



# SHENZHEN EXPRESSWAY COMPANY LIMITED

(A joint stock limited company incorporated in the People's Republic of China with limited liability)  
(Stock Code: 00548)



# 2017

## Social Responsibility Report



**SHENZHEN EXPRESSWAY COMPANY LIMITED**

(a joint stock limited company incorporated in the People's Republic of China  
with limited liability)(Stock Code: 600548 (SSE), 00548 (SEHK))

# **SOCIAL RESPONSIBILITY REPORT**

## **2017**

**23 March 2018**

The Board of directors of the Company and all members of the Board 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 contents of this Report.



Stock Code: 600548 (SSE)

Stock Code: 00548 (SEHK)

- **Introduction**

We publish the annual Social Responsibility Report with an aim to regularly and systematically provide the information on fulfillment of corporate social responsibility by the Company to stakeholders such as the Company's shareholders, customers, employees, service providers and partners, and government authorities, non-governmental organizations 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 tenth Social Responsibility Report published by the Company.

- **Reporting Period**

This Report covered the year 2017 (i.e. from 1 January 2017 to 31 December 2017). Taking into account the continuity and comparability of the information disclosed, some of the information is 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 product liability, employees, environment, community and other aspects.

- **Indicative Statement**

The references to "Shenzhen Expressway", the "Company", the "Group" or "We" used in this Report represent Shenzhen Expressway Company Limited and/or its subsidiaries for identification purpose; the "Headquarters" represents Shenzhen Expressway Company Limited and its directly-managed subsidiaries in Shenzhen. All amounts are presented in Renminbi (RMB), unless otherwise stated within this Report.

- **Date of Approval**

23 March 2018.

- **Form of Publication**

This Report is available and can be downloaded from the website of the Shanghai Stock Exchange (<http://www.sse.com.cn>) in Chinese, the website of The Stock Exchange of Hong Kong Limited (<http://www.hkexnews.hk>) in both Chinese and English and the website 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](mailto:ir@sz-expressway.com) (by e-mail).

# Contents

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## 2 Overview

- 2 Social Responsibility Concept
- 2 Social Responsibility Statement

## 3 Environment and Resources

- 3 Pollution Prevention and Emission Reduction
- 5 Resource Conservation
- 6 Reduced Impact on the Environment
- 7 Joined the Environmental Protection Industry

## 9 Quality and Services

- 9 Construction of Quality Highway Products
- 11 Maintained Highway Quality
- 11 Enhancement of Service Quality

## 14 Caring for the Staff

- 14 Assurance of Staff's Rights and Interests
- 15 Safety and Health
- 17 Promotion of Staff Development
- 18 Caring for staff life

## 18 Mutual Development

- 19 Win-win Cooperation
- 20 Combating Corruption and Upholding Integrity
- 21 Support of Social Development
- 21 Dedication to Charitable Activities

## 23 Conclusion

 Feedback and Contact Information

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## Overview

### I. Social Responsibility Concept

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

▶▶To take note of the possible concerns of products arising from the process of design, manufacturing, delivery and use, and take responsive measures during these processes, so as to achieve the harmonic equilibrium between the enterprises' products, people and the nature.

▶▶While providing products and services and deriving profits, enterprises should respect the interests of all stakeholders and continue to show their concerns for the impact on the environment. Such concerns and respect not only come from the importance of stakeholders to corporate development, but they also come from the gratitude and return of enterprises to the society and the environment in which they rely on 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 stakeholders, such as its shareholders, customers, employees, creditors, service providers, the community and the environment. Our responsibility statement is as follows:

Shareholders	Customers
<ul style="list-style-type: none"> <li>■ Equal right of knowledge</li> <li>■ Truthful, accurate and complete information disclosure</li> <li>■ Reasonable investment returns</li> </ul>	<ul style="list-style-type: none"> <li>■ Quality road products</li> <li>■ Quality services</li> <li>■ Enhance customers' satisfaction</li> </ul>
Creditors	Service Providers
<ul style="list-style-type: none"> <li>■ Honesty and credibility, timely repayment of loans</li> </ul>	<ul style="list-style-type: none"> <li>■ Fairness and equitability, co-development</li> </ul>
Employees	Environment and Community
<ul style="list-style-type: none"> <li>■ Stable and reasonable remuneration and benefit guarantee</li> <li>■ Room for career development and platform for learning and growth</li> <li>■ Safe working environment</li> <li>■ Enhance employee compatibility</li> </ul>	<ul style="list-style-type: none"> <li>■ Rational utilization of resources, emphasis on environmental protection</li> <li>■ Compliance with laws in operation and tax payment</li> <li>■ Contribution to technological progress of the industry</li> <li>■ Contribution to harmonious social development</li> </ul>



## Environment and Resources

Facilitating harmonious development between the social economy and the natural environment has become a consensus for the world today. Being the main consumers of natural resources, enterprises shall assume the responsibilities and obligations to conserve resources and protect the environment. Shenzhen Expressway has always adhered to its business philosophy of environmentally-friendly, recycling and low carbon, strictly comply with the Government's requirements for green operation in its operation. The Company pays attention to the conservation of water and soil resources, advocates green operation, actively promotes application of innovative materials and technologies, and promotes recycling of resources. There is still a long way to go for environment remediation. During the process of strategy execution in the five years between 2015 and 2019, Shenzhen Expressway has decided the development path with urban infrastructure and environmental protection industry as the main target of its upgrade and transformation and has made significant progress in 2017. As a new entrant of the environmental protection industry, Shenzhen Expressway will facilitate thorough development of its "beautiful business" in a more professional and pragmatic manner.

### I. Pollution Prevention and Emission Reduction

The Company regards "pollution prevention and emission reduction" as an important concern, focuses on reducing energy consumption and emissions to prevent waste pollution to the environment, and actively promotes the recycling of waste materials. In terms of operation and management of its toll highway business, the Company required all of its business departments to conscientiously learn and comply with the following laws, regulations and industry provisions: Environmental Protection Law of the People's Republic of China, Air Pollution Prevention Law of the People's Republic of China, Solid Waste Pollution Prevention Law of the People's Republic of China, Water Pollution Prevention Law of the People's Republic of China, Environmental Impact Assessment Law of the People's Republic of China, Regulations on the Administration of Construction Project Regarding Environmental Protection (State Council Decree No.253), Regulations on the Administration of Construction Project Regarding Environmental Protection in Guangdong Province, Regulations on Protection of Drinking Water Sources and Water Quality of Guangdong Province, Regulations on Prevention and Control of Solid Waste Pollution to the Environment of Guangdong Province, Regulations on Environmental Impact Assessment of Highway Construction Projects promulgated by the Ministry of Transport, Regulations on the Reduction and Utilization of Construction Wastes of Shenzhen Municipality. The "pollution prevention and emission reduction" measures adopted by the Company for environmental protection purpose during its operation and management are mainly reflected in the following areas:

In daily office administration, employees are required to develop the awareness of saving water and electricity, keep the air conditioning of the office above 25 degrees, and use new environmentally-friendly and energy-saving products whenever different kinds of lighting facilities are to be installed or replaced. Meanwhile, the Company practiced paperless office, promoted automatic office system and established an application and approval system for office supplies to ensure only necessary office supplies are procured and reduced waste. Degradable products were used as far as possible in terms of papers used for daily office operation and packaging materials, while food waste in canteens are recycled by qualified enterprises. The vehicle usage system was also reformed to reduce working energy consumption and emission.



For operation and management of highways, the Company improved manual toll collection efficiency by strengthening trainings on toll collection process and the related skills, and measures such as setting up lanes for automatic payment and installing self-service card issuing machines are adopted to improve the traffic efficiency. In 2017, the Company commenced the research on the plans of implementing an intelligent traffic system, with a view to promoting the development and establishment of an intelligent traffic system, thereby achieving mobile payment without stopping, reducing traffic jam, enhancing traffic efficiency and achieving highly-efficient use of road resources to reduce fuel consumption and gas emission of vehicles in the future.

For maintenance and administration of road assets, provided that same quality can be guaranteed, the Company preferred innovative energy-saving and environmentally-friendly products and green building materials with energy-saving and environmentally-friendly features. The Company has formulated technical specification documents such as Technical Specifications and Acceptance Criteria for Daily Cleaning Projects, Technical Specifications and Acceptance Criteria for Minor Repairs, to guarantee efficient and smooth rides and reduce vehicles' fuel consumption by conducting regular and frequent inspection on technical indicators of highways and providing scientific and appropriate preventive maintenance. In addition, the Company also attached importance to strengthening administration of vehicles carrying toxic and hazardous chemicals on highways by requiring such vehicles to ride in a specific period of time so as to reduce the possible impact of leakage accidents.

As for administration of construction activities, the Company put emphasis on environmental monitoring, formulated technical specifications and construction administration procedures for each project, and made use of contracts to ensure construction contractors be abided by various rules and regulations and complying with all environmental regulations specific to the industry. For instance, as clean production is required during the process of construction, construction parties shall use commercial concrete and prefabricated parts as far as possible to reduce wastewater produced by construction and try to use advanced construction equipment whenever it is possible to reduce the discharge of oil-containing sewage. Domestic sewage and other sewage at construction sites shall not be discharged into municipal drainage pipelines or rivers before treatment, while wastewater and mud produced by construction activities shall be drained to the sedimentation tank or grease trap, from which the water recycled after treatment will be used for dust suppression at the construction site and the dried mud will be transported to the landfill for recycling. The recycled wastewater which is unutilized will be delivered by sealed sewage suction trucks to the municipal sewage treatment plant for centralized treatment. In order to reduce air pollution arising from construction, the Company strictly complied with Shenzhen Air Quality Enhancement Plan (SHENFUBAN [2013] No.19) and Measures for Dust Pollution Prevention and Control of Shenzhen, prohibited usage of diesel-fueled construction machineries that fail to meet the national emission standards and forbade to burn toxic, harmful and odorous substances at the construction site. Moreover, more stringent dust pollution control was implemented at the construction site by taking measures such as regular cleaning of equipment and construction site, sprinkling water, covering the construction broke bits, and setting up enclosure so as to effectively reduce dust pollution. With regard to construction wastes, the Company conscientiously complied with Regulation on Reduction and Utilization of Construction Wastes of Shenzhen, Measures on the Administration of Earth and Stone Works of Shenzhen and other relevant provisions, made plans in advance for comprehensive utilization, recycled some exploitable earth and stone as roadbed filler after treatment, and delivered construction sludge and broke bits to the designated spoil ground for recycling. For instance, to solve the dust pollution problem at the construction site of Outer Ring Project, the Company was in strict compliance with the requirements of the Proposal on Specific Monitoring and Inspection for Dust Pollution Prevention and Control of Shenzhen. The Company applied both real-time environmental monitoring equipment as well as manual examination to supervise the construction, which were in strict compliance with processes for dust control, including road closure for construction, soil covering, cleaning of vehicles entering and leaving the construction



site, sprinkling water on passages, using fog guns for dust control, centralized treatment and separation of mud, hardening treatment of passages, greening of slopes and sewage treatment and recycling in three levels. During the construction of the sixth contracted section of Outer Ring Project, the Company carried out the following measures to effectively control dust pollution at the construction site and reduced impact on the environment for human settlement, including 3 TSP monitoring equipment and approximately 5,000 square meters of fencing installed, soil coverage with green net of approximately 150,000 square meters, 3 automatic vehicle-washing equipment and 2 movable high-pressure washing equipment in operation, 2 car-washing pools set up as well as 7 water spraying cars and 12 fog guns in operation.

In 2017, all relevant laws and regulations were duly observed, and the Group had not experienced any environmental pollution accident, nor had it been subject to any complaint, fine or sanction due to environmental pollution or violation of environmental regulations. The emissions generated by the Group's operations mainly arise from construction activities, which had been outsourced to construction contractors with specific qualifications. These contractors were obliged to engage in construction activities according to law (including control of emissions according to statutory requirements). During the Reporting Period, the Group was not informed of any non-compliance with relevant laws and regulations by any of such contractors. In addition, the Group has no disclosable information about the emissions by such contractors.

## II. Resource Conservation

The Company advocates green operation concept by incorporating the resource conservation concept into all aspects of the Company's operations, and has effectively saved resources and promoted the comprehensive utilization efficiency of resources through measures such as energy administration and technological innovation, promotion for application of energy-saving and environmentally-friendly products as well as innovative technologies and materials.

The Company attaches importance to guiding employees to develop a sense of thrift and consciously practice economy. Office devices shall be set in energy-saving mode or turned off when unused for a longtime so as to reduce standby energy consumption; while computers, printers and other office devices as well as water dispensers shall be turned off before getting off duty. The Operation Management Department also required our employees to be in strict compliance with relevant rules regarding saving water and electricity. A maximum amount for monthly electricity and water consumption is set for every person in the budget of each toll collection station, and an assessment is carried out on a quarterly basis. In 2017, the Group recorded an annual office electricity consumption of about 25.42 million kw.h and an annual office water consumption of about 0.72 million tons. Other resource consumption in the Group's operation mainly arose from construction activities, which had been outsourced to construction contractors with specific qualifications. These contractors were obliged to engage in construction activities according to law (including management of resource consumption according to statutory requirements). During the Reporting Period, the Group was not informed of any non-compliance with relevant laws and regulations by any of such contractors. In addition, the Group has no disclosable information on resource consumption by such contractors.

The Company applies the concept of resource conservation in every procedure of its operating activities. In 2017, Qinglong Company delivered all wastes of approximately 100m<sup>3</sup> generated from maintenance of road surface to asphalt mixing station for recycling and reuse. 100% degradable planting bags were also used in most green conservation works of the Company for landfill and greening, and recycled water was used to water vegetation for the purposes of resource conservation and environmental protection. In recent years, in order to save electricity, the Company launched EMC contracted energy management and investment model for the main highway projects in Shenzhen, whereby road lamps and canopy lamps of toll collection stations were replaced with energy-saving LED lamps. In 2017, the road lighting project implemented by the Company delivered obvious energy-saving results and an aggregate of about 4.53 million





kw.h of electricity was saved. In addition, the Advertising Company of the Group carried out technical reform of energy-saving LED system for the lighting system of outdoor bill boards. The electricity saved was about 80,000 kw.h in 2017. The energy-saving LED reform project for the lighting in 21 single tunnels along Qinglian Highway was carried out by the Company in 2017, which is still underway. The Company has saved energy and effectively reduced operational and management costs by implementing energy control measures.

The Company has been committed to promoting the application of innovative materials and innovative processes. In recent years, the Company has conducted relevant researches on preventive maintenance technologies in joint efforts with industry experts and has successfully applied hot-in-place recycling technology to highway maintenance and reconstruction, which has yielded positive results. Compared with traditional processes, the hot-in-place recycling technology



has many advantages, including less resources consumption, less investment, less traffic disruption and short lead time. Through immediate access to on-site materials, this technology can make use of waste asphalt mixtures to the largest extent to save a large amount of gravel stone materials and asphalt, thereby mitigating damage to the ecological environment from stone material exploitation, as well as conserving the occupied land resources from stone material exploitation and placement of piled waste asphalt mixtures. Meanwhile, this technology can reduce the impact on abandoned sites and their surrounding environment. As the transportation distance has been shortened, the transportation volume has been reduced and so as the carbon emission. In 2017, the Company applied MMA colourful non-slip materials for the maintenance of road surface of Qinglian Expressway. Such innovative materials feature stronger skid resistance and durability with fast solidification process and minimal organic compound emitted. The construction of which is also easy, demonstrating that it is energy-saving and environmentally-friendly and is able to enhance safety of the road surface.

### III. Reduced Impact on the Environment

As arable land, woodland and water sources may be occupied during the construction process of highways, which might affect the natural environment and the life of residents along the highways to a certain extent, Shenzhen Expressway pays much attention to the impact of project construction on the environment. The Company's concern over environmental protection is manifested in product planning, design, construction and management of highways:

At the stage of project line planning and design, the Company entrusts a third party with corresponding qualifications according to the requirements of industry standards to make special study on the environmental impact of the project and prepare an assessment report thereof to assess the possible environmental impact of the project on the areas along the line, and propose soil and water conservation, ecological protection and pollution prevention and control measures in the design and construction plan based on the scope and extent of adverse impact. For instance: **Rational use of land:** Select appropriate location of the highway in line with the local land planning, with a view to reduce occupation of farmland, arable land and economic forest and minimize demolition and relocation, and set up earth-retaining walls, revetments or viaducts



based on economic and technological comparison in order to occupy less land and save land resources; **protection of water sources:** Routes of highways should be planned to avoid crossing water sources and not to occupy the drinking water sources of areas with concentration of urban resident, while well-designed drainage system for highways should be in place to avoid draining sewage into the water or soil on both sides of highways. Greening and other isolation protection measures are also necessary to protect the water sources from contamination.

At the construction stage, the construction contractors are required to strictly implement measures on greening, soil and water conservation, and pollution prevention. The earth needs should be satisfied first by the earth and stone in excavation section, and second by the earth in barren areas., with a view to protecting local vegetation and water resources, and the borrow pits should be taken into consideration together with local aquaculture and farmland irrigation and drainage. The damage of construction spoil to vegetation and its occupation of farmland should be minimized. Rational planning for reclamation or greening should be made so as to improve land regeneration resources. In order to prevent construction noise pollution, the Company took the implementation of relevant provisions seriously, including Environmental Noise Emission Standards for Construction Sites (GB12523-2011), Regulations of Shenzhen SEZ on Environmental Noise Pollution Prevention (revised in 2011), Regulations of Shenzhen on Administration of Construction Noises, etc. It also required the installation of mufflers for construction machineries and transportation equipment, reasonable arrangement for construction sites and time and placement of noise barriers.

At the stage of road operation, the Company adopted preventive measures, such as external-soil spray seeding and grassing, side slope and slope angle grouting and dry building, for the soil and stone side slopes along highways, to prevent water loss and soil erosion. At the same time, the Company also valued the cultivation and conservation of the green belt along highways, and skillfully integrated green forest plants with noise insulation, dust proof and air cleaning functions into natural landscape in order to build ecological, environmentally-friendly and beautiful highways.



#### IV. Joined the Environmental Protection Industry

During the process of strategy execution in the five years between 2015 and 2019, Shenzhen Expressway has further decided that the main target of upgrade and transformation would be urban infrastructure and environmental protection industry upon the Company's assets (i.e. toll highways), with an aim to becoming an industry leader in terms of segments in environmental protection such as water environment remediation and solid waste treatment through cooperation with industry-leading enterprises, merger and acquisition of enterprises with advantages, independent innovation and operation and other methods.



To achieve this strategic goal, the Company has established Environmental Company and built a professional team responsible for expanding into the environmental protection businesses. After in-depth study and proving, Shenzhen Expressway made significant progress for expansion into the environmental protection industry in 2017, it acquired 15% equity interests in Water Planning & Design Institute Company Limited (“Water Planning Company”) and 20% equity interests in Chongqing Derun Environment Company Limited (“Derun Environment”) by way of equity investment, merger and acquisition. Water Planning Company is an institute for comprehensive water planning and design, which possesses A-grade qualifications in areas such as water conservancy industry and municipal water supply and drainage. Derun Environment has better technological advantage, scale advantage and regional competitive advantage in water treatment and waste incineration power generation. Through cooperation with branded enterprises in the relevant industries, Shenzhen Expressway would be able to start from a high starting point into the fields of water environment remediation, solid waste treatment and waste incineration power generation, thereby securing professional technological resources and opportunities for high quality project investment to achieve joint development.

With acceleration of speed of urbanization and industrialization, a large amount of domestic sewage and industrial sewage was discharged into urban rivers, causing material impact on the social environment and quality of life. In 2017, the Company proactively promoted the watercourse treatment project of Shenzhen-Shanwei Cooperation Zone. The Company seriously looked into and consolidated the causes of watercourse pollution, and developed a systematic treatment plan in a professional and pragmatic manner, with a view to achieving positive results by adopting comprehensive treatment measures, including ecological treatment, watercourse dredging, elimination of internal and external sources of pollution and source pollution control. As a new entrant of the environmental protection industry, Shenzhen Expressway will work diligently in the field of environmental protection step by step, exerting its every effort in building a harmonious ecological home.



## Quality and Services

Shenzhen Expressway is principally engaged in the construction and investment of high-grade highways. It is the Company's basic social responsibility to provide high quality products and thereby safe, speedy, economical and comfortable transportation services to the society. The Company has implemented ISO9000 quality control and management system in the whole Group and built quality and safe highway products by promoting institutionalized, systemized and informational quality control and management system. Besides, the Company keeps good technological conditions of highways during operation and management periods to ensure the quality and safety of the products and services provided.

During the process of construction and management, the Group required all its business departments to seriously study and implement relevant laws, regulations and industry provisions such as Highway Law of the People's Republic of China, Product Quality Law, Measures on the Administration of Highway Project Quality, Several Opinions on Strictly Implementing Highway Project Quality Responsibility System (JIAOGONGLUFA [2008] No. 116), Environmental Protection Law of the People's Republic of China, Technical Standards (Norms) for Highway Projects (Maintenance), Regulations on the Administration of Toll Highways, Measures on the Administration of Inter-network Toll Collection of Expressways of Guangdong Province, Inspection Management System of Guangdong Province Concerning Inter-network Toll Collection of Expressway (Trial), and Rules on the Operation of Inter-network Toll Collection of Expressways of Guangdong Province (Trial). During the Reporting Period, all relevant laws, regulations and industry provisions were duly observed.

### **I. Construction of Quality Highway Products**

The Company has established the business process and quality control system covering pre-project planning, project design, project bidding, materials monitoring, construction and project operation. For every aspects of project operation, the Company will enter into relevant business contracts with its cooperating parties, supervised all responsible parties in performing their duties according to the terms of the contracts and ensured the quality and safety of construction projects through scientific quality management systems and technologies.

In order to ensure the safety and quality of the construction works, the Company placed strong emphasis on pre-project technical management. It will carry out site survey and conduct specific technical study and verification for the project so as to provide basic information to the designers. Besides, it will fully participate in preliminary work such as feasibility study, initial design and design of construction plan, and make in-depth communication and discussion with the designers about the key issues of the construction project, so as to minimize design defects of projects and reduce safety risks during the implementation process.

During the tendering stage, the Company formulated the Procedures for Project Tendering Management (工程招標管理規程) and Procedures for Special Construction Technologies (專用施工技術規程) in accordance with the regulatory requirements regarding quality management and tendering and bidding management. The Company will review the qualification of potential contractors, strengthen its control over the quality of tender documents, and create appraisal and assessment records for the constructors with whom it cooperates, striving to select qualified constructors and establish long term cooperation relationship with creditworthy partners.



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 standardized management. It implements quality management systems such as access management for equipment, access system for raw materials, owners' independent random inspection system, first construction recognition system, and trial construction system, so as to ensure accomplishment of quality goals. The above is mainly reflected in the following aspects:

■ **Development of construction management measures:** To provide assurance for the quality and safety of the construction works, the Company has prepared and strictly executed various management manuals including Procedures for Engineering Quality Management (工程質量管理規程), Procedures for Construction Safety Management (施工安全管理規程), Engineering Construction Organization Design Scheme (工程施工組織設計方案), Manual for Standardized Management of Engineering Construction (工程施工標準化管理手冊) and Manual for the Prevention of Common Quality Issues (質量通病防治手冊), with a view to ensure that the construction works comply with the requirements on quality, safety, cost, progress and environmental protection, etc.

■ **Implementation of equipment access management:** In order to assure construction safety and quality, all machineries and equipment, construction tools, vehicles and ships will be subject to access management before entering into the construction site and entering will only be allowed after passing the inspection by the supervisor. During the use of the equipment, the supervisor should arrange the contractor to check its overall performance regularly. If any problem is found, the contractor should make timely rectification, and should not use such equipment until it passes inspection in order to ensure its safety and performance during use.

■ **Strict control on quality of engineering materials:** For the materials used in projects, whether or not they are within the range of manufacturers or brands designated by project management office, the "contractor self-inspection, supervisor sampling and quality supervision station supervision" three-tier control system should be adopted for quality management. The contractor is the main body responsible for quality and bears full responsibility for the quality of the materials; the director office should carry out acceptance and sampling in strict accordance with the requirements under the Specifications for Supervision of Highway Projects to implement supervision and bear supervision responsibility in the whole process from materials access, move-in, custody and use.

■ **Implementation of project supervision system:** In order to ensure the quality of projects, the Company strictly enforced project supervision system, launched materials pre-examination and access system, and implemented an acceptance system for formworks and steel frames and the aside supervision system for key processes. Each process or sub-project, upon completion, is subject to self-inspection→ independent inspection by supervision engineer→ carry out rework or remedy in case of non-conformity, and the next process or sub-project can only be commenced until the inspection is passed.

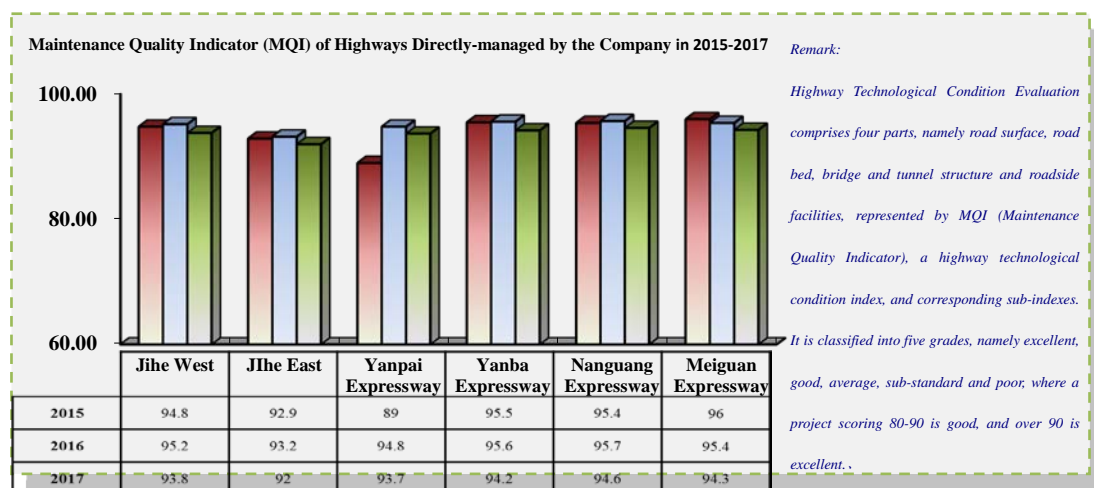
■ **Implementation of "first construction inspection system":** The Company strictly implements the "first construction inspection system" by adhering to the principle of "prevention-oriented pilot trial". The Company will determine the best process and set an exemplary project by making comprehensive assessment on the indicators in respect of the process, technology and quality of the first construction work, which will serve as guidance for the subsequent construction works. During the construction process, the Company will timely strengthen special inspection to suppress quality deterioration issues after commencement of large-scale construction work. During the year, the Company strictly implemented the "first construction inspection system" for its all construction works, including reclamation of roadbed, pile foundation of bridges, pile cap, pier column, retaining wall, culvert and slope.



During the implementation process of projects, the Company also collected and processed quality inspection data by information-based means. Video surveillance and data collection system were installed at construction sections, which can be accessed and real-time, monitored through mobile App at any time. In 2017, the Company's construction in progress included the Outer Ring Project, Coastal Phase II, etc. The Company strictly monitored the quality of construction projects through various measures, including the implementation and establishment of sound quality management system, quality management accountability system and refined quality management approaches, and strengthening its quality inspection and supervision over construction quality.

## II. Maintaining Highway Quality

The Company has been strictly adhering to the National Highway Maintenance Technical Specifications and Assessment Criteria in conducting routine inspections, frequent inspections and regular inspections of the managed expressways, so as to ensure the safety of structures such as bridges and tunnels. The Company has been closely monitoring technical conditions of highways to identify and make corrections for highway damages as early as possible. In order to ensure that the highways can provide quality ride, the Company has formulated a mid-to-long term maintenance plan for each expressway mainly based on the 5-year maintenance system. The maintenance plan served as a guideline for the maintenance work in each year during the operation period, and was improved and amended based on the annual inspection result of the technical conditions of the highways. In 2017, the Company vigorously promoted the construction of intelligent monitoring system for major infrastructure, through which it can promptly and accurately monitor and predict the damages of major infrastructure such as slopes and bridges and achieve preventive maintenance in an accurate and scientific manner. This will help reduce cost and enhance efficiency and provide the public with transportation facilities that are safe and in good condition. By the end of the Reporting Period, the indices of technical conditions of each expressway managed by the Company were graded as excellent or good.





### III. Enhancement of Service Quality

Shenzhen Expressway constantly advocates a “client-focused” principle. The Company has established a market-oriented and customer-demand-oriented management system and continued to improve related mechanisms and the operating procedures of various businesses according to the business development of the Company and internal and external environmental changes, and strives to boost customers’ satisfaction with its enhanced service quality.

#### 1. Establishment of Emergency Management Mechanism

The Company established the management mechanism for traffic-flow evacuation and contingency responses during rush hours and emergency to maintain safe and smooth traffic of the roads, and has been revising and improving the mechanism continuously based on the actual circumstances. The management mechanism covers emergency and contingency responses to various situations including, among others, peak hours on festivals and holidays, road accidents, construction and extreme weather conditions. The mechanism can guide the traffic and evacuate traffic flow through systematic management over various administrative modules such as traffic flow forecast, emergency resource allocation, level-by-level response and control, standardized operation and problem-solving guidelines, business training and drilling, travel guidelines and information release, evacuation of traffic flow during rush hours, conduct and dispatch and post-administration assessment. The Company will make reasonable adjustment and allocation of emergency resources during major festivals and holidays, and actively arrange media interviews for publicity and release of warning information to ensure smooth transportation during peak hours. The Company will also conduct post-festival assessment to continuously enhance the efficiency of maintaining smooth traffic during emergency.

In order to timely deal with traffic accidents to save lives and safeguard the property of customers, the Company has established the service mechanism for road rescue. Once being notified, our staff will promptly arrive at the accident site to render rescue to ensure the personal safety and safeguard the property of customers. In 2017, the sections directly managed by the Company handled 12,890 rescue cases, amounting to an average of 35.3 cases per day and representing an increase of 20.7% over last year. The number of cases includes 10 major accidents, and successfully removed about 11,875 vehicles by towing involved in accidents/out of order.

#### 2. Improvement of Communication Mechanism

The Company has set up a customer service centre mainly responsible for information collection and release, emergency operation and arrangement, road rescue, customer complaint management, and customer satisfaction survey. The Company also used the customer service centre as an information hub to set up a multi-level communication platform for the purpose of listening to customers’ concerns, defining the responsibilities of collection, response, analysis and handling of information and continuously improving the communication mechanism.

##### ■ Information Management and Release

In order to ensure the safe and smooth flow of traffic at the managed sections and stations, and enable drivers and passengers to have a better traffic experience, the Company's customer service center kept close contact with toll collection stations, highway departments, rescue and traffic police departments, etc., and made use of service hotline, traffic information boards, road broadcast, SMS, Weibo, WeChat, etc., to inform drivers of traffic information and provide traffic guidance in a timely manner, achieve efficient collection, recording, sorting and publishing of various information and implement emergent scheduling and support according to the actual situation. During 2017, the customer service center of the Company released approximately 10,600 pieces of different types of traffic information. Through timely information exchange, the Company has helped drivers and passengers to select reasonable travelling routes to improve



efficiency of handling emergencies and road use.

### ■ Mechanism for Handling Customer's Complaints

The Company has established customer complaint handling mechanism, with adherence to the working principle of “replying every complaint and correcting every error”. If any customer's demand cannot be satisfied on site or via telephone, the Company's customer service center will, according to the sources and categories of information, assign the handling responsibilities to specific departments which will conduct investigation on the incident, make a preliminary response within 24 hours and give the final reply after completion of incident handling. The customer service center should closely track the handling results, and do a good job of customer feedback; the Company's office and leaders should be informed of related media reports or major complaints as early as possible, and the Company will handle complaints according to policies, regulations and related business management norms.

The Company announced telephone hotline, official Weibo account and WeChat public platform to the public for consultations and complaints in order to offer timely response to customers' comments, handle complaints, and consistently summarize previous experience to continuously improve and enhance the service quality. In order to effectively provide drivers and passengers with accurate road information, the Company provides trainings to the staff of the customer service center in relation to road networks on an ongoing basis, so that they are familiar with the distribution of the sections managed by the Company, the road network within Guangdong province and in the surrounding provinces and cities. On one hand, the Company provides drivers and passengers with detailed driving guidance for their convenient travel; on the other hand, the customer service consultation hotline also offers great help to drivers and passengers when they travel.

### Consultation and Complaint Statistics Table of Customer Service Center

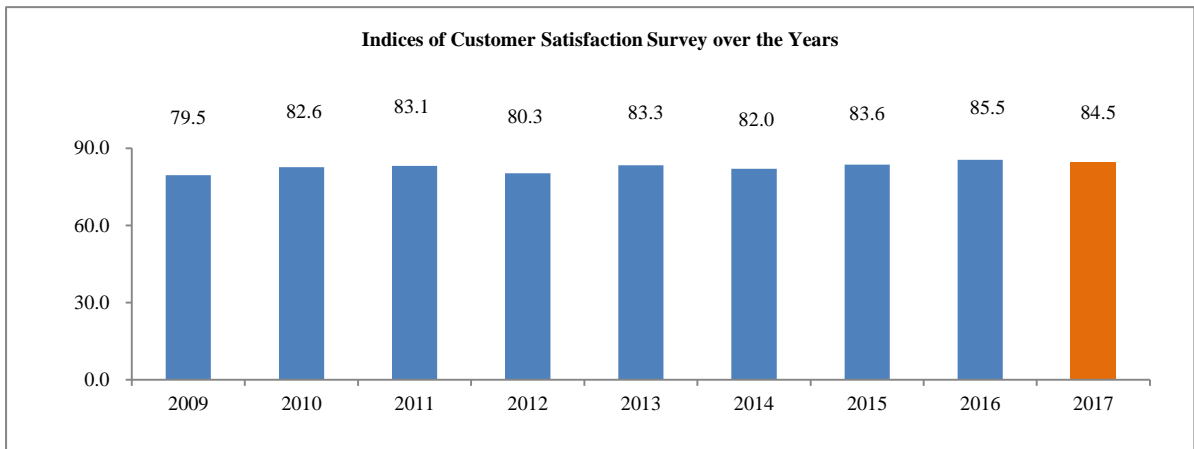
Item	2015	2016	2017
Consultation via phone	605,000 times	572,000 times	427,000 times
Complaints regarding the operation	928	705	927
Total annual complaint rate	0.726/100,000 vehicles	0.466/100,000 vehicles	0.535/100,000 vehicles
<i>Among which: reasonable complaint rate</i>	<i>0.059/100,000 vehicles</i>	<i>0.039/100,000 vehicles</i>	<i>0.052/100,000 vehicles</i>

In 2017, the Company continued to improve the Cases and Analysis on Operation Complaint of Shenzhen Expressway, which provides a summary and review based on specific cases, solutions, highlights and relevant bases and delivered to each operating unit to ensure standard and consist handling of on-site complaints and problems by the toll stations in order to help improving the operation management and service quality.

### ■ Customer Satisfaction Survey

In order to timely understand customers' needs and continuously improve customers' satisfaction, the Company formulates the customer satisfaction survey plan every year, organizes assessments according to the plan, and carries out targeted survey on customers' opinions and demands. In 2017, the Headquarters of the Company organized customer satisfaction surveys primarily on road users by distributing questionnaires and calling for feedbacks via phone. According to the statistic results of the survey, the overall customer satisfaction index of the Company was 84.5 (2015: 85.5), which has continuously remained at a relatively high level.







# Caring for Our Staff

“Enabling the staff to have sense of achievement and to be healthy and happy” is one of the Company’s values. Shenzhen Expressway is committed to the principle of legal and equal employment and strives to create a cultural atmosphere of “honest and diligent, joyful working, harmonious and mutually-benefitted” to provide a safe and healthy working environment for the staff, and continuously promotes the appreciation of human resources to build a desirable career development platform for the staff. The Company also introduced a management concept of “let the staff share the achievements of the Company’s development” in order to achieve a harmonious win-win situation between the interests of the staff and the interests of the Company.

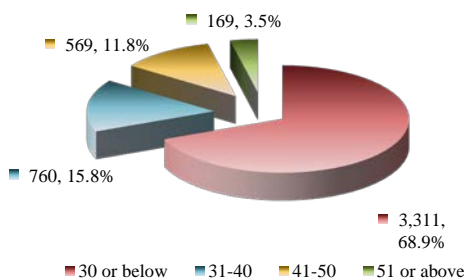
## I. Assurance of Staff’s Rights and Interests

During the Reporting Period, the Group strictly complied with the provisions of relevant laws and regulations such as the new Labor Law, Labor Contract Law, Regulations on the Implementation of Labor Contract Law of Guangdong Province and Law on the Protection of Minors, and formulated a number of internal systems in accordance with the laws, in order to effectively protect the legitimate rights and interests of employees and build a good labor relation.

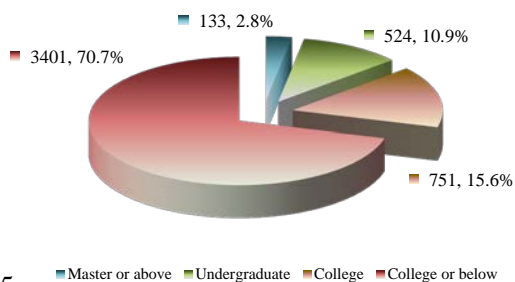
### ■ Equal Employment Opportunity

The Company pursues the concept of long-term employment with gender equality, equal pay for equal working conditions, and prohibition of employment of temporary labor, as well as employment of minors and forced labor in any manner. Adhering to our corporate human resources philosophy of “embracing diversification and maintaining an inclusive and open attitude”, we will not treat candidates differently because of gender, ethnicity, geographical region, cultural background and other factors during recruitment of staff. During 2017, the Company’s signing rate of labor contracts with its staff amounted to 100%, and there is no illegal dismissals. In 2017, the Company and its subsidiaries had a total number of 4,809 employees, of whom 2,256 were female employees, accounting for approximately 47% of the total number of staff, 1,121 were management and professional staff, while 3,688 were toll collection staff. The Company strictly abided by the Government's legal requirements for labor time, and introduced the “Staff Attendance and Leave Management Measures” and other normative systems. Paid annual leave system has been implemented to protect the staff’s rights to obtain normal workload, rest and leave according to the laws.

Breakdown of Staff's Age - 2017



Breakdown of Staff's Educational Qualification - 2017



In 2017, the Group's overall staff turnover rate was 26.16%, as shown in the table below:

**Statistics table of the Group's staff turnover rate in 2017**

Breakdown of Departed Staff		Number of staff	Staff turnover rate (%)
As per gender			
Among them:	Female	729	15.16%
	Male	529	11.00%
As per age			
Among them:	30 or below	1,145	23.81%
	31-40	99	2.06%
	41-50	14	0.29%
	50 or above	0	0
As per region			
Among them:	Guangdong Province	1,199	24.93%
	Other areas	59	1.23%

## ■ Remuneration and Benefits

The Company has formulated the Measures on Staff Remuneration and Benefit Management based on the Company's actual conditions and pursuant to the statutory requirements and market trends. The staff remuneration and benefits include position-linked salary, performance-related bonuses and statutory and corporate benefits, which are subject to the principle of "salary is determined based on position, and salary varies with position", and are determined according to the market value of the respective position and the overall performance of the respective employee, which are guided by the strategy, market trends and performance, taking into account of both internal and external fairness. In 2017, the Company implemented its remuneration adjustment plan again for toll collection staff, with an average increase of 7%. This marked the eighth consecutive year in which the Company increased the overall remuneration level of toll collection staff in order to effectively protect the rights and interests of staff and share with them the Company's operating results.

Pursuant to the relevant provisions of the Social Insurance Law, the Group has participated in an employee retirement benefit scheme (social pension insurance) coordinated or organized by the local government authorities and housing provident fund plan, and has maintained contribution to various protection plans such as basic medical insurance package, work-related injury insurance, unemployment insurance and maternity insurance for its staff. Besides, the Company has also made regular contribution to the corporate annuity fund (supplementary pension insurance) for its management staff, thereby building a long-term trust between the Company and its staff. During 2017, the Group's total payment of social insurance such as pension and medical insurance amounted to RMB29,910,000, housing provident fund amounted to RMB16,650,000 and corporate annuity fund amounted to RMB9,240,000. By the end of 2017, the Group had a total of 51 retirees who had all handled retirement procedures with Shenzhen or local social insurance authorities.



## II. Safety and Health

### ■ Production Safety

The Company adheres to the "people-oriented, safety first and prevention first" safety management concept, and regards staff health and safety as the core of safety management. During production and operation, the Company conscientiously implemented Production Safety Law and other relevant laws and regulations. During the year, the Company and each of its subsidiaries has hired additional safety management staff in accordance with the requirements of laws and regulations, and set up the three-tier safety management, accident prevention and control system comprised of the Company, its departments and subordinated entities. Relevant departments and institutions have developed production safety responsibility system, hidden trouble investigation and remediation system, safety education and training system, safety meetings and other related management systems according to the actual production condition. In 2017, the Company organized and commenced the development of production safety standardization and establishment of double prevention mechanism to implement systemized, normalized and standardized management of the production safety management work of each project management office. In the aspect of project construction and management, the Company emphasizes safety management from the beginning of tender, clarifies management responsibilities and special terms through contract means and links it with the successful bidder's assessment, reward and punishment. The contractor and the supervisor were required to establish sound safety assurance and management systems at all levels to control safety hazard sources, develop specific measures, regularly organize special inspections on the safety management of major hazard sources of projects, in order to prevent accidents and ensure the safety of production and construction in all aspects. In terms of operation and management, the Company adopted the model of building "Safety Model of Toll Collection Stations" as a guideline for safety management of front-line units. Meanwhile, through developing the rules and regulations for safety operations and enhancing real-time control, the Company has reduced and avoided work-related injuries of the staff.

In 2017, the Company organized 5 company-level inspections, 1 special inspection, 16 departmental inspections and nearly 1,200 toll collection station (construction project) level inspections; it also organized more than 100 emergency drills, covering fire, vehicle accident, object strike, food poisoning and other types of accidents. In order to improve the safety awareness and management standard of employees, the Company organized 5 company-level safety trainings in 2017, launched specialized qualification training on the main persons in charge and the safety management personnel, and organized more than 500 safety trainings at all departments and subsidiaries. In addition, the Company put great efforts to carry out construction of safety culture and organized several safety cultural activities respectively including SZ Expressway safety production forum, billboard design campaign for safety production and safety knowledge contest, etc., which were innovative, high participation and effective. In 2017, the safety production situation of the Company remained stable and there was no safety production liability accident that involved severe injuries throughout the year.

### ■ Occupational Health

The Company attaches great importance to the occupational health of its staff. In order to improve the safety of the working environment of its staff and prevent the outbreak of occupational diseases, the Company regularly identified the sources of danger and environmental factors to control risk factors, scientifically designed toll collection station islands, installed safety protection devices, distributed corresponding labor protection products to operators and high standard protective masks to construction workers, and selected ergonomic environmental-friendly office facilities for employees. "Mini Medical Kits" were distributed to front-line staff members to provide them with free first-aid services. In high temperature season, the Company issued high temperature subsidies to employees,



and provided free drinks to front-line staff. The Company also installed air conditioners, water heaters and other equipment in single staff and front-line staff's living quarters to improve staff accommodation conditions.

The Company organizes physical check-up for all its employees and actively maintains personal accidental injury insurance for them every year. The labor union of the Company established "Mutual Fund for Staff's Critical Illness and Personal Accidental Injuries" to enhance staff's ability to protect themselves against diseases and accidental risks. For employees injured during a work-related accident, the Company puts great efforts to rescue and provide treatments and strictly follows the Regulation on Work-related Injury Insurance (工傷保險條例) and other relevant legal regulations to ensure that medical treatments and economic compensations will be received by the employees. In 2017, the Company handled work injury claims for two employees who suffered from work-related injury accidents, and distributed mutual fund in a total amount of RMB104,000 to its staff. During the year, the Company also invited certain experts to host lectures on health-related knowledge for its staff. The lectures were designated to convey knowledge about medical and health care to the staff and improve staff's self-care ability in daily life.

### III. Promotion of Staff Development

The Company has established a Staff Performance Administration System and a multi-level Training System, which are customer-oriented and aim for business improvement, to motivate our staff to unleash potential and to offer a platform for talented and virtuous employees to fully showcase their talents.

#### ■ Career Development

By developing and implementing Measures on Employment Administration (聘用管理辦法) in accordance with relevant requirements, the Company adheres to the market-oriented talent introduction mechanism, and recruits staff through campus recruitment, recruitment from talent market, online recruitment, etc. The Company puts more focus on developing and selecting talents within the enterprise. In accordance with the professional capacity and performance of the staff based on key position quality models, the Company selects outstanding members to expand the talent reserve and provides them with corresponding vocational guidance and training in order to develop talent reserve for the Company. In 2017, a total of 100 front-line employees of the Company were promoted through open competition and have become new driving forces for the Company's development.

Besides, the Company also values the career development of front-line employees and has supported them to enhance their various professional abilities such as qualification upgrade and skill training. For toll collection staff who has been working with the Company for more than five years, the Company also offers re-employment incentive fund to provide more opportunities and choices for their career development. During 2017, the Headquarters distributed re-employment incentive fund in a total amount of RMB300,000 to 44 employees.

#### ■ Staff Training

The Company has developed Measures on Training Administration (培訓管理辦法) in accordance with training requirements. The Company offers diversified vocational training for its staff to enhance their comprehensive qualification and ability to discharge their respective duties through various means such as lectures given by experts, internal specialized training, experience sharing, and position experience. The Company has established a multi-level Training System and arranged four main categories of training courses which include "Administrative Capabilities, Business Skills, Administrative Skills and Basic Skills" according to position features and employees' needs with combination of the Company's development strategies. During 2017, the Headquarters and its various departments organized 49 training seminars totaling 11,480 hours for an aggregate of 2,000 employees. The annual cost paid for education and training amounted to approximately RMB1,800,000. The training courses with wide range of content and extensive information were



attended by many employees, which greatly enhanced their business skills.

Besides, the Company encourages self-learning and self-enhancement of staff and has established online training schools providing more than 40 learning courses. Meanwhile, by promoting attendance to academic education and qualification examinations, the Company provides certain amount of subsidies or incentives for the employees participating in such academic and professional qualification examinations to encourage their ongoing study and improvement.

#### IV. Caring for Staff Life

The Company advocates happy work and happy life. It capitalizes on various resources to launch cultural and sports activities that are good for physical and mental health of employees and enrich their cultural life after work. For instance, the Company arranged various courses and seminars for employees to participate in during their spare time, including yoga, Tai Chi, badminton, basketball, photography and others, and holds activities such as talent show, Operation Cup basketball game, badminton match, table tennis match, hiking competition, theme group day activities, youth gathering and singing contest every year. During the year, the Company also launched an activity named “Walk 10,000 Steps Everyday” for all employees. Through those rich cultural and sports activities, the Company helps its employees to maintain their work-life balance, leading them to pursue a wonderful and enjoyable life, and feel the warmth from our big family.



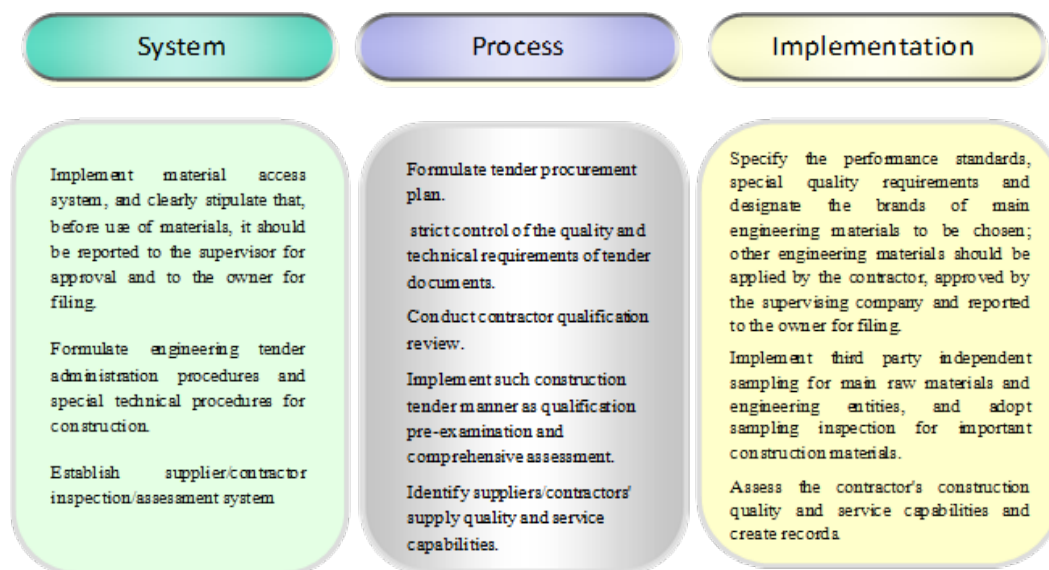


# Mutual Development

The Company values the interests of its working partners and continuously improves the partnership management system in a bid to grow with its working partners. It also advocates integrity and self-discipline, carries forward the righteousness through the establishment of a sound anti-corruption mechanism, and guides leaders and staff to establish a correct outlook on life, values and power, so that our staff will work diligently and commit to the development of the Company. In addition, on the condition that market principles are followed, the Company works with the government to support regional economic development and actively engages in charitable activities, striving to contribute to social harmony and stability and sustainable development.

## I. Win-win Co-operation

As a company specialised in the operation of toll highways, supply chain management is not the main driver for the sustainable development of the Company, but we regard all co-operating parties in the value chain (including materials and equipment suppliers, construction contractors, design companies, supervisory authorities, consulting firms, intermediary advisors, etc.) as our working partners. The Company never deems itself as a superior, nor does it give up its stances, rights or interests even when it is disadvantaged. The Company seeks to grow with its working partners. In this connection, it formulates policies such as Measures on the Administration of Procurement (《採購管理辦法》) and Implementation Measures for Testing and Evaluation of the Performance of Suppliers (《供應商履約試評價實施辦法》) and improves procurement management-related processes and strengthened the supervision of the quality of engineering materials on a continuous basis. The Company also establishes a database of qualified suppliers and project constructors through assessment evaluations of their performance with a view to reduce quality risk and create a quality supply chain. At the same time, the Company complies with business ethics and earnestly fulfills the contracts signed with its working partners. It also strives to interact positively with all co-operating parties in the value chain and provides support to the working partners to facilitate their work so as to achieve our mutual work objectives.





The Company pays high regard to the protection of the legitimate interests of our creditors. It consistently adheres to stable financial strategies and maintains a reasonable level of indebtedness and debt structure and a relatively high debt repayment capability. In 2017, the debt-to-asset ratio, interest coverage multiple and EBITDA interest multiple of the Company were 57.91%, 3.60 and 5.57 respectively, with each financial indicator remaining at a sound level. Meanwhile, the Company continued to strengthen its credit construction and maintenance and maintained a sound credit record by timely repayment of the principals and interests for various debts such as its bank loans and bonds. The Company was classified as strategic or key co-operating client by several banks. In 2017, the Company maintained the credit rating of AAA for domestic entities, the existing investment grade ratings for international entities, and the existing grade ratings in respect of follow-up debt credit rating for various bonds issued by the Company. Relying on its stable cash flow, sound capital structure and good credit history, the Company has established and maintained good credit relationships with creditors.

## II. Combating Corruption and Upholding Integrity

“Sincerity is the way of heaven and to think how to be sincere is the way of man”. The Group always attaches great importance to the strengthening of the integrity education of its management personnel. It has included honest practice education into the standardised training system of the management personnel, requiring all of them to study and put into practice the spirit of the 19th National Congress of the Communist Party of China and seriously study the relevant laws and regulations such as Anti-corruption Law of the People's Republic of China, Anti-Money Laundering Law of the People's Republic of China and Tendering and Bidding Law of the People's Republic of China. Besides, the Group regulates the behaviors, integrity and ethics of all staff through its Staff Manual, Staff Reward and Incentive Measures, Anti-fraud Work Regulations, etc. Standing on the highland to promote a culture of integrity, the Group encourages its management and staff from all levels to bear in mind the concept of combating corruption and upholding integrity and put it into action by means of education through simulation of cases, organization of various integrity education lessons and special auditing exchange activities. The rules of the Company such as Anti-Fraud Work Regulations clarifies the areas of focus and division of responsibilities regarding anti-fraud work, the prevention and control of fraud, and the whistle-blowing, investigation, handling and reporting procedures of fraud cases and other issues. The Company's Audit Committee, Audit Department and Discipline Inspection and Supervision Office have set up independent tip-off telephone hotline, tip-off e-mail and tip-off box respectively, which have been published on the Company's internal and external websites, as channels for all the Company's staff and stakeholders to reflect and report the violation of professional ethics by the Company or other staff or the existence of any suspected fraud cases.

In 2017, the Company signed 66 sets of letter of responsibility on improving the CPC Party's working style and building a clean government with persons in charge of various departments and entities, and established mechanisms for the allocation, supervision and evaluation of responsibility with a view to strengthening anti-corruption senses and responsibilities of the management personnel. In addition, the Group's Party Committee organised campaigns such as discipline education month to enhance the learning of disciplinary rules and regulations, such as Disciplinary Regulations of the Communist Party of China, Rules of Honesty and Self-discipline of the Communist Party of China and Accountability Regulations of the Communist Party of China, to strengthen the integrity and law-abiding awareness of all party members. The Company's Discipline Inspection Commission also carried out special integrity education through collective talks on integrity, and strengthened the awareness of honest practice, job responsibility and risk prevention of employees at key positions by means of inviting professors from party schools to provide special honest practice education training and organising visit to the grassroots by the Company's secretary of the Commission for Inspecting Discipline for investigation and admonition. At the same time, the Company also invited contractors to participate in integrity education and enter into integrity agreements so as to strengthen contractors' integrity awareness.





During the year, the Company strengthened the inspection and supervision of the implementation of key positions and key project systems. For Outer Ring Project, Coastal Phase II and other key construction projects, the Company has developed an inspection and evaluation system, and signed honest practice agreements with key employees. Special integrity inspection was conducted every quarter by the Company. In 2017, the Company supervised the award-of-bid process (link) of 42 engineering, procurement and maintenance tendering projects with a view to preventing the violation of laws and disciplines during the operation and management. It has also conducted inspection on illegal purchase and consumption of premium white wine with public funds. In 2017, the Group had not brought any lawsuits of corruption against its subordinated entities or employees.

### III. Supporting Social Development

The Company upholds the mission of “Construct and Manage Quality Expressways and Enhance Social Transportation Efficiency” and holds itself accountable for fulfilling such mission. Over the past twenty years, the highway investment, construction and operation projects of the Company have not only satisfied the transportation needs of the society, but also made positive contributions to regional economic development and social progress. The Company has completed the construction and investment in highways with a total value of over RMB10 billion in Shenzhen and its surrounding areas, and the expressway network developed by the Company has become an essential route facilitating the economic development and cultural exchange in the regions. As a public product, besides having the characteristics of “safe, speedy, economical and comfortable”, expressways shall also assume the social functions of supporting national planning on regional economic and industrial policies and enhancing regional transportation capacity.

In 2017, the tax payment of the Company and its subsidiaries amounted to RMB680 million in total, making appropriate contribution to national and local financial revenue. During the year, the Company continued to earnestly implement the farmer-benefiting “Green Passage” policy and the policy of free travel of small-sized passenger cars during festivals and holidays introduced by the government. In addition, the Headquarters offered 851 jobs to the society in 2017. When recruiting toll collection staff, the Company has introduced a policy of giving priority to the applicants from underdeveloped regions. By working and living in Shenzhen, the toll collection staff can utilise the policy to improve the financial position of their families. Moreover, the policy provides a platform for delivering new thoughts and new concepts, which has in turn promoted the employment in these regions and supported regional development.

### IV. Dedication to Charitable Activities

The Group always cares about the society and engages in charitable activities while pursuing corporate development. In 2017, the Group continued to provide poverty alleviation aid to Xinmin Village, Heyuan City, Guangdong Province, its designated aid-receiving region, and donated RMB940,000 to the village during the year to support the acquisition of a Xianhu tea farm (仙湖茶園) with an area of 82 mu, installation of 90 solar street lights, provision of running water for 46 poor households, renovation of dilapidated houses for 4 poor households, and expressed their condolences to all poor households of the village. During the year, the Company also provided continuous aid of RMB52,000 to 15 employees in financial difficulty with a view to effectively solving their practical difficulties.

The Group encourages its investees and staff to participate in social charitable events, show care for vulnerable groups, and try their best to help the groups in need. At present, the Group has a total of 250 registered volunteers of Communist Youth League and over 400 registered volunteers of the Party. They are enthusiastic about public welfare and contribute to society with practical actions, including actively participating in traffic dispersion activities, book-collating activities in the municipal library, blood donation, visiting orphanages and the elderly living alone, forest cleaning and other volunteering activities. During the year, the total service hours contributed by registered volunteers of Communist Youth League amounted to 600 hours, while the service hours contributed by each volunteer of the Party amounted to 40 hours. In 2017, the Advertising Company provided 82 advertising spaces for free (with a total area of more than 4,000 square meters) for the publicity of the ideas of public welfare and dissemination of public welfare behaviors.



## Conclusion

Harmonious internal and external environment are essential for the steady and healthy development of an enterprise; and noble corporate deeds can also help improve its competitiveness. Therefore, while going through sustainable development and providing great returns to shareholders, Shenzhen Expressway is also committed to being a responsible corporate citizen. Since 2009, the Company has completed the preparation and publication of the annual Social Responsibility Report before April every year, with a view to strengthening the understanding and connection between the stakeholders and the Company, and accepting supervision from society. The Social Responsibility Report of this year places emphasis on reporting the responsibilities and practices of the Company in relation to environment, products, employees, the community, etc. For information about the Company's sustainability responsibilities, corporate governance and shareholder returns, please refer to the relevant content in the Company's 2017 Annual Report.

The rapid growth of population and social development, resource shortage, environmental degradation, ecological crisis and other issues have aroused considerable concern worldwide. Implementing comprehensive environmental remediation and strengthening ecological civilisation construction have become the mainstream of social progress. At this stage, Shenzhen Expressway is clearly positioned as a "construction and operation service provider for urban and transportation infrastructure". On the basis of toll highways, Shenzhen Expressway has decided that the main target of upgrade and transformation would be urban infrastructure and environmental protection industry with investment and financing being the important means to realise its strategies, with a view to forming an industrial structure of collaborative development among highways, environmental protection and urban infrastructures. By deeply engaging in the environmental protection and remediation industry, it hopes to promote harmonious development of human society and the environment through practical actions, earnestly fulfilling its corporate social responsibility.

Shenzhen Expressway will continue to adhere to the concepts of honesty and faithfulness, with a view to realising sustainable development of the Company through scientific operation as well as innovation. We will also continue to take into account the respective interests of shareholders, creditors, service providers, customers, employees, the government and the community to achieve harmonious and mutual success between the Company and the stakeholders within our reach. We hereby express our gratitude to all sectors of society and all stakeholders of the Company for their consistent support, understanding and assistance towards the Company. We look forward to your company and support in the future development of Shenzhen Expressway!

## Feedback and Contact Information

Shenzhen Expressway takes your opinions on its corporate social responsibility work and this Report seriously. If you have any opinions on or suggestions for this Report, 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: \_\_\_\_\_

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