management system to clarify that main leaders of the Party and the Government shall take the overall responsibility, and members of the team shall be responsible for divided responsibilities. All departments participated in the legal affairs management work system to promote the establishment of legal system, and formulated the Regulations on Contract Management Assessment and Accountability and the Implementation Measures for Legal Argumentation of Decision-Making of the “Three Importance and One Greatness” Matters(Trial Implementation). The Company paid attention to legal risk prevention and safeguarded legal rights and interests. It closed 25 cases last year to avoid and recover economic losses of RMB4.08 million. The Company standardized contract management and qualification review. By the implementation of model contract and contract approval process, the Company did not involved in any contract dispute. The Company attached great importance to the team building of legal personnel and law popularization. It organized two legal training courses for about 230 people from the Company’ s organs and sections.

6. Cooperation and development

In 2019, 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 cooperation between the Company and government departments: the Company cooperates with government departments in railway security and anti-terrorism work during major meetings, holidays, especially the 70th anniversary of the national day holiday. The Company renovated the surrounding environment of large stations to improve the landscape along railways, and paid taxes and fees in accordance with the law, which reached RMB808 million in the whole year.

The cooperation between the Company and shareholders: the Company returned to shareholders with long-term and stable cash dividends. The Board of Directors proposed a final dividend of RMB0.06/share (including tax) at the end of 2019, totaling about RMB425 million. The Company performed the obligation of information disclosure and exerted the supervision functions of the Audit Committee and independent directors for investor relationship management and shareholders’ right to know as well as interests.

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 cooperation between the Company and suppliers: the Company maintains fair and open cooperation with suppliers. It regulated bidding behavior and further strengthened supply chain and alternative warehouse management. In 2019, the Company organized 92 bidding or negotiation projects and 164 non-bidding procurement projects, and approved 450 large-scale procurement projects of subordinate units. The Company maintains close cooperation with 72 suppliers and companies, including 48 in Guangdong Province and 26 outside Guangdong Province. The total annual procurement of top five suppliers accounted for 34.19%.

The cooperation between the Company and communities: in 2019, the Company communicated and coordinated with local departments in the follow-up cooperation of water supply, power supply, heating supply and property management. The Company strengthened safety and protection along railways and carried out safety publicity and education to ensure safety of residents along railways.

IV. Transportation Safety and Passenger & Freight Service

(I) Transportation Safety

The Company regards transportation safety as the most important social responsibility. In 2019, the Company fortified the development concept of “Life is paramount, safety is the first” to ensure safe and stable railway transport, achieving the transport safety target of the year. The Company completed 166 overhaul projects and 528 fixed asset investments, including 120 fixed asset investment projects involving train operation safety.

1. Facility safety along the railway lines

The Company promoted and implemented important renewal projects including the improvement of automatic block and computer interlocking of Guangzhou - Pingshan section of Beijing - Guangzhou Railway, the adaptive transformation of traction power supply system of Pingshi - Guangzhou section of Beijing - Guangzhou Railway. It carried out special rectification of line facilities, implemented flood control measures of railway lines, and screened external potential risk of high-speed railways to ensure the safety of line facilities.

The works of high speed railway lines under the management
of or entrusted by Guangshen Railway in 2019

Projects	Railways Lines under management	High speed railway lines	Subtotal
Replacement of steel tracks (km)	20.070	1.875	21.945
Replacement of flex abrasion tracks (km)	31.385	14.711	46.096
Turnout Installation and Replacement (Team)	88	28	116
Large machine tamper (km)	519.680	615.078	1,134.758
Maintenance of railway lines*(km)	659.087	302.132	961.219
Maintenance on number of spots of water damages (spots)	26	9	35

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

2. Personal Safety

To create a station environment for railway passengers, the Company strengthened arrival safety inspections, carried out publicity on passenger safety and major inspections of passenger facilities, fire protection, food as well as sanitation. In 2019, the Company completed the construction and height increase of 89,772 meters of isolation barriers along railways and the construction of 18 meters of walls as well as the 99,839 meters of blade protection nets. The Company initiated emergency response to typhoon weather and implemented flood prevention measures of railway lines by suspending or changing some trains in time to ensure passenger safety.

Table of statistics of security check facilities and dangerous materials seized at key passenger stations of Guangshen Railway in 2019

Items	Guangzhou Station	Guangzhou East Station	Shenzhen Station	Subtotal
Security scans (number of machines)	17	16	20	53
Hand-held security scanners (number of pieces)	120	39	96	255
Number of dangerous goods seized	249,559	178,573	247,893	676,025

The Company attached great importance to the personal safety of employees, strict labor discipline and operational discipline, implemented on-site standardization operation requirements, and strengthened on-site construction safety inspections. Meanwhile, the Company provided labor insurance

products for employees, strengthened safety knowledge training, and reduced the labor intensity of employees through remote monitoring, automatic warning, modular maintenance and other technical means to improve the safety level of employees.

In 2019, one employee of the Company died due to a liability accident, accounting for 0.023 ‰ of the total number of employees; 66 employees suffered injury in work, and the total number of working days lost due to work injury was 4178.

3. Other service responsibilities

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

(1) Passenger information security and privacy: the Company implements real name system of passenger tickets. It has formulated operating procedures for the management of ticket sales, collection, check-in and ticket retrieval at station windows to enhance information network security protection and guarantee passenger private and identity information. The Company requires employees to respect passengers' independent choice and other rights and interests and protect passengers' information according to law without disclosure. It also implements regulations on identity verification of railway internet ticket purchase, and passenger information protection measures for online ticket sales and telephone ticket sales channels. China Railway Group Co., Ltd. has formulated the Regulations on the Administration of Railway Passenger Credit Records in accordance with relevant laws and regulations such as the Regulations on the Administration of Credit Investigation issued by the State Council and the Guidance on Strengthening Credit Establishment in the field of Transportation issued by the five ministries and commissions including the National Development and Reform Commission. The Company records and reports discreditable behaviors of railway passengers, and protects passenger information and privacy in accordance with relevant laws and regulations.

(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: the Company implements a cultural assets management system to register, manage and protect cultural assets. It attaches great importance to the protection of intellectual property

rights, and purchases office computers and information systems to install and use genuine software. The Company has formulated a management system for science and technology projects to regulate the establishment, implementation, evaluation and application of science and technology projects. In 2019, the Company set up 16 R&D and new technology promotion projects.

(II) Passenger and freight service

1. Passenger Transportation

In 2019, the passenger volume of Guangshen Railway reached 85.13 million, with a revenue of RMB8.010 billion. Until December 31, 2019, the Company operates 246.5 pairs of passenger trains every day, including 105 pairs of Guangzhou - Shenzhen inter city trains (including 92 pairs of Guangzhou (East) - Shenzhen inter city trains, 12 pairs of Guangzhou (East) - Chaozhou & Shantou cross line EMUs, 1 pair of Shenzhen - Huaiji cross line EMUs), 10 pairs of direct trains (9 pairs of Guangzhou - Kowloon direct trains and 1 pair of Beijing - Shanghai - Kowloon direct trains), 131.5 pairs of long-distance trains (including 10.5 pairs of Guangzhou - Foshan - Zhaoqing inter city trains, and 7 pairs of cross line EMUs from Guangzhou (East) to Guilin North, Nanning East, Guiyang North and Xiamen).

(1) Enhancement of passenger transportation capabilities

The Company adjusted train working chart for 6 times last year to adapt to passenger flow changes and transport demand before and after Spring Festival, summer and other holidays, and dynamically adjust train running and stopping to effectively utilize passenger transport resources. The Company increased cross line EMUs from Guangzhou East to Chaozhou and Shantou and EMUs from Shenzhen to Huaiji, started coupled running of EMUs from Chaozhou to Shantou during the Spring Festival travel rush and peak passenger flow periods. The Company further expanded inter city transportation capacity of Guangzhou and Shenzhen by new purchase of crh6 EMUs, and replaced the original passenger train from Shenzhen to Beijing West with the power-centralized Fuxing EMU (also known as the “Green Giant” EMU) in December 2019 to improve passenger capacity effectively. As of December 31, 2019, the Company is equipped with 2,269 buses and 36 EMUs (including 4 power-centralized Fuxing EMUs).

(2) Optimization of service environment

The Company completes plane and streamline optimization and transformation projects for Guangzhou Station, Guangzhou East Station, Shenzhen Station and other large passenger stations to improve passenger flow guidance efficiency. Meanwhile, it has finished the maintenance and renovation

of waiting rooms, ticket offices, toilets, air conditioners and elevators, seat replacement for waiting rooms in stations, and the service of free WiFi in some motor cars and passenger stations. The Company provides “paperless” e-ticket service and promotes e-payment via WeChat, Alipay and Unionpay. In addition, a new type of gate check machine with verification and “face swiping” function, and stand-by ticket machine with WeChat and Alipay payment function on trains are available for more convenient and comfortable travel experience.

By the end of 2019, 233 automatic ticketing machines, 316 automatic check-in gates (including 185 check-in gates with face recognition function), 206 Internet ticketing machines and 280 identity information verification equipment have been set up in all passenger stations under the Company (The original reimbursement voucher printing terminals are stopped for using, with function transferred to ticket windows and Internet ticketing machines). The payments of 2.34 million tickets were finished by WeChat, Alipay and UnionPay, a total of 2.17 million transactions over the year.

(3) Enhancement of service quality

The Company sets up baby care rooms and children playgrounds, military and business waiting rooms according to the passengers’ different needs in passenger stations. Consultation desks are included into the integrated management of U color service center with an official public service account of WeChat to improve service quality. The Company also optimizes arrival verification process, improves cleaning in stations and trains promotes standardized crew service, and ensures catering supply in trains for quality service.

To achieve the goal of “providing safe, methodical and warm service in Spring Festival for better travel experience”, the Company strengthened safety risk prevention, improved operation organization and service quality based on passenger demands during the Spring Festival 2019 (from Jan 21 to Mar 1, 2019). The passenger volumes of Guangzhou Station, Guangzhou East Station and Shenzhen Station reached 3.183 million, 3.039 million passengers and 2.962 million respectively during the Spring Festival travel rush based on train punctuality rates of 99.7%, 100% and 98.1%.

2.Freight Transportation

The Company carried out in-depth reform of the freight transportation system clearing system in 2019 to respond to the call of the state to win the “blue sky battle”. It made full use of the opportunity of “from road transportation to railway transportation” and took actions for freight increment. Through out the year, the Company completed a freight volume of 16.24 million tons, with a freight revenue of RMB2.113 billion.

The Company implemented the freight increment plan to organize and develop the container transportation mode for coal, metal ore and other resource bulk cargo sources, and realized the steady growth of freight transportation volume. It also innovated and developed rail - water inter-transport to promote a new mode of “trackless railway port” in combination with the river water transport network in the Pearl River Delta, and built 54 trackless container yards. The transportation mode of “railway + port” and “liner + train” has taken shape, building a good base for the realization of integrated multi-mode transportation service.

3. Railway Network Usage and Other Transportation Services

The Company's revenue from road network settlement and other transportation services reached RMB9.89 billion in 2019, an increase of 11.55% year on year. The Company was entrusted to provide railway operation services for Wuhan - Guangzhou Railway, Guangzhou - Zhuhai Intercity Railway, Guangzhou - Shenzhen - Hong Kong Railway, Guangzhou - Zhuhai Railway, Xiamen - Shenzhen Railway, Ganzhou - Shaoguan Railway, Naning - Guangzhou Railway, Guiyang - Guangzhou railway, Pearl River Delta Intercity Railway, Maoming - Zhanjiang Railway, Shenzhen - Maoming Railway and Meizhou - Shantou Railway. It signed entrusted operation service agreements with railway companies, established liaison and coordination mechanism and standardize entrusted transportation receivables management to promote business cooperation with railway companies.

4. Other business

In 2019, 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 RMB952 million.

V. Environmental Protection and Energy Saving & Emission Reduction

The Company implemented various environmental protection, energy conservation and emission reduction measures in 2019. It built and maintained environmental protection facilities, standardized management of hazardous substances, used energy- saving equipment and technology, and carried out energy conservation and emission reduction publicity.

In terms of construction and maintenance of environmental protection facilities, the Company finished the transformation project of sewage pipe network of domestic sewage and industrial waste water from Guangzhou Locomotive Depot to municipal pipelines. It also installed automatic detection

equipment for sewage treatment in Guangzhou Locomotive Depot, renovated the ventilation device of spray paint workshop in Guangzhou North Vehicles Section and installed paint mist device to improve daily maintenance of sewage treatment equipment.

In terms of daily environmental monitoring, the Company communicated with local environmental protection monitoring stations in time, carried out environmental monitoring regularly, and put forward measures to improve environmental protection.

In terms of maintenance of the environment along railway lines, the Company improved the railway greening landscape along railway lines and applied whistle limiting device to reduce noise pollution along railway lines. It also removed 5851 tons of garbage along railway lines and those at stations, and transferred 490 tons of hazardous wastes.

In terms of energy saving and emission reduction, the Company finished energy-saving lighting transformation in transport platforms to reduce power consumption and improve lighting effect. The Locomotive Department held energy-saving competition and set locomotive energy-saving awards, carried out energy-saving and emission reduction publicity, and took actions to reduce long running water and long bright lights.

Table of emission statistics of Guangshen Railway

Item	2019	2018	2019 as compared with 2018
Industrial waste water (thousand tons)	1560.35	1666.04	-6.34%
Sulfur dioxide SO ₂ emissions (tons)	0.591	0.515	14.76%
Emission of chemical oxygen demand COD (tons)	38.335	46.573	-17.69%
Emission of smoke and dust (tons)	0.219	0.198	10.61%
Emissions of petroleum type (tons)	1.796	1.784	6.73%

The Company formulated resource use efficiency plans to manage the budgets of materials and energy to guarantee the resources and energy for transportation and production, and reduced non-production energy consumption. In 2019, the Company spent RMB1.737 billion on materials, water and electricity consumption, an increase of 4.74% over the same period of the previous year. The Company did not face any problems in obtaining applicable water sources in 2019. The industrial water consumption of the Company was 1781660 tons, a decrease of 8.88% over the same period of the

previous year. Guangzhou Maintenance Section and Guangzhou Vehicles Section were included in key pollutant discharge units by the Environmental Protection Department of the government. Refer to the “Environmental Information” part of the Company’s annual report for 2019 for specific information.

Table of energy consumption sheet for Guangshen Railway locomotives

Index	Diesel locomotives		Electric Automotives	
	2019	2018	2019	2018
Total amount of oil consumption (ton)	51,968.82	48,587.19	—	—
Energy consumption index * (kg / ten thousand tons kilometers)	34.33	34.29	—	—
Total electricity consumption (KWH)	—	—	40,969,7270	410,759,902
Energy consumption index * (KWH /ten thousand tons kilometers)	—	—	142.44	143.50
Grease consumption (ton)	241.74	302.01	60.43	94.50

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 respect of social welfare, the Company visited 5,479 employees in need and supported 6,015

employees with public welfare projects of the railway industry in 2019. Employees of the Company also participated in social welfare activities. They had donated RMB1.5836 million for public welfare projects in the railway industry and collected a donation of RMB566,400 on the “National Poverty Alleviation Day”. The Company also organized public welfare publicity in stations and trains on environmental protection, health and law popularization, by which about 19,000 people participated in volunteer activities such as serving passengers and cleaning.

(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, 2019, the total number of the Company's employees was 42,583. The details of which were shown in the following table:

Item	Number of employees in 2019	Number of employees in 2018
Total number of employee	42,583	42,738
——Male	32,273	32,352
——Female	10,310	10,386
By age		
——Under 30	14,415	14,529
——31 to 40	7,790	7,607
——41 to 50	10,616	10,981
——Above 51	9,762	9,621
By education background		
——Postgraduate and above	160	161
——University graduate	4,862	4,443
——Vocational training and others	37,561	38,134
By region		
-- Shenzhen (by the location of the unit)	3,153	2,869
-- Other districts (by the location of the unit)	39,430	39,869
By job nature		
--Passenger transportation, freight transportation and transit operation	19,808	19,406
——Engineering	5,578	5,587
——Vehicles	3,717	4,070
——Public works	3,624	3,788
——Electricity	1,870	1,901

Item	Number of employees in 2019	Number of employees in 2018
——Power and water supplies	2,126	2,115
——Building construction	1,221	1,244
——Various operations subsidiaries and other subsidiaries	124	123
——Technical, administration and management	4,515	4,504

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

The company implements a salary distribution policy in which labor compensation is closely linked to economic efficiency, labor efficiency, and individual performance. The total amount of employee compensation is closely linked to the company's operating efficiency, and the employee salary distribution is based on the job evaluation and the employee performance appraisal. In 2019, the total remuneration and benefits expenditure for the year was RMB 8,078.94 million Yuan representing a growth of 8.49% as compared with that of 2018. 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 2019, the Company terminated the employment contracts of 203 employees, representing 0.48% of the total number of employees.

2. Building its workforce

The Company recruits professional graduates of different majors according to business development, and organizes and post standardization, adaptability and qualification training. The Company provides support for the on-the-job employees to participate in continuing education and academic education, and organizes technical qualification evaluation of professional titles, carries out talent and expert selection projects, and implements preferential policies of the local government for talent introduction. In addition, the Company organizes regular professional training courses and forum lectures to promote staff quality.

In 2019, the Company recruited 839 graduates, including 5 postgraduates and above, 125 undergraduate graduates and 709 junior college graduates, to improve overall staff quality. By the end of the reporting period, the Company owned 114 full-time management personnel of vocational education, and 708,020 people participated in various vocational training. 100% of the annual training plans were completed, costing a training expenditure of about RMB52.8 million.

Table of training hours received by the management
of Guangshen Railway in 2019

Category of employees	Number of employees (persons)	Average training hours (hours)
Senior management of the Company	6	110
Station masters	185	181
Other middle-level management	1630	104

National and industry honors awarded to the staff of Guangshen Railway as an individual
or a group in 2019

Group	Units belonged	Honors awarded
Ticket Department of Guangzhou Station	Guangzhou Station	National Pioneer Worker, National Railway Industry “May 4th” Red Flag Youth League Branch

Shenzhen North Station	Shenzhen North Station	National Ankang Cup Winner
Ticket Department of "Bougainvillea" team	Shenzhen Station	National "May 1st" Women's Model Post
Party Committee of Guangzhou-Kowloon Passenger Service Section	Guangzhou-Kowloon Passenger Service Section	National Railway Industry Advanced Party Organization
The First Party Branch of Train Operation of Tangxi Station	Guangzhou Vehicles Section	
Guangzhou South Station	Guangzhou South Station	National Railway Industry Advanced Group
Power Supply Workshop of Zhongshan High Speed Railway	Guangzhou Power Supply Section	
Ticket Department of Guangzhou South Station	Guangzhou South Station	National Railway Employees General Union Advanced Female Worker Group
Youth League Committee of Guangzhou-Kowloon Passenger Service Section	Guangzhou-Kowloon Passenger Service Section	National Railway Industry "May 4th" Red Flag Youth League Committee
Youth League Committee of Guangzhou Passenger Service Section	Guangzhou Passenger Service Section	
Youth League Branch of Team No. Two of EMU No. One Unit	Guangzhou-Kowloon Passenger Service Section	National Railway Industry "May 4th" Red Flag Youth League Branch
Youth League General Branch of Guangzhou Inspection and Maintenance Department	Guangzhou Maintenance Section	
Youth League Branch of Zhangmutou Railway Line Department	Guangzhou Public Works Section	
Night Shift of Inspection Department of Guangzhou East Depot	Guangzhou Vehicles Section	National Railway Industry Reliable Quality Team

Night Shift of Inspection Department of Guangzhou East Depot QC Team	Guangzhou Vehicles Section	National Railway Industry Excellent Quality Management Team
6S Management QC Team	Guangzhou Vehicles Section	
High Speed Railway Power Supply Section of Shenzhen North Station	Shenzhen Power Supply Section	
Labour Union of Guangzhou Vehicles Section	Guangzhou Vehicles Section	National Railway Industry Model Workers' Home
Youth League Committee of Guangzhou-Kowloon Passenger Service Section	Guangzhou-Kowloon Passenger Service Section	Advanced Group of National Railway Industry Spring Festival Performance Competition
Guangzhou North Vehicles Section	Guangzhou North Vehicles Section	The Guangdong Province May First Labor Awarding Certificate
Jiangcun Station	Jiangcun Station	
Passenger Service Team No. Forth of Passenger Service Department	Shenzhen Station	
Youth League Committee of Guangzhou Station	Guangzhou Station	Guangdong “May 4th” Red Flag Youth League Committee
Youth League Committee of Guangzhou Vehicles Section	Guangzhou Vehicles Section	
5T Inspection and Maintenance Department Excellent QC Team	Guangzhou Vehicles Section	Guangdong Excellent Quality Management Team
Maintenance Management Department of Huizhou South Station	Shenzhen Power Supply Section	
Individuals	Units belonged	Honors awarded
Wang Youfa	Guangzhou Maintenance Section	National May First Labor Awarding Medal
Gong Jianli	Shenzhen North Station	National Railway Industry Labor Model

Xiao Hongyu	Guangzhou Maintenance Section	
Xiao Lansong	Guangzhou Freight Center	
Lin Pan	Public Works Section of Guangzhou South High Speed Railway Station	National Railway Employees General Union Locomotive Medal
Lan Junhui	Guangzhou Vehicles Section	
Ding Fei	Guangzhou South Station	National Railway Industry Excellent Communist Party Member
Guo Shaocheng	Guangzhou Maintenance Section	
Sun Weijing	Guangzhou-Kowloon Passenger Service Section	National Railway Industry Excellent Communicator
Xie Zezhi	Guangzhou Maintenance Section	Advanced Individual of National Railway Industry Spring Festival Performance Competition
Wang Zheng	Guangzhou Signaling and Communications Section	Advanced Individual of National Railway Industry Spring Festival Performance Competition, National Railway Industry Excellent Youth League Cadre
Zhang Lu	Guangzhou-Kowloon Passenger Service Section	National Railway Industry Excellent League member, Guangdong Excellent League Member
Tang Dunhui	Guangzhou Signaling and Communications Section	National Railway Industry Excellent League Member
Ma Zhongyan	Guangzhou Passenger Service Section	Guangdong May First Labor Awarding Medal
Hua Guangshun	Guangzhou Power Supply Section	
Wu Chuquan	Shenzhen Power Supply Section	
Li Zhaowei	Guangzhou-Kowloon Passenger Service Section	Guangdong May First Women Model
Yu Mingjing	Guangzhou Vehicles Section	Railway Network Chief Technician
Gao Zhencong	Shenzhen Power Supply Section	Railway Network Technical Expert

Chen Yan	Guangzhou South Station	National Railway Employees General Union Locomotive Medal, Railway Network Technical Expert, Railway Network Youth Expert
Chen Maohua	Guangzhou South Station	Railway Network Technical Expert, Railway Network Youth Expert
Li Ling	Guangzhou South Station	
Huang Yingfeng	Guangzhou South Station	
Xiao Hongyu	Guangzhou Maintenance Section	The title of Cantonese Good Person
Hu Shuanghong	Guangzhou Power Supply Section	Excellent Labour Union Worker Model of Guangdong Province
Tan Xiangwei	Guangzhou Signaling and Communications Section	Top 100 League Branch Secretary of Guangdong Province

3.Improvement of production and living conditions

In 2019, the Company finished the construction of two new staff dormitories, four staff canteens and nine station complex buildings, and the transformation of one staff dormitory, one staff canteen and one driving apartment. The Company promoted construction with safe and high-quality standard to improve workplace environment, including the installation of air conditioners, network, water purification and shower equipment, and application of advanced technology and management means, which can help to reduce labor intensity of front-line personnel, and ensure employee safety. The Company organized all kinds of sports activities for staff, including the “70th Anniversary of the Founding of The People’s Republic of China” chorus competition and the 17th staff sports meeting.

In 2019, the Company arranged staff physical examinations for 44,552 person-time, including occupational physical examinations for 18,343 person-time, physical examinations for 19,132 person-time, and female physical examinations for 7,077 person-time.

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 2019 to 31 December 2019 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 2019, the Company created a social contribution value per share of RMB1.47 (2018: RMB1.37 per share), including earnings per share attributable to the shareholders of RMB0.11, added-value per share attributable to the society of RMB1.36 (annual tax payments to the nation of RMB 807,620,000 Yuan+ wages and benefits paid for employees of

RMB8,078,940,000 Yuan+ charity donations of RMB 2,150,000 Yuan+ Major Transportation Safety Investment RMB 716,970,000 Yuan- pollution costs calculated on the basis of pollution discharge fees RMB 4,680,000 Yuan) / total number of shares (7,083,537,000 shares).

(V) Contact information

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