



越秀交通基建有限公司

YUEXIU TRANSPORT INFRASTRUCTURE LIMITED

Stock Code: 01052

CREATING EXCELLENT VALUES



ENVIRONMENTAL, SOCIAL AND
GOVERNANCE REPORT

2018





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ABOUT YUEXIU TRANSPORT

Company Profile

Established in 1996, Yuexiu Transport Infrastructure Limited engages in investment, operation and management of toll expressways and bridges in Mainland China. Yuexiu Transport was listed in Hong Kong in 1997. In 2018, with professional investment and operation capability and excellent service management, Yuexiu Transport maintained the investment grade credit ratings granted by Moody's, S&P and Fitch. Guangzhou Yue Xiu Holdings Limited, the controlling shareholder of Yuexiu Transport, is under the supervision of State-owned Assets Supervision and Administration Commission of the Guangzhou Municipal People's Government.

廣州越秀集團有限公司
GUANGZHOU YUE XIU HOLDINGS LIMITED **100%**



YUE XIU ENTERPRISES (HOLDINGS) LIMITED

48.91%

PUBLIC

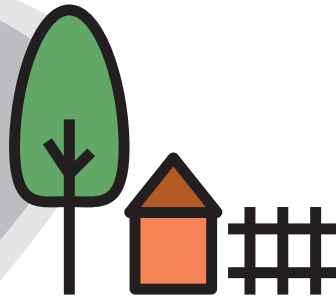
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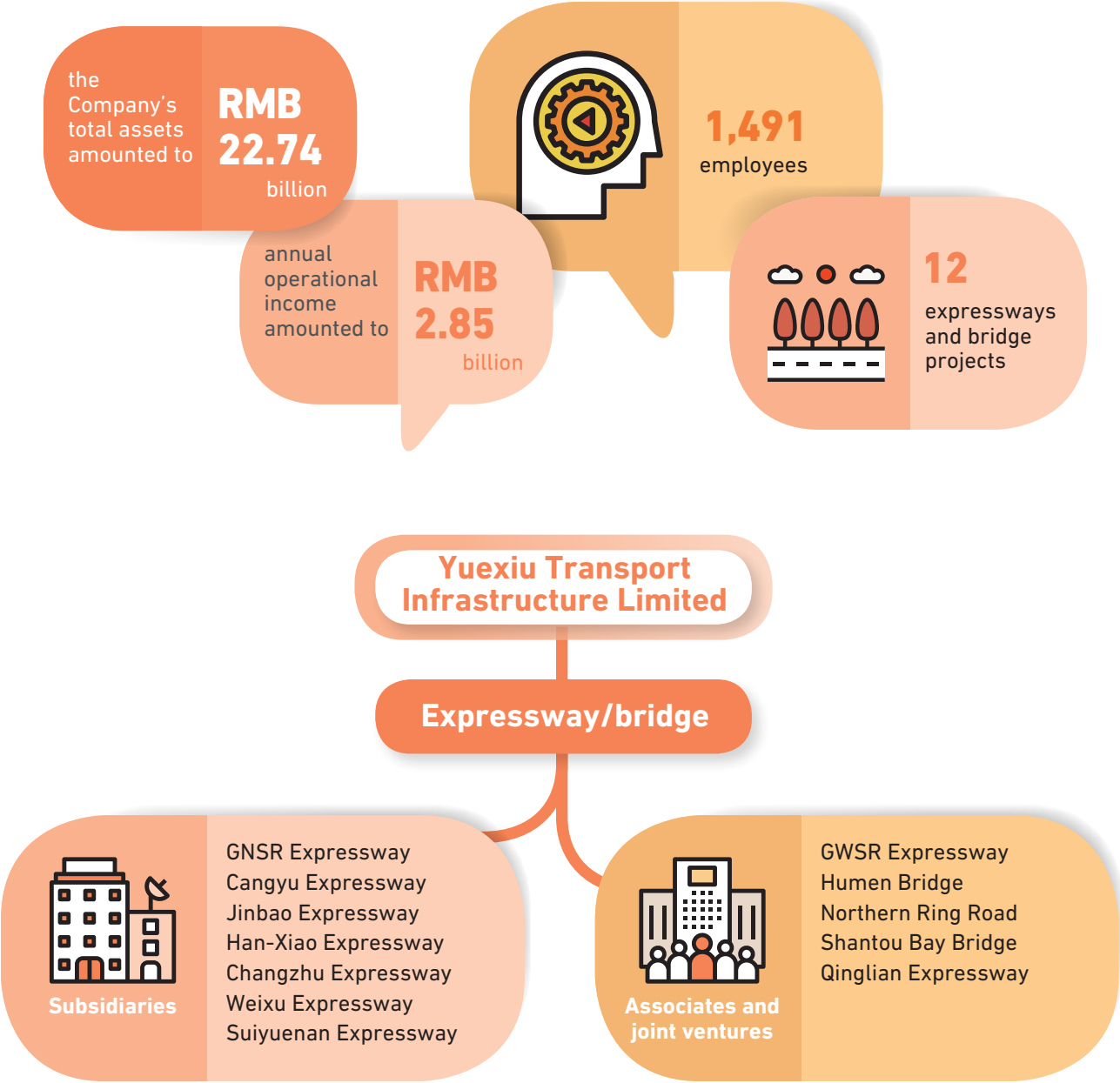
YUEXIU TRANSPORT INFRASTRUCTURE LIMITED



EXPRESSWAY / BRIDGE



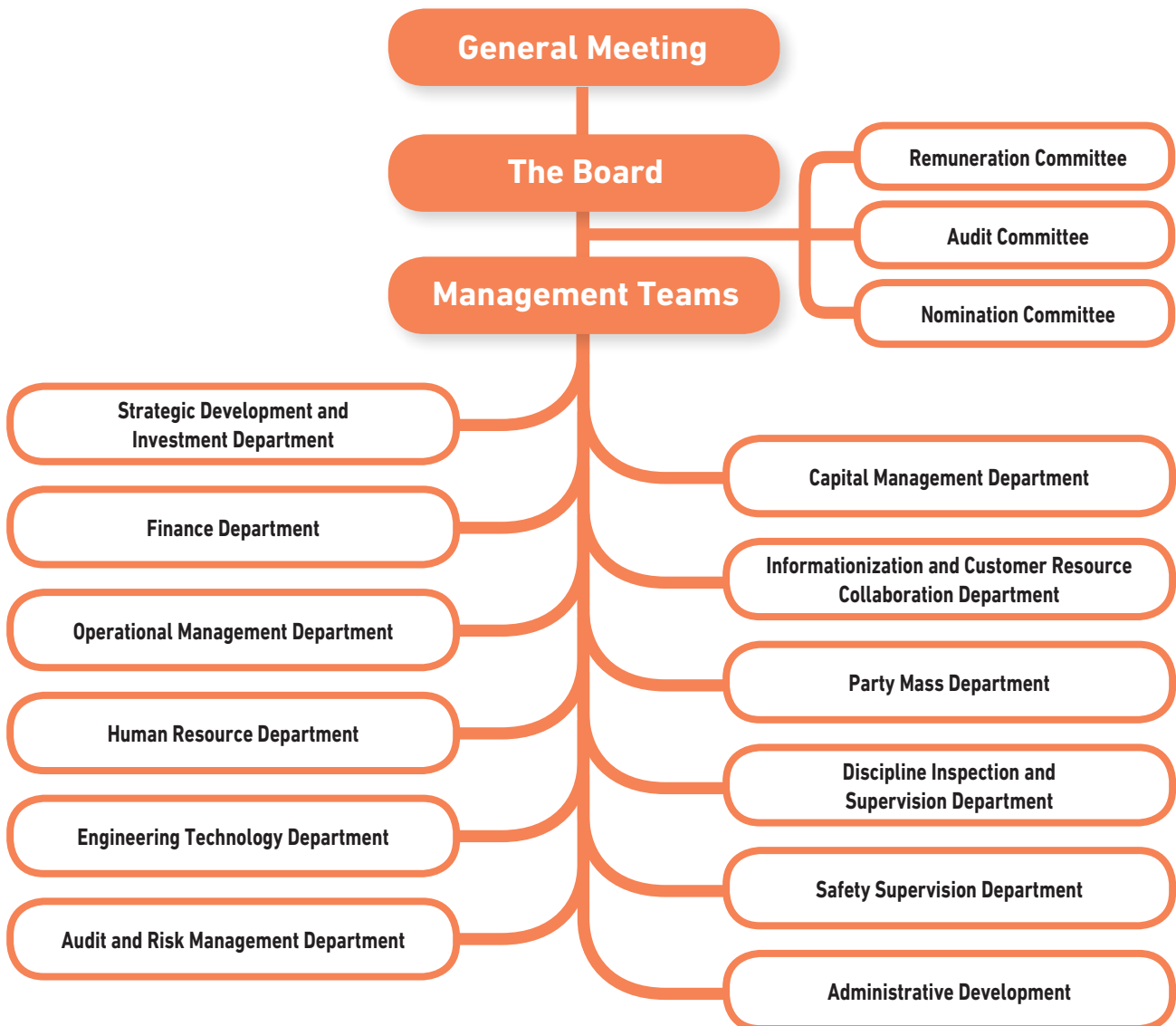
As at the end of 2018, the Company's total assets amounted to RMB 22.74 billion, and annual operational income amounted to RMB 2.85 billion, with 1,491 employees; besides, the Company has invested in 12 expressways and bridge projects in six provinces and cities nationwide. As at 31 December 2018, the attributable toll length of the Group's subsidiaries is approximately 281.1 km (total toll length is approximately 337.1 km), attributable toll length of the Group's associates and joint venture is approximately 77.3 km, and the total attributable toll length of expressways and bridges is approximately 358.4 km.



Corporate Governance

Yuexiu Transport has been devoted to improving the corporate governance and modern management system, constantly optimizing risk management system and seeking sustainable, healthy and stable development and protecting rights of stakeholders to further improve its image in the industry and capital market and do our utmost to gain recognition and trust from investors, creditors, partners and all sectors of society in respect of corporate development.

Yuexiu Transport has set up a corporate governance structure consisting of general meeting, the Board, committees under the Board, management teams and functional departments, formulated multi-layered governance rules based on the memorandum of association and bye-laws to specify their duties, authorities and codes of conduct, and constantly examined and improved the aforesaid structure and rules in practice to make corporate operation more transparent, independent and efficient. The corporate governance structure is illustrated as below:



ABOUT THIS REPORT

Overview

This is the third Environmental, Social and Governance (ESG) Report of Yuexiu Transport Infrastructure Limited. We disclose information related to the Group's environmental, social and governance performance on an objective and transparent basis. We hope that this report could show our efforts on sustainable development by enhancing communication and trust, and let us work hand in hand towards sustainability.

Basis of preparation

The Report was prepared according to the Environmental, Social and Governance Reporting Guide (ESG Guide) under Appendix 27 of the Main Board Listing Rules of the Stock Exchange of Hong Kong, which was issued in December 2015. The content of the Report was prepared according to a set of systematic procedures. The Report was prepared through the following procedures: identifying key stakeholders, identifying and prioritizing material ESG issues to formulate the ESG Report's coverage, collecting relevant materials and data, collating and summarizing data on the basis of information, and examining report materials.

Scope and Boundary of this Report

This report is presented annually for the year from 1 January 2018 to 31 December 2018, with part of the data in or before 2017 to enhance comparability. This report adopted the same definitions as in the 2018 Annual Report of the Company, and should be read together with the said annual report.

Title Description

To facilitate presentation, "Yuexiu Transport", "the Company" and "we" herein all refer to "Yuexiu Transport Infrastructure Limited" (Stock code: 01052).

Data Sources and Reliability Statements

Information and cases disclosed herein come from official documents, statistical reports or public information of the Company. We undertake to be responsible for the truthfulness, accuracy and completeness of this report. This report was prepared based on the reporting principles of Materiality, Quantitative, Balance and Consistency as specified in the "Environmental, Social and Governance Reporting Guide".

Obtaining and Responding to this Report

This report is prepared in Chinese and English. In case of any discrepancy between the two versions, the Chinese version shall prevail. The electronic version of this report can be downloaded from the website of Yuexiu Transport Infrastructure Limited: <http://www.yuexiutransportinfrastructure.com/>. If you have any doubt or comment on this report, please call or email us through the following channels:

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SENIOR MANAGEMENT'S MESSAGE



Mr. Zhu Chunxiu
Chairman



Mr. He Baiqing
*Deputy Chairman and
General Manager*



In 2018, Yuexiu Transport continued to develop expressway and bridge operation businesses in a pragmatic, diligent and unswerving manner, promoting the sustainable development together with various stakeholders. In this year, Yuexiu Transport maintained a solid growth in the face of a complex and volatile external environment. The toll revenues of central core projects such as the Henan Weixu Expressway and Hubei Suiyuan Expressway had a year-on-year growth rate of 30.2% and 16.5%, respectively. The provincial associate/joint venture projects with high maturity kept a stable growth trend, relying on regional economic advantages. We will seize the development opportunities brought about by the country's Strategy of "Rise of Central China", and actively deploy development in major central provinces with abundant labour to create more development opportunities.

Road Responsibility

Yuexiu Transport always insists on undertaking social responsibilities, contributing to the country and society, and fulfilling its social responsibilities. The Company continues to enhance its capabilities in traffic, operational and safety management, and strives to improve the level of traffic services. At the same time, we vigorously developed capabilities in comprehensive maintenance innovation and special project management, researched and applied new materials, new technologies, new processes and new equipment, to improve the pavement performance and fully enhance road maintenance management. In response to the trend of digitalization and intelligentization, we actively promoted new technologies such as payment based on the card/license and QR code, which effectively improved the traffic capacity.

Environmental Responsibility

We focused on the interaction between the entire process of road and bridge operation and the environment, identified environmental hazards in each link, and implemented the effective planning, measures and monitoring mechanisms to reduce the impact of our operations on the environment. In 2018, Yuexiu Transport continued to improve its environmental management system and linked it to its internal management mechanism to improve the management efficiency. The local heat regeneration technology was successfully applied in Henan Weixu Expressway, achieving 100% recycling of materials in the pavement maintaining process. In addition, we also launched resource recycling projects with paper making companies to reduce the environmental impact of waste office paper.

Community Responsibility

In 2018, Yuexiu Transport completed the three-year targeted poverty alleviation task in Xianshui Village, Xiniu Town, Yingde City, Guangdong Province, and such task provided assistance in "household assistance" and "village assistance", and improved the income level, living conditions, spirit and industrial development of the targeted groups in terms of the medical care, education, employment, housing and industrial poverty alleviation.

Outlook

We believe that Yuexiu Transport will receive greater development opportunities with the implementation of two regional strategies, i.e. "Rise of Central China" and "Guangdong-Hong Kong-Macao Greater Bay Area". While maintaining our business growth, we will continue to improve road operation management and create greater economic and social benefits for the region.

OVERVIEW OF DEVELOPMENT IN 2018

Honours

Economic Digest:

Hong Kong Outstanding Enterprise 2018
Outstanding Enterprise Award

Quamnet.com:

Outstanding Enterprise Award 2018

Bloomberg Business Weekly:

Listed Enterprises of the Year 2018

LACP2017 Vision Awards of USA:

Infrastructure Industry: Platinum Winner
Commercial Construction: Silver Award
Top 100 Reports Worldwide
Best Report Narrative, Asia-Pacific region: Silver
Top 80 Reports, Asia-Pacific region
Top 60 Chinese Reports

South China Morning Post:

BDO ESG Report award 2018 – Best Report Award

Business development

The Company's operating income in 2018 was RMB2.85 billion, an increase of 5.3% year-on-year, of which the profit attributable to shareholders was RMB1.054 billion, with a year-on-year increase of 11.2%.

Guangzhou North Second Ring Expressway's revenue was basically equally distributed throughout the year. The growth rate of toll revenues of core projects in central regions such as Henan Weixu Expressway and Hubei Suiyuanan Expressway dropped in the second half of 2018, but still recorded a year-on-year increasing rate of 30.2% and 16.5%, respectively. As a result of the superior geographical locations and good development of the regional economy, the provincial associate/joint venture projects with high maturity remained steady essentially.

In recent years, the Company seized the development opportunities brought about by national strategy of "Rise of Central China", and acquired a number of quality expressway projects in labour-intensive provinces (e.g. Hubei, Hunan and Henan) of Central China, to disperse operational risks through diversification of investment regions and pursue more development opportunities. At present, some achievements have been made. For example, central projects gradually make more significant economic contribution in the process of its development.



Environment

The local heat regeneration process was successfully applied in composite pavement maintenance of Henan Weixu Expressway, achieving 100% recycling of the old pavement.

The Company launched the waste office paper recycling project with Guangzhou Paper Group Ltd., and recycled waste office paper of approximate 550kg from the headquarters in 2018.

Community

The Company successfully completed the three-year targeted poverty alleviation project in Xianshui Village.

11 dilapidated houses were transformed.

Free-ranged chicken raising projects and intensive planting bases among poverty-stricken households were developed and greatly increased the income level of poverty-stricken households.







SUSTAINABLE DEVELOPMENT POLICIES

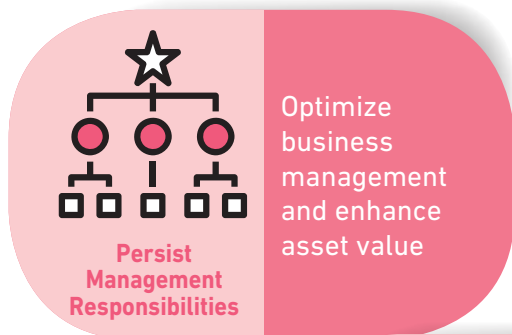


In 2018, Yuexiu Transport continued to optimize its own sustainable development strategy. Under the principles of sustainable development, the Company improved its sustainable development framework and responded to the needs of various stakeholders.

SUSTAINABLE DEVELOPMENT POLICIES

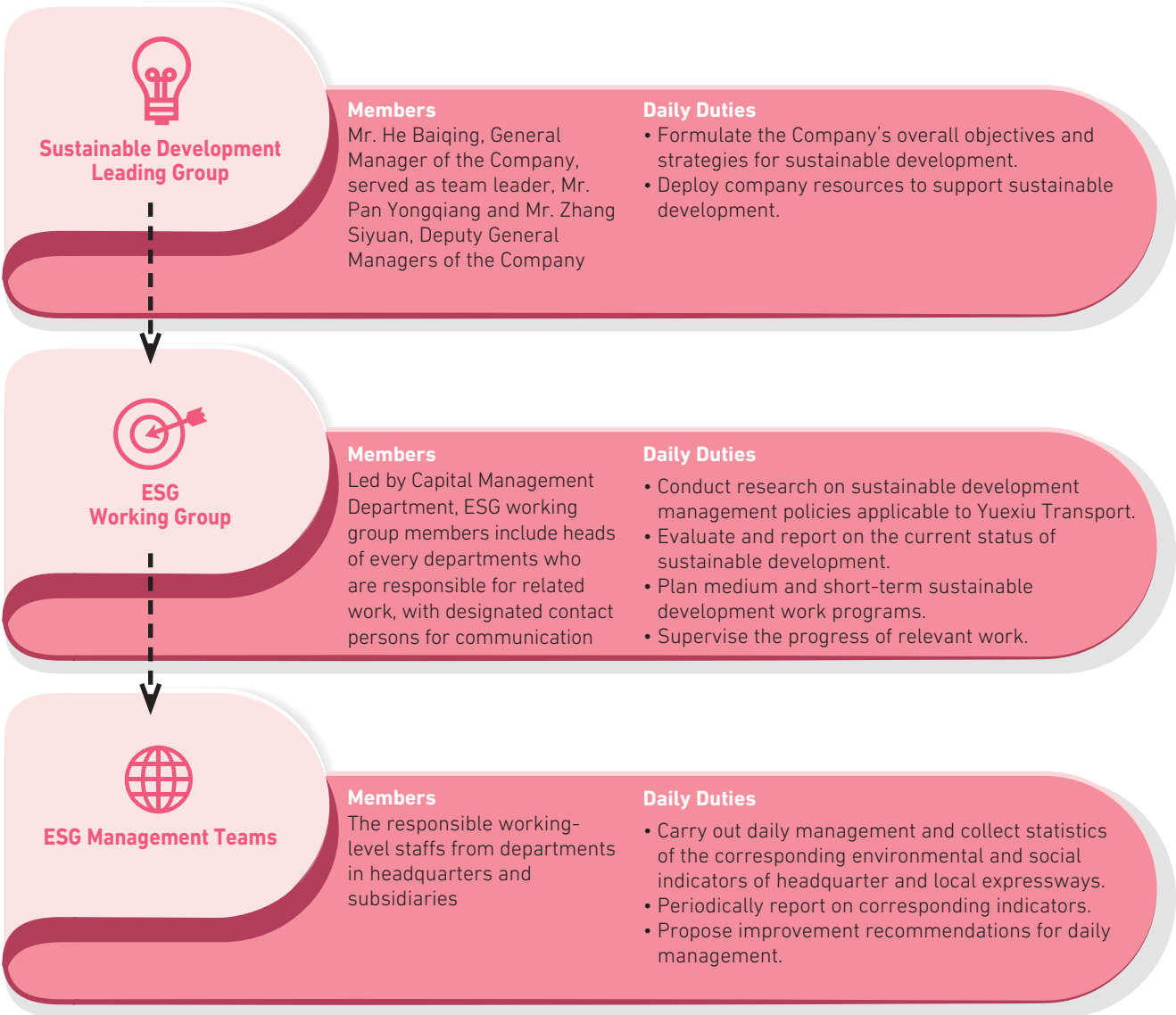
Principles of Sustainable Development

Yuexiu Transport has integrated management, road, employee, social and environmental responsibilities into its business. In line with the principles of sustainable development, the Company has determined its direction for sustainable development and reached a multi-win situation with various stakeholders.









Structure of Sustainable Development

In 2018, Yuexiu Transport focused on strengthening the normalization of the sustainable development framework and deepening of collection and verification of ESG information at all levels, to ensure the accuracy and efficiency of ESG information management. At the same time, the ESG management team enhanced communication in this year, to facilitate their understanding of the Company's sustainable development policies and ESG practices to enhance the routine ESG management.



SUSTAINABLE DEVELOPMENT POLICIES

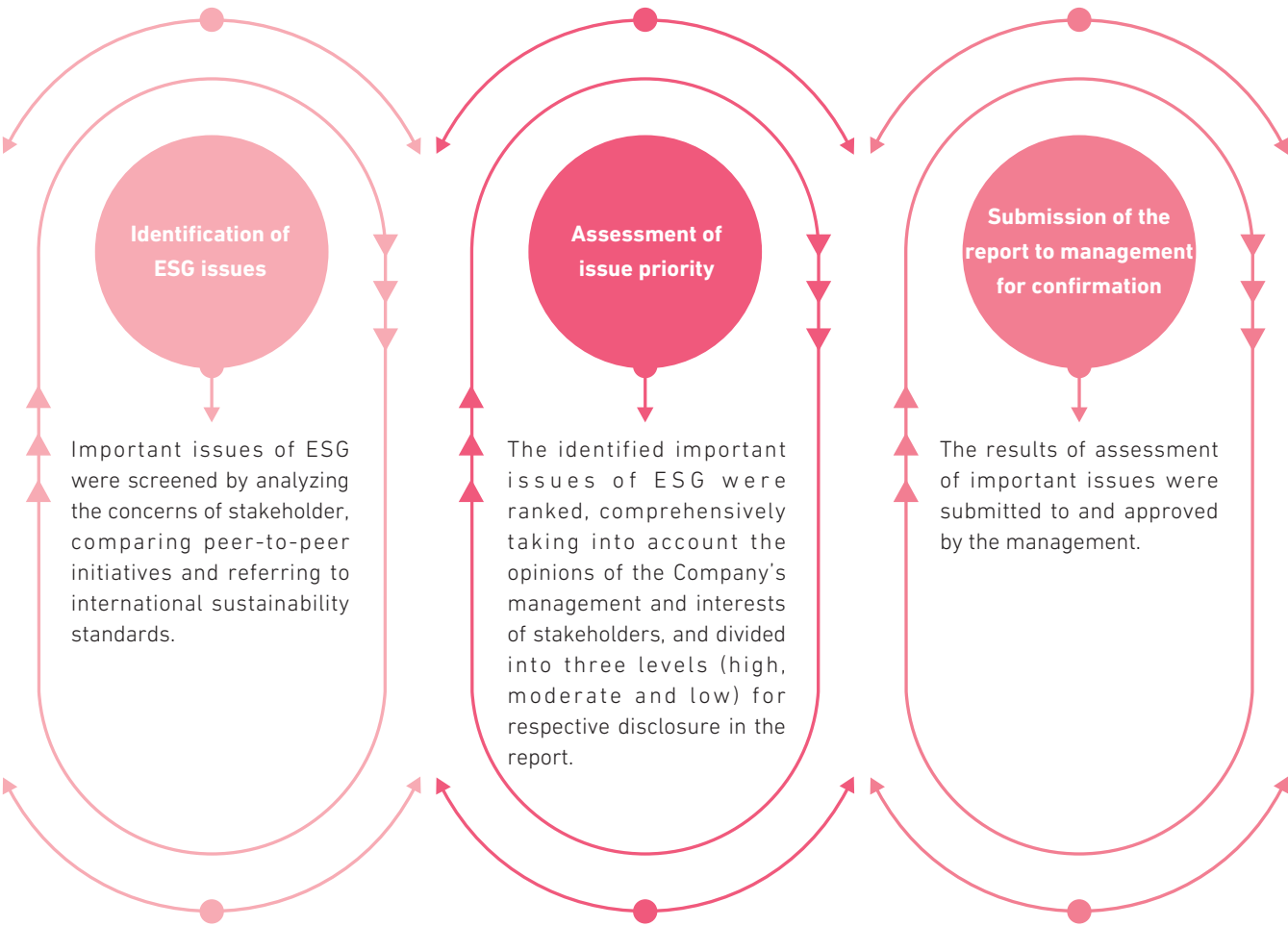
Stakeholder Engagement

Stakeholders	Requests and Expectations to the Company	Communication and Response
Drivers/ Passengers 	Road safety Smooth traffic Transit expenses Road facilities Emergency rescue access	Communication with toll station staff Opinion collection Satisfaction survey Complaint hotline
Government 	Road safety Free traffic flow Road facilities Emergency access Tax payments according to law Positive social benefits generation	Regular visits Policy communication Assistance in handling traffic accidents
Staff 	Remuneration Career development Employee benefits Promotion policies Training system Corporate reputation Internal communication channels	Direct communication Employee mailbox Training on career development
Investors 	Return on investment Financial situations Business prospects Future development plans Governance Management selection and recruitment	General meeting Financial information disclosure Investor hotline/mailbox Investor relation road show
Suppliers 	Procurement policy Supplier management system Arm's-Length transactions On-time delivery Timely payment Communication channels Good partnerships maintenance	Supplier review Regular visits
Local Communities 	Environmental impact of roads Corporate operational ethics	Public welfare activities Complaint hotline

List of Materiality Issues

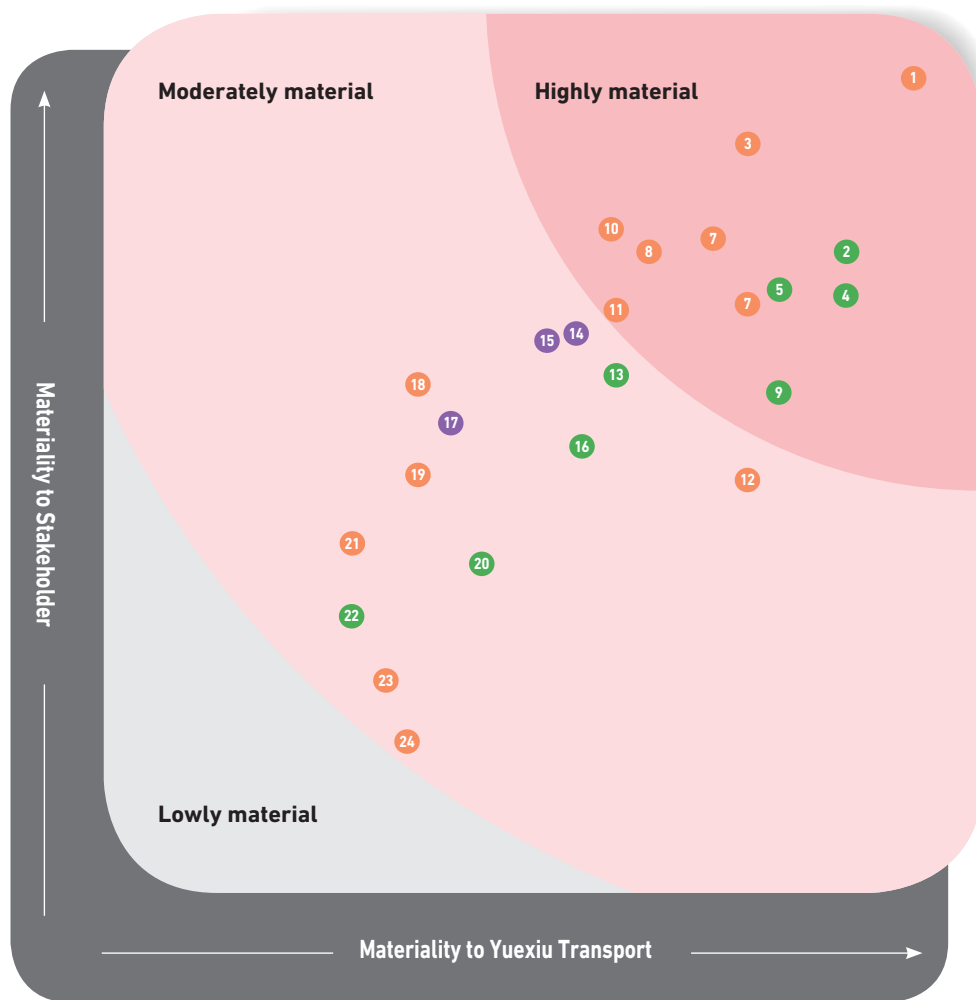
Yuexiu Transport hired an external professional consultant to review and evaluate the sustainable development issues of the Company this year. From the perspective of stakeholders, the consultant generalized and summarized the sustainable development issues that were of importance to the Company as the basis for the preparation of this report.

Process of Materiality Assessment



SUSTAINABLE DEVELOPMENT POLICIES

Materiality Matrix of ESG Issues



- | | | | |
|----|-----------------------------------|----|--------------------------------------|
| 1 | Operational safety | 13 | Noise control |
| 2 | Free traffic flow | 14 | Customer complaint and communication |
| 3 | Employee remuneration and welfare | 15 | Response to climate change |
| 4 | Anti-corruption | 16 | Community charity |
| 5 | Employee training and development | 17 | Anti-Unfair Competition |
| 6 | Labour standards | 18 | Promotion of local employment |
| 7 | Occupational health and safety | 19 | Water resources management |
| 8 | Supply chain management | 20 | Resources utilization and recycling |
| 9 | Talent attraction and retention | 21 | Exhaust emission management |
| 10 | Biodiversity | 22 | Carbon emissions |
| 11 | Consumer privacy protection | 23 | ESG related-risks assessment |
| 12 | Energy consumption management | 24 | Land use |

Anti-Corruption

Yuexiu Transport has complied with the provisions of the Corporate Governance Code of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited, and implemented the CPC Central Committee's spirit on party building of state-owned enterprises. The Company has also formulated the "Implementation Measures for the Implementation of Supervision Responsibility for Party Conduct and Clean Government Construction", "Anti-corruption Archives", "Guidelines for the Anti-corruption Practice of Expatriate Management Personnel" and "Prevention and Control Guidelines for Anti-corruption in the Procurement of Fixed Assets", implementing the construction of party conduct and clean government construction according to the principles of transparency, independence, accountability, responsibility and fairness. The Company promoted overall anti-corruption education work, centering on the Discipline Inspection and Supervision Department, proceeding from the decision-making system, professional manager management, major project auditing and efficiency monitoring, and taking the institutionalized decision-making system and the anti-corruption education covering the entire company as the main measures to ensure the effective implementation of anti-corruption works.

During the reporting year, Yuexiu Transport held a number of anti-corruption education activities, such as the anti-corruption lectures, mobilization meeting for the governance of lower level anti-corruption campaigns, and mobilization meeting for disciplinary teaching and learning. The multi-level and multi-angle publicity and education effectively improved the anti-corruption awareness and disciplinary awareness of staff.

The Company's strict anti-corruption systems and routine promotion/education activities achieved good results. There was no corruption or bribery lawsuit against the Company during the reporting period.



ENVIRONMENTAL PROTECTION



Overview of related issues and practices in 2018



We actively integrate the concepts of green operation, energy conservation and environmental protection into road operations, and promote green development by using new technologies, new management and new concepts, and at the same time ensure the road safety and smooth traffic.



We launched a series of actions such as the use of local heat regeneration technology, promotion of energy-efficient lighting facilities, and recycling of waste office paper.

- The local heat regeneration technology was applied in Henan Weixu Expressway, saving about 4,800 tons of asphalt mixture and avoiding curing waste.
- Energy-saving lighting renovation of Guangxi Cangyu Expressway was completed, saving power by 50%.
- The headquarters cooperated with Guangzhou Paper Group Ltd., to conduct recycling of waste paper of approximate 550 kg.

We will summarize the environmental technologies applied by various subsidiaries, such as the local heat regeneration technology, and promote them based on local operating conditions, to enhance the effectiveness of green curing technologies in practice.





ENVIRONMENTAL PROTECTION

Green Project Management

Yuexiu Transport strictly abided by the laws and regulations such as the "Law of the People's Republic of China on the Prevention and Control of Atmospheric Pollution", "Law of the People's Republic of China on the Prevention and Control of Water Pollution", "Law of the People's Republic of China on the Prevention and Control of Environmental Pollution by Solid Waste", and "Law of the People's Republic of China on Environmental Impact Assessment", as well as relevant local laws, regulation and industry procedures, to reduce the impact of operations on the environment. While ensuring the road quality, we actively promoted the application of environmental protection technology and environmentally friendly materials, and advocated recycling to reduce the resource consumption and environmental impact. On the one hand, this saved road operation costs. On the other hand, this was conducive to energy-saving and environmental protection projects, and making contribution to green development.

Waste paper



In order to conduct regular recycling of waste paper, Yuexiu Transport cooperated with Guangzhou Paper Group Ltd., regularly recycling the Company's waste paper. There were a number of waste paper recycling points within the Company, and employees were encouraged to keep waste paper at recycling points. In 2018, Yuexiu Transport recycled waste paper of approximately 550 kg.

Road Maintenance Waste



The waste and slag produced in road repair were reused by Yuexiu Transport, thereby increasing the utilization rate of the waste and slag. There are two ways to dispose the waste and slag. Firstly, the waste and slag produced were provided free of charge to surrounding villagers for building dams and roads, thereby recycling such waste and slag. Secondly, the non-recycled waste and slag were transferred in a centralized manner to the designated waste disposal site with appropriate qualifications for harmless disposal.

Indicator Category	Unit	2018	2017
Greenhouse gas emission			
CO₂ emission of fossil fuel combustion	Ton of CO ₂ e	1,264	1,338
CO₂ emission implied by net purchase of electricity	Ton of CO ₂ e	5,682	7,203
Greenhouse gas emission intensity	Ton of CO ₂ e/ RMB1 million revenue	2.44	3.16
Hazardous waste generation			
Lamp tube	Pcs.	2,153	1,611
Printer toner cartridge	Pcs.	804	628
Non-hazardous waste generation			
Bituminous concrete	Ton	29,557	25,470
A4-sized office paper	Kg	6,421	6,330

ENVIRONMENTAL PROTECTION



Case

Application of local heat regeneration technology in Weixu Expressway to reuse pavement maintenance materials

In 2018, the local heat regeneration technology was applied in composite pavement maintenance of the Weixu Expressway, with elimination of pavement damage unrelated to the bearing capacity of the base or the pavement structure. Compared with the conventional pavement maintenance, the local heat regeneration technology effectively reduced road maintenance costs, utilized non-renewable natural resources and also avoided a large amount of non-degradable waste. In this application of local heat regeneration technology, the materials to be milled in the conventional milling and replacement method were directly used, thus achieving 100% recycling of previous pavement materials and directly saving about 4,800 tons of pitch mixture.



Case

Recycling of milled materials of Changzhu Expressway

For secondary utilization of materials in the road maintenance process, the milled materials in special pavement works of the Hunan Changzhu Expressway were recycled in 2018. In addition, about 5,440 tons of milled materials from the pavement were successfully used via the third-party waste recycling technology into project construction of 2018. The recycling rate of milled materials reached 95%, thus achieving recycling of construction waste and reduction of environmental pollution.

Green Resources Management

Yuexiu Transport always implements sustainable development, and actively promotes green technologies to develop a green office system and establishes a resource-saving enterprise. In strict compliance with laws and regulations, such as the “Energy Conservation Law of the People’s Republic of China” and “Cleaner Production Promotion Law of the People’s Republic of China”, we proactively lead the subordinate project companies to practice green resource management and encourage resource recycling. We also strive to establish the employees’ awareness of energy conservation and environmental protection, and cultivate their habits of saving resources in details.

In order to have a more accurate understanding of resource consumption, we conducted comprehensive and full-coverage monitoring and data collection on the use of various resources in 2018, established data management files, and analyzed the data scientifically and accurately. The types and consumption of resources used by the company in 2018 are shown below.

Type of consumed resources	Resource Name	Unit	Consumption in 2018	Consumption in 2017
Fossil Fuel	Gasoline	Litre	308,873	302,212
	Diesel	Litre	119,418	128,100
	LPG	Ton	69	85
	Natural gas	m ³	4,640	4,377
Electricity	Purchased	Kilowatt hour	10,376,657	11,157,990
Road Maintenance Materials	Pitch mixture	Ton	47,246	48,456
	Cement concrete (new material)	Ton	12,233	13,280
	Stone materials	Ton	2,281	1,183
	Snow melting agent	Ton	759	1,161
	Steel	Ton	231	148
Water Resources	Total consumption	m ³	163,979	195,026

ENVIRONMENTAL PROTECTION

Resource saving measures of Yuexiu Transport

Paper conservation



Yuexiu Transport is committed to paperless operation, and promotes WeChat and Alipay payment in toll stations of highways and bridges. Drivers get a composite card that can be repeatedly used at the entrance, and determine their driving routes via the RFID (Radio Frequency Identification) equipment, and tolls are calculated automatically by computers at the exit, thus to promote paperless charging.

Power conservation



The subordinate project companies of Yuexiu Transport actively carried out energy-saving renovations of roads and tunnels, replaced high-pressure sodium lamps with LED energy-saving lamps in sections and projects, and installed intelligent control systems to control the lamp ON/OFF time according to the lighting needs.

Water conservation



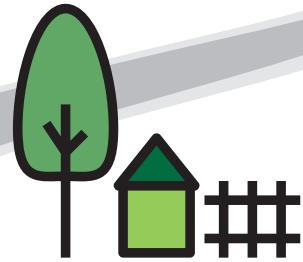
Yuexiu Transport attaches great importance into water conservation during daily operation. The greening contractor of the Company mainly uses the rainwater accumulated as well as irrigation water in local ditches and ponds, to avoid the consumption of tap water. At the same time, the watering frequency and amount are set scientifically and reasonably to save water in greening and curing.



Case

Energy-saving lighting renovation of Guangxi Cangyu Expressway

As of the end of October 2018, 33 LED lights were installed in toll stations of the Guangxi Cangyu Expressway, 200W lamps were replaced with 100W energy-saving lamps, and smart switches were set to control the lighting time. In comparison with conventional halogen lamps, the new lighting sets can save 39.6 kWh per day, which is 50% of the energy consumption.



Launch of water conservation activities on Tianjin Jinfu Expressway

In 2018, water conservation activities were vigorously launched on the Tianjin Jinfu Expressway. At the management level, the Company communicated with department heads separately, conveying the plans and goals of water conservation, and publicized water conservation among employees through meetings or platforms. In terms of measures, the Company strengthened the inspection of dispersion and leakage, and promptly conducted checks and repairs in the event of any abnormality of water use. In comparison with the water consumption in 2017, Tianjin Jinfu Project Company reduced the water consumption by 4,655 m³ in 2018.

Case



Green Ecology Management

Yuexiu Transport attaches great importance to the protection of the ecological environment while pursuing corporate development. The Company strictly complies with the “Environmental Protection Law of the People’s Republic of China”, “Water and Soil Conservation Law of the People’s Republic of China” and other laws and regulations. Before construction of projects, it investigates, predicts and evaluates the effect that projects may have on ecological environment according to the environmental impact assessment system and proposes measures and plans for prevention of ecological damages.

Yuexiu Transport is concerned about routine greening and maintenance of roads. We require all affiliated companies to implement the road greening requirements with respective scopes in accordance with the “Technical Specifications for Highway Maintenance”, ensure that vegetation complies with the greening control standards, and regularly prune vegetation along roads, at interchanges and within toll stations.

The Company also focuses on reducing the environmental impact on communities around the site and the conservation of biodiversity along roads. We have taken various measures (sound barriers, drainage facilities, guardrails, isolation nets and the like) to strictly control noise, potential chemical leakage and other unfavorable factors, and to reduce the impacts of road operations on surrounding residents and biodiversity.



TRAFFIC SAFETY RESPONSIBILITY



Overview of related issues and practices in 2018



Ensure the safe and smooth operation of roads, improve the operational capability and service quality, and strengthen accident handling and response.

- Establishment of safety supervision department to comprehensively coordinate road operation safety
- Scientific planning of road maintenance
- Strengthening of routine safety training and road safety education
- Implementation of measures to ensure the smooth traffic in peak periods
- Emergency drills
- Accident handling in strict accordance with emergency plans
- Targeted analysis of complaints



2,437 emergency rescues

Long-term maintenance of high safety of road operations, and continued optimization of safety supervision and management mechanism





TRAFFIC SAFETY RESPONSIBILITY

Ensure Traffic Safety

In strict accordance with the “Law of the People’s Republic of China on Road Traffic Safety”, Yuexiu Transport is working actively with local government, industry authorities and our peers to promote the development of regional economy and transportation development. We constantly improved the operational management of toll roads, and actively promoted and applied modern science and technology to enhance the road operation efficiency. At the same time, we screened road safety risks, intensified expressway maintenance, and improved accident response and handling capabilities, to provide comfortable and convenient transportation services for drivers while ensuring the safety and traffic.

Highlight daily maintenance of roads and bridges

Yuexiu Transport continues to strengthen road safety management. With the measure of “putting prevention first and combining prevention with control”, the Company spent RMB15.18 million on road maintenance in 2018, which was basically equal to the cost in 2017.

Emphasis on examination of potential road safety risks and accidents handling

The subordinate project companies of Yuexiu Transport strictly conduct 24-hour inspections to promptly report the identified hazard to relevant departments of the Company, or start the emergency linkage mechanism, work with relevant social institutions and units (traffic police, fire brigade, etc.), thereby eliminating risks and providing a safe and clear passage environment for drivers and passengers.

In order to strengthen the supervision and control of road rescue and accident handling, project companies established rapid accident responding points in service areas, toll stations, and management centres, and added traffic police and road administration booths, which reduced the time required by relevant departments and personnel to arrive at accident sites, improved the efficiency of rescue and accident handling, and reduced traffic jams.



Quality accident responding of Hunan Changzhu Expressway

On March 12, 2018, an accident occurred as a result of construction on the uplink section of the Hunan Changzhu Expressway, resulting in collapse of the abutment and cone slope. Upon identifying the accident, the project company immediately carried out traffic control, isolated the corresponding lane, and contacted the employer and local construction bureau for emergency treatment. It took measures such as void filling and abutment reinforcement. With the cooperation and full follow-up of various departments of the Company, repair was completed in 24 hours, the road safety and smooth traffic in peak periods on the subsequent holidays of Qingming Festival was achieved.

Handling of pine oil spillage in Guangxi Yuexiu Cangyu Expressway Company



On March 14, 2018, a large amount of pine oil was spilled on Guangxi Yuexiu Cangyu Expressway, resulting in a serious accident involving a truck and a vehicle. Once this accident is found, the road administration personnel immediately enclosed the accident scene, sought help, via emergency ambulance hotline, for the wounded to be sent to hospital for treatment, and also arranged for the maintenance team, expressway traffic police, rescue trailers and cranes to provide on-site support. The section with large-scale pine oil spillage was isolated safety for sectional disposal. Following 18-hour handling, the road was reinstated into normal operation.

Emphasis on road safety education

In order to improve the safety awareness of road workers, drivers and passengers and strengthen the capability to respond to emergencies, the subordinate companies of Yuexiu Transport attached importance to road safety education while conducting the road quality management and routine inspection. In addition, the Company adopted various means and channels to enhance the road safety education and to minimize road safety accidents together with various stakeholders.

TRAFFIC SAFETY RESPONSIBILITY

For employees



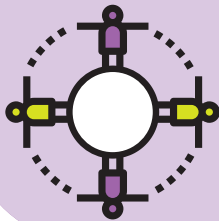
Conduct safety production training and knowledge lectures of different topics and types, and standardize the safety of road workers.

For drivers and passengers



Erect an eye-catching sign, reminding safe driving.

For surrounding residents



Actively carry out educational activities to surrounding residents and publicize the road safety.



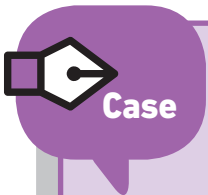
Case

Learning of the new Safety Production Law within Guangxi Cangyu Expressway Company

On September 26, 2018, Guangxi Cangyu Expressway Company carried out the safety production education and training in the third quarter, and organized department heads and members of the Safety Production Committee Office to learn the "Safety Production Law" together. This training mainly involved the introduction to Safety Production Laws", regulations and standards, and interpretation of key terms of the new "Safety Production Law", to firmly establish the concepts of people-oriented and safe development", in accordance with the policies of "safety first, prevention first and integrated governance".

Emphasis on Emergency Drills

In line with relevant laws and regulations such as the Law of the People's Republic of China on Response to Emergencies and the Administrative Measures for Emergency Plans of Production Safety Accidents, Yuexiu Transport formulated the Production Safety Accident Emergency Plan of Yuexiu Transport Infrastructure Limited (Trial). Each project company also formulated an emergency plan based on the actual conditions of its own operations, to reduce casualties and property losses during operation and enhance capabilities in emergency responding. At the same time, each project company established a safety production committee and a leading group for emergency management to ensure that the accident emergency response, disaster relief and rescue work are carried out in an orderly manner, and actively cooperate with the government departments to conduct post-mortem investigations.



Fire evacuation emergency drill of Guangxi Cangyu Expressway Company

On June 27, 2018, Guangxi Cangyu Expressway Company organized all employees to carry out fire evacuation emergency drills in the management center. This drill simulated the serious fire accident (endangering the safety of the dormitory buildings and personnel inside dormitories) in the management center of Guangxi Cangyu Expressway Company. When the fire broke out, the Company immediately established a drill command team to lead evacuation, and smoothly completed safe evacuation, alarm sending, shutdown of gas and electrical facilities, clearing of materials, etc. The emergency drill effectively tested the evacuation and rescue capabilities of employees under emergency conditions, and accumulated experience for emergency work in the future.



Create Convenient and Quality Services

While continuing to comprehensively follow up networked toll collection, billing and charging, and ETC toll collection, Yuexiu Transport actively promoted and applied new technologies and new materials, analyzed main factors affecting the smooth traffic on roads, and took active measures to improve road traffic efficiency. At the same time, we strengthened the service level of frontier employees, and organized training and competition system to encourage employees to enhance their business capabilities and provided customers with a better service experience. We also actively participated in industry exchanges, timely reviewed the gap between our own management and the industry's outstanding peers in a timely manner, and strove to achieve the leading level of the industry.

TRAFFIC SAFETY RESPONSIBILITY

Smooth Traffic Assurance

In order to cope with the peak traffic on holidays as well as bad weather conditions, Yuexiu Transport conducted analysis based on sections and conditions, and took appropriate measures to guarantee the safety and smoothness of road operations.


Guarantee of smooth traffic of Jinbao Expressway

During the Qingming Festival holidays in 2018, the number of passenger cars rose sharply on the Tianjin Jinbao Expressway subordinated to Yuexiu Transport. The Tianjin Station, Jintonglu Station and Jinji Station involved different peak periods, so there were challenges to guarantee the smooth traffic. Based on the actual situation of toll stations on the Jinbao Expressway, the Company took a series of measures including charging on other lanes, separation of passengers and cargos, composite charging, entrance simulation cards and ETC lane downgrading, thereby achieving the goal of rapid release and smoothly guaranteeing the smooth traffic in peak periods of the Qingming Festival holidays.



Case

Snow removal to guarantee the smooth traffic in Hubei Hanxiao Expressway



Case

During the New Year holidays from December 30, 2018, there was large-scale snow in southeast of Hubei Province. The Hubei Hanxiao Expressway faced severe challenges in snow and ice removal. Upon receiving the alarm, Hanxiao Expressway Company immediately launched the emergency plan of snow removal, and enabled the multi-party joint service linkage mechanism together with the expressway traffic policy, road administration bureau and traffic rescue personnel within this area. In addition to distribution of the snow melting agent, removal of snow and erection of warning facilities, Hanxiao Expressway Company intensified inspections and implemented a staggered inspection system for 24-hour uninterrupted inspections. The snowfall gradually stopped on December 31. Then, road conditions became better and better, and the alarm was cancelled. Thus, the Company successfully completed the task of guaranteeing the safety and smoothness.

Handling of customer complaints

Yuexiu Transport attaches importance to customer feedback on road operation. We record all customer complaints and make responses promptly. To speed up handling of customer complaints and improve the quality of customer services, the subordinate project companies of Yuexiu Transport formulated the standardized and efficient customer complaint handling procedures based on their actual conditions, to improve the customer experience.

In 2018, we received 101 complaints of all kinds, with a slight increase compared with 2017. These complaints were mainly caused by the lack of understanding of drivers and passengers on changes in tolls and payment methods of sectional construction of roads. In accordance with the principle of customer responsibility, we dealt with every complaint seriously, explained doubts of drivers and passengers patiently, and when necessary, communicated with local government authorities. We identified our shortcomings according to the complaints, and made active responses to improve the quality of our services.

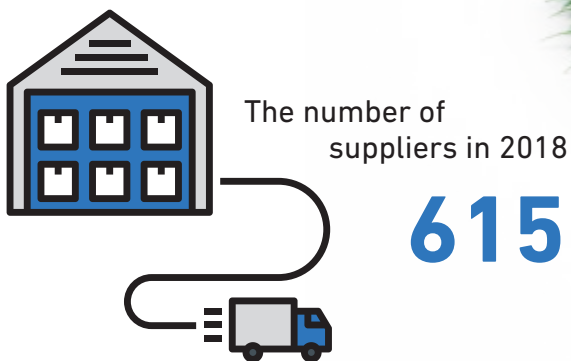
Customer privacy protection

Yuexiu Transport focuses on protecting the personal information of drivers and passengers, and guarantees that the collected data are only for internal operations to protect customer privacy. In 2018, the Company had no incidents of loss or disclosure of information.

All subordinate project companies formulated the management policies for respective monitoring centers based on their operations, strictly specifying the collection and distribution of tolls as well as management and supervision of videos.

Since the Company's business is less involved in areas such as intellectual property, we do not have the usual practice of maintaining and safeguarding intellectual property rights.

In order to standardize supplier management, improve the procurement efficiency, and safeguard the Company's legitimate rights and interests, we have formulated the "Bidding and Procurement Management System of Yuexiu Transport Infrastructure Limited" and the "Supplier Management System of Yuexiu Transport Infrastructure Limited", in line with relevant laws and regulations such as the "Law of the People's Republic of China on Tenders and Bids" and the "Government Purchase Law of the People's Republic of China", to make sure that the commodities procured in projects or programs of the Company meet relevant requirements, realize the full-process monitoring and management over the supply chain, maintain a conforming, fair and clean supply chain management system, and build a win-win ecosystem with partners.





SUPPLY CHAIN MANAGEMENT



Overview of related issues and practices in 2018



Strategy

We strengthened the supplier management, formulated more stringent procurement standards, and developed a sustainable supply chain.

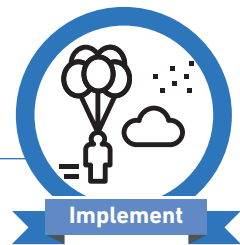


Outcome

We continued to update the supplier information base dynamically.

No supplier violation was found during the year.

We will actively communicate with the industry, refine and improve supplier evaluation standards.



Implement



Improvement

SUPPLY CHAIN MANAGEMENT

Responsible

In line with the "Supplier Management System of Yuexiu Transport Infrastructure Limited", we established a supplier information base, to select suppliers with quality products, strong compliance capabilities and integrity by means of qualification review, qualification management and credit evaluation.

Stringent Review



- The scope of the investigation includes qualifications, historical performance and contract execution of suppliers.
- Suppliers should have the equipment, expertise, after-sales service capabilities and personnel for contract execution.

Regular Assessment



- We regularly update and assess the supplier information base.
- The assessment mainly involves the supply capacity, product price, service quality, cargo transportation convenience, and after-sales services.

Credit Assessment



- We conduct dynamic evaluation and management of supplier credits.
- The supplier will be included into the blacklist in the case of bid frauds, waiver of bid award without any valid reason, failure in contract execution, noncompliance with quality and safety regulations, delay in construction, major quality and safety accidents, concealing of quality and safety accidents and other violations.

Anti-corruption Construction



- We have signed anti-corruption contracts with suppliers to prevent corruption in bidding and procurement and avoid collusion or bribery to win the bid.

Fulfillment of social responsibility

We have integrated social, environmental, health, safety and other responsibility objectives into the supply chain to fulfill corporate social responsibilities together with suppliers. We strictly reviewed the safety production qualifications of curing suppliers, making sure that appropriate measures of safety protection were taken.

Regional diversified procurement promotion

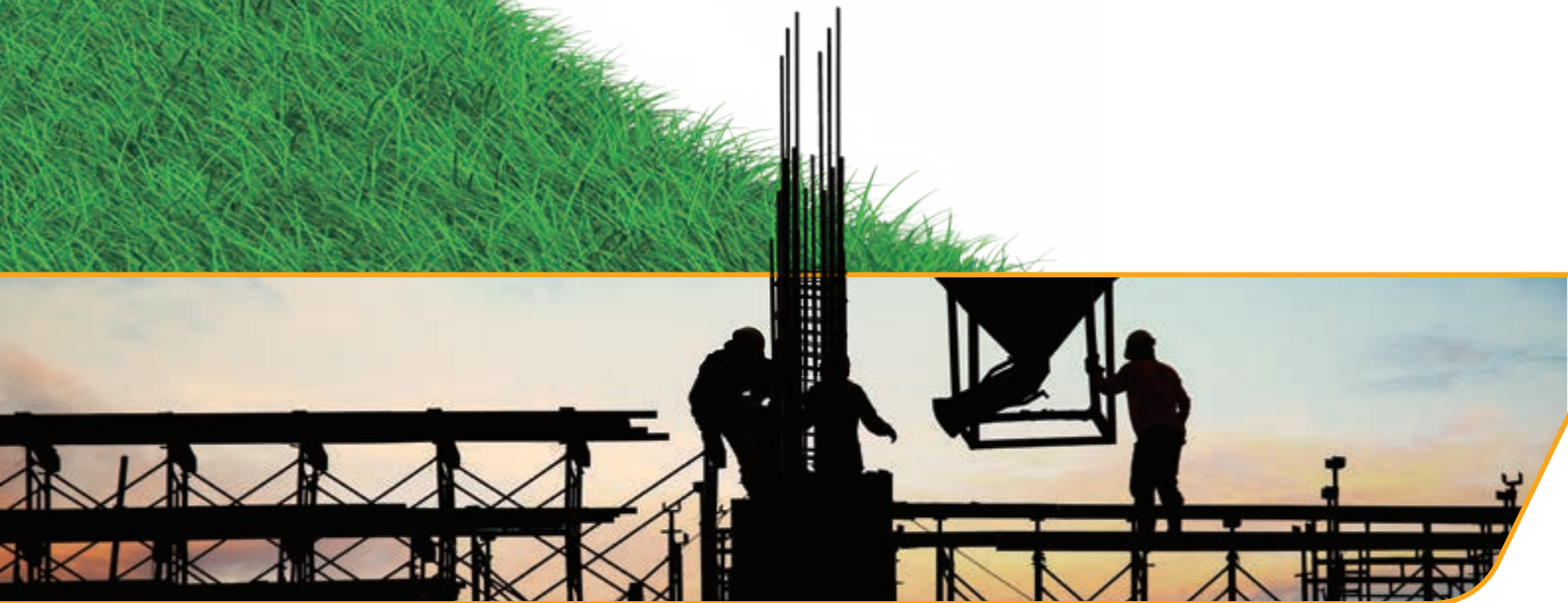
Yuexiu Transport comprehensively considered the geographic locations of expressways of relevant subsidiaries and the quality of products and services of local suppliers, and continuously optimized the supplier structure to reduce supply chain risks and increase the efficiency.

Suppliers distribution by region





EMPLOYMENT



Total number of employees



1,491

Employee turnover rate



12.10
%

Total number of training sections received by employees

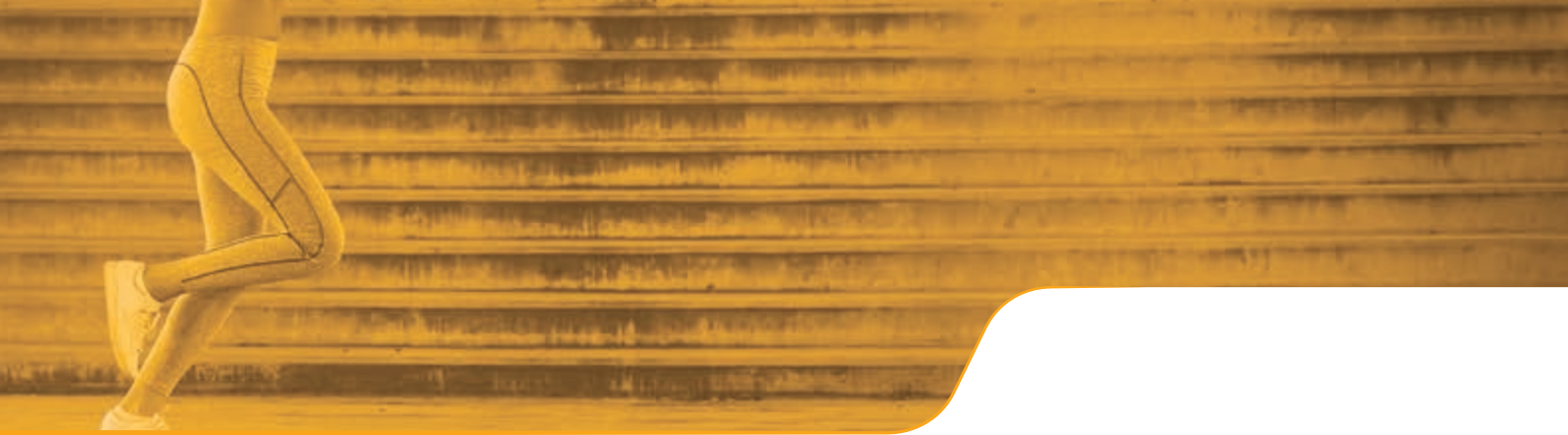


5,138

Total training hours



39,946
hours



Yuexiu Transport considers employees as a driving force for continuous advancement, and scientifically develops and allocates human resources according to the people-oriented principle. While safeguarding the legitimate rights and interests of employees, we built an extensive career development platform, and carried out a variety of employee activities, to create an environment conducive to all-round development of employees.



Overview of related issues and practices in 2018



Strategy

- Deepen and promote the talent management and talent development system.
- Deepen the management of professional managers.
- Continuously improve the talent development system and build a transportation talent development project.



Outcome

- Further create various management tools for professional managers to form a closed management loop.
- Successfully carry out or launch the "Innovation - Soar", "Craftsman", "One - Soar" and "Eagle - Soar" projects for talents at different stages
- Constantly improve the talent management policy according to the Company's development deployment.
- Carry out and expand special talent training projects.



Implement

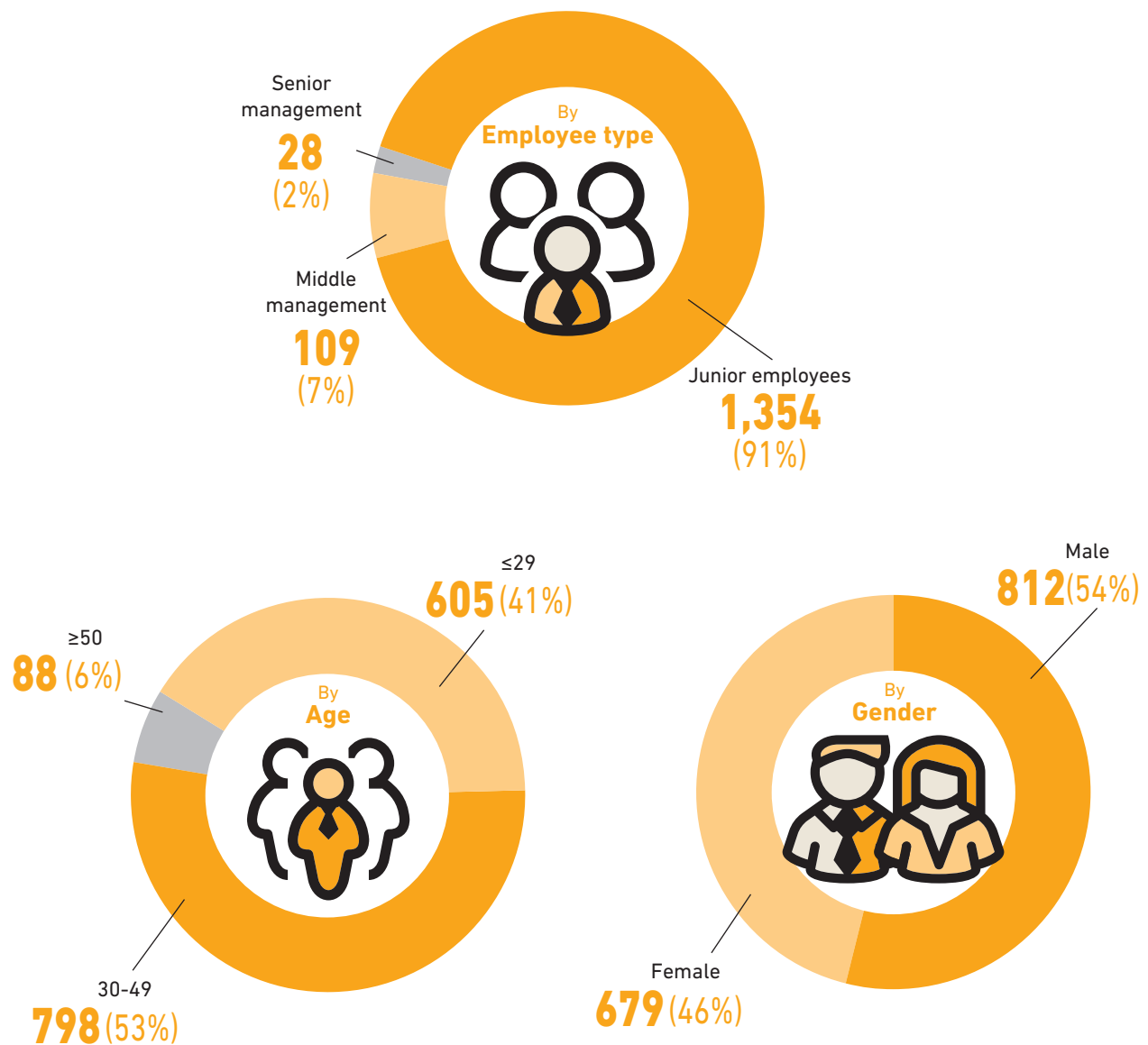


Improvement

EMPLOYMENT

Diversified Employee Team

Yuexiu Transport insists on the people-oriented management idea, and promotes employee diversity. Yuexiu Transport accordingly formulated the "Recruitment Management System of Yuexiu Transport Infrastructure Limited", investigated talent demands in conjunction with medium and long-term development plans, and selected qualified personnel by means of "job-based selection", to ensure the standardized and scientific introduction of talents, and promote the introduction of high-quality and high-potential talents. We adhered to an equal employment policy and built a diverse workforce, matching the talent strategy for the Company's development.



Comprehensive Protection of Rights and Interests

In strict accordance with laws and regulations such as the “Labour Law of the People’s Republic of China” and the “Labour Contract Law of the People’s Republic of China”, Yuexiu Transport effectively protects employees’ Labour rights and interests. The Company respects and accommodates every employee and eliminates discrimination based on factors such as gender, ethnicity, religious beliefs, cultural differences and other factors. In compliance with the “Regulations on Prohibition of Child Labour”, we prohibit unethical labour practices such as child labour and forced labour. Under strict policies and conscious compliance, the Company has never experienced any incidents or complaints related to the use of child labour, forced labour, etc. Employees enjoy the fixed salary and performance bonus in full during the annual leave, marriage leave, bereavement leave, and maternity leave/paternity leave.

Yuexiu Transport attaches great importance to the welfare and care for female employees. The “Employee Attendance Management System” has formulated relevant regulations in accordance with relevant laws and regulations for maternity leave, pregnancy leave, and breastfeeding leave for female employees, effectively protecting the physical health of female employees, balancing family and work, and protecting the legal rights of female employees.

Guarantee salary and welfare

In strict accordance with relevant laws and regulations such as the “Labour Law of the People’s Republic of China” and the “Social Insurance Law of the People’s Republic of China”, Yuexiu Transport has formulated the Salary Management Methods of Yuexiu Transport Infrastructure Limited. The Company provides competitive remuneration and welfare for employees based on five principles, i.e. market orientation, reasonableness and fairness, fixed salary, performance linkage, and orientation to key departments and talents. The Company also makes overall adjustment of remuneration pursuant to the national policies, price levels and industry competitions, and individual adjustments based on the titles and performance differences of employees. In addition, the Company properly increases median salary at each level, and has built a steady salary growth mechanism to maximize the reasonableness and incentive of remuneration.

Fixed salary	salary based on the job value, reflecting the internal reasonableness of the remuneration system.
Performance bonus	Approve and distribute it according to the business performance of the Company’s overall business performance as well as the assessment results of performance of departments and individuals.
Welfare allowance	Determine it according to national laws and regulations and corporate rules and procedures. Balance the fairness and flexibility, and closely link the interests of the Company and its employees.
Legal welfare	Cover the social insurance, housing fund and others as required by the laws and regulations.
Company welfare	Communication, meals, medical care, annuities and other welfare and subsidies provided for employees.

EMPLOYMENT

Safety and health protection

Yuexiu Transport is committed to reducing risks of exposure to occupational hazards, and implements the safety production management system, to create a safe and comfortable office environment favorable for the physical and mental health of employees.

The Company provides corresponding labour protection for employee, effectively controls the activities related to the health and safety, and arranges physical examination of employees every year to efficiently prevent occupational diseases. In addition, the Company regularly carries out safety education and training, safety knowledge contests and emergency drills, to provide occupational safety and health education and guidance for employees. We hold safety production management meetings once every six months to investigate the responsibility for safety accidents.

Yuexiu Transport also attaches great importance to the safety of contractors, and conducts regular safety education to construction workers during road maintenance, in strict compliance with relevant provisions of the "Technical Specifications for Highway Maintenance". In addition, the Company uses safety facilities such as traffic signs, safety belts and railings to isolate the curing control area and protect the construction safety.

Occupational health and safety measures for employees

Preparation of safety protection equipment

Prepare protective equipment for special operators, including protective clothes, insulated shoes, safety belts, reflective vests and gloves for electricians.

Preparation of security equipment

Prepare stab-resistant clothes, helmets and other security equipment of or toll stations and security personnel, and anti-skid shoes for kitchen workers.

Installation of alarm system

Install the alarm system in the ticket room and gas storage room, to protect the safety of capital bills and gas storage of the Company.

Implementation of safety facility configuration

Strictly implement the complete configuration of firefighting equipment. Keep the safety channel marks of toll stations and speed bumps at entrances of toll plazas in good conditions.

Establishment of "one-law and three-card" control mechanism

Establish the "one-method and three-sheet" control mechanism (one accident and occupational hazard monitoring method, safety inspection prompt sheet, toxic and hazardous chemical information sheet, and hazard source warning sheet) in generator rooms, warehouses and toll stations. Announce this mechanism in an eye-catching place.

Publicity system

Erect signs for safety operation procedures at key positions.

Occupational safety and health training



Guangzhou North Second Ring Expressway Company launched the "Safety Production Month" fun competition activities for safety skills.



Henan Weixu Expressway Company organized the "Ankang Cup" activity to enhance employees' knowledge of safety production by means of skill competition, knowledge contest and the like.



43 employees of Guangxi Cangyu Expressway Company participated in training on safety production laws and regulations on letters and visits.



50 employees of Tianjin Jinfu Expressway Company participated in the occupational health and safety training meeting, which introduced the health knowledge and skills related to on-site emergency care, occupational sub-health protection and smog protection.

EMPLOYMENT

Fair and Sound Vocational Development

Yuexiu Transport provides a broad development platform for employees, and implements diversified trainings, complete performance management system, fair and efficient talent promotion system and competitive management system for professional managers, paving the way for career development of employees and ensuring that appropriate personnel are appointed.

Employee training

Yuexiu Transport has been promoting the continuous, systematic and standardized training to improve the knowledge level, work capacity and professionalism of employees. The Company has formulated and effectively implemented the "Administrative Measures for Training of Yuexiu Transport Infrastructure Limited", and investigated training needs by means of strategic analysis, questionnaires and surveys, in-depth interviews and performance assessment, so that training is more conducive to the realization of growth goals and of individuals and long-term development strategies of the Company. Yuexiu Transport also adopts a variety of training forms to constantly create an organizational atmosphere of "love learning and sharing". To maximize the value of training, we evaluate training outcomes in a timely manner through questionnaires and examinations.

Featured training programs launched this year

"One - Soar" project

for new employees

The "One - Soar" project aimed to accelerate the integration of new employees. It involved the introduction to the operation mode, corporate culture, human resource system, financial procedures and others of Yuexiu Transport to new employees, training on official document writing standards, and continuous dialogues between the General Manager and new employees.

"Innovation - Soar" project

for middle and senior management

The "Innovation - Soar" project aimed to improve the leadership and innovation capability of management. The members of the "Innovation - Soar" project conducted in-depth learning and discussion on control optimization of the Company, and cross-border and peer-to-peer exchanges in Alibaba, Jingdong, Baidu, Tencent, Gosuncn, Zhejiang Expressway and the like to learn about industry hotspots such as big data applications, non-sensing payment and smart transportation.

"Eagle - Soar" project

for middle-level reserve talents

The "Eagle - Soar" project aimed to train middle-level reserve talents. It was carried out in the form of "open course + professional course + practice course", including personalized training courses based on the general business knowledge and trainees' characteristics.

"Craftsman" project

for engineering maintenance professionals

The "Craftsman" project aimed to train professionals for engineering maintenance. During the one-and-a-half-year training period, 15 internal and external lecturers conducted training on maintenance cost management, expressway budget, maintenance system upgrading, industry standards and other topics in the forms of case disks, on-site practice and examinations instead of learning. There were 138 participants who received about approximate 52 hours training in average.

Performance management

Yuexiu Transport has established a standardized performance management mechanism to motivate employees. In accordance with the "Staff Performance Appraisal Measures of Yuexiu Transport Infrastructure Limited", the Company implements the performance management system based on the balanced scorecard and in terms of finance, customers, internal procedures, learning, growth and dimensions, and gives full play to the performance management orientation. The examination results are associated with the remuneration, welfare and promotion of employees, to effectively link the efforts of employees and departments with the Company's strategic objectives and provide a broad development space for outstanding employees.

Promotion plan

Yuexiu Transport provides a smooth promotion path for outstanding employees to match their work capabilities and titles, and has established a talent promotion mechanism featuring transparency, efficiency, fair competition and benign development. To this end, we have formulated the "Administrative Measures for Staff Promotion Management of Yuexiu Transport Infrastructure Limited". In accordance with the principles of openness, equality, competition and merit in talent selection, we have specified the operating procedures and key issues for competitive employment and internal appointment of middle and senior management, carried out promotion audits, and optimized the promotion conditions and evaluation process, thereby further improving the fairness and transparency of promotion, cultivating outstanding talents with the intelligence and virtue, excellent performance and capabilities as well as rich experience, and achieving a "win-win" of employee development and enterprise growth.

Vivid Lifestyle of Employees

Yuexiu Transport emphasizes employees' sense of happiness and gain. Accordingly, we organized a variety of care activities, strengthening the team cohesion and enriching the spiritual life of employees. We also focused on the mental health of employees and carried out training on the "Emotional and Stress Management" to help employees release stress and balance work and life.

We invited external consultants to conduct employee satisfaction survey, analyzed the employee retention, remuneration & welfare and career development opportunities of employees, and identified the concerns of employees as an important consideration for the Company's future development.



Case



Pastry training

In order to enable employees to master a variety of labour skills and respond to the challenges of informationization to toll collectors, Guangxi

Cangyu Expressway Company carried out six pastry training courses of approximately 40 hours in average with 164 participants. The first-hand experience made employees enjoy baking and learn new skills, which also improved manual operational capabilities.

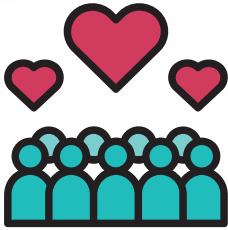
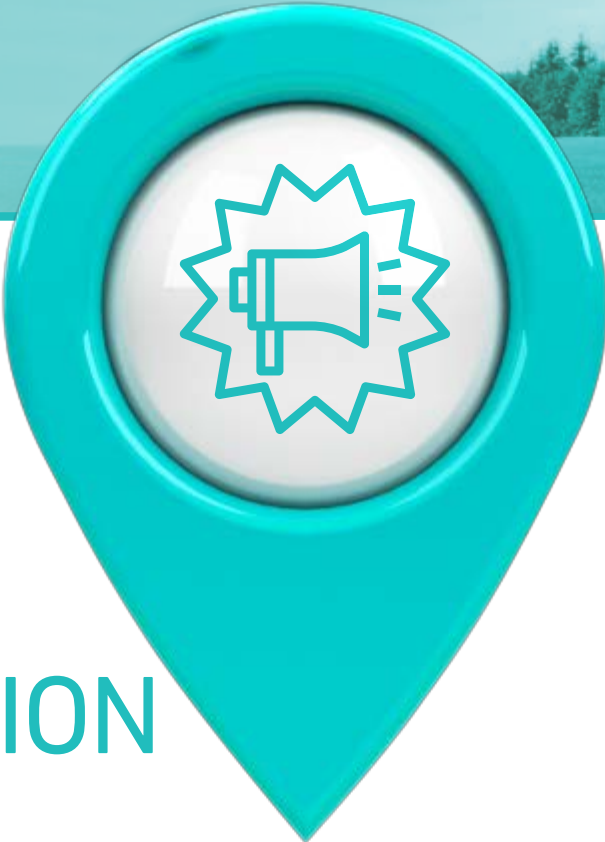


Case

Fun games

On November 28, 2018, GNSR Expressway Company held the first Guangzhou Regional Staff Fun Games consisting of group and individual activities and involving more than 350 participants from the Company's management to frontier toll collectors. In response to the national call for fitness and happy sports, the fun games further strengthened the physical fitness of employees, enriched the cultural and sports life of employees, and also unified competition and fun.

COMMUNITY CONSTRUCTION



Cumulative investment in targeted
poverty alleviation in 2018

RMB **3.542**
million



Yuexiu Transport is committed to the people's livelihood and upholds the concept of "sharing development and giving back to society". While seeking economic benefits, we always bear in mind giving back to the society. We are enthusiastically committed to poverty alleviation, assist poor areas and people, and actively participate in social welfare undertakings to make unremitting explorations and efforts to promote social harmony and win-win development.



Strategy



Outcome

Overview of related issues and practices in 2018

We formulated an annual poverty alleviation plan to guide poverty alleviation in Xianshui Village.

We accurately identified poverty-stricken households and alleviated their poverty through livelihood assistance, industrial assistance and people-benefiting projects.

- In the free-ranged chicken raising project among poverty-stricken households, the sales income per capita was RMB 4,734.5.
- In the self-funded capital project, the annual collective income of Xianshui Village was about RMB 63,000.

We will continue to follow up the industry project, asset income project and people-benefiting construction project in Xianshui Village, and make sure that funds are applied in the poverty alleviation industry project and people-benefiting construction project, to bring about substantial "benefits" to villagers and lift Xianshui Village out of poverty.



Implement



Improvement

COMMUNITY CONSTRUCTION

Targeted Poverty Alleviation

We always focus on poverty alleviation of poverty-stricken households, and aim at industry development and increase in the income of poverty-stricken households. In accordance with the "2018 Annual Plan of Targeted Poverty Alleviation of Yuexiu Transport and Yuexiu Development in New Era", the Company coordinated poverty alleviation in Xianshui Village, Yingde City, used poverty alleviation funds as needed, and simultaneously promoted long-term income-generating projects and new rural demonstration projects. With joint efforts of Yuexiu Transport and Xianshui Village Committee of Xiniu Town, Yingde City, achievements were made in poverty alleviation and rural construction.

We identified and managed poverty-stricken households in Xianshui Village, and terminated the assistance to nine poor people that were found nonconforming according to the examination results. Therefore, poverty alleviation was made more accurate, i.e. helping those with the most urgent needs. According to the statistics, in 2018, there were 27 poverty-stricken households including 78 people with labour capacity, and 40 poverty-stricken households including 59 people without labour capacity.



Household assistance



Medical and pension insurance

The poverty alleviation team focused on the implementation of medical insurance and old-age security for poverty-stricken households, and purchased the medical insurance for 67 households (137 people) and pension insurance for 33 households (63 people).



Compulsory education

The poverty alleviation team examined the compulsory education and policy-based education subsidy of students from poverty-stricken households, provided "household education" for two children that were not enrolled as a result of serious mental retardation and cerebral palsy, helped 14 eligible children of poverty-stricken households receive compulsory education, and also invested RMB35,000 as the policy-based education subsidy for poverty-stricken households.



Dilapidated house transformation

The poverty alleviation team has repeatedly carried out the ideological mobilization work on dilapidated house transformation of poverty-stricken households, constructed safety houses for 11 poverty-stricken households by construction on the acquired land, arrangement of living together relatives and rental of safe houses in towns, and distributed safety subsidies to poverty-stricken households, thereby practically solving the housing problems of these poverty-stricken households.



Supporting condolence

The poverty alleviation team organized supporting condolence activities, repeatedly mobilized the employees of Yuexiu Transport and the public to donate money and articles for poverty-stricken households, and distributed condolence materials such as edible oil, rice and cotton-padded clothes, thus easing the burden of these poverty-stricken households, conveying love and positive energy, and making poverty-stricken households in Xianshui Village really feel the care and warmth of the society.



Encouraging of employment

The poverty alleviation team encouraged poverty-stricken households to independently conduct breeding, and strove to promote free-ranged chicken raising projects among them. In 2018, 23 poverty-stricken households received the subsidy of RMB135,458 for planting and breeding (substituting subsidies with rewards). The poverty alleviation team also purchased chicken seedlings and feed for poverty-stricken households. The annual sales of chicken breeding reached RMB330,000, and the sales revenue per capita was up to RMB4,734.5. The solution to employment among poverty-stricken households laid a solid foundation to increase their income and lift them out of poverty.

COMMUNITY CONSTRUCTION

Village assistance



Operation of intensive planting base

The poverty alleviation team adopted the intensive planting base in the mode of "cooperation + base + specialized planting household + poverty-stricken household", improved management procedures of the planting base, and effectively integrated industrial resources of Xianshui Village. The investment of RMB320,000 was made in production and operation of the planting base of 80 Mu, approximately 5.33hm², with the sales revenue of RMB358,000. Such revenue will be applied in the long-term poverty alleviation mechanism of Xianshui Village or support of collective construction there.



Asset income project

The poverty alleviation team spent RMB2 million on the agricultural support fund project and greenhouse vegetable planting base project of Xianshui, long-term power alleviation mechanism and collective construction, and also in energy, tourism and other agriculture-related projects to obtain the asset income. The annual collective income of this village is about RMB63,000, which will be returned to villagers.



People-benefiting project

The poverty alleviation team spent RMB43,125 on the people-benefiting project to strengthen the infrastructure construction of Xianshui Village. Transformation has been completed, including three clearings, three demolitions (clearing of messy lanes, production tools and construction materials; clearing of weeds, debris and waste in front of and behind houses and on lanes; clearing of sludge, floating objects and obstacles in ditches, ponds and rivers; demolition of dilapidated houses, waste pig/cow houses and exposed toilets; demolition of illegally assembled or built structures; demolition of illegal business advertisements, signs and the like) and road hardening, thereby improving the living conditions, living environment and spiritual civilization of villagers. Measures such as surrounding environment improvement, rain-sewage separation, sludge treatment and water purification have been taken to regulate and modify the moisture content of farmlands as well as local water conservancy conditions, meet the irrigation needs of surrounding farmlands and also increase the agricultural output efficiency.



Solution to household registration issues of poverty-stricken households

The household registration formalities for Chen Wenjing, a daughter of Chen Yagui (poverty-stricken household) had not been processed since 2016, and the householder did not pay enough attention to this issue and deemed that this had no impact on the life of his daughter. In 2016, after the working team stationed in this village, the leader visited this family 18 times and communicated with the village committee and the township household registration center, listing this issue as one of major items of poverty alleviation. With the support of several parties, household registration formalities for Chen Wenjing were successfully completed in August 2018.

Labour skill training

In October 2018, Yuexiu Transport invited professors from Guangdong University of Technology to give lectures on household appliance repair, including demonstration and interaction on the spot. This improved the appliance repair skills of 19 poverty-stricken households and also increased their capabilities for employment.



Charity

We are aware that our development is inseparable from the community progress. For this reason, Yuexiu Transport organized employees to actively participate in social welfare activities (e.g. voluntary blood donation) and fulfill social responsibilities.



Community Inclusion

The development of Yuexiu Transport is inseparable from the support of surrounding residents. We are committed to maintaining the ecological and living environment around the operation site. In accordance with the relevant provisions in the "Design Specifications of Highways Environmental Protection", we actively responded to the relevant opinions of the environmental protection departments on the acceptance of environmental protection related road sections, and carried out such tasks as highway noise reduction, siltation and dredging.



We listened to residents' demands through hotlines, conversations and the like. Upon receiving complaints related to poor drainage and culvert clogging, we solved them in a timely and effective manner, thereby creating a healthy and environmentally friendly living environment for residents and laying a solid community basis for long-term development of the Company.

LIST OF MAIN LAWS, REGULATIONS AND INTERNAL POLICIES

Policy and Indicator Category (within ESG scope)	Laws and regulations	Management policy
A1 Emissions	<ul style="list-style-type: none"> Environmental Protection Law of the People's Republic of China Law of the People's Republic of China on the Prevention and Control of Environment Pollution by Solid Wastes Law of the People's Republic of China on Prevention and Control of Water Pollution Atmospheric Pollution Prevention and Control Law of the People's Republic of China Law of the People's Republic of China on Environmental Impact Assessment National Hazardous Waste Inventory 	<ul style="list-style-type: none"> Regulation on Highway Maintenance Engineering Management of Yuexiu Transport Infrastructure Limited Regulation on Mechanical and Electrical Engineering Management of Yuexiu Transport Infrastructure Limited Emergency Response Plan for Operation Safety Accident of Yuexiu Transport Infrastructure Limited
A2 Use of resources	<ul style="list-style-type: none"> Energy Conservation Law of the People's Republic of China Cleaner Production Promotion Law of the People's Republic of China 	
A3 Environment and natural resources	<ul style="list-style-type: none"> Environmental Protection Law of the People's Republic of China Water and Soil Conservation Law of the People's Republic of China 	
B1 Employment	<ul style="list-style-type: none"> Labor Law of the People's Republic of China Labor Contract Law of the People's Republic of China Social Security Law of the People's Republic of China Tax Law of the People's Republic of China 	<ul style="list-style-type: none"> Regulation on Labour Management of Yuexiu Transport Infrastructure Limited Recruitment Management System of Yuexiu Transport Infrastructure Limited Administrative Measures for Labour Contract of Yuexiu Transport Infrastructure Limited Administrative Measures for Remuneration of Yuexiu Transport Infrastructure Limited Administrative Measures for Employee Attendance of Yuexiu Transport Infrastructure Limited

Policy and Indicator Category (within ESG scope)	Laws and regulations	Management policy
<p>B2 Health and safety</p>	<ul style="list-style-type: none"> • Labor Law of the People's Republic of China • Labor Contract Law of the People's Republic of China • Social Insurance Law of the People's Republic of China 	<ul style="list-style-type: none"> • Management of Safety Production of Yuexiu Transport Infrastructure Limited • Emergency Preparation Plan for Safety Production Accidents of Yuexiu Transport Infrastructure Limited • Administrative Regulations on Safety Production Information of Yuexiu Transport Infrastructure Limited • Safety Production Conference System of Yuexiu Transport Infrastructure Limited • Administrative Measures for Building of Volunteer Fire Brigade of Yuexiu Transport Infrastructure Limited • Guidance Manual for Safety Production in Office Areas of Headquarters of Yuexiu Transport Infrastructure Limited • Safety Sign Guidelines
<p>B3 Development and training</p>	<ul style="list-style-type: none"> • Labour Law of the People's Republic of China • Labour Contract Law of the People's Republic of China • Social Insurance Law of the People's Republic of China 	<ul style="list-style-type: none"> • Administrative Measures for Training of Yuexiu Transport Infrastructure Limited • Administrative Measures for Employee Performance of Yuexiu Transport Infrastructure Limited • Administrative Measures for Staff Promotion Management of Yuexiu Transport Infrastructure Limited • Interim Measures for Management of Professional Manager Competitive Post System of Yuexiu Transport Infrastructure Limited
<p>B4 Labour standards</p>	<ul style="list-style-type: none"> • Labour Law of the People's Republic of China • Labour Contract Law of the People's Republic of China • Social Insurance Law of the People's Republic of China 	<ul style="list-style-type: none"> • Recruitment Management System of Yuexiu Transport Infrastructure Limited • Administrative Measures for Labour Contract of Yuexiu Transport Infrastructure Limited
<p>B5 Supply chain management</p>	<ul style="list-style-type: none"> • Company Law of the People's Republic of China • Contract Law of the People's Republic of China 	<ul style="list-style-type: none"> • Bidding and Procurement Management System of Yuexiu Transport Infrastructure Limited • Supplier Management System of Yuexiu Transport Infrastructure Limited

Policy and Indicator Category (within ESG scope)	Laws and regulations	Management policy
<p>B6 Product responsibility</p>	<ul style="list-style-type: none"> • Law of the People's Republic of China on Road Traffic Safety • Work Safety Law of the People's Republic of China • Law of the People's Republic of China on Response to Emergencies • Administrative Measures for Emergency Plans of Production Safety Accidents • Technical Specifications for Highway Maintenance 	<ul style="list-style-type: none"> • Administrative Measures for Road Maintenance Engineering of Yuexiu Transport Infrastructure Limited • Administrative Measures for Emergency Projects of Yuexiu Transport Infrastructure Limited • Administrative Measures for Post-assessment of Road Maintenance Engineering of Yuexiu Transport Infrastructure Limited • Administrative Measures for Final Acceptance (Handover) of Road Maintenance Engineering of Yuexiu Transport Infrastructure Limited • Production Safety Accident Emergency Plan of Yuexiu Transport Infrastructure Limited (Trial)
<p>B7 Anti-corruption</p>	<ul style="list-style-type: none"> • Hong Kong Special Administrative Region ICAC Ordinance • Hong Kong Special Administrative Region Prevention of Bribery Ordinance 	<ul style="list-style-type: none"> • Detailed Rules for Implementation of the Responsibility System of Development of Party Style and Honest Administration of Yuexiu Transport Infrastructure Limited • Measures for the Implementation of Supervision Responsibility for Party Conduct and Clean Government Construction • Anti-corruption Archives • Guidelines for the Anti-corruption Practice of Expatriate Management Personnel • Prevention and Control Guidelines for Anti-corruption in the Procurement of Fixed Assets
<p>B8 Community investment</p>	<ul style="list-style-type: none"> • The Decision of the Central Committee of the Communist Party of China and the State Council on Winning the Fight against Poverty 	<ul style="list-style-type: none"> • 2018 Annual Plan of Targeted Poverty Alleviation of Yuexiu Transport and Yuexiu Development in New Era

DATA TABLE

ESG Indicators	Unit	2018	2017
Environmental indicators			
Emissions			
Nitrogen Oxides	Ton	1.86	Data not available
Sulfur dioxide	Kg	6.46	6.59
Particulate matter	Kg	171	Data not available
Total emission of greenhouse gas	Ton of CO ₂ e	7,416	8,541
Greenhouse gas emission intensity	in tons of CO ₂ e/RMB1 million revenue	2.44	3.16
Greenhouse gas emissions (Scope 1)	Ton of CO ₂ e	1,264	1,338
Greenhouse gas emissions (Scope 2)	Ton of CO ₂ e	5,682	7,203
Hazardous wastes			
Waste fluorescent tube	Pcs.	2,153	1,611
Printer toner cartridge	Pcs.	804	628
Non-hazardous wastes			
Bituminous concrete	Ton	29,557	25,470
A4-sized office paper	Kg	6,421	6,330

ESG Indicators	Unit	2018	2017
Environmental indicators			
Energy consumption in total and intensity			
Electrical Energy Consumption	kWh	10,377,757	11,157,990
Petrol consumption	Litre	308,873	302,212
Diesel consumption	Litre	119,418	128,100
LPG	Ton	69	85
Natural gas consumption	m ³	4,640	4,337
Use of resources			
Pitch mixture	Ton	47,246	48,456
Cement concrete (new material)	Ton	12,233	13,280
Stone materials	Ton	2,281	1,183
Snow melting agent	Ton	759	1,161
Curing agent	Ton	0	2
Paint	Ton	201	11
Steel	Ton	231	148
Water consumption in total and intensity			
Total consumption	m ³	163,979	195,026
Water consumption per capita	m ³	97.20	131.60

ESG Indicators	Unit	2018	2017
Social indicators			
Total workforce			
Total number of employees	Person	1,491	1,482
By gender			
Male	Person	812	821
Female	Person	679	661
By type			
Senior management	Person	28	32
Middle management	Person	109	104
Junior employees	Person	1,354	1,346
By age			
29 and below	Person	605	630
30-49	Person	798	794
50 and above	Person	88	58
By region			
Mainland China	Person	1,486	1,477
Hong Kong, Macau and Taiwan	Person	5	5
Staff turnover and turnover rate			
Overall staff turnover rate*	%	12.10	12.36

* Overall staff turnover = the number of departed employees from the group during the year/(the number of employees in the group at the beginning of the year + the number of enrolled employees in the group during the year)

ESG Indicators	Unit	2018	2017
Social indicators			
Health and safety			
Work-related fatalities	Person	0	0
Number of work injuries	Time	1	6
Number of lost days arising from work injury	Day	3	344
Employee training times			
Total number of trained employees	Person	5,138	6,207
By gender			
Male	Person	2,739	3,524
Female	Person	2,399	2,683
By type			
Senior management	Person	80	147
Middle management	Person	352	610
Junior employees	Person	3,532	5,450
Employee training hours			
Total training hours	Hour	39,945.97	46,395
By gender			
Male	Hour	20,012.99	27,369
Female	Hour	19,932.98	19,026
By type			
Senior management	Hour	675.5	1,393
Middle management	Hour	3,233.47	4,390
Junior employees	Hour	36,034	40,612

ESG Indicators	Unit	2018	2017
Social indicators			
Supplier management			
Total number of suppliers	Supplier	615	626
Southern China	Supplier	233	251
Eastern China	Supplier	19	14
Northern China	Supplier	67	41
Central China	Supplier	272	291
Northeastern China	Supplier	2	4
Southwestern China	Supplier	8	5
Northwestern China	Supplier	14	14
Hong Kong, Macau, Taiwan and overseas	Supplier	-	6
Complaint statistics			
Total number of complaints	Time	101	96
Business related complaints	Time	34	32
Service related complaints	Time	50	37
Other complaints	Time	17	27
Anti-corruption			
Number of pending and concluded legal cases regarding corrupt practices	Case	0	0
Community investment			
Targeted poverty alleviation	in Million RMB	3.54	3.52

CONTENT INDEX OF THE ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORTING GUIDE

Aspect	Key performance indicators	Report Chapter and Statement	Page
General disclosure	Policies relating to air and greenhouse gas emissions, discharges into water and land, and generation of hazardous and non-hazardous waste.	Environmental Protection	P22-27
A1.1	Types of emissions and respective emissions data.	Environmental Protection	P23
A1.2	Greenhouse gas emissions in total and intensity.	Environmental Protection	P23
A1.3	Total hazardous waste produced and intensity.	Environmental Protection	P23
A1.4	Total non-hazardous waste produced and intensity.	Environmental Protection	P23
A1.5	Description of measures to mitigate emissions and results achieved.	Environmental Protection	P22
A1.6	Description of how hazardous and non-hazardous wastes are handled, reduction initiatives and results achieved.	Environmental Protection	P24
General disclosure	Policies on efficient use of resources, including energy, water and other raw materials.	Environmental Protection	P25
A2.1	Energy consumption in total and intensity.	Environmental Protection	P25
A2.2	Water consumption in total and intensity.	Environmental Protection	P25
A2.3	Description of energy use efficiency initiatives and results achieved.	Environmental Protection	P26
A2.4	Description of whether there is any issue in sourcing water that is fit for purpose, water efficiency initiatives and results achieved.	Environmental Protection	P26
A2.5	Total packaging material used for finished products and with reference to per unit produced.	Not applicable. Due to the nature of the company's business, no packaging materials for finished products would be generated.	
General disclosure	Policies on minimizing the issuer's significant impact on the environment and natural resources.	Environmental Protection	P27

Aspect	Key performance indicators	Report Chapter and Statement	Page
A3.1	Description of the significant impacts of activities on the environment and natural resources and the actions taken to manage them.	Environmental Protection	P27
General disclosure	Policies relating to compensation and dismissal, recruitment and promotion, working hours, rest periods, equal opportunity, diversity, antidiscrimination, and other benefits and welfare and compliance with relevant laws and regulations that have a significant impact on the issuer.	Employment	P43
B1.1	Total workforce by gender, employment type, age group and geographical region.	Employment	P42
B1.2	Employee turnover rate by gender, age group and geographical region.	Employment and Data Table	P42, P59
General disclosure	Policies relating to providing a safe working environment and protecting employees from occupational hazards and compliance with relevant laws and regulations that have a significant impact on the issuer.	Employment	P44
B2.1	Number and rate of work-related fatalities.	Data Table	P60
B2.2	Lost days due to work injury.	Employment	P60
B2.3	Description of occupational health and safety measures adopted, how they are implemented and monitored.	Employment	P44
General disclosure	Policies on improving employees' knowledge and skills for discharging duties at work. Description of training activities. Description of training activities.	Employment	P46
B3.1	Percentage of employees trained by gender and type (e.g. senior management and middle management).	Data Table	P60
B3.2	Average training hours completed per employee by gender and type.	Data Table	P60
General disclosure	Policies relating to preventing child and forced labour and compliance with relevant laws and regulations that have a significant impact on the issuer.	Employment	P43

Aspect	Key performance indicators	Report Chapter and Statement	Page
B4.1	Description of measures to review employment practices to avoid child and forced labour.	Employment	P43
B4.2	Description of steps taken to eliminate such practices when discovered.	Not applicable. During the reporting period, no significant risks of child labour and forced labour were found in our operation.	
General disclosure	Policies on managing environmental and social risks of the supply chain.	Supplier Chain Management	P38
B5.1	Number of suppliers by geographical region.	Supplier Chain Management	P39
B5.2	Description of practices relating to engaging suppliers, number of suppliers where the practices are being implemented, how they are implemented and monitored.	Supplier Chain Management	P39
General disclosure	Policies relating to health and safety, advertising, labeling and privacy matters relating to products and services provided and methods of redress and compliance with relevant laws and regulations that have a significant impact on the issuer.	Road Safety Responsibility Management	P29-30
B6.1	Percentage of total products sold or shipped subject to recalls for safety and health reasons.	Not applicable. Yuexiu Transport does not sell or ship products to road-users.	
B6.2	Number of products and service related complaints received and how they are dealt with.	Road Safety Responsibility	P35
B6.3	Description of practices relating to observing and protecting intellectual property rights.	Not applicable. Since the Company's business is less involved in areas such as intellectual property, we do not have the usual practice of maintaining or safeguarding intellectual property.	
B6.4	Description of quality assurance process and recall procedures.	Road Safety Responsibility	P30
B6.5	Description of consumer data protection and privacy policies, how they are implemented and monitored.	Road Safety Responsibility	P35
General disclosure	Policies relating to bribery, extortion, fraud and money laundering and compliance with relevant laws and regulations that have a significant impact on the issuer.	Sustainable Development Policies	P19

Aspect	Key performance indicators	Report Chapter and Statement	Page
B7.1	Number of concluded legal cases regarding corrupt practices brought against the issuer or its employees during the reporting period and the outcomes of the cases.	Sustainable Development Policies	P19
B7.2	Description of preventive measures and whistle-blowing procedures, how they are implemented and monitored.	Sustainable Development Policies	P19
General disclosure	Policies on community engagement to understand the needs of the communities where the issuer operates and to ensure its activities take into consideration the communities' interests.	Community Construction	P48-50
B8.1	Focus areas of contribution (e.g. education, environmental concerns, labour needs, health, culture, sport).	Community Construction	P51-53
B8.2	Resources contributed (e.g. money or time) to the focus area.	Community Construction	P51-53

Feedback

Dear reader:

Thank you for reading this report! This is our 2018 Environmental, Social and Governance (ESG) Report, and we do wish you can make a comment on this report and present your valuable advice to help us make continuous improvements to the report.

If you have any comments or suggestions on our ESG management, please email to:

contact@yuexiutransport.com.hk

Feedback on 2018 Environmental, Social and Governance Report of Yuexiu Transport Infrastructure Limited

Name _____

Company _____

Position _____

Contact No. _____

Email _____

Your comment: (Please tick as appropriate)

	Very good	Fairly good	General	Fairly poor	Very poor
Do you think this report highlights the important information of the Company in respect of the environment, society and governance?	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Do you think the information and indicators disclosed in this report are clear, accurate and complete?	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Do you think the arrangement of content and style design of this report are reader-friendly?	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>

Which part are you most interested in?

What other information that you need to know about is not reflected in this report?

What advice do you have for our future release of environmental, social and governance report?
