

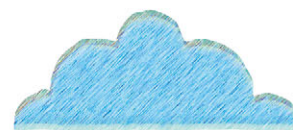
# 2023

## ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORT





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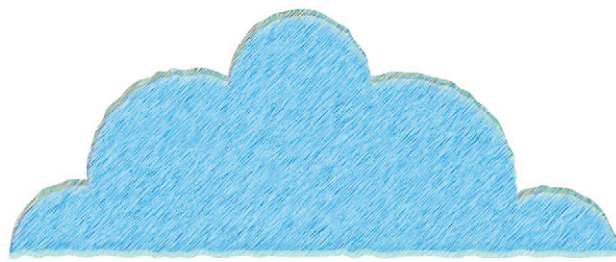


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# Part 1. Overview

## ABOUT THIS REPORT

BII Railway Transportation Technology Holdings Company Limited (together with its subsidiaries hereinafter referred to as “BIITT”, “the Group” or “We”) has prepared this 2023 Environmental, Social and Governance (“ESG”) Report in accordance with the *Environmental, Social and Governance Reporting Guide* (the “Reporting Guide”), which is contained in Appendix C2 to the Rules Governing the Listing of Securities on the Stock Exchange of Hong Kong Limited (“Listing Rules”) as stipulated by The Stock Exchange of Hong Kong Limited (“HKEX”).

This report incorporates a statement from the Board of Directors (“the Board”) and has followed the reporting principles of Materiality, Quantitative, Balance and Consistency as well as the Reporting Boundary in respect of collecting relevant materials, analysing data and reviewing information over the course of its preparation and compilation.

For details of the corporate governance practices of the Group, please refer to the Corporate Governance Report section on pages 47-63 of the 2023 Annual Report.

## REPORTING PERIOD AND BOUNDARY

Unless otherwise specified, the policies, statements and key performance indicators (“KPI”) in this report cover the Group’s domestic and overseas businesses, which are consistent with the scope of the Group’s financial report.

The Group will continue to refine the integration of its ESG practice into daily operations, and may expand the scope and depth of such reporting in the future based on the result of its annual review. In this report, the Group discloses and evaluates its ESG performance from 1 January to 31 December 2023 (“Reporting Period”), in light of the ESG targets set last year.

## DATA SOURCES AND RELIABILITY

The information in the 2023 ESG Report, including the Group’s policies, initiatives, practices and case studies, comes mainly from its internal policies, statistics, reports and records. The Group is responsible for the authenticity, accuracy and completeness of the content in this ESG report.

## REPORT DISCLAIMER

This ESG Report is published in both Chinese and English languages. Should there be any discrepancy, the Chinese version shall prevail. In case of any conflict or inconsistency between this report and the Group’s 2023 Annual Report, the Annual Report shall prevail. The interpretation of this report is consistent with the Group’s 2023 Annual Report.

This ESG Report is available for downloading on the website of the HKEX ([www.hkexnews.hk](http://www.hkexnews.hk)) and the website of the Group ([www.biitt.cn](http://www.biitt.cn)).

## CONFIRMATION AND APPROVAL

This report was reviewed and submitted by the Chief Executive Officer to the ESG Committee, and was approved by the Board on 28 March 2023.

## CONTACT AND ENQUIRY

The Group is committed to continuously improving the quality of its ESG disclosure and is looking forward to suggestions from investors and other stakeholders. Our contact information is as follows:

BII Railway Transportation Technology Holdings Company Limited  
Investor Relations

Tel: +852 2805 2588  
Email: [IR@biitt.cn](mailto:IR@biitt.cn)

# Part 2. Corporate Purpose



## GROUP OVERVIEW


The Group focuses on the digitalisation of rail transit, including high-speed railways, intercity and suburban railways, and urban metro lines, as well as smart city infrastructures, providing various digitalised solutions and maintenance of a number of core operation systems, underpinned by its proprietary research and development (“R&D”) and innovative initiatives in system integration.


Rail transport is a pivotal infrastructure which serves as a lifeline enabling the economic activities and the operation of modern cities. We support railway and metro operators as well as infrastructure administrators in safeguarding the safety and efficiency of the systems in daily operations, which offer the mobility convenience and entitlement to all city dwellers and travelers. We are proud to have played an enabling role for the families and the cities we serve.

The Group provides railway and metro operators with smart rail transit solutions, and data and integration services, such as Automated Fare Collection (“AFC”) systems, Automated Fare Collection Clearing Centre (“ACC”) systems, Passenger Information Systems (“PIS”), and integrated intelligent systems for operation, maintenance, and security management. Leveraging its technological advantages, the Group has been actively expanding intelligent infrastructure services to provide urban utility operators with information management systems for scenarios such as civil communications transmission, utility tunnel, transportation hubs, industrial parks and construction sites.

As of 31 December 2023, the Group has established its presence in 54 cities across 28 provinces and autonomous regions (including the Hong Kong special administrative region, “HK SAR”) in the PRC. It also extended its geographical reach to 26 cities in 16 overseas markets in Asia, South America, and the Middle East, including the Republic of Korea and Israel for the first time in 2023, achieving additional avenues for revenue, thanks to its abundant experience in delivering high-quality metro and infrastructure projects in Beijing municipality over years.

Both investment in and passenger traffic of the rail transit industry in Mainland China have gradually recovered during the year of 2023. Meanwhile, the market has been undergoing a structural adjustment amid intensifying competition and rapidly evolving customer purchasing practices and service demands. This drives the Group’s efforts to explore potential growth opportunities and innovate its business model. In the face of external challenges and operational pressures, the Group has proactively enhanced its operation and management efficiency, while promoting technological innovations, and delivered sound performance in FY2023, which was in line with the prior financial year in terms of revenue and profit. The Group also declared a proposed dividend for 2023 at a payout ratio of approximately 30%.

 **Corporate Culture:**  
Creativity of an entrepreneur, Progressiveness as a climber, Persistence from a cultivator, and Contribution by a responsible person

 **Core Values:**  
People-centered, Quality-based, Innovation-driven, and Results-oriented




## Part 2. Corporate Purpose

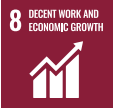

### HONOURS AND AWARDS

<p>Domestically manufactured chip reader products awarded a Second prize of <i>2023 Achievements in Equipment Management and Technological Innovation in the Transit Industry</i> by China Association of Plant Engineering</p>	<p>The on-board edge cloud platform awarded <i>Best Practice of Cloud Native Security</i> at ICT China High Level Forum 2023</p>
<p>The “5G Multi-Network Integration for Smart Utility Tunnel” project recognized by three prestigious awards, namely the <i>Third Prize of 2023 Zhongguancun 5G Innovation and Application Competition Grand Final, Top10 in the 5G category and Top30 in the Global Finals</i> of the 6th Zhongguancun Frontier Technology Innovation Competition</p>	<p>Awarded the Outstanding Case and featured in the General Chapter of the the ESG Bluepaper for State-owned Listed Enterprises of Beijing</p>



### ALIGNED WITH UNITED NATIONS SUSTAINABLE DEVELOPMENT GOALS (“SDGs”)

The Group conducts regular exercise to align its sustainable development goals with the UN SDGs. Six from the seventeen goals are selected to underpin our business activities and management approaches, further showcasing our corporate purposes. They are – Goal 3: Good Health and Well-being; Goal 8: Decent Work and Economic Growth; Goal 9: Industry, Innovation and Infrastructure; Goal 10: Reduced Inequalities; Goal 11: Sustainable Cities and Communities; and Goal 13: Climate Action.

SDGs	The Group’s business approach	Report chapter
	<p><b>Ensure healthy lives and promote well-being for all at all ages</b></p> <p>3.6 By 2020, halve the number of global deaths and injuries from road traffic accidents</p> <p>We enable rail transit operator’s operational performance by enhancing the functionality of our own products and services, raising the general public’s awareness of the safety and convenience of traveling by rail, and by providing mobility options and solutions that enhance passenger experiences</p>	<p>Part 4, 5, 6</p>

SDGs	The Group's business approach	Report chapter
 <p><b>8</b> DECENT WORK AND ECONOMIC GROWTH</p>	<p><b>Promote sustained, inclusive and sustainable economic growth, full and productive employment and decent work for all</b></p> <p>8.5 By 2030, achieve full and productive employment and decent work for all women and men, including for young people and persons with disabilities, and equal pay for work of equal value.</p> <p>8.8 Protect labour rights and promote safe and secure working environments for all workers, including migrant workers, in particular women migrants, and those in precarious employment.</p>	<p>Part 8</p>
 <p><b>9</b> INDUSTRY INNOVATION AND INFRASTRUCTURE</p>	<p><b>Build resilient infrastructure, promote inclusive and sustainable industrialisation and foster innovation</b></p> <p>9.1 Develop quality, reliable, sustainable and resilient infrastructure, including regional and transborder infrastructure, to support economic development and human well-being, with a focus on affordable and equitable access for all.</p>	<p>Part 4, 5, 9</p>
 <p><b>10</b> REDUCED INEQUALITIES</p>	<p><b>Reduce inequality within and among countries</b></p> <p>10.2 By 2030, empower and promote the social, economic and political inclusion of all, irrespective of age, sex, disability, race, ethnicity, origin, religion or economic or other status.</p> <p>10.3 Ensure equal opportunity and reduce inequalities of outcome, including through eliminating discriminatory laws, policies and practices and promoting appropriate legislation, policies and actions in this regard.</p>	<p>Part 8</p>

## Part 2. Corporate Purpose

SDGs	The Group's business approach	Report chapter
 <p><b>11</b> SUSTAINABLE CITIES AND COMMUNITIES</p> <p><b>Make cities and human settlements inclusive, safe, resilient and sustainable</b></p> <p>11.2 By 2030, provide access to safe, affordable, accessible and sustainable transport systems for all, improving road safety, notably by expanding public transport, with special attention to the needs of those in vulnerable situations, women, children, persons with disabilities and older persons.</p>	<p>We participate in the construction of rail transit systems in China and other developing economies, providing means for the general public to travel and facilitating their daily lives and activities.</p>	Part 5, 6
 <p><b>13</b> CLIMATE ACTION</p> <p><b>Take urgent action to combat climate change and its impacts</b></p> <p>13.1 Strengthen resilience and adaptive capacity to climate-related hazards and natural disasters in all countries.</p>	<p>We reduce greenhouse gas emissions through a series of energy saving and emission reduction measures.</p>	Part 4, 5, 7

The Group has set up near-to-medium term sustainable development targets in 2022, in accordance with the HKEX requirements and has continued to promote them as an integral part of its daily business operations.

### BIITT Sustainability Targets





# Part 3. Enhance Corporate Governance and ESG Practice

## GOVERNANCE SYSTEM

### Corporate Governance

In order to fulfil its duties with high quality and in compliance with the requirements of the *Corporate Governance Code* as set out in Appendix C1 of the Listing Rules, the Board of Directors has established and operates the Audit Committee, the Remuneration Committee, the Nomination Committee and the ESG Committee. Each committee performs its duty in accordance with the terms of reference and mandates respectively, providing quality analyses and recommendations for the Board's decision-making.

### ESG Oversight Mechanism

The Group has built a three-tier ESG governance system, *the Board of Directors – ESG Committee – ESG Working Group* and strengthened interactions with functional departments and subsidiaries on sustainable development topics through daily communication, information collection and annual review practices executed by the ESG Working Group.

During the Reporting Period, Mr. Liu Yu was appointed as the Chief Executive Officer of the Group and an Executive Director who also serves as the Convener (Chairman) of the ESG Committee. The ESG Committee has given serious consideration to the implementation of sustainable development and will ensure the Group to conduct a thorough exercise to identify the risks and opportunities associated with climate change as well as analyse related financial impacts, following the HKEX guidance.



Following the Group's organizational restructure and responsibility adjustments during the Reporting Period, the ESG Working Group conducted a briefing session for all functional departments and subsidiaries on the six ESG targets of the Group set in 2022, the rationale and importance of process management and ESG data control, and set the preliminary timeframe of quarterly target follow-ups, so as to assure quality implementations of ESG-related work. In addition, the Group revised the policies on risk management, data assets and internal controls.

## Part 3. Enhance Corporate Governance and ESG Practice

### Risk Management

As a critical task in risk monitoring and management during 2022-2023, the Group has identified 16 high-impact risks out of a total of 80 risks under five major categories, namely strategy, market, operation, legal and finance, and has formulated preventive measures and response plans respectively. The management team reports to the Board regularly on risk management related efforts and seeks advices and guidance accordingly.

The Group organised joint meetings involving multiple departments and subsidiaries, whereby the Group General Counsel and the Chief Compliance Officer indicated compliance risks and potential impacts, promoting the in-depth integration of risk management into routine operations, including the formulation of the Compliance Risk Response Proposal that also covers ESG risks. In 2023, the Group identified two operational risk incidents, which were duly dealt with necessary remedy actions.

To enhance our ability to prevent and control major risks, we issued the Group-level *Measures on Internal Control and Risk Management* during the Reporting Period, clarifying the responsibilities, risk management procedures, communication protocols, monitoring and evaluation methods for related departments and subsidiaries.

In response to the requirements on debt and asset risk management for state-owned entities, especially the restrictions on over-equity guarantees or guarantees to non-equity subjects, the Group has conducted studies and strengthened the control of the debt-to-asset ratio and implicit debts, preventing cross-transmissions of debt risks.









## Part 3. Enhance Corporate Governance and ESG Practice

### MATERIALITY ASSESSMENT

#### Stakeholder Identification and Engagement

The Group's identification and disclosure of material ESG topics is an important reporting principle that underpins this report. We understand that corporate decisions may impact stakeholders differently. Keeping this in mind, we have strived to engage with our stakeholders including governments and regulatory bodies, customers, shareholders and investors, suppliers, local communities and employees in constructive dialogues via ongoing, regular business activities and/or dedicated channels, with the aim of better understanding their views and soliciting their feedback.

Key Stakeholders		Expectations and Requests	Communication Channels
Governments/ Regulatory Bodies		Compliant operation Safe production Tax Payment Healthy development of the industry	Information disclosures Supervision and inspection Consultation Forums and seminars
Shareholders/Investors		Consistent and stable returns Sound governance structure Strengthened risk control Open and transparent information	Annual General Meetings Regular reports and announcements Investor communication Company website and press releases
Customers and Industry Associations		Quality products and services Customer privacy protection Customer rights protection Meet customer needs	Marketing Exhibitions Customer visits Satisfaction surveys Industry conferences
Suppliers		Fair Trade Integrity and reciprocity Collaborative improvement Drive management and technology advancement	Procurement education activities Supplier meetings Contracts and agreements Collaboration on project delivery Training
Employees		Welfare and compensation package Employee rights protection Healthy and safe working environment Training and capability development	Internal publications Employee events Career development communications Employee surveys Training
Communities and Public		Environmental responsibility Integration into community development Employment opportunities	Poverty alleviation Charitable activities News and announcements Company website

# Part 3. Enhance Corporate Governance and ESG Practice

## Material Topics

In 2023, the Group continued to engage and communicate with its stakeholders through the channels detailed above. References were also made to 1) national policies and targets on carbon emissions in China; 2) the requirements stipulated by relevant regulatory bodies; 3) guidelines from industry associations; 4) media coverage on ESG-related topics in the industry; 5) suggestions and requirements from customers; and 6) Results of the preliminary carbon inventory. With findings from these processes, we collated and defined the Group’s ESG topic universe for the year, which comprises 2 environmental, 10 social and 3 governance-related topics over risks and opportunities.

### Environment Topics

- 1. Climate-related impacts
- 2. Supply chain energy consumption

### Social Topics

- 3. Compensation and welfare
- 4. Development and training
- 5. Production safety
- 6. Smart transport and smart city
- 7. Product/service quality and safety
- 8. Solution innovation
- 9. Customer satisfaction
- 10. Privacy and data security
- 11. Intellectual property rights
- 12. Sustainable supply chain practices

### Governance Topics

- 13. Fair competition
- 14. Anti-corruption
- 15. Feedback mechanism

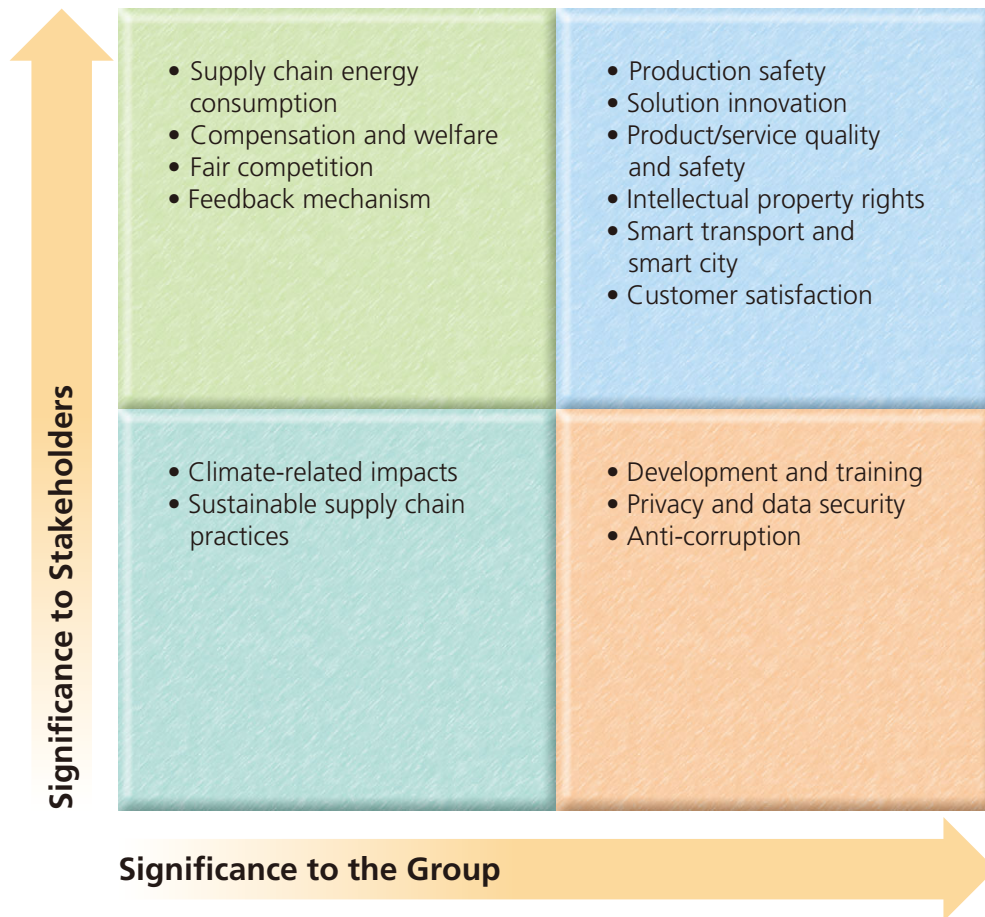
The Group’s business activities focus on R&D, solution development and related services, with limited manufacturing and assembly activities that have a considerably low impact on the environment and communities. Based on such analyses and internal confirmation, the Group has decided to further strengthen the relevance of its key ESG topics to the business focus in 2023, by removing four topics, namely energy consumption, waste management, product/service digitalisation, and community relations. The descriptions of several topics have also been adjusted to be more specific and clearer. The removed topics and their related progresses are also covered in this report.



**Materiality Assessment**

Given the industry’s strong relevance to public interest, we adopted the double materiality principle of the Global Reporting Initiative (GRI) recommended by the HKEX for the ranking of material topics, looking at both their impacts on stakeholders, and their impacts on the Group. The materiality matrix for the year is formed drawing from the results of the analyses of these two axes. The six most important topics are production safety, solution innovations, product/service quality and safety, intellectual property rights, smart transport and smart city, and customer satisfaction.

**BIITT Materiality Matrix**



## Part 3. Enhance Corporate Governance and ESG Practice

### Board Statement

The Board of Directors takes the ultimate responsibility for the ESG strategy and performance of BIITT. The ESG Committee under the Board is actively working to identify ESG related risks and opportunities and integrate them into the risk management and internal control systems, while at the same time has kickstarted the preparation of relevant disclosures under the framework of the Task Force on Climate-related Financial Disclosures (“TCFD”).

The Board urges the management to actively implement and promote the sustainable development goals, communicate with stakeholders during business activities to identify potential needs for service innovation and energy saving and emission reduction, fully incorporate China’s National Determined Contributions (“NDCs”) in internal R&D planning, and enhance the awareness of sustainable development while practicing in action.

The Board discussed and acknowledged the prioritization of material issues identified from the materiality matrix, and approved this conclusion. All material topics are addressed in the following report sections.

### BUSINESS ETHICS

The Group’s business activities strictly comply with all applicable laws and regulations of the countries and regions where it operates<sup>Note</sup>, as well as with the entry requirements and standards of those markets in which its products are sold. It actively safeguards and promotes fair competition practices in all its markets, and a series of relevant internal policies are in place to ensure that business practices are performed accordingly. Our internal control function regularly conducts conformity assessment and potential risk analyses.

The Group abides by the requirements of the HKEX in respect of connected transactions and management of inside information. It has established corresponding internal policies and review mechanisms, including the *Information Disclosure Management System*, the *Measures for the Management of the Registration of Insider Information* and the *Measures for the Management of Connected Transactions*, and provides trainings and engages external consulting services for relevant position-holders. The Group also engaged external consultants to provide a training for all directors on ESG best practices and disclosure policies, facilitating ESG-related compliance building and promoting the Board’s effectiveness. During the year, all directors of the Board received the anti-corruption training for a total of 9 person-times, and more than 110 employees from the Group and the middle-and-above management levels of its subsidiaries also took part in an anti-corruption training.

*Measures for the Management of Whistleblowing* and *Measures for the Management of Anti-corruption of the Group* can be downloaded from its corporate website. The Group has also made public whistleblowing channels and its responsibility and means in protecting the reporter. In 2023, the Group was not aware or informed of any corruption-related litigations or investigations against the Group and/or its employees.

Note: Includes laws and regulations on bribery, extortion, fraud and money laundering that may have a significant impact on the Group.



## Part 3. Enhance Corporate Governance and ESG Practice

### COMPLIANCE MANAGEMENT

The Group's three-year compliance management project was concluded in 2023. During the Reporting Period, the Chief Executive Officer of the Group continued serving as the ultimate responsible person for compliance management, and the Chief Compliance Officer was charged with daily legal compliance duties in accordance with the Regulations on Compliance Management, including taking part in major decision-making and advising on risk prevention, to ensure that external regulatory requirements are effectively incorporated into relevant internal policies so as to deliver related objectives through daily operation.

#### Annual Assessment

During the Reporting Period, the Group engaged an external consultancy to carry out the *Annual Assessment of Internal Control and Compliance Work for the Year of 2022*. The assessment report was reviewed and approved by the Board, followed by a corresponding rectification report developed in the fourth quarter of 2023. On this basis, the Group also optimised its internal control and compliance evaluation by eliminating duplicating steps and enhancing work efficiency, as summarized in the internal report of *Rectifications of Internal Control and Compliance Evaluation*.

#### Compliance Audit

During the year, the Group carried out compliance reviews, in accordance with the *Measures for the Management of Legal Compliance Audit*, of over 240 rules and regulations, and over 2,200 contracts and agreements. We also optimized the *Rules of Export Governance and Compliance Management* to fend against risks in overseas investments and operations.

#### System Management

Emphasizing the latest organisational restructuring and changes in responsibilities, we formulated and implemented a plan for the construction of centralized management systems in 2023, covering 117 policy amendments and 5 new policies published, including the *Manual for Internal Control and Risk Management Provision*. Meanwhile, the Group's Legal & Audit Department developed the *Internal Control, Compliance and Risk Management Manual*, to comprehensively strengthen the integrated management system of internal control, compliance and risk in the Group's various business functions.



#### Developing the *Internal Control, Compliance and Risk Management Manual*

- 38 interviews conducted with middle management and key staff in the operation level.
- More than 1,500 internal systems and documents reviewed for cross-testing and consolidations.
- Compiled a list of compliance obligations containing more than 330 items.
- Identified internal control and compliance deficiencies with 16 items to be affirmed.

## Part 3. Enhance Corporate Governance and ESG Practice

### Data Compliance and Certification

The Group strictly complies with applicable laws and regulations, including the *Personal Information Protection Law of the People's Republic of China*, *Announcement on the Implementation of Personal Information Protection Certification* and *Implementation Rules on Personal Information Protection Certification*. During the period, we studied the system, authorizing bodies and the scope of the certification related to personal information protection, and conducted comparative evaluation with those of existing product safety certification and management system certification, further consolidating our compliance management and decision making.

### Compliance Training

During the period, the Group organized focused trainings on construction contract risks, human resource management related laws and regulations, and compliance rectification practices respectively, enhancing instructions on daily business activities through typical cases.



A training session on Risk Management for Construction Contracts was held on 23 March 2023, more than 100 employees attended on-site and online.



## Part 3. Enhance Corporate Governance and ESG Practice




Sharing of Common Challenges on Employment Relationships was organized on 24 November 2023, providing a detailed overview of the legal risks and handling measures for different contract models through the employment process.

# Part 4. Consolidate R&D Capabilities for Emerging Industry Scenarios

In response to new scenarios and emerging needs of rail transit operation and infrastructure development, the Group updates its products and solutions leveraging its capabilities in big data analytics and intelligent technologies, providing iterative systems with solid advantage for industry application. To that end, the Group maintains high-level investment in technology and application innovation, fulfilling its purpose of facilitating safer, more convenient, and passenger-friendly rail transit services with novel projects and technologies.

## SCENARIO-BASED INNOVATIONS

In 2023, the Group carried out a comprehensive review and consolidation of its R&D resource and capabilities, generating value-creating synergies by enhancing its hybrid data-to-cloud general infrastructure platforms. The Group also emphasized the algorithm development for unstructured data and intelligent analysis of passenger services based on the Large Language Model (“LLM”) technology, to cope with the industrial trend of digitalisation, intelligence and green transformation.

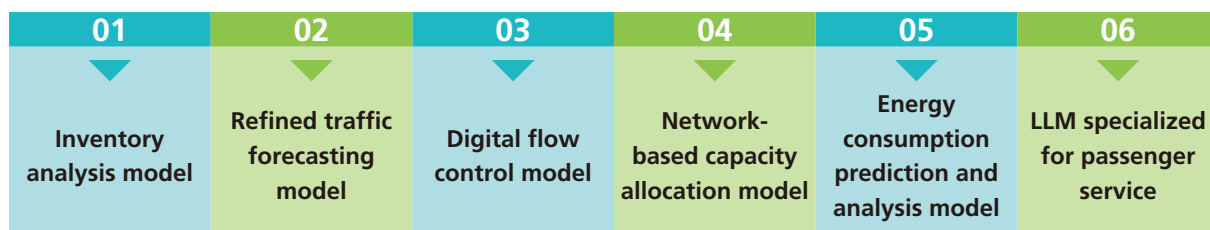


**High-value Products from Platforms, Modules to Algorithms**

<b>The Chengdu base focuses on data research</b>	R&D of the general infostructure platform with built-in cloud and big data capabilities.
<b>The Suzhou base focuses on intelligence applications</b>	LLM-enabled intelligent passenger service, video analysis algorithms, positioned as an experiential center of smart rail transit for the Yangtze River Delta region.

The rail transit data model platform focuses on the four major areas of rail transit passenger flow, traffic, equipment and facilities, and energy consumption, to achieve data aggregation and centralised display of indicators and analyses.

The Group enhanced its algorithm pool with further optimised algorithms for in-carriage congestion analysis, people/object Inventory, abnormal passenger behavior identification, and deification of leftovers, and developed a hardware-software-integrated host product for video analytics, which has been deployed in a demo hydrogen train by CRRC Qingdao Sifang Co., Ltd., and for CRRC’s metro trains.



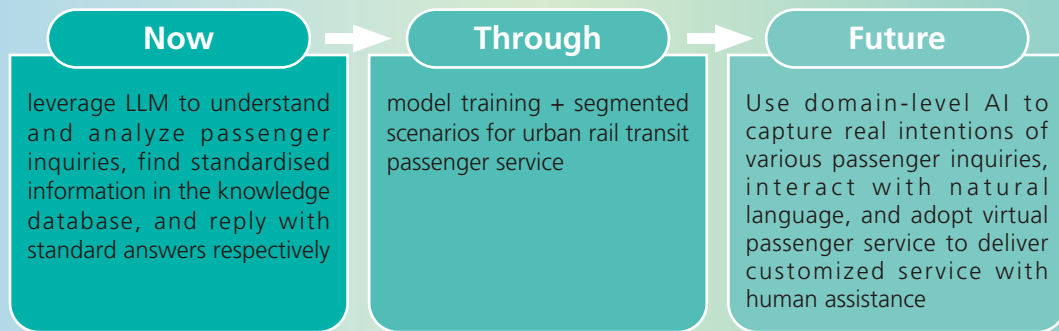
In addition, with its rich industry experience and LLM capability, the Group has completed the development and demonstration of the essential functions of intelligent customer service through virtual telephone calls, applicable for various passenger service scenarios using rail transit sector terminology. This product would help rail transit operators in Beijing and others improve passenger interactions in a smarter and more user-friendly way, lifting operational efficiency by reduction in manual passenger service-related cost.



## Part 4. Consolidate R&D Capabilities for Emerging Industry Scenarios



### Passenger Service



### Management and Utilisation of Industry-level Big Data

#### Unified data management:

Deploying unified data access protocol (uDAP), unified data governance system (uDGS) and unified data supervision system (uDSS) to build a quality foundation for data applications. Applied projects include a data governance project for the Beijing road network big data center, the sensing and alert system for Beijing Subway, and several big screen visualization systems.

#### User-understandable data:

Prefabricated unified data management system (uDMS) tailored for rail transit scenarios, providing industry data analysis methods and assisting users to utilize analysis results in operational decision-making.

#### Data for value:

Visualisation and industry data mining tools, customised for in-depth use of data, making the use of data assets more convenient.



## Part 4. Consolidate R&D Capabilities for Emerging Industry Scenarios

In 2023, the Group developed and implemented nine products/solutions, including the Integrated Management Cloud Platform and the Intelligent Park Platform V2.0, and continued promoting the delivery of platform-level applications to further strengthen its market competitiveness.

### OPTIMIZING MECHANISM TO MAINTAIN R&D MOMENTUM

To cement the foundation for innovation development, the Group implemented rules and regulations, namely the *Measures for the Management of Scientific Research Projects* and the *Incentive Measures for Scientific Research Projects (For Trial Implementation)*, to coordinate and plan for research and development activities from project establishment, patent registration, pilot project application to product commercialisation. In 2023, the Group revised the *Management Measures for Intellectual Property Rights* to advance the mechanism for the infringement risk prevention.





## Part 4. Consolidate R&D Capabilities for Emerging Industry Scenarios

As of 31 December 2023, the Group has obtained a total of 120 patents and 568 software copyrights, of which, 20 patents and 56 software copyrights were granted within the year. We also participated in eight standard-setting projects, including national, local and group standards. The national standard on “Code for Construction Quality Acceptance of Urban Rail Transit Automatic Fare Collection System Engineering” (English version), which we participated in the drafting of, has been released. In the Reporting Period, the Group has not involved in any intellectual property related legal disputes.



### 5G Multi-Network Integration for Smart Utility Tunnel

The Group’s smart infrastructure business provides a small-scale and 5G multi-network integrated smart utility tunnel solution, to help address the cost and maintenance challenges for the construction of urban underground utility tunnels (for public pipelines such as gas, water and electricity). The Group also developed products, including intelligent maintenance platform, 5G IoT Edge Controller and 5G micro-amplification units, to better support the solution.

The solution integrated multiple systems for environmental monitoring, security, communication, and power monitoring, with functions covering overall monitoring, tunnel operation management, safety management, asset management, and repair and maintenance. It also supports seamless connection between on-the-ground and underground public networks, saving more than 50% of the construction cost compared to conventional solutions, and requiring less operational and labor costs thanks to the innovative smart equipment adopted such as edge controllers.

The solution has won three prestigious awards, namely the Third Prize of 2023 Zhongguancun 5G Innovation and Application Competition Grand Final, Top10 in the 5G category and Top30 in the Global Finals of the 6th Zhongguancun Frontier Technology Innovation Competition, and has been deployed in a construction project located in the Dongba Northwest area in Beijing.



# Part 4. Consolidate R&D Capabilities for Emerging Industry Scenarios

## CONSISTENT INVESTMENT TO INCREASE R&D ASSET

The Group’s R&D investment in 2023 reached approximately 170.8 million HK dollars, representing a 7% year-on-year increase. Our consistent investment in R&D has been effectively stimulating the innovation vitality of the Group for future development, while supporting the Group in providing more advanced products and technologies for the rail transit industry.

In 2023, we established and have been promoting 20 research projects, which include our participation in the construction of two core platforms, namely the industrial internet-based foundation platform and the on-board edge cloud platform, as part of the *Demonstration Project of the New Generation Urban Smart Train Operation System and Platform*. The Group keeps promoting the applications of cloud technologies in the industry and upgrading rail transit services with intelligent solutions.

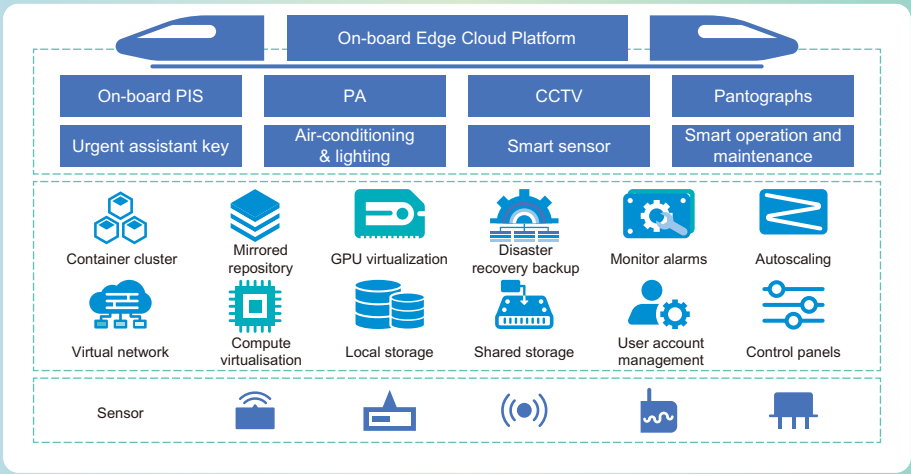


### On-board Edge Cloud Platform

The Group’s self-developed on-board edge cloud platform aims to address data processing and management difficulties in rail transit scenarios, such as cross-module management, space shortage for the equipment and the high redundancy of collected data. The system adopted the distributed deployment of cloud node modules to help clients leverage the lightweight on-board edge cloud platform to manage functions such as in- and out-train communications, entertainment program broadcasting, video monitoring, as well as intelligent analysis, environmental control, security and maintenance realise the integration of in-vehicle services, achieving the integrated and efficient management of on-board activities with safety.

The platform can help reduce the amount and volume of on-board equipment, reducing weight by more than 40%, wiring and cables by about 50%, and system energy consumption by more than 30%, which effectively improves rail transit performance and helps operators advance their carbon reduction goals.

The platform can be adapted to a variety of rail transit scenarios, and has been deployed on Beijing Metro Lines 11 and 19, the Sanya Intercity railway, and the CR450 Fuxing high-speed trains.



## Part 5. Promote Innovative Application for Green Transformation

China's rapid development of the *People-Centered* urbanization presents great opportunities and puts forward higher requirements on safety, convenience, intelligence, and low-carbon emission for the rail transit industry. As a key player in China's rail transit construction, operation and service ecosystem, the Group actively pursues the policy opportunities and explores the potential market needs while maintaining its existing segment advantage, so as to empower rail transit operators to improve their operational efficiency and optimize passenger experience, hence facilitating the development of green, smart and livable urban communities. Through the implementations of innovative solutions and services, the Group consistently contributes to its customers' efforts on carbon reduction, service upgrading for improving passenger experience and enhancing green and smart management.

### FACILITATING CUSTOMERS' CARBON REDUCTION TARGETS

We understand the key role that businesses play in achieving carbon reduction targets and are committed to helping our customers monitor and optimise their energy consumption, reduce carbon footprint and provide greener, cleaner rail operations through smart energy management solutions.



#### Case: Energy Saving for Metro Lighting System

The main energy consumption in metro operations is electricity, with station lighting systems accounting for about 10% of the total power consumption. Energy saving of the lighting systems would help rail transit operators reduce operation costs and overall energy consumption.

The Group developed an AIoT smart lighting control system as an energy management tool for subway operators. The system uses AI and IoT technologies to help customers realise functions such as sensor control, grouping strategy control and time schedule control of its lighting systems, and can effectively reduce lighting waste and improve lighting management to be more precise and refined.

In 2023, the Group's intelligent lighting project at the Qigong Street Metro Station of Shenyang Metro Line 1 passed the preliminary inspection and commenced trial operation. The system was customized to enclose automatic operation modes, construction modes and extended operation modes, which is expected to help save more than 50% of energy consumption in the station.



## Part 5. Promote Innovative Application for Green Transformation

### UPSCALED SERVICE TO ENHANCE PASSENGER EXPERIENCE

We take passenger experience seriously and strive to safeguard their safety and provide commute convenience through our more intelligent and user-friendly service platforms developed, enabling the rail transit operators to perform steady services for consistent passenger experience.



#### Case: Smart Passenger Service Platform

Our smart passenger service platform takes into consideration of passenger experience and rail transit operating requirement. For improving passenger experience, the platform provides more comprehensive travel services, from route planning, smart security check and check-in after entering the station, on-board environment control, information prompts and intelligent customer service for passenger enquiries, to information for waiting passengers on congestion status, environmental control in station, and transfer assistance. For serving rail transit operators, the platform has incorporated sub-modules such as integrated video analysis and intelligent analysis host, facilitating operators to optimise traffic and flow control, deploy smart monitoring and early warning functions, and enhance the emergency response capability of public transport.

The platform's smart monitoring and early warning function can monitor the real-time statuses of the drivers, trains in operations, and in-station situations, analyse on-site images and videos, and assist operators to timely identify and handle abnormal situations. The platform is also equipped with emergency help and police alert features to ensure passenger safety.

The platform enables greater equipment integration through advancing control and function optimisation, reducing investment in server resources alone by approximately 40% and significantly improving operation and maintenance efficiency.

During the year, the platform was deployed on the Beijing Metro Line 19 and Shaoxing Metro Line 1 projects.



## Part 5. Promote Innovative Application for Green Transformation



### Case: Smart Operation and Maintenance System

The Group's smart operation and maintenance system is the first of its kind in the industry to adopt the 'equipment portrait' method, which provides functions such as data collection and processing, real-time monitoring, fault diagnosis and fault early warning, with the help of big data, modelling algorithms and 3D visualisation technologies. It enables the information interconnection of assets, operation and maintenance and resource consumption, to timely and intuitively reflect the asset operation status for the rail transit operators with accuracy. The system maintains standardized fault records of the equipment maintenance services, helping reduce the cost of inefficient staff communication and the workload of data analysis. It also benefits the operators' ability in maintenance planning, parts procurement, and assets management, facilitating the quality and efficiency improvements of the rail transit operators.

In 2023, the system was deployed on Shenzhen Metro Line 12 and Line 16. The operator has been leveraging the system's feature functions, including fault detection and allocation, early warning of key component failures, and remote control, to realize synchronized component stocking and improve maintenance efficiency, further reducing potential safety concerns.

The system has strengths in adaptability, compatibility, and expandability, and can be applied to smart buildings, smart industry parks and other fields in addition to the transport industry.

### EMPOWERING GREEN AND SMART PROJECT MANAGEMENT

The Group provides smart solution for construction project management, with real-time on-site personnel/equipment/materials monitoring to assist efficient project management. Leveraging building information modelling (BIM), 3D geographic information system (GIS) and IoT devices, the solution can perform 24-hours uninterrupted supervision of the target construction site by means of data collection, wireless network and video surveillance technologies to eliminate management oversights and irregularities, thus safeguarding safety production and project quality. The solution can help construction contractors better control project progresses, upgrade the quality of their project management, and further save costs and improve safety and work efficiency.



### Case: Smart Construction Site Management

Following its participation in the smart site management project for the transportation hub construction of the Beijing Municipal Administrative Center, in 2023, the Group was engaged to deploy risk monitoring platforms in the construction projects for some subway stations of the Beijing Metro Line 22 and Line 13. The platforms helped with on-site data collection and analysis to timely identify and eliminate potential risks, sufficiently enhancing the quality and efficiency of project safety management and reducing construction quality concerns.

## Part 6. Quality Service for High Standard Project Delivery

The Group plays an important part in the rail transit industry, whereby the systems and products we provide support the essential infrastructure and equipment, thus have significant passenger experience attributes in the day-to-day operation of the industry, requiring superb safety and reliability from our solutions and services, as well as our efficient maintenance responsiveness. We are committed to delivering high-quality project and intelligent products, continuously strengthen supply chain resilience, ensure production safety, and make persistent advancement in our operation quality.

### IMPLEMENT QUALITY MANAGEMENT TO MEET CLIENTS' NEEDS

We implement the tenet of *Focusing on Customer, Quality First* with the established vertical management system covering the Group and its subsidiaries. The Group is responsible for overall quality management planning and conducts spot checks and supervision of its subsidiaries and projects to ensure all relevant quality requirements are effectively implemented. The subsidiaries organize and manage their own projects, and are responsible for applying all quality management standards appropriately for each project, including the resolution of quality related issues.

### Data and Integration Services ("DIS") and Intelligent Infrastructure Services ("IIS")

Our DIS and IIS develop and implement solutions such as AFC, ACC, and smart construction site management, and deliver system integration as a principal contractor for metro operators. We plan and implement integration projects with pre-defined schedules, balancing efficiency, and flexibility to address customers' needs. This means we are responsible for technical standards, product quality and schedule controls in each step of the implementation, from project design, equipment selection, to software development and system commissioning, while maintaining flexibility to address reasonable requirements for changes raised by customers.

We strictly comply with the *Project Management System*, the *Process and Product Quality Assurance Control Procedures* and other related internal management policies, throughout the entire project execution processes covering start-up planning, tracking and control, acceptance and settlement, and operation and maintenance. In accordance with the *Project Quality Assurance Plan*, a dedicated quality manager and a project quality engineer are assigned to follow through the project, and responsible for the submission of the *QA Inspection Report* based on a comprehensive quality review of each system unite and the overall project to close the project.



## Part 6. Quality Service for High Standard Project Delivery

### Intelligent Passenger Information System (“IPIS”)

Our IPIS business provides customized on-board and platform passenger information systems, and it focuses on three stages, namely R&D, production, and maintenance, to assure the quality of our products and systems:

<b>R&amp;D stage</b>	Design to ensure and verify the reliability, availability, maintainability and safety of the products and systems in project evaluation, risk identification and analysis, and reliability testing
<b>Production stage</b>	Have a full-process quality control system in place, with main quality control points covering incoming materials inspection, first part inspection, finished product inspection and pre-delivery inspection, as well as the on-time delivery of design and testing documents
<b>Operation stage</b>	Ensure timely response and the efficiency of problem-solving, and provide technical guidance and trainings as needed and on customer requests

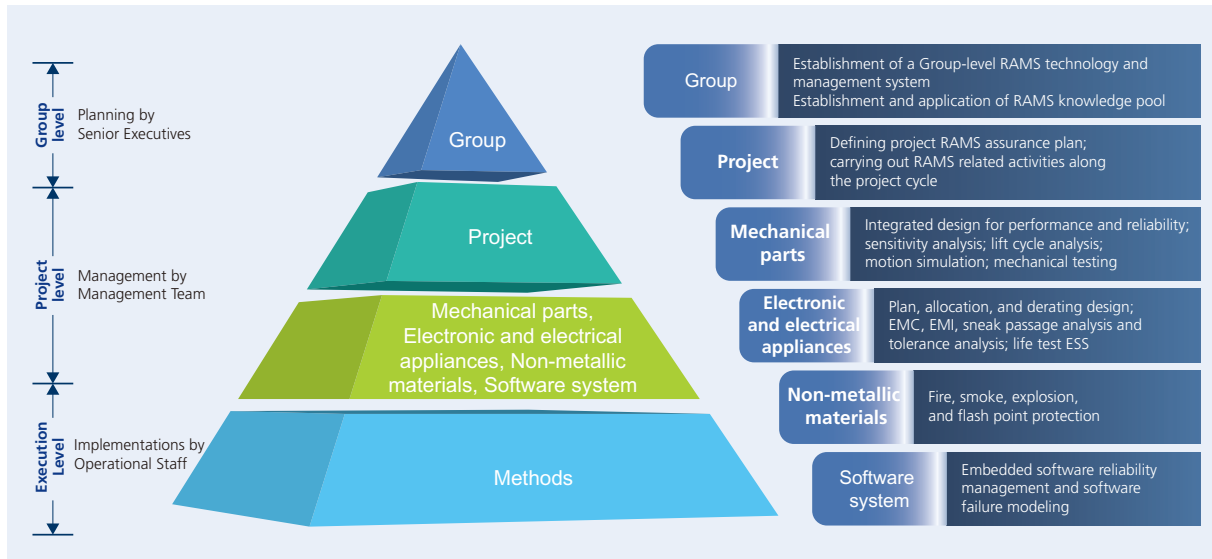


Our Quality Management System (QMS) platform enables online processing and data analysis of the quality management module on quality review, measuring tools, reliability testing, quality problem identification, system approval, and customer complaints, greatly improving the efficiency and standardization of quality management.

Our IPIS business established a reliability laboratory specialized in Environmental Management Control (EMC) and environmental testing, contributing to the effective operation of our quality system. The laboratory is equipped with the conditions and qualifications for more than 10 essential tests required by the industry, fully qualified for the requirements of relevant international and national testing standards, and has been certified by the Chinese and German laboratory standards.

## Part 6. Quality Service for High Standard Project Delivery

### IPIS Responsibility Assurance Management System (RAMS)



### Laboratory Reliability Testing

The self-owned laboratory has a range of testing equipments, including temperature and humidity chamber, temperature humidity test chamber, hi-temperature test chamber, electrical intelligent transient generator, intelligent lightning surge generator, 3-phase power fail simulator, salt spray test chamber, drop test machine, etc..



During the Reporting Period, we responded timely to the overseas customers' due diligence on quality control processes at the bidding stage, and also involve our own quality assurance department in advance to identify the potential needs of target customers, who value the quality performance, and also the processes, material quality, standard operating procedures (SOPs) check and testing results verification. We uphold an open and learning mindset to cooperate closely, demonstrated our efficient responsiveness while pushed for a more resilient and ever-enhancing quality system.

In addition, we highlight the fostering of a quality-driven culture. We initiated to issue an internal publication, *Voice of Quality*, to enhance the quality knowledge and awareness of our staff. We also reward teams and individuals who make significant quality-related improvements, to generate enthusiasm and motivation in quality management.

## Part 6. Quality Service for High Standard Project Delivery

### Qualification Accreditation

Continuous enrichment of the scope of quality system certifications and technical qualifications has always been the focus of the Group's operational standardization and capability construction over the years, to ensure an appropriate mix of qualifications for optimal certification management system. In 2023, the Group completed a total of 65 certification reviews, in the areas of business qualifications, quality management, environmental management, occupational health, software development capabilities, engineering expertise, information security and data security.

In 2023, our IPIS business has obtained three additional certifications/recognitions, enabling the Group to expand and grow its business continuously.



ISO 50001 Energy Management System Certification



EcoVadis Silver Medal for Corporate Social Responsibility



BIS Access Certification in India



The Group's subsidiaries have been certified for Quality Management System (ISO 9000/9001) and Quality Management System for Rail Transit Industry (ISO/TS 22163:2017). Our software development business has established a CMMI (Capability Maturity Model Integration)-based system, with several subsidiaries holding CMMI Maturity Level 3-5 certification, Information Security Management System (ISO 27001), Information Technology Service Management System (ISO 20001-1), Information Technology Service Standard (ITSS) Level 2, as well as Quality Management System ISO 9003, to uphold a consistent quality in software and system development capabilities.

In the field of building construction, the Group has specialized constructing qualifications for electronic and intelligent engineering project, building mechanical and electrical installation engineering project and fire facilities project, as well as general contracting qualifications for communication engineering project and mechanical and electrical engineering project.



## Part 6. Quality Service for High Standard Project Delivery



In the ISO/TS22163 quality management system certification audit by the International Railway Industry Standard (IRIS) conducted in September 2023, the IPIS business received encouraging results in a number of areas including 90% in customer perception, 95% in process performance, and 72% in the evaluation form, successfully upgraded its overall quality performance to the “Silver Medal” from previous “Bronze Medal”.



### IMPROVE PROCUREMENT SYSTEM TO STRENGTHEN SUPPLY CHAIN RESILIENCE

The Group’s procurement activities involve large transactions for network systems, electronic equipment and engineering services, and the procurement of bespoke metal components and electronic components for special needs. We emphasize the life cycle of products and services to ensure long-term benefits, and evaluate suppliers on the bases of their quality assurance capabilities, stability, efficiency and reliability of their supply, and follow-up support and services.

#### Systems and Procedures

In DIS business, we select, evaluate and eliminate project suppliers in accordance with the *Supplier Management Measures*, *Procurement Management Regulations* and *Procurement Compliance Management Measures*, and conduct bidding and tendering via a digital procurement trading platform and a mechanism of quotation comparison to ensure the discipline and fairness of the procurement process, and enhance the rigor on data and effectiveness of process when acquiring supplier related information. We procure technically mature communication systems, networks and storage equipment for project implementation. In the course of equipment evaluation and selection, we set up a risk prevention process, requiring suppliers to ensure their compliance with the agreed equipment standards and the performance and technical specifications, as well as the conformities of all relevant labelling requirements. We also require distributors to obtain appropriate authorisation from the original equipment manufacturers to ensure the purchases to be made through legitimate channels and the effectiveness of quality assurance services post-delivery.

## Part 6. Quality Service for High Standard Project Delivery

The IPIS business complies with internal systems, including the *Procurement Control Procedures*, the *Supplier Management Manual*, and the *Procurement Bidding Management Regulations*, for its procurement of parts and electronic components, as well as supplier management. In 2023, this business unit strengthened its management approach, not only on the control of incoming inspection and finished product pass rate, but also introduced an indicator of failure rate on site of end-user testing. Meanwhile, the business unit adopted four sets of standards of *Supplier Checklists*, adding more than 50 review clauses. Through these measures, the business unit has formulated its quality assurance agreements with enhanced applicability for, obligations and protections from each category of suppliers from the perspective of risk control. A monthly, semi-annual and annual performance appraisal system for suppliers in various categories and grades has been employed, and corresponding control measures based on the appraisal results are taken with dedicated member of staff tracking and supervising rectifications.

During the year, the IPIS business outsourced part of its field operations and maintenance services, adding a new type of supplier to its supplier category. All such suppliers are required to be ITSS certified, and a service quality assurance agreement has been incorporated, to ensure the quality of their on-site services.



The IPIS business continued to strengthen the construction of its supplier management platform during the year, including the project to supplement a supplier quality management module to unify the quality-related information, covering incoming material performance, non-conformity, annual audit results, notification of quality issues, etc., onto an e-platform to improve systematic management. Requirements on product technology, process, packaging and quality are also uploaded to the supplier management platform for learning and subsequent implementation accordingly. We also assign technicians to provide on-site training to prepare suppliers for new products launch or supplier entry support. The IPIS business continued to strengthen the construction of its supplier management platform during the year, including the project to supplement a supplier quality management module to unify the quality-related information, covering incoming material performance, non-conformity, annual audit results, notification of quality issues, etc., onto an e-platform to improve systematic management. Requirements on product technology, process, packaging and quality are also uploaded to the supplier management platform for learning and subsequent implementation accordingly. We also assign technicians to provide on-site training to prepare suppliers for new products launch or supplier entry support.

### Sustainable Development Risk Identification and Management

The Group acknowledges its role on sustainability issues and risk management in the supply chain, and is progressively exploring effective and practical supervision methods to cope with ESG risks along the supply chain. In accordance with current procedures, we require bidders to make anti-corruption pledge in their tender documents, and other parties to sign an anti-corruption commitment when signing contracts.

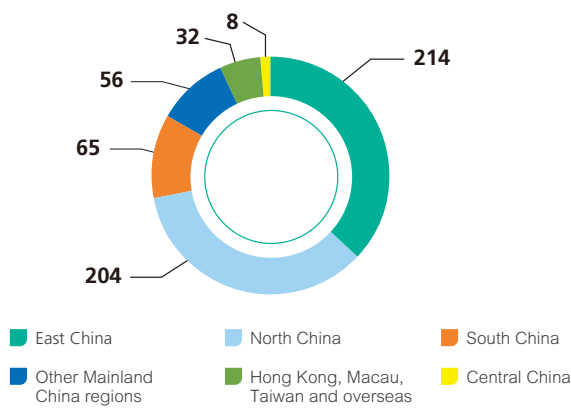
We require operation and maintenance service providers to offer sufficient safety protection equipment, sign standard employment contract and make full social insurance payment for their dispatched labors, and demand engineering service providers to implement green construction, reducing dust pollution and construction waste throughout the project period.

## Part 6. Quality Service for High Standard Project Delivery

### Supplier Evaluation and Distribution

The Group carries out the annual re-evaluation on existing suppliers, in terms of their qualifications, financial status and cooperation performance, to submit a *Supplier Reassessment Report* for the consideration of the Group CEO's executive meeting and to formulate the updated *Qualified Supplier Directory*. In 2023, a total of 484 qualified suppliers participated in the re-evaluation exercise, of which 51% and 35% were granted the excellent and good grades respectively. In addition, 310 new suppliers were added during the year. As at the end of 2023, the Group maintained 579 valid suppliers.

Geographical Distribution of Suppliers



## FULFILL THE RESPONSIBILITY TO PROTECT DATA SECURITY

### Customer Data and Information Safety

The solutions and products of the Group, including ACC, AFC, Traffic Control Center (TCC) and PIS, serve metro billing and carries a large amount of personal and payment information of passengers are used daily by the metro operators, hence the security and reliability of such systems amongst others are of paramount importance. We design the security level of the systems in strict conformity with relevant national laws and regulations, industry standards and attributes required for specific information, to ensure proper protection at the desired security level with clarity on corresponding principles and procedures, and the safety and security in the collecting, processing, transmission, aggregation and storage of both operational and passenger related data for the rail transit operators.



The Group complies with applicable laws and regulations related to data and network security. They mainly include:

*Law of the People's Republic of China on Guarding State Secrets*

*Regulation on the Implementation of the Law of the People's Republic of China on Guarding State Secrets*

*Interim Provisions on the Administration of Computer Information System Secrecy*

*Provisions on the Administration of State Secret Carrier*

For each construction project and operation and maintenance services, project members are required to sign an information confidentiality agreement when there is a need for them to access customer's classified information, and to strictly follow the confidentiality protocols and security measures in terms of access approval, authorisation and logging. The project leader serves as the primary responsible party and provides resources as needed to ensure confidentiality.



## Part 6. Quality Service for High Standard Project Delivery

### Own Data and Information Security

The Group stresses the protection and confidentiality of classified data and information of the Company and its partners. In 2023, the Group has established and employed effective information security system for construction projects and corporate management with valid information security system (ISO 27001 certified). Following the revision of the *Measures for the Management of Network and Information System Security* in 2022, the Group released the *Management Measures for Data Assets and Security* in the Reporting Period, and initiated in September, a procedure for all its subsidiaries to submit their annual data security work results to the Group.

On personal information protection, the Group adheres to the principle of *Minimum Frequency, Minimum Cycle, Minimum Scope and Minimum Impact on Rights and Interests of Individuals* for the collection of personal information, and make public the purpose of any information collection. Prior consent must be obtained from the person concerned for the collection and processing of any sensitive information.

The IPIS business has employed internal processes, including the *Information Security Management Manual, Information Security Incident Handling Procedures, Secrecy Management Regulations, and Risk Assessment on Information Security*, as required and needed.

In 2023, the Group organised three dedicated trainings for promoting awareness on the importance of data and cyber security, namely cyber security and software licensing, internet security, and data asset security management.



Major applicable laws and regulations related to personal data protection that the Group complies with:

*Law of the People's Republic of China on the Protection of Personal Information*

*Announcement on the Implementation of Personal Information Protection Certification*

*Implementation Rules for Personal Information Protection Certification*

## Part 6. Quality Service for High Standard Project Delivery

### VALUE COMMUNICATION AND FEEDBACK TO ELEVATE CUSTOMER SATISFACTION

The Group mainly serves operators, integration solution providers and carriage manufacturers of the rail transit industry. We always consider customer satisfaction as one of the primary measures on our value creation and endeavor to meet customer expectations as our key objective.

#### Deeply Embedded Customer Relationship

The project teams of our DIS business are required to maintain daily communication with their customers, collaboratively define integration solutions, negotiate requirement changes and adjust technical specifications, for ultimately delivering the work to the agreed standards. A warranty service agreement ranging from 3 to 5 years depending on the nature of each project and required service requirement is to be established between the parties.

Our IPIS business provides rail transit operators with passenger information systems and related services, which normally commence services upon testing completion and customer acceptance. On-going on-site maintenance services and regular inspections by the Group's staff are also conducted. During the Reporting Period, the operation and maintenance network of our IPIS business expanded to 100 locations with more than 180 service personnel in Mainland China, consistently providing one-stop services to our customers and committed to round-the-clock service response.

The Group persists its strategy in exploring international markets. As of the end of 2023, the cumulative installed capacity of our PIS systems overseas reached a total of 1,599 trains. We regard the process of building business in overseas markets an effective means to uplift our overall service levels, whereby requirements from international customers accessing information on the way we manage production have helped us enhance the process management transparency, as such the resulting performance effectiveness can be ensured in the course of production processes.

#### Seamless and Diversified Communication Channels

We strictly adhere to internal policies of *Customer Complaint Management Regulations* and the *Customer Communication Management Procedures*, and continuously strengthen process management, and enhance the service-conscious mindset and responsibility of on-site project managers to identify and deal with potential issues in a timely manner. In addition to on-site communication, we provide a variety of channels, such as telephone, e-mail, WeChat and client QMS system, for customer feedback on the delivery, quality and service of our offerings.

The Group's commitment to its customers is also reflected in legally binding contracts. We respond positively to the ethical and integrity requirements specified in the contracts of some of our customers and make confirmation of relevant connected party relations as appropriate. We also provide relevant channels for investigation to facilitate customer complaints through different means.

## Part 6. Quality Service for High Standard Project Delivery

### Ongoing Customer Satisfaction Surveys

In accordance with the *Approach to Project Management and the Procedures for the Administration of Customer Satisfaction*, the Group conducts customer satisfaction surveys twice a year. Such survey results are analyzed, and improvement measures are deployed accordingly. A *Customer Satisfaction Survey Analysis Report* based on the above is submitted for the Group's management review.

During the year, the Group continued to engage a third-party professional partner to conduct two customer satisfaction surveys in the first and second half of the year. The survey scope covered all projects implemented or completed during the year, involving the three major categories, namely operation and maintenance projects, software development projects and integration engineering projects. In addition to the distribution of questionnaires, the surveys were supplemented by customer interviews and selective telephone calls to enhance the objectivity and accuracy, as well as to provide more effective feedback on customer requests.

The survey in the first half of the year covered 153 projects, including 68 operation and maintenance projects and 70 integration engineering projects and 15 software projects, with an overall project satisfaction score of 98.94. 155 projects were surveyed in the second half of the year, including 73 operation and maintenance projects, 70 integration engineering and 12 software projects, with a satisfaction score of 99.21, achieving the management target of above 90% customer satisfaction rate. Overall, customers and users gave positive recognition to the Group's project delivery and services. During the Reporting Period, the Group did not receive any material customer complaints and did not recall any products.

## Part 7. Improve Energy Use Efficiency to Promote Green Development

### GOAL SETTING BASED ON ENVIRONMENTAL IMPACTS IDENTIFIED

The rail transit industry remains one of the main sources of energy consumption for urban operations. In face of the increasing challenges posed by climate change to the sustainable development of human society, the rail transit industry takes a more prominent role in building a greener urban travel system and promoting sustainable urban development.

The Group deeply appreciates the trend and need of building a smarter and lower-carbon urban rail transit industry, and has conducted in-depth analysis of the environmental impact of its owned business and operating activities. Our business mainly includes software development, solution integration, system deployment and project implementation, with most of the activities taking place in an office environment, except for on-board PIS products which involve assembly and production. The sources of our energy consumption and GHG emissions are the electricity used in our offices and production facilities. Accordingly, the Group has set its Scope 2 GHG emissions target based on its business nature, which is to reduce electricity emissions intensity by 10% by 2025 and 15% by 2030 from the baseline year of 2021.

### FOCUS ON RESOURCE USE, IMPROVE ENERGY EFFICIENCY

The Group complies with applicable laws and regulations relating to environmental protection, namely the *Environmental Protection Law of the People's Republic of China*, the *Law of the People's Republic of China on Energy Conservation*, the *Administrative Measures for the Use of Green Product Label*, and the *Renewable Energy Law of the People's Republic of China*, established a corresponding internal system, and conducts self-inspection with reference to the Measures for Industrial Energy Conservation Supervision issued by the Ministry of Industry and Information Technology of the PRC.

The Group has three production sites, all of which are focused on the production and assembly of PIS solutions, including a laboratory in the campus in Suzhou, where fully integrated product testing and other key industry testing can be performed. Production activities at the three sites are mainly assembly of structural parts and components, software programming and testing for finished products. Energy used for these activities are purchased electricity and fuel for forklifts. Our water consumption is for daily use and is provided by the municipal water supply network in locations where we operate. Accordingly, we have no issue in sourcing water that is fit for purpose.

Our production bases in Zhengzhou and Suzhou are certified to the Environmental Management System ISO14001:2015 and have implemented a green management system covering the cycle of its operations from procurement, production, product and service delivery to logistics, responding to customer expectations and improving the capability of our environmental management.



## Part 7. Improve Energy Use Efficiency to Promote Green Development

The Group's overall energy consumption from operating activities is relatively low, and the corresponding GHG emissions are mainly Scope 2 emissions from purchased electricity, while waste include office waste and industrial waste, including a limited amount of hazardous waste.

The rooftop of the industrial park where the Group's Suzhou production base is located has installed a distributed solar photovoltaic system, supplementing electricity power for tenants of the office building. During the Reporting Period, the power generated by the solar system and utilized by our Suzhou base amounted to 515,566 kWh, contributing to the optimization of the Group's electricity power consumption mix.

With regard to waste management, the Group's production bases follow the *Regulations on the Management of Scrap and Waste* and manage the disposal of scrap and waste materials effectively. For the disposal of printed circuit boards ("PCB"), following the preparation of the *Report on Change of Solid Waste Types* in accordance with the *National List of Hazardous Waste* and submission to the solid waste management centre of the local government for filing in 2022, we set up and implement the handling plan of 'Safe Storage, Batch Disposal', which requires hazardous waste to be stocked in a special warehouse, and handed over to third-party professional agency with hazardous waste treatment qualification for treatment once the stockpile reaches one tonne. We have also placed warning signs in accordance with the *Technical Specification for Setting Identification Signs for Hazardous Wastes* to alert operators at the hazardous waste storage site to ensure production safety.

The Group recycles packaging materials such as bubble bags, cardboards and PE bags, that can be reused in production lines, warehouses and other operational scenarios to reduce waste. We continue to implement the *Notice on Energy Saving Initiative* at the production sites to reduce energy consumption through specific measures such as turning off the computers, lights and electricity when people leave, and centralized air conditioning management. In the offices, the Group has put up posters to call on the employees to save water and electricity, reinforcing the maintenance and management of water and electricity equipment, and promoted paperless office to save energy consumption.

During the Reporting Period, the market environment in which the Group operates has been recovering, leading to a gradual rebound in the intensity of the Group's business and production activities from a lower level. As a result, our energy and resource consumption increased within a manageable range compared to the year of 2022. In addition, the Group's total GHG emissions and emission intensity were reduced by 15.6% and 14.9% respectively during the year, thanks to the utilization of renewable energy which has replaced a substantial portion of the conventional purchased electricity in the Suzhou base.

The Group will review the GHG emissions target and made necessary adjustment that reflects closely our operational development in due course.

Energy consumption	Unit	2023	2022
Petrol	kWh	<b>34,626</b>	20,253
Diesel	kWh	<b>3,836</b>	5,245
Electricity	kWh	<b>1,613,747</b>	1,311,749
Total Energy Consumption	kWh	<b>1,652,209</b>	1,337,246
Energy Consumption Intensity	kWh/Revenue (HK\$ million)	<b>1,008.98</b>	815.92

Note: Electricity consumption includes purchased electricity and photovoltaic power generated in the Suzhou Park.

## Part 7. Improve Energy Use Efficiency to Promote Green Development

GHG Emissions	Unit	2023	2022
Direct GHG Emissions (Scope 1)	tCO <sub>2</sub> e	<b>10.61</b>	6.94
Indirect GHG Emissions (Scope 2)	tCO <sub>2</sub> e	<b>638</b>	762
Total GHG Emissions (Scope 1 and 2)	tCO <sub>2</sub> e	<b>649</b>	769
GHG Emissions Intensity	tCO <sub>2</sub> e/Revenue (HK\$ million)	<b>0.40</b>	0.47

Air Pollutants	Unit	2023	2022
Nitrogen Oxides (NO <sub>x</sub> )	Gram	<b>2,041</b>	1,375
Sulfur Oxides (SO <sub>x</sub> )	Gram	<b>58</b>	39
Particulate Matter (PM)	Gram	<b>150</b>	101

Water Consumption	Unit	2023	2022
Water Consumption	Tonne	<b>7,264</b>	4,640
Water Consumption Intensity	Tonne/Revenue (HK\$ million)	<b>4.44</b>	2.83

Non-hazardous Waste	Unit	2023	2022
Office Waste	Tonne	<b>196</b>	48
Packaging materials	Tonne	<b>61</b>	69
Non-hazardous Waste Intensity	Tonne/Revenue (HK\$ million)	<b>0.16</b>	0.07

Note: The breakdown categories of packaging materials identified this year are paper cartons, EPE foam and others.

# Part 8. Uphold Production Safety, Support Team Development

The Group recognizes the critical importance of asset and personnel safety. Upholding the principles of 'Safety First, Prevention as Priority, Comprehensive Rectification', BIIT has firmly observed the production safety red line and lived up to the primary corporate responsibility in this respect, while we build and maintain urban infrastructure and serve public travelling. We treasure our human capital by all means, care for and respect our employees, ensure a smooth talent development path throughout the process of talent selection, cultivation, management and deployment, and motivate staff members to generate high morale and strong cohesion.

## ENHANCE PRODUCTION SAFETY

### Control and Management System for Production Safety

The Group strictly abides by the *Work 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 *Trade Union Law of the People's Republic of China*, the *Emergency Response Law of the People's Republic of China*, the *Law of the People's Republic of China on Flood Control, Beijing Contingency Plan for Flood Control*, the *Provisions on Responsibilities of Fire Safety on Entities of Beijing*, amongst others. During the year, we enhanced the safety management in terms of policy formulation and organizational system, and strengthened the full-process control in the aspects of safety training, risk screening and inspection, production management, supervision and inspection, emergency response plan and notification mechanism, in an effort to ensure the effectiveness and viability of the integrated management system for production safety.



### The Full-process Control Systems of Production Safety

- **Education and Training:** *Work Safety Education and Training System*
- **Risk Control:** *Graded Safety Risk Control and Danger Detection and Management System*
- **Safety Management:** *Production Safety Responsibility System, Production Safety Management Regulations, Production Safety Management System for Construction Projects, Safety Management System for Special Operation Staff, Protective Equipment Deployment and Management System, Hazardous Work Management System, Safety Management System for Relevant Partners and Contractors, Production Safety Accident Reporting, Investigation and Handling System, Management System for Fire Production Safety, and Expense Control System for Production Safety*
- **Supervision and Inspection:** *Supervision and Inspection System for Production Safety*
- **Emergency Response and Reporting:** *Incident Contingency Measures, Duo Reporting System of Risk Management for Potential Major Safety Accidents*

## Part 8. Uphold Production Safety, Support Team Development



### The Full-process Production Safety Management for Integration Project Service Suppliers

#### Contract Signing Stage

A production safety agreement to be signed with the integration project service suppliers at the same time as signing the contract, to clarify production safety management responsibilities between both parties

#### Preparation Stage

Establish the management system for project service provider and set up production safety goals

#### Implementation Stage

Inspect the suppliers' safety management performance via centralized office work and weekly project meeting, identify management loopholes and hidden risks, and timely carry out rectifications. The project manager and people in charge for each line shall conduct weekly joint safety inspections on the construction site and the staff dormitory, focusing on the compliance of the outsourced personnel with the operating procedures, and requirements in labor protection, hazard prone procedures, fire safety of the dormitory. The uncovered hidden risks are addressed immediately, and relevant record is filed for regular review

In accordance with *the Implementation Plan for the Year of Deepening Rectification of Work Safety in Beijing*, the Work Safety Committee (the "Safety Committee") of the Group set annual work targets in the beginning of 2023 with six focused areas, namely fatal/serious injury accidents, safety liability accidents, fire accidents, occupational disease hazards, environmental pollution incidents, and rectifications of safety risks, further strengthening the awareness that "production safety is the responsibility of all employees". The Group continues implementing "the first-responsible-person policy" and "the one-vote veto system" on production safety issues, and carried out special rectification initiatives to reduce safety exposures.

The Safety Committee holds quarterly meetings to report on regulatory updates, promote safety supervision and inspection, plan and prepare risk identification and investigation rehearsals, and share accident cases, so as to ensure the implementation of the production safety responsibility system with uncompromising accountability.

During the year, we strengthened the deployment of production safety inspections and carried out a Group-wide production safety inspection campaign. A total of 246 safety inspections of various types were delivered, with 121 potential safety hazards removed.



## Part 8. Uphold Production Safety, Support Team Development

### Risk Assessment and Contingency Plan

The Group has defined safety risks in the *Graded Safety Risk Control and Detection Management Measures*. The major steps for risk assessment include risk level confirmation through investigation and analysis, control measures determination, and regular risk map updates. Based on the risk assessment results, the Group deploys resources for safety inspections at all levels and formulate contingency plans. Within the year, 10 trainings on production safety and 99 emergency drills in various forms were conducted. These pre-emptive approaches brought controls forward to effectively guard tragic accident from occurring.

During the year, flood prevention response management was a focus of the Group's safety management. We formulated the *Flood Prevention Contingency Plan* with a reporting flow chart and clarified in particular the speed of response required in the event of an accident.



### Emergency Drills on June 28 and September 27 (reporting process and evacuations)

#### Principles of emergency response

- For people injuries – Saving life first
- For property losses – Focusing on reducing losses (in the absence of injuries)
- Reduce secondary and derivative hazards in rescue activities

#### Time frame for reporting

- Phone call to be made within 8 minutes after receipt
- Written report to be submitted within 40 minutes after receipt
- Timely updates when available
- Directly contact leading members of the Safety Committee once tiered report becomes difficult

## Part 8. Uphold Production Safety, Support Team Development

The Group also conducted work safety training and quiz competitions through its internal safety supervision and management platform, to further enhance work safety education for all employees. During the two-week quiz competition event, 247 people completed the training and 216 participated in the competition. In this way, work safety education has been proved to be more popular and effective among staff members.



### The Group's Risk Identification Framework for Production Activities

Considerations: Likelihood, Frequency, Consequence, Risk

Business scenarios: 29 risks on the production floor, 22 risks on warehouse and logistics, 56 risks on shared infrastructure engineering work

### Annual Inspection and Evaluation



*Production safety inspection in 2023*

## Part 8. Uphold Production Safety, Support Team Development

The Group carried out annual production safety evaluation in three categories, namely engineering projects, integration and maintenance projects, and manufacturing activities. The evaluation covers a wide area of performance including safety objectives achieved, contingency management results, education and training efforts, and safety performance of partners/contractors. Special attention was placed on the scenario whereby tiered risk controls were under threat from a tight project schedule as seen in several projects. The results of such evaluation were incorporated into performance appraisals for related projects and the responsible individuals to enhance the overall effectiveness.

During the Reporting Period, 43 on-site safety supervision and inspections were carried out led by leaders of the Safety Committee, issued 28 rectification notices and risk reminders, and 27 potential safety hazards identified. All rectifications have been completed in 2023.



In the afternoon of April 25, 2023, the Safety Committee inspected the maintenance project for the Shuangjing Station of Beijing Metro Line 10, a service performed by the civil communication business of the Group. The inspection team checked the ambient temperature of the server room and the facility operation status. A proposal was made by the Safety Committee to deploy environment monitoring equipment for real-time temperature reading in the future renovation plan.

On July 20, 2023, the Safety Committee carried out a special inspection on the Dongba weak current engineering project, and checked the fire control room and the operation safety in the underground garages. Stresses were also made on the operability and readiness of fire-fighting equipment and safety protection for personnel exposed to height-related hazards.

In 2023, all the production safety targets set by the Group, namely safety liability accidents, fatal/major injury accidents, fire accidents, safety liability accidents of partners/contractors, occupational health hazards, environmental pollution incidents and hidden safety risk rectifications, were fully achieved. There was no recorded case of work-related fatalities for the past three years (2021-2023), and no record of lost working days due to work-related injuries for the Reporting Period.

## Part 8. Uphold Production Safety, Support Team Development

### FULFILL EMPLOYER RESPONSIBILITIES

We understand that employees are the foundation for the Group to deliver customer service and business growth. The Group is committed to providing a healthy working environment, attractive remuneration and benefits, an incentive mechanism, and fair growth opportunities for all employees.

#### Hiring

The Group follows open, impartial, fair, rational and merit-based principles in its recruitment practice. A hiring decision is made consistently on the qualifications required for a position, while special care is taken to ensure that no preference is given on the ground of an individual's gender, race, religion, marital status or age. We recruit and employ full-time/part-time/contract employees in strict compliance with the applicable laws and regulations in all countries and regions where the Group operates, including mainland China, Hong Kong SAR and India, prohibiting any form of forced labor or child labor and requiring all new joiners to provide valid identification documents for verification. Any violations, if found, will be handled without delay according to the regulations concerned. We also encourage employee referrals and internal applications, that help facilitate internal mobility while replenishing talents. In this way, we provide employees with promotion or job transfer ladders, bringing opportunities to expand their professional experiences and strengthen our internal collaboration at the same time.

#### Remuneration

The Group has established a remuneration system based on a mix of attributes covering job responsibilities, work performance and operational risks. The Group adheres to equal pay for equal work and emphasizes individuals' capabilities and skills. Remunerations are performance-oriented and linked to the responsibilities and risk performance of the positions. We implement the *Measures for the Administration of Employee Performance*, the *Measures for the Administration of Appointment, Removal and Assessment of Middle-Level Management* and the *Measures for the Administration of Employee Rewards and Punishments* and other relevant internal policies and rules. The Group's mainland operations have the setup of trade unions at the Group level. In accordance with the *Regulations on the Work of Enterprise Trade Union*, we enter into collective contracts with the trade unions, and establish labour standards and conditions such as remuneration, work hours and paid leave, workplace safety, training and insurance benefits.

During the year, the Group introduced a new ranking system that is better aligned with the market practice and comparable to the industry. With an expanded category featuring professional caliber, this system provides clear requirements and conditions for promotions from each level up, allowing staff members at junior and intermediate levels, in particular, to focus on meeting relevant indicators to accelerate their growth. We took into account a combination of factors such as employees' entry time, educational level, and past performance appraisal in managing the transition process, which has received positive feedback from the employees.



## Part 8. Uphold Production Safety, Support Team Development

### Benefits and Interests

In Mainland China, on top of the pension scheme, medical insurance, unemployment insurance, work-related injury insurance, maternity insurance and housing provident fund, the Group also provides supplementary medical insurance and takes steps to set up enterprise annuity plans at a gradual pace. These measures have created a comprehensive system of “six insurances and two pensions” to effectively protect employees’ rights and interests, hence much applauded by the staff members.

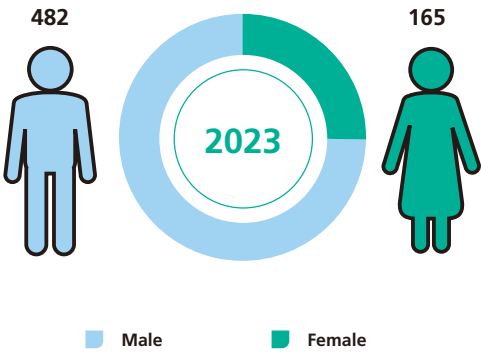
We care about the physical health and mental wellbeing of our employees, by offering competitive arrangements for various types of leave and paid annual leave. In particular, male employees are entitled to 15 days of paternity leave; employees with children aged three or under are entitled to 5 days of parental leave per calendar year; and employees with no siblings have 10 days’ leave to attend to aging parents per annum.

We encourage employees to get involved in the decision-making that matters to them and respect their opinions and suggestions. On July 14, 2023, the Group held the second meeting of the first Employees’ Representative Conference, which was attended by 51 employee representatives. The conference deliberated and approved the business operational report and the human resource management report of the previous period, and presented the handling of the proposal themed “I deliver for employees” and the collection status of the next round of proposals.

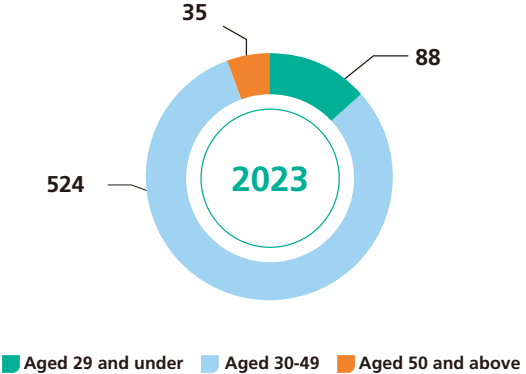
# Part 8. Uphold Production Safety, Support Team Development

As at 31 December 2023, the Group had a total of 647 full-time employees and 278 personnel under dispatch service contract and interns. The Group's average turnover rate of full-time employees was 12.21%, a significant decrease compared to 20.03% in the previous year.

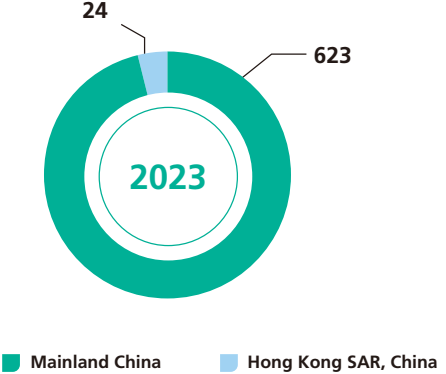
## Employees by Gender



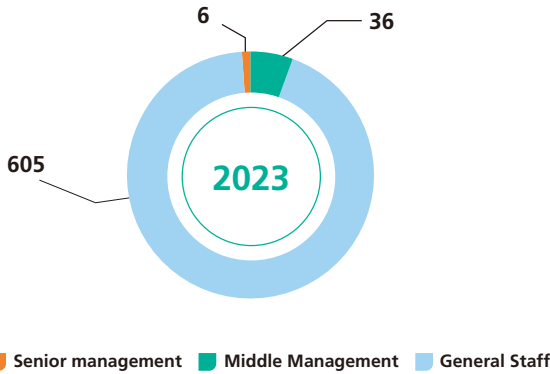
## Employees by Age Group



## Employees by Geographical Region

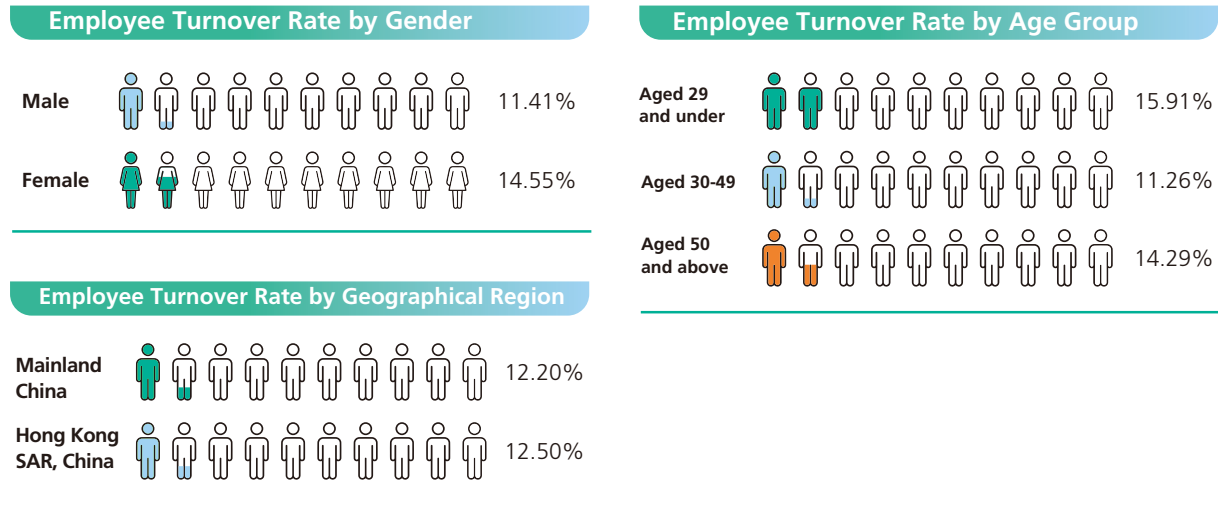


## Employees by Employee Category



## Part 8. Uphold Production Safety, Support Team Development

In 2023, the Group's employee turnover rates by category were as follows:



## Part 8. Uphold Production Safety, Support Team Development

### FOCUS ON EMPLOYEE GROWTH

The industry we are in is asset-light and talent-driven by nature. Developing multi-disciplinary talents and their continuous learning ability are the main directions the Group trains and cultivates its workforce. We take the growth and development of our employees at heart and provide them with professional development opportunities, as such that personal progression is organically integrated with the corporate capability enhancement. This not only builds stronger cohesion within the Group, but also lays a solid foundation for the next generation management echelon.

During the Reporting Period, the Group consolidated its business into three operating units to support its strategic development needs, namely IPIS, DIS and SIS. In this way, the Group believes it will be able to dissect customer needs and market opportunities in niche specialties more effectively than before. We have fully communicated with the employees on this organizational change, to help them understand the Group's future development direction and map out career paths based on their own strengths and expertise.

The Group employed the *Measures for the Administration of Training* and formulates annual training plans and budgets based on the characteristics and requirements of individual positions. To serve the purpose of cultivating a team with solid skills, business proficiency and vitality, the Group initiates active communications with its subsidiaries, collecting and discussing training needs of front-line staff. The Group also deals out corresponding rewards to employees who have obtained professional qualification certificates, such as on economics, accounting, engineering, mechatronics, communication and network, etc.. These programs and measures not only support employees' personal advancement, but also have bolstered the value of the company.



In 2023, the Group's IPIS business honored high-performance teams with awards in five categories, namely the Continuous Improvement Award, the Eternal Innovation Award, the Collaboration for Progress Award, the Customer Satisfaction Award, and the Excellent Teamwork Award. A total of 14 cross-department teams (364 people) received awards.



## Part 8. Uphold Production Safety, Support Team Development

We provide a variety of training and learning opportunities for employees to continuously sharpen their skills and capabilities. Especially for mid-level management and high-potential talents (“Supernova Talents”), the Group has tailored training programs to enhance their capabilities and address the growth needs of this group of individuals.



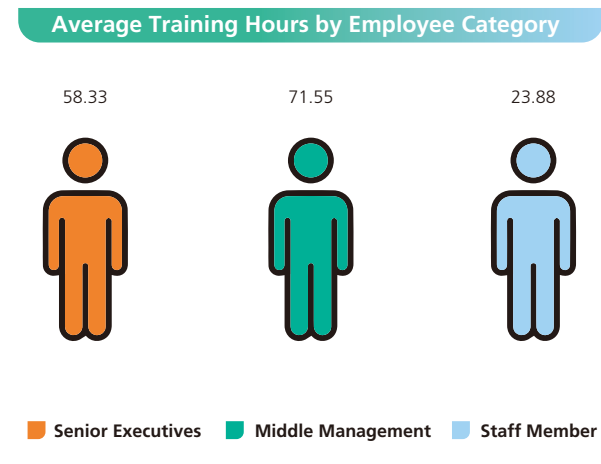
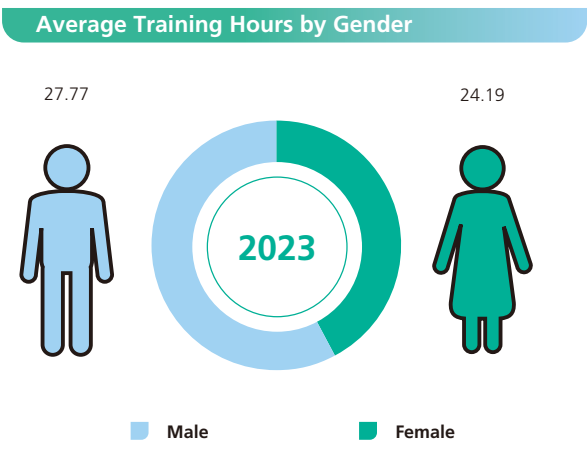
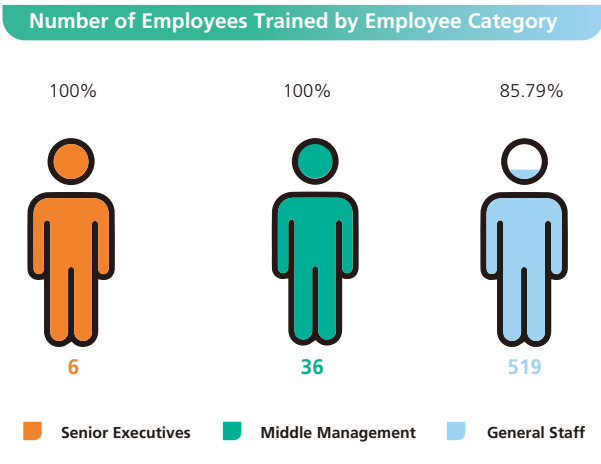
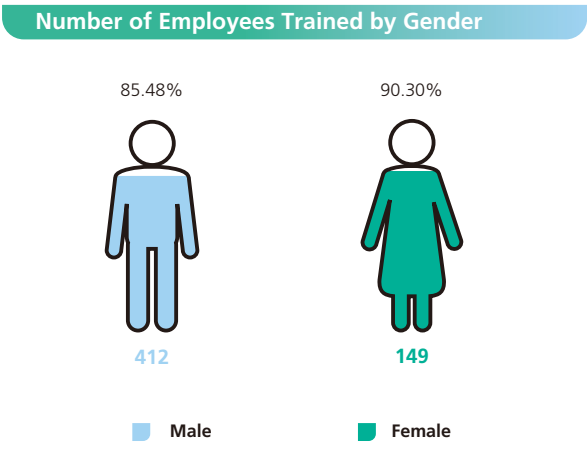
The cultivation of young talents and R&D talents is the top priority of the Group’s human resources work. We launched a targeted training program for young talents in 2020 and since added new blood every year to the “Supernova Talents” pool. In 2023, 10 people were admitted, bringing to a total of 30 people. We have designed a “Shining Plan” for the “Supernova Talents”, including quarterly sharing activities and customized career path design, to enable their rapid development.

To provide more engaging and interactive activities for the “Supernova Talents”, we organized a series of trainings on topics such as digital economy, financial analysis and project management in the Suzhou campus of the Nanjing University, where offline salons for sharing cutting-edge technology trends and practical skills were carried out.

With the strategic objective of “Technology + Innovation”, the Group is keen to upscale its R&D talent system. During the year, the Group initiated a series of trainings to help streamline the restructured R&D organization and strategy, on subjects such as “Efficient R&D Collaboration among the Three Places” and “Data Mining Practice”.

In 2023, the Group coordinated and provided approximately 69 professional trainings through a combination of online and offline methods, including various topics such as compliance, production safety, technology research and development, project management, as well as trainings for functional departments of finance, IT, procurement and sales. The Group’s overall training coverage for 2023 reached 86.71%, with an average time duration of 26.86 hours per person, and its training-related investment amounted to approximately RMB1.5 million.

# Part 8. Uphold Production Safety, Support Team Development



## Part 9. Uphold Mission by Supporting Public Interest

Promoting social good is deeply rooted in the Group's values and is also the mission call of our business activities and employee development. We guard the convenience and safety of public commuting and travel consistently by empowering rail transit operations and public infrastructure construction and are committed to supporting the resilient development of modern cities with smart technology. At the same time, the Group has always been supporting social welfare and rural revitalization, and actively organize employee volunteers to participate in community services.

### ALL-OUT EFFORTS TO SAFEGUARD PUBLIC TRAVEL DURING NATIONAL EVENTS

Following the operation support for the Winter Olympics line during the Beijing Winter Olympics in 2022, the Group's IPIS business participated in the provision of rail transit operations for the 31st Summer World University Games ("the Chengdu Universiade") held in Chengdu and the 19th Asian Games held in Hangzhou in 2023, escorting the success of such major events and safeguarding the safety of public travels with its technical expertise and dedication to the mission.

On July 28, 2023, the 31st Summer Universiade opened in Chengdu, Sichuan. The CRH6A-A intercity EMU, equipped with the Group's smart passenger information system, served as the "Universiade" themed train for tourism in the metropolitan area around Chengdu, and the "Fuxing" CR400AF-Z intelligent EMU serves as the "Universiade" tourism-themed train between Chengdu and Chongqing. The Group strived to address the event organizer's operational requests' such as large volumes, high speed, high frequency of fast-start and fast-stop, quick boarding and landing, and fast passing, and prepared a dedicated support plan paired with a team offering 7\*24 hours standby and response. Through the collaboration of on-site and back-office support, and by products with stable systems and easy maintenance, we ensured the efficient and smooth operation of local intercity lines and won recognitions by the customers, meanwhile, backing the city of Chengdu to demonstrate its modern and humane characters to the world.

In September 2023, the Hangzhou Asian Games and Paralympic Games, which lasted for more than one month, were another test of the Group's ability to support the operation and maintenance of major events. Since 2014, the Group has been providing intelligent PIS solutions for Hangzhou and surrounding cities, and has gained rich experience in understanding the travel habits of the local public and dealing with emergency scenarios. During the Asian Games, we set up a special maintenance force to ensure the stable rail transit operation in the four cities (Hangzhou, Ningbo, Shaoxing, Wenzhou) projects, providing all delivered projects timely and efficient after-sales service around the clock and maintaining every equipment, to bring passengers a safe and comfortable riding experience, and to contribute to the success of the major sports event of Asia.



## Part 9. Uphold Mission by Supporting Public Interest

### DELIVERING OVERSEAS PROJECTS TO ENABLE LOCAL PROSPERITY

The Group has always been committed to providing convenience and safety for public mobility by enabling rail transit operations and public infrastructure construction. We are deeply rooted in the China market, while actively participating in the infrastructure construction of other developing economies to jointly contribute to achieving the United Nations Sustainable Development Goals.

During the year, we continued our engagement in the design and construction of the Jakarta-Bandung high-speed railway, a landmark project of China-Indonesia cooperation. The Jakarta-Bandung high-speed railway is the first of the kind in Indonesia, which connects Jakarta, the capital of Indonesia, and Bandung, the fourth largest city of the country, with a total length of 142.3 kilometers. Once in service, the train will help shorten the travel time between the two cities from more than 3 hours to around 40 minutes, which will significantly improve the local commuting conditions, and promote employment and economic development of cities along the railway. The Jakarta-Bandung high-speed train is equipped with the PIS product developed by the Group, and relevant testing for adaptation was successfully completed. On September 7, 2023, the railway was officially put into operation.

### SUPPORTING RURAL DEVELOPMENT AND VOLUNTEER SERVICES

In line with our corporate principle in poverty alleviation, the Group takes the initiative in fulfilling its social responsibilities and actively encourages employees to join volunteer services and get engaged in community building.

In 2023, the Group continued to provide targeted assistance to relatively underdeveloped areas in China where the Group has maintained long-term business connection. and an amount of RMB300,000 in cash was donated to an agricultural development institution in Kunyu City, Xinjiang Autonomous Region.

In addition, the Group has been assisting Zhenningbao Central Primary School in Chicheng County, near the city of Zhangjiakou, for six consecutive years, during which we kept track of our targets and made adjustment annually to reflect changes in local needs. We have organized and carried out various activities such as "Winter Warmth", "Happy Summer Vacation", "Health Protection", "Nutritious Breakfast", "Eagle Wings Care Project". In the Reporting Period, we donated desks, chairs, picture books, sports equipment and other needed materials for an equivalent of approximately RMB80,000.

The Group always encourages its employees to participate in volunteer services and give back to society. In July 2023, when Beijing was heavily hit by a rainstorm, the Group supported a group of young employees to assist the post-disaster reconstruction in the Mentougou District, the most severely affected area. For promoting community development, the Group organized 25 employees to voluntarily participate in the cleaning work carried out by the Century Village Community in Datun Street of Beijing, where its headquarters is located.



# Appendix I. List of Material Applicable Policies, Laws and Regulations

Scope	Applicable Material Policies, Laws and Regulations
Environment	<p>Mainland China:</p> <ul style="list-style-type: none"> <li>• Environmental Protection Law of the People’s Republic of China</li> <li>• Law of the People’s Republic of China on Environmental Impact Assessment</li> <li>• Law of the People’s Republic of China on the Prevention and Control of Atmospheric Pollution</li> <li>• Water Pollution Prevention and Control Law of the People’s Republic of China</li> <li>• Measures for Pollutant Discharge Permitting Administration (For Trial Implementation)</li> <li>• Law of the People’s Republic of China on the Prevention and Control of Environment Pollution Caused by Solid Wastes</li> <li>• Regulation on the Administration of Permitting of Pollutant Discharges</li> <li>• Measures for the Administration of Transfer of Hazardous Wastes</li> <li>• Measures for the Administration of Permit for Operation of Dangerous Wastes</li> <li>• Law of the People’s Republic of China on Energy Conservation</li> <li>• Cleaner Production Promotion Law of the People’s Republic of China</li> <li>• Electric Power Law of the People’s Republic of China</li> <li>• Measures for the Administration of Electricity Conservation (《節約用電管理辦法》)</li> <li>• Water Law of the People’s Republic of China</li> <li>• GB/T 2589 General Rules for Calculation of Comprehensive Energy Consumption</li> <li>• Law of the People’s Republic of China on Prevention and Control of Pollution from Environmental Noise</li> </ul>
Employment	<p>Mainland China:</p> <ul style="list-style-type: none"> <li>• Labor Law of the People’s Republic of China</li> <li>• Labor Contract Law of the People’s Republic of China</li> <li>• Regulation on the Implementation of the Employment Contract Law of the People’s Republic of China</li> <li>• Provisions of the State Council on Working Hours of Employees (《國務院關於職工工作時間的規定》)</li> <li>• Regulation on Paid Annual Leave for Employees</li> <li>• Implementation Measures for Paid Annual Leave for Employees of Enterprises</li> <li>• Implementation Plan of Jiangsu Province on Improving Birth Policies to Promote the Long-Term and Balanced Population Development</li> <li>• Provisions on Minimum Wages</li> <li>• Payment of Wages Tentative Provisions (《工資支付暫行規定》)</li> <li>• Trade Union Law of the People’s Republic of China</li> <li>• Social Insurance Law of the People’s Republic of China</li> <li>• Interim Regulation on the Collection and Payment of Social Insurance Premiums</li> <li>• Regulation on the Administration of Housing Accumulation Funds</li> <li>• Regulation on Work-Related Injury Insurance</li> <li>• Regulations on Unemployment Insurance</li> <li>• Interim Provisions on Labor Dispatch</li> <li>• Insurance for Labor Dispatching Entities (Henan Province) (《關於進一步規範勞務派遣單位工傷保險有關問題的通知》(河南省))</li> <li>• Special Rules on the Labor Protection of Female Employees</li> <li>• Provisions on the Administration of the Employment of Foreigners in China</li> <li>• Interim Measures for the Participation in Social Insurance of Foreigners Employed in China</li> <li>• Provisions on Medical Treatment Period for Employees of Enterprises for Illness or Non-Work-Related Injuries (《企業職工患病或非因工負傷醫療期規定》)</li> </ul> <p>Hong Kong SAR, China:</p> <ul style="list-style-type: none"> <li>• Employment Ordinance</li> <li>• Minimum Wage Ordinance</li> <li>• Employees’ Compensation Ordinance</li> </ul>

## Appendix I. List of Material Applicable Policies, Laws and Regulations

Scope	Applicable Material Policies, Laws and Regulations
Workplace Environment and Occupational Health Management	<p>Mainland China:</p> <ul style="list-style-type: none"> <li>• Work Safety Law of the People’s Republic of China</li> <li>• Labor Law of the People’s Republic of China</li> <li>• Fire Protection Law of the People’s Republic of China</li> <li>• Administrative Measures for Work Safety Training</li> <li>• Regulation on Work Safety Permits</li> <li>• Regulation on the Reporting, Investigation and Handling of Work Safety Accidents</li> <li>• Regulations of Beijing Municipality on Work Safety</li> <li>• Provisions of Beijing Municipality on the Main Responsibility for Production Safety of Production and Business Entities</li> <li>• Provisions on the Five Implementations and Five Confirmations of the Enterprise Work Safety Responsibility System (《企業安全生產責任體系五落實五到位規定》)</li> <li>• Provisions on the Safety Training of Production and Operation Entities</li> <li>• Measures for the Administration of Contingency Plans for Work Safety Incidents</li> <li>• Interim Provisions on the Screening, Identification and Control of Hidden Risks of Work Safety Accidents (《安全生產事故隱患排查治理暫行規定》)</li> <li>• The Administrative Regulations on the Work Safety of Construction Projects</li> <li>• Interim Measures for the Supervision and Administration of “Three Simultaneities” for Safety Facilities of Construction Projects</li> <li>• Regulation on Emergency Responses to Work Safety Accidents</li> <li>• Law of the People’s Republic of China on the Prevention and Control of Occupational Diseases</li> <li>• Measures for the Supervision and Administration of “Three Simultaneities” of Facilities for the Prevention and Control of Occupational Diseases of Construction Projects</li> <li>• Rules for the Administration of Regular Inspection of Occupational Hazard Factors of Employers (《用人單位職業病危害因素定期檢測管理規範》)</li> <li>• Management Rules for Labor Protection Supplies of Employers</li> <li>• Provisions on the Administration of Occupational Health at Workplaces (Order No. 5 of the National Health Commission of the People’s Republic of China, 2021)</li> <li>• Guidelines for Enterprises to Develop Emergency Response Plan for Work Place Accidents (GB/T29639-2020) (《生產經營單位安全生產安全事故應急預案管理辦法編製導則》)</li> <li>• Safety Precaution Engineering Procedures and Requirements (GAT 75-1994)</li> </ul>
Prevention of Child and Forced Labour	<p>Mainland China:</p> <ul style="list-style-type: none"> <li>• Labor Contract Law of the People’s Republic of China</li> <li>• Law of the People’s Republic of China on the Protection of Minors</li> <li>• Civil Code of the People’s Republic of China</li> <li>• Provisions on the Prohibition of Using Child Labor</li> <li>• Criminal Law of the People’s Republic of China</li> <li>• Measures for Lump-Sum Compensation to the Disabled or Deceased Employees of Entities Involving Illegal Employment</li> </ul>

## Appendix I. List of Material Applicable Policies, Laws and Regulations

Scope	Applicable Material Policies, Laws and Regulations
Product Responsibilities	<p>Mainland China:</p> <ul style="list-style-type: none"> <li>• Patent Law of the People’s Republic of China</li> <li>• Trademark Law of the People’s Republic of China</li> <li>• Copyright Law of the People’s Republic of China</li> <li>• Cybersecurity Law of the People’s Republic of China</li> <li>• Regulations of the People’s Republic of China on Protecting the Safety of Computer Information Systems</li> <li>• Administrative Measures for the Graded Protection of Information Security</li> <li>• Regulation on Protecting the Security of Critical Information Infrastructure (Order No. 745 of the State Council)</li> <li>• Opinions of the General Office of the State Council on Further Strengthening the Management of Urban Rail Transit Planning and Construction (No. 52 [2018] of the General Office of the State Council)</li> <li>• Outline for Digital Transportation Development Planning (《數字交通發展規劃綱要》)</li> <li>• Program of Building National Strength in Transportation</li> <li>• Outline for National Comprehensive Three-Dimensional Transportation Network Planning 《國家綜合立體交通網規劃綱要》</li> <li>• Opinions on Accelerating the Building of National Strength in Transportation with Technological Innovations (《科技創新驅動加快建設交通強國的意見》)</li> <li>• Assessment and Evaluation Standards for Green Travel Projects (《綠色出行創建行動考核評價標準》)</li> <li>• Action Plans for Building New Infrastructure in the Field of Transportation (2021-2025) (《交通運輸領域新型基礎設施建設行動方案(2021-2025年)》)</li> <li>• Working Guidance for Carbon Dioxide Peaking and Carbon Neutrality in Full and Faithful Implementation of the New Development Philosophy</li> <li>• Guideline for Promoting Green Development in Urban and Rural Areas</li> <li>• Action Plan for Carbon Dioxide Peaking Before 2030</li> <li>• White Paper on Responding to Climate Change: China’s Policies and Actions</li> <li>• Implementation Plan for Promoting the Actions of “Migrating to Cloud, Using Digital Tools and Enabling Intelligence” and Fostering the Development of New Economy</li> <li>• Three-Year Action Plan for the Development of New Types of Data Centers (《新型數據中心發展三年行動計劃》)</li> <li>• Three-Year Action Plan (2021-2023) for the Construction of New Types of Infrastructure for the Internet of Things</li> </ul>
Anti-Bribery and Corruption	<p>Mainland China:</p> <ul style="list-style-type: none"> <li>• Anti-Unfair Competition Law of the People’s Republic of China</li> <li>• Anti-Money Laundering Law of the People’s Republic of China</li> <li>• Interim Provisions on Banning Commercial Bribery (Order No.60 of the State Administration for Industry and Commerce of the People’s Republic of China)</li> </ul> <p>Hong Kong SAR, China:</p> <ul style="list-style-type: none"> <li>• Prevention of Bribery Ordinance</li> </ul>

## Appendix I. List of Material Applicable Policies, Laws and Regulations

Scope	Applicable Material Policies, Laws and Regulations
Intellectual Property Rights	<p>Mainland China:</p> <ul style="list-style-type: none"><li>• Patent Law of the People’s Republic of China</li><li>• Trademark Law of the People’s Republic of China</li><li>• Copyright Law of the People’s Republic of China</li><li>• Regulation on National Science and Technology Awards</li><li>• Measures of Beijing Municipality for Science and Technology Awards</li><li>• Measures of China Patent Award</li><li>• Measures of Beijing Municipality for Invention Patent Awards</li></ul>



# Appendix II: HKEX ESG Reporting Guide

## Content Index

Subject Areas, Aspects, Disclosures and KPIs	Description	Sections/Declaration
<b>Aspect A1: Emissions</b>		
General Disclosure	Information on: (a) the policies; and (b) compliance with relevant laws and regulations that have a significant impact on the issuer relating to exhaust gas and GHG emissions, discharges into water and land, and generation of hazardous and non-hazardous waste.	Part 7 > Focus on Resource Use, Improve Energy Efficiency  Appendix I
KPI A1.1	The types of emissions and respective emissions data.	Part 7 > Focus on Resource Use, Improve Energy Efficiency
KPI A1.2	Direct (Scope 1) and energy indirect (Scope 2) GHG emissions in total (in tonnes) and, where appropriate, intensity (e.g. per unit of production volume, per facility).	Part 7 > Focus on Resource Use, Improve Energy Efficiency
KPI A1.3	Total hazardous waste produced (in tonnes) and, where appropriate, intensity (e.g. per unit of production volume, per facility).	Part 7 > Focus on Resource Use, Improve Energy Efficiency
KPI A1.4	Total non-hazardous waste produced (in tonnes) and, where appropriate, intensity (e.g. per unit of production volume, per facility).	Part 7 > Focus on Resource Use, Improve Energy Efficiency
KPI A1.5	Description of emission target(s) set and steps taken to achieve them.	Part 7 > Goal Setting Based on Environmental Impacts Identified; Focus on Resource Use, Improve Energy Efficiency
KPI A1.6	Description of how hazardous and non-hazardous wastes are handled, and a description of reduction target(s) set and steps taken.	Part 7 > Focus on Resource Use, Improve Energy Efficiency

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Subject Areas, Aspects, Disclosures and KPIs	Description	Sections/Declaration
<b>Aspect A2: Use of Resources</b>		
General Disclosure	Policies on the efficient use of resources, including energy, water and other raw materials.	Part 7 > Focus on Resource Use, Improve Energy Efficiency
		Appendix I
KPI A2.1	Direct and/or indirect energy consumption by type in total (kWh in '000s) and intensity (e.g. per unit of production volume, per facility).	Part 7 > Focus on Resource Use, Improve Energy Efficiency
KPI A2.2	Water consumption in total and intensity (e.g. per unit of production volume, per facility).	Part 7 > Focus on Resource Use, Improve Energy Efficiency
KPI A2.3	Description of energy use efficiency target(s) and steps taken to achieve them.	Part 7 > Goal Setting Based on Environmental Impacts Identified; Focus on Resource Use, Improve Energy Efficiency
KPI A2.4	Description of whether there is any issue in sourcing water that is fit for purpose, water efficiency target(s) set and steps taken to achieve them.	Not Applicable
KPI A2.5	Total packaging material used for finished products (in tonnes) and, if applicable, with reference to per unit produced.	Part 7 > Focus on Resource Use, Improve Energy Efficiency
<b>Aspect A3: The Environment and Natural Resources</b>		
General Disclosure	Policies on minimising the issuer's significant impact on the environment and natural resources.	Part 7 > Focus on Resource Use, Improve Energy Efficiency
		Appendix I
KPI A3.1	Description of the significant impacts of activities on the environment and natural resources and the actions taken to manage them.	Part 7 > Focus on Resource Use, Improve Energy Efficiency
<b>Aspect A4: Climate Change</b>		
General Disclosure	Policies on identification and mitigation of significant climate-related issues which have impacted, and those which may impact, the issuer.	Part 3 > Governance System; Materiality Assessment
KPI A4.1	Description of the significant climate-related issues which have impacted, and those which may impact, the issuer, and the actions taken to manage them.	Part 3 > Materiality Assessment

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Subject Areas, Aspects, Disclosures and KPIs	Description	Sections/Declaration
<b>Aspect B1: Employment</b>		
General Disclosure	Information on: (a) the policies; and (b) compliance with relevant laws and regulations that have a significant impact on the issuer relating to compensation and dismissal, recruitment and promotion, working hours, rest periods, equal opportunity, diversity, anti-discrimination, and other benefits and welfare.	Part 8 > Fulfill Employer Responsibilities  Appendix I
KPI B1.1	Total workforce by gender, employment type (e.g. full- or part-time), age group and geographical region.	Part 8 > Fulfill Employer Responsibilities
KPI B1.2	Employee turnover rate by gender, age group and geographical region.	Part 8 > Fulfill Employer Responsibilities
<b>Aspect B2: Health and Safety</b>		
General Disclosure	Information on: (a) the policies; and (b) compliance with relevant laws and regulations that have a significant impact on the issuer relating to providing a safe working environment and protecting employees from occupational hazards.	Part 8 > Enhance Production Safety  Appendix I
KPI B2.1	Number and rate of work-related fatalities occurred in each of the past three years, including the reporting year.	Part 8 > Enhance Production Safety
KPI B2.2	Lost days due to work injury.	Part 8 > Enhance Production Safety
KPI B2.3	Description of occupational health and safety measures adopted, and how they are implemented and monitored.	Part 8 > Enhance Production Safety
<b>Aspect B3: Development and Training</b>		
General Disclosure	Policies on improving employees' knowledge and skills for discharging duties at work. Description of training activities.	Part 9 > Focus on Employee Growth
KPI B3.1	The percentage of employees trained by gender and employee category (e.g. senior management, middle management).	Part 8 > Focus on Employee Growth
KPI B3.2	The average training hours completed per employee by gender and employee category.	Part 9 > Focus on Employee Growth

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Subject Areas, Aspects, Disclosures and KPIs	Description	Sections/Declaration
<b>Aspect B4: Labour Standards</b>		
General Disclosure	Information on: (a) the policies; and (b) compliance with relevant laws and regulations that have a significant impact on the issuer relating to preventing child and forced labour.	Part 8 > Fulfill Employer Responsibilities  Appendix I
KPI B4.1	Description of measures to review employment practices to avoid child and forced labour.	Part 8 > Fulfill Employer Responsibilities
KPI B4.2	Description of steps taken to eliminate such practices when discovered.	Part 8 > Fulfill Employer Responsibilities
<b>Aspect B5: Supply Chain Management</b>		
General Disclosure	Policies on managing environmental and social risks of the supply chain.	Part 6 > Improve Procurement System to Strengthen Supply Chain Resilience  Appendix I
KPI B5.1	Number of suppliers by geographical region.	Part 6 > Improve Procurement System to Strengthen Supply Chain Resilience
KPI B5.2	Description of practices relating to engaging suppliers, number of suppliers where the practices are being implemented, and how they are implemented and monitored.	Part 6 > Improve Procurement System to Strengthen Supply Chain Resilience
KPI B5.3	Description of practices used to identify environmental and social risks along the supply chain, and how they are implemented and monitored.	The Group is deliberating useful tools and resources required.
KPI B5.4	Description of practices used to promote environmentally preferable products and services when selecting suppliers, and how they are implemented and monitored.	Part 6 > Improve Procurement System to Strengthen Supply Chain Resilience



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Subject Areas, Aspects, Disclosures and KPIs	Description	Sections/Declaration
<b>Aspect B6: Product Responsibility</b>		
General Disclosure	Information on: (a) the policies; and (b) compliance with relevant laws and regulations that have a significant impact on the issuer relating to health and safety, advertising, labelling and privacy matters relating to products and services provided and methods of redress.	Part 6 > Implement Quality Management to Meet Clients' Needs; Fulfil the Responsibility to Protect Data Security  Appendix I
KPI B6.1	Percentage of total products sold or shipped subject to recalls for safety and health reasons.	Not Applicable due to no recall was made.
KPI B6.2	Number of products and service-related complaints received and how they are dealt with.	Part 6 > Value Communication and Feedback to Elevate Customer Satisfaction
KPI B6.3	Description of practices relating to observing and protecting intellectual property rights.	Part 4 > Optimizing Mechanism to Maintain R&D Momentum
KPI B6.4	Description of quality assurance process and recall procedures.	Part 6 > Implement Quality Management to Meet Clients' Needs
KPI B6.5	Description of consumer data protection and privacy policies, and how they are implemented and monitored.	Part 6 > Fulfil the Responsibility to Protect Data Security  Appendix I

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Subject Areas, Aspects, Disclosures and KPIs	Description	Sections/Declaration
<b>Aspect B7: Anti-Corruption</b>		
General Disclosure	Information on: (a) the policies; and (b) compliance with relevant laws and regulations that have a significant impact on the issuer relating to bribery, extortion, fraud and money laundering.	Part 3 > Business Ethics; Compliance Management Appendix I
KPI B7.1	Number of concluded legal cases regarding corrupt practices brought against the issuer or its employees during the reporting period and the outcomes of the cases.	Part 3 > Business Ethics
KPI B7.2	Description of preventive measures and whistle-blowing procedures, how they are implemented and monitored.	Part 3 > Business Ethics
KPI B7.3	Description of anti-corruption training provided to directors and staff.	Part 3 > Business Ethics
<b>Aspect B8: Community Investment</b>		
General Disclosure	Policies on community engagement to understand the needs of the communities where the issuer operates and to ensure its activities take into consideration the communities' interests.	Policies and procedures are subject to refinement, but the Group has been implementing relevant activities. More details are provided in Part 9 of this Report for reference.
KPI B8.1	Focus areas of contribution (e.g. education, environmental concerns, labour needs, health, culture, sport).	Part 9 Uphold Mission by Supporting Public Interest
KPI B8.2	Resources contributed (e.g. money or time) to the focus area.	Part 9 Uphold Mission by Supporting Public Interest