
THIS CIRCULAR IS IMPORTANT AND REQUIRES YOUR IMMEDIATE ATTENTION

If you are in any doubt as to any aspect of this circular or as to the action to be taken, you should consult a stockbroker or other registered dealer in securities, bank manager, solicitor, professional accountant or other professional adviser.

If you have sold or transferred all your shares in Guangshen Railway Company Limited, you should at once hand this circular and the accompanying form of proxy to the purchaser or the transferee or to the bank, stockbroker or other agent through whom the sale or transfer was effected for transmission to the purchaser or transferee.

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广深铁路股份有限公司
GUANGSHEN RAILWAY COMPANY LIMITED

(a joint stock limited company incorporated in the People's Republic of China)
(Stock Code: 525)

(1) PROPOSED CHANGES IN DIRECTORS
AND
(2) NOTICE OF 2017 ANNUAL GENERAL MEETING

A notice dated 20 April 2018 convening the AGM of the Company to be held at the Meeting Room, 3/F., No. 1052 Heping Road, Shenzhen, Guangdong Province, the PRC on 6 June 2018, at 9:30 a.m. is set out on pages 5 to 8 of this circular.

Whether or not you are able to attend the AGM, you are requested to complete and return the enclosed form of proxy in accordance with the instructions printed thereon. The proxy forms should be returned to the registered office of the Company at No. 1052 Heping Road, Shenzhen, Guangdong Province, the PRC, as soon as possible but in any event not less than 24 hours before the time appointed for the holding of the AGM (or any adjournment thereof). If you intend to attend the AGM, you are required to complete and return the reply slip to the registered office of the Company at No. 1052 Heping Road, Shenzhen, Guangdong Province, the PRC, before 17 May 2018.

20 April 2018

LETTER FROM THE BOARD



广深铁路股份有限公司
GUANGSHEN RAILWAY COMPANY LIMITED

(a joint stock limited company incorporated in the People's Republic of China)
(Stock Code: 525)

Board of Directors:

Executive Directors

Wu Yong
Hu Lingling
Luo Qing

Registered office:

No.1052 Heping Road
Shenzhen, Guangdong Province
The People's Republic of China
Postal Code: 518010

Non-executive Directors

Sun Jing
Yu Zhiming
Chen Jianping

Principal Place of Business in Hong Kong:

No.112, Floor M
Hung Hom Station, Kowloon
Hong Kong

Independent Non-executive Directors

Chen Song
Jia Jianmin
Wang Yunting

20 April 2018

To the Shareholders

Dear Sir and Madam,

**(1) PROPOSED CHANGES IN DIRECTORS
AND
(2) NOTICE OF 2017 ANNUAL GENERAL MEETING**

A. INTRODUCTION

The purpose of this circular is to provide you with (i) information reasonably necessary to enable you to make a decision on whether to vote for, against or abstain the ordinary resolutions to be proposed at the annual general meeting (the “**AGM**”) of Guangshen Railway Company Limited (the “**Company**”) which will be convened for the purpose of considering and, if thought fit, approving, among others, the proposed changes in directors of the Company (the “**Directors**” or each a “**Director**”); and (ii) the notice of the AGM.

LETTER FROM THE BOARD

B. PROPOSED CHANGES IN DIRECTORS

The Company received notices from China Railway Guangzhou Group Co., Ltd. (formerly known as Guangzhou Railway (Group) Company) (“GRGC”), being the largest shareholder of the Company holding approximately 37.12% of the issued share capital of the Company as at the date of this circular, that it intended to elect Mr. Guo Ji’an and Ms. Chen Xiaomei as non-executive directors of the eighth session of the board of Directors (the “Board”) due to termination of the engagement of Mr. Sun Jing and Mr. Chen Jianping with the Company due to work commitment. The Company shall adopt the cumulative voting system in respect of the voting of its non-executive Directors in accordance with the Company’s “Rules for the Implementation of the Cumulative Voting System” (the “Cumulative Voting System”). The biographies of the nominated candidates of the proposed Directors are set out below.

Biographies of the Proposed Directors

Guo Ji’an, male, aged 45, holds a bachelor degree and is a senior engineer. Started his career in August 1996, Mr. Guo served successively as the vice director of transportation department of GRGC, the general manager of Guangzhou Branch of China Railway Container Transportation Limited, the director of transportation department of GRGC and the deputy chief engineer of GRGC. In February 2007, he was the deputy in charge of the preparation team of Beijing-Shanghai Passenger Railway Line Company. He has been the vice general manager of GRGC since April 2008.

Chen Xiaomei, female, aged 45, holds a bachelor degree and is an engineer. Started her career in July 1995, Ms. Chen served successively as the office director of Canton-Kowloon railway passenger transportation business section, the head of ticketing division of passenger transportation section of Guangzhou-Shenzhen railway, the head of passenger service of Canton-Kowloon railway passenger transportation section, the political instructor of Beijing-Kowloon railway’s crew and director of passenger service technology in passenger service of GRGC. In July 2010 and November 2011, she was the assistant to director of passenger service of GRGC and vice director of passenger service of GRGC, respectively. She has been the director of passenger service of GRGC since December 2017.

Save as disclosed above, as at the date of this circular, none of Mr. Guo Ji’an and Ms. Chen Xiaomei (i) has held any directorship in any listed public companies in the three years prior to the date of this circular, the securities of which are listed on any securities market in Hong Kong or overseas; (ii) has any other major appointment or professional qualification; (iii) has interest or is deemed to be interested in any shares or underlying shares of the Company within the meaning of Part XV of the

LETTER FROM THE BOARD

Securities and Futures Ordinance (Cap. 571 of the laws of Hong Kong); or (iv) has relationship with any other directors, supervisors, senior management or substantial or controlling shareholders of the Company (as such terms are defined in the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the “**Listing Rules**”)).

The terms of office of Mr. Guo Ji’an and Ms. Chen Xiaomei shall be the remaining terms of the eighth session of the Board. In line with the Company’s remuneration and allowance package for the eighth session of the Board, Mr. Guo Ji’an and Ms. Chen Xiaomei will not be entitled to any director’s remuneration or allowance in relation to directorship from the Company. Save as disclosed above, there are no other matters concerning the election of Mr. Guo Ji’an and Ms. Chen Xiaomei that need to be brought to the attention to the shareholders of the Company nor any information required to be disclosed pursuant to Rule 13.51(2) of the Listing Rules.

C. RESUMPTION COMPENSATION AGREEMENT

On April 19, 2018, the Company entered into a compensation agreement in relation to the resumption of land use rights over Guangzhou East Shipai Old Goods Yard (廣州東石牌舊貨場) with Guangzhou Land Development Center (the “**GLDC**”) (as purchaser) and two other vendors (the “**Resumption Compensation Agreement**”). Pursuant to the Resumption Compensation Agreement, the GLDC agrees to resume the land use rights over the relevant land with an initial total compensation of RMB 6 billion (subject to adjustments), of which the initial compensation amount payable to the Company will be RMB 1,304,717,363.49 (subject to adjustments). For further details, please refer to the announcement of the Company dated April 19, 2018 regarding to the Resumption Compensation Agreement.

D. ANNUAL GENERAL MEETING

The Cumulative Voting System shall be adopted for the voting of the resolutions No. 8.01 and No. 8.02. The Cumulative Voting System refers to the voting for the appointment of non-executive Directors where each share is entitled to the same number of votes which equals to the respective numbers of non-executive Directors to be elected, and shareholders may consolidate their voting rights when casting a vote. The Cumulative Voting System includes the regular voting method where shareholders may cast their votes with partial or all voting rights.

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For the purpose of determining the list of holders of H shares that are entitled to attend the AGM, the registers of members of the Company's H shares will be closed from Monday, 7 May 2018 to Wednesday, 6 June 2018 (both days inclusive), during which no transfer of H shares will be registered. If any holders of H shares of the Company intend to attend the AGM, all transfers, accompanied by the relevant share certificates, must be lodged with the Company's H share registrars in Hong Kong, Hong Kong Registrars Limited, at Rooms 1712-1716, 17th Floor, Hopewell Centre, 183 Queen's Road East, Wan Chai, Hong Kong not later than 4:30 p.m. on Friday, 4 May 2018.

Shareholders of the Company whose names appear on the registers of members of the Company at 4:30 p.m. on Friday, 4 May 2018, or their proxies, are entitled to attend the AGM by presenting their identity cards or passports.

A notice convening the AGM is set out on pages 5 to 8 of this circular. Reply slips for confirming attendance at the AGM have been sent to the relevant shareholders. A form of proxy for use at the AGM is enclosed with this circular. Whether or not you are able to attend the AGM, you are requested to complete and return the enclosed form of proxy in accordance with the instructions printed thereon. If you intend to attend the AGM, you are required to complete and return the reply slip to the registered office of the Company at No. 1052 Heping Road, Shenzhen, Guangdong Province, the PRC, before Thursday, 17 May 2018. The proxy form should be returned to the registered office of the Company at No. 1052 Heping Road, Shenzhen, Guangdong Province, the PRC, as soon as possible but in any event not less than 24 hours before the time appointed for the holding of the AGM (or any adjournment thereof).

Yours faithfully,
For and on behalf of
Guangshen Railway Company Limited
Wu Yong
Chairman

NOTICE OF 2017 ANNUAL GENERAL MEETING

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广深铁路股份有限公司
GUANGSHEN RAILWAY COMPANY LIMITED

(a joint stock limited company incorporated in the People's Republic of China)

(Stock Code: 525)

NOTICE OF 2017 ANNUAL GENERAL MEETING

NOTICE IS HEREBY GIVEN THAT the 2017 Annual General Meeting of Guangshen Railway Company Limited (the “**Company**”) will be held at 9:30 a.m. on Wednesday, 6 June 2018, at the Meeting Room of the Company at 3/F, No. 1052 Heping Road, Shenzhen, Guangdong Province, the People’s Republic of China (the “**PRC**”) of any adjournment thereof (the “**AGM**”) to consider and, if thought fit, approve the following matters:

ORDINARY RESOLUTIONS

1. **THAT** the work report of the board of directors (the “**Directors**” or each a “**Director**”) of the Company (the “**Board**”) for 2017 be and is hereby reviewed and approved;
2. **THAT** the work report of the supervisory committee of the Company (the “**Supervisory Committee**”) for 2017 be and is hereby reviewed and approved;
3. **THAT** the audited financial statements of the Company for 2017 be and is hereby reviewed and approved;
4. **THAT** the profits distribution proposal of the Company for 2017 be and is hereby reviewed and approved;
5. **THAT** the financial budget of the Company for 2018 be and is hereby reviewed and approved;
6. **THAT** the re-appointment of PricewaterhouseCoopers Zhong Tian LLP and PricewaterhouseCoopers as the auditors to the Company for 2018 and authorization of the Board and the audit committee to determine their remunerations be and is hereby reviewed and approved;

NOTICE OF 2017 ANNUAL GENERAL MEETING

7. **THAT** the resumption of land use rights over Guangzhou East Shipai Old Goods Yard (廣州東石牌舊貨場) be and is hereby reviewed and approved;

8. **THAT:**
 - 8.01. the appointment of Mr. Guo Ji'an as a non-executive director of the Company by adopting the cumulative voting system be and is hereby reviewed and approved; and

 - 8.02. the appointment of Ms. Chen Xiaomei as a non-executive director of the Company by adopting the cumulative voting system be and is hereby reviewed and approved.

Notes:

- (1) For the purpose of determining the list of holders of H shares that are entitled to attend the AGM, the registers of members of the Company's H shares will be closed from Monday, 7 May 2018 to Wednesday, 6 June 2018 (both days inclusive), during which no transfer of H shares will be registered. If any holders of H shares of the Company intend to attend the AGM, all transfers, accompanied by the relevant share certificates, must be lodged with the Company's H share registrars in Hong Kong, Hong Kong Registrars Limited, at Rooms 1712-1716, 17th Floor, Hopewell Centre, 183 Queen's Road East, Wan Chai, Hong Kong not later than 4:30 p.m. on Friday, 4 May 2018. Shareholders of the Company whose names appear on the registers of members of the Company at 4:30 p.m. Friday, 4 May 2018, or their proxies, are entitled to attend the AGM by presenting their identity cards or passports. Holders of the A shares of the Company will be given a separate notice of the AGM.

- (2) The Board has proposed the payment of a final dividend for the year ended 31 December 2017 of RMB0.08 per share (pre-tax). If the final dividend is payable by the passing of Resolution No. 4 by the shareholders, shareholders whose names appear on the registers of members of the Company on Tuesday, 19 June 2018 will be entitled to receive it.

According to the requirements of the Income Tax Law of the People's Republic of China effective from 1 January 2008 and the implementation rules thereof and the Notice on the Issues concerning Withholding the Enterprise Income Tax on the Dividends Paid by Chinese Resident Enterprises to H Share Holders which are Overseas Non-resident Enterprises (《關於中國居民企業向境外H股非居民企業股東派發股息代扣代繳企業所得稅有關問題的通知》) (Guo Shui Han [2008] No.897) issued by the State Administration of Taxation on 6 November 2008, the dividend for 2017 payable to the non-resident enterprise shareholders whose names appear on the registers of members of the Company's H shares is subject to a withholding tax at a rate of 10%. Any shares registered in the name of the non-individual registered shareholders, including HKSCC Nominees Limited, other nominees or trustees and other groups and organizations will be treated as being held by non-resident enterprise shareholders and therefore will be subject to the withholding of the enterprise income tax of 10%.

NOTICE OF 2017 ANNUAL GENERAL MEETING

According to the Notice on Matters Concerning the Levy and Administration of Individual Income Tax after the Repeal of Guo Shui Fa [1993] No.045 (《關於國稅發【1993】045號文件廢止後有關個人所得稅徵管問題的通知》) (Guo Shui Han [2011] No.348) issued by the State Administration of Taxation on 28 June 2011 and the Letter on the Tax Arrangements on Dividends Paid to Hong Kong Residents by Mainland Companies issued by The Stock Exchange of Hong Kong Limited on 4 July 2011, when domestic companies other than foreign invested enterprises which issue shares in Hong Kong distribute dividends to their shareholders, the individual shareholders in general will be subject to a withholding tax at a rate of 10%. When the Company distributes the 2017 final dividend to all individual holders of H shares whose names appear on the registers of members of the Company's H shares on Tuesday, 19 June 2018, such dividend will be subject to the individual withholding tax at a rate of 10%. However, if otherwise provided by tax laws, relevant tax treaties or notices, the tax will be withheld in accordance with the relevant requirements and tax levy and administration requirements.

According to the relevant requirements of the Notice Regarding Tax Policies Related to the Shanghai-Hong Kong Stock Connect (Finance Tax 【2014】 No. 81) (《關於滬港股票市場交易互聯互通機制試點有關稅收政策的通知(財稅【2014】81號)》) jointly published by the Ministry of Finance, State Administration of Taxation and China Securities Regulatory Commission, the Company shall withhold an individual income tax at the rate of 20% on dividends derived from the H-Shares of the Company acquired from The Stock Exchange of Hong Kong Limited through the Shanghai-Hong Kong Stock Connect by mainland individual investors. Reference shall be made to individual income tax regulations for dividends received by mainland securities investment funds from shares acquired from Hong Kong Stock Exchange through Shanghai-Hong Kong Stock Connect. Dividends received by mainland enterprises investors from shares acquired from Hong Kong Stock Exchange through Shanghai-Hong Kong Stock Connect shall be included in their total income and subject to enterprise income tax. The Company shall not withhold income tax on dividends to mainland enterprise investors who shall report and pay their income tax.

Pursuant to the Circular on Tax Policies Concerning the Pilot Programme of the Shenzhen and Hong Kong Stock Connect (Cai Shui [2016] No. 127) (《關於深港股票市場交易互聯互通機制試點有關稅收政策的通知》(財稅[2016]127號)) jointly issued by the Ministry of Finance, the State Administration of Taxation and China Securities Regulatory Commission, for dividends received by domestic individual investor from investing in the Company's H shares listed on the Hong Kong Stock Exchange through Shenzhen-Hong Kong Stock Connect, the Company is obliged to withhold personal income tax on behalf of domestic individual investor at a tax rate of 20% when the Company shall apply to China Securities Depository and Clearing Corporation Limited (“CSDCC”) for the registrar of domestic individual investors. The Company will not withhold the income tax on dividend for the domestic enterprise investors, and the tax payable shall be declared and paid by the domestic enterprise investors.

The registers of members of the Company will be closed from Thursday, 14 June 2018 to Tuesday, 19 June 2018 (both days inclusive), during which period no transfer of shares will be registered. For any holders of H shares of the Company to be qualified for the final dividend, all transfers, accompanied by the relevant share certificates, must be lodged with the Company's H share registrars in Hong Kong, Hong Kong Registrars Limited, at Rooms 1712-1716, 17th Floor, Hopewell Centre, 183 Queen's Road East, Wan Chai, Hong Kong not later than 4:30 p.m. on Wednesday, 13 June 2018.

- (3) Each shareholder entitled to attend and vote at the AGM may appoint one or more proxies (whether a shareholder or not) to attend the meeting and vote on his behalf.
- (4) Where a shareholder appoints more than one proxy, his proxies may only exercise the voting right when a poll is taken.

NOTICE OF 2017 ANNUAL GENERAL MEETING

- (5) The instrument appointing a proxy must be in writing and signed by the appointer or his attorney duly authorized in writing. Where the appointer is a corporation, the instrument must be executed under its common seal or under the hand of a Director or an attorney of the corporation duly authorized in writing. If the proxy form is signed by an attorney on behalf of the appointer, the power of attorney or any other authority, must be notarially certified. To be valid, the proxy form, together with a notarially certified copy of the power of attorney or any other authority, must be delivered to the registered address of the Company not less than 24 hours before the commencement of the AGM or any adjournment thereof (as the case may be).
- (6) Shareholders who intend to attend the AGM are requested to deliver the reply slip to the registered office of the Company at No. 1052 Heping Road, Shenzhen, Guangdong Province, the PRC, in person, by post or by facsimile on or before Thursday, 17 May 2018.
- (7) The AGM is expected to last for half a day. Shareholders and proxies attending the AGM shall be responsible for their own travelling, accommodation and other related expenses.

Registered Office of the Company:

No. 1052 Heping Road
Shenzhen, Guangdong Province
The People's Republic of China
Telephone: 86-755-25588150
Facsimile: 86-755-25591480

- (8) As at the date hereof, the Board comprises three executive Directors, namely Wu Yong, Hu Lingling and Luo Qing; three non-executive Directors, namely Sun Jing, Yu Zhiming and Chen Jianping; and three independent non-executive Directors, namely Chen Song, Jia Jianmin and Wang Yunting.

By Order of the Board
Guangshen Railway Company Limited
Guo Xiangdong
Company Secretary

Shenzhen, the PRC

20 April 2018