

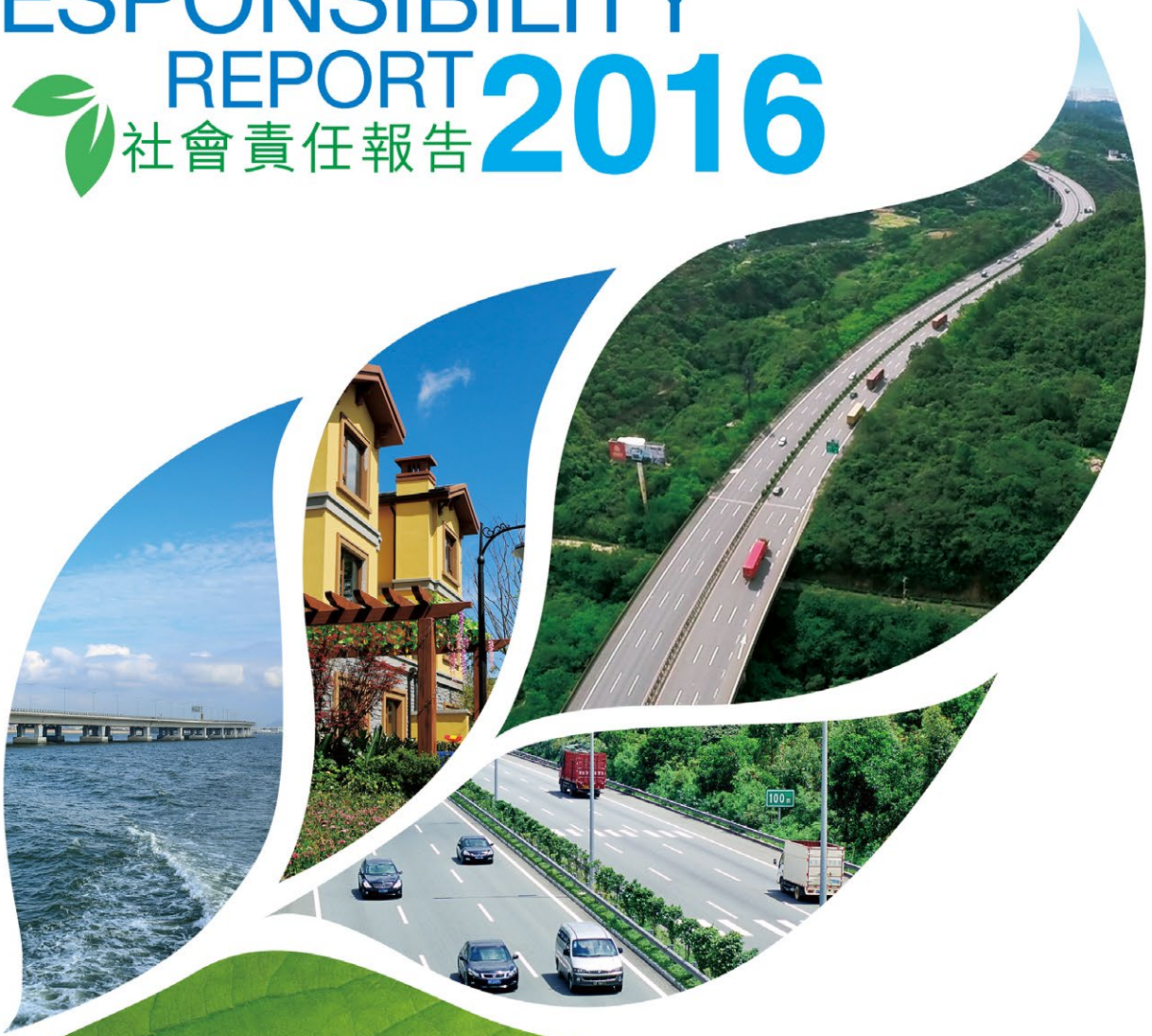


SHENZHEN EXPRESSWAY COMPANY LIMITED

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

SOCIAL RESPONSIBILITY REPORT 2016

社會責任報告 2016



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 eighth Social Responsibility Report published by the Company.

- **Reporting Period**

This Report covered the year 2016 (i.e. from 1 January 2016 to 31 December 2016). 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 products, customers, employees, environment and community.

- **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**

17 March 2017

- **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 (by e-mail).

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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, manufacture, delivery and use, and take positive response measures during these processes, so as to achieve the harmonic equilibrium between the enterprises' products, people and 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 respects 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 their 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"> ■ Equal right of knowledge ■ Truthful, accurate and complete information disclosure ■ Reasonable investment return 	<ul style="list-style-type: none"> ■ Quality road products ■ Quality services ■ Enhanced customer satisfaction
Creditors	Service Providers
<ul style="list-style-type: none"> ■ Honesty and credibility, timely repayment 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 guarantee ■ Room for career development and platform for learning and growth ■ Safe work environment ■ Enhanced employee compatibility 	<ul style="list-style-type: none"> ■ Rational utilization of resources, emphasis on environmental protection ■ Compliance with laws in operation and tax payment ■ Contribution to technological progress of the industry ■ Contribution to harmonious society development

Environment and Resources

As the ecological environment is deteriorating, environmental protection and conservation of resources has become a consensus for the development of the world today. As a company specialized in investment and operation of toll roads, Shenzhen Expressway always abides by its social responsibility, advocates green operation in line with the Government's requirements for green operation, pays attention to the conservation of water and soil resources, and actively promotes application of innovative materials and technologies, and their cycling of resources, with an aim to contributing to an environment-friendly and resource-saving society.

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, the Company required all of its business departments to seriously 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 Environmental Protection (State Council Decree No.253), Regulations on the Administration of Construction Project Environmental Protection of Guangdong Province, Regulations on Protection of Drinking Water Sources 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 environmental protection 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, established an application and approval system for office supplies to ensure only necessary office supplies are procured and reduce waste, and also reformed the vehicle usage system to reduce working energy consumption and emission.

For highway operation management, the Company increased manual toll collection efficiency by strengthening trainings about toll connection process and skill training, and measures such as setting up auto toll lanes and installing self-service card issuing machines and maintaining smooth and unjammed rides are adopted to help vehicles to reduce fuel consumption and gas emissions.

For highway maintenance administration, provided that same quality can be guaranteed, the Company preferred innovative energy-saving and environmental protection products and green energy-saving environmentally- friendly building materials. 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 of technical indicators of roads and providing scientific and appropriate preventive maintenance. In addition, the Company also focused on 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 construction activities administration, the Company emphasized on environmental monitoring, formulated technical specifications and construction administration procedures for each project, and made use of contracts to ensure construction contractors to abide by various rules and regulations and comply with all environmental regulations specific to the industry. For instance, as clean production is required during the process of construction, construction contractors are requested to maximize usage of commercial concrete and prefabricated parts to reduce construction wastewater and try to use advanced construction equipments whenever it is possible to reduce the discharge of oil-containing sewage; not to discharge domestic sewage and other sewages at the construction site into municipal drainage pipelines or rivers before treatment; to drain the wastewater and mud produced by construction activities to the sedimentation tank or grease trap, and to use recycled water after treatment for dust suppression at the construction site and transport the air-dried mud to the landfill for recycling; deliver there cycled wastewater unutilized by sealed sewage suction trucks to the municipal sewage treatment plant for centralized treatment. In order to reduce air pollution from construction, the Company strictly complied with Shenzhen Air Quality Enhancement Plan (SHENFFUBBAN. [2013] No.19 and Measures of Shenzhen for Dust Pollution Prevention and Control, prohibited usage of the diesel construction machineries that fail to meet the emission standards prescribed by the State and forbidden to burn toxic, harmful and odorous substances at the construction site. Moreover, strict 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 of Shenzhen on Reduction and Utilization of Construction Wastes, Measures of Shenzhen on the Administration of Earth and Stone Works and other relevant provisions, made plans in advance for comprehensive utilization, recycled some exploit able earth and stone as roadbed filler after treatment, and delivered construction sludge and broke bits to the designated spoil ground for recycling. For instance, with the special design for spoil in advance for Outer Ring Project, all the earth taken out in that project was almost placed back to the site, thereby reducing approximately 4 million cubic meters spoils in 2016, and the hazardous materials in construction wastes was delivered to qualified professional entities for centralized treatment.

In 2016, 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 complain, 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 in accordance with the laws (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 disclose able information about the emission 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, and application of energy-saving environmental friendly products, increase usage of innovative technologies and materials.



The Company emphasizes on guiding employees to develop a sense of thrift, consciously practice economy, and requires them to set office devices in energy-saving mode, turn the office devices off when unused for a longtime so as to reduce standby energy consumption, and turn off power of water dispensers as well as computers, printers and other office devices before getting off duty. The Operation Management Department also strictly required our employees to save water and electricity in accordance with the rules. A maximum amount for monthly electricity and water consumption is set for every person in each toll collection station, and an appraisal is carried out on a quarterly basis. In 2016, the Group recorded an annual office electricity consumption of about 33.93 million kw.h and an annual office water consumption of about 0.66 million tons. Other resources consumption in the Group's operation mainly due to construction activities, which had been outsourced to construction contractors with specific qualifications. These contractors were obliged to engage in construction activities in accordance with the laws (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 disclose able information on resource consumption by such contractors.

In recent years, in order to save electricity, the Company launched EMC contract 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 LED energy-saving lamps. In 2016, the road lighting project implemented by the Company produced obvious energy-saving results and about 9 million kw.h of electricity was saved. In addition, the advertising company of the Group carried out all-round technical transformation for the development and use of outdoor LED lights, solar lights and bill board wind-solar hybrid lighting system, gradually transformed the existing metal halide lamps into new LED energy-saving lamps, and installed wind-solar hybrid LED energy-saving system for some column billboards which had great difficulty in electricity connection. The advertising company saved electricity of about 120,000 kw.h in 2016. The LED energy-saving transformation project for the lighting in 21 single tunnels along Qinglian Highway was being implemented in 2016, which is expected to be completed in 2017. The Company has saved energy and effectively reduced operational management costs by implementing energy control.

The Company has been committed to promoting the application of innovative materials and innovative processes. In recent years, the Company has been actively 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, among others, 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, mitigate damage to the ecological environment from stone material exploitation, as well as conserve the occupied land resources resulting from stone material exploitation and placement of large amounts of piled waste asphalt mixtures. Meanwhile, this technology can reduce the impacts 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 2016, according to preventive maintenance plan, the Company carried out preventive maintenance along Yanpai Expressway using hot-in-place recycling technology.

III. Reduced Impact on the Environment

As arable land, woodland and water may be occupied in the construction process of highways,

which might affect the natural environment and the life of residents along the highways, Shenzhen Expressway pays much attention to the impact of operations 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 to make special study on the environmental impact of the project and prepare an assessment report 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 according to the requirements of industry standards. For instance: **rational use of land**: select appropriate place to locate 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; **water conservation**: highways should be planned to avoid water sources and not to occupy the drinking water sources of areas of urban resident concentration, with well-designed road drainage system to avoid draining sewage into the water or soil on both sides of roads. Greening and other isolation protection measures are required to protect the water from pollution.

At the construction stage, the construction contractors are required to strictly take greening, soil and water conservation, and pollution prevention measures. 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 and local aquaculture and farmland irrigation and drainage should be taken into consideration together; construction spoil should not destruct vegetation and occupy farmland. Rational planning for reclamation or greening should be made so as to improve land recycling resources. In order to prevent construction noise pollution, the Company seriously implemented the relevant provisions of 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., installed mufflers for construction machineries and transport equipment, reasonably selected construction sites and time, and adopted measures such as placement of noise barriers to reduce noises.

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 on natural landscape in order to build ecological, environmental friendly and beautiful highways.



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 Roads, Measures on the Administration of Networked Toll Collection of Highways of Guangdong Province, Inspection Management System of Guangdong Province Concerning Highway Inter-network Toll Collection (Trial), and Rules on the Operation of Inter-network Toll Collection of Highways 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 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.



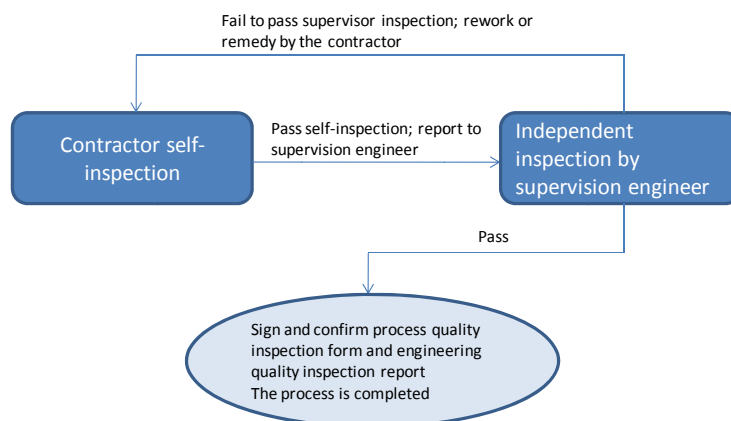
During the project management process, the Company treats contract management as the core and implements refined control over construction quality through measures such as system management, access management, construction procedure management, and standardized management. It implements quality management systems such as access management for equipment, access system for raw materials, owners' independent 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:

■ **Developed construction management measures:** To provide assurance for the quality and safety of the construction works, the Company has prepared and strictly executed various documents such as Procedures for Engineering Quality Management (工程品質管制規程), 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 can comply with the requirements on quality, safety, cost, progress and environmental protection, etc.

■ **Implemented 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 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 engineering materials quality:** 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, implement supervision and bear supervision responsibility in the whole process from materials access, move-in, custody and use.

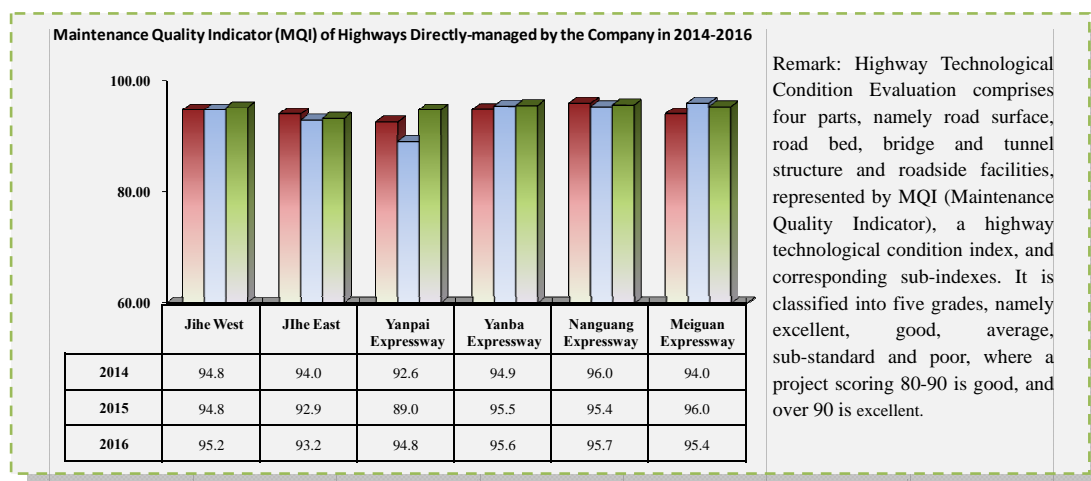
■ **Implementation of project supervision system:** In order to ensure the quality of projects, the Company strictly enforced project supervision system, launched materials pre-examination and access system, and implemented an acceptance system for templates and steel frames and the aside supervision system for key processes. Each process or sub-project is subject to a self-inspection after completion→ 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.



In 2016, the Company’s construction in progress included the Outer Ring Project, Coastal Project Phase II, Guanlan Renmin Road – Meiguan Expressway Joints Project, etc. Regardless of the sizes of the projects, 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. The scientific quality management system and strong system implementation ability lay a solid foundation for the Company to accomplish management goals on construction quality, safety, cost, progress and environmental protection, etc., which enable the Company to maintain a high construction quality of its projects.

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 inspecting technical conditions of highways to identify and make corrections for highway damages as early as possible. In order to ensure of 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. 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. During peak hours in 2016 such as the holidays of Chinese New Year, Qing Ming Festival and National Day, the key sections directly managed by the Company were well-organized and recorded smooth traffic flow, offering rapid and safe traffic conditions for the citizens.

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. In 2016, the Company further enhanced its resource allocation and logistics support. Meanwhile, the Company consistently improves rescue management and service quality by improving communication with police officers and rescue authorities to regularly visit customers to seek their comments. During the year, the sections directly managed by the Company handled 10,708 rescue cases, including 8 major accidents, and successfully removed 9,933 vehicles 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 2016, the customer service center of the Company released approximately 13,000 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 "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 type sources and categories of information, assign the handling responsibilities to specific departments which will conduct incident investigation, 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 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 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

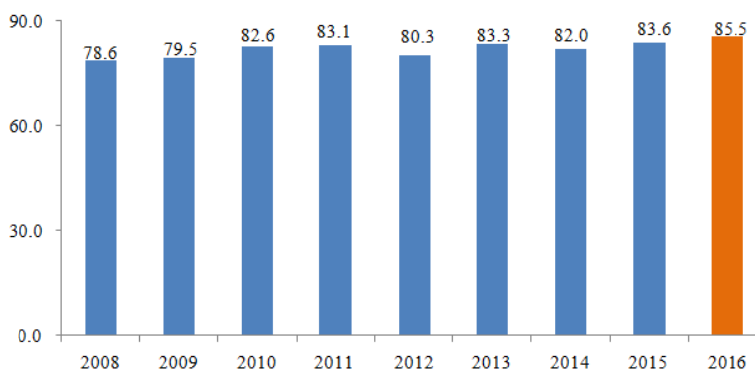
Item	2014	2015	2016
Consultation via phone	442,000 times	605,000	572,000
Complaints regarding the operation	1,190	928	705
Total annual complaint rate	0.881/100,000 vehicles	0.726/100,000 vehicles	0.466/100,000 vehicles
Among which: reasonable complaint rate	0.044/100,000 vehicles	0.059/100,000 vehicles	0.039/100,000 vehicles

In 2016, 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 relevant survey on customers' opinions and demands. In 2016, the Headquarters 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 85.5 (2015: 83.6), which has continuously remained at a relatively high level.

Indices of Customer Satisfaction Survey



Caring for Our Staff

Employees are the driving force for the sustainable development of enterprises. Shenzhen Expressway values and upholds the basic rights and interests of the staff, respects their reasonable demands, strives to implement people-oriented management concept, actively creates a good working environment, and constantly improves its staff growth and career development system to promote the mutual growth and development of the enterprise and its employees, and jointly create an “honest and diligent, joyful working, harmonious and mutually-benefitted” home.

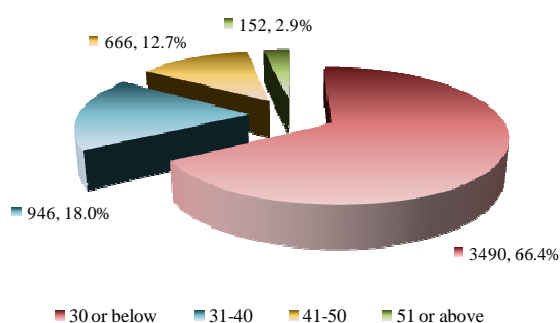
I. Assurance of Staff’s Rights and Interests

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 order to effectively protect the legitimate rights and interests of employees and build a good labor relation.

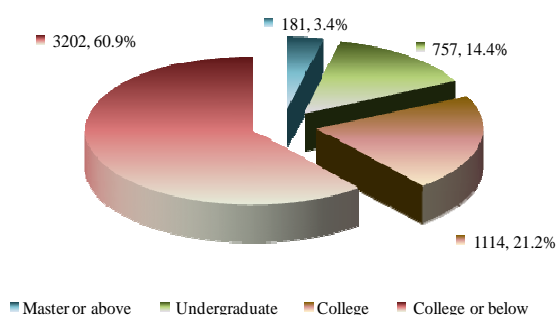
■ Equal Employment Opportunity

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, 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 2016, the Company’s signing rate of labor contracts with its staff amounted to 100%, and there is no illegal dismissals. In 2016, the Company and its subsidiaries had a total number of 5,254 employees, of whom 2,545 were female employees, accounting for approximately 48% of the total number of staff, 1,837 were management and professional staff, while 3,417 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 - 2016



Breakdown of Staff’s Educational Qualification -2016



In 2016, the Group's overall staff turnover rate was 23.83%, as shown in the table below:

Statistics table of the Group's staff turnover rate in 2016

Breakdown of Departed Staff		Number of staff	Staff turnover rate (%)
As per gender			
Among them:	Female	700	13.32%
	Male	552	10.51%
As per age			
Among them:	30 or below	1,158	22.04%
	31-40	73	1.39%
	41-50	19	0.36%
	50 or above	2	0.04%
As per region			
Among them:	Guangdong Province	1,231	23.43%
	Other areas	21	0.40%

■ 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 prevailing 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 2016, the Headquarters implemented its remuneration adjustment plan again for toll collection staff, with an average increase of about 6%. This marked the seventh 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) co-ordinated 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 2016, the Group's total payment of social insurance such as pension and medical insurance amounted to RMB25,150,000, housing provident fund amounted to RMB13,770,000 and corporate annuity fund amounted to RMB8,280,000. By the end of 2016, the Company had a total of 58 retirees who had all handled retirement procedures with 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 set up Safety Supervision Department, and 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 production reality. In 2016, the Company also organized the preparation of Project Management Office Safety Management Guide, 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 2016, the Company organized 4 company-level inspections, 3 special inspections, more than 20 departmental inspections and nearly 350 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 of employees, the Company organized 3 company-level safety trainings in 2016, launched special training on the main person in charge and the safety management personnel, and organized more than 200 safety trainings at all levels. Relevant personnel participated in the qualification examination, and more than 80 of them have obtained certificates. In addition, the Company also held large-scale fire safety knowledge contest activities, with more than 300 participants from first-line staff to management personnel, and launched knowledge contest and on-site simulation exercises to publicize production safety knowledge and enhance staff's self-help and rescue ability. In 2016, the Company did not have any production safety responsibility accident.

■ 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 equipments 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 insurance coverage personal accidental injury for them every year. The labor union of the Company established "Mutual Fund for Staff's Critical Illness and Personal Accidental Injuries" to enhance the protection against diseases and accidental risks for staff. 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 regulations to ensure that medical treatments and economic compensations will be received by the employee. In 2016, the Company handled work injury claims for three employees who suffered from work-related injury accidents, and distributed mutual fund in a total amount of RMB42,000 to its staff. During the year, the Company invited certain experts to host five 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

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 provide them with corresponding vocational guidance and training in order to make talent reserve for the development of the Company. In 2016, 25 management and professional technical employees and 187 front-line employees of the Headquarters 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 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 2016, the Headquarters distributed re-employment incentive fund in a total amount of RMB330,000 to 48 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. During 2016, the Headquarters and its various departments organized 54 training seminars totaling 12,500 hours for an aggregate of 2,100 employees. The annual cost paid for education and training amounted to approximately RMB2,200,000. The trainings with extensive information were attended by many employees, and greatly enhanced their business skills.

Besides, the Company encourages self-learning and self-enhancement of staff and has established online training schools. 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 ongoing study and improvement.

IV. Enriched Life of Staff

The Company advocates happy work and happy life, with the aim to create a relaxed and harmonious working atmosphere for its staff. Besides, the Company arranged various courses and seminars for employees to participate during their spare time, including yoga, Tai Chi, badminton, basketball, photography and others. In order to enrich the spare time life and ensure the physical health of staff, the Company holds a series of rich cultural and sports activities such as talent show, Operation Cup basketball game, badminton match, table tennis match, hiking and song contest, to help its staff to maintain their work-life balance. In 2016, the Company organized the commendation cum staff performances and fun games upon its twentieth anniversary of establishment to show Shenzhen Expressway's healthy, positive and good style.

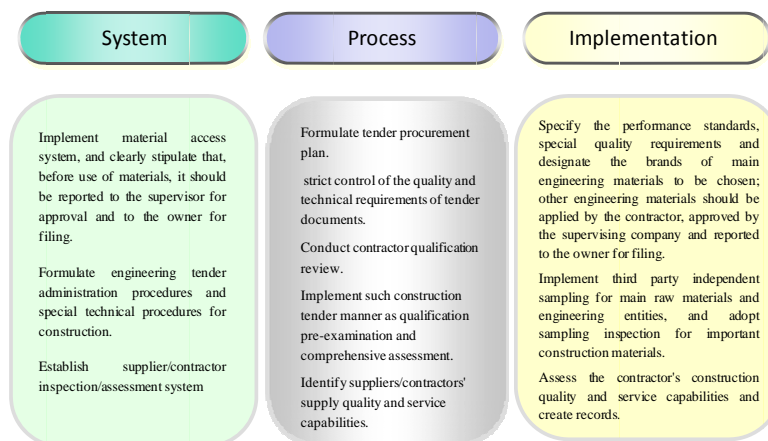


Mutual Development

The Company values the interests of its working partners and seeks to grow with them. It advocates incorruptibility and self-discipline, carries forward the righteousness through establishment of a sound anti-corruption mechanism, and guides leaders and staff to establish a correct outlook on life, values and power, to enable the staff to make due contribution to the Company's development. 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 Cooperation

As a company specialised in operation of toll roads, supply chain management is not a major concern 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 standor rights and interests even when it is disadvantaged. The Company seeks to grow with its working partners. We continue to establish and improve procurement management-related systems and processes, strengthen the supervision of the quality of engineering materials, and establish suppliers and project constructors assessment evaluation files, to purchase quality products and services, and create quality supply chain. At the same time, the Company pursues business ethics and earnestly fulfills the contracts signed with its working partners. It also interacts positively with all co-operating parties in the value chain and provides support to the working partners to facilitate their work, striving to achieve their mutual work objectives.



The Company pays high regard to the protection of the interests of our creditors. The Company adheres to stable financial strategies and maintains reasonable level of indebtedness and debt structure. In 2016, the gearing ratio, interest coverage multiple and EBITDA interest multiple of the Company were 54.57%, 3.56 and 5.52 respectively, and each financial indicator remained at sound 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 various debts such as its bank loans and bonds. In 2016, the Company maintained its AAA-rating, the highest credit rating for borrowing enterprises in Shenzhen and maintained the high rating in the

follow-up rating for bonds. The overseas dollar bonds issued by the Company in the year were rated Baa2 and BBB, by Moody's and Fitch Ratings respectively. 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

The Company's management has set the tone of integrity and sound development, requiring all its staff to seriously study 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 formulated Staff Manual, Staff Reward and Incentive Measures, Anti-fraud Work Regulations to regulate its staff's behaviors, integrity and ethics. The Anti-Corruption Work Regulations approved by the Board of Directors clarifies the areas of focus and division of responsibilities regarding anti-fraud work, the prevention and control of fraud, and the tip-off, investigation, handling and reporting procedures of fraud cases. 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 the channels for all the Company's staff and stakeholders to report the violation of professional ethics by the Company or any staff or the existence of any suspected fraud cases.

In 2016, the Company signed the letter of responsibility on building of CPC Party work style and clean government and the matters that should be reported by leading cadres, with persons in charge of various departments and entities, with the view to strengthening anti-corruption sense and responsibility of the management personnel. In line with the education campaign of "Learn the Communist Party's Charter, study and practice the key requirements delivered by general secretary Xi Jinping speeches and to serve as a qualified party member", the Group's Party Committee organized the learning of disciplinary rules and regulations such as Disciplinary Regulations of the Communist Party of China, Rule of Honesty and Self-discipline of the Communist Party of China, Accountability Regulations of the Communist Party of China, and launched "discipline is more stringent than laws, and discipline is superior to laws" learning and propaganda, to strengthen the integrity and law-abiding awareness of the party members. The Company's Discipline Inspection Commission also carried out special integrity education through collective talks on integrity, and invited prosecutors of Shenzhen Procuratorate to give "Honest Practice" propaganda with legal cases to middle and high-level management personnel and staff in charge of key functions such as tendering, bulk materials procurement, etc., for the purpose of strengthening the honesty awareness, job responsibility and risk prevention awareness of employees at key positions. At the same time, the Company also invited contractors to participate in integrity education, 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 the Outer Ring Project, Coastal Project Phase II and other key construction projects, the Company developed inspection and evaluation system, and signed honesty practice agreement with key employees. Special integrity inspection was conducted every quarter. In 2016, the Company supervised the award-of-bid process (link) of 44 engineering, procurement and maintenance tendering projects as well as the announcements of five batches of qualifications, in order to prevent the violation of laws and discipline in operation and management process. In 2016, the Group had not brought any lawsuits of corruption against its subordinated entities or employees.

III. Support of 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 met the transportation needs of the society, and have made positive contributions to regional economic development and social progress. The Company has completed the construction and investment in road building projects 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, highways shall have the characteristics of “safe, speedy, economical and comfortable”, and shall assume social functions of supporting national planning on regional economic and industrial policies and enhancing regional transportation capacity.

In 2016, the tax payment of the Company and its subsidiaries amounted to RMB 0.67 billion in total, making appropriate contribution to national and local financial income. During the year, the Company continued to earnestly implement the farmer-benefiting “Green Passage” policy introduced by the government and the policy of free travel of small-sized passenger cars during festival holidays. In addition, to help in fulfilling the objective needs of Shenzhen’s economic development and urbanization, the Company has implemented the toll-free policy for Nanguang Expressway, Yanpai Expressway and Yanba Expressway from 7 February 2016, and the Shenzhen Government has given the Company a reasonable compensation on market basis for the corresponding adjustment of toll collection in return. The toll-free travel on these highways can help to lower the transportation and logistics costs of the citizens, improve the efficiency of the transportation network of the entire city and enhance the urban traffic service capacity, and boost economic development along the highways. Despite the drastic growth of the traffic volume on these expressways after the toll-free policy was implemented, the Company had managed to ensure the unimpeded traffic of these roads by employing reasonable operation and management measures. Furthermore, the Headquarters offered 891 jobs to the society in 2016, when recruiting toll collection employees, the Company has introduced a policy of giving priority to the applicants from underdeveloped regions. By working and living in Shenzhen, the toll collection employees can utilize the policy to improve the financial position of their families. Moreover, the policy provides a platform for delivering new thoughts and new concepts, which in turn promotes the employment in these regions and supports regional development.

IV. Dedication to Charitable Activities

The Company has always cared about the society and engaged in charitable activities while achieving its corporate growth. In 2016, the Group actively provided poverty alleviation aid to the designated aid-receiving regions, donated nearly RMB330,000 for the construction of roads on a tea farm for a village in Longli County, Guizhou Province, to improve the local traffic conditions; and it also donated RMB 640,000 to Xinmin Village, Xinyuan County, Heyuan City, Guangdong Province for the construction of transport facilities in that village. Subsidiaries of the Company also organized employees to visit the stay-at-home children in a primary school in Longli County, Guizhou Province to express their care and celebrate the joyful International Children’s Day with the children. During the year, the Company provided continuous aid to 15 employees in financial difficulty, with the view to effectively solve their practical difficulties.

The Group encourages its investees and staff to support activities relating to social welfare, care for vulnerable groups and try their best to help the groups in need. At present, among the Company's young staff, more than 200 have registered as volunteers. They are enthusiastic about public welfare, and actively participated in a number of volunteer activities. During the year, they

launched more than 50 volunteer traffic dispersion activities, and carried out 10 book-collating activities in the municipal library, some of them also participated in such volunteer activities as forest cleaning, and Shenzhen Ninth Sports Game, etc., to contribute to the society with practical action. In 2016, the Company's investee-consultant company donated RMB 800,000 to Tibet Autonomous Region Department of Communications (trade union), actively participated in the relief work for the large landslide accident occurred in spoil ground in Shenzhen Guangming New District, and spent more than RMB 490,000 for donation of materials and provision of rescue vehicles and personnel; the advertising company under the Company provided 45 advertising spaces for free (with total area of more than 1,000 square meters) for the publicity of public welfare ideas and dissemination of public welfare behaviors. During the year, the Advertising Company and Magerk Company also organized their staff to donate more than RMB 224,00 to help the people in heavily flooded areas in Hubei Province to rebuild their homes.



Conclusion

Harmonious internal and external environment is 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 committed to be 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 strengthen the understanding and relationship between the stakeholders and the Company, and supervision from the society. The Social Responsibility Report of this year placed emphasis on reporting the responsibility and practices of the Company in relation to environment, products, employees, society and community, etc. For information about sustainability responsibilities, corporate governance and shareholder returns, please refer to the relevant content in the Company's 2016 Annual Report.

The rapid growth of population and social development, resource shortage, environmental deterioration, ecological crisis and other issues have led to a wide range of global concern. Implementing comprehensive environmental protection and strengthening ecological civilization construction have become the mainstream of social progress. At this stage, Shenzhen Expressway has determined the development strategy of basing on "urban and transportation infrastructure construction and operation service provider" as the main business direction and actively exploring "water environment protection and solid waste treatment" as the new industry development direction, with the hope to promote harmonious development of human society and the environment by deeply plowing environmental protection industry and with practical action, and to earnestly fulfill corporate social responsibility.

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

Feedback and Contact Information

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

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