



XIANDAITOUZI 现代投资



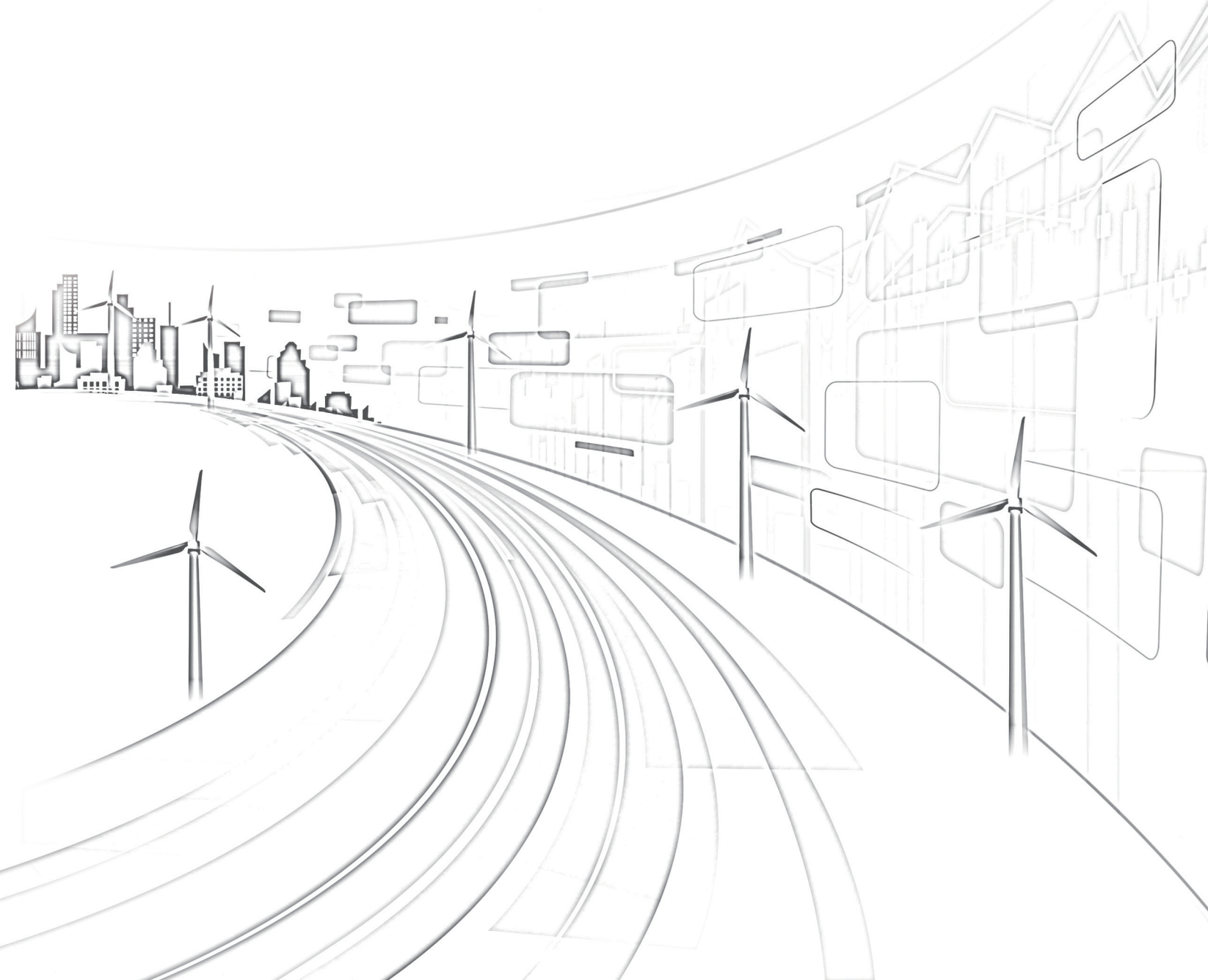
2022

环境、社会及管治报告

ENVIRONMENTAL, SOCIAL
AND GOVERNANCE REPORT



XIANDAITOUZI 现代投资



2022

环境、社会及管治报告

ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORT

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About This Report

Report Description

In accordance with the sustainable development philosophy of Xiandai Investment Co., Ltd. (hereinafter referred to as "Xiandai Investment", "Company" or "We"), this report discloses the Company's performance in Environmental, Social and Governance (hereinafter referred to as "ESG"), which aims to truly represent the practices and achievements of Xiandai Investment in performing our social and environmental responsibilities to shareholders, employees, government, customers and consumers, partners, the public and other stakeholders.

Basis of Preparation

This report is prepared in accordance with the relevant requirements of *Shenzhen Stock Exchange Social Responsibility Instructions to Listed Companies* and *Self-Regulatory Guidelines for Listed Companies No. 1 – Standard Operation of Companies Listed on the Main Board of Shenzhen Stock Exchange*.



Reporting Scope and Boundary

This is an annual report and covers information from 1 January 2022 to 31 December 2022 (hereinafter referred to as "in this year" or "during the reporting period").

This report covers Xiandai Investment and subordinate branches, wholly-owned subsidiaries and holding subsidiaries. Unless otherwise stated, the scope of this report is the same as that of the Company's annual report.



Data Source and Reliability Assurance

All the information and data in this report are from the Company's financial report and ESG information collected, summarised and reviewed by the Company. Unless otherwise stated, the currency for data involved in this report is CNY. This report is the Company's first *Environmental, Social and Governance Report*, and does not require a restatement of information.

The Board of Directors of the Company hereby guarantees that there are no misrepresentations or misleading statements contained in this report, and bears responsibility for the authenticity, accuracy and completeness of the contents.



Report Release and Acquisition

This report is published in both Chinese and English, which may be obtained on the Company website (<http://www.xdtz.net/>) or cninfo (www.cninfo.com.cn). For any discrepancies between the two versions, the Chinese version shall prevail.



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Speech from Our Leader



Tang Qiansong, Deputy Secretary, Deputy Chairman and General Manager of Party committee of the Company

Thank you for your attention to the *Environment, Social and Governance (ESG) Report* of Xiandai Investment Co., Ltd.

As the sustainable development policy and “Dual Carbon” goal of China are progressing, the Chinese capital market is paying more attention to ESG. In 2022, we reviewed whether the Company’s sustainability strategy still matched with the current environment and developed the new ESG strategy. We reported to stakeholders such as the shareholders, employees and the society for the practices and results of Xiandai Investment in fulfilling responsibilities for the society and the environment through the ESG report and other means, so as to build a long-term mechanism of value management.

Improve corporate governance and create long-term values

We made a concerted effort to form the development pattern of “One Body with Two Wings”, with expressway investment and construction as the “one body” and financial service and industrial management as the “two wings”. By establishing the corporate governance and conduct improvement mechanism, we continuously enhance the risk management system, carry out publicity and training activities concerning anti-money laundering, abide by the principle of good faith, and maintain good relationships with customers, stakeholders and the society, aiming to promote the healthy development of the Company and continue to create values.

Build quality projects and take advantage of technologies

We have taken actions of “Zero Hidden Danger” and upgraded emergency plans, and fully guaranteed the work safety. We have improved the quality of our service, promoted the high-end, intelligent and green development, and realised the improvement of quantity and quality of expressways. We have set up New Energy Company and Fund Company to deepen the reform and innovation of the financial industry. We have been active in building intelligent roads, intelligent maintenance, and intelligent finance, and accelerated the construction of intelligent toll stations to accomplish the upgrade of expressway services and the top-level design of digital transformation, continuously enhancing our core competitiveness.

Focus on the “Dual Carbon” goal to build a low-carbon enterprise

In the context of the “Dual Carbon” goal, we have promoted the low-carbon transition by gradually advancing the investment, construction and operation of distributed photovoltaic power, energy storage, charging and exchange stations of expressways, and other energy infrastructure, so as to build an efficient low-carbon public transportation network in Hunan, and contribute to improving the environment and coping with the global climate crisis. At the same time, we have paid special attention to solid and hazardous waste treatment, sewage treatment facility renovation, green investment and waste incineration for power generation projects to progress towards the goal of “net-zero” emission, and requested both upstream and downstream enterprises to meet the strict emission reduction requirements by virtue of our influence in the industrial chain.

Optimise the talent management mechanism to develop the Company

We are committed to implementing the strategy of developing the Company by talent management in the new era and strive to build a talent highland in state-owned assets and enterprises. We have been improving the personnel management system, such as organising personalised and specific training sessions for employees and perfecting the talent recruitment and training mechanism, so as to build a talent team that is willing to “learn, think, speak, write and do things” and grows up with the Company. Meanwhile, we attach great importance to employees’ work and life environment, not only meeting their basic health and safety needs, but also caring about them all the time. In 2022, we helped 1,432 employees, which not only improves the happiness and cohesion of employees, but also enables them to have a stronger sense of belonging and loyalty to the Company.

Demonstrate the role of the times and share development achievements

We take the initiative to practice social responsibility and to build an influential service brand. We have played a leading role in improving the expressway-related industry chain and supply chain by continuously improving the procurement system and information platform, conducting bidding and procurement training as well as identifying and dealing with procurement risks. We have organised many volunteer activities such as blood donation, visiting nursing homes and charitable donations, contributing to safeguarding people’s livelihood and dealing with major challenges.

Look forward to the future

“We will not leave the desert till we beat the foe, although in war our golden armour be outworn.” We will adhere to the development concept of “developing the primary business, strengthening the two wings and increasing the investment”, continue to implement the development strategy and the 14th Five-Year Plan of the Company, strive to achieve “coordinated development, reform and innovation, and risk elimination”, enrich the connotation of our roles as “the leader of transportation, innovator of integrated urban investment, and model of industry-financing interaction”, and move forward with perseverance on the journey of building a high-quality development capital platform with “innovative, integrated and operational capabilities” in the infrastructure sector in Hunan.

¹ Lead in developing industries with sustainable development, technological innovation, practical application, efficient management and exquisite skills.

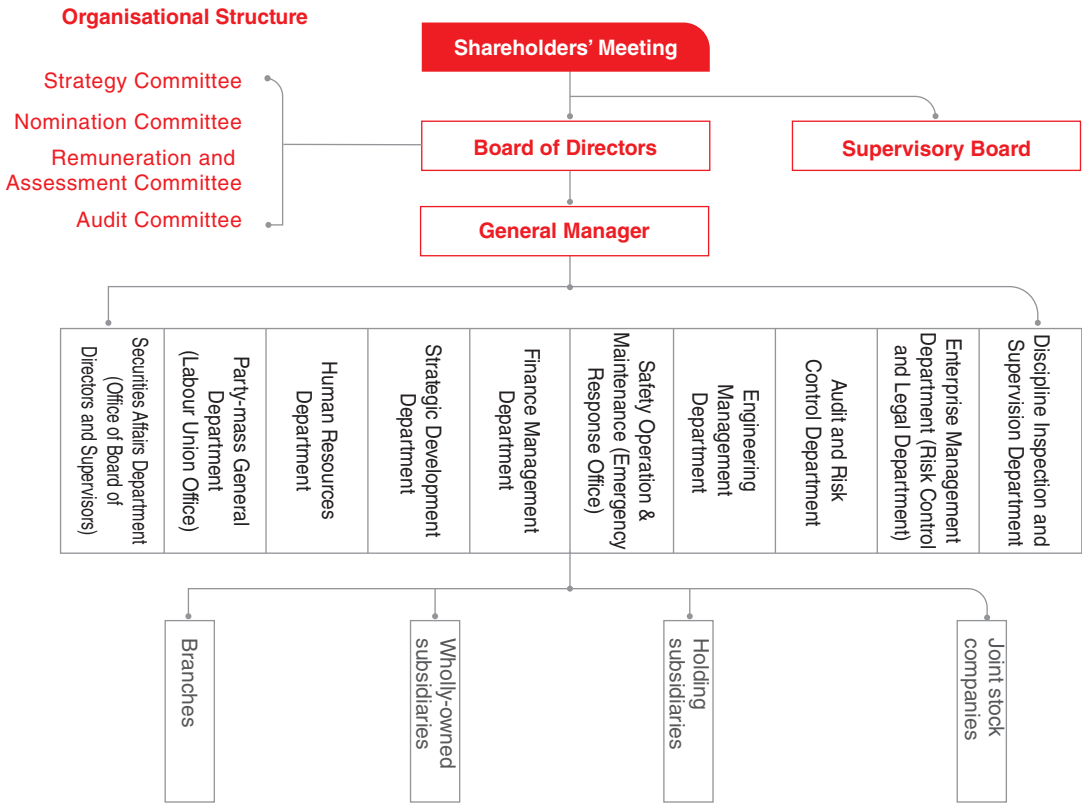
About Xiandai Investment

Xiandai Investment Co., Ltd., established in 1993, mainly engages in expressway construction, operation and management, and was listed on Shenzhen Stock Exchange in 1999 (stock code: 000900.SZ, hereinafter referred to as "Xiandai Investment"). The registered capital of the Company is CNY 1.518 billion, and the actual controller is State-owned Assets Supervision and Administration Commission of Hunan Provincial People's Government.

With the mission of "building modern infrastructure and leading a better modern life", we focus on the development pattern of "One Body with Two Wings" ("One Body" is the operating management of the investment and construction expressways, and "Two Wings" are financial services and industrial management.), with road-based and synergistic growth. Adhering to the road-oriented and co-ordinated growth, our businesses cover expressways (with a mileage of 521 kilometres), banking, futures, trade, environmental protection, asset management, road derivatives and others. The Company serves in the construction of the comprehensive transportation hubs and new cities in Hunan Province. Meanwhile, with the full leverage of the capital operation as a listed company, we serve as a platform for asset securitisation of expressways in Hunan Province, innovating the operation and management of expressways.

In 2022, the Company saw the total operating income of CNY 16.37 billion, total profit of CNY 0.60 billion, total assets of CNY 57.91 billion, and 3.94% in weighted average return on net assets. We achieved profits and taxes of CNY 0.86 billion and included into Shenzhen Stock Connect underlying stocks.

	Total operating income of CNY 16.37 billion	Total profit of CNY 0.60 billion	Total assets of CNY 57.91 billion	3.94% in weighted average return on net assets
-------------------------------------------------------------------------------------	----------------------------------------------------	-----------------------------------------	------------------------------------------	-------------------------------------------------------



Branches	Wholly-owned subsidiaries	Holding subsidiaries
<ul style="list-style-type: none">● Changsha Branch of Xiandai Investment Co., Ltd. (referred to as "Changsha Branch")● Huaihua Branch of Xiandai Investment Co., Ltd. (referred to as "Huaihua Branch")● Tanlei Branch of Xiandai Investment Co., Ltd. (referred to as "Tanlei Branch")● Xiandai Gloria Grand Hotel Changsha (referred to as "Xiandai Gloria")	<ul style="list-style-type: none">● Hunan Changshaolou Expressway Co., Ltd. (referred to as "Changshaolou Company")● Dayou Futures Co., Ltd. (referred to as "Dayou Futures")● Modern Wealth Capital Management Co., Ltd. (referred to as "Modern Wealth")● Changsha Tianxin District Anxun Microfinance Co., Ltd. (referred to as "Anxun Microfinance")● Hunan Modern Environment Technology Co., Ltd. (referred to as "Modern Environment Technology")● Hunan Modern Assets Management Co., Ltd. (referred to as "Modern Assets")● Hunan Modern New Energy Co., Ltd. (referred to as "Modern New Energy")● Hunan Modern Hongyuan Venture Capital Co., Ltd. (referred to as "Modern Hongyuan")	<ul style="list-style-type: none">● Hunan Yueyang Baling Rural Commercial Bank Co., Ltd. (referred to as "Yueyang Baling RCB")● Hunan Huaizhi Expressway Construction and Development Co., Ltd. (referred to as "Huaizhi Company")● Hunan Xiangheng Expressway Co., Ltd. (referred to as "Xiangheng Expressway")

Special Topic I:

Seize the Opportunity of the Times and Promote the Achievement of “Dual Carbon” Goal

In 2022, in order to facilitate the “Dual Carbon” goal, the Company took effective measures and actions in the environmental protection industry and added new energy business sectors to promote the ecological civilisation construction and the development of new energy industry.



Focus on the Environmental Protection Industry and Promote the Ecological Civilisation

With the mission of “Supporting Green Development and Ecological Civilisation” and the development concept of “Innovation, Commitment and Pragmatism”, Modern Environment Technology, a wholly-owned subsidiary of the Company, is committed to providing customers with efficient, accurate and comprehensive one-stop integrated environmental services. Since 2019, it has been recognised as a national high-tech enterprise by Department of Science and Technology of Hunan Province, Hunan Provincial Department of Finance and Hunan Provincial Tax Service, State Taxation Administration for four consecutive times.

In 2022, Modern Environment Technology formulated the Development Strategy and the 14th Five-Year Plan on the basis of the *Opinions on Accelerating the Improvement of the Socialist Market Economic System in the New Era* and *Opinions on Accelerating the Ecological Civilisation Construction* and other policies. Striving to create the core, extension and seeded business layout, the Company co-operates with the leading enterprises to explore the national solid waste carbon control market, and has become a leading carbon control service provider in the solid waste field.

Core businesses

Solid and hazardous waste treatment and disposal

There are three projects in operation about solid and hazardous waste treatment and disposal in Modern Environment Technology, including: Changning Modern Solid Waste Disposal Co., Ltd., Honghe Modern Deyuan Environmental Protection Co., Ltd. and Hechi Modern Environmental Technology Investment Co., Ltd. In 2022, the disposal capacity of solid, hazardous and waste products amounted to 27,187.4 tons, among which there were 18,571.43 tons of hazardous waste, 6,661.07 tons of medical waste and 1,954.9 tons of self-produced hazardous waste.



Aerial Image of Honghe Modern Deyuan Environmental Protection Project

Domestic waste incineration for power generation

By the end of the reporting period, Modern Environment Technology has operated three domestic waste incineration power generation projects in Xiangxiang, Miluo and Xiangyin, Hunan Province and Huaihua domestic waste incineration for power generation project is in construction. Waste can be minimised and treated harmlessly, and the efficiency and carbon reduction of waste-to-energy plants can be improved by refined management that reduces costs and increases efficiency of waste-to-energy plants. As the unit load rate increased to the rated 102.18% in the second half of 2022, the annual power generation hit 87.387 million kWh.



Huaihua Domestic Waste Incineration for Power Generation Project in Construction

Extension businesses

Integration of Environment and Sanitation

Modern Environment Technology can provide integrated solutions from cities and counties (districts) to towns (sub-districts), villages and households, which cover the whole chain integrated services in four segments, including road and water cleaning for residents' living environment, waste classification and pre-treatment, the collection, transfer and leachate treatment of waste as well as waste recycling.



Sample Graph of the Integration of Environment and Sanitation Project

Sewage treatment

Modern Environment Technology has independently developed an intelligent integrated sewage treatment equipment and operation management system. It has completed the design and trial production of drawings for 100t/d and 200t/d sewage equipment. The results have been applied to the sewage treatment renovation project in Changsha West Service Area, South Great Wall Service Area and Chaling Service Area. The upgraded Changsha West Service Area project has a sewage treatment capacity of 800 cubic metres per day, which is twice of the original capacity.



Sewage Upgrading and Recycling Project

Tailings management

Modern Environment Technology takes the construction of expressway projects as an opportunity to fully investigate the barren rock, coal gangue, steel slag and other usable tailings and slag around the expressway under construction. It explores the resource utilisation of tailings and slag in expressway roadbed, pavement and supporting projects.

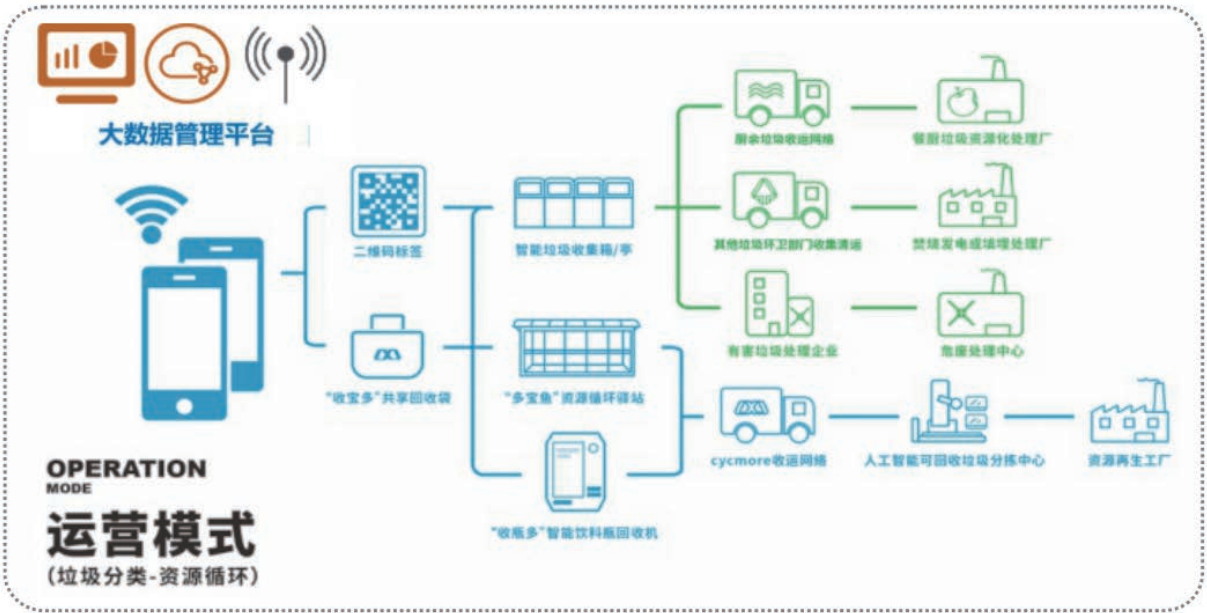


Tailings Management

Seeded businesses

Recycling of renewable resources

Modern Environment Technology intends to establish a large recycling base in the region, such as power battery recycling, so as to further refine and develop the online "Internet plus" recycling platform. and build a management team with practical experience and the ability to independently operate sanitation service projects.

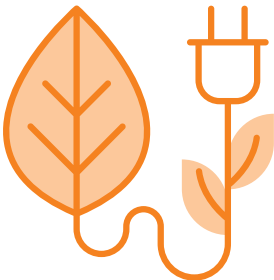


Intelligent Waste Classification and Recycling System



Big data

In 2022, **346,722,400** kWh of electricity was produced by the Company's power generation projects of biomass and waste incineration, saving **358,700** tons of standard coal and reducing carbon emissions by about **920,000** tons/year.



Lay out the New Energy Construction and Build Green-energy Expressways

In an attempt to the implementation of national "Dual Carbon" strategy and development of new energy industry, the Company laid out Green-energy Expressway Development Plan based on the mode of "photovoltaic power storage plus expressway". A combination of such idle lands as slopes, service areas and parking lots along expressways and expressway network resources, Hunan Modern New Energy Co., Ltd., established this year and a wholly-owned subsidiary of the Company, invests in new energy businesses in terms of photovoltaic power generation, electricity storage, wind power and energy-saving projects, so as to provide users with clean energy which is low-carbon, green and environment-friendly, and to guarantee reliable and low-carbon energy supply of expressways.



Strategic Plan



"Carbon Reduction" Goals

- According to the 14th Five-Year Development Plan of New Energy of Hunan Provincial Expressway Group Co., LTD (2021-2025), the Company, with major efforts in photovoltaic power storage development, energy storage and wind energy on expressways in this province, implements overall carbon neutrality solutions featuring "green energy, intelligent network, load reduction and new storage" with "photovoltaic power storage plus energy storage" as its body, and strives to provide systematic energy solutions integrating clean energy development, construction, operation and service.
- It is estimated that in the next three years, 1/3 of power consumption for provincial expressways will be replaced by green energy, resulting in the annual reduction of carbon dioxide emissions by about 100,000 tons.
- Future businesses will be extended to the construction of slopes along the Hunan Expressways and large-scale centralised new energy power stations. Forecasts said that the installed capacity will reach 15 million kilowatts, expecting to lower carbon emissions by about 13.5 million tons every year.

Case The First Self-built Distributed Photovoltaic Project of Hunan Expressways Was Put into Operation

The first self-built distributed photovoltaic test project of Hunan Expressways, jointly built by Modern New Energy and Huaihua Branch, was officially put into operation on 29 September 2022. This test project covers an area of about 3,000m², testing four typical photovoltaic application scenarios of expressways. During the operation period, the total power generation exceeded 10 million kWh, which can save 1/3 of the electricity expenses and cut the carbon emissions by about 400 tons annually for Huaihua Branch. Strictly abiding by GB/T 39753-2021 General Technology Requirements for Photovoltaic (PV) Module Recycling and Recovery, the Company achieves green and environmental protection in the development of new energy.



Special Topic II: Develop Green Finance and Promote Common Prosperity

In response to our tenet of "Serving the Country, Society and Employees", the Company deepens the reform and innovation of financial management, and advances the modern financial industry, in order to make contributions to the reality of common prosperity. In 2022, the Company issued green and perpetual medium-term notes (rural revitalisation) for the sake of the increased support for key industries. Dayou Futures launched "insurance plus futures" projects to serve agriculture, rural areas and farmers, especially the locally characteristic agriculture.



Case Green and Perpetual Medium-term Notes (Rural Revitalisation) Were Successfully Issued

In July 2022, the Company successfully issued the first green + perpetual medium-term notes for rural revitalisation in the national transportation industry, with the total capital of CNY 200 million, an issue period of 2 + N, an issue coupon rate of 3.39% and a full-court multiple of 4.2 times, which were highly recognised by financial institutions. On the day of issuance, the interest rate hit the lowest price of perpetual medium-term notes with the same rating in Hunan Province, which is of great importance to promote the development of green and low-carbon industries and rural revitalisation.

- Issuing scale **200** million
- **3.39** % in coupon rate



Case "Insurance plus Futures" Blazes a Characteristic Road for Hainan Natural Rubber Industry

Based on the reality of Hainan's rubber industry, an economic pillar of Baoting County, Dayou Futures explored a new mode of innovative financial services for agriculture, rural areas and farmers, and worked with insurance companies and local governments to make flexible use of financial resources, and launch the "insurance plus futures" project in order to further serve natural rubber industry with an attempt to help farmers avoid price risks and drive Hainan's natural rubber industry.

Dayou Futures has implemented rubber "insurance plus futures" pilot project in Hainan for three consecutive years. During the reporting period, it undertakes the manufacture of 1,000 tons of natural rubber in total, covering an area of 15,000 mu and 1,076 farmer households. Dayou Futures, through three years of exploration and innovation, has priced and transferred the price risk of natural rubber, providing stable income for farmers and invigorating rural revitalisation.



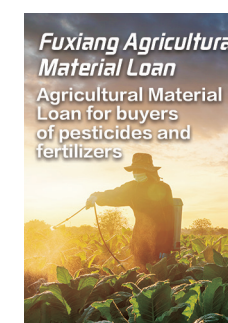
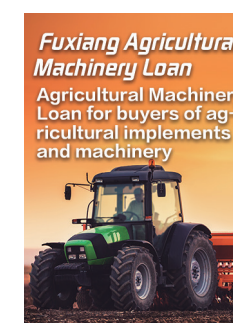
Case "Insurance plus Futures" Insures the Price of Live Hogs Industry

In Hunan, a major province of breeding live hogs, the fluctuations in prices of live hogs have become the biggest problem for raisers. Depending on the local reality, Dayou Futures and insurance companies rolled out the "futures plus insurance" projects of hog feed cost, endeavouring to address the hog price fluctuation, feed cost and breeding profit in Hunan Province. During the reporting period, 78 "insurance plus futures" projects for live hogs have been successfully carried out by Dayou Futures, based on the whole hog industry chain and in conjunction with major insurance companies, concerning 25 counties and districts, with a premium of CNY 71.8229 million, benefiting 631 raisers and greatly improving the risk resilience of farming enterprises.



Case "Three Rural Issues" and "Three Agricultural Products" Loans Help Rural Development

The loans for "three rural issues" are inaccessible which restricts rural development and farmers' income. As a local rural financial institution, Yueyang Baling RCB firmly supported the agriculture-related planting, aquaculture, and agricultural machinery, materials and products processing industries by the way of optimizing credit products such as loan procedures, interest rate pricing and financing cost, carrying out special credit for "three rural issues" loans (loans for agricultural machinery, materials, and conditions) and "three agricultural products" loans (loans for fruit, fish, and rice), thus constantly enriching and improving the credit system for rural revitalisation. In 2022, CNY 4.547 billion was offered for "three rural issues" by Yueyang Baling RCB, benefiting 182,000 households, including 2,367 households for "three rural issues and three agricultural products" with an amount of CNY 314 million.



- Baling Rural Commercial Bank issued loans on "Three Rural Issues" Benefit **182,000** households
- Amount CNY **4.547** billion
- **2,367** families undertook loans for "Three Rural Issues and Three Agricultural Products"
- Amount: CNY **314** million

About Xiandai Investment

Enterprise Culture

- Corporate Mission**
- Development Vision**

Constructing Modern Infrastructure for a Better Modern Life

The Company, depending on expressways networks and co-ordinated growth, will create a new capital platform for high-quality development featuring “innovation, integration and operation” in the infrastructure of Hunan to be a highly respected enterprise in the same industry around the whole province and the whole country

- Value**
- Corporate Purpose**
- Management Philosophy**

Reform, Innovation and Excellence

Serve the Country, Society and Employees

Digitalisation, Specialisation and Marketisation

Development Strategy

During the 14th Five-Year Plan period, the overall development strategy of the Company is to serve the implementation of the “Three Highlands and Four New Missions” strategy in Hunan. We will adhere to the strategic positioning of “the leader of transportation, innovator of integrated urban investment, and model of industry-financing interaction”, the development pattern of “One Body with Two Wings”, and the development concept of “developing the primary business, strengthening the two wings and increasing the investment”, hoping to expand the expressway business, make the “body” stronger, boost the professional and in-depth development of “two wings”, and the three major business segments could support each other and develop together, and the industry-financing interaction could promote the Company’s high-quality, efficient and sustainable development.

Expressways

Expand along the expressway investment – construction – operation – asset management and road derivative industry chain, take advantage of the Group’s asset securitisation opportunities, and strive to add high-quality road assets into listed companies. Follow up on the reconstruction and expansion of existing road sections to stabilise the stock. Pay close attention to the progress of public REITs of expressway assets, and further revitalise the stock road assets. Explore construction and maintenance businesses in the upstream and downstream industry chains of expressways to cultivate new growth drivers. Use technology innovation and digital transformation to empower the expressway business and improve the quality and level of road asset operation and services.

Finance business

In terms of the finance business, the Company continues to focus on the ecological “establishment” of expressway construction, management and maintenance industry, giving full play to the advantages of the Company’s financial license, and creating a credit ecosystem that serves the expressway construction and users. At the same tune, we make full use of the rich data resources of expressways to build a digital service platform and explore new modes of traffic monetisation to enhance profitability. The Fund Company builds an investment logic with strategic investment and financial investment as two parallel lines, the former of which serves the Company’s business development needs by establishing industrial funds to strengthen existing areas, prepare for new domains in the future, and facilitate the Company’s transformation and upgrade, and the latter of which aims for investment returns to expand the Company’s sources of profit.

Industry

In the environmental protection business, based on solid and hazardous waste treatment and waste incineration for power generation, we will further extend to the upstream and downstream industries of the solid and hazardous waste industry. We will also make full use of the road assets of Hunan Provincial Expressway Group Co., LTD to expand projects such as the sewage treatment of expressway service areas, noise barrier, ecological governance, and comprehensive utilisation of tailings to enhance sustainability. The New Energy Company develops the new energy business mainly based on photovoltaics, energy storage, charging piles, power exchange stations, along the expressway network of Hunan, aiming to build an economical, low-carbon, safe and efficient energy system for the expressway system and help achieve the “Dual Carbon” goal. The Asset Company highlights the development of road derivative industry, actively promotes outdoor advertising, and explores the added value of expressway operation by relying deeply on derivative resources and shaping the service area brands through featured construction and management of service areas.

Awards & Honours

Awards/Honours	Winner	Issued by
Top 500 Service Enterprises in China	Xiandai Investment	China Enterprise Confederation, China Enterprise Directors Association
Level A of Information Disclosure in 2021	Xiandai Investment	Shenzhen Stock Exchange
The 6th Excellent Best Information Disclosure Award	Xiandai Investment	The 6th China Excellent IR Selection
The eighth place in the 13th National Transportation Industry Vocational Skills Competition – Expressway Toll and Monitor Team	Xiandai Investment	Ministry of Transport, Ministry of Human Resources and Social Security, All-China Federation of Trade Unions, the Central Committee of the Communist Youth League
National Youth Icon Award	Changsha Toll Station and Huanghua Toll Station of Changsha Branch	The Central Committee of the Communist Young League
2022 Youth Model on Work Safety in Hunan Province	Zhijiang Toll Management Centre, Huaihua Branch	Hunan Provincial Committee of the Communist Youth League
Working Family Model in Hunan Province	Xupu Toll Management Centre, Huaihua Branch	Hunan Provincial Federation of Trade Unions
Furong Pioneer Post in Hunan Province	Huaihua Branch Monitoring Information Centre	Hunan Provincial Federation of Trade Unions
The second batch of demonstration sites in Hunan province to learn the spirit of Lei Feng	Zhaoshan Toll Station, Changsha Branch	Propaganda Department of Hunan Provincial Committee of the Communist Party of China
Civilised Model Unit of Provincial Supervised Enterprises	Xiandai Investment	State-owned Assets Supervision and Administration Commission of Hunan Provincial People's Government
Civilised Unit of Provincial Supervised Enterprises	Huaihua Branch	State-owned Assets Supervision and Administration Commission of Hunan Provincial People's Government
Civilised Unit of Provincial Supervised Enterprises	Huaminglou Toll Station of Changshaolou Company	State-owned Assets Supervision and Administration Commission of Hunan Provincial People's Government
"Furong Pioneer Post" of Transportation Industry of Hunan Province in 2022	The Second Shift of Zhaoshan Toll Station, Changsha Branch; and the Third Shift of Baiguo Toll Station, Tanheng West Road	Working Committee of Hunan Provincial Transport Union
2021 "Golden Great Wall" Award for Outstanding Case of Enterprise Risk Management in China	Dayou Futures	Futures Daily
2021 Education Base for Outstanding Investors in Hunan	Dayou Futures	Securities Association of Hunan Province
Talent Cultivation Award, Building Material Industry Service Award	Dayou Futures	Zhengzhou Commodity Exchange
Award for Outstanding Member with Progress	Dayou Futures	Dalian Commodity Exchange
2021 Hunan Energy Conservation and Emission Reduction Demonstration Hotel	Xiandai Gloria Grand Hotel Changsha	Hunan Tourist Hotel Association
Excellent Enterprise on Food Safety Management in 2021	Xiandai Gloria Grand Hotel Changsha	Changsha Food Safety Association



Strengthen the Leadership of Party Building and Improve the Governance System

- Adhere to the Leadership of Party Building
- Strengthen the Responsibility Management
- Improve the Corporate Governance System
- Abide by Business Ethics

In strict compliance with the *Company Law of the People's Republic of China*, and *Shenzhen Stock Exchange Social Responsibility Instructions to Listed Companies* and other relevant regulations, the Company continues to enhance the governance structure and management system that match the market requirements and the quality of the Company's development, deepens the practice of ESG work, shares the fruits of development achievements with all stakeholders, promotes the integration of economic and social benefits, and enhances the harmony between the development of the Company and society.

Adhere to the Leadership of Party Building

While adhering to the major principle of “two persistent”, the Party committee of the Company sets the right direction, keeps in mind the big picture, ensures the implementation of Party policies and principles, focuses on serving production and operation without deviation, and always takes improving the Company's efficiency and enhancing the Company's competitive strength as the purpose and goal of Party building work to comprehensively improve the quality and scientific level of Party building work.

Strengthen the Leadership of the Party

The Company improves the system for the Party committee to play a leadership role, and realises the deep integration of Party building work and the operations of the Company. During the reporting period, the Company held Party committee meetings for 40 times, studied more than 300 issues, carried out the study of “first issue” for 41 times. The Company clarified the boundaries of the powers and responsibilities of the Party committee, the Board of Directors, the Supervisory Board and the management as well as their workflows, improved the institutional mechanism for decision-making and deliberation, completed the revision of 23 regulations and added 15 new regulations, and promoted the implementation of the major decisions and deployments of the higher Party organisation in the Company, which laid a solid foundation for strengthening the political progress and promoting the development. To promote the regularisation of “staying true to the original aspiration, and always keeping the mission in mind”, the Company has consistently carried out “doing practical work for the masses”. All 16 listed tasks were completed, with an investment of CNY 2,334,600 and 3,294 beneficiaries.



Case

The theoretical study centre of the party committee in the Company organised a specific study and seminar on the report of Comrade Xi Jinping at the 20th National Congress of the CPC

Comprehensively Deepen the Ideal and Conviction

Insisting on taking Xi Jinping Thought on Socialism with Chinese Characteristics for a New Era as our guide, the Company carried out in-depth study, propaganda and implementation on the spirit of the 20th National Congress. Members of the Party committee of the Company took the lead in studying and discussing the spirit, holding 12 learning sessions and four large-scale online learning sessions for Party members and cadres throughout the year. Secretary of the Party committee of the Company took the initiative to communicate the spirit to the primary level, and 64 secretaries of Party organisations shared their study experiences to ensure that the spirit of the 20th National Congress was fully implemented. The Party committee of the Company continues to carry out the learning activities of the Party history, organising the thematic activity of “Forging Ahead on a New Journey, Xiandai Investment Strives to Be the Vanguard”, which selected a number of teams and individuals as the role models to lead all staff to forge ahead. The Company meticulously planned the special report themed *A Dedication to the 20th National Congress, Forging Ahead on a New Journey*, and pushed the report to the People's Tribune and mainstream media outlets inside and outside the Hunan Province.



Case

Modern Environment Technology carries out “One Lesson, One Movie and One Practice” and the Thematic Party Day Activities of Watching a Red Educational Movie

Consolidate Party Building at the Primary Level

The Party committee of the Company gives full play to the creativity, cohesiveness and organisational capacity of primary-level Party organisations, with members of the Party committee contacting seven primary-level Party organisations. It has promoted the special action of building and quality improvement of primary-level Party organisations, and explored the “one-stop quality improvement” pilot of primary-level Party building which has made some achievements of building five exemplary Party branches meeting the “five standards”. Two were selected as the exemplary primary-level Party branches of Hunan Provincial Expressway Group Co., LTD meeting the “five standards”. The Company strengthened the work of the Party organisations leading the mass organisations and cultural and ethical progress, and the headquarters was selected as the exemplary unit of the Hunan Province supervised enterprises in cultural and ethical progress. The primary-level units won many honours such as the provincial-level demonstration point for Learning from Lei Feng, provincial-level Female Model Worker, Hunan Provincial May 1 Labour Medal, Craftsmen in State-Owned Enterprises and provincial-level Young Experts. In addition, two young employees won awards in national-level competitions.

Promote the Building of “Clean Xiandai”

The Company sticks to the compliance management principle, strictly abides by the requirements of laws and regulations such as the *Anti-Unfair Competition Law of the People's Republic of China* and the *Anti-Money Laundering Law of the People's Republic of China*, takes further efforts to build a clean government and promote the work of fighting against corruption and strictly punishes violations of disciplines and laws, such as relying on and consuming enterprises and illegal calling. For this target, the Company set up a co-ordination group for building a clean government and anti-corruption work and prepared documents of *Implementation Plan on Promoting the Construction of “Clean Xiandai”* and *Implementation Plan on Strengthening the Establishment of the Anti-corruption Culture* to comprehensively plan the “clean Xiandai” and create a strong environment of advocating anti-corruption from education, system, career, service and supervision. During the reporting period, there was no employee in the Company involving corruption, bribery, fraud or money laundering.



Big Data

In 2022, the headquarters carried out three warning education activities, and 36 participants from the leader group participated the anti-corruption education and training for over 100 hours. The number of other employees in the headquarters who take part in the anti-corruption education training reached 237, with a total of over 700 hours.

- More than **100** h of total training time for the leadership
- Over **700** h of total training time for the employees

Three-step Plan of “Clean Xiandai”

- Lay a Solid Foundation (2022-2023) Enhance the awareness of responsibility of party organisations at all levels to strengthen their management and self-governance, perfect the responsibility of construction of a clean government and supervision system, and advance the establishment of the anti-corruption culture and the supervision of public rights.
- Consolidate and Deepen (2024) Continuously consolidate measures and their effect of the first stage, settle the deep problems that impede the process of clean governance in a targeted manner, further complete the responsibility mechanism for party organisations at all levels to strengthen their management and self-governance and make right exercise more open, compliant and effective.
- Improve Comprehensively (2025) Comprehensively summarise and promote the achievements in the first and second stage, work hard to be the advanced benchmarking to improve the clean governance construction and support the clean government work of Hunan Province.

Strengthen the supervision and guarantee

The Company has set up smooth reporting channels that include public phone numbers and e-mails, and encourages real-name reporting.

Case

The Company Convenes the 2022 Work Conference on Clean Government Construction and Anti-Corruption

On 1 March, the Company held the 2022 Work Conference on Clean Government Construction and Anti-Corruption, deeply carried out the Xi Jinping Thought on Socialism with Chinese Characteristics for a New Era and the spirit of the sixth plenary session of the 19th Central Commission for Discipline Inspection, the sixth plenary session of the 12th Provincial Commission for Discipline Inspection, and the Work Conference on Clean Government Construction and Anti-corruption of State-owned Assets Supervision and Administration Commission of Hunan Provincial People's Government and Group Companies, deployed work tasks in 2022 and improved the high quality development of Company to a new stage on the basis of the new action of full and rigorous Party self-governance.



Case

The Party Committee of the Company Held the "Clean Xiandai" Knowledge Contest on Party's Discipline and Regulations

On 14 September, the Party committee of the Company held the "Clean Xiandai" knowledge contest on Party's Discipline and Regulations. Ten delegations from headquarters and subsidiaries took part in the contest. The contest was divided into four parts of required questions, quick response questions, risk challenge and play-off. The questions were related to the *Party Constitution*, *Disciplinary Punishment Regulations*, *Supervision Law*, *Provisions on the Integrity for Officials of State-Owned Enterprises*, etc. It not only examines the professional level, psychological quality and strain capacity of the contestants, but also tested the spirit of unity and co-operation of teams.



Whistleblower protection

The Company provides smooth reporting channels, sets reporting hotline and e-mail and encourages relative parties to report illegal behaviors and matters. We also advocate real-name reporting, and promise to keep the reporting content and related information such as the name, work place and home address of whistleblowers in strict confidential and inspect the reporting matters under well confidentiality and protecting the security of whistleblowers and their private identities. Any departments or individuals should not impede or suppress the reports, hold the reporting materials or attack whistleblowers. According to regulations, we will severely deal with these behaviors seriously, and pass to judicial organ in case of any crimes.

Improve the Corporate Governance System

A perfect company management mechanism lays a solid foundation for the stable development and effective compliance operation of a company. By preparing regulations and rules of *Articles of Association* and *Rules of Procedures for the Shareholders' Meeting*, we limit the power and responsibilities of the Shareholders' Meeting, Board of Directors, Supervisory Board and management, which should perform their duties and responsibilities and restrain and co-ordinate with each other. By incorporating the Party building into regulations of the Company and paying attention to the leading role of the Party, we actively explore the ways and methods of integrating the Party into the corporate governance system, and achieve the deep integration of the modern state-owned enterprise system with Chinese characteristics and the corporate governance structure, forming a "four-in-one" common governance structure.

Implement the Functions of the Board of Directors

The Company continues to optimise the structure of Board of Directors of corresponding enterprises, and the present members of Board of Directors master solid professional quality and have good educational background, among which two directors have already obtained the doctoral degree. By the end of the reporting period, there are nine board members in the Board of Directors, including two female directors, one employee director and three independent directors. The Company gives full play to the functions of the Board of Directors, perfects the decision mechanism, improves the decision quality and efficiency, reinforces the bill management and provides strong support for it to perform duties, so as to promote the high-quality development of the Company with the high-quality construction of the Board of Directors. In 2022, nine meetings of the Board of Directors were held with full attendance.

Give Play to the Supervisory Functions

The Company holds the function orientation of the Supervisory Board in the governance structure and gives full play to our supervision right to guarantee the legal management of the Company and the security of properties and the interests of shareholders. In 2022, four meetings of the Supervisory Board were held with full attendance.

Strengthen Information Disclosure Management

The Company attaches great importance to information disclosure, strictly complies with regulatory provisions and protects shareholders' right to know. Therefore, shareholders can get timely, accurate and complete information about the Company and make correct investment decisions. The Company formulated regulations on information disclosure such as *Rules Governing Information Disclosure Matters*, *Accountability System for Major Errors in Annual Report Information Disclosure*, and *Internal Reporting System for Major Information*, which specify the Company's information disclosure in detail from the aspects of content, form and time and improve the disclosure quality. In 2022, the Company disclosed 79 announcement documents and obtained "A" grade assessment results in the evaluation of information disclosure towards listed companies in Shenzhen Stock Exchange in 2021.

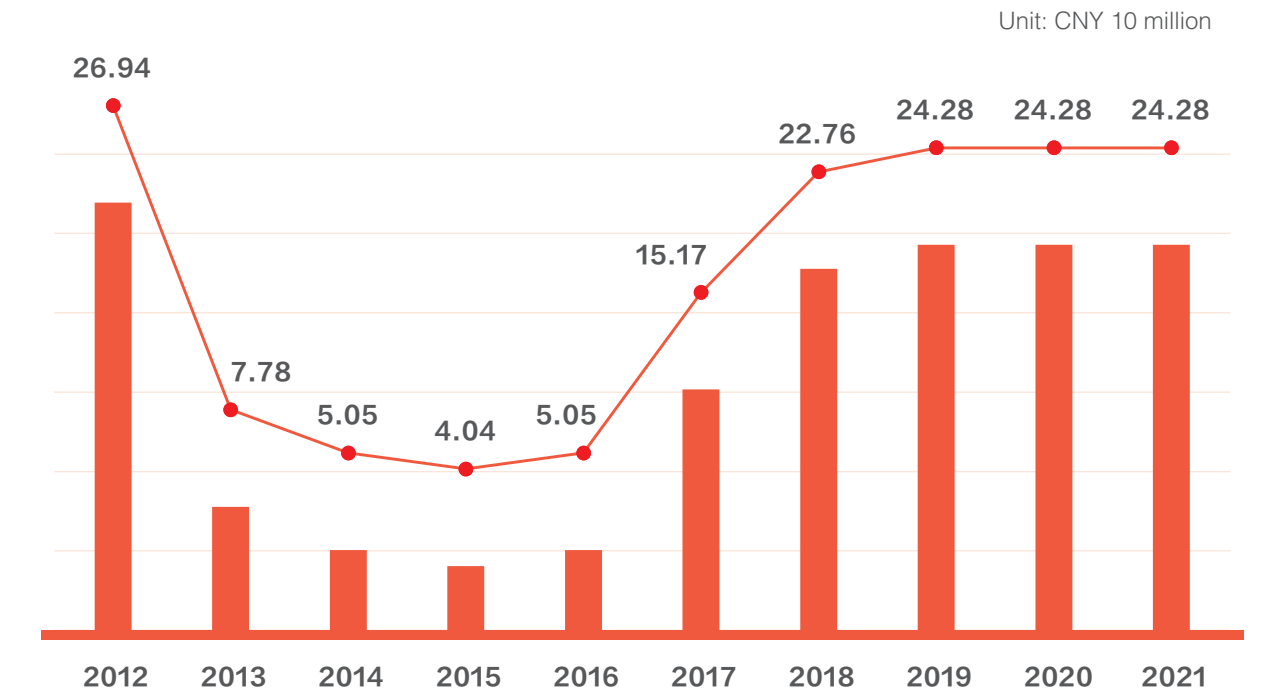
Standardise the Operation and Management

By releasing such rules and regulations as the *Articles of Association* and *Regulations on the Work of General Managers*, the Company clarifies the management mechanism, scope of matters, authority conditions and performance procedures and norms of the management, and strictly implements the working mechanism that general managers are responsible to and report to the Board of Directors, to ensure that the management exercises rights and perform duties according to laws, and give full play to the operation and management role. In 2022, the tenure system and contractual management of the management were fully implemented, and management members signed "two letters and one agreement" to further stimulate the internal driving forces.

Value Investor Relations

The Company attaches great importance to investor relations and actively carries out investor communication. Adhering to the cash dividend policy, since we went public in 1999, we have paid dividends 21 times, with an amount of CNY 2.972 billion, far exceeding the funds raised by the Company. During the reporting period, the Company formulated a dividend distribution plan for the years 2022-2024, held two performance briefings, set up one investor reception day, received nearly 70 investors through the investor hotline, and answered nearly 90 investors' questions on the interactive platform of the Shenzhen Stock Exchange and via the Company's e-mail, with a 100% response rate.

Company's Cash Dividends in the Past Ten Years




Strengthen the Responsibility Management

The Company attaches great importance to the sustainable development, effectively takes actions to fulfill our responsibilities on compliance operation, road quality and safety, customer service, talent development, environmental protection, social return, etc., actively promotes the ESG concept fully integrated into our own development strategy and business activities, continues to improve the ESG management structure, clarifies the division of responsibilities, and realises the whole process of corporate decision-making, management, operation and the whole chain of industry.

ESG Governance System

ESG Governance Framework of Xiandai Investment

	Board of Directors	Deliberate and make decisions on major ESG matters and improve ESG management functions.
	Securities Affairs Department	Take charge of co-ordinating ESG-related matters, such as co-ordinating the collection of ESG-related information and preparing ESG reports.
	Functional Departments	Take charge of the concrete implementation of ESG work, and report to the management or make relevant recommendations when appropriate to improve the Company's ESG performance.

Analysis of Materiality Issues

To better realise the sustainable development of the Company, we have identified 22 potential materiality issues based on our own development plan, combining with the disclosure requirements of regulatory authorities and the focus of stakeholders, and benchmarking with outstanding companies in the industry, and ranked materiality issues according to two dimensions of "importance to the sustainable development of Xiandai Investment" and "importance to stakeholders" to ensure the high relevance of the existing issues to our own business operations and the development of the industry. This process is monitored and reviewed by the Board of Directors and is a key consideration in the formulation of internal development strategies and management policies.



•Issue Identification

Based on the business model and sustainability, the Company combined Chinese policy guidelines, regulatory authorities' information disclosure guidelines, industry development and the concerns of stakeholders (including the interests of minority groups), and invited external sustainable development experts for consultation, and identified 22 materiality issues in environment, society and governance.

•Issue Assessment

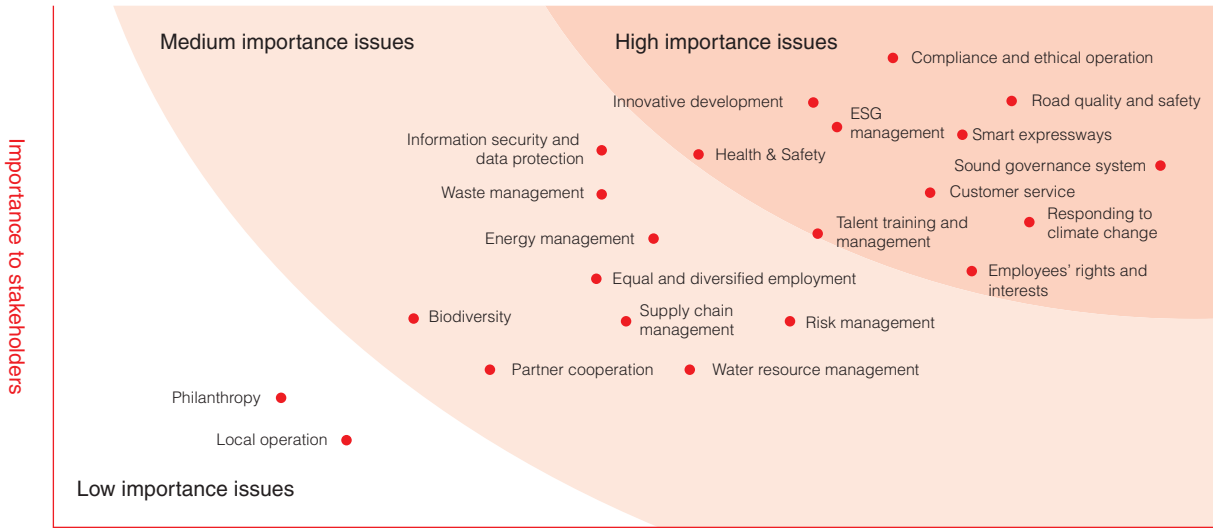
The Company ranked the impact importance through quantitative and qualitative analysis, and assessed the importance of each issue through internal research, expert consultation, and targeted distribution of materiality issue analysis questionnaires to stakeholders.

•Issue Ranking

Based on two dimensions of "importance to the sustainable development of Xiandai Investment" and "importance to stakeholders", we analysed and identified the high, medium and low importance issues of Xiandai Investment by ranking the importance of issues through the materiality issue matrix.

•Issue Confirmation

The Board of Directors and management of the Company reviewed the results of the materiality issue analysis and confirmed materiality issues and issue matrix of ESG for the year. The Company will respond to and disclose materiality issues and prioritise reporting on high priority issues.



Importance to the sustainable development of Xiandai Investment

ESG Materiality Issue Matrix of Xiandai Investment in 2022

Communication with Stakeholders

The Company attaches great importance to communication with government and regulatory authorities, employees, customers, suppliers and partners, shareholders and investors, media and non-governmental organisations, communities, the public and other stakeholders, and has established diversified communication channels and feedback mechanisms in response to the characteristics of each party, and discloses the Company's sustainable development information to all parties in a timely manner to ensure the accurate identification, comprehensive understanding and precise response to the demands of stakeholders.

Interest-related Communication of Xiandai Investment

Stakeholders	Focus	Communication Channels and Forms
Government and Regulatory Authorities	· Operation according to laws · Local economic development promotion · Energy saving and consumption reduction · Environmental protection	· Policy advocacy · Qualification review · Information disclosure · Suggestions
Employees	· Work safety · Career development · Salary and benefits · Interests and rights protection	· Employee seminar · Employee training · Enterprise culture activities · Social media · Employee representative congress
Customers	· Safe traffic · Service quality · Information and privacy protection	· Customer complaints · Satisfaction survey · Social media
Suppliers and Partners	· Procurement in an open, fair and transparent way · Compliance management · Compliance with laws	· Supplier audit · Bidding procurement · Phone and e-mail
Shareholders and Investors	· Sustainable profitability · Regulating governance	· Investor meeting · Periodic information disclosure · Media publicity · Shareholders' Meeting
Media and Non-governmental Organisation	· Environment and social expression · Road quality and safety	· Regular communication and reporting · Press release · Media interview
Community and the Public	· Harmonious community development · Local livelihoods improvement · Public welfare support · Operation according to laws	· Volunteer activity · Employment attraction · Public welfare and charity · Social media

Abide by Business Ethics

Complying with laws and regulations and abiding by business ethics are the obligations and responsibilities of enterprises to the public. The Company strictly requires every employee to uphold the highest standards of business ethics. The Company strictly abides by the relevant applicable laws and regulations of China, industry and place of operation, including the *Criminal Law of the People's Republic of China*, the *Anti-monopoly Law of the People's Republic of China*, the *Anti-Unfair Competition Law of the People's Republic of China* and the *Anti-Money Laundering Law of the People's Republic of China*, and resolutely eliminates all improper acts that violate business ethics.

Anti-money Laundering

The Company engages in the road operation, financial services, general environmental protection, new energy, etc. In the financial service sector, we check customer identifications, monitor and report large and suspicious transactions, and fulfill legal obligations against money laundering in accordance with the *Anti-Money Laundering Law of the People's Republic of China*, the *Measures for the Administration of Large and Suspicious Transaction Reports by Financial Institutions*, the *Measures for Customer Identification and Retention of Customer Identification Data and Transaction Records by Financial Institutions* and other anti-money laundering related laws, regulations and regulatory provisions. During the reporting period, there were no anti-money laundering related cases in the Company, and no internal personnel suspected of money laundering.

Case Dayou Futures Actively Carried Out Knowledge Popularisation and Education Activities of Anti-Money Laundering

In May and October 2022, Dayou Futures carried out anti-money laundering publicity activities on the topics of "Small Actions against Anti-money Laundering" and "Enhancing Awareness of Risk Prevention and Staying Away from Money Laundering". These activities mainly focused on spreading the elementary knowledge of anti-money laundering and the characteristics of illegal financial activities. During the activities, 1,600 copies of publicity materials were distributed to serve about 4,700 people.



Case Yueyang Baling RCB Actively Carried Out Anti-money Laundering Activities

To prevent and combat money laundering effectively and create a good anti-money laundering environment, on 15 November, Yueyang Baling RCB carried out activities around the topic of "Enhancing Awareness of Risk Prevention and Staying Away from Money Laundering", including cracking down on telecommunication internet fraud and organised crime, anti-money laundering and anti-terrorist financing. By means of popularisation of financial knowledge, people's awareness and ability to prevent money laundering crimes were effectively enhanced, and the public's financial literacy was improved.



Privacy and Information Security

The Company attaches great importance to internal network security and the protection of customer information. We set up a leading group for network security work and formulated regulations on digital management and network security, including the *Measures for the Administration of Network Security*. We have strengthened training on information security for related positions, and prohibited relevant employees from disclosing customer information. Taking advantage of informatisation platforms, we strengthen the information collection and management, standardise the data to be collected, and authorise only relevant internal personnel to use in specific occasions. For example, for the information collection of passengers and drivers, we only record necessary information such as license plate numbers and expenses incurred to fully protect their privacy. During the reporting period, the Company received no complaints about invasion of customer privacy and disclosure of customer data.

Intellectual Property Protection

The Company highly values the intellectual property protection, strictly abides by the *Patent Law of the People's Republic of China*, the *Copyright Law of the People's Republic of China*, the *Trademark Law of the People's Republic of China* and other laws and regulations, protects our own intellectual property rights in accordance with laws, and respects and avoids infringing others' intellectual property rights. We have established management systems such as *Intellectual Property Management Measures*, *Intellectual Property Incentive System*, *Confidentiality System* and *Non-competition Agreement*, and actively taken measures to protect the Company's intellectual property rights and prevent the disclosure of core technologies. During the reporting period, there was no violation of laws and regulations related to intellectual property rights and no lawsuit arising therefrom.

Patents Obtained by the Company from 2020 to 2022

	Unit	Year 2020	Year 2021	Year 2022
Number of Patents Obtained	Nr.	69	109	116
Number of new patents	Nr.	47	40	7

Case Modern Environment Technology Declared the Special Project of Intellectual Property Strategy Successfully in Hunan Province in 2022

Modern Environment Technology declared the special project of intellectual property strategy successfully in Hunan Province in 2022, i.e. the protection of key enterprises with intellectual property rights of core environmental technologies, and successfully joined Hunan Intellectual Property Association. To enhance the scientific and technological innovation capability, it built a perfect intellectual property system, deepened the role of intellectual property rights in scientific research through the implementation and enforcement of intellectual property rights, and created a three-dimensional patent network with key technologies as the core and covering multiple products and equipment centring on the common innovation, key technology innovation and product innovation.

Case Modern Environment Technology Was Recognised as Changsha Expert Workstation in 2022

Modern Environment Technology actively sets up a high-level innovation platform to improve the research and development strengths. The addition of Changsha Expert Workstation in 2022 brings the pattern of "one station, one laboratory and one centre" to the Company. The construction of Expert Workstation is an important way to enhance the independent innovation capability of an enterprise, as well as an important platform to give full play to the expertise of experts and accelerate the breakthrough of key technologies and commercialisation of scientific and technological achievements in key areas. During the construction of the Expert Workstation, the Company hired Professor Zeng Guangming of Hunan University and Professor Zhong Hua of Wuhan University as experts of the workstation to carry out technical research and development in intelligent integrated sewage treatment equipment, household waste leachate treatment, reclamation of fly ash, etc., and achieved some good phased results.



Awarding Ceremony of Changsha Expert Workstation

02

Empower Operation with Technologies and Ensure Road Safety

- Keep Traffic Road Smooth and Safety
- Improve Service Quality
- Promote Digital Transformation

With the mission of “building modern infrastructure and leading a better modern life,” and taking advantage of the experience in road safety management, advanced technologies in pavement maintenance and considerate and convenient services, we make efforts to improve the driving experience into a higher level. At the same time, the Company keeps exploring innovative technologies, such as big data and artificial intelligence, in the process of operation, empowers business operations with technologies, and contributes to the smart expressway construction.

Keep Traffic Road Smooth and Safety

Adhering to the business principle of safe development, we stress the construction of work safety standardisation system, actively keep advancing the smooth operation of expressways and improve emergency management and handling capacity. Therefore, we can remove roadblocks as quickly as possible, and ensure the safety with the highest standards.

Standardise the Work Safety

We uphold the principle of "safety first, prevention foremost, and comprehensive management" strictly abide by the *Production Safety Law of the People's Republic of China*, the *Administrative Measures for Emergency Response Plan Against Work Safety Accidents* and other laws and regulations, and formulate the *Compilation of Work Safety Management System*, the *Compilation of Safety Operation Procedure*, the *Special Emergency Plan for Emergencies* and the *Comprehensive Emergency Plan for Emergencies*. We strictly take the responsibilities of work safety, and consolidate and upgrade the three-year special rectification of work safety, so as to lay a solid foundation for work safety and create a safe and healthy working environment.



Work Safety Management Framework

The Company has set up a four-level work safety management structure of Work Safety Committee (hereinafter referred to as "Safety Committee"), Work Safety Committee Office (hereinafter referred to as "Safety Committee Office"), Safety Operation & Maintenance and subsidiaries from top to bottom. The Safety Committee, as the highest deliberation, co-ordination and decision-making body of the work safety management, is responsible for studying, deploying, guiding, co-ordinating, supervising and inspecting the work safety. The Safety Committee Office, which belongs to the Safety Operation & Maintenance, is responsible for implementing the requirements of the Safety Committee. The Safety Operation & Maintenance conducts comprehensive supervision and management of the work safety. Subsidiaries set up corresponding safety management institutions to carry out the safety work.



Work Safety Management Framework of Xiandai Investment

Implement Safety Responsibility Management

We form a work safety management responsibility system, establish and improve the work safety responsibility system according to the principles of "Three Management and Three Musts" and "Party and Government Accountability, Two Duties for One Post, Joint Management and Responsibility Claim for Dereliction of Duties", require to sign letters of responsibility for work safety at different levels, and urge leaders and functional departments at all levels to perform safety management duties. We also regard work safety performance as one of the important conditions for the selection, assessment and appointment of leaders, and strictly conduct assessment of work safety target management to clarify the responsibility management.

Strengthen Safety Control Measures

By carrying out safety rectifications, troubleshooting and eliminating safety hazards, and organizing emergency drills and training, we further enhance the capability of safe operation and defuse major safety risks. In 2020, the on-site evaluation team of China Classification Society, the work safety standardisation evaluation institution of Ministry of Transport, evaluated the work safety standardisation of the Company, and confirmed that we passed the second-level compliance evaluation in the work safety standardisation.

Key Measures for Work Safety in 2022

Organise Special Rectification Actions

- Launch special activities of "Work Safety Month", "Three-year Special Rectification of Work Safety", "Bridge and Tunnel Safety Rectification Action" and "Fire Safety Rectification Action".
- Strengthen the claim responsibility for work safety accidents centring on the "Three Centralised Management" in dangerous chemicals, gas and self-built houses.

Conduct Risk Investigation

- Carry out work safety inspection and safety hazard self-examination and self-correction, sort out 13 types of safety hazard rectification details and establish safety hazard risk accounts to eliminate safety hazards in time.

Strengthen the Emergency Capacity

- Prepare the *Emergency Plan for Work Safety* and actively organise subsidiaries to carry out emergency drills to improve the emergency response ability of front line staff.
- Strengthen the supervision and management of vehicle rescue services, strictly check the performance of rescue service teams, and strengthen the supervision and management before, during and after the rescue.

Enhance the Safety Culture Atmosphere

- Hold regular work safety meetings every quarter, analyse quarterly work safety conditions, solve existing problems, and formulate work safety plan for the next quarter to enhance the work safety awareness of all employees.
- Regularly carry out such activities as "Learning General Secretary Xi Jinping's Important Exposition on Work Safety", "Enterprise Leader Training", "Safety Management Personnel Training", "Training on Work Safety Laws and Regulations" and "Warning Education Training".

Actively Accept the Social Supervision

- Set up reporting platforms in new media such as the Internet and WeChat official account, and open the hotline for reporting illicit and illegal work safety to encourage the public to report major safety hazards and illegal acts of work safety and allow the masses to take the initiative to pay attention to and take part in the safety governance.



Big Data



In 2022, there was no violation related to occupational health and safety of employees in the Company.

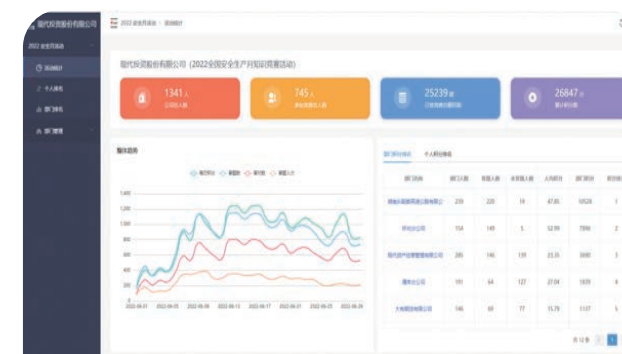
- The self-inspection coverage rate of safety hazards was **100%**.
- The remediation rate of safety accidents and hazards was **100%**.
- The safety training covered **14,567** participants.
- The amount of investment in work safety reached CNY **75.27** million.

Case The Company Carried Out the "Safe Production Month" Activity to Enhance the Work Safety Awareness of All Employees

In June 2022, the Company organised rich and popular safety education activities, such as safety study, safety hazard investigation, safety quizzes and emergency plan drills centring around the topic of "Obeying the Work Safety Law and Being the First Responsible Person" and combining with the reality of work safety. The "Work Safety Month" has raised all employees' awareness of work safety, enriched their safety knowledge and enhanced their abilities of identifying and handling safety hazards as well as making proper emergency response.



The Party committee of the Company organised employees to watch the TV feature film, *Life is more important than Mount Tai – Studying General Secretary Xi Jinping's Important Exposition on Work Safety*.



The Company organised the National Safety Work Month Network Knowledge Competition in the form of daily competition to publicise the basic knowledge of work safety to more employees. 1,341 participants took part in the competition and answered 25,239 questions.



Co-operated with high-speed traffic police, road administrations, and maintenance and rescue personnel, Changsha Branch carried out emergency drills for natural disasters in Changtan section and flood damage and collapse of slopes in Changyong section.



Huaihua Branch carried out fire drills and desktop maneuvers for emergency rescue in tunnel traffic accidents to further enhance the ability of all employees in the fire safety and handling such sudden accidents as tunnel emergency.



Pavement Maintenance and Management

With the implementation of “putting prevention prior to treatment comprehensively and scientifically”, the Company strictly abides by the current Chinese standards and norms, formulates the *Maintenance Management Assessment System*, continuously improves the management and maintenance level and promotes the scientific, standardised and refined development of maintenance management by regularly carrying out comprehensive internal and external maintenance management assessment.

Key Measures of Pavement Maintenance in 2022

Upgrade the Maintenance and Management Mode

- Upgrade the “three-comprehensive” maintenance and management mode, and complete the full participation from the headquarters to branches, the whole process participation from lists to sites, and the all-round control from daily to special actions.

Strengthen the Daily Maintenance

- Conduct regular, periodic and special inspections to roads, bridges, tunnels and traffic safety facilities along expressways.
- Regularly check the operation conditions and parameter configuration of facilities and equipment such as power supply and distribution system, lighting system, monitoring system, toll collection system, communication system and tunnel electro-mechanical system.

Upgrade Road Asset Facilities

- Promote the development of electronic road element labels and realise the metre-level grid management of expressways to accurately obtain the pile number and history maintenance operation history and avoid repeated maintenance.

Strengthen the Informational Management

- Actively promote the use of intelligent maintenance system and realise the automatic management of the whole process of maintenance projects. Please refer to the chapter of “Intelligent Maintenance” in this report for details.



Big Data

In 2022, the Company’s maintenance investment totaled CNY **101.012** million, in which,

- the investment in daily maintenance was CNY **38.4629** million.
- the investment in maintenance projects was CNY **62.5491** million.

Case Accident Emergency Rescue Drills in Severe Weather of Hard Frost, Rainstorm and Heavy Snow on Changsha-Shaoshan-Loudi Expressway

On 13 January 2022, Changshaolou Company carried out accident emergency rescue drills in severe weather of hard frost, rainstorm and heavy snow. In the drill, the icy bridge deck of the ramp bridge at Datunying Toll Station was simulated, where a rear-end collision between two cars happened, resulting people injury. The situation was critical and both carriageway and emergency lane were occupied. All departments acted quickly in accordance with the work requirements and emergency plans. There were more than 50 participants in the drill, and the following vehicles were arranged, including one loader, one vehicle for automatic salt spraying, one forklift, one grader, one road rescue vehicle and two medical rescue vehicles, two pickup warning vehicles, two police cars and two road patrol cars. 240 reflective cones, 160 sacks and 20 bags of snow-melting agent were deployed and consumed.



Changshaolou Company carried out accident emergency rescue drills in severe weather of hard frost, rainstorm and heavy snow.

Ensure the Smooth Traffic

The smooth operation is key to the high-quality development of the local economy and society. The Company adheres to “one road, multi-party and joint co-operation and linkage”, formulates special emergency plans, and applies advanced and smart technologies to properly manage the traffic flows on key sections. We have ensured smooth traffic on major holidays and festivals that often come with large traffic flows, and successfully secured quality traffic in extreme weather conditions, creating safe, clear, clean, and pleasant expressways with smooth traffic flows.

Key Measures of Smooth Traffic in 2022

Smooth Traffic in Large Traffic Flows

- Strengthen the research and judgment of the operation trend of road network in holidays and festivals, strictly implement the “one station and one policy”, and strengthen communication and co-ordination with traffic police, road administrations, rescue teams to ensure the smooth traffic.
- Optimise the Electronic Toll Collection (ETC) in view of the normalisation of congestion of reversible lanes in the morning and evening, which greatly improves the traffic efficiency of ETC lanes.

Quality Traffic in Extreme Weather Conditions

- Formulate the *Special Emergency Plan for Severe Weather* to clarify the important and difficult points of maintenance work in severe weather and the measures to ensure the smooth traffic.
- Formulate *Special Emergency Plans for Flood Control and Fighting a Flood*, strengthen the inspection and investigation of safety hazards during flood season, and supervise all departments to carry out flood control drills.

Strengthen the Joint Actions

- Adhere to the “one road, multi-party and joint patrol and co-operation”, and strengthen the joint actions with social organisations while improving the timeliness of internal response, so as to guarantee the smooth internal and external information and work processing and ensure smooth traffic in daily and unexpected situations.

Emergency Smooth Traffic Drill

- Carry out regular emergency drills to improve the emergency response ability, enhance the practical level of all employees and ensure the on-site safety and smoothness.



Big Data

In 2022, the Company

- invested CNY **6.3571** million in snow removal and smooth traffic.
- arranged **2,237** shifts of mechanical equipment.
- sprayed **1,860.27** tons of snow-melting agent.
- and deployed **10,888** emergency personnel.

Case During the Spring Festival Travel Rush, Employees Were Ready to Ensure the Smooth Traffic

Before the eve of Spring Festival travel rush, the Company set up a Leading Group for Spring Festival Travel Rush to implement the responsibilities of main safety organisation, strengthen the prevention of severe weather, and report information timely. During the Spring Festival travel rush, the Company kept 24-hour continuous operation. In case of emergencies, we immediately activated emergency response, took the front command, and took effective measures in the first place to ensure the travel safety. In case of hard frost, rainstorm and heavy snow, each operation development company quickly arranged graders, loaders, vehicles spraying snow-melting agent sprinklers, etc. to remove snow and ensure the smooth traffic. The focus was spraying snow-melting agent and removing snow in time on bridges, bends, toll plazas and others to ensure full coverage and no blind spots.



The employees were removing snow to ensure the smooth traffic.

Case Remediate the Road Environment and Create Safe, Clear, Clean, and Pleasant Expressways

In May 2022, Changsha Branch and Huaihua Branch organised special rectification actions on road environment to clean the expressway environment. This special rectification activity was conducted with the combination of publicity and governance, in which all bridges and culverts alongside were inspected one by one, and relevant ledgers were established. The law and regulation publicity reached every village and household. In the future, the Company will also conduct regular reexaminations, intensify inspections alongside, "look back" on important positions, and clear stocks to guarantee safe and smooth expressways and create a safe and stable transportation environment.



Changsha Branch and Huaihua Branch renovated the space under bridges.

Improve Service Quality

The Company adheres to the concept of "where there is a demand there is the service", and strictly abides by the *Highway Law of the People's Republic of China*, the *Law of the People's Republic of China on Road Traffic Safety*, the *Product Quality Law of the People's Republic of China* and other laws and regulations. The Company protects the customer privacy and attaches great attention to the needs of customers and makes timely rectification to continuously improve the service and management. During the reporting period, there was no violation of laws and regulations related to industries and product services.

Improve the Service Experience

The Company aims at providing every consumer with high-quality services of expressway, hotel accommodation, financial futures, environmental protection technology, etc. We continuously optimise the road safety performance, improve the smooth efficiency and financial services and do a good job in the hotel management. We continuously make more efforts in expressway, financial services and industrial management to improve the service experience of customers.



Company Performance

- Combination of civilised etiquette work and long-lasting mechanism of smiling service
- Work plans and emergency plans for Spring Festival travel rush, major holidays and festivals and other situations
- Supervision and inspection and 24-hour duty system
- Making full use of the variable information board and LED display screen along the route, Weibo, official accounts to release road network travel information in a timely manner.
- Supporting the resumption of work and production of enterprises to minimise the impact on the economy

Expressways

Zhaoshan Service Area of Changtan Section and Xingsha Service Area of Changyong Section ranked first and second respectively in the first secret inquiries of expressway management and service quality of service areas in Hunan Province in 2022, showing the recognition and affirmation of customers to the Company's service ability.

Case Serve as Civilisation Messengers and Provide Smiling Services

In order to ensure the service quality, Changsha Branch combines civilised etiquette work with long-lasting mechanism of smiling service, constantly perfects details and strengthen training to provide standardised and efficient window services.





Case Warmth in the Winter

During the New Year's Day holiday, employees still stuck to their posts to protect the safety travel of passengers and drivers with continuous and warmth services.

On-duty directors and safety officers of Yangjiaqiao Toll Station conducted the daily comprehensive inspection on the equipment and facilities on site and station areas. On-site monitors of Qingshanqiao Toll Station paid close attention to passengers and drivers getting lost or with dead batteries. Employees, firefighters, traffic police and other relevant personnels of Yangjiaqiao Maintenance Unit and road asset teams rushed to the truck fire scene at the first time and cleaned up cargo residues. Due to the foggy weather, the East Lake Centre Toll Station implemented traffic control to ease passengers and drivers by explaining the reasons for the road closure, and reminding everyone to pay attention to the traffic information posted on Weibo and official account of Hunan Provincial Expressway Group Co., LTD in advance, and provided them with emergency supplies of boiled water, ginger tea with brown sugar, etc. After receiving the car accident alarm, Leiyang Maintenance and Management Unit immediately rescued accident vehicles, and reminded the passing vehicles to avoid the occurrence of second accidents.



Case Create Safe, Clear, Clean, and Pleasant Expressways during the Spring Festival Travel Rush

During the Spring Festival, the leaders of the Company headed for branches to urge them to implement protection work. All departments took practical actions to support the reunion of thousands of families. They created "safe, clear, clean and pleasant" traffic conditions for drivers and passengers from the aspects of improving the safety, smooth traffic, civilised service and emergency response ability. The Company fully prepared before the Spring Festival by establishing CPC Pioneering Groups of Xiandai Investment, emergency protection teams, and winter service team, etc. to guarantee the food and supply reserves in service areas. During the Spring Festival travel rush, in toll stations, such measures of adding toll channels, increasing personnels, preparing changes and strengthening emergency duty were taken to ensure smooth traffic and orderly operation of expressways in areas under the administration.



Financial Services

The Company is committed to specialising in modern finance, promoting the integration of financial and industrial capital, building a comprehensive financial platform to serve the real economy, driving the industrial transformation and upgrading with composite platforms, and investing in the real economy.

Case “Pilot Project” of Dayou Futures, Serving the Real Economy

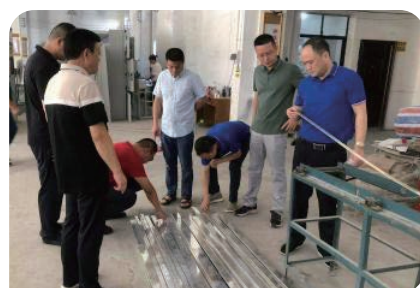
Zhengzhou Commodity Exchange (ZCE) took soda ash futures as a pilot to promote the service of futures market for the real economy. The special support plan for soda ash industry service of “stabilizing enterprises and safeguarding agriculture entities” was carried out for soda ash, float glass and photovoltaic glass enterprises which have not yet participated or have low participation. Dayou Futures organised the management, subsidiaries, institutional service departments, investment research centres and other departments to deploy and implement projects at the first time, and jointly apply for the project with risk management subsidiaries. After thorough investigation, customised training and tracking risk management services were provided to industrial enterprises. Risk management plans were prepared to guide enterprises to reduce risks in production and operation through soda ash futures. The soda ash project, co-operated by Henan Branch of Dayou Futures and Y Enterprise, was identified as a “demonstration project”.

Based on the characteristics of local industries, Dayou Futures explores local entities, builds service positions in the front line of the industry, and provides opportunities for the service team to prepare and practice in the front line, thus expanding a new way for the high-quality development of futures companies in industrial services.



Case Support the Resumption of Work and Production, and Increase the Credit Investment

In the period of the resumption of work and production, Yueyang Baling RCB visited customer enterprises, surveyed their business circumstances and capital demands, increased credit capital investment for enterprises affected by the industry cycle, and issued loans to enterprises for their resumption. It adhered to defer the repayment of principal and interest and renew loans without repayment of principal. It continued to cut fees, share profits, and lower loan interest rates. In particularly, some loan interest rates were declined to the baseline.



Visit of Yueyang Baling RCB to enterprises in the economic development zone.



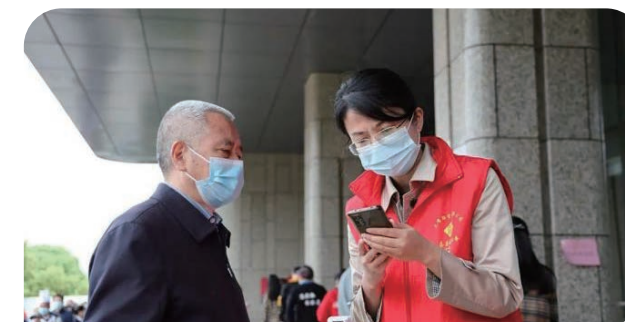
Visit of Yueyang Baling RCB to Fei'an Environmental Protection Technology Co., Ltd.



Visit of Yueyang Baling RCB to Fengling Jinghua Fruit Co., Ltd.

Case Take Multiple Measures to Ensure the Production and Operation

In order to safeguard the market operation and customer demands, Dayou Futures urgently formulated emergency plans for prevention and control. Some important departments carried out a 24-hour office emergency mechanism, and other departments implemented AB double-post shift. The information technology department of the Company established a special channel for employees to work at home and an emergency channel for intranet application system at the first time. The Company always adheres to the tenet of “customer first”, and fully meets their financial service needs in special periods through the linkage mode characterised by “headquarters plus branches” and “online plus offline”.



Case Improve the Convenience Facilities for Residents in Outlets and Provide Intimate and Warm-hearted Services

The behaviors of Yueyang Baling RCB made customers feel good faith. It uniformly adds advertising machines, televisions, queuing machines and interest rate cards in all outlets for customers to quickly acquire financial information. There are automatic shredders in outlets for further protecting customers' information. To meet customers' needs, outlets are equipped with mobile phone charging piles, medicine boxes and special seats. Newspaper and magazine reading corners are set up to relieve customers' anxiety when they are waiting for business handling. Umbrellas and shoe covers are prepared intimately for special weather.

Industrial Management

The Company strives to carry out the industrial operation in depth and provides customers with comprehensive services such as professional contracting of environmental protection projects, engineering design, treatment and disposal of solid and hazardous waste, road derivative asset management, and customer reception. We actively support the ecological civilisation construction, promote the industrial upgrading, and create an industry service brand.

Case The Delegation of “Two Sessions” at the Provincial Level Praised the High-Quality Service of Xiandai Gloria Grand Hotel

On 19 January, the Secretary Group of Hunan Provincial People's Congress and delegations from Hengyang, Huaihua and Xiangxi Autonomous Prefecture bestowed silk banners and letters of appreciation to the Company and Xiandai Gloria Grand Hotel, expressing the gratitude to the resident hotels for their warm and considerate service to the deputies of the Provincial People's Congress attending the 13th Hunan Provincial People's Congress. In strict accordance with the requirements of the “two sessions”, Gloria Grand Hotel adopted the “closed-loop management” mode in the whole process, and arranged temperature measuring robots with intelligent precision at entrances and exits. At front desks and venues, alcohol disinfectant and disposable towels were placed for delegates to improve service quality and health and safety level.





Case Strictly Implement the Rent Reduction Policy and Shoulder the Social Responsibility of State-owned Enterprises

According to the rent reduction requirements in the *Notice on Policies to Promote the Recovery and Development of Difficult Industries in Service* of People's Government of Hunan Province, and the *Notice on Further Improving the Rent Reduction and Exemption of Small and Micro Enterprises and Individual Industrial and Commercial Households in Service Industry in 2022* of State-owned Assets Supervision and Administration Commission of the State Council, the Company organised an inventory of the asset leasing organisations under the management, and provided rent reduction and exemption for tenants meeting the conditions, in which an amount of CNY 5,251,800 was exempted in 2022.



Customer Complaint Mechanism

The Company established communication channels to continuously improve the efficiency of complaint handling. Customers can make complaints through the service hotline of Ministry of Transport and municipal government, as well as supervisory telephones and e-mails posted on roads and toll station sites. After receiving complaints, the Company follows up in time, investigate, verifies and deals with these complaints as soon as possible. Finally, it will give the results to customers.

The Company deals with the complaints relevant to the traffic and toll service of expressway rescue according to the principles of "whoever's in charge is responsible" and complies with the *Code for Vehicle Rescue Service and Management in Hunan Province*. After receiving the complaints on expressway rescue service, the Company will investigate and verify them within 5 working days, and give feedback and listen to complainants' opinions. If true, the complaint will be valid, and the supervision organisation will oblige the vehicle rescue service organisation to apologise to complainants, and deal with according to regulations. During the reporting period, the complaint handling rate and satisfaction rate of the Company reached 100%.

Customer Satisfaction Management

In order to continuously improve customers' satisfaction with the vehicle rescue service, the Company calls back customers receiving vehicle rescue service to understand the rescue efficiency every month according to *Code for Vehicle Rescue Service and Management in Hunan Province*. The coverage rate is up to 100%, and the data of calling back are recorded in the road asset system.

During the reporting period, the Company took part in the secret inquiries of expressway service areas conducted twice a year in Hunan Province, in which Department of Transportation of Hunan Province as the industry management unit organised third parties to carry out the customer satisfaction investigation in the surrounding areas of service areas. The survey was related to the environment of service areas, maintenance quality, room cleanliness, oil station service, food quality, etc., and the rectification and promotion were made according to the survey results.



Case Zhaoshan Service Area Got Ahead of the Others in the Secret Inquiries of Expressway Service Areas in the Province

According to the results of the second secret inquiry on the management and service quality of expressway service areas in Hunan Province in 2022 reported by Department of Transportation of Hunan Province, Modern Assets, as the operation and management unit of Zhaoshan and Xingsha service areas, ranked first among 11 business entities in the province. The G4 Changsha-Xiangtan section ranked first in two secret inquiries among 79 expressway operation sections in the province.

This inspection related to 117.5 pairs of service areas and 18 pairs of parking areas operated in the province. Through comprehensive evaluation in cleanliness, greening, safety and image management, public service and other indicators, Zhaoshan Service Area operated by Modern Assets ranked fourth.



Promote Digital Transformation

To continuously improve the Company's innovation capability and core competitiveness, we adhere to the business principle of "digitalisation, specialisation and marketisation", actively embrace digital transformation, aim at safe, fast and smooth roads, and accelerate the integrated application of the new-generation information technologies including big data, artificial intelligence (AI), Internet of Things and cloud computing.

Smart Expressways

Taking the intelligent transformation and upgrading of expressways as one of our strategies, the Company, through a unified and efficient data centre, continues to promote Compound Pass Card (CPC) unmanned toll stations and Electronic Toll Collection (ETC), and builds a digital service platform for expressways, to improve the level of digitalisation, intelligence and information of roads. During the reporting period, road sections under the Company's jurisdiction had a traffic volume of 133 million, 33 million of which were trucks.

Key Projects of Smart Expressways in 2022

Smart Toll Station

- Build smart toll stations to achieve unattended charging and card issuance, and provide a set of effective solutions for the “automation and rapid passage” of toll stations.

Smart Rescue

- Build a cloud platform for emergency rescue and dispatching (hereinafter referred to as “cloud platform”) to realise information sharing and joint linkage and improve the efficiency and quality of handling road traffic emergencies. The cloud platform can quickly respond to expressway traffic accidents and mobilise all forces in time.
- Launch “one-click rescue” service, quickly and accurately determine the geographical location of faulty vehicles through satellite positioning to open up the front-end demand and background response docking channels of vehicle rescue, achieve rapid and effective connection and improve the rescue efficiency.

Smart Road Network

- Reconstruct and upgrade the high-density and high-definition smart road monitoring system in sections, with each monitoring point equipped with two high-definition cameras of 4.0MP.
- Build tunnel incident monitoring system to detect and manage traffic flow in tunnel videos in a real-time and omni-direction way, quickly identify traffic incidents in tunnels and the traffic flow and personnel information at incident sites.

Digital Service Platform

- Launch the digital service platform of “Expressway Travel” to provide value-added services with information technology services as the core for expressway users.

Case Smart Rescue to Guard a Safe Trip on Expressways

On 17 June 2022, a traffic accident occurred at K1501 Yuhua interchange in Changtan Section of Beijing-Hong Kong-Macau Expressway from north to south. A vehicle transporting methanol was rear-ended and leaked, which was in danger of explosion. The situation was very critical. Relying on the integrated and efficient cloud platform for emergency rescue dispatching, the Company located the vehicle as soon as possible, and mobilised forces including traffic police, fire fighting, rescue and maintenance in time to jointly rescue. The accident was finally dealt with for 70 minutes, after which the normal traffic was resumed.



Cloud Platform for Emergency Rescue Dispatching on Smart Expressways



Monitoring Hall



Site of Methanol Vehicle Accident in Changtan Section of Beijing-Hong Kong-Macau Expressway

Intelligent Maintenance

Relying on the platform for intelligent management of expressway maintenance, the Company strengthens project management of daily maintenance, maintenance of road asset facilities, special maintenance and achieves the whole-process supervision from road condition inspection, disease collection, task list release, construction management, acceptance management to measurement and payment, giving full play to the role of information system in expressway maintenance management.

Key Measures of Intelligent Maintenance in 2022

Close-loop Management of Maintenance Projects

- Form a close-loop process based on the application of handheld mobile terminals, which contains daily inspection, disease treatment, construction acceptance, statistical analysis, measurement and payment.
- Complete the whole-process fine management of diseases from discovery to repairment, from commencement application to measurement and settlement.

Interconnection and Intercommunication of Maintenance Data

- Complete the data interconnection and intercommunication between platforms of the headquarters and subsidiaries, in which the headquarters can retrieve the relevant data of each subsidiary at any time.
- Strengthen the data sharing between computer software and mobile phone applications to provide convenience for the management of on-site verification work of the daily maintenance.

Establish a Big Data Centre of Maintenance

- Establish a basic database of road asset facilities to realise the standardised management of basic data, among which, there are basic data, disease data, maintenance data, inspection and evaluation data, measurement and settlement data of 521-kilometre pavement, 523 bridges, 11 tunnels, 353 slopes and 2,954 culverts and channels.

Emergency Management of Innovative Maintenance

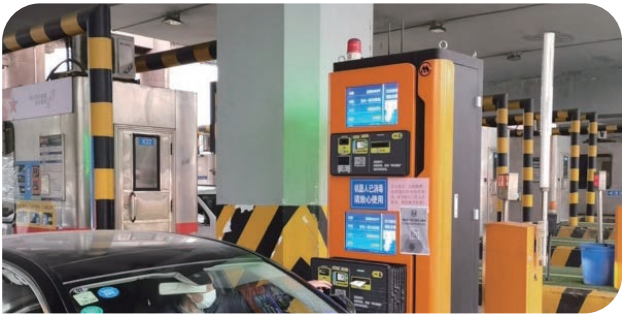
- Realise the standardised management and automatic evaluation of the grades of slope risks
- Realise real-time reporting and summary of emergency situations such as slope failure

Innovate the Intelligent Management of Bridges

- Generate a unique QR code for a bridge, scan the QR code to accurately identify the bridge information at any time and master the basic attribute information.
- Master the daily maintenance inspections and regular examinations of bridges in real time through the system inquiry.
- Check the historical disease information of bridges by scanning the QR code, and assist in deciding the maintenance scheme.

Case Robots Lead Smart Travel Experience

In July 2022, the Company started the construction of smart toll stations in Sanyi, Zhijiang North, Changsha, Fanjiang, Huaminglou, Datunying, etc., where 20 sets of smart toll collection robots were put into operation for the automatic card issuance at entrances and automatic toll collection at exits. Compared with manual work, smart toll collection robots can improve the traffic speed and lower the failure rate, with the vehicle type and license plate recognition accuracy over 99%, card issuing efficiency at entrances increasing by 10%, toll collection efficiency at exists increasing by nearly 40%, special situation handling coverage rate reaching 100%, and manual operation cost reducing by about CNY 270,000.



Smart toll collection robots at the entrance of Changsha Toll Station issued cards



Zhijiang North Smart Toll Station

Case The Only “Quasi-free Travel” Toll Station in Hunan Was Opened, and There Was No Need to Slow Down When Getting On and Leaving from Expressways

The Company continues to explore the traffic mode of “free travel without railings”, for which, Yuhua Toll Station takes the lead in building ETC pre-transaction and CPC pre-payment systems in Hunan, basically realizing the “quasi-free travel” charging scenarios. When vehicles with ETC passing toll stations, middle ETC lane, not hindered by common toll islands, toll booths, toll equipment and railings, are spacious and the field of vision is wide. Tests show that it takes only about 4 seconds to freely travel through toll stations through ETC, shortening the transaction time by more than half, and improving the overall passing efficiency of vehicles at toll stations by 50%.



The free travel pre-transaction system of Yuhua Toll Station was put into use.

Case Intelligent Management System Supports Upgrading the Mode of Maintenance Management

Guided by the latest requirements and norms of maintenance management, the Company focuses on deepening application and serving practically, and builds a system of intelligent maintenance management. The system includes twelve modules of daily maintenance, road asset management, measurement declaration, maintenance project, contract management, bridge and culvert management, tunnel management, slope management, budget management, pavement management, ice resistance and smooth traffic, and system management. The intelligent maintenance management system further upgraded the maintenance management mode from manual recording, paper archiving and experience judgment to a new management mode of real-time collection, electronic standardised archiving and big data scientific analysis, which leveled up the maintenance management of the Company.

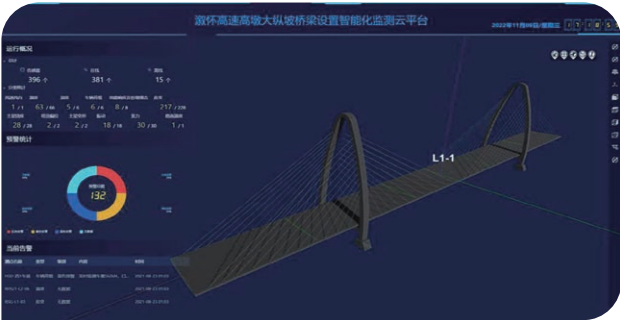


Intelligent Maintenance Management System Interface

- Daily maintenance
- Maintenance engineering
- Tunnel management
- Pavement management
- Road asset management
- Contract management
- Slope management
- Anti-icing and smooth guarantee
- Measurement and declaration
- Bridge & culvert management
- Budget management
- System management

Case Smart Monitoring to Safeguard Bridges

Xuhuai Expressway is located in Huaihua mountainous area. There are many bridges, some of which have high piers and large longitudinal slopes. The long-term effect of automobile load and the temperature difference over the years make the bridge piers prone to deviation. The Company set up a smart monitoring system for 8 key bridges, such as Hongyang Bridge and Youzhachong Bridge on Xuhuai Expressway. The system is aimed at carrying out all-weather automatic monitoring, real-time data collection and intelligent early warning for bridges with deviation correction and reinforcement treatment and bridges with over-limit bearing slip, so as to ensure the normal utility and safety performance of bridges.



Smart Monitoring Cloud Platform for High Pier and Large Longitudinal Slope Bridges of Xuhuai Expressway

Smart Finance

The Company adheres to the financial services for the real economy in financial services and strengthen supply chain finance based on business digitalisation and supported by innovative mechanism and agile organisation. It comprehensively promotes service mobility, platform ecology and technology openness to build core competitiveness under the digital financial ecology by fully tapping the value of expressway big data and combining the advantages of financial resources.

Case Dayou Futures Empowers Its Business Digitally to Promote Its Business to a New High

Digital transformation is a new driving force for transforming and upgrading financial business and realizing quality, efficiency and power change. Based on its own business characteristics, Dayou Futures independently develops several digital systems such as robot process automation (RPA) system, integrated management system for over-the-counter option business, integrated futures and cash management platform. It promotes the application scenarios and value practices of business and management on new technologies to provide better management and services. It enhances comprehensive strength and customer service capability, solidifies the advanced information technology platform, and improves operational efficiency and risk management capability.



Dayou Futures K-RPA Software Robot Management System

Case Modern Wealth Finance Digitalisation Activates New Dynamics of High-quality Development

Modern Wealth has established a digital business platform and an internal management platform for all sections with data sharing, complete processes and approval compliance. It has developed its own comprehensive programmed trading software and supply chain system for trade finance, and designed several digital modules for the actual needs of the business, thus significantly improving the transaction accuracy and the efficiency of risk control, capital usage and workflow. With this system, the Company has obtained three computer software copyrights issued by the National Copyright Administration, namely, "High Security Futures Management Trading System", "Recommendation System for Futures Product Investment Strategy", and "Multi-Data Synchronisation Display System for Futures".



Case Modern Wealth Held A Signing Ceremony for Online Electronic Guarantee Business with Valin E-Commerce and Xingfutong

Modern Wealth held a signing ceremony for online electronic guarantee business with Hunan Valin E-Commerce Co., Ltd. and Hunan Xingfutong Technology Co., Ltd. on 4 November. Modern Wealth will take this signing as an opportunity to continue to focus on "data + finance" and "trade + finance". It builds an innovative mode of big data industrial management based on high-speed scenario by co-operating with Hunan Provincial Expressway Group Co., LTD and Xiandai Investment, and serves the strategic positioning and mission of "three highs and four news" in Hunan, thus continuously improving the digital financial product service capability.



03

Practice the Low-carbon Development and
Protect Lucid Waters and Lush Mountains

- Strengthen the Environmental Management
- Optimise the Resource Utilisation
- Address Climate Change
- Reduce Environmental Impacts

The Company practices green development and deeply implements the thought of ecological civilisation of General Secretary Xi Jinping. It actively responds to the call of the “14th Five-Year Plan for the Development of Green Transportation” to practice ecological and environmental protection responsibilities, and strives to build a resource-saving and environment-friendly enterprise by integrating green, energy-saving and low-carbon concepts in road construction, pavement maintenance, transportation services, financial investment and other business fields.

Strengthen the Environmental Management

The Company strictly implements the national and local laws and regulations and constantly improves the emergency response system for business-related environmental incidents. We co-ordinate the formulation of annual environmental goals and conduct environmental-related training programs to reduce the environmental impact of the Company's operations through practical actions. There were no major environmental issues or environmental pollution incidents in the Company during the reporting period.

Environmental Management System

The Company strictly abides by the *Environmental Protection Law of the People's Republic of China*, the *Law of the People's Republic of China on Prevention and Control of Water Pollution*, the *Law of the People's Republic of China on the Prevention and Control of Atmospheric Pollution*, the *Law of the People's Republic of China on the Prevention and Control of Environmental Noise Pollution*, the *Law of the People's Republic of China on the Prevention and Control of Solid Waste Pollution* and other relevant laws and regulations. We establish and improve the environmental management system based on the principles of substance, importance and compliance.

Environmental Emergency Response System

The Company has formulated a series of environmental emergency systems for flood control and severe weather, prepared emergency drill plans and conducted drills regularly, so as to ensure that professional personnel can respond quickly in case of environmental incidents, reduce the losses to the Company because of environmental incidents and ensure the traffic safety.

Company's emergency measures for severe and extreme weather events:

Publish road condition information in time.

- The information communication and interaction between the monitoring information centre and the provincial road network can ensure that we can grasp the relevant road traffic conditions in time. Road information and safe driving matters can be updated and released from the expressway variable information board under the jurisdiction of the Company.

Intensify patrols on expressways.

- The traffic police, road administrations and company maintenance staff co-operate to monitor any accidents on expressways in real time.

Set warning signs.

- Warning signs, safety warning signs and reflective cones are set up in key icy sections such as bridges, culverts and curved ramps. The Company places reflective cones to control lanes, and prepare snow-melting agents, sacks and other supplies in advance for key bridges.

Carry out ice-breaking and snow removal.

- Maintenance personnel with graders, shovels, loaders and other equipment go to the key sections, bridges and culverts to carry out ice breaking and snow removal operations, and timely sprayed snow-melting agents.

Provide free convenience services.

- Toll stations provide passengers and drivers with free ginger tea, boiled water and other convenient supplies as well as quality, safe and convenient services.

Case Slope Collapse Rescue to Eliminate Safety Hazards

The ramp slopes of Fanjiang Interchange of Changshaolou Expressway collapsed at 4 a.m. on 30 May 2022 because of days of heavy rainfall. The landslide caused a large amount of stones and soil to be washed into the travel lane, which would cause traffic accidents and affect the traffic. Personnel from Loudi Maintenance Unit acted immediately to set up warning signs in front of the collapse site, and took traffic maintenance measures to divert passing vehicles, quickly clean up the mud on the road and dredge blocked ditches. Because of timely disposal, the slope collapse accident did not affect the traffic safety of passing passengers and drivers. Personnel from Loudi Maintenance Unit were also organised to clean up the landslide soil and reinforce slopes to eliminate safety hazards.



Case Emergency Response to Low Temperature, Hard Frost, Rainstorm and Heavy Snow

Branches make all the preparations for anti-ice machinery, low temperature weather inspection and equipment adjustment before the arrival of heavy snow. When snow begins to fall, the emergency plan for anti-ice and smooth operation will be launched quickly, and the team members will supervise the work of anti-ice and smooth operation for stations, teams and institutes along the line, rationally allocate the tasks of snow removal and anti-ice, visit and sympathise with the cadres and workers in the front line of anti-ice, making all efforts to fight against ice and keep smooth operation.



Address Climate Change

Climate change has become one of the common challenges of all mankind. Extreme weather and natural disasters have a direct influence on the transportation industry, such as transportation equipment damage, the low stability of traffic safety, and the destruction of ground facilities and devices. The Company identifies and discloses the climate risks to which it is exposed, assesses the risk levels, and constantly improves the climate risk management mechanism to respond climate risks, as recommended by the Task Force on Climate-related Financial Disclosures (TCFD).

Identify Climate Risks

Based on public materials and industry analysis, the Company carries out industry-level risk review, and lists universal industry risk through reference to peer best practice, leading international standards, industry commentary, media reports and expert communications. In accordance with TCFD climate risk disclosure framework and risk types, the identified climate change risks are divided into entity risks and transformation risks, and the possible impacts of climate change on our own business sectors in different time, such as short-term (0-3 years), medium and long term (4-9 years) and long-term (10 years and above), are identified. The Company adopts a qualitative assessment method to rank the identified risks as "low", "medium" and "high" influence strength based on the possibility, influence, adaptability and resilience of events.



Climate Risk Identification Matrix

Risk Type	Climate Risk Factors	Risk Classification	Risk Example Description	Time Dimension	Business-related Sections	Influence Strength
Entity Risks	Thermal pressure	Acute operational risk	During a heat wave, employees may be unable to work due to heat exhaustion, heat stroke or other health conditions caused by the extreme heat, resulting in higher operating costs. Running machines may be overheating, resulting in a shortened service life. The two situations could result in income loss.	Short term	Whole company	High
	Earthquake	Acute operational risk	The Company's exposure to seismic risk is low because there are no significant seismic hazards in the geographic locations where it operates.	Short term	Whole company	Low
	Typhoon	Acute operational risk	Since the geographical location of the Company's business is not in typhoon-prone areas, it is exposed to low typhoon risk.	Short term	Whole company	Low
	Mosquito breeding	Chronic operational risk	Rising temperatures and increased precipitation also lead to mosquito breeding, thus increasing the risk of mosquito-borne diseases.	Long term	Whole company	Low
	Sea level rise	Chronic operational risk	As the Company's business scope is not geographically located along the coastline, it is exposed to low risk of sea level rise.	Long term	Whole company	Low
	Thunderstorm	Acute operational risk	Waste disposal devices are mostly flammable and explosive. The increase of thunderstorms may cause the risk of secondary disasters such as explosion and fire. They affect the safety of expressway traffic and reduce the service quality. The two situations could result in income loss.	Short term	Whole company	High
	Snowstorm	Acute operational risk	Risks of expressway traffic safety, causing difficulties in traffic governance or hindrance clearance and rescue, reducing the quality of expressway service and affecting toll income.	Short term	Whole company	High
	Heavy rain, flood, fog and strong wind	Acute operational risk	Risks of expressway traffic safety, reducing the quality of expressway service and affecting toll income.	Short term	Whole company	High
Transitional Risks	Water resources pressure	Chronic operational risk	As the Company's operations are located in areas with less water resources pressure, the risk of water shortages is low.	Long term	Whole company	Low
	New policy for low-carbon economy transformation	Market and technology risks	With committing to the "Dual Carbon" goal, the government has introduced new policies to support low-carbon transition, thereby increasing the operating costs of enterprises.	Long term	Whole company	High
	Energy transformation policy	Market and technology risks	As a result of more rigorous government policies to emission reduction, the Company needs lower-emission green energy to replace existing high-emission energy, thus increasing the cost of transforming to lower-emission technologies.	Medium and long term	Whole company	Medium
	Fluctuation of carbon market price	Market and reputation risks	Because of more rigorous government policies on carbon emissions, the cash flow of the Company may be affected by the fluctuation of carbon market price.	Medium and long term	Whole company	High
	Mandatory information disclosure by regulatory authorities	Operational and reputation risks	The mandatory climate-related financial information disclosure by regulatory authorities and the lack of historical data and accurate accounting methods affect disclosure quality and cause standard compliance risks.	Medium and long term	Whole company	Low
	Improvement of environmental protection standards	Market and technology risks	As the government has introduced more rigorous environmental protection policies, the Company needs to improve environmental service standards, and may increase new investment in energy conservation and environmental protection improvement.	Long term	Whole company	High

Climate Risk Management

In response to climate change risks, the Company has fully taken corresponding measures to cope with entity risks by formulating and constantly completing the environmental risk management system and emergency response system, actively strengthening the construction of emergency response system, and establishing and improving *Prevention and Control of Environmental Risk*. The Company responds to transition risks by dynamically identifying Chinese and international climate-related policies and regulations, investing in environmental protection businesses, reducing greenhouse gas emissions and innovating environmental protection equipment to prevent risks from occurring while reducing the losses to the Company when they do occur.

The Company has reduced the intensity of greenhouse gas and hazardous waste emissions to mitigate climate change, improved energy utilisation efficiency, reduced energy use intensity, and acted in both directions from source control and end-of-pipe management to reduce the impact of the Company's operation process on climate change.



Company's mitigation measures:

- Give early warning of extreme weather and climate events such as thunderstorms, blizzards and strong winds and make all preparations of emergency plans, emergency material reserves and staffing in advance;
- Regularly conduct emergency drills and training for natural disasters and accidents;
- Regularly check safety hazards;
- Give preference to climate-resilient infrastructure, such as earthquake-proof and windproof design and lightning protection, flood control and fire protection design, in the construction work.

Case Check Safety Hazards to Ensure the Safety in the Flooding Period

The Company attaches great importance to the disaster weather, geological hazards and other secondary disasters in the flood season, and actively checks safety hazards. Check of key parts of slopes, bridges and tunnels before, during and after raining are specially strengthened, and road sections with stagnant water and blockage of bridge drainage holes are disposed. Operation development companies have a good command of weather forecast and flood situation, intensify the inspection frequency, and establish inspection ledgers for key road sections and slopes. The drainage of roadbeds, road surfaces, bridges and culverts, side ditches and the using functions of traffic safety facilities were fully checked to repair the flood damage slopes in time. Attention was paid to parts with flood damage risks and slopes prone to collapse to eliminate potential safety hazards and dangerous circumstances timely and ensure the safe and smooth traffic.



Optimise the Resource Utilisation

The Company abides the *Energy Conservation Law of the People's Republic of China* and the *Cleaner Production Promotion Law of the People's Republic of China* and other laws and regulations, actively use clean energy and increase the investment in the environmental protection, such as the new energy charging piles in service areas, to support the green travel.

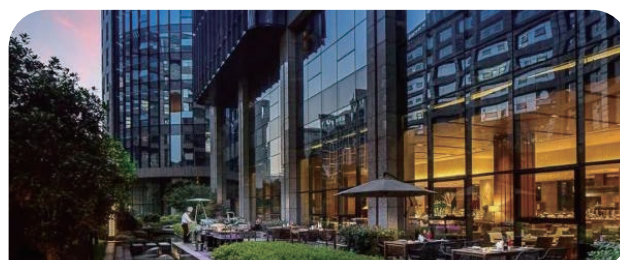
Case New Energy Infrastructures Promote the Upgrading and Reconstruction of Service Areas

Efforts were made to accelerate the upgrading and reconstruction of service areas, and arrange the construction of new energy charging infrastructures in service areas in a planned way combining with the provincial expressway service upgrading and reconstruction plan. In 2022, 20 charging piles have been built in Zhaoshan Service Area, and 4 charging points will be built in Xingsha Service Area in January 2023.



Case Xiandai Gloria Was Awarded as the "Energy Conservation and Emission Reduction Demonstration Hotel"

Responding to the national saving strategy, Xiandai Gloria Grand Hotel continuously promotes the ecological civilisation construction, overcame difficulties and improve methods to integrate energy conservation and emission reduction into its work, achieving good results in reducing total energy consumption and emission reduction. The Company was awarded as the "2021 Hunan Energy Conservation and Emission Reduction Demonstration Hotel" at the 2nd Session of the 6th Member Congress of Hunan Tourist Hotel Association.



Sustainable Measures of Xiandai Gloria:

Increase investment in environmental protection.

- In order to support the hotel to achieve the goal of energy conservation and emission reduction and green upgrading, it spent CNY 1.71 million on the low-nitrogen boiler renovation project of Booster, which effectively reduced nitrogen emissions. Hunan TV Urban Channel reported and publicized the low-nitrogen renovation project of hotel boilers and promoted the low-nitrogen boiler renovation.

Intelligent innovation.

- To serve the energy conservation and emission reduction, the hotel constantly makes progress in the application of big data and information technology. Through the sharing and integration of big data and other platforms, energy efficiency improvement and management are carried out by more intelligent and information-based means, and technical parameters of production links are dynamically adjusted, which can be effectively reduce energy costs, support the hotel to achieve cost reduction and efficiency increase.

Promote the concept of environmental protection.

- The hotel continually interprets the business principle of green and low carbon in practical service actions, and help guests to develop the awareness of low carbon and environmental protection to boost the environmental consumption. High-performance, high-quality and high-tech products and concepts are displayed to consumers, advocating a new trend of green energy conservation and emission reduction.

Reduce Environmental Impacts

The Company strictly implements the prevention and control measures of waste gas, wastewater, solid waste, noise and other pollution, actively publicizes the concept of environmental protection, advocates green office, reduces the impact of our own business activities on the surrounding environment from technological innovation, protective devices and technological transformation, and strives to maintain the balance of the surrounding environment of businesses.

Reduce the Environmental Pollution

The environmental pollution impacts of the business activities of the Company mainly include waste gas from vehicles, sewage produced by toll stations in service areas, domestic garbage from daily operation, waste materials from pavement maintenance, etc. The Company makes continuous efforts to reduce the use at the source, as well as the amount of waste.

Case Solidification and Stabilisation Technology to Reduce the Generation of Solid Waste and Reasonably Treat Such Waste

In Honghe Subsidiary of Modern Environment Technology, the solidification and stabilisation technology is applied to treat arsenic-containing hazardous waste residues, which are transported to designated landfills for safe landfill after meeting the landfill requirements. The leaching concentration of arsenic and other heavy metals in the arsenic-containing hazardous waste residues after treatment by this technology is lower than the limits stipulated in *Identification Standards for Hazardous Wastes – Identification for Extraction Toxicity* (GB5085.3-2007), and *Standard for Pollution Control on the Hazardous Waste Landfill* (GB18598-2019). And no other hazardous waste is generated, realising the innocent treatment of hazardous wastes. The compressive strength of the solidified body can meet the strength requirements of the solidified body for transfer, transportation and safe landfill. Compared to the original process, after applying the solidification and stabilisation technology, CNY 64.46 can be saved for per ton of arsenic residues, and the capacity-increase of safe landfill can be reduced by 15%. Based on the annual treatment of 15,000 tons of arsenic-containing waste residues, the production cost can be saved by CNY 966,900 per year, and the energy and resource will be saved by 17.22%, indicating that it has excellent ecological, economic and social benefits.



Case Reduce Noise Pollution

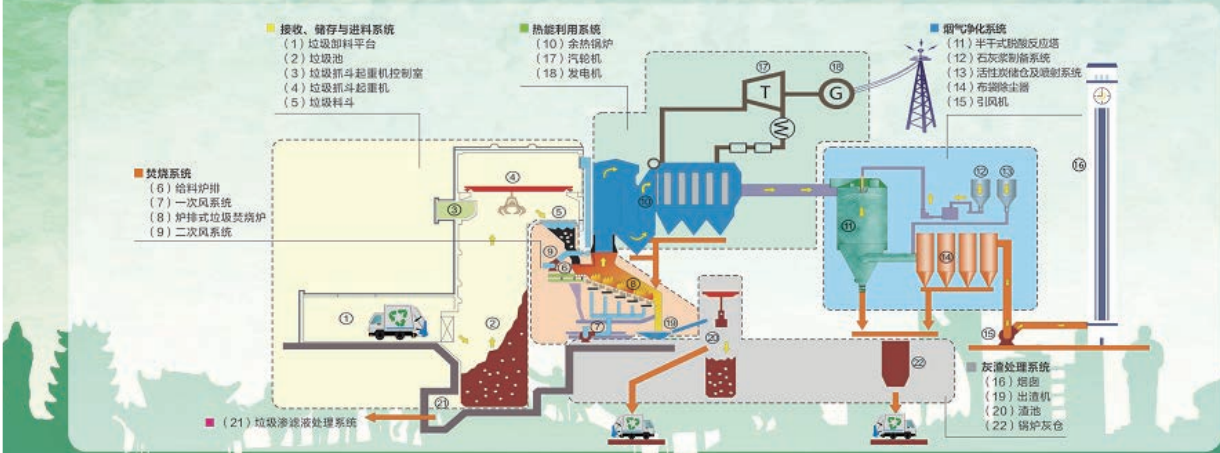
The upgoing section of K825+260-410 of Xiangtan-Hengyang West Expressway is fill embankment, with a slope height of about 4 metres to 8 metres. There are residential houses 30 metres to 80 metres outside the section, and there is no shelter in the middle. After acoustic environmental noise detection, the results exceed the index requirements of Class 4a acoustic environmental functional area in the *Environmental Quality Standards for Noise* (GB3069-2008). In order to solve the problem of noise nuisance, the Company spent about CNY 247,800 to add a 150m sound barrier on the section.



- Cost: CNY **247,800**
- Add a **150m** sound barrier



生产工艺流程



Advocate Green Life

The Company and subsidiaries adhere to the concept of green office and actively carry out the construction of green and low-carbon culture by promoting environmental awareness and leading green production and green life. Through electronic screens, WeChat, posters, slogans and other forms, we promote to employees the concepts of “saving energy and cutting carbon emissions for green development” and “promoting low-carbon life to create a green future”, and take a series of related measures to reduce office carbon footprint. Various measures in parallel can minimise the generation and emission of pollutants in the office process, reduce office energy consumption, and integrate green concepts into office details, thus contributing to the environmental protection.

The Company's green office measures include:

Save Office Consumables

- Initiate paperless office through reducing the amount of printed documents, and advocating double-sided printing and paper reuse; cutting the use of disposable items; and prioritizing energy-saving office supplies.

Reduce Resource Consumption

- Use energy-saving lighting facilities, turn off electrical equipment when not in use and set energy-saving temperature for air conditioners; save water resources; and reduce food waste and vigorously promote the waste sorting.

Reduce Travel Energy Consumption

- Advocate green travel, encourage the use of clean energy vehicles, and promote online office and video conferencing.



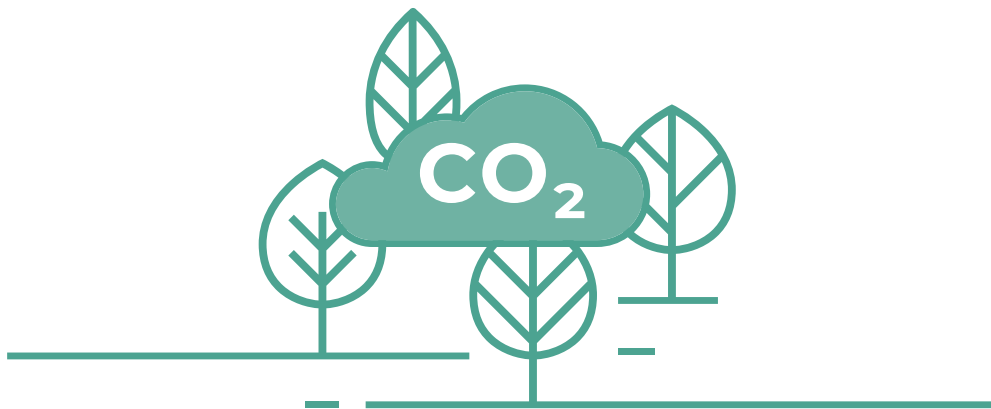
Case Up-to-standard Discharge of Flue Gas, Odour and Fly Ash Can Ensure the Ambient Air Quality

Modern Environment Technology ensures the safety and stability of ambient air quality through the combined treatment process of flue gas, daily management of odour, and combined mechanical transportation mode of fly ash system.

- The flue gas of incinerators is treated by the combined treatment process of “denitrification in SNCR furnace + semi-dry deacidification + dry injection + activated carbon adsorption + bag dust removal”, and it is ensured that the residence time of flue gas at the temperature of not less than 850°C is not less than 2 seconds. After the discharged flue gas meets the requirements of *Standard for Pollution Control on the Municipal Solid Waste Incineration* (GB18485-2014), it will be discharged by double-tube cluster of 80-metre chimney.
- The Company implements the odour pollution control measures of setting air curtains at entrances and exits of unloading halls, keeping garbage unloading doors closed, micro-negative pressure design of garbage storage pits, introducing waste gas into incinerators for incineration, and shutdown maintenance and removal of odour under abnormal working conditions to ensure that the odour concentration at the factory boundary meets the requirements of the second-class standard in *Emission Standards for Odour Pollutants* (GB14554-93).
- The fly ash system is in the combined mechanical conveying mode, with bag filters installed on closed shell, lime bin, activated carbon bin and fly ash bin, to standardize the management and control of ash loading and unloading transportation and garbage transportation, reduce unorganised dust emission, and ensure that unorganised dust emission meets the requirements of unorganised monitoring concentration limit in *Integrated Emission Standard of Air Pollutants* (GB16297-1996).

Case “Plant” for Green Development and Practice the Sustainable Development

In order to raise the awareness of ecological civilisation construction and enhance team spirit, Horqin Left Rear Banner Subsidiary of Modern Environment Technology, planted more than 500 five-year-old golden elm saplings in the factory in spring. Changning Subsidiary of Modern Environment Technology and Dayou Futures carried out voluntary tree planting in Tiantangshan National Forest Park and Huangxing Town, Changsha County, respectively, to practice the development concept that “lucid waters and lush mountains are invaluable assets” for all organisations.



Actively Advance Green Investment

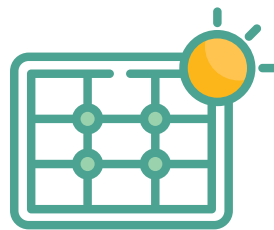
The Company focuses on new energy and clean energy in the transportation industry layout, encourages enterprises to research low-carbon technology, and speeds up the improvement of green facilities. Through studying and implementing the *Opinions of the National Development and Reform Commission (NDRC) and the National Energy Administration on Improving the System, Mechanism, Policy, and Measures of the Green-Oriented Transition of Energy* published on the NDRC website, the Company carries out business layout and discovers a number of entity enterprises in line with green development.

Aiming to find and invest in environmentally-friendly enterprises with inherent advantages, Modern Hongyuan is highly concerned about the management of water resources, pollutants and waste, waste gas, energy, carbon emissions, and others highly related to its business in the environment issues. The target enterprises should give full play to their advantages in the construction of environmentally-friendly projects, such as building environmental education bases and promoting the public to participate in the ecological civilisation construction.

In the investment management, we will not fund or defund enterprises with major environmental accidents or with critical problems in corporate governance, and pay attention to environmentally-friendly enterprises with sustainable development expectations, which show that we keep environmental benefits prior to economic interests.

Case Increase the Investment in Distributed Photovoltaic Generation Projects in Rural Areas.

Yueyang Baling RCB actively implements energy conservation and emission reduction, expands green credit, supports the development of green economy, and finances the economic development and infrastructure construction of Yueyang County by issuing “photovoltaic loans” to farmers, which have a maximum credit of CNY 200,000 per household, an original maturity up to 5 years and an annualised interest rate of 5.15%. By 2022, it has issued 138 “photovoltaic loans” to farmers with an amount of CNY 11.77 million.



- Max CNY **200,000** granted for “Photovoltaic Loan”/family
- **138** loans were issued to farmers in 2022 with a total amount of CNY **11,770,000**



04

Persist in People-oriented and Support Employee Growth

- Protect Employees' Rights and Interests
- Talent Training and Development
- Pay Attention to Employee Care

Upholding the “people-oriented” philosophy, the Company protects employees’ legitimate rights and interests and shows concern over their growth. We have established a sound occupational health and safety system and employee training system, formulated a well-developed salary guarantee system, and promoted employees to enhance personal ability and achieve their dreams. At the same time, the Company conducted employee care activities to enrich their lives.



Protect Employees’ Rights and Interests

The Company strictly abides by the *Labour Law of the People’s Republic of China*, the *Labour Contract Law of the People’s Republic of China*, the *Law of the People’s Republic of China on the Protection of Minors*, and other relevant laws and regulations while providing employment. We also fully protect employees’ legitimate rights and interests in recruitment, promotion, salary and welfare, occupational health, democratic management, etc., and build and develop harmoniously stable labour relations.

Diversified Compliance Employment

The Company strictly abides by the relevant laws and regulations, formulates a comprehensive employee management system, effectively protects employees’ legitimate rights and interests, and establishes labour relations complied with laws and regulations. In the process of employee management such as recruitment, remuneration, training, promotion or retirement, the Company objects to all discrimination in terms of nationality, religious belief, gender, age, etc., and firmly prevents child labour and forced labour. The Company attaches great significance to the diversity of employees, and is committed to creating fair and impartial opportunities for all candidates of different factors such as ages, genders, skin colours, religions, and providing an equal promotion platform and inclusive working environment for all employees.

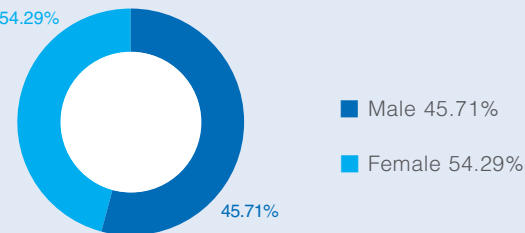


The total number of employees in 2022 was
3,472

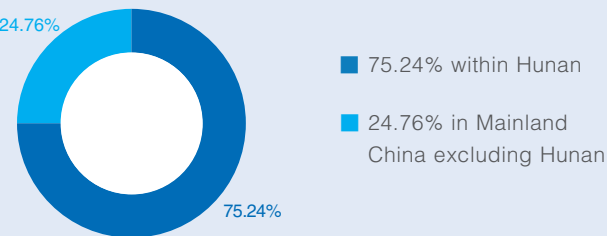
- Total number of employees in subsidiaries: 1,937
- Total number of employees in the parent company: 1,535

Data Charts

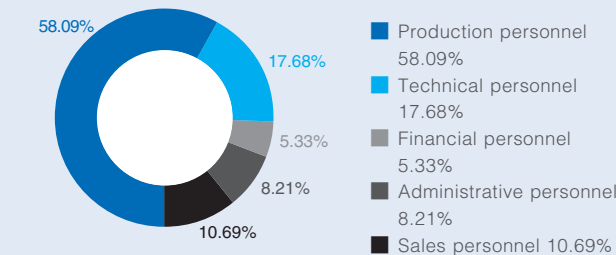
Employee structure based on gender



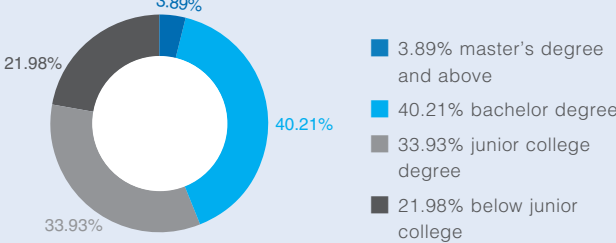
Employee structure based on geographical region



Employee structure based on profession



Employee structure based on degree of education



Occupational Health and Safety

The Company prioritises employees’ health and safety in business operations, strictly abides by the *Production Safety Law of the People’s Republic of China* and other laws and regulations, and the requirements of *Occupational Health and Safety Management Systems (ISO 45001)*, continues to improve the relevant rules and regulations of occupational health and safety management, and conducts routine supervision and inspection. During the reporting period, there was no violation of laws and regulations related to occupational health and safety, and no work-related fatality.

Health and Safety Management System

The Company has established a sound occupational health and safety management scheme, which forms an organisational structure from the Safety Operation & Maintenance to the Work Safety Committee of branches (subsidiaries). The personnel in charge of safety in headquarters and subsidiaries have passed the safety capability assessment and obtained safety certificates. In accordance with the *Production Safety Law of the People’s Republic of China*, the *Law of the People’s Republic of China on the Prevention and Control of Occupational Diseases*, the *Regulations of Hunan Province on Production Safety*, the *Provisions for Supervision and Administration of the Workplace Occupational Health* and other laws and regulations, we formulated the *Occupational Health and Safety Management System* to standardise the prevention and control of occupational diseases, prevent, control and eliminate the occupational disease hazards, and protect employees’ physical and mental health and related rights and interests.

Based on the basic principles of “prevention first, prevention-and-control combination, classified management, comprehensive governance and continuous improvement”, the Company implements occupational health management. The Company organises an occupational health examination for employees once a year; in addition, it establishes the *Employees’ Occupational Health Supervision File*, fills in the *Registration Form of Basic Situation of Occupational Hazards* and compiles *Occupational Hazards and Protective Measures*, and requires

the Company, subsidiaries/branches and primary-level entities to identify, monitor and evaluate occupational hazards in the workplace; establishes bulletin boards to announce the rules and regulations, operating procedures, emergency rescue measures and detection results of hazardous factors concerning occupational disease prevention and control in workplaces which may cause occupational diseases; shall organise occupational health examinations on employees who are exposed to occupational disease hazards according to regulations before, during and after leaving their posts.

Fields	System Name
Safety Management System	<i>Safety Management System for Buildings, Management System for Special Operators and Special Equipment Operators, Hazardous Operation Safety Management System, Fire Safety Management System, Emergency Management System, Occupational Health and Safety Management System, Charge Safety Management System, Maintenance Operation Safety Management System and Safety Management System of Service Area.</i>

Health and Safety Management Rules

In accordance with the *Work Safety Law and Regulations on the Reporting, Investigation and Disposition of Work Safety Accidents*, the Company has formulated the *Accident Reporting, Investigation and Disposition System*, specifying the accident level, accident reporting, accident rescue, etc.

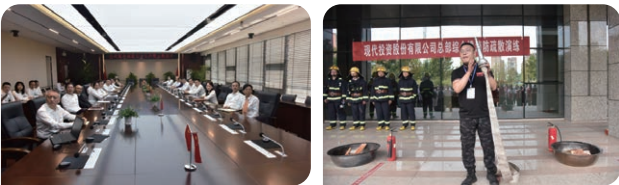
In the light of the requirements of relevant national and regional laws and regulations, the Company has formulated relevant safety management systems in various fields concerning our operation, such as fire protection, toll, maintenance, special operations and occupational health. *Post Safety Operation Rules*, formulated by the Company, provides safety operation rules for different posts such as toll, monitoring, maintenance and road asset management personnel posts to prevent industrial accidents. Safety operation rules are of great importance in standardizing operation behavior, preventing accidents and ensuring work safety.



Health and Safety Training

The Company provides occupational health and safety education and training for all employees to popularise the knowledge of health prevention and control of occupational diseases, and to improve their ability of self-help and mutual assistance. Training involves occupational health laws, regulations and standards, basic knowledge of occupational health, occupational health management system and operation procedures of the Company, occupational hazard factors and their prevention and control, correct use and maintenance of occupational disease prevention equipment and personal protective articles, emergency rescue measures and basic skills in case of accidents, and accident cases about the hazards of occupational diseases.

During the reporting period, the Company held safety and fire training by video conference, and organised all employees to watch warning films related to national safety education, *Hunan Province Work Safety*, and fire safety, to strengthen employees’ awareness of work safety, safety prevention, self-protection, safety responsibility.



Video Conference Training on Safety and Firefighting and Firefighting Evacuation Drill

Fair Wages and Benefits

In accordance with *Labour Law of the People's Republic of China*, *Law of the People's Republic of China on Employment Contracts* and other laws and regulations, the Company revised the *Salary Management Measures* and *Excellent Performance Appraisal Measures* to improve the salary management system and process. In terms of salary management, the Company ensures the welfare of every employee according to the principles of legality, fairness, motivation and flexible adjustment. The Company improves employees' satisfaction and enthusiasm by linking their salary with performance, and conducting performance appraisal based on fairness and seeking truth from facts.

All industrial management companies are required by the Company to further sort out and improve relevant systems, strengthen the salary payment management of employees under various special cases including overtime, annual

leave, sick leave, personal leave and maternity leave in compliance with the *Labour Law of the People's Republic of China*, *Labour Contract Law of the People's Republic of China* and relevant policies and regulations of the Company, so as to earnestly implement employee salary management and protect the legitimate rights and interests of employees according to the law.

The Company has established a sound welfare system for employees, providing basic social insurance, namely five major social insurance programs and housing provident fund in strict accordance with laws and regulations. Meanwhile, many welfare programs such as health expenses for female employees, union welfare, meal subsidy, supplementary endowment insurance (enterprise annuity), supplementary medical insurance, physical examination and labour protection are also set up.

Talent Training and Development

Taking into full consideration the employees' career development demands and intentions, the Company provides diverse job opportunities and training resources to further improve the overall quality of employees and fully vitalize enterprise development, so as to reserve enough talent for the long-term development of the enterprise.

Big data

In 2022, the Company kept optimising its talent management mechanism:

- Internal selection of **19** employees
- Employment of **six** talented persons in the finance, new energy and environment sectors

Build a Sound Training System

With a deep understanding of that "talent is the primary resource for enterprise reform and development", we thoroughly study and implement the spirit of the 20th National Congress of the CPC by taking talent training as a major task to continuously improve employees' skills and quality and further rejuvenate the high-quality development. Following the principles of "utility and effectiveness, business coverage and overall benefit", the Company makes training plan every year. It has formulated *the Implementation Plan for Employees Training of Xiandai Investment Co., Ltd. in 2022*, and adopted diversified training methods such as internal centralised teaching, seminars and external training to build a complete training system.



Training Type	Trainees	Training Contents
Senior Managers Training	Senior Managers	Directors, supervisors and senior managers training, training about economic knowledge and enterprise management knowledge, and advanced seminar.
Comprehensive Training	Middle managers, all staff of the headquarters, and professional and technical personnel in various positions	Professional and technical ability, continuing education
Business Training	Personnel of general management posts and professional technical posts	Management business, vehicle rescue supervision system, audit, publicity, etc.

Case Middle-level Key Staff Management Promotion Training

In June 2022, Xiandai Investment organised a three-day training for improving middle-level key staff management through intensive teaching. Participants came from different positions of the headquarters and subsidiaries (branches), involving engineering construction management, risk management, internal control audit, business management, financial management, technical management and investment management and so on. In the sand table simulation exercise of "Business Objectives Management and Decision-making", the Company invited professors to teach theories from the aspects of "operation and management, reform and development of state-owned enterprises, quality improvement and emotional intelligence experience". These trainings enabled the middle-level key staff to improve their management quality and skills, which provides an important guarantee for the prudent management.



Originality-driven Dreams for High-quality Development

In order to provide talent guarantee for building a first-class enterprise in all respects, practice the integration of the "spirit of craftsmanship" and core values, and provide a platform for strivers to realise their values, the Company has a talent training mechanism that pushes employees to become "more professional and capable", and a flurry of outstanding representatives of strivers such as "State-owned Enterprise Craftsman" Guan Cong and "China Road Lady" Hu Xi has emerged.

Case Create Infinite Value with Finite Youth

Huaihua Branch established the "Guan Cong Studio" on the basis of Guan Cong's 2022 Hunan "State-owned Enterprise Craftsman", who is the toll station monitor of Huaihua Toll Management Centre, to promote the Branch's innovation in management, services, and skills. As a representative of the advanced personnel of the Branch's skilled talent team in the new era, Guan Cong actively promotes the "spirit of craftsmanship" characterised by dedication to work with the care and precision of a perfection-seeking sculptor to better encourage trainees to study diligently and practice hard, injecting new vitality into the Branch's "compound talent" training, and facilitating the implementation of the "compound talent" training concept of becoming "more professional and capable". In the same year, Guan Cong, representing the Company, entered the National Transportation Industry Vocational Skills Competition and got the good result of individual 12th place.

At the end of 2022, Hu Xi from Changsha Toll Station of Changsha Branch was honoured among the ninth batch of "China Road Lady", which was another distinction for her besides "Stars from Hundreds of Posts" in the transportation industry of Hunan Province in 2022. 2022 marked the fourth year of Hu Xi as a toll collector. During these four years, she has consistently held herself up to the standard of "zero complaint in services, zero violation of discipline on duty, and zero error in operation", strived to improve her professional skills, and earnestly fulfilled her service commitment – warming the hearts of passengers and drivers from all directions with civilised services and sincere smile, and building a bridge for communication.



Pay Attention to Employee Care

The Company takes care of the family of employees, assigns the management to deliver care, actively helps families in difficulties, and continues to send warmth to the front-line employees. At the same time, the Company also ensures their physical and mental health, and carries out some recreational and sports activities to enrich their sparetime life and continuously enhance their happiness.

Employee Care

The Company offers condolences and care to employees in difficulties during the holiday, and carries out activities such as sending support to employees who stick to front line, which fully reflects the warm care of the Company.



Big Data

- The Company invested CNY **685,000** in employee assistance in 2022, which has benefitted **1,432** people.

Case Visiting employees in difficult

At the coming of the Spring Festival, the Company's leaders visits the difficult employees who stick to the primary level and front line. The leaders inquire in detail about their family life, physical and working condition of the employees in difficulties, encourage them to live a life, and ask the branch company to continue to care about their life and help them solve the difficulties in life.



Case Activity of "Caring in Hot Summer Days"

In unbearably hot summer in August, Xiandai Investment offers refreshing drinks to front-line employees.



Sparetime Life

The Company tries to balance the work and life of employees, cares about their physical and mental health, and organises various activities for them.

Case "Building a Dream for a Hundred Years, Praising Youth and Creating a New Modern Journey" - Xiandai Investment Held Fun Games for Employees

On 25 July, the fun games of "Building a Dream for a Hundred Years, Praising Youth and Creating a New Modern Journey", co-sponsored by the Company's trade union and Youth League Committee, kicked off. 11 teams, over 200 athletes from the Company and subsidiaries joined the game. In the game, they learn the power of teamwork and the beauty of sports, further strengthening the communication of company's units, departments, and stimulating the vitality in team.



Case Xiandai Investment Held "Women's Day" Activity – Beautiful You

On the occasion of the International Women's Day, the Company's Trade Union and Female Employees Committee organised various activities in accordance with the requirements of higher trade unions, such as the female employees' rights protection month and hiking, helping females get to know each other and develop friendships during the activities.

All the female employees expressed that they will be determined to the hard work, make efforts on the high-quality development of the Company.



05

Co-operate to Build a Better Society

- Build Chains of Responsibility
- Build Beautiful Communities

The Company has been actively promoting supply chain management and fulfilling social responsibilities. We regard suppliers as important partners, keep sound interaction with suppliers, implement bidding and procurement systems, build a perfect supply chain, and standardise procurements. The Company builds a sound corporate image while developing steadily, and actively contributes to the local community through sincere and warm public welfare actions. The Company seeks to work with partners to build a better society.

Build Chains of Responsibility

The Company always follows the principles of openness, fairness and impartiality, cooperates with suppliers in strict compliance with relevant laws and regulations such as the *Bidding Law of the People's Republic of China*, the *Regulations on the Implementation of the Bidding Law of the People's Republic of China*, the *Procurement Law of the People's Republic of China*, the *Contract Law of the People's Republic of China* and the *Company Law of the People's Republic of China*. The Company has formulated and issued a series of systems, such as *Bidding and Purchasing Management System*, *Bidding and Purchasing Agency Management System*, *Bidding and Purchasing Evaluation Expert Database and Evaluation Expert Management System*, and *Business Outsourcing Management Measures*, to ensure the orderly operation of the supply chain management system and continuously improve the supervision process. During the reporting period, the Company did not have any violations of laws and regulations in bidding and procurement.

Supplier Management

The Company has set up a four-in-one bidding and procurement management system, and standardised management of contractor entry mechanism, inspection and assessment, evaluation, withdrawal, confidentiality and other processes, so as to protect the rights and interests of suppliers, and promote suppliers to complete the prescribed tasks with a higher standards and quality.

Four-in-one Bidding and Procurement Management System

Clarify management responsibilities

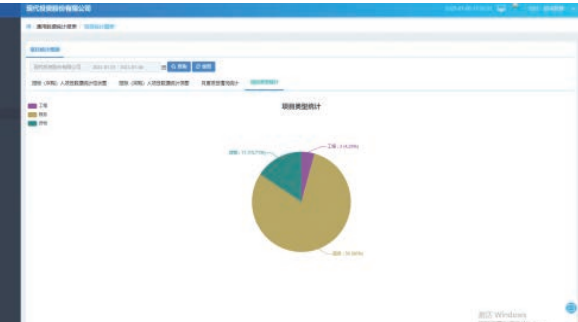
- The headquarters designates the Engineering Management Department as the bidding and procurement management department, and requires the subordinate operating companies and industrial management companies to define their own bidding and procurement management departments and clarify the rights and responsibilities of all levels in the bidding and procurement management process.

Optimise the management mechanism

- The Company compiled and continuously optimised the *Bidding and Purchasing Management System*. During the reporting period, the Company optimised and streamlined the approval process of special projects in this system.

Set up information platform

- The Company has set up an information platform for bidding and procurement management. All announcements issued by units at all levels need to input project information into the platform, as well as record and manage the bid opening, review and awarding on the platform, which serves as the basis for signing project contracts. The bidding and procurement management information platform effectively improves the standardised level of the bidding and procurement management and enhances the efficiency of this process.



Improve Professional Literacy

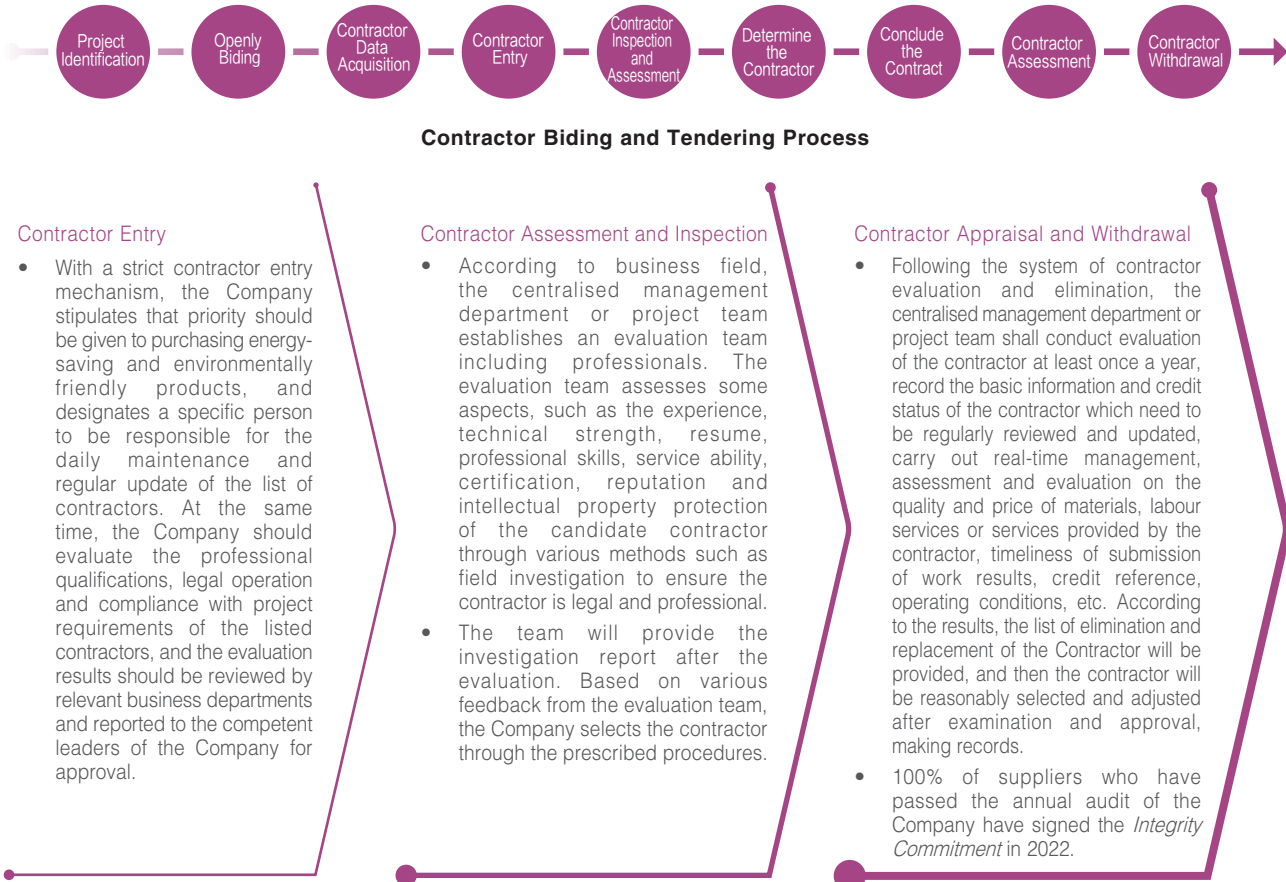
- The Company regularly carries out the bidding and purchasing training to enhance their professional skills, professionalism of the bidding and purchasing managers and strengthen their professional quality.

Case Carry out the Bidding and Purchasing Training to Increase Professional Quality

On 6-7 January 2022, 27 bidding and purchasing managers from various subsidiaries participated in the special training of "Hunan Bidding Practitioners-Key Points and Case Analysis of Legal Compliance Supervision of Bidding Activities and Interpretation of the Latest Policies and Regulations in the Field of Bidding in Hunan Province" held by Hunan Bidding Association. This training mainly includes "Interpretation of the Latest Policies in the Field of Bidding in Hunan Province", "Key Points and Case Analysis of Legal Compliance Supervision of Bidding Activities" as well as the *Interim Measures for Bidding and Evaluation of General Contracting of Housing Construction and Municipal Infrastructure Projects in Hunan Province* [2021] No.36, the *Measures for Bidding and Evaluation of Housing Construction and Municipal Infrastructure Projects in Hunan Province* [2021] No.107 and other relevant latest documents of provincial offices are explained and interpreted in detail.



According to the project type, the Company's procurement has two ways: bidding and non-bidding procurement, among which non-bidding procurement is divided into public procurement, invitation procurement and direct procurement. The bidding methods include public, invited bidding and other competitive bidding. The Company defines clear process of each method, in which the public bidding procurement process is as follows:



Supply Chain Risk Management

With actively identification and dynamically monitoring supply chain risks, the Company ensures the safety and compliance of the supply chain from quality control and emergency mechanism, to ensure the stable development of the Company.

Quality Control

The centralised management department or project team shall carry out quality control of outsourcing business. They designate special personnel to track, inspect and evaluate the progress regularly, to ensure that the contractor fully understands the Company's workflow and quality requirements through training. They evaluate the contractor's staffing, work quality and efficiency, working ability, contract performance ability, etc., to ensure the service quality and progress, and maintain a smooth communication and co-ordination mechanism, to handle the problems in the process of outsourcing in time.

Emergency Mechanism

In the process of providing services or manufacturing products by the contractor, the centralised management department or project team follows up the contractor's performance ability, establishes an emergency mechanism, regularly analyses the rationality of outsourcing, contract execution, performance, contractor management, etc. Once discovered deviations from the objectives of the contract, they must report to the relevant person in charge and promptly request the contractor to improve. Fully predicting various unexpected situations of major business outsourcing, they establish corresponding emergency mechanisms, and formulate alternative plans to avoid the interruption of the production and operation caused by the failure of business outsourcing.

Build Beautiful Communities

Caring about the society, the company has always been dedicated to the public welfare, and striving to balance economic benefits and social benefits. We encourage our subsidiaries and employees to participate in volunteer activities that make for social and economic development, and actively blend in the local community by making donations, helping the needy, etc., to contribute to the construction of a harmonious society with practical action, demonstrate the role of a state-owned enterprise and promote the society to become better.

Case Party Day Activities Themed by “Creating ‘Healthy Green’ and Guarding ‘Party Flag Red’”

During the activity day, Modern Environment Technology did a good job in its own prevention and control, assisted the office to carry out relevant work and went deep into the front line of prevention and control such as Xinyuan Community in Tianxin District, Changsha. Dayou Futures formulated the *Proposal for Creating “Healthy Green” and Guarding “Party Flag Red”*, organised “Love Sharing Ride” and benefit auction activities, and also filmed a “video for Love” to pay tribute to medical workers in the front line. To support the work related to hygiene and health, employees of Dayou Futures donated a total of CNY 35,900 to Hunan Charity Federation and Hunan Youth Development Foundation. The donation has been listed in “Futures Power” in Economic Daily, being approved and praised by the media.



- A total amount of CNY **35,900** donated to the Hunan Youth Development Foundation, the Hunan Charity Federation.



Modern Environment Technology Theme Party Day Activities



Dayou Futures “Video for Love”



Dayou Futures Benefit Auction Activities

29	国贸期货	4.0627
30	西部期货	3.8667
31	大有期货	3.59
32	海证期货	3.4984
33	中航期货	3.2852
34	国盛期货	2.525
35	海航期货	2.43
36	金瑞期货	1.3251

Donation List of Economic Daily

Case Social Responsibility of Modern Environment Technology

On 4 March, Modern Environment Technology organised employees to join the voluntary blood donation activity themed of “Voluntary Blood Donation”, with a total blood donation of 13,600 milliliter on that day. On 4 October, Huaihua Subsidiary of Modern Environment Technology came to the nursing home in Shuikuan Township, Zhijiang County, and carried out the activity themed of “Love and Warm”, sending greetings and blessings.



Case Zhaoshan Toll Station Established a Good Corporate Image by Helping the Poor

As a service window, Zhaoshan Toll Station took the responsibility of helping the needy, and tried its best to help the drivers and passengers who have difficulties, for instance, rescuing drivers with sudden heart diseases and female patients who had been wandering for four days and nights, sending lost old people to their homes, and helping drivers and passengers repair cars and change tires. From 2021 to 2022, Zhaoshan Toll Station carried out all kinds of voluntary public welfare activities for 12 times, including 4 times of donation, which earned them 3 banners, thus establishing a culturally advanced industry image.



Case Party Building Leads the “Micro” Model and Serves the Community People

The interests of the masses are superior to other things. The Party Branch of Lijiatang Toll Station strives to solve the troubles of the masses and enhance their sense of security, gain and happiness through exploring and implementing the “micro” model of party and using “micro-service”. In terms of the distribution of Party members, the Party Branch of Lijiatang Toll Station divides the “responsibility areas”, with set up service items and “1 +1” hierarchical service mode. In addition, they also formulate rectification measures and responsibility lists as well as takes a series of actions including democratic participation management of station affairs according to the list of life problems and the opinions and suggestions of the masses.



Personnel from Party Branch repairing water seepage and leakage of water pipes



Activity between the Party and mass



“Party branch teamwork” activity



Democratic participation management of station affairs

Case To Help Community Development, Yueyang Baling RCB Carries Out All Kinds of Public Welfare Activities

During the reporting period, Yueyang Baling RCB held plenty of public welfare activities, including organizing volunteers to offer help to examinees, sending love packages to needy students, and publicizing and interpreting financial knowledge such as anti-fraud, anti-money laundering, anti-counterfeit currency, prevention of illegal fund-raising and deposit insurance by holding financial evening school activities.



Held a large-scale public welfare activity themed of “Protecting Your Money, Rural Commercial Bank in Action” in Nanhu Square



Conducted public welfare activity of “Warmth in the New Year and Realising Micro Wish”



Caring to help test activities



Financial night school activities in Zhangguying Town

In 2022, the public welfare donations of Yueyang Baling RCB are:



- CNY 300,000 for education fund
- CNY 100,000 for police rescued
- CNY 200,000 for the construction of new countryside
- CNY 50,000 for “1+1” warm fund
- CNY 2,900,000 million for police rescue fund A total of CNY 3,550,000

Appendixes

Indicator Index

Self-Regulatory Guidelines for Listed Companies No. 1 – Standard Operation of Companies Listed on the Main Board of Shenzhen Stock Exchange

No.	Description	Sections
8.1	Communication Between Stakeholders and Social Responsibility Practice	1.3 Strengthen responsibility management
8.2	Obey business ethics and fight against unfair competition	1.4 Adherence to business ethics
8.3	Social responsibility management and strategic planning	1.3 Strengthen responsibility management
8.4	Disclosure time node of social responsibility report	About This Report
8.5	Guarantee the rights and interests of the workers	4.1 Protect the Rights and Interests of Employees
8.6	Environmental management policy	3.1 Strengthening Environmental Management
8.7	Environmental management performance	3.1 Strengthening Environmental Management 3.3 Optimise resource utilisation
8.8	Emissions from key pollutant discharge units and emergency management	3.1 Strengthening Environmental Management 3.3 Optimise resource utilisation
8.9	Environmental influence	3.4 Reduce environmental influence
8.10	Production and product safety guarantee	2 Empower Operation with Technologies and Ensure Road Safety
8.11	Employee employment management, occupational health and safety, employee training	4.1 Protect the Rights and Interests of Employees 4.2 Training and development for talents
8.12	Ethics of science	2.3 Promote digital transformation
8.13	Disclosure subject of social responsibility report and public disclosure	About This Report

Feedback Form

To continuously improve our ESG work and the ability and level of ESG management, we would like to receive your opinions and suggestions.

Please answer the questions in the feedback form, and send us your by e-mail.

E-mail: dongban@xdtz.net

About you	
Name	
Employer	
Tel.	
E-mail	
Feedback	

1 · Your overall assessment of the ESG report is

☐ Good
☐ Fair
☐ Average

2 · Do you think this report can reflect the significant impact of the Company's ESG issues

☐ Yes
☐ Average
☐ Not Familiar

3 · What do you think of the clarity, accuracy and completeness of the information, data and indicators disclosed in this report

☐ High
☐ Relatively high
☐ Average
☐ Relatively low
☐ Low

4 · Which part of this report do you most like?

5 · What information do you want to know more?

6 · What other suggestions do you have for the reports in the future?



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