



2013

年度社會責任報告

SOCIAL RESPONSIBILITY REPORT



SHENZHEN EXPRESSWAY COMPANY LIMITED

(A joint stock limited company incorporated in the People's Republic of China with limited liability)

Directors and senior management of the Company confirm that there are no false representations or misleading statements contained in or material omissions from this Report, and severally and jointly accept responsibility for the truthfulness, accuracy and completeness of the content of the report.



stock code: 00548(SEHK)

stock code: 600548(SSE)

- **Introduction**

We published this Annual Corporate Social Responsibility Report with an aim to provide regularly and systematically the information on fulfillment of corporate social responsibility of the Company to stakeholders such as the Company's shareholders, customers, employees, service providers and partners, and government authorities, non-governmental organisations and community, and hence strengthen the understanding and relationship between the stakeholders and the Company, and accept supervision from the society.

- **Reporting Cycle**

Annually. This report is the sixth Social Responsibility Report published by the Company.

- **Reporting Period**

This Report covered the year 2013 (i.e. from 1 January 2013 to 31 December 2013). Taking into account the continuity and comparability of the information disclosed, some of which was adjusted forward or backward properly.

- **Coverage**

The Company and its subsidiaries.

- **Basis of Preparation**

This Report has been prepared according to the requirements of the *Guidelines on Preparation of Corporate Social Responsibility Report* of the Shanghai Stock Exchange and with reference to the *Environmental, Social and Governance Reporting Guide* of The Stock Exchange of Hong Kong Limited. This report focuses on the responsibility and practices of the Company in relation to products, customers, employees, environment and community.

- **Indicative Statement**

The words "Shenzhen Expressway", the "Company", the "Group" or "We" used in this Report represented Shenzhen Expressway Company Limited and/or its subsidiaries for identification purpose; the "Headquarter" represented Shenzhen Expressway Company Limited and its directly-managed subsidiaries in Shenzhen. This Report is presented in Renminbi, unless otherwise stated.

- **Date of approval**

19 March 2014.

- **Form of Publication**

This Report is available and can be downloaded from the websites of the Shanghai Stock Exchange (<http://www.sse.com.cn>) in Chinese, the websites of The Stock Exchange of Hong Kong Limited (<http://www.hkex.com.hk>) in both Chinese and English and the websites of the Company (<http://www.sz-expressway.com>) in both Chinese and English. For further enquiries, please contact us at 86-755-82853411 (by fax) or ir@sz-expressway.com (by email).

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Overview

I. Social Responsibility Concept

▶▶ The Company is principally engaged in the construction and investment of high-grade highways, which not only meets the needs of society for rapid transportation, but also effectively facilitates the regional economic and social development. As such, the basic social responsibility of the Company is to provide high quality products and thereby safe, rapid, economical and comfortable transportation services to the society.

▶▶ To concern that the possible worries of products which produced in the process of design, manufacture and delivery, and take positive response measures, to achieve the harmony between products, people and nature.

▶▶ While providing products and services and deriving profits, the enterprises should respect the interests of all stakeholders and continue to show their concerns for the impact on the environment. Such concerns and respects not only come from the importance of stakeholders to corporate development, but also from the gratitude and return of enterprises to the society and their environment for existence.

II. Social Responsibility Statement

Committed to good corporate citizenship, the Company has incorporated the concepts of sustainable development and social responsibility into its daily operation and corporate culture. While achieving its growth, the Company assumes its responsibilities towards its shareholders, customers, staff, creditors, service providers, the community and the environment. Our responsibility statement is as follows:

Shareholders	Customers
<ul style="list-style-type: none"> ■ Equal right of knowledge ■ Truthful, accurate and complete information disclosure ■ Reasonable investment return 	<ul style="list-style-type: none"> ■ High quality road products ■ High quality services ■ Enhanced customer satisfaction
Creditors	Service Providers
<ul style="list-style-type: none"> ■ Honesty and credibility, timely payment of loans 	<ul style="list-style-type: none"> ■ Fairness and equitability, co-development
Employees	Environment and community
<ul style="list-style-type: none"> ■ Stable and reasonable remuneration and benefit protection ■ Room for career development and platform for learning and growth ■ Safe work environment ■ Increased employee compatibility 	<ul style="list-style-type: none"> ■ Rational utilisation of resources, emphasis on environmental protection ■ Compliance with laws in operation and tax payment ■ Contribution to technological progress ■ Contribution to society development



Harmonious internal and external environment is essential for the development of a company. While going through sustainable development and creating profits, Shenzhen Expressway is committed to be a responsible corporate citizen who respects and protects the interests of the stakeholders. Since 2009, the Company completes the preparation and publication of the Annual Social Responsibility Report before April every year, to strengthen the understanding and relationship between the stakeholders and the Company, and accept supervision of society. The Social Responsibility Report of this year has described the responsibility and practices of the Company in relation to products, customers, employees, environment and community. For information about sustainability responsibilities, corporate governance and shareholder return, please refer to the 2013 Annual Report of the Company.

The Company clearly understands that it will encounter more challenges in its own development and social responsibilities with the changing competition landscape and increasing awareness of social responsibility, so there is still much room for improvement. However, the Company believes that it can improve the society and environment where enterprises exist, after accumulation in drops, years of efforts and endeavor and with the support and understanding from the stakeholders, and the interests of shareholders and development of enterprises and society will benefit from this as well.





Quality and Safety

— Safety Road

As a company which is principally engaged in the construction and management of high-grade highways, Shenzhen Expressway constructs high quality and safe road products and maintains good technical conditions of the highways during the period of their operations and management, paving the safest and most comfortable way for society and customers.

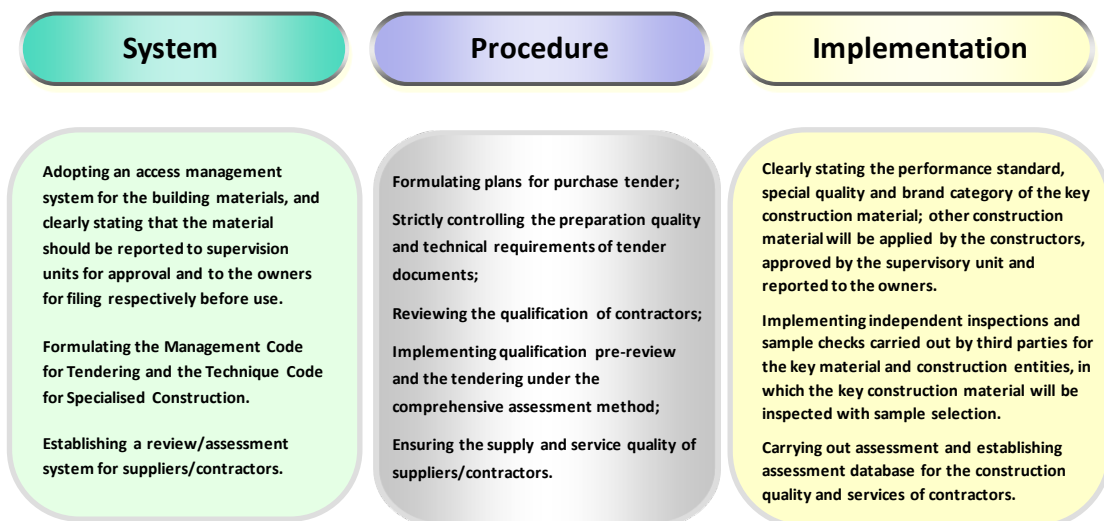
The Company has implemented their quality control and management system based on the ISO9000 management standards in the Group. The Company aims at ensuring the quality and safety of products and services provided through implementing institutionalised, systematic and informational quality control and management system, innovation in sustainable technology and management and a comprehensive safety management of project implementation.

I. Quality Management

The Company adheres to the management philosophy of *Enhancing the Road Construction, Maintenance and Operating Quality through Excellent Purchase and Integration in Work Quality*. The Company also emphasises quality purchase, implements standardised management system and established a comprehensive business flow and quality control system for the whole process to construct and manage high quality highways for society and customers.

■ Quality Purchase

Through establishing and constantly improving relevant systems and flows of purchase management and creating appraisal and assessment database for the suppliers and constructors, the Company constantly strengthens its supervision over the quality of construction materials and purchases products and services of high quality with full effort to guarantee the quality management at the first step.



■ **Quality Control System for the Whole Process**

The Company established a comprehensive business flow and quality control system for the whole process, covering project preliminary planning, construction design, construction tender and construction. In each segment of the project operation, the Company entered into relevant business contracts with co-operative parties to monitor the obligations under the terms of contracts to be fulfilled by all parties and ensure the accomplishment of each quality goal.



With a quality management system that meets scientific standards and good system implementation to lay a solid foundation to accomplish management goals on construction quality, safety, cost, progress and environmental protection, the construction quality of the Company's projects has continued to maintain at a higher level.

Guangshen Coastal Expressway (Shenzhen Section) ("Coastal Project), an entrusted construction project of the Company, has been in operation since November 2013. The length of the main road is approximately 30.45 kilometers, in which the bridge accounts for approximately 99.7% of the length. The bridge is a two-way expressway with eight lanes. It is the broadest large bridge in the country under the ocean environment. The project is massive in construction size, high in design standard, multiple in structure, and difficult in constructing. During the project management process, the Company treats contract management as the core and implements refined control over construction quality through measures such as system management, access management, construction procedure management, and standardised management. It aims to adopt quality management systems such as the access system for the materials, owners' independent inspection system, first piece construction recognition system, and trial piece construction system, so as to further deepen and refine the quality management.



For example, since most roads were constructed along the coastal areas, the concrete used for constructing the bridges was required to be corrosion-resistant, durable and for reclamation use. The Company particularly submitted an application to and obtained the approval of the relevant government authorities for the project to ensure the quality. In order to ensure the durability and safety of the bridges, the concrete used was produced by way of in-situ mixture in avoidance of the possibility that the purchasing concrete is made of sea sand instead of river sand, and the Company carried out strict management on accessing to the raw materials. The site supervisors examined the indicators including the chloride ion content of in-situ river sand as well as the anti-chloride ion penetration index of each batch of mixed concrete.

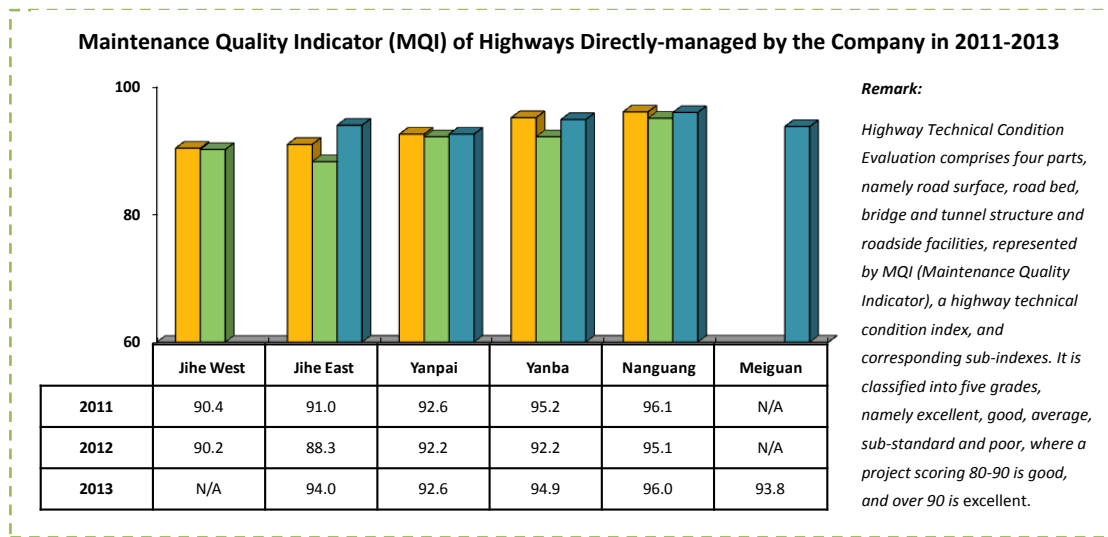
**Coastal Project**

The first recognition system and trial construction system are the special features of the management of the Coastal Project which ran through the substantial part of the construction work from the commencement of road understructure, bridges and culverts. The systems required the contractor to produce specimens or trial sections, conduct comprehensive evaluation and summary of analysis on its construction technique and each quality indicator, and make further improvements and then carry out a comprehensive promotion program. Through the promotion of the standard technique, we were able to prevent and rectify various quality issues which may incur during the mass production so as to provide an effective protection for the safety, quality and cost of the project.

For the three consecutive years during the construction of its main body, the Coastal Project ranked top in the comprehensive assessment on the construction quality of highways under construction in the province and 21 sub-projects were included in the model projects of Guangdong Provincial Quality Supervision Station of Traffic and Transportation Engineering.

■ **Optimising the Maintenance Management Model**

The Company conducts daily examinations, recurring examinations and regular examinations on managed expressways in accordance with the national highway maintenance technical regulations and evaluation standards, and closely monitors highway technical conditions, to timely identify and fix highway damages so as to ensure the quality of road traffic. In the implementation process of maintenance work, the Company has strengthened its supervision management over construction units in strict compliance with various technical regulations and defined the requirements of traffic safety facilities and warning signs in construction to control its construction quality and minimise the impact of construction on highway traffic and ensure traffic safety. Since 2011, the Company has further optimised its management model by turning from a traditional and passive maintenance into a preventive maintenance. The more scientific management method helped maintain the road performance and indicators of the expressways at a higher level and thus improved the overall safety and comfortability of the road. During the Reporting Period, the highway maintenance quality Indicator of each expressway managed by the Company was graded as excellent or good.



Note: Since Meiguan Expressway was under reconstruction, expansion and maintenance in 2011 and at the end of 2012, and Jihe West was under road surface maintenance at the end of 2013, no highway technical condition evaluation was conducted on them.

II. Technological Innovation

In highway construction and maintenance management, the Company has continuously explored and applied new technologies, new processes, new products and new materials, commissioned industrial experts to conduct specific technological studies and technical projects, and made important scientific achievements. Recently, some of the Company’s initiative research achievements have been included in industrial standard documents by the competent authorities. The application of the research achievements not only solved the technological difficulties in construction, satisfied the specific requirements of infrastructures under specific circumstances, ensured the quality of construction, but also enhanced job efficiency and lowered construction costs. The promotion of these applied achievements has driven the progress and innovation of the industry.

In the process of planning and construction, the Coastal Project conducted systematic research on 22 key technologies. 13 of such projects applied the new technologies and made scientific research achievement. Based on the practice of road surface maintenance works of Jihe Expressway, the Company conducted a large-scaled application research on Technology of Hot-in-Place Recycling in road surface maintenance of Jihe East. The project was granted Shenzhen SASAC Innovation Award 2013. The application of Technology of Hot-in-Place Recycling on asphalt road surface in the maintenance of expressways in Guangdong Province and relevant technological research also received approval by Guangdong Provincial Communications Department as the Technological Innovation Project in July 2013. Subsequent to the approval by Guangdong Provincial Communications Department as Technological Innovation Project in 2012, the Company continued to conduct research on the establishment of forecasting model of traffic flow for Shenzhen section directly managed by the Company to enhance the efficiency and accuracy of traffic forecast and improve quality and standard of management services. In addition, Qinglian Company joined forces with Chongqing Jiaotong University to commence research on the materials and technologies for the maintenance of cement concrete road surface. They have initially developed new polymer caulking material, non-destructive joint tape for concrete cracks and new repair materials for pavement pits, which will keep improving after consideration of the actual condition on the site.



III. Safe Production

Safe production is one of the major responsibilities of a corporate. The Company adheres to the safety management principle of “*safety comes first, focus on prevention*” by carrying out the tasks including risk assessment, preparation of supplies, team building, equipment upgrade and emergency drill in the ordinary course of business. Meanwhile, we established specific emergency plans and continued to optimise the safe production system and standards to address such issue, aiming at integrating the emergency tasks into our daily operation in an efficient way.

The Company has set up a Production Safety Committee and formed a 3-tier safety management system comprising the Committee, various units of leading groups for safe production and the frontline safety group. **With respect to project construction**, the Company focuses on the safety management during its tender process and explicitly defines the management responsibilities and exclusive terms in the related contracts and adopts the similar awards or penalties and assessment approach for those successful tenderers. The Construction Management Department assumes the responsibilities of monitoring the performance of contracts in a comprehensive way, procuring the contractors and supervisors to establish a sound system of safety security and management of all levels, sorting out the possible deficiencies found in the safety system, introducing targeted measures and performing regular inspections on the matters significantly endangering the safety management of our projects so as to avoid the occurrence of any accidents. The Company strives to minimise the risks of occupational safety posed to the staff of construction companies while trying its best to safeguard the safety of project supervisors. **With respect to the operational management**, the Company adopted the mode of *Safety Model Tollgate* (安全樣板收費站) and promoted the safety management in the frontline units in view of the duplicable and comparable nature of tollgate management. In compliance with the standards, the Company has taken specific initiatives such as placing fire alarms and installing safeguard facilities in the premises, creating a standard workplace, maintained the record of inspections and repair and maintenance works and monitored the electricity consumption. Moreover, the Company focuses on optimising the regional plans, e.g. the toll stations, so as to reduce the frequency and the duration of the conflicts between pedestrians and vehicles. Meanwhile, to reduce and avoid the occurrence of work injuries of our staff, we have carried out various measures such as formulating guidelines on safety operation and reinforcing real-time monitoring and safety training. Based on the summary and conclusion of the management experience of *Safety Model Tollgate*, the Company has gradually launched a set of scientific procedures and methods in relation to the safety management of toll stations in order to enhance the overall standard of safely management.

In 2013, the Headquarter carried out 2 comprehensive safety inspections and 4 specific safety inspections during occasional seasons such as holidays and peak seasons, over 40 safety potential deficiencies were identified and corrected so that the safety risks were eliminated in the beginning stage. In addition, the Company organised a number of occupational safety training, which covered various aspects including basic knowledge of safety, operational skills, technological standards, emergency response, and self-rescue technique and first-aids, aiming at enhancing the safety awareness among the staff, clarifying the management responsibilities and raising the professional standards of safety management. In 2013, the Headquarter organised 3 safety trainings with 106 participants.



Service and Communication

— Smooth Road

The Company is engaged in the operation and management of expressway projects, providing safe and rapid transportation services to customers. The Company also bears the social responsibility of traffic organisation and dispersion to endeavor to guarantee smooth traffic flow. The Company has established market and customer demand-oriented management system, and continues to improve the operational process and the contingency mechanism, keeps listening to voices of the customers, in an effort to improve the service quality and enhance customer satisfaction.

I. *Enhancement of Service Quality*

■ Provide standardised services

The Company has established standardised business operation and service rules and applied the standardised service management model into each aspect of the operation management. These include preparing the High Quality Service Manual to promote the study and business training of toll collectors in a vivid and concise way; organising toll collectors to study the Code of Ethics and the Quality Standard of Civilised Service of the Company; conducting etiquette and image training; regularly performing business self-inspection at toll gates level and performance assessment against company targets. In addition to the training and assessment, the Company also launches activities such as election of *Star of Smiling Service*, business competition and topic speech contest, to make the frontline staff consciously follow the principle of the civilised service and standardised fee collection.

■ Enhance the ability to handle emergency

Through continuous exploration and conclusion and based on careful review and analysis of all situations, the Company has established an emergency response mechanism covering peak hours in holidays, road accidents, smooth construction process and severe weather. Based on systematic management of such management modules as traffic forecast, emergency resource allocation, hierarchical response and control, standardised operation and guidelines for handling difficulties, operation training and exercise, traffic guidelines and information release, divergence, guide and coordination of peak hours traffic and assessment after management, the Company is able to effectively direct and smooth traffic flow. Based on the scientific forecast on peak hour traffic, route guidelines were also prepared by the Company to guide drivers who go in or out of Shenzhen to avoid peak hours and congestion sites. The route guidelines were released through well-known media including traffic radio, TV and newspaper to meet customers' travel needs at multi-dimension and multi-angle ways, and also to effectively reduce the traffic divergence pressure of heavy traffic sites. During the peak hours in holidays such as the Spring Festival, the Tomb-sweeping Day and the National Day in 2013, each important site and station under direct management of the Company was organised orderly with smooth traffic flow, which created fast and safe driving conditions for citizens.

■ **Improve the rescue service mechanism**

The Company has set up a rescue management mechanism and a unified rescue hotline for the purpose of providing timely rescue and guaranteeing smooth traffic, in order to minimise accidents and vehicle loss and prevent consequent accidents. On this basis, the Company strengthens cooperation with traffic police and rescue departments, learns from experience and periodically collects client feedbacks, including rescue efficiency, service attitude, operation quality and toll standards, to continuously improve the rescue service mechanism. To this end, the Company also provides such feedbacks to and conducts periodical inspection on the relevant rescue departments.

II. *Establishment of Communication Platform*

The Company has set up a customer service center mainly for collecting and releasing information, emergency operation, on-road rescue, customer complaint management and customer satisfaction survey. The Company also used the customer service center as an information hub to set up a multi-layered information communication platform, for the purpose of listening to complaint of customers and continuously enhancing customer satisfaction.

■ **Information management and release**

The customer service center of the Company monitors road conditions and answers calls from customers around the clock. It also maintains information communication with relevant entities including toll gates, road asset department, traffic police department, rescue departments, traffic radio, news media, competent government departments and internet management centers, in order to collect, record and process information. In addition, the Company releases information on road conditions to drivers and passengers in a timely way via our official micro-blog *Customer Service Center of Shenzhen Expressway*, radio and hotline etc. In 2013, the customer service center of the Company released various kinds of traffic information for approximately 11,000 times. Through timely information communication, the Company was able to help drivers and passengers select appropriate travel routes and enhance the efficiency of handling emergencies and traffic flow.

■ **Smooth channel for consultation and complaint**

The Company has made public its consultation and complaint hotline as well as official micro-blog address, and collects customer comments and suggestions through various channels such as on-site investigation, website, email, news media and competent

authorities. The Operations Department provides staff with training on road network knowledge and telephone communication skills to assist them to know well about the conditions of the roads under management of the Company and the surrounding areas and understand the distribution and changes of road networks within the province in which the Company operates and the neighboring provinces, in order to provide high-quality service for the convenient travel of drivers and passengers.

Consultation and complaint hotline:
86-755-8883 3118

Routes consultation,
accident notification,
complaint, reporting and suggestion



The Company has formulated the mechanism for handling customer complaints, followed the principle of “*response to all complaints, immediate correction of all mistakes*”. The complaints from customers in 2013 fall into three categories including Unitoll Card, service, and policies and regulations. The Company has placed strong emphasis on each customer complaint, conducted investigation and provided feedbacks according to the procedures and guidelines, in an attempt to give satisfactory response to the customers. In the event that a customer's demand cannot be satisfied on site and through telephone explanations, the customer service centre assigns the responsibility for handling complaints to specific departments based on differences in sources and types of information. Relevant responsible departments are required to respond within the specified time limit, closely follow up the outcome of the solution and conduct customer interview. In recent two years, roads under management of the Company have been under construction for extension and road surface repair, which inevitably affect the smooth traffic flow of the roads and accordingly more complaints were received. In the light of the above, in addition to sensible traffic coordination and smooth on-site traffic dispersion, the Company also organised staff from the customer service centre to conduct on-site investigation into the sections under construction and familiarise themselves with the situation of each congestion site and the specific diversion measures, so as to minimise the impact on the traffic caused by the construction and assist customers to solve their practical problems.

Consultation and complaint statistics table of the customer service centre

Item	2011	2012	2013
Consultation via phone	280,000 times	355,000 times	356,000 times
Complaints regarding the operation	606	892	538
Total annual complaint rate	0.661/100,000vehicle	0.843/100,000vehicle	0.469/100,000vehicle
<i>Among which: reasonable complaint rate</i>	<i>0.075/100,000vehicle</i>	<i>0.055/100,00 vehicle</i>	<i>0.064/100,000vehicle</i>

■ Data collection and analysis

The Company collects customer opinion through various channels, classifies the information into categories based on differences in customer groups and projects, and input it into the database for further classification and analysis, which could provide supports to the improvement of the Company. Based on the analysis and investigation into the complaints received for the recent three years, the Company used the typical cases to prepare the Operational Complaint Cases and Analysis of Shenzhen Expressway, which provides review conclusions in terms of factors such as specific cases, solutions, key points and the relevant basis. It has been distributed to each operation units to ensure the standardisation and consistency in dealing with any on-site complaints and questions by toll gates, in order to help improve the operational management and service quality.

■ Customer satisfaction survey

In 2013, the Headquarter has carried out the customer satisfaction survey mainly targeting at road users by means of questionnaire and telephone interview. According to the statistical result of the survey, the overall customer satisfaction index for 2013 is 83.3 (2012: 80.3), indicating improvement in customer satisfaction as compared with last year.

Caring and Growth

— For Staff

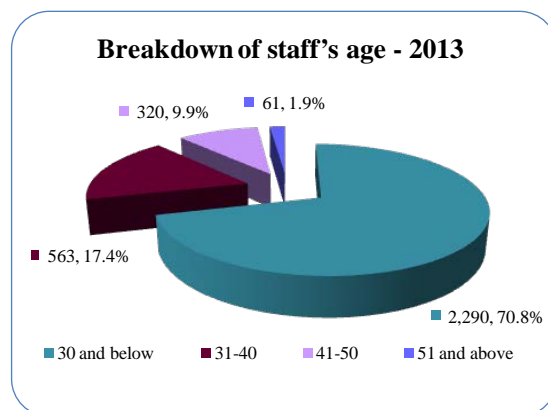
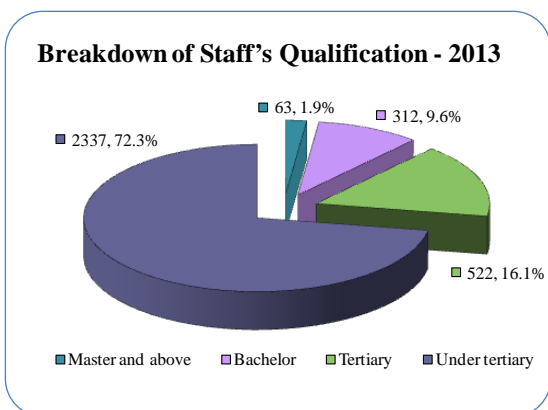
The Company constantly proclaims a management concept of *sharing the fruits of development with its staff*, respects the reasonable demands of, emphasises and protects the legitimate rights and interests of, and strives for providing a safe and healthy working environment for, our staff. We have established a multi-level platform for career development to procure self-achievement of staff and promote staff to grow with the Company.

I. Rights and Interests of Staff

The Company respects the efforts of staff, insists on equal employment opportunity, concerns about their occupational health, and provides them with reasonable packages of remuneration and benefits according to the market level.

■ Equal Employment Opportunity

The Company pursues the concept of long-term employment with gender equality, equal pay for equal working conditions, and prohibition of employment of minors in any manner. We will not treat candidates differentially because of gender, ethnicity, geographical region, cultural background and other factors during recruitment of staff. During 2013, the Company’s signing rate of labour contracts with its staff amounted to 100%, without any illegal dismissals. In 2013, the Company and its subsidiaries had a total number of 3,234 employees, of whom 709 were management and professional staff, while 2,525 were toll collection staff. Female staff accounted for 49% of the total number of staff. Paid annual leave system has been implemented to protect the staff’s rights to normal workload, rest and leave according to laws.



■ **Remuneration and Benefits**

The Company has, in accordance with the statutory requirements and market conditions, developed a remuneration system in line with the Company's actual condition. The staff remuneration and benefits comprises salary and wages, performance bonus and statutory and company benefits, which is determined according to the market value of the position and the overall performance of staff, with strategy-oriented, market-oriented and performance-oriented objectives, taking into account of both internal and external fairness. In July 2013, the Headquarter implemented its remuneration adjustment plan again for toll collection staff, with an average increase of about 9%. This marked the fourth consecutive year in which the Company increased the overall remuneration level of toll collection staff in order to effectively protect the interests of staff and share with them the Company's operating results.

Pursuant to the statutory requirements, the Group has participated in an employee retirement scheme co-ordinated or organised by the local government authorities (social pension insurance) and housing provident fund plan, and has applied various protection plans such as basic medical insurance package, industrial injury insurance, unemployment insurance and maternity insurance for its staff. Apart from statutory benefits, the Company has made regular corporate annuity fund (supplementary pension insurance) for its management staff since 2006, thereby building a long-term trust between the Company and staff. In addition, the Company has also voluntarily procured commercial insurance on personal accidental harm for all staff, and the Company's labour union has initiated the *Employee Mutual Aid Fund for Major Diseases and Personal Accidents* to further enable the staff to prevent and averse the risks of illnesses and injuries. During 2013, the Group's payment of social insurance such as pension and medical insurance amounted to RMB25,180,000, housing provident fund amounted to RMB13,534,000 and corporate annuity fund amounted to RMB6,010,000.

■ **Occupational Health and Safety**

The Company pays attention to the health of staff in many ways. On the basis of ensuring workplace environment fulfilling the regulatory compliance standard, the Company endeavors to provide a healthy and comfortable working environment for its staff, such as frequent inspection of environmental quality in the working areas, selection of ergonomically and environment-friendly office facilities for its staff, provision of protective masks of high standard to operational workers and putting emphasis on the proper facilities of safety islands in toll stations. The Company regularly organises body check for its staff with a coverage rate up to 100%, and hire experts to provide seminars on health knowledge and mental health counseling, organises recreational activities for staff and equips recreational and fitness facilities in toll stations to help staff maintain good physical and mental health. Also, rescue and treatment are provided with best efforts to staff injured in accidents, and industrial injury insurance is procured in strict compliance with the relevant requirements to guarantee availability of medical treatment and economic compensation to staff. During the year, the Headquarter made injury compensation for a total of 5 staff injured in industrial accidents, which amounted to approximately RMB547,000.





II. Career Development

The Company respects the staff's personal wish in respect of career development through the establishment of a sound and multi-level training system, employee incentive system and career development system to help staff continue to enhance the individual professional capacity and growth for promoting the development of the Company, resulting in a win-win situation for both Company and its staff.

■ Staff Training

The Company constantly improves the education and training system based on staff competence in relation to their positions by formulating four categories of training programs, including Management Talents, Business Skills, Management Skills and Basic Skills. Through various means such as lectures by experts, internal special training, exchange of experience, job experience, and online training college, the Company carries out effective and pragmatic staff training to improve the overall quality and job performance ability of staff.

During 2013, the Headquarter and its departments organised 65 training sessions with aggregated training hours of 12,763 hours and aggregated number of staff receiving training of 1,574. The total annual educational and training costs of the Company amounted to approximately RMB 1,205,000. Amongst these, we organised specialised training sessions on topics such as *Macroeconomics and Business Management* and *Economic Value-added and Enhancement of Assessment and Management Capabilities* for senior management, introduced courses on *Time Management, Commercial Speech, Inter-departmental Communication and Collaboration, Workplace Mind Mapping, Training Series for Potential Talents for Operation* and *Positive Management* for management staff, and conducted a series of training on launching civilised services for frontline staff with emphasis on providing counseling and strengthening civilised services and business procedures.

In addition, the Company has established an online training institution which offers more than 40 learning courses covering various professional disciplines and provides a number of learning tools and courseware, in order to encourage more self-learning and self-enhancement of staff. Meanwhile, the Company has also implemented schooling education and administration on qualification examination. Subsidies or incentives of certain amounts are provided to staff taking relevant education and qualification examinations to encourage ongoing learning and self-improvement.

■ Staff Incentives and Development

The Company has set up staff performance management and remuneration incentive system which is customer-oriented and based on business improvement. Various incentives such as performance bonus, salary adjustment, promotion and appraisal are provided for its staff based on the results of performance appraisals. Every year, the Company selects a group of outstanding managers, staff, toll collection model and service model staff. Awards are granted to commend such staff for their excellence and motivate their job passions.

The Company employs various management tools, such as setting up systems for directing guidelines, providing training courses in relation to position rotation, establishing a "dual path" career development approach for administrative and technical posts, establishing a Reserve Talent Bank, and

launching the personal quality enhancement program and qualification management, in order to help its staff improve professional competence, provide development opportunities for them and reserve talents for the development of the Company. During 2013, 35 management staff and 252 frontline employees of the Headquarter were promoted through public recruitment and became the major cadres for the Company's development.

Career planning and management system for staff, aiming to help them develop career action plans which, according to their different development stages, will provide an appropriate supporting system for staff training, work practices and potential development etc. In addition, for toll collection staffs who have been serving the Company over 5 years, the Company has launched a re-employment incentive payment scheme to provide more opportunities and choices for their career development. During 2013, the total payment of re-employment incentives to 65 employees by the Headquarter amounted to RMB415,000.

III. Communication and Listening

The Company strives to create a relaxing and harmonious working atmosphere for its staff through organising various group activities to enhance the company cohesion and enrich their cultural life during leisure time. The Company also provides a grand stage for its staff to show their talents and team-spirit. Meanwhile, the Company listens to staff's voices through a variety of communication means, and creates a cooperative, open and efficient corporate culture on the basis of mutual trust and respect.





In addition to daily communication, performance interviews and employee suggestion box, the Company has developed various complaint and communication channels for staff including internal published materials, staff forum via intranet and e-mail. All of these are effective way through which employees can express their thoughts and feelings while the management can listen to and respond to their staff opinions. The Company listens extensively to the demands of staff and gauges their opinions in respect of the corporate development through various means, such as staff representatives' meeting, staff forum and employee survey regularly held every year, and the Company will then follow up those opinions. During 2013, the Headquarter collected 37 opinions and suggestions from its staff and all of them had been followed up, implemented and responded with explanation.

The Headquarter regularly organises staff satisfaction survey to gauge their' opinions and suggestions on various management aspects of the Company, so as to provide a valuable reference for improvement and enhancement of the Company's management standard. Satisfaction survey covers four dimensions, including job content, job reward, working teams and corporate management. The relevant questionnaires and statistical analysis are designed separately based on different characteristics of management staff and toll collection staff. According to the results of a survey conducted by the end of 2013, the overall satisfaction of management staff was 69%, which remained steady, while the job satisfaction of toll collection staff was 58%, representing a continuous improvement when comparing to the prior two years. Based on the statistics from the survey, the Company also conducted analysis based on gender, age, education, and position and key projects to identify the problems and propose measures to address and improve them. During 2013, the overall staff turnover rate of the Headquarter was 26%, amongst which the turnover rate of management staff was 2% while that of toll collection staff was 31.5%.





Environment and Resources

— Environmental Protection

With the deteriorating global eco-environment, energy and pollution have drawn wide attention globally. Emphasis on energy conservation and emission reduction, implementation of integrated environmental governance, promotion of an ecological civilization, have become the main theme of evolvement of the modern society. As a company principally engaged in the operation and construction of expressways, Shenzhen Expressway consistently focuses on practising the environmental protection philosophy of resource saving and green operation in its operation and management, emphasises to arouse the staff's awareness of environmental protection, explores new techniques and technologies for energy conservation and recycling of resources, playing a role to propel the corporate and environment harmonious evolution.



I. Resource Saving

The Company has been committed to promote the application of new materials and new techniques in its operation and management, and to enhance the comprehensive use of resources based on technological innovation.

The Company has actively modified the road maintenance management system in recent years and worked with the industry experts to undertake research in relation to preventive maintenance. The Company introduced the technology of hot-in-place recycling (就地熱再生技術) in the maintenance of Jihe Expressway, which brings a number of advantages such as saving resources, less investment, less traffic disruption and a shorter working schedule compared with traditional techniques. The technology makes best use of waste asphalt mixture on the spot, saving a lot of gravel and asphalt. The ecological damage caused by stone mining is reduced as there is no need to separately exploit substantial raw materials such as gravel. Also, the recycling use of waste asphalt mixture saves land resources occupied for stone mining and waste asphalt mixture stack, mitigating the impact of dumping waste asphalt mixture on the site for waste disposal and the surrounding environment. Meanwhile, it also reduces transportation efforts and carbon emission with a shortened distance. Regarding the maintenance of Jihe East, the aggregated area handled with technology of hot-in-place recycling was approximately 522,000 square meters, with a total of approximately 52,200 tons of asphalt mixture saved and the reduced transportation equivalent to a reduction of carbon emission of 200 tons. The usage of waste materials amounted to more than 50,000 tons, which was equivalent to a reduction of exploiting mineral resources of approximately 20,000 square meters, and prevent the damage of approximately 10,000 square meters of the natural environment.



During 2013, the Company explored and practised *Geopolymer Grouting Base Reinforcement Technology* (地聚合物注漿基層加固技術) in its maintenance and repair works. The technology changes the original extensive patching repair mode by making best use of the existing road base and sub-base to enhance the efficiency of maintenance and repair works while effectively saving resources.

II. *Energy Conservation and Emission Reduction*

Reduction of energy consumption and carbon emission is the key concern of the Company toward highway operation management. Through an enhanced training for toll collection process and skill, the Company has increased the manual toll collection efficiency. In addition, the Company continued to promote its auto toll system and actively pushed forward the intra-network in Guangdong province for the efficient road traffic, resulting in reduced petroleum consumption and exhaust emissions of vehicles. Moreover, the Company adopted the investment model of Energy Management Contract (EMC) for major road projects in Shenzhen and installed LED energy saving lighting facilities. During 2013, the Company saved approximately a total of 4,000,000kWh of electricity, representing a highly effective energy conservation.

Meanwhile, the Company emphasises to arouse staff's awareness of environmental protection. In respect of office management, the Company proclaims the saving of water and electricity by staff, conserve paper by duplex copying and use and actively participate in environmental protection in daily office routines. The Company also proactively installs environmental and energy saving lighting equipment, reforms the system of vehicle use and strengthens the office information system to promote paperless office and reduce office energy consumption and emission.



III. Ecological Protection

The Company complies with the requirements of the industry environmental regulations, adheres to the principle of “*focus on prevention, give priority to protection, take preventive measures, comprehensive governance*” in the construction processes, and embodies the concern on environmental protection into the planning, design, construction and maintenance of the Company’s road products.

Prior to the project approval, the Company commissions a correspondingly qualified third party to conduct environmental impact study and prepare an environmental assessment report, examine the environmental quality and points of environmental sensitivity in the area along the project, analyze the pollution source emission upon project construction, predict the scope and degree of the possible negative environmental impact on the area along the road during the period of construction and operation, and put forward measures and strategies for pollution prevention and reduction on environmental damages, which provides a basis for project design, operation management and environmental management as well as economic development planning and environmental planning for the relevant area.

During the construction stage, the Company strengthens environmental monitoring, conducts vegetation recovery on the affected area, promotes the re-use of construction waste, regulate the construction units to implement management of green environment, reservation of soil and water resources and pollution prevention by way of contracts. Meanwhile, the Company takes concrete measures to reduce construction noises, control wind-borne dust on the construction sites, avoid or reduce night-time construction work to minimise the impact of construction sites on residents nearby.

The Company put emphasis on the organic integration of construction and environment, designs and constructs roads and bridges in harmony with landscape. The Company also protects the roadbed along the road, reduces noises and build green corridor in harmony with natural landscape by such measures as afforestation along roads and building “ecological walls”.



Costal Expressway



Development and Mutual Success

— *The Community*

The Company adheres to the modern business ethics and industry standards, focuses on co-development with partners, pays close attention to public welfare and strives to contribute to social harmony and stability and sustainable development.

I. Operation in Good Faith

The management has set the fundamental principle of integrity and sound development, and regulated employees' behaviors, integrity and conduct under the Employee Manual and the Anti-fraudulent Work Regulation. The Anti-fraudulent Work Regulation approved by the Board clearly defined the key areas and division of duties for anti-fraudulent work, prevention and control of fraud, the procedures of tip-off, investigation, treatment, reporting, and other matters. The Audit Committee of the Company, Audit Department and Discipline Supervision set up their own independent hotline, email and mailbox for reporting fraud, and posted in the internal and external websites of the Company, as channels for staff at all levels and stakeholders of the Company to reflect and report any violation of ethics or suspected cases of fraud in connection with the Company or its staff.

In 2013, the Company continued to strengthen the consciousness of integrity and responsibilities of the management by signing accountability statements and organising learning and promotional campaigns. During the year, the Company also reinforced the supervision and inspection over the project construction and operation management, and conducted discipline inspection and supervision over 15 issues (items), including recruitment for vacancy, project bidding, procurement outsourcing, to prevent potential violations of laws and discipline in the course of operation management.

II. Win-win Cooperation

The Company has regarded all co-operating parties in value chain (including material and equipment suppliers, construction contractors, design companies, supervisory authorities, consulting firms and intermediary advisors etc.) as its working partners. The Company neither deem itself as the stronger party nor gives up its position or rights and interests as the weaker party, if any. The Company seeks to grow with its working partners. When selecting them, subject to integrity, the Company seeks to establish a long-term and intensive strategic partnership with financially strong and reputable partners who share the same values. Appraisal and assessment have been conducted by the Company on quality of the products and services provided by its working partners, contract performance ability and business reputation as reference for future collaboration. At the same time, the Company pursues business ethics and earnestly executes the contracts signed with its working partners to establish sound business reputation. The Company also interacts positively with all co-operating parties in respect of value chain and provides support to the working partners to facilitate their work, resulting in the fulfilment of the mutual objectives.



The Company pays high regard to the protection of the interest of our creditors. The Company adheres to sound financial strategies and maintains reasonable debt level and debt structure. For the year 2013, debt-to-asset ratio, interest cover multiple and EBITDA interest multiple of the Company were 50.79%, 2.44 and 3.98 respectively, and each financial indicator remained at secure levels. Meanwhile, the Company focused on its credit construction and maintenance and maintained a sound credit record by timely repayment of the principals with interests of its bank loans and bonds. For the year 2013, the Company continued to gain the highest rating of AAA in credit rating for borrowing enterprises in Shenzhen City and maintained the equivalent credit rating in follow-up rating for bonds.

III. Social Development Support

We uphold the Company's mission of *Construct and Manage Quality Expressways and Enhance Social Transportation Efficiency*. For over ten years, the Company has been committed to providing quality services in the highway construction area, and completed the construction of and investment in road building projects with a total value of over RMB10 billion in Shenzhen and its surrounding areas. The mileage of highways invested, constructed by the Company and entrusted to the Company for construction and operation accounted for approximately 60% of market share in Shenzhen. The expressway network developed by the Company has become an essential route facilitating the economic development and cultural exchange in the regions.



With the progress of urbanization in Shenzhen and internal and external integration in the authority areas, the development and construction of various infrastructure facilities including municipal roads, railways, subways and pipelines are mostly related to the road projects of the Company, such as crossing from below or above, connecting or joining of lines. The Company seriously handles various coordination issues relating to road networks, conducts on-site investigations and makes communication and coordination with governments and construction, planning and designing departments so as to jointly discuss any demands and solutions proposed by the departments. Based on the interest of each relevant party, the Company also makes practicable suggestions and solutions according to the features of the projects and duly handles such coordination issues in order to promote the development of communities.

In 2013, the tax payment of the Company and its subsidiaries amounted to RMB397.01 million in total, making appropriate contribution to national and local financial income. During the year, the Headquarter provided 785 job opportunities for the society. In recruiting toll collectors, the Company has introduced a policy of giving priority to the applicants from underdeveloped regions. The successful applicants will be able to work and live in Shenzhen, helping them to improve the financial situation of their families and providing a platform for transmitting new thoughts and new philosophies, which in turn promotes the employment in these regions and supports the regional development.



IV. Dedicated to Charity Activities

To support the educational development in the poverty-stricken regions, at the end of 2012, the Company officially initiated the *Starlight Program* (星光工程), an education program to regularly support a primary school in the western region. In 2013, the Company donated a total of RMB500,000 to improve the school facilities and organised a 2013 Summer Camp of Starlight Program in Shenzhen for the outstanding students. In addition, the Company and its subsidiaries sponsored RMB60,000 to help the development of the communities and education in other areas.



Starlight Education Support Program

While supporting the public welfare activities, the Company also encourages its investees and staff to participate in various charity events. In 2013, Advertising Company provided 20 advertising spaces with a total areas of over 5,000m² at nil consideration for charitable promotion purpose.



Volunteer Services - Staff

During the year, the employees of the Group organised one-to-one aiding activities and donation events to support students from poverty-stricken families, and made a donation of RMB48,000 in total to help students for their studies and living. After knowing that an employee of Qinglian Company had an urgent need of money for his daughter with leukemia,

the employees of the Group made a donation of approximately RMB120,000 for her treatment. With the support of the Company, two employees provided volunteer teaching assistance in a poverty-stricken area for an academic term, the teaching mission has been completed smoothly and our employees were highly commended for their outstanding performance by the teachers and students in the school. The Company and its employees are dedicated to charity activities and actively make contribution to the society.



Indicative Attachment

Item	2013	2012	2011	Index of the report
Revenue (RMB million)	3,279	3,135	2,952	Annual Report 2013
Total asset (RMB million)	22,840	24,209	24,609	Annual Report 2013
Net profit (RMB million)	720	685	875	Annual Report 2013
Net asset (RMB million)	9,974	9,536	9,204	Annual Report 2013
Dividend payout ratio <small>Data in current year represents dividends distributed for last year</small>	41%	40%	47%	Annual Report 2013
Dividends (RMB million) <small>Data in current year represents dividends distributed for last year</small>	284	349	349	Annual Report 2013
Interest covered multiple	2.44	2.42	2.92	Page 21 of this report
EBITDA interest multiple	3.98	3.66	4.10	Page 21 of this report
Credit rating for borrowing enterprises in Shenzhen	AAA	AAA	AAA	Page 21 of this report
Number of employee of the Group (person)	3,234	3,066	3,113	Page 12 of this report
Management and professional staff	709	678	686	Page 12 of this report
Toll collection staff	2,525	2,388	2,427	Page 12 of this report
Social insurance paid by the Group (RMB'000)	25,180	24,543	14,773	Page 13 of this report
Payment of re-employment incentives (RMB'000)	415	456	463	Page 15 of this report
Training hours (hour)	12,763	12,805	11,000	Page 14 of this report
Training costs paid (RMB'000)	1,205	1,177	1,350	Page 14 of this report
Participant (person-time)	1,574	1,823	2,136	Page 14 of this report
Donations for charities (RMB'000)	560	200	850	Page 22 of this report
Tax (RMB'000)	397,010	498,626	405,525	Page 22 of this report
Jobs provided (position)	785	663	600	Page 21 of this report
Highway maintenance quality indicator (MQI)				
Jihe East	94.0	88.3	91.0	Page 7 of this report
Jihe West	N/A	90.2	90.4	Page 7 of this report
Yanpai Expressway	92.6	92.2	92.6	Page 7 of this report
Yanba Expressway	94.9	94.5	95.2	Page 7 of this report
Nanguang Expressway	96	95.1	96.1	Page 7 of this report
Meiguan Expressway	93.6	N/A	N/A	Page 7 of this report
Customer satisfaction index <small>Data in current year is the result of previous year's survey</small>	83.3	80.3	83.1	Page 11 of this report



Feedback and Contact Information

Shenzhen Expressway takes your opinions on our social responsibility work and this report seriously. If you have any opinions or suggestions, please fill out the following feedback form and return to us by post, fax or e-mail. We would like to express our deepest gratitude for your valuable opinions!



Please provide your personal information if you are willing to do so:

Name: _____ Telephone: _____

Company: _____ E-mail: _____

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